

**NORTH TEXAS
GROUNDWATER
CONSERVATION
DISTRICT**

PERMIT HEARING AND BOARD MEETING

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

**TUESDAY
JULY 9, 2024
10:00 AM**

NOTICE OF PUBLIC MEETING

OF THE
BOARD OF DIRECTORS
of the

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

Tuesday, July 9, 2024, 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 upon completion of the Board Member Qualification for Office.

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:

Permit Amendment

- a. **Applicant:** Independence Water No 2.; 3000 Turtle Creek Blvd, Dallas, TX 75219
Location of Wells:
 - **Harvest #2 (existing):** Old Justin Rd, Argyle, TX; Latitude: 33.118881 °N, Longitude: 97.246005 °W; About 78 feet north of Old Justin Rd and about 1,120 feet east of Schober Rd in Denton County.
 - **Harvest #3 (new):** Breezy Brook Ln, Northlake, TX; Latitude: 33.11877 °N, Longitude: 97.2411 °W; About 55 feet north of Old Justin Rd and about 2,620 feet east of Schober Rd in Denton County.

Purpose of Use: Irrigation/Landscape; Filling Surface Impoundment(s)

Requested Amount of Use: 46,570,000 gallons per year

Production Capacity of Wells:

- **Harvest #2:** 165 gallons/minute
- **Harvest #3:** 200 gallons/minute

Aquifer: Trinity (Antlers)

Amendment: Addition of Harvest #3 well. Total requested amount of use does not change.

New Production Permit

- a. **Applicant:** Painted Tree Residential Community Association, Inc.; 7800 N Dallas Pkwy, Suite 450, Plano, TX 75024.

Location of Wells:

- **Well 1 (existing):** 3998 Taft Ln, McKinney, TX 75069; Latitude: 33.222904°N Longitude: 96.667322°W; About 1,893 feet north of Hwy 380 and about 3,550 feet east of N Lake Forest Dr, in Collin County.
- **Well 2 (new):** McKinney, TX; Latitude: 33.232768°N Longitude: 96.673410°W; About 90 feet north of County Road 943 and about 1,815 feet east of N Lake Forest Dr, in Collin County.

Purpose of Use: Irrigation/Landscape; Filling of Surface Impoundment(s).

Requested Amount of Use: 75,682,456 gallons/year

Production Capacity of Wells:

- Well 1: 195 gallons/minute
- Well 2: 250 gallons/minute

Aquifer: Trinity (Paluxy)

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 the meeting open to the public.
3. Public comment.
4. Consider and act upon approval of the minutes from the June 11, 2024, Board meeting.
5. Consider and act upon the 2023 Audit.
6. Consider the appointment of a Budget Committee.
7. Consider and act upon approval of invoices and reimbursements, Resolution No. 2024-7-9-01.
8. Receive reports from the following Committees*:
 - a. Budget and Finance Committee
 1. Receive Monthly Financial Information
 - b. Investment Committee
 1. Receive Quarterly Investment Report
 - c. Management Plan Committee
 1. Receive Quarterly Report
9. Consider and act upon accepting the resignation of David Flusche, District Board Member representing Cooke County.
10. Consider and act upon Resolution of Appreciation for David Flusche.
11. Discussion and possible action on audit services for next fiscal year.
12. Update and possible action regarding the process for the development of Desired Future Conditions (DFCs).
13. Consider and act upon compliance and enforcement activities for violations of District rules.
14. 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
15. Open forum / discussion of new business for future meeting agendas.

16. 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
NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT**

Tuesday, June 11, 2024, 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.

Members Present: Greg Peters, Everette Newland, Allen Knight, Robert Todd, and Allen McDonald
Members Absent: Ronny Young, Thomas Smith, David Flusche, and Jimmy Arthur
Staff: Paul Sigle, Kenneth Elliott, Debi Atkins, and Velma Starks
Visitors: Kristen Fancher, Law Offices of Kristen Fancher, PLLC

Permit Hearing

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

Agenda:

1. Call to Order; establish quorum; declare hearing open to the public; introduction of Board.
Board Secretary/Treasurer Allen Knight 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 comments.
3. Review the Production Permit Applications of:

Permit Amendment

- a. **Applicant:** Big Sky Municipal Utility District.; 1980 Post Oak Boulevard, Suite 1380, Houston, TX 77056
Location of Wells:
 - **Well #1 (existing):** South Branch Road, Krum, Texas 76248; Latitude: 33.248427°N, Longitude: 97.361792°W; About 2,500 feet north of US HWY 380 and 1,950 feet west of Big Sky Trail in Denton County.
 - **Well #1A (existing):** South Branch Road, Krum, Texas 76248; Latitude: 33.248189°N, Longitude: 97.368011°W; About 2,500 feet north of US HWY 380 and 3,850 feet west of Big Sky Trail in Denton County.
 - **Well #3:** 1997 Eagle Wolf Dr, Ponder, TX 76259; Latitude: 33.252481°N, Longitude:

97.369600°W; About 3,550 feet north of the HWY 380 W and about 4,410 feet west of Big Sky Trail in Denton County.

- **Well #4:** 1997 Eagle Wolf Dr, Ponder, TX 76259; Latitude: 33.251792°N, Longitude: 97.364884°W; About 3,600 feet north of the HWY 380 W and about 1,950 feet west of Big Sky Trail in Denton County.
- **Well NT-3299 (existing):** 2681 Prairie Sky LN, Ponder, TX 76259 Latitude: 33.24947°N, Longitude: 97.36079°W; About 2,900 feet north of the HWY 380 W and about 1,660 feet west of Big Sky Trail.

Purpose of Use: Municipal/Public Water System; Irrigation/Landscape.

Requested Amount of Use: 118,243,959 gallons per year

Production Capacity of Well #1: 230 gallons/minute

Production Capacity of Well #1A: 230 gallons/minute

Production Capacity of Well #3: 400 gallons/minute

Production Capacity of Well #4: 230 gallons/minute

Production Capacity of Well NT-3299: 26 gallons/minute

Aquifer: Trinity (Antlers)

Amendment: Increase the capacity of Well #3 from 230 gallons/minute to 400 gallons/minute.

General Manager Paul Sigle reviewed the permit amendment with the Board.

