

**NORTH TEXAS  
GROUNDWATER  
CONSERVATION  
DISTRICT**

**PERMIT HEARING AND BOARD MEETING**

**Pilot Point ISD Administration Office  
829 S. Harrison St.  
Pilot Point, TX 76258**

**TUESDAY  
OCTOBER 11, 2022  
10:00 AM**

NOTICE OF PUBLIC MEETING

OF THE  
BOARD OF DIRECTORS of the

**NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT**  
**Tuesday, October 11, 2022 at 10:00 a.m.**

**MEETING LOCATION:**  
**Pilot Point ISD Administration Office**  
**829 S. Harrison St.**  
**Pilot Point, TX 76258**

**Permit Hearing**

The Permit Hearing will begin at 10:00 a.m.

Notice is hereby given that the Board of Directors of the North Texas Groundwater Conservation District (“District”) will conduct a permit hearing on the following Production Permit Applications:

**Agenda:**

1. Call to Order; establish quorum; declare hearing open to the public; introduction of Board.
2. Public Comment on the Production Permit Applications (verbal comments limited to three (3) minutes each).
3. Review the Production Permit Applications of:

**New Production Permit and Request for Exception to Spacing Requirements**

- a. **Applicant:** Texas Water Utilities, L.P.; 1620 Grand Avenue St. 140, Pflugerville, TX 78660  
**Location of Well:** 800 CR 131, Gainesville, TX 76240; Latitude: 33.660278°N, Longitude: 97.103750°W; About 1.1 miles north of the HWY 82 and County Road 131 intersection and about 700 feet northeast of the County Road 131 and County Road 193 intersection.  
**Purpose of Use:** Municipal/Public Water Systems  
**Requested Amount of Use:** 6,930,000 gallons per year  
**Production Capacity of Well:** 100 gallons/minute  
**Aquifer:** Trinity (Antlers)  
**Request for Exception to Spacing Requirements:** Texas Water Utilities, L.P. is requesting an exception to the spacing requirements for a well located about 316 feet to the east. The spacing requirement for a 100 gallon per minute well is 1,295 feet from existing wells.

### New Production Permits

- b. **Applicant:** Chambliss Land LLC; 5376 FM 545, Melissa, TX 75454  
**Location of Wells:** 5376 FM 545, Melissa, TX 75454; Well #1 Latitude: 33.289982 °N, Longitude: 96.506868°W; Well #2 Latitude: 33.286656°N, Longitude: 96.987083°W; About 1 mile west of the FM 545 and FM 1827 intersection.  
**Purpose of Use:** Agriculture (Animal Feeding Operation)  
**Requested Amount of Use:** 50,000,000 gallons per year  
**Production Capacity of Well 1:** 260 gallons/minute  
**Production Capacity of Well 2:** 260 gallons/minute  
**Aquifer:** Woodbine
- c. **Applicant:** Chase Lybbert; 488 Copper Canyon Rd, Argyle, TX 76266  
**Location of Well:** 488 Copper Canyon Rd, Argyle, TX 76266; Latitude: 33.085354°N, Longitude: 97.104047°W; About 0.9 miles north of the Justin Rd and Copper Canyon intersection and about 1,770 feet east of Copper Canyon Rd.  
**Purpose of Use:** Agriculture (Hay Production), Surface Impoundments, and Livestock  
**Requested Amount of Use:** 27,127,527 gallons per year  
**Production Capacity of Well:** 100 gallons/minute  
**Aquifer:** Trinity (Twin Mountains)

### Permit Amendment

- d. **Applicant:** Painted Tree Residential Community Association, Inc.; 7800 N. Dallas Pkwy., Ste 450, Plano, TX 75024  
**Location of Well:** 3998 Taft Ln., McKinney, TX 75069; Latitude: 33.223494°N, Longitude: 96.667403°W; About 1,900 feet west of the West University Drive and North Hardin Boulevard intersection and about 2,100 feet north of West University Drive.  
**Purpose of Use:** Landscape Irrigation and Surface Impoundment(s)  
**Requested Amount of Use:** 73,715,500 gallons for 2023 and 58,110,000 gallons per year after 2023.  
**Production Capacity of Well:** 195 gallons/minute  
**Aquifer:** Trinity (Paluxy)  
**Amendment:** Increasing the requested amount from 58,455,500 gallons for 2023 and 42,830,000 gallons per year after 2023 to 73,715,500 gallons for 2023 and 58,110,000 gallons per year after 2023
4. Consider and act upon the Production Permit Applications, including designation of parties and/or granting or denying the Production Permit Applications in whole or in part, as applicable.
5. Adjourn or continue permit hearing.

## **Board Meeting**

The regular Board Meeting will begin upon adjournment of the above noticed Permit Hearing.

Notice is hereby given that the Board of Directors of the North Texas Groundwater Conservation District (“District”) may discuss, consider, and take all necessary action, including expenditure of funds, regarding each of the agenda items below:

### **Agenda:**

1. Pledge of Allegiance and Invocation.
2. Call to order, establish quorum; declare meeting open to the public.
3. Public comment.
4. Consider and act upon approval of the minutes from the September 13, 2022, Board meeting.
5. Consider and act upon approval of invoices and reimbursements, Resolution No. 2022-10-11-1.
6. Receive reports from the following Committees\*:
  - a. Budget and Finance Committee
    - 1) Receive Monthly Financial Information
  - b. Management Plan Committee
    - 1) Receive Quarterly Report
  - c. Investment Committee
    - 1) Receive Quarterly Investment Report
7. Discuss potential amendments to the District’s Rules and Flow Testing Procedure.
8. Review and act upon approval of the District’s Investment Policy.
9. Consider and act upon confirming execution of Engagement Letter for Audit Services for Fiscal Year ending December 31, 2022.
10. Consider and act upon Resolution of Appreciation for Drew Satterwhite
11. Update and possible action regarding the process for the development of Desired Future Conditions (DFCs).
12. Consider and act upon compliance and enforcement activities for violations of District rules.
13. General Manager’s Report: The General Manager will update the board on operational, educational and other activities of the District.
  - a. District’s Disposal/Injection Well Program
  - b. Well Registration Summary
14. Open forum / discussion of new business for future meeting agendas.
15. Adjourn public meeting.

\* Reports from District standing committees will include a briefing by each committee for the Board on the activities of the committee, if any, since the last regular Board meeting.



*The above agenda schedule represents an estimate of the order for the indicated items and is subject to change at any time.*

*These public meetings are available to all persons regardless of disability. If you require special assistance to attend the meeting, please call (855) 426-4433 at least 24 hours in advance of the meeting to coordinate any special physical access arrangements.*

*For questions regarding this notice, please contact Velma Starks at (855) 426-4433, at [ntgcd@northtexasgcd.org](mailto:ntgcd@northtexasgcd.org), or at 5100 Airport Drive, Denison, TX 75020.*

At any time during the meeting or work session and in compliance with the Texas Open Meetings Act, Chapter 551, Government Code, Vernon's Texas Codes, Annotated, the North Texas Groundwater Conservation District Board may meet in executive session on any of the above agenda items or other lawful items for consultation concerning attorney-client matters (§551.071); deliberation regarding real property (§551.072); deliberation regarding prospective gifts (§551.073); deliberation regarding personnel matters (§551.074); deliberation regarding security devices (§551.076); and deliberation regarding cybersecurity (§551.089). Any subject discussed in executive session may be subject to action.

