

**NORTH TEXAS
GROUNDWATER
CONSERVATION
DISTRICT**

PERMIT HEARING AND BOARD MEETING

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

**TUESDAY
DECEMBER 14, 2021
10:00 AM**

NOTICE OF PUBLIC MEETING

OF THE
BOARD OF DIRECTORS of the

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT
Tuesday, December 14, 2021 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

1. **Applicant:** Bolivar Water Supply Corporation, 4151 F.M. 455 W., Sanger, TX 76266
Location of Well: 12094 Jackson Rd, Krum, TX 76249; Latitude: 33.245472°N, Longitude: 97.333031°W; About 3,650 feet west of the Jackson Road and Ripy Road intersection and about 200 feet north of Jackson Road.
Purpose of Use: Public Water System
Requested Amount of Use: 128,633,599 gallons per year (Historic Use Permit: 397,233,869 gallons per year)
Production Capacity of Well: 225 gallons/minute
Aquifer: Trinity (Antlers)
2. **Applicant:** Lime Rock Resources, Heritage Plaza 111 Bagby St. Ste 4700A, Houston, Texas 77002
Location of Well: Latitude: 33.183667°N, Longitude: 97.345861°W; About 3,600 feet north of the Farm Market 2449 and Creekside Drive intersection.
Purpose of Use: Oil/Gas Production, Surface Impoundment(s), and Livestock
Requested Amount of Use: 22,300,000 gallons per year
Production Capacity of Well: 195 gallons/minute

Aquifer: Trinity (Antlers)

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 November 9, 2021, Board meeting.
5. Consider and act upon approval of invoices and reimbursements, Resolution No. 2021-12-14-1.
6. Receive reports from the following Committees*:
 - a. Budget and Finance Committee
 - 1) Receive Monthly Financial Information
7. Receive 2020 Annual Report on Management Plan
8. Consider and act upon confirming execution of Engagement Letter for Audit Services for Fiscal Year ending December 31, 2021.
9. Update and possible action regarding the process for the development of Desired Future Conditions (DFCs).
10. Consider and act upon compliance and enforcement activities for violations of District rules.
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
 - b. Well Registration Summary
 - c. Update on Management Plan

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

13. 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, 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, November 9, 2021 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 in order 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.

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

Members Absent: Greg Peters

Staff: Drew Satterwhite, Paul Sigle, and Velma Starks

Visitors: Kristen Fancher, Legal Counsel

Permit Hearing

Agenda:

1. Call to Order; establish quorum; declare hearing open to the public; introduction of Board.

Board President Joe Helmberger 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).

No public comment.
3. Review the Production Permit Applications of:

New Production Permits

- A. **Applicant:** I C Resources; 410 N. Carroll Ave, Suite 180, Southlake, TX 76092
Location of Well: 13088 CR 106; Latitude: 33.388739°N, Longitude: 96.754628°W; About 3,300 feet east of the Highway 289 and County Road 106 intersection and about 2,300 feet north of County Road 106 in Celina, TX.
Purpose of Use: Landscape Irrigation and Surface Impoundment
Requested Amount of Use: 7,740,000 gallons per year
Production Capacity of Well: 40 gallons/minute
Aquifer: Woodbine

General Manager Drew Satterwhite reviewed the Production Permit with the Board.

- B. **Applicant:** Independence Water; 3000 Turtle Creek Blvd, Dallas, TX 75219
Location of Well: 1301 Homestead Way, Argyle, TX 76226; Latitude: 33.118956°N, Longitude: 97.244544°W; About 1,600 feet east of the Old Justin Road and Schober Road intersection and about 120 feet north of Old Justin Road.
Purpose of Use: Landscaping Irrigation and Surface Impoundment
Requested Amount of Use: 46,570,000 gallons per year
Production Capacity of Well: 165 gallons/minute
Aquifer: Trinity (Antlers)

General Manager Drew Satterwhite reviewed the Production Permit with the Board including the special conditions. Patrick Cowden with Independence Water addressed 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 Ronny Young made the motion to approve permits as discussed. Board Member David Flusche seconded motion. Motion passed unanimously. Thomas Smith had to step out of meeting.

5. Adjourn or continue permit hearing.

Board President Joe Helmberger adjourned the permit hearing at 10:19 a.m.