New Production Permits

- a. **Applicant:** Tabor Ranch.; 320 Hawkins Run Rd Suite 3, Midlothian, TX 76065
Location of Well: 4705 Geoge Owens Rd, Ponder, TX; Latitude: 33.229021°N, Longitude: 97.293753°W; About 92 feet west of George Owens Rd and about 2,860 feet south of Hwy 380 W in Denton County.
Purpose of Use: Construction; Irrigation/Landscape
Requested Amount of Use: 16,150,000 gallons per year through 2025; 2,839,383 gal/year after 2025
Production Capacity of Well: 65 gallons/minute
Aquifer: Trinity (Antlers)

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

- b. **Applicant:** Weston Water Supply Corporation.; 406 Chicken Street, Weston, TX 75097
Location of Wells:
- **Well 2:** County Road 206, Celina, TX 75009; Latitude: 33.31905°N, Longitude: 96.64989°W; About 175 feet south of County Road 206 and about 3,635 feet east of N FM 543 in Collin County.
 - **Well 3:** Weston Rd, Celina, TX 75009; Latitude: 33.321909°N, Longitude: 96.663848°W; About 607 feet west of Weston Rd and about 850 feet north of the Weston Rd/County Road 206 intersection in Collin County.
- Purpose of Use:** Municipal/Public Water System
Requested Amount of Use: 104,427,333 gallons per year
Production Capacity of Wells:
- Well 2: 350 gallons/minute
 - Well 3: 500 gallons/minute
- Aquifer:** Woodbine

General Manager Paul Sigle reviewed the permit with the Board.

c. **Applicant:** Town of Ponder; 102 W. Bailey St., Ponder, TX 76259

Location of Wells:

- **Well 2 (existing):** 105 E. James St, Ponder, TX; Latitude: 33.183901°N, Longitude: 97.285971°W; About 390 feet east of Hwy 156 and about 80 feet south of James St. in Denton County.
- **Well 3 (existing):** 105 E. James St, Ponder, TX; Latitude: 33.18369 °N, Longitude: 97.2859 °W; About 420 feet east of Hwy 156 and about 150 feet south of James St. in Denton County.
- **Well 4 (existing):** Ponder, TX; Latitude: 33.17282°N, Longitude: 97.282178°W; About 305 feet south of Arabian Ln and about 1,325 feet west of Robinson Rd in Denton County.
- **Well 4 (New-Replacement):** Ponder, TX; Latitude: 33.172817°N, Longitude: 97.282170°W; About 310 feet south of Arabian Ln and about 1,320 feet west of Robinson Rd in Denton County.
- **Well 5 (existing):** Knight Ln, Ponder, TX; Latitude: 33.20345°N, Longitude: 97.29661°W; About 173 feet south of Knight Ln and about 330 feet west of Petes Ln in Denton County.
- **Well 6 (existing):** Ponder, TX; Latitude: 33.172823°N, Longitude: 97.282071°W; About 305 feet south of Arabian Ln and about 1,295 feet west of Robinson Rd in Denton County.
- **Well 7 (existing):** Ponder, TX; Latitude: 33.19026°N, Longitude: 97.29900°W; About 1,117 feet south of January Ln and about 3,875 feet west of Hwy 156 in Denton County.

Purpose of Use: Municipal/Public Water System

Requested Amount of Use: 78,000,000 gallons per year

Production Capacity of Wells:

- Well 2: 150 gallons/minute
- Well 3: 90 gallons/minute
- Well 4: 130gallons/minute
- Well 4 (Replacement): 300 gallons/minute
- Well 5: 155 gallons/minute
- Well 6: 29 gallons/minute
- Well 7: 355 gallons/minute

Aquifer: Trinity (Antlers)

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

d. **Applicant:** Painted Tree Residential Community Association, Inc.; 7800 N Dallas Pkwy, Suite 450, Plano, TX 75024.

Location of Wells:

- **Well 1:** 3998 Taft Ln, McKinney, TX 75069; Latitude: 33.222904°N Longitude: 96.667322°W; About 1,893 feet north of Hwy 380 and about 3,550 feet east of N Lake Forest Dr, in Collin County.
- **Well 2:** McKinney, TX; Latitude: 33.232768°N Longitude: 96.673410°W; About 90 feet north of County Road 943 and about 1,815 feet east of N Lake Forest Dr, in Collin County.

Purpose of Use: Irrigation/Landscape; Filling of Surface Impoundment(s).

Requested Amount of Use: 75,682,456 gallons/year

Production Capacity of Wells:

- Well 1: 195 gallons/minute
- Well 2: 250 gallons/minute

Aquifer: Trinity (Paluxy)

General Manager Paul Sigle reviewed the permit with the Board. Discussion was held. Kristen Fancher, legal counsel, advised no action to be taken.

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 Greg Peters made the motion to approve the permit amendment (Big Sky Trail), new production permits a (Tabor Ranch), b (Weston Water Supply Corporation) and c (Town of Ponder). Board Member Everette Newland seconded the motion. Motion passed unanimously. No action was taken on Production Permit d.

5. Adjourn or continue permit hearing.

Board Secretary/Treasurer Allen Knight adjourned the permit hearing at 10:19 a.m.

Board Meeting

Agenda:

1. Pledge of Allegiance and Invocation

Board Secretary/Treasurer Allen Knight led the Pledge of Allegiance and provided the invocation.

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

Board Secretary/Treasurer Allen Knight called the meeting to order at 10:20 a.m.

3. Public Comment

There were no public comments at this time.

4. Consider and act upon approval of the minutes from the May 14, 2024, Board meeting.

Board Secretary/Treasurer Allen Knight asked for approval of the minutes from the May 14, 2024, meeting. Board Member Robert Todd made the motion to approve the minutes. Board Member Allen McDonald seconded the motion. Motion passed unanimously.

5. Consider and act upon approval of invoices and reimbursements, Resolution No. 2024-6-11-01.

General Manager Paul Sigle reviewed the liabilities with the Board. Discussion was held. Board Member Greg Peters made the motion to approve Resolution No. 2024-6-11-01. Board Member Everette Newland seconded the motion. Motion passed unanimously.

6. Receive reports from the following Committees*:

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

General Manager Paul Sigle reviewed the Financial Report with the Board. Discussion was held.

7. Discussion and possible action regarding the selection of auditing services to start the next fiscal year.

General Manager Paul Sigle provided background information for the Board. The current auditor was contacted as requested by the Board. Discussion was held. The auditor agreed to change team leader doing the audit. The contract will be for five years. The staff will contact the auditor for an engagement letter.

8. Receive report on District’s Well Monitoring Program.

Kenneth Elliott, Groundwater Field Technician presented presentation on District’s Well Monitoring Program. Fifty-seven wells are in the program. Discussion was held.

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

General Manager Paul Sigle informed the Board that the GMA 8 meeting was held last month. The RFQ for selecting a consultant for the next round of DFCs will be sent out. The next meeting will be in August or September.