ATTACHMENT 4

**MINUTES OF THE BOARD OF DIRECTORS' BOARD MEETING AND PUBLIC HEARING  
NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT**

**Tuesday, September 13, 2022, at 10:00 a.m.**

**Pilot Point ISD Administration Office  
829 S. Harrison St.  
Pilot Point, TX 76258**

Please note for in-person attendance that the Board meeting location can only accommodate a limited number of attendees to comply with state requirements related to in-person gatherings. In the event in-person attendance exceeds any state or local requirements, the District may provide an option for virtual participation for any overflow attendees as necessary and authorized by law.

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Members Present: Lee K. Allison, Allen Knight, Ronny Young, , Ron Sellman, David Flusche, Jimmy Arthur, and Thomas Smith

Members Absent: Joe Helmberger, Greg Peters

Staff: Drew Satterwhite, Paul Sigle, Allen Burks, Debi Atkins, Stacy Patrick, and Velma Starks

Visitors: Kristen Fancher, Law Offices of Kristen Fancher, PLLC

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**Permit Hearing**

**Agenda:**

1. Call to Order; establish quorum; declare hearing open to the public; introduction of Board.  
  
Vice President Ron Sellman called the Permit Hearing to order at 10:00 a.m.
2. Public Comment on the Production Permit Applications (verbal comments limited to three (3) minutes each).  
  
There were no public comments.
3. Review the Production Permit Applications of:

**New Production Permit**

- a. **Applicant:** Painted Tree Residential Community Association, Inc.; 7800 N. Dallas Pkwy., Ste 450, Plano, TX 75024  
**Location of Well:** 3998 Taft Ln., McKinney, TX 75069; Latitude: 33.223494°N, Longitude: 96.667403°W; About 1,900 feet west of the West University Drive and North Hardin Boulevard intersection and about 2,100 feet north of West University Drive.  
**Purpose of Use:** Landscape Irrigation and Pond(s)/Surface Impoundment(s)  
**Requested Amount of Use:** 58,455,500 gallons for 2023 and 42,830,000 gallons per year after 2023.  
**Production Capacity of Well:** 195 gallons/minute  
**Aquifer:** Trinity (Paluxy)

Assistant General Manager Paul Sigle reviewed the permit with the Board. Discussion was held.

4. Consider and act upon the Production Permit Applications, including designation of parties and/or granting or denying the Production Permit Applications in whole or in part, as applicable.

Board Member Thomas Smith made the motion to approve the permit as presented. Board Member David Flusche seconded the motion. Motion passed unanimously.

5. Adjourn or continue permit hearing.

Vice President Ron Sellman adjourned the permit hearing at 10:05 a.m.

**Board Meeting**

**Agenda:**

1. Pledge of Allegiance and Invocation

Vice President Ron Sellman led the Pledge of Allegiance and Board Member Ronny Young provided the invocation.

2. Call to order, establish quorum; declare meeting open to the public.

Vice President Ron Sellman called the meeting to order at 10:05 a.m., established a quorum was present, and declared the meeting open to the public.

3. Public Comment

General Manager Drew Satterwhite informed the Board that Paul Sigle will be taking his position as General Manager. Allen Burks will be taking Paul Sigle's position as Groundwater Technical Lead. Stacy Patrick (new employee) will be taking retiring Theda Anderson's position as Registration Coordinator.

4. Consider and act upon approval of the minutes from the August 9, 2022, Board meeting.

Vice President Ron Sellman asked for approval of the minutes from the August 9, 2022, meeting. Board Member Thomas Smith made the motion to approve the minutes. Board Member Allen Knight seconded the motion. Motion passed. Board Member Jimmy Arthur abstained.

5. Consider and act upon approval of invoices and reimbursements, Resolution No. 2022-09-13-1.

General Manager Drew Satterwhite reviewed the liabilities with the Board. Board Member Ronny Young made the motion to approve Resolution No. 2022-09-13-1. Board Member Allen Knight seconded the motion. Motion passed. Board Member Jimmy Arthur abstained.

6. Receive reports from the following Committees\*:

- a. Budget and Finance Committee  
1) Receive Monthly Financial Information

General Manager Drew Satterwhite reviewed the Financial Report with the Board.

- 2) Consider and act upon 2023 Operating Budget and Adopt Rate Schedule

General Manager Drew Satterwhite informed the Board that the Budget Committee held a meeting. The Committee recommends the following:

- Holding the rate to .10 cents per 1000 gallons, fee schedule same as last year to clarify schedule and add water use fees
- Reviewing the Fund Balance Policy next year
- Updating the GMA 8 groundwater model, 8 districts participating in the updating of the model
- NTGCD may want to consider doing their own model in addition to updating the GMA 8 model
- GMA 8 expense budgeted \$600,000 over three years
- Discuss replacing truck next year and reviewing policy of replacing truck every four years
- Discuss rules next month

Board Member Thomas Smith made the motion to adopt the Budget and rate schedule as presented. Board Member David Flusche seconded the motion. Motion passed unanimously.

7. Discussion and possible action on the District's financial procedures.

- a. General Overview

General Manager Drew Satterwhite asked Debi Atkins Finance Officer to provide General Overview of financial procedures. Discussion was held.

- b. Capital Asset limits

Auditor requested that the capital asset limit be raised from \$500 or above to \$2,500 or above. This would result in only larger items such as the database, trucks and flow meters being depreciated. Board Member Rony Young made the motion to change the Capital Asset limits from \$500 to \$2,500 or above. Board Member Thomas Smith seconded the motion. Motion passed unanimously.

8. Receive 2021 Annual Report on Management Plan.

Assistant General Manager Paul Sigle presented the 2021 Annual Report on Management Plan for the Board. Discussion was held.

9. Update and possible action regarding the process for the development of Desired Future Conditions (DFCs).

General Manager Drew Satterwhite discussed the information regarding GMA 8 in the budget discussion.

10. Consider and act upon compliance and enforcement activities for violations of District rules.

There are no violations to be considered at this time.

11. General Manager's Report: The General Manager will update the board on operational, educational and other activities of the District.

a. District's Disposal/Injection Well Program

General Manager Drew Satterwhite informed the Board that a protest was filed against two saltwater wells. The protest was withdrawn.

b. Well Registration Summary

General Manager Drew Satterwhite reviewed the well registration summary with the Board. Twenty-three wells were registered in August.

c. Management Plan Update

General Manager Drew Satterwhite informed the Board that Management Plan was sent to TWDB and we are waiting on their response.

12. Open forum/discussion of new business for future meeting agendas.

- Rules to be discussed next month.
- How fracking affects well water quality
- State Water Plan, future of aquifers, where will water be obtained from in 20 or 30 years
- Unincorporated areas expense of wells and availability of water

13. Adjourn public meeting

Vice President Ron Sellman declared the meeting adjourned at 11:20 a.m.