Board Meeting

Agenda:

1. Pledge of Allegiance and Invocation

Board President Joe Helmberger 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

Board President Joe Helmberger called the meeting to order at 10:21 a.m., established a quorum was present, and declared the meeting open to the public.

3. Public Comment

There were no public comments.

4. Consider and act upon approval of the minutes from the October 12, 2021, Board meeting.

Board President Joe Helmberger asked for approval of the minutes from the October 12, 2021, meeting. Board Member Ron Sellman made the motion to approve the minutes. Board Member Allen Knight seconded the motion. Motion passed. Board Member Ronny Young abstained and Board Member Thomas Smith stepped out of meeting for phone call.

5. Consider and act upon approval of invoices and reimbursements, Resolution No. 2021-11-09-1.

General Manager Drew Satterwhite reviewed the liabilities with the Board. Discussion was held. Board Member Ron Sellman made the motion to approve Resolution No. 2021-11-09-1. Board Member Ronny Young seconded the motion. Motion passed. Board Member Thomas Smith stepped out of meeting for phone call.

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.

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

General Manager Drew Satterwhite informed the Board that the GMA 8 meeting was held Nov. 4, 2021. The proposed DFCs were adopted and passed unanimously. Central Texas GCD received comments on the proposed DFC which they addressed at the meeting.

Kristen Fancher, legal counsel, reviewed the DFC Process and Schedule with the Board. The Board will be looking at updating the model in 2023.

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

None at this time.

9. 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

No report at this time. The Summary was sent out to Board last Friday.

- b. Well Registration Summary

General Manager Drew Satterwhite reviewed the well registration summary.

- c. Legislative Update

No legislative update.

General Manager Drew Satterwhite was elected Vice President of TAGD.

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

Nothing at this time. We expect several permits for December Board Meeting.

- 11. Adjourn public meeting

Board President Joe Helmberger declared the meeting adjourned at 10:40 a.m.

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Recording Secretary

Secretary-Treasurer

ATTACHMENT 5

RESOLUTION NO. 2021-12-14-1

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

The following liabilities are hereby presented for payment:

<u>Administrative Services</u>	<u>Amount</u>
GTUA - November	32,063.93
<u>Consultant</u>	
Advanced Groundwater Solutions LLC - November Hydro-Geo services	1,495.00
<u>Direct Costs</u>	
Nextraq - December	39.95
US Postal Service - annual post office box rent	148.00
<u>Dues & Subscriptions</u>	
TWCA - annual Level B membership 21-22	408.00
<u>Legal</u>	
Kristen Fancher PLLC - services through 11/30/21	2,574.00
<u>Legal- Injection</u>	
Sledge Law - September 2021	414.00
Sledge Law - October 2021	773.45
<u>Meetings & Conferences</u>	
Pilot Point ISD - Meeting Room	75.00
GRAND TOTAL:	\$ <u><u>37,991.33</u></u>

On motion of _____ and seconded by _____ the
foregoing Resolution was passed and approved on this, the 14th day of December, 2021 by the
following vote:

AYE:
NAY:

President

Secretary/Treasurer

ATTACHMENT 6 A-1

NORTH TEXAS GROUNDWATER

Balance Sheet

As of November 30, 2021

ASSETS

Current Assets

Checking/Savings

10001 Checking Account	1,722,722.27
10005 Cash-Index Account	719,692.00
10008 Cash - Tex Star	88,132.18
10025 Accounts Receivable	101,851.55
10033 A/R Penalties	3,750.00
10035 A/R GMA8 Members	71.33
10070 A/R Liens	14,000.00
10026 Allowance for Uncollectib	-22,900.00
12000 Undeposited Funds	203.15
12001 Prepaid Expenses	2,511.80