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

General Manager Paul Sigle informed the Board of an issue regarding a septic system run into a hand-dug well in Cooke County. A list of accounts not reporting and/or not paying fees was presented to the Board. Discussion was held. Staff will send out enforcement letters quarterly.

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

No update

b. Well Registration Summary

General Manager Paul Sigle reviewed the well registration summary with the Board. Nineteen wells were registered in May.

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

Discussion was held regarding well permits for drilling wells if city water was available for connection. Could cities have ordinances stipulating that no water wells could be drilled within a certain distance of the availability of city water services and be mandated to connect to those services?

13. Adjourn public meeting

Board Secretary/Treasurer Allen Knight declared the meeting adjourned at 11:27_____ a.m.

#####

Recording Secretary

Secretary-Treasurer

ATTACHMENT 5



AGENDA COMMUNICATION

DATE: June 4, 2024

SUBJECT: AGENDA ITEM NO.

PREPARED AND SUBMITTED BY: Paul M. Sigle, General Manager

CONSIDER AND ACT UPON THE 2023 AUDIT

ISSUE

2023 Audit

BACKGROUND

The Board engaged the services of McClanahan and Holmes, LLP to provide the independent audit of the District's accounting records for the 2023 fiscal year. The auditors will be presenting their findings at the July meeting.

CONSIDERATIONS

If there are questions or concerns about the audit, the Board will have the opportunity to further discuss them with the auditor.

The 2023 Audit will be provided at the Board meeting.

TENTATIVE DRAFT - FOR
DISCUSSION PURPOSE ONLY

NORTH TEXAS GROUNDWATER
CONSERVATION DISTRICT

Annual Financial Report

Year Ended December 31, 2023

TENTATIVE DRAFT - FOR
DISCUSSION PURPOSE ONLY

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

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Year Ended December 31, 2023

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DISCUSSION PURPOSE ONLY

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TENTATIVE DRAFT - FOR
DISCUSSION PURPOSE ONLY

McClanahan and Holmes, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

Members of the Board
North Texas Groundwater Conservation District
Denison, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the North Texas Groundwater Conservation District (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the North Texas Groundwater Conservation District as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. 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, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-7 and 20 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the comparative balance sheet and comparative statement of revenues, expenditures, and changes in fund balance but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

Members of the Board
North Texas Groundwater Conservation District
Denison, Texas

TENTATIVE DRAFT - FOR
DISCUSSION PURPOSE ONLY

In connection with our audit of the basic financial statements, our responsibility is to read the 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

McClanahan and Holmes, LLP
Certified Public Accountants

TENTATIVE DRAFT - FOR
DISCUSSION PURPOSE ONLY

Bonham, Texas
May 2, 2023

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

Management's Discussion and Analysis

Year Ended December 31, 2023

TENTATIVE DRAFT - FOR
DISCUSSION PURPOSE ONLY

As management of North Texas Groundwater Conservation District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2023. Please read this narrative in conjunction with the Independent Auditors' Report and the District's Basic Financial Statements.

FINANCIAL HIGHLIGHTS

- The assets of North Texas Groundwater Conservation District exceeded its liabilities at the close of the fiscal year by \$4,366,945 (Total Net Position). Of this amount, \$4,262,233 is unrestricted and may be used to meet the District's ongoing obligations and responsibilities.
- The District's net position increased by \$799,766, from \$3,567,179 in the prior year to \$4,366,945 as of December 31, 2023.
- At December 31, 2023, the District had \$4,262,233 total fund balance in its General Fund, representing a \$824,802 or a 23.99% increase from the \$3,437,431 fund balance in the previous year. \$3,434,213 of the fund balance is unassigned, constituting approximately 429.92% of the \$798,803 in non-debt service General Fund expenditures for the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The management's discussion and analysis is intended to serve as an introduction to North Texas Groundwater Conservation District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other information in addition to the basic financial statements themselves.

Government-wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of North Texas Groundwater Conservation District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Evaluation of the overall economic health of the District would extend to other nonfinancial factors such as the condition of District infrastructure in addition to the financial information provided in this report.

The Statement of Activities presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's activities.

The purpose of the District is to help accomplish the objectives set forth in Article XVI, Section 59 of the Texas Constitution related to the conservation and development of water resources of the State of Texas. With many other governmental entities, the aforementioned government-wide financial statements normally identify and distinguish between either governmental activities supported by general revenues and fees or business-type activities which are typically self-supported by user fees and charges. Both government-wide financial statements consist of one governmental fund principally supported by groundwater usage fees. The District has no business-type activities.

The government-wide financial statements can be found on pages 8 and 9 of this report.

TENTATIVE DRAFT - FOR
DISCUSSION PURPOSE ONLY

Fund Financial Statements: A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Depending upon their reporting needs and requirements, governmental entities utilize three types of funds, including governmental funds, proprietary funds, and fiduciary funds. The North Texas Groundwater Conservation District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Since the District has no legitimate need or requirement to have either proprietary or fiduciary funds, all of its funds are maintained and reported as governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains a single governmental fund, the General Fund. The General Fund is used to account for the acquisition and use of the District's spendable financial resources and the related liabilities.

The government fund financial statements can be found on pages 10 and 11 of this report.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. It can be found in the Required Supplementary Information section of this report.

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 12 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain other information. Other information follows the notes to the financial statements and required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position: As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of December 31, 2023, the North Texas Groundwater Conservation District's assets exceeded liabilities by \$4,366,945.

At December 31, 2023, \$4,481,266 in total assets were recorded. Of that amount, current and other assets (cash, investments, receivables, and prepaid expenses) represented 97.66% and capital assets constituted 2.34%.

Total liabilities at year end equaled \$114,321, none of which consisted of long-term debt.

Of the \$4,366,945 in total net position, 2.4% or \$104,712 is in capital assets net of accumulated depreciation. The District uses these capital assets to carry out its responsibilities and to provide information and services to citizens and the consumers which support the District. Capital assets are non-liquid and cannot be used to satisfy District obligations.

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT
Management's Discussion and Analysis (Continued)
Year Ended December 31, 2023

TENTATIVE DRAFT - FOR
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The unrestricted net position total of \$4,262,233 may be used to meet the District's ongoing obligations and responsibilities.

Governmental Activities: The following table provides a summary of the District's assets, liabilities, and net position for the years ended December 31, 2023 and 2022.