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ATTACHMENT 5



RESOLUTION NO. 2022-10-11-1

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE NORTH TEXAS GROUNDWATER  
CONSERVATION DISTRICT AUTHORIZING PAYMENT OF ACCRUED LIABILITIES FOR THE  
MONTH OF SEPTEMBER

The following liabilities are hereby presented for payment:

	<u>Amount</u>
<b><u>Administrative Services</u></b>	
GTUA - October 2022	31,536.99
<b><u>Direct Costs</u></b>	
NexTraq - October 2022 GPS tracking	34.95
<b><u>Insurance</u></b>	
Bayless-Hall Blanton - Policy RSB8007210 renewal 22-23 Employee dishonesty bond	330.00
<b><u>Legal</u></b>	
Kristen Fancher PLLC - Legal services through September	1,690.00
<b><u>Legal- Injection</u></b>	
Sledge Law - Legal Injection services for August	2,152.00
<b><u>Meetings &amp; Conferences</u></b>	
Pilot Point ISD - Meeting Room for October 2022	75.00
<b>GRAND TOTAL:</b>	<b>\$ <u><u>35,818.94</u></u></b>

On motion of \_\_\_\_\_ and seconded by \_\_\_\_\_ the  
foregoing Resolution was passed and approved on this, the 11th day of October, 2022 by the following  
vote:

AYE:  
NAY:

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary/Treasurer



ATTACHMENT 6 A-1

**NORTH TEXAS GROUNDWATER****Balance Sheet**

As of September 30, 2022

**ASSETS**

## Current Assets

## Checking/Savings

10001 Checking Account	558,406.04
10005 Cash-Index Account	20,163.61
10006 Cash - CDARS Legend	2,300,000.00
10008 Cash - Tex Star	133.15
10025 Accounts Receivable	25,484.59
10033 A/R Penalties	3,800.00
10035 A/R GMA8 Members	2,295.03
10070 A/R Liens	14,000.00
10026 Allowance for Uncollectib	-21,300.00
12001 Prepaid Expenses	4,653.73

**TOTAL ASSETS** 2,907,636.15**LIABILITIES & EQUITY**

## Liabilities

## Current Liabilities

## Accounts Payable

23100 Accounts Payable	3,842.00
23150 Well Drillers Deposits	33,891.36

**Total Liabilities** 37,733.36

## Equity

35100 Retained Earnings	2,775,177.37
Net Income	94,725.42

**Total Equity** 2,869,902.79**TOTAL LIABILITIES & EQUITY** 2,907,636.15

**NORTH TEXAS GROUNDWATER**  
**Profit & Loss Budget vs. Actual**  
**September 30, 2022**

	TOTAL				
	Sept 22	1 mo. Budget	YTD Actual	Total Budget	% of Budget remaining
<b>Ordinary Income/Expense</b>					
<b>Income</b>					
46003 - Registration Fees	2,500.00	2,166.67	33,400.00	26,000.00	-28.46%
46004 - Well Driller Fees	0.00	0.00	0.00	0.00	0.0%
46005 - PRODUCTION FEES	4,201.29	0.00	430,029.37	710,000.00	39.43%
46006 Income GMA8	0.00	366.67	2,012.93	4,400.00	54.25%
46007 - Penalties	0.00	0.00	0.00	0.00	0.0%
46008 - Online Pay Fees	89.70	416.67	685.02	5,000.00	86.3%
46015 Late Fees	0.00	0.00	12,914.99	0.00	0.0%
<b>Total Income</b>	<u>6,790.99</u>	<u>2,950.00</u>	<u>479,042.31</u>	<u>745,400.00</u>	<u>35.73%</u>
<b>Gross Profit</b>	6,790.99	2,950.00	479,042.31	745,400.00	35.73%
<b>Expense</b>					
<b>77010 ADMINISTRATIVE</b>					
77013 Admin-Secretarial	944.00	1,833.33	7,384.00	22,000.00	66.44%
77014 Admin-Project Coordinator	168.75	1,333.33	1,032.50	16,000.00	93.55%
77015 Admin-GM	5,807.50	5,500.00	48,308.25	66,000.00	26.81%
77016 Admin-Clerical	5,729.00	3,554.17	37,969.50	42,650.00	10.97%
77040 ADMIN-MILEAGE	386.68	225.00	2,333.26	2,700.00	13.58%
<b>77025 ACCOUNTING</b>	1,688.50	2,916.67	23,226.00	35,000.00	33.64%
77027 AUDITING	0.00	485.00	5,850.00	5,820.00	-0.52%
77030 ADVERTISING	0.00	166.67	570.58	2,000.00	71.47%
77050 BANKING FEES	88.65	425.00	653.86	5,100.00	87.18%
77150 CONSULTING-HYDROGEO SVC	0.00	2,833.33	5,170.25	34,000.00	84.79%
77325 DIRECT COSTS-REIMB	280.19	458.33	3,610.99	5,500.00	34.35%
77450 DUES & SUBSCRIPTION	0.00	615.67	5,000.00	7,388.00	32.32%
77480 EQUIPMENT	0.00	3,791.67	48,665.63	45,500.00	-6.96%
77485 Equipment Database	0.00	1,250.00	0.00	15,000.00	100.0%
77500 FEES-GMA8	8.10	400.00	473.30	4,800.00	90.14%
77550 FIELD TECH	11,318.00	15,166.67	102,928.50	182,000.00	43.45%
77560 Field Permitting/Geologis	3,465.00	6,083.33	49,586.30	73,000.00	32.07%
77650 FUEL/MAINTENANCE	439.39	416.67	4,094.12	5,000.00	18.12%
77800 INJECTION WELL MONITORING	0.00	58.33	350.50	700.00	49.93%
77810 INSURANCE & BONDING	517.09	386.33	3,923.23	4,636.00	15.37%
<b>77970 LEGAL</b>					
77975 Legal-Injection		833.33	10,388.00	10,000.00	-3.88%
77970 LEGAL - Other	1,690.00	3,333.33	14,904.00	40,000.00	62.74%
78010 MEETINGS & CONFERENCES	1,059.62	666.67	5,102.52	8,000.00	36.22%
78310 Rent	200.00	200.00	1,800.00	2,400.00	25.0%
78600-SOFTWARE MAINT	0.00	333.33	985.72	4,000.00	75.36%
78610 TELEPHONE	152.21	316.67	2,365.87	3,800.00	37.74%
78780 Well Monitoring/Testing	0.00	450.00	0.00	5,400.00	100.0%
<b>Total Expense</b>	<u>33,942.68</u>	<u>54,032.83</u>	<u>386,676.88</u>	<u>648,394.00</u>	<u>40.36%</u>
<b>Other Income/Expense</b>					
<b>Other Income</b>					
46100 INTEREST INC	0.00	958.33	2,359.99	11,500.00	79.48%
<b>Total Other Income</b>	<u>0.00</u>	<u>958.33</u>	<u>2,359.99</u>	<u>11,500.00</u>	
<b>Net Other Income</b>	<u>0.00</u>	<u>958.33</u>	<u>2,359.99</u>	<u>11,500.00</u>	
<b>Net Income</b>	<u><u>-27,151.69</u></u>	<u><u>-50,124.50</u></u>	<u><u>94,725.42</u></u>	<u><u>108,506.00</u></u>	



ATTACHMENT 6 B-1



**COLLIN COUNTY - COOKE COUNTY - DENTON COUNTY**

**General Manager’s Quarterly Report**

**Date: September 30, 2022**

**North Texas GCD Management Plan**

This quarterly briefing is being provided pursuant to the adopted Management Plan for the quarter ending September 30, 2022.