TOTAL ASSETS 2,630,034.28

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

23100 Accounts Payable	-500.00
23150 Well Drillers Deposits	38,750.00

Total Liabilities 38,250.00

Equity

35100 Retained Earnings	2,379,839.41
Net Income	211,944.87

Total Equity 2,591,784.28

TOTAL LIABILITIES & EQUITY 2,630,034.28

NORTH TEXAS GROUNDWATER
Profit & Loss Budget vs. Actual
November 30, 2021

	TOTAL				
	Nov 21	1 mo. Budget	YTD Actual	Total Budget	% of Budget remaining
Ordinary Income/Expense					
Income					
46003 - Registration Fees	3,900.00	1,750.00	35,000.00	21,000.00	-66.67%
46004 - Well Driller Fees	0.00	0.00	0.00	0.00	0.0%
46005 - PRODUCTION FEES	0.00	0.00	613,979.32	700,000.00	12.29%
46006 Income GMA8	0.00	0.00	17,491.65	31,820.00	45.03%
46007 - Penalties	0.00	0.00	4,500.00	0.00	0.0%
46008 - Online Pay Fees	9.45	0.00	203.40		
46015 Late Fees	0.00	0.00	30,311.53	0.00	0.0%
Total Income	<u>3,909.45</u>	<u>1,750.00</u>	<u>701,485.90</u>	<u>752,820.00</u>	<u>6.82%</u>
Gross Profit	3,909.45	1,750.00	701,485.90	752,820.00	6.82%
Expense					
77010 ADMINISTRATIVE					
77013 Admin-Secretarial	816.00	1,833.34	13,976.00	22,000.00	36.47%
77014 Admin-Project Coordinator	312.50	1,666.67	7,963.75	20,000.00	60.18%
77015 Admin-GM	5,529.00	5,416.67	60,851.50	65,000.00	6.38%
77016 Admin-Clerical	4,114.00	3,500.00	41,012.50	42,000.00	2.35%
77040 ADMIN-MILEAGE	274.40	250.00	1,300.36	3,000.00	56.65%
77025 ACCOUNTING	2,730.00	2,708.34	31,500.25	32,500.00	3.08%
77027 AUDITING	0.00	0.00	8,150.00	5,665.00	0.0%
77030 ADVERTISING	0.00	167.00	1,120.25	2,000.00	43.99%
77050 BANKING FEES	108.48	0.00	372.95	100.00	0.0%
77150 CONSULTING-HYDROGEO SVC	1,495.00	3,750.00	15,588.02	45,000.00	65.36%
77325 DIRECT COSTS-REIMB	366.79	583.00	3,944.07	7,000.00	43.66%
77450 DUES & SUBSCRIPTION	0.00	250.00	6,980.00	3,000.00	-132.67%
77480 EQUIPMENT	0.00	0.00	0.00	2,000.00	100.0%
77485 Equipment Database	0.00	1,250.00	29,305.48	15,000.00	-95.37%
77500 FEES-GMA8	768.11	2,917.00	20,586.61	35,000.00	41.18%
77550 FIELD TECH	10,028.50	10,417.00	117,937.50	125,000.00	5.65%
77560 Field Permitting/Geologis	4,940.00	5,833.00	65,208.00	70,000.00	6.85%
77650 FUEL/MAINTENANCE	320.50	292.00	3,413.92	3,500.00	2.46%
77800 INJECTION WELL MONITORING	0.00	0.00	551.80	700.00	21.17%
77810 INSURANCE & BONDING	358.84	600.00	4,569.20	7,205.00	36.58%
77970 LEGAL					
77975 Legal-Injection	0.00	833.00	6,868.60	10,000.00	31.31%
77980 Legal-Legislation	0.00	1,250.00	15,000.00	15,000.00	0.0%
77970 LEGAL - Other	2,574.00	3,750.00	28,070.00	45,000.00	37.62%
78010 MEETINGS & CONFERENCES	580.80	667.00	4,237.33	8,000.00	47.03%
78310 Rent	200.00	200.00	2,200.00	2,400.00	8.33%
78600-SOFTWARE MAINT	1,268.83	83.00	5,739.54	1,000.00	-473.95%
78610 TELEPHONE	37.50	250.00	2,802.81	3,000.00	6.57%
78780 Well Monitoring/Testing	0.00	375.00	203.76	4,500.00	95.47%
Total Expense	<u>36,823.25</u>	<u>48,842.02</u>	<u>499,454.20</u>	<u>594,570.00</u>	<u>16.0%</u>
Other Income/Expense					
Other Income					
46100 INTEREST INC	0.71	417.00	9,913.17	5,000.00	
Total Other Income	<u>0.71</u>	<u>417.00</u>	<u>9,913.17</u>	<u>5,000.00</u>	
Net Other Income	0.71	417.00	9,913.17	5,000.00	
Net Income	<u><u>-32,913.09</u></u>	<u><u>-46,675.02</u></u>	<u><u>211,944.87</u></u>	<u><u>163,250.00</u></u>	