	Governmental Activities	
	2023	2022
Assets:		
Current Assets	\$ 4,376,554	\$ 3,608,981
Capital Assets (Net of Depreciation)	104,712	129,748
Total Assets	4,481,266	3,738,729
Liabilities:		
Current Liabilities	114,321	171,550
Total Liabilities	114,321	171,550
Net Position:		
Net Investment in Capital Assets	104,712	129,748
Unrestricted	4,262,233	3,437,431
Total Net Position	\$ 4,366,945	\$ 3,567,179

Governmental Activities: The following table provides a summary of the District's operations for the years ended December 31, 2023 and 2022.

	Governmental Activities	
	2023	2022
Revenues:		
Registration Fees, Forfeitures, and Other Fees	\$ 1,477,793	\$ 1,135,419
Interest Income	142,512	24,467
Bad Debt Recoveries	3,300	-
Total Revenues	1,623,605	1,159,886
Expenses:		
Administration	769,549	447,524
Legal	54,290	31,302
Total Expenses	823,839	478,826
Increase (Decrease) in Net Position	\$ 799,766	\$ 681,060

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

Governmental Funds: The focus of North Texas Groundwater Conservation District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing and budgeting requirements. In particular, the unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

At December 31, 2023, the District has \$4,262,233 total fund balance. This is 23.99% higher than the \$3,437,431 prior-year fund balance, primarily due to an increase in registration fees, forfeitures, and other fees in 2023. \$825,000 of the fund balance is committed for various purposes identified by the Board and \$3,434,213 of the fund balance is unassigned and \$3,020 of the fund balance is nonspendable.

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NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT
Management's Discussion and Analysis (Continued)
Year Ended December 31, 2023

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General Fund Budgetary Highlights: There were no amendments to the originally adopted budget during the year. As presented on page 20, actual expenditures for the year ended December 31, 2023 were \$798,803, that being \$2,369 or 0.30% less than the \$801,172 budgeted for the year. Actual expenditures were under budget primarily due to fewer technician, administrative, and equipment costs than were budgeted.

Actual revenues for the year were \$1,623,605 or 161.28% of the budgeted revenues for the year, primarily due to higher than expected groundwater usage fee revenue, GMA 8 Fees, and interest income.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The District's investment in capital assets for its governmental activities as of December 31, 2023 amounted to \$104,712 (net of accumulated depreciation). Asset additions consist of two well watch controllers purchased during the year. The following table portrays the District's mix of gross capital assets at December 31, 2023:

	<u>Capital Assets</u>
	December 31, 2023
Vehicle	\$ 73,159
Equipment and Software	127,354
Total	<u>\$ 200,513</u>

Debt Administration: At the end of the year, the District had no long-term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

For fiscal year 2024 the District's latest adopted budget shows total anticipated expenditures of \$1,015,900, a \$217,097 increase from total actual expenditures of \$798,803 in fiscal year 2023. The majority of the increase is attributable to an expected increase in Field Technician salaries, equipment database, and legal fees. Rates assessed groundwater users are not expected to increase for fiscal year 2024.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact Paul Sigle, General Manager of the District, at 5100 Airport Drive, Denison, TX 75020, (855) 426-4433.

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NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT
Statement of Net Position
December 31, 2023

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	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 616,582
Investments	3,209,043
Accounts Receivable, Net of Allowance for Uncollectibles of \$34,513	335,832
Other Receivables	212,077
Prepaid Expenses	<u>3,020</u>
Total Current Assets	<u>4,376,554</u>
Noncurrent Assets	
Capital Assets, Net of Accumulated Depreciation:	
Vehicles, Equipment, and Computer Software	<u>104,712</u>
Total Noncurrent Assets	<u>104,712</u>
Total Assets	<u>4,481,266</u>
 LIABILITIES	
Current Liabilities	
Accounts Payable	70,142
Well Driller Deposits	28,080
Unearned Revenue	<u>16,099</u>
Total Current Liabilities	<u>114,321</u>
Total Liabilities	<u>114,321</u>
 NET POSITION	
Net Investment in Capital Assets	104,712
Unrestricted	<u>4,262,233</u>
Total Net Position	<u><u>\$ 4,366,945</u></u>

**TENTATIVE DRAFT - FOR
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The notes to financial statements are an integral part of this statement.

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

Statement of Activities
Year Ended December 31, 2023

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Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary Government				
Governmental Activities:				
Administration	\$ 769,549	\$ -	\$ -	\$ (769,549)
Legal	54,290	-	-	(54,290)
Total Governmental Activities	823,839	-	-	(823,839)
Total Primary Government	\$ 823,839	\$ -	\$ -	(823,839)

General Revenues:

Groundwater Usage Fees	1,020,753
Registration Fees, Forfeitures, and Other Fees	52,620
GMA8 Fees	337,924
Penalties and Late Charges	66,496
Interest Income	142,512
Bad Debt Recoveries	3,300
Total General Revenues	1,623,605
Change in Net Position	799,766
Net Position - Beginning (January 1)	3,567,179
Net Position - Ending (December 31)	\$ 4,366,945

TENTATIVE DRAFT - FOR
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The notes to financial statements are an integral part of this statement.

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT
 Balance Sheet - Governmental Fund
 December 31, 2023

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	General Fund
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 616,582
Investments	3,209,043
Accounts Receivable, Net of Allowance for Uncollectibles of \$34,513	335,832
Other Receivables	212,077
Prepaid Expenses	3,020
Total Current Assets	4,376,554
Total Assets	\$ 4,376,554
 LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 70,142
Well Driller Deposits	28,080
Unearned Revenue	16,099
Total Current Liabilities	114,321
Total Liabilities	114,321
 FUND BALANCE	
Nonspendable	3,020
Committed	825,000
Unassigned	3,434,213
Total Fund Balance	4,262,233
Total Liabilities and Fund Balance	\$ 4,376,554
 Amounts reported for governmental activities in the statement of net position are different because:	
Fund Balance - Total Governmental Fund (above)	\$ 4,262,233
Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$200,513 and the accumulated depreciation is \$95,801.	104,712
Net Position of Governmental Activities	\$ 4,366,945

TENTATIVE DRAFT - FOR
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The notes to financial statements are an integral part of this statement.