**Well Registration Program:**

Current number of wells registered in the District: **3,059**

Aquifers in which the wells have been completed: Trinity and Woodbine

**Well Inspection/Audit Program:**

**2022  
Well Inspections**

Month	Collin	Cooke	Denton	Total
January	4	9	6	<b>19</b>
February	4	5	8	<b>17</b>
March	5	9	6	<b>20</b>
April	1	13	20	<b>34</b>
May	11	4	42	<b>57</b>
June	32	5	65	<b>102</b>
July	20	16	49	<b>85</b>
August	19	18	35	<b>72</b>
September	23	6	21	<b>50</b>
<b>Total</b>	<b>119</b>	<b>85</b>	<b>252</b>	<b>456</b>

**Number of Exempt wells inspected (as of September 30, 2022)**

<b>County</b>	<b>Number of Wells Inspected (2022)</b>	<b>Total Number of Completed Wells*</b>	<b>%</b>
<b>Collin</b>	8	174	5%
<b>Cooke</b>	49	672	7%
<b>Denton</b>	78	1228	6%
<b>Total</b>	<b>135</b>	<b>2074</b>	<b>7%</b>

**Number of Non-Exempt wells inspected (as of September 30, 2022)**

<b>County</b>	<b>Number of Wells Inspected (2022)</b>	<b>Total Number of Completed Wells*</b>	<b>%</b>
<b>Collin</b>	102	144	71%
<b>Cooke</b>	34	96	35%
<b>Denton</b>	170	459	37%
<b>Total</b>	<b>306</b>	<b>699</b>	<b>44%</b>

\*Plugged wells have been excluded

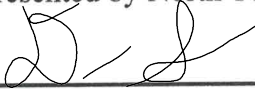


ATTACHMENT 6 C-1

North Texas Groundwater Conservation District  
Quarterly Investment Report  
For the Quarter Ended  
September 30, 2022

The investment portfolio of the North Texas Groundwater Conservation District is in compliance with the Public Funds Investment Act and the Investment Policy and Strategies.

Presented by North Texas Groundwater Conservation District Investment Officers:



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Drew Satterwhite  
General Manager



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Debi Atkins  
Finance Officer



Investment Holdings  
9/30/2022

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Face Amount/Par Value	Book Value	Market Price	Market Value	Life (Day)	Yield
Independent (DDA)		0.25%	10/1/2022	6/30/2022	\$ 589,943.03	\$ 589,943.03	1.00	\$ 589,943.03	1	0.25%
Independent (ISS)		0.10%	10/1/2022	6/30/2022	20,163.61	20,163.61	1.00	20,163.61	1	0.10%
TexStar		0.985%	10/1/2022	6/30/2022	133.15	133.15	1.00	133.15	1	0.107%
Legend (CDARS)		0.886%	11/10/2022	5/12/2022	1,150,000.00	1,150,000.00	1.00	1,150,000.00	41	0.886%
Legend (CDARS)		1.440%	5/11/2023	5/12/2022	1,150,000.00	1,150,000.00	1.00	1,150,000.00	223	1.440%
					<u>\$ 2,910,239.79</u>	<u>\$ 2,910,239.79</u>			<u>267</u>	
Weighted Ave Maturity in yrs									(1)	0.29

(1) Weighted average life - For purposes of calculating weighted average life, bank accounts, pools and money market funds are assumed to have an one day maturity.

Book/Market Value Comparison

Description	Coupon/ Discount	Maturity Date	June 30, 2022			September 30, 2022		
			Face Amount/ Par Value	Book/Market Value	Purchases/ Adjustments	Sales/Adjust/ Call Maturity	Face Amount/ Par Value	Book/Market Value
			Independent (DDA)	0.25%	4/1/2022	\$ 504,394.21	\$ 504,394.21	257,335.47
Independent (ISS)	0.10%	4/1/2022	20,160.19	20,160.19	3.42		\$ 20,163.61	\$ 20,163.61
TexStar	0.985%	4/1/2022	132.73	132.73	0.42		\$ 133.15	\$ 133.15
Legend (CDARS)	0.886%	11/10/2022	1,150,000.00	1,150,000.00			\$ 1,150,000.00	\$ 1,150,000.00
Legend (CDARS)	1.440%	5/11/2023	1,150,000.00	1,150,000.00			\$ 1,150,000.00	\$ 1,150,000.00
			\$ 2,824,373.49	\$ 2,824,373.49	\$ 257,339.31	\$ 171,786.65	\$ 2,910,239.79	\$ 2,910,239.79

ATTACHMENT 7



## AGENDA COMMUNICATION

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**DATE:** October 4, 2022

**SUBJECT:** AGENDA ITEM NO. 7

**DISCUSS POTENTIAL AMENDMENTS TO THE DISTRICT'S RULES AND FLOW TESTING  
PROCEDURE**

**ISSUE**

With the adoption of a new Management Plan, the District needs to review the District's Rules and make any necessary changes.

**BACKGROUND**

The District first adopted permanent rules in late 2018 which became effective January 1, 2019. Permanent rule adoption was significant because it ushered in the District's permitting program in addition to well spacing. The District Rules were last amended in February of 2020.

Since February of 2020, the staff has been keeping a list of items that we feel need to be considered for future incorporation into the rules.

**CONSIDERATIONS**

The staff is not requesting the Board to adopt any changes at this meeting. The staff would like to review the proposed changes with the Board prior to holding a public hearing. The proposed changes includes definitions, well registrations, well completion, flow test requirements, permit requirements, water use fees, and penalties. The District's Flow Testing Procedure has been updated to reflect proposed changes in the Rules. Following discussions with the Board, a public hearing will be scheduled for November or December to consider adopting amendments to the rules.

The draft District's Rules was emailed out to the Board.

**ATTACHMENT**

Draft Flow Testing Procedure

**PREPARED AND SUBMITTED BY:**

---

Paul M. Sigle  
Assistant General Manager

## District Flow Testing Procedure

The purpose of this document is to provide the District staff and water well contractors with guidance as to how the District will test the flow rates of new wells ~~following the adoption of permanent rules~~. It is understood that ~~spacing requirements will take effect upon adoption of permanent rules and that the~~ new wells will be spaced from existing wells using a formula based upon the maximum flow rate of the new well. Furthermore, the District recognizes the difficulty in selecting a pump that will pump exactly what is desired by the well owner or contractor. This document explains the process the District will go through to determine the flow rate of a well and the acceptable margin for error allowed for pump selection.