ATTACHMENT 7



AGENDA COMMUNICATION

DATE: December 9, 2021

SUBJECT: AGENDA ITEM NO. 7

RECEIVE 2020 ANNUAL REPORT ON MANAGEMENT PLAN

ISSUE

2020 Annual Report

BACKGROUND

The District Management Plan provides that an Annual Report be prepared by the General Manager and staff of the District, covering the activities of the District, including information concerning the District's performance in regard to achieving the District's management goals and objectives.

CONSIDERATIONS

The Annual Report for 2020 has been prepared by Paul Sigle, EIT, the District's Groundwater Technical Lead. Paul has added a considerable amount of technical information to the annual report, which provides the Board of Directors with a comprehensive analysis of the District's activities.

Paul is preparing a presentation for the meeting that will summarize the report.

PREPARED AND SUBMITTED BY:

Drew Satterwhite, P.E., General Manager

ATTACHMENT 8



AGENDA COMMUNICATION

DATE: December 6, 2021

SUBJECT: AGENDA ITEM NO. 8

CONSIDER AND ACT UPON CONFIRMING EXECUTION OF ENGAGEMENT LETTER FOR AUDIT SERVICES FOR FISCAL YEAR ENDING DECEMBER 31, 2021

ISSUE

Consider and act upon confirming execution of engagement letter for audit services fiscal year ending December 31, 2021

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 2021 audit services will not exceed \$5,850 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 2021 audit.

ATTACHMENTS

Engagement Letter

PREPARED AND SUBMITTED BY:


Drew Satterwhite, General Manager

RECOMMENDED BY:


Debi Atkins, Finance Officer

McClanahan and Holmes, LLP

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN W. MOHUNDRO, CPA
GEORGE H. STRUVE, CPA
RUSSELL P. WOOD, CPA
DEBRA J. WILDER, CPA
TEFFANY A. KAVANAUGH, CPA
APRIL J. HATFIELD, 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 5, 2021

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, 2021.

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, 2021. 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

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 auditor's 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*.

Auditor's 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 exists 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

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.

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.

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.

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 the 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 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 2022 and to issue our reports no later than June 1, 2022, unless extenuating circumstances occur.

While the nation is responding to the Coronavirus (COVID-19) pandemic, we will use reasonable efforts to complete the services as specified herein, while also taking steps we deem necessary to protect the health, welfare and safety of our professionals. Neither party shall be liable for any delay or failure in performance (excluding payment for fees and expenses incurred) due to circumstances resulting from the pandemic which are beyond our reasonable control.

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 \$5,850. 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, we will discuss it with you and arrive at a new fee estimate 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 management and 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 auditor's 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.

North Texas Groundwater Conservation District
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October 5, 2021

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.

Signature: _____

Title: _____

Date: _____



CPAs & BUSINESS ADVISORS

Report on the Firm's System of Quality Control

July 6, 2018

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, 2018. 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. 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 a compliance audit under the Single Audit Act and an audit of an employee benefit plan.

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, 2018, 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*.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Eide Bailly LLP

What inspires you, inspires us. eidebailly.com

ATTACHMENT 11 b.

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

Well Registration Summary

(as of 11/30/2021)

Well Type	Collin	Cooke	Denton	Total NTGCD	New Registrations November 2021
Domestic	83	567	945	1595	15
Public Water System	34	75	225	334	1
Irrigation	96	4	186	286	1
Surface Impoundment	57	17	117	191	1
Livestock	7	81	63	151	0
Oil / Gas	1	6	67	74	0
Agriculture	10	13	42	65	0
Commercial	6	8	39	53	0
Golf Course Irrigation	15	2	21	38	0
Other	9	6	19	34	0
Industrial / Manufacturing	8	13	9	30	0
Monitoring	0	0	3	3	0
TOTALS	326	792	1736	2854	18

NOTE: Plugged wells have been excluded

ADJOURN