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT
Statement of Revenues, Expenditures, and Changes
In Fund Balance - Governmental Fund
Year Ended December 31, 2023

TENTATIVE DRAFT - FOR
DISCUSSION PURPOSE ONLY

	General Fund
REVENUES	
Groundwater Usage Fees	\$ 1,020,753
Registration Fees, Forfeitures, and Other Fees	52,620
GMA8 Fees	337,924
Penalties and Late Charges	66,496
Interest Income	142,512
Bad Debt Recoveries	3,300
Total Revenues	1,623,605
EXPENDITURES	
Current:	
Administration	738,308
Legal	54,290
Capital Outlay:	
Vehicle	6,205
Total Expenditures	798,803
Excess (Deficiency) of Revenues over Expenditures	824,802
Net Change in Fund Balance	824,802
Fund Balance - Beginning (January 1)	3,437,431
Fund Balance - Ending (December 31)	\$ 4,262,233
Amounts reported for governmental activities in the statement of activities are different because:	
Net Change in Fund Balance - Total Governmental Fund (above)	\$ 824,802
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$31,241) exceeded capital outlays (\$6,205) in the current year.	(25,036)
Change in Net Position of Governmental Activities	\$ 799,766

TENTATIVE DRAFT - FOR
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The notes to financial statements are an integral part of this statement.

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT
Notes to the Basic Financial Statements
December 31, 2023

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I. Summary of Significant Accounting Policies

The basic financial statements of the North Texas Groundwater Conservation District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The North Texas Groundwater Conservation District (District), is a political subdivision of the State of Texas, created under the authority of Article XVI, Section 59, Texas Constitution, and operating pursuant to the provisions of the Texas Water Code, Chapter 36, and Senate Bill 2497, Acts of the 81st Texas Legislature, Regular Session, 2010. The District encompasses the North Texas counties of Collin, Cooke, and Denton. The Board of Directors (Board), a nine-member group constituting an on-going entity, is the level of government which has governance responsibilities over all activities within the jurisdiction of the District. The Board is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Reporting Standards, since Board members are appointed, have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters. The purpose of the District is to help accomplish the objectives set forth in Article XVI, Section 59 of the Texas Constitution related to the conservation and development of water resources of the State of Texas.

As required by accounting principles generally accepted in the United States of America, the basic financial statements of the reporting entity include those of the District (primary government) and its component units. There are no component units included in these basic financial statements.

B. Basis of Presentation – Basis of Accounting

Government-Wide Statements - The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (1) fees and other charges paid by the recipients of goods or services offered by the programs and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including taxing entities allocations and investments, are presented as general revenues.

Fund Financial Statements – The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Any remaining governmental funds are aggregated and reported as non-major funds.

District accounts are organized on the basis of funds, each of which is considered a separate accounting entity. Governmental resources allocated to individual funds are recorded for the purpose of carrying on specific activities in accordance with laws, regulations or other appropriate requirements. The fund types and funds utilized by the District are described below.

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NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT
Notes to the Basic Financial Statements (Continued)
December 31, 2023

TENTATIVE DRAFT - FOR
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I. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation – Basis of Accounting (continued)

Governmental fund types include the following:

The *General Fund* is used to account for financial resources used for general operating. This is a budgeted fund and any unassigned fund balances are considered resources available for current operations. All revenues and expenditures not required to be accounted for in other funds are accounted for in this fund.

C. Measurement Focus – Basis of Accounting

Government-Wide Statements – These financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, if any, in which the District gives (or receives), value without directly receiving (or giving) equal value in exchange, are not recognized if not measurable and are disclosed. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Fund Financial Statements – These financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers revenues as available if they are collected within 90 days after year end. Expenditures are recorded when the related fund liability is incurred.

D. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances. However, a significant portion (\$192,121) of the other receivables balances is comprised of GMA 8 fees receivable as of December 31, 2023.

E. Financial Statement Amounts

Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand, deposits in financial institutions, including time deposits, and certificates of deposit with an original maturity of three months or less. Restricted assets and temporary investments are not included.

Investments

Investments classified in the financial statements consist of funds held in an external investment pool and certificates of deposit whose original maturity term exceeds three months. Investments in certificates of deposit are carried at cost plus interest earned, which approximates fair value. Investments in TexStar are carried at amortized cost, which generally approximates the market value.

In accordance with generally accepted accounting principles, inputs to valuation techniques used to measure fair value are prioritized according to a fair value hierarchy, as follows:

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NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT
Notes to the Basic Financial Statements (Continued)
December 31, 2023

I. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

Investments (continued)

Level I - Fair values are based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level II - Fair values are based on generally indirect information such as quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active.

Level III - Fair values are based on inputs other than quoted prices included within Level I that are unobservable and include the District's own assumptions about pricing.

This fair value hierarchy gives the highest priority to Level I inputs and the lowest priority to Level III inputs. The District's investments in certificates of deposit are classified in Level II of the hierarchy.

Capital Assets

Capital assets are reported in the government-wide statement of net position. All capital assets are valued at historical cost. Costs of normal repairs and maintenance that do not add to the value of the asset or materially extend asset life are not capitalized.

Assets capitalized have an original cost of more than \$2,500 and useful life in excess of one year. Depreciation has been provided over the estimated useful life using the straight-line method of depreciation. The estimated useful life of the vehicle and equipment is seven years and computer software is five years. Depreciation expense of \$31,241 was charged to Administration in the Statement of Activities for the year ended December 31, 2023.

	Balance 12/31/22	Additions	Retirements	Balance 12/31/23
Governmental Activities:				
Capital Assets Not Being Depreciated	\$ -	\$ -	\$ -	\$ -
Capital Assets being Depreciated:				
Vehicles	73,159	-	-	73,159
Equipment	37,679	6,205	-	43,884
Computer Software	83,470	-	-	83,470
Total Capital Assets Being Depreciated	194,308	6,205	-	200,513
Less Accumulated Depreciation for:				
Vehicle	(15,537)	(10,451)	-	(25,988)
Equipment	(15,635)	(4,096)	-	(19,731)
Computer Software	(33,388)	(16,694)	-	(50,082)
Total Accumulated Depreciation	(64,560)	(31,241)	-	(95,801)
Capital Assets Being Depreciated, Net	129,748	(25,036)	-	104,712
Governmental Activities				
Capital Assets, Net	\$ 129,748	\$ (25,036)	\$ -	\$ 104,712

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NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT
Notes to the Basic Financial Statements (Continued)
December 31, 2023

TENTATIVE DRAFT - FOR
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I. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

Net Position/Fund Balance

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental funds utilize a fund balance presentation for equity. Fund balance is categorized as nonspendable, restricted, committed, assigned, or unassigned.

Nonspendable fund balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal or a permanent fund). The District has classified prepaid items as being nonspendable as these items are not expected to be converted to cash.

Restricted fund balance – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers. The District does not have any restricted fund balances by enabling legislation.