Upon completion (pump installed) of the well, the well ~~owner representative~~driller or pump installer shall provide the District with at least 3 dates (Monday-Friday) and times (between 8 am and 4 pm) **within the 60 days** following completion to meet for the purposes of conducting the flow test. If given advance notice, the District will strive to meet the well driller or pump installer at the site during the final stages of the well development.

### Process

- ✓ Check for the presence of flow restricting devices and ensure pump is running at 100% speed if equipped with VFD.
  - If VFD speed is not readily available, it is up to the well ~~owner representative~~driller or pump installer to demonstrate/prove the VFD is set to 100% speed.
- ✓ The well ~~owner representative~~driller or pump installer is responsible for having the well configured ahead of time so that the District staff can test the well by either of 2 methods described below:
  - ~~1.~~ 1. At the well head before the well is tied into the system that it will ultimately serve; or
  - ~~1.2.~~ 2. At the well head tee where the blowoff valve is normally located as long as the tee does not reduce from its original diameter; or
  - ~~2.3.~~ 3. Through a bypass installed immediately downstream of the meter, but located within 50 feet downstream of the well head.
  - ~~A "bypass" for these purposes means an installation downstream of the meter that is of equal size to the discharge pipe so that there is unobstructed flow for purposes of measuring the maximum flow capacity from a well. Using the permanently installed flow meter if the piping is in an open flow condition.~~
- ✓ After District staff arrives on site and has flow metering equipment in place to record a reading, the well ~~owner representative~~driller or pump installer may run the pump for up to 15 minutes continuously prior to taking final flow reading.
  - The well ~~owner representative~~driller or pump installer can run the well ahead of the site visit in order to further stabilize water levels if desired, but District staff should not wait longer than 15 minutes for flow and water levels in well to stabilize once District staff has the metering equipment in place to record a flow reading.
- ✓ At the point where the flow has stabilized or the 15 minutes of run-time has concluded, whichever occurs first, the District staff will document the maximum flow rate.
  - The maximum flow rate will be allowed up to a 10% or up to 25 gpm margin for error based upon the approved for well capacity, whichever is less.
    - Example 1: 17.36 gpm well must read < 19.1 gpm
    - Example 2: 500 gpm must read < 525gpm
- ✓ If a re-test is requested by the well ~~owner representative~~driller or pump installer, the District will re-visit the site one (1) additional time for the purposes of testing the flow.



ATTACHMENT 8



## AGENDA COMMUNICATION

---

**DATE:** October 4, 2022

**SUBJECT:** AGENDA ITEM NO. 8

### REVIEW AND ACT UPON APPROVAL OF INVESTMENT POLICY

#### ISSUE

Review and act upon the Investment Policy as required by the Public Funds Investment Act ("PFIA").

#### BACKGROUND

The North Texas Groundwater Conservation District initially adopted an Investment Policy in 2012. This policy is required to be reviewed annually in order to comply with Public Funds Investment Act. During this last legislative session, nothing changed in regard to the PFIA act that would necessitate any amendments to our current policy.

The policy states that the Board of Directors will approve broker/dealers and PFIA training sources on an annual basis. Below, is a list of the broker/dealers and PFIA training sources:

#### **Independent training sources:**

- Association of Water Board Directors
- Texas Rural Water Association
- Texas Water Utilities Association
- Government Finance Officers' Association
- Government Finance Officers' Association of Texas
- Government Treasurers' Organization of Texas
- Council of Governments
- University of North Texas Center for Public Management
- American Institute of Certified Public Accountants
- Association of Governmental Accountants

#### **Broker/Dealer List:**

- BOKF Financial
- FTN Financial
- Multi-Bank Securities
- SAMCO Capital Markets
- Wells Fargo Securities

#### CONSIDERATIONS

The adoption of this policy will be evidence that the Board is responsible in its use of public funds.

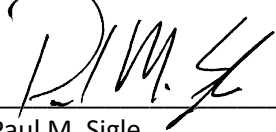
#### STAFF RECOMMENDATIONS

The staff recommends adopting the Investment Policy as well as the broker/dealers and PFIA training sources.

**ATTACHMENTS**

Draft Investment Policy  
Resolution

**PREPARED AND SUBMITTED BY:**

A handwritten signature in black ink, appearing to read "P.M. Sigle", written over a horizontal line.

Paul M. Sigle  
Assistant General Manager



**EXHIBIT "A"**

**NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT**

**INVESTMENT POLICY**

**~~REVIEWED AND~~ APPROVED: October 12, 2021**

EXHIBIT "A"

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

INVESTMENT POLICY

1.01 PURPOSE

This policy with respect to district investments has been adopted by the Board of Directors (the "Board") of North Texas Groundwater Conservation District (the "District") to establish the principles and criteria by which the funds of the District should be invested and secured (a) to preserve the principal, (b) to earn interest, (c) to address investment diversification, yield, and maturity, (d) to fulfill the duties of the designated Investment Officer of the District, (e) to comply with the types of authorized investments and to specify the maximum allowable stated maturity of the District's investments, and (f) to comply with the provisions of Texas law related to the investment and security of funds applicable to groundwater conservation districts ("Investment Laws"). The provisions of Chapter 36 of the Texas Water Code relating to investments and securities, the Public Funds Investment Act (the "Act") as amended in Chapter 2256 of the Texas Government Code, and other appropriate statutes are applicable to the investment of the District's funds.

1.02 POLICY OF INVESTMENT

- A. The preservation of principal shall be the primary concern of the District and the District Investment Officer. To the extent that the principal is protected, District funds shall be invested to yield the highest possible rate of return to meet the current and future financial needs of the District and to maintain liquidity, all while taking into consideration the strength of the financial institution, and complying with any Internal Revenue Code laws or regulations and procedures set forth in any bond resolutions or orders, adopted from time to time by the Board. Funds of the District shall be invested by the District's staff in accordance with the policy. Any resolution or order adopted by the Board relating to investment policies or procedures shall be in writing and shall be made available to requesting members of the public.
- B. Investment of funds shall be governed by the following investment objectives, in order of priority:
  - 1. Understanding suitability of investments to the District's requirements;
  - 2. Preservation and safety of principal;
    - a. Credit risk - the District will minimize credit risk, the risk of loss due to the failure of the issuer or backer of the investment
    - b. Interest rate risk - the District will minimize the risk that the interest earnings and the market value of investments in the portfolio will fall due to changes in general interest rates
  - 3. Liquidity;
  - 4. Marketability prior to maturity of each investment;
  - 5. Diversification; and
  - 6. Yield.

- C. The investment of the District's funds should be diversified to minimize risk or loss resulting from over-concentration of assets in a specific maturity, specific issuer, or specific class of securities. Diversification strategies shall be established and periodically reviewed. The Investment Officer, to the extent possible, will attempt to match investments with anticipated cash flow requirements. Matching securities with cash flow dates will normally increase yield, will lock in higher yields, and reduce the need to sell securities prior to maturity, thus reducing market risk.