Committed fund balance – represents amounts that can only be used for specific purposes imposed by a formal action of the District's highest level of decision-making authority, the Board. Committed resources cannot be used for any other purpose unless the Board removes or changes the specific use by taking the same formal action that imposed the constraint originally. The District had \$825,000 of fund balances at December 31, 2023 committed for the following purposes: geodatabase upgrades, permanent well monitoring equipment, downhole well camera, well pulling program, legal, well plugging program, and monitoring well maintenance/closure funds.

Assigned fund balance – represents amounts the District intends to use for specific purposes as expressed by the Board or an official delegated authority. The District has no assigned fund balances at December 31, 2023.

Unassigned fund balances – represents all amounts not included in other spendable classifications, including the residual fund balance for the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds. The District has adopted a fund balance policy that expresses an intent to maintain a level of unassigned fund balance equal to a minimum of 33% of total General Fund expenditures.

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NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT
Notes to the Basic Financial Statements (Continued)
December 31, 2023

TENTATIVE DRAFT - FOR
DISCUSSION PURPOSE ONLY

I. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

Net Position/Fund Balance (continued)

The following schedule provides information about the specific fund balance classification by fund:

	General
Nonspendable	\$ 3,020
Committed	825,000
Unassigned	3,434,213
Total	\$ 4,262,233

F. Recent Accounting Pronouncements Adopted

In May 2020, the GASB issued Statement No. 96 Subscription-Based Information Technology Arrangements (SBITAs). The objective of this statement is to better meet the information needs of financial statement users by establishing uniform accounting and financial reporting requirements for SBITAs, improving the comparability of financial statements among governments that have entered into SBITAs, and enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. Per review of the agreements identified by the District as potential SBITAs, the SBITAs were determined to either not meet the definition of a SBITA or were immaterial to the financial statements.

II. Stewardship, Compliance, and Accountability

By its nature as a local government unit, the District is subject to various federal, state, and local laws and contractual regulations.

An annual budget is legally adopted for the General Fund on a basis consistent with accounting principles generally accepted in the United States of America. Prior to the beginning of each fiscal year, the Board of Directors is presented with a proposed budget for the year beginning on the following January 1. The budget includes proposed expenditures and the means of financing them.

The budget is legally enacted through passage of a resolution. Revisions to the budget that alter General Fund expenditures must be approved by the Board of Directors. The fund level is the legal level of budgetary control.

For the year ended December 31, 2023, the District's expenditures exceeded appropriations in the General Fund as follows:

<u>Object Category</u>	<u>Expenditures Exceeding Appropriations</u>
Capital Outlay	\$ 6,205
Bad Debt Expense	13,213
Direct Costs	54
Insurance	247
Telephone	703
GMA8 Costs	179,664
Dues and Subscriptions	2

The over-expenditures were funded by available fund balance.

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NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT
Notes to the Basic Financial Statements (Continued)
December 31, 2023

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III. Deposits, Securities, and Investments

District funds may be invested in obligations of the United States Government, fully insured or collateralized certificates of deposit from any bank doing business in the State of Texas, and certain Texas Local Government Investment Pools.

The District maintains deposits in Independent Bank, McKinney, Texas that at times may exceed the insured amount of \$250,000 provided by the U.S. Federal Deposit Insurance Corporation (FDIC). At December 31, 2023, the carrying amount of deposits was \$616,582 and the bank balance was \$804,629. As of December 31, 2023, \$250,000 was insured by FDIC and \$554,629 was collateralized with securities held by the pledging financial institution.

The District maintains certificates of deposit in Bank OZK, McKinney, Texas and East West Bank, Plano, Texas that at times may exceed the insured amount of \$250,000 provided by the U.S. Federal Deposit Insurance Corporation (FDIC). At December 31, 2023, the carrying amount of certificates of deposit were \$2,566,306 and the bank balances were \$2,567,999. As of December 31, 2023, \$660,965 was covered by FDIC insurance and \$1,907,034 was collateralized by a FHLB Letter of Credit. The certificates of deposit will mature 2024.

As of December 31, 2023, the District had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Texas Short-Term Asset Reserve Program (TexSTAR)	\$ 642,737	44 days
Certificates of Deposit	2,566,306	N/A
Total Investments	\$ 3,209,043	

The public funds investment pools in Texas are established under authority of the Interlocal Cooperation Act, chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the Act), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the Pool and other persons who do not have a business relationship with the Pool and are qualified to advise the Pool; 2) maintain a continuous rating of no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one-half of one percent of the values of its shares.

TexSTAR has a credit rating of AAAM from Standard & Poor's Financial Services. Local government investment pools in this rating category meet the highest standard for extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk. The pool invests in a high quality portfolio of debt securities investments legally permissible for municipalities and school districts in the state.

Investments in TexSTAR are not insured or guaranteed by the FDIC or any other governmental agency. The Pool is measured at amortized cost, which generally approximates the market value, and is not required to be reported by levels.

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

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III. Deposits, Securities, and Investments (Continued)

Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent, but not in the District's name.

Credit Risk

Investments are exposed to the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's investment balance consists of only the certificates of deposit and externally pooled accounts as described on the previous page.

Interest Rate Risk

Interest rate risks refers to the risk that changes in interest rates will adversely affect the fair value of an investment.

Foreign Currency Risk

Foreign currency risk refers to the risk that exchange rates will adversely affect the fair value of an investment. At December 31, 2023, the District was not exposed to foreign currency risk.

IV. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2023, the District purchased commercial insurance to cover these liabilities. There were no significant reductions in coverage in the last year, and there were no settlements exceeding insurance coverage in the past year.

V. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

TENTATIVE DRAFT - FOR
DISCUSSION PURPOSE ONLY

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT
Notes to the Basic Financial Statements (Continued)
December 31, 2023

TENTATIVE DRAFT - FOR
DISCUSSION PURPOSE ONLY

VI. Related Party Transactions

The District and Greater Texoma Utility Authority (GTUA) have common management. The District rents office space at \$200 per month and receives administrative services from GTUA. Total amounts paid by the District to GTUA amounted to \$297,651, which includes \$2,400 for office rent expense. \$19,100 was payable to GTUA at December 31, 2023.

VII. Concentrations

One vendor (GTUA) comprised approximately 71% of governmental fund expenditures, excluding those related to GMA 8, for the year ended December 31, 2023.

One customer comprised approximately 10% of accounts receivable for the year ended December 31, 2023.

VIII. Commitments

At December 31, 2023, the District has outstanding contract commitments totaling \$20,575 related to the GMA 8 groundwater planning efforts.

IX. Subsequent Events

Subsequent events have been evaluated through June 2, 2024, the date the financial statements were available to be issued.