#### 1.03 DELEGATION OF INVESTMENT AUTHORITY

- A. The Board shall designate by resolution one or more officers and/or General Manager and Finance Officer of the District to be responsible for the investment of its funds and be the District's Investment Officer(s). The Board resolution shall also authorize the Investment Officer to engage in investment transactions, deposit, withdraw, wire funds for investments, transfer and manage funds on behalf of the District. However, there shall be no transfer, expenditure, or appropriation of District funds, other than a transfer of the funds from one District account to another account of the District as stated above, unless by check or draft signed by two (2) members of the Board or authorized by separate order or resolution of the Board.
- B. The Investment Officer is responsible for considering the quality and capability of staff, investment advisors, and consultants involved in investment management and procedures. The Board retains ultimate fiduciary responsibility.
- C. The Investment Officer shall develop and maintain written administrative procedures for the operation of the investment program which are consistent with this Investment Policy. Procedures will include reference to safekeeping, wire transfer agreements, banking services contracts, and other investment related activities.
- D. All participants in the investment process shall seek to act responsibly as custodians of the public trust. No officer or designee may engage in an investment transaction except as provided under the terms of this Policy and the procedures established.
- E. The Investment Officer's authority is effective until the District rescinds the authority or until: (1) termination of employment with the District for an Investment Officer who is an employee of the District; or (2) vacating the office of director for an Investment Officer who is a director of the Board.
- F. An officer or employee of a regional planning commission, council of governments or similar regional planning agency created under Chapter 391, Local Government Code, is ineligible to be designated as an investment officer under this policy.
- G. No person may deposit, withdraw, invest, transfer, or manage in any other manner funds of the District without the express written authority of the Investment Officer.
- H. Obtain and review competitive rates from qualified investment providers, financial institutions and broker/dealers.

1.04 PRUDENT PERSON RULE

- A. The actions of the Investment Officer in the performance of his or her duties as manager of the District's funds shall be evaluated using the "prudent person" standard. Investments shall be made with judgment and care under prevailing circumstances which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment considering the probable safety of their capital as well as the probable income to be derived.
- B. The Investment Officer acting in accordance with written procedures exercising due diligence shall be relieved by personal responsibility for an individual security's performance provided that deviations from expectations are reported in a timely fashion to the governing body and appropriate action is taken to control adverse developments.

1.05 INVESTMENT STRATEGY BY FUND

Funds in the District accounts shall be invested by the Investment Officer as follows:

- a. Capital Projects Account: The District may choose to have a Capital Projects Account from time to time, and, if so, shall maintain as its primary objective to maximize the suitability of the investment in such funds to the financial requirements of the District while preserving the safety of principal with regard to monies collected or allocated for such fund.
- b. Operating Account: Funds in this account shall be invested to meet the operating requirements of the District as determined by the annual operating budget of the District, or by resolution of the Board.
- c. Debt Service Account: Funds in this account shall be invested to meet the debt service requirements of the District. In order to accomplish this, the District will invest such funds in amounts and maturity dates that most likely match the debt service requirements of the District.

1.06 AUTHORIZED INVESTMENTS

- A. Acceptable investments under this Policy shall be limited to the instruments listed below and as further described by the Act. If additional types of securities are approved for investment by public funds by state statute, they will not be eligible for investment by the District until this Policy has been amended and the amended version is adopted by the Board:
  - 1. Obligations of the United States Government, its agencies and instrumentalities, , including the Federal Home Loan Banks, but excluding principal-only and interest-only mortgage backed securities, collateralized mortgage obligations, and real estate mortgage investment conduits; not to exceed two years to stated maturity,;
  - 2. Fully insured—by the Federal Deposit Insurance Corporation (FDIC), or its successor; or the National Credit Union Share Insurance Fund (NCUSIF), or its successor, or, secured by obligations authorized by the Public Funds Collateral Act or collateralized certificates of deposit and other forms of deposit placed in compliance with the Act from any bank doing business in the State of Texas and under

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the terms of a written depository agreement with that bank, not to exceed one year to stated maturity, to include certificates of deposit purchased through the CDARS program with a Texas bank; and

3. AAA-rated, constant dollar Texas Local Government Investment Pools as defined by the Act.

B. Bids for investments, including certificates of deposit, may be solicited:

1. Orally;
2. In writing;
3. Electronically; or
4. In any combination of those methods.

C. All purchases of securities shall be made on a delivery versus payment basis assuring that no District funds are released before the security is received by the custodian.

#### 1.07 AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

A. All investments made by the District will be made through either the District's banking services bank or an approved broker/dealer. The Board will review the list of broker/dealers annually. A list of at least three broker/dealers will be maintained of approved investment broker/dealers. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 153C-1 (uniform net capital rule).

B. Securities broker/dealers supply the following as appropriate and when requested:

1. Proof of certification by the Financial Industry Regulatory Authority (FINRA) and provision of FINRA CRD number,
2. Audited financial statements, and
3. Proof of current registration with the Texas State Securities Board.

C. Every broker/dealer and bank with which the District transacts business will be provided a copy of this Investment Policy for review. A qualified representative of the business organization shall execute a written instrument substantially to the effect that the organization has received and reviewed this policy. The business organization acknowledges the implementation of procedures and controls to preclude imprudent investment activities that are not authorized by the Investment Policy.

#### 1.08 SAFEKEEPING AND COLLATERALIZATION

A. Safekeeping of District Owned Securities.

1. All purchased securities shall be cleared to safekeeping on a delivery versus payment basis and held in safekeeping by an independent third party financial institution, or the District's banking services depository.
2. All safekeeping arrangements shall be approved by the Investment Officer and an agreement of the terms executed in writing. The independent third party custodian shall be required to issue safekeeping receipts to the District listing each specific security, rate, description, maturity, cusip number, and other pertinent information. Each safekeeping receipt will be clearly marked that the security is being held for the

District or pledged to the District.

B. Securities Pledged as Collateral

1. All securities pledged to the District for all bank time or demand deposits shall be held by an independent third party bank doing business in Texas. The safekeeping bank may not be within the same holding company as the bank from which securities are pledged.
2. Collateralization is required on all time and demand deposits over the FDIC insurance coverage.
  - a. In order to anticipate market changes and provide a level of additional security for all funds, the collateralization level will be 102% of the deposit amount plus accrued interest on the deposit, less the applicable level of FDIC or NCUSIF insurance. —The minimum level of Letters of Credit shall be 100% of principal plus anticipated accrued interest, less the applicable level of FDIC or NCUSIF insurance.
  - b. Collateral will be held by an independent third party custodian. The custodian shall provide a written monthly report directly to the District listing all pledged collateral by description and par at a minimum. The investment officers will monitor adequacy of collateralization levels to verify market values and total collateral positions.
  - c. If the collateral pledged for a deposit falls below the deposit value of the deposit, plus accrued interest, less FDIC insurance, the institution holding the deposit will be notified by the investment officers and will be required to pledge additional collateral no later than the end of the next business day.

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C. Authorized Collateral

1. The only types of collateral authorized by the District are:
  - a. Obligations of the U. S. Government, its agencies and instrumentalities including mortgage-backed securities which pass the bank test.
  - b. Obligations of a state or subdivision, city, county, school district of any state which is rated A or better by two nationally recognized rating agencies.
  - c. Letters of Credit issued by a Federal Agency or Instrumentality.
2. If the depository proposes a collateral pooling program, the Investment Officer will review and evaluate the program's risk and cost to the District for presentation to the Board. The pooling of collateral allows a bank to create a pool of securities for collateral purposes for multiple governments and will not result in securities pledged directly/specifically to each government.
3. Collateralized deposits often require release or substitution of collateral. Any broker/, dealer, or financial institution may automatically collateral of equal or greater value than the replaced security. The investment officers, or a designee, must provide written notification of the decision to the custodian/safekeeping agent holding the security prior to any security release. Substitution is allowable for all transactions, but should be limited, if possible, to minimize potential administrative

problems and transfer expense. The investment officers may limit substitution and assess appropriate fees if substitution becomes excessive or abusive.

#### 1.09 INVESTMENT TRAINING

- A. The Investment Officer shall attend training, as required by Water Code 36.1561, from an independent source approved by the Board involving at least six (6) hours of instruction. The initial training shall occur within 12 months after the Investment Officer takes office or assumes his or her duty. The Investment Officer shall attend an investment training session not less than once in a two-year period and receive not less than four (4) hours of instruction related to the duties and investment responsibilities under Subchapter 2256 of the Act from an independent source approved by the Board.
- B. Training under this section must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the Act.

#### 1.10 REPORTING AND PERFORMANCE EVALUATION

- A. The Investment Officer shall submit a monthly report to the District Manager.
- B. Not less than quarterly, the Investment Officer shall prepare and submit to the Board a written report of investment transactions for all funds subject to this policy for the preceding reporting period. The report must:
  - 1. Describe in detail the District's investment position on the date of the report;
  - 2. Be prepared by the Investment Officer;
  - 3. Be signed by the Investment Officer;
  - 4. State the maturity date of each separately invested asset that has a maturity date;
  - 5. State the book value and the market value of each separately invested asset at the beginning and end of the reporting period by the type of asset and fund type invested; and
  - 6. State the compliance of the investment portfolio of the District with:
    - a. The investment strategy expressed in the District's Investment Policy; and
    - b. Relevant provisions of the Act.
- C. Market prices for market evaluations will be obtained from an independent source.
- D. In addition, the report shall explain the quarter's total investment return and compare the return with budgetary expectations.
- E. All reports shall be in compliance with the Act.

#### 1.11 MISCELLANEOUS

- A. The District, in conjunction with its annual financial audit, shall perform a compliance audit of

management controls on investments and adherence to the District's established investment policies to review investment performance and to ensure investment security. The controls shall be designed to prevent loss of public funds due to fraud, employee error, misrepresentation by third parties, unanticipated market changes, or imprudent actions.

- B. The District shall review this policy at least annually and adopt a resolution confirming the continuance of the policy without amendment or adopt an amended investment policy.
- C. This investment policy was reviewed and approved on December 12, 2017 and supersedes any prior policies adopted by the Board regarding investment or securitization of District funds.



**Appendix A**  
**Approved Investment Training Sources**

Association of Water Board Directors  
Texas Rural Water Association  
Texas Water Utilities Association  
Government Finance Officers' Association  
Government Finance Officers' Association of Texas  
Government Treasurers' Organization of Texas  
Council of Governments  
University of North Texas Center for Public Management  
American Institute of Certified Public Accountants  
Association of Governmental Accountants

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**Appendix B**  
**Authorized Broker/Dealers**

BOKF Financial  
FHN Financial  
Multi-Bank Securities  
SAMCO Capital Markets  
Wells Fargo Securities

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RESOLUTION NO. 2022-10-11-2

**A RESOLUTION BY THE BOARD OF DIRECTORS OF THE NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT RELATING TO AN INVESTMENT POLICY**

WHEREAS, the North Texas Groundwater Conservation District (“District”) was created by an act of the 81<sup>st</sup> Legislature on May 19, 2009, R.S., ch. 248, 2009 Tex. Gen. Laws 686, codified at TEX. SPEC. DIST. LOC. LAWS CODE ANN. ch. 8856 ; and

WHEREAS, the District has a responsibility of approving investments for the resources in its care and custody; and

WHEREAS, the Staff and Board has reviewed this document and believes it to be in conformance with the State statutes regarding the investment of public funds;

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT AS FOLLOWS:

1. The Investment Policy attached as Exhibit “A” is hereby re-adopted by this resolution and shall be in full force until further change by Board action.
2. The District’s Investment Officers are designated by this resolution to be the Secretary of the Board of Directors, the General Manager, Paul Sigle, and the Finance Officer, Debi Atkins.

Upon motion by \_\_\_\_\_, seconded by \_\_\_\_\_, the foregoing Resolution was passed and approved on this 11<sup>th</sup> day of October, 2022 by the following vote:

AYE:

NAY:

ABSTAIN:

At a regular meeting of the Board of Directors of the North Texas Groundwater Conservation District.

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary-Treasurer

ATTACHMENT 9



## AGENDA COMMUNICATION

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**DATE:** October 4, 2022

**SUBJECT:** AGENDA ITEM NO. 9

**CONSIDER AND ACT UPON CONFIRMING EXECUTION OF ENGAGEMENT LETTER FOR AUDIT SERVICES FOR FISCAL YEAR ENDING DECEMBER 31, 2022**

**ISSUE**

Consider and act upon confirming execution of engagement letter for audit services fiscal year ending December 31, 2022

**BACKGROUND**

In 2018, the Board instructed the staff to solicit proposals for audit services for a period up to five (5) years. The staff-initiated invitations to several firms in North Central Texas. As a result of that solicitation, four proposals were received. The audit committee reviewed the proposals and recommended McClanahan and Holmes, LLP of Bonham, Texas. This recommendation was accepted and confirmed by the Board at the September 11, 2018, meeting.

**CONSIDERATIONS**

District staff is of the opinion that McClanahan and Holmes, LLP of Bonham, Texas has provided thorough and quality audits during their tenure with the District. The fees for the 2022 audit services will not exceed \$5,960 which is within the 3% increase limit imposed by their original proposal.

Kristen Fancher, Legal Counsel, is currently reviewing the fees section of the engagement letter to address unforeseen expenditures as were encountered on the last audit. Assuming Kristen has some recommended edits, we will run these by McClanahan and Holmes and then send the final draft of the engagement letter to the Board by email.

**STAFF RECOMMENDATIONS**

The staff recommends the Board authorize an engagement letter with McClanahan and Holmes, LLP of Bonham, Texas for the 2022 audit.