TENTATIVE DRAFT - FOR
DISCUSSION PURPOSE ONLY

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT
 Budgetary Comparison Schedule - General Fund
 Year Ended December 31, 2023

TENTATIVE DRAFT - FOR
DISCUSSION PURPOSE ONLY

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Groundwater Usage Fees	\$ 751,000	\$ 751,000	\$ 1,020,753	\$ 269,753
Registration Fees, Forfeitures, and Other Fees	40,000	40,000	52,620	12,620
GMA8 Fees	176,700	176,700	337,924	161,224
Penalties and Late Charges	-	-	66,496	66,496
Interest Income	39,000	39,000	142,512	103,512
Bad Debt Recoveries	-	-	3,300	3,300
Total Revenues	1,006,700	1,006,700	1,623,605	616,905
EXPENDITURES				
Administrative - General Manager	66,000	66,000	45,197	20,803
Administrative - Secretarial & Clerical	64,500	64,500	43,989	20,511
Administrative - Project Coordinator	11,000	11,000	1,229	9,771
Field Technicians	182,000	182,000	101,371	80,629
Consultants	27,000	27,000	21,275	5,725
Field Permitting/Geologist	73,000	73,000	53,909	19,091
Accounting and Auditing	43,960	43,960	33,581	10,379
Legal	55,000	55,000	54,290	710
Capital Outlay	-	-	6,205	(6,205)
Software Maintenance	3,000	3,000	2,776	224
Bad Debt Expense	-	-	13,213	(13,213)
Direct Costs	5,600	5,600	5,654	(54)
Insurance	6,424	6,424	6,671	(247)
Vehicle Costs	10,700	10,700	4,599	6,101
Office Rent	2,400	2,400	2,400	-
Telephone	3,000	3,000	3,703	(703)
GMA8 Costs	202,000	202,000	381,664	(179,664)
Legal Notices	2,000	2,000	943	1,057
Dues and Subscriptions	7,388	7,388	7,390	(2)
Meetings and Conferences	8,000	8,000	5,992	2,008
Injection Well Monitoring and Testing	6,100	6,100	665	5,435
Small Equipment	2,000	2,000	757	1,243
Equipment Database	15,000	15,000	-	15,000
Bank Fees	5,100	5,100	1,330	3,770
Total Expenditures	801,172	801,172	798,803	2,369
Net Change in Fund Balance	205,528	205,528	824,802	619,274
Fund Balance - Beginning (January 1)	3,437,431	3,437,431	3,437,431	-
Fund Balance - Ending (December 31)	<u>\$ 3,642,959</u>	<u>\$ 3,642,959</u>	<u>\$ 4,262,233</u>	<u>\$ 619,274</u>

TENTATIVE DRAFT - FOR
DISCUSSION PURPOSE ONLY

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT
Comparative Balance Sheet - General Fund
December 31, 2023 and 2022

TENTATIVE DRAFT - FOR
DISCUSSION PURPOSE ONLY

	2023	2022
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 616,582	\$ 1,023,805
Investments	3,209,043	2,311,060
Accounts Receivable, Net of Allowance for Uncollectibles	335,832	240,351
Other Receivables	212,077	30,662
Prepaid Expenses	3,020	3,103
Total Current Assets	4,376,554	3,608,981
Total Assets	\$ 4,376,554	\$ 3,608,981
 LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 70,142	\$ 123,879
Well Driller Deposits	28,080	34,050
Unearned Revenues	16,099	13,621
Total Current Liabilities	114,321	171,550
Total Liabilities	114,321	171,550
 FUND BALANCE		
Nonspendable	3,020	3,103
Committed	825,000	825,000
Unassigned	3,434,213	2,609,328
Total Fund Balance	4,262,233	3,437,431
Total Liabilities and Fund Balance	\$ 4,376,554	\$ 3,608,981

TENTATIVE DRAFT - FOR
DISCUSSION PURPOSE ONLY

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT
Comparative Statement of Revenues, Expenditures, and Changes
In Fund Balance - General Fund
Year Ended December 31, 2023 and 2022

TENTATIVE DRAFT - FOR
DISCUSSION PURPOSE ONLY

	2023	2022
REVENUES		
Groundwater Usage Fees	\$ 1,020,753	\$ 1,061,373
Registration Fees, Forfeitures, and Other Fees	52,620	47,596
GMA8 Fees	337,924	2,195
Penalties and Late Charges	66,496	24,255
Interest Income	142,512	24,467
Bad Debt Recoveries	3,300	-
	1,623,605	1,159,886
EXPENDITURES		
Administrative - General Manager	45,197	62,134
Administrative - Secretarial & Clerical	43,989	59,889
Administrative - Project Coordinator	1,229	1,572
Field Technicians	101,371	136,129
Consultants	21,275	11,470
Field Permitting/Geologist	53,909	60,488
Accounting and Auditing	33,581	35,370
Legal	54,290	31,302
Capital Outlay	6,205	46,319
Software Maintenance	2,776	2,467
Bad Debt Expense	13,213	3,300
Direct Costs	5,654	4,563
Insurance	6,671	5,804
Vehicle Costs	4,599	7,958
Office Rent	2,400	2,400
Telephone	3,703	3,991
GMA8 Costs	381,664	665
Legal Notices	943	2,794
Dues and Subscriptions	7,390	7,396
Meetings and Conferences	5,992	6,976
Injection Well Monitoring	665	1,437
Small Equipment	757	2,326
Bank Fees	1,330	947
	798,803	497,697
Excess (Deficiency) of Revenues over Expenditures	824,802	662,189
Net Change in Fund Balance	824,802	662,189
Fund Balance - Beginning (January 1)	3,437,431	2,775,242
Fund Balance - Ending (December 31)	\$ 4,262,233	\$ 3,437,431

TENTATIVE DRAFT - FOR
DISCUSSION PURPOSE ONLY

TENTATIVE DRAFT - FOR
DISCUSSION PURPOSE ONLY

McClanahan and Holmes, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
Government Auditing Standards

Members of the Board
North Texas Groundwater Conservation District
Denison, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the North Texas Groundwater Conservation District (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 2, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control that we consider to be significant deficiencies.

TENTATIVE DRAFT - FOR
DISCUSSION PURPOSE ONLY

We consider the following deficiencies to be significant deficiencies in internal control over financial reporting.

Financial Accounting and Reporting:

The District does not control the period-end financial reporting process, including controls over the application of accounting principles that are in conformity with generally accepted accounting principles and controls over procedures used to analyze transactions comprising general ledger activity.