**ATTACHMENTS**

Engagement Letter

**PREPARED AND SUBMITTED BY:**

Paul M. Sigle  
Assistant General Manager

**RECOMMENDED BY:**

Debi Atkins  
Finance Officer

**McClanahan and Holmes, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

STEVEN W. MOHUNDRO, CPA  
GEORGE H. STRUVE, CPA  
DEBRA J. WILDER, CPA  
TEFFANY A. KAVANAUGH, CPA  
APRIL J. HATFIELD, CPA  
BRITTANY L. MARTIN, CPA

228 SIXTH STREET S.E.  
PARIS, TEXAS 75460  
903-784-4316  
FAX 903-784-4310

304 WEST CHESTNUT  
DENISON, TEXAS 75020  
903-465-6070  
FAX 903-465-6093

1400 WEST RUSSELL  
BONHAM, TEXAS 75418  
903-583-5574  
FAX 903-583-9453

Bonham, Texas  
October 3, 2022

Members of Management and Board  
North Texas Groundwater Conservation District

We are pleased to confirm our understanding of the services we are to provide North Texas Groundwater Conservation District for the year ended December 31, 2022.

**Audit Scope and Objectives**

We will audit the financial statements of the governmental activities and each major fund, and the disclosures, which collectively comprise the basic financial statements of North Texas Groundwater Conservation District as of and for the year ended December 31, 2022. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement North Texas Groundwater Conservation District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to North Texas Groundwater Conservation District's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Budgetary Comparison Schedule – General Fund

In connection with our audit of the basic financial statements, we will read the following other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

1. Comparative Balance Sheet – General Fund
2. Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund



The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditors' report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records of North Texas Groundwater Conservation District and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry.

We have identified the following significant risks of material misstatement as part of our audit planning:

- 1) Management Override of Controls
- 2) Improper Revenue Recognition Due to Fraud

Our audit of financial statements does not relieve you of your responsibilities.

#### **Audit Procedures – Internal Control**

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

#### **Audit Procedures – Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

#### **Other Services**

We will also assist in preparing the financial statements and related notes of North Texas Groundwater Conservation District in conformity with accounting principles generally accepted in the United States of America based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

#### **Responsibilities of Management for the Financial Statements**

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and



regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements that we report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

#### **Engagement Administration, Fees, and Other**

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to North Texas Groundwater Conservation District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of McClanahan and Holmes, LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to an oversight agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such

October 3, 2022

request. If requested, access to such audit documentation will be provided under the supervision of McClanahan and Holmes, LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or any additional period requested by regulators. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

April J. Hatfield is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. We expect to begin our audit in approximately April 2023 and to issue our reports no later than June 1, 2023, unless extenuating circumstances occur.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs except that we agree that our gross fee, including expenses will not exceed \$6,025. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoice for these fees will be rendered upon completion of the audit and is payable on presentation. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary based upon unexpected circumstances caused by North Texas Groundwater Conservation District, we will discuss it with you and submit a new fee estimate that must be agreed on by both parties before we incur the additional costs.

### **Reporting**

We will issue a written report upon completion of our audit of the District's financial statements. Our report will be addressed to those charged with governance of North Texas Groundwater Conservation District. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditors' report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our audit we become aware that North Texas Groundwater Conservation District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

We appreciate the opportunity to be of service to North Texas Groundwater Conservation District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

***McClanahan and Holmes, LLP***  
Certified Public Accountants

RESPONSE:

This letter correctly sets forth the understanding of North Texas Groundwater Conservation District.

Management Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Governance Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



**Briscoe, Burke & Grigsby LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

**Report on the Firm's System of Quality Control**

August 19, 2021

To the Partners of McClanahan and Holmes, LLP  
and the Peer Review Committee of the Texas Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of McClanahan and Holmes, LLP (the firm) in effect for the year ended March 31, 2021. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards). A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

**Firm's Responsibility**

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

**Peer Reviewer's Responsibility**

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

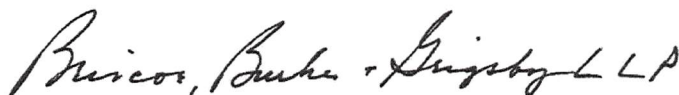
**Required Selections and Considerations**

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

**Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of McClanahan and Holmes, LLP in effect for the year ended March 31, 2021, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. McClanahan and Holmes, LLP has received a peer review rating of *pass*.



Certified Public Accountants

ATTACHMENT 10



## AGENDA COMMUNICATION

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DATE: October 4, 2022

SUBJECT: AGENDA ITEM NO. 10

### CONSIDER AND ACT UPON RESOLUTION OF APPRECIATION FOR DREW SATTERWHITE

#### ISSUE

Resolution of Appreciation for Drew Satterwhite.

#### BACKGROUND

Drew Satterwhite was hired as the General Manager in September of 2013. Mr. Satterwhite has accepted an opportunity to move closer to his and his wife's family and his last day with the District is October 20<sup>th</sup>. Mr. Satterwhite has served honorably as the General Manager and his contributions to the District are much appreciated.

#### STAFF RECOMMENDATIONS

The staff recommends the Board consider adopting Resolution of Appreciation for his service and present him with a plaque.

#### ATTACHMENTS

Resolution of Appreciation

#### PREPARED AND SUBMITTED BY:

---

Paul M. Sigle

Assistant General Manager

RESOLUTION NO. 2022-10-11-03

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

A RESOLUTION BY THE NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT RECOGNIZING

DREW SATTERWHITE

WHEREAS, the North Texas Groundwater Conservation District wishes to recognize

DREW SATTERWHITE

for contributing toward furthering economic development of this area and for helping to promote effective planning and utilization of groundwater by faithfully participating in the activities of the District.

NOW, THEREFORE, BE IT RESOLVED BY THE NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT THAT: the District conveys its sincere appreciation and gratitude to

DREW SATTERWHITE

for service provided to the District.

On motion of \_\_\_\_\_, seconded by \_\_\_\_\_, the foregoing Resolution was passed and approved on this the 11th day of October, 2022 by the following vote:

AYE:

NAY:

ABSTAIN:

At a meeting of the Board of Directors of the North Texas Groundwater Conservation District.

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary-Treasurer



ATTACHMENT 13 B



# NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

## Well Registration Summary

(as of 9/30/2022)

Well Type	Collin	Cooke	Denton	Total NTGCD	New Registrations September 2022
Domestic	90	639	1016	1745	16
Public Water System	34	76	227	337	0
Irrigation	105	7	210	322	3
Surface Impoundment	61	18	126	205	2
Livestock	7	86	70	163	0
Oil / Gas	1	6	64	71	0
Agriculture	10	13	41	64	0
Commercial	6	9	42	57	1
Golf Course Irrigation	15	2	21	38	0
Industrial / Manufacturing	11	11	10	32	0
*Other	6	5	10	21	0
Monitoring	0	0	4	4	0
<b>TOTALS</b>	<b>346</b>	<b>872</b>	<b>1841</b>	<b>3059</b>	<b>22</b>

**NOTE: Plugged wells have been excluded**

**\*Examples of "Other" uses: Closed Loop Geothermal, Construction, and Fire Suppression**

ADJOURN