Views of Responsible Official: The District's management agrees with the finding and plans to maintain close oversight of the accounting and reporting process.

Segregation of Duties:

A critical element in any internal control structure is the characteristic known as segregation of duties. Assigning different personnel the responsibility of authorizing transactions, recording transactions, and maintaining custody of assets achieves this internal control structure attribute. Due to the District's small number of personnel, there is limited segregation of duties in substantially all areas of the accounting system. To the extent possible, every effort should be made to utilize a "best practices" approach when considering controls over cash transactions and preparation of accounting records. We encourage the board to closely monitor its financial activities which may help offset the weaknesses associated with limited segregation of duties.

Views of Responsible Official: The District's management agrees with the finding and the Board of Directors will maintain close oversight of the District's operations.

Investment Act Annual Requirements:

The Public Funds Investment Act (Chapter 2256, Texas Government Code) requires the investment policy to be reviewed and approved annually. The District's investment policy was not reviewed and approved annually. As a result, the District lacks the requirements to be in compliance with the Texas Public Funds Investment Act. We recommend the District review the investment policy annually.

Views of Responsible Official: The District's management agrees with the finding and the Board of Directors will review the investment policy annually.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described previously. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Members of the Board
North Texas Groundwater Conservation District
Denison, Texas

TENTATIVE DRAFT - FOR
DISCUSSION PURPOSE ONLY

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McClanahan and Holmes, LLP
Certified Public Accountants

TENTATIVE DRAFT - FOR
DISCUSSION PURPOSE ONLY

Bonham, Texas
May 2, 2023

TENTATIVE DRAFT - FOR
DISCUSSION PURPOSE ONLY

NORTH TEXAS GROUNDWATER
CONSERVATION DISTRICT

Communication with Those
Charged With Governance

December 31, 2023

TENTATIVE DRAFT - FOR
DISCUSSION PURPOSE ONLY

McClanahan and Holmes, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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Communication with Those Charged
With Governance

Members of the Board
North Texas Groundwater Conservation District
Denison, Texas

We have audited the financial statements of the governmental activities and the major fund of the North Texas Groundwater Conservation District (the District) for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 5, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Auditing Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note I to the financial statements. As described in Note I to the financial statements, the District changed accounting policies related to subscription-based information technology arrangements by adopting Statement of Government Accounting Standards (GASB Statement) No. 96, Subscription-Based Information Technology Arrangements. Adoption of GASB Statement No. 96 had no material effect on the District's financial statements for fiscal year 2023. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

Management's estimate of allowance for doubtful accounts. Allowance for doubtful accounts is based on historical consumption and accounts receivable, historical loss levels, and an analysis of the collectability of individual accounts. We evaluated key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of depreciation expense. Depreciation expense is calculated on a straight-line basis, over the estimated useful lives of the District's assets. We evaluated the key factors and assumptions used to develop the depreciation method used and the estimates of useful lives of the assets in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Appendix A summarizes misstatements detected as a result of audit procedures that were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 2, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis and the budgetary comparison schedule, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the Comparative Balance Sheet – General Fund and the Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Members of the Board
North Texas Groundwater Conservation District
Denison, Texas
Page 3

TENTATIVE DRAFT - FOR
DISCUSSION PURPOSE ONLY

Restriction on Use

This information is intended solely for the information and use of the Board members and management of the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

McClanahan and Holmes, LLP
Certified Public Accountants

Bonham, Texas
July 2, 2024

TENTATIVE DRAFT - FOR
DISCUSSION PURPOSE ONLY

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT
 Misstatements Corrected by Management
 December 31, 2023

Appendix A

TENTATIVE DRAFT - FOR
 DISCUSSION PURPOSE ONLY

Description	Debit	Credit
Adjusting Journal Entries JE # 1		
Capital Outlay	\$ 6,205.13	\$ -
Injection Well Monitoring	-	6,205.13
Total	\$ 6,205.13	\$ 6,205.13
Adjusting Journal Entries JE # 2		
Accounts Receivable	\$ 16,099.27	\$ -
Unearned Revenue	-	16,099.27
Total	\$ 16,099.27	\$ 16,099.27
Adjusting Journal Entries JE # 3		
A/R GMA8 Members	\$ 55,987.68	\$ -
GMA8	-	55,987.68
Total	\$ 55,987.68	\$ 55,987.68
Adjusting Journal Entries JE # 4		
Production Fees	\$ 16,553.56	\$ -
Accounts Receivable	-	16,553.56
Total	\$ 16,553.56	\$ 16,553.56
Adjusting Journal Entries JE # 5		
A/R Well Application Fees	\$ 11,680.40	\$ -
Well Drillers Deposits	-	11,680.40
Total	\$ 11,680.40	\$ 11,680.40
Adjusting Journal Entries JE # 6		
Bad Debt Expense	\$ 13,213.00	\$ -
Allowance for Uncollectible Accounts	-	9,913.00
Bad Debt Expense	-	3,300.00
Total	\$ 13,213.00	\$ 13,213.00

TENTATIVE DRAFT - FOR
 DISCUSSION PURPOSE ONLY

ATTACHMENT 7

RESOLUTION NO. 2024-07-09-1

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

The following liabilities are hereby presented for payment:

<u>Administrative Services</u>	<u>Amount</u>
GTUA - July	25,803.78
<u>Consultant</u>	
Advanced Groundwater Solutions LLC - Hydro-Geo services through May 2024	8,241.75
<u>Direct Costs</u>	
Hillerby Printing - Envelopes and business cards	289.93
Nextraq - July	36.95
Whistlestop Car Spa & Lube - 2019 F150 oil change and truck wash	127.01
<u>Insurance</u>	
TWCA Risk Management - Workman Comp and Liabilities 24-25 renewal	5,745.00
<u>Legal-Legislative</u>	
Lloyd Gosselink - Services through May 2024	1,082.00
<u>Meetings & Conferences</u>	
Pilot Point ISD - Meeting Room	75.00
<u>Refunds</u>	
Central Texas Water Well - Refund overpayment	600.00
Brent Phelps - Refund driller deposit	100.00
<u>Well Injection Monitoring</u>	
Elliott Electric Supply - cable for well monitoring	100.00
GRAND TOTAL:	<u><u>\$ 42,201.42</u></u>

On motion of _____ and seconded by _____ the foregoing Resolution was passed and approved on this, the 9th day of July, 2024 by the following vote:

AYE:
NAY:

President

Secretary/Treasurer

ATTACHMENT 8 a. 1)

NORTH TEXAS GROUNDWATER

Balance Sheet

As of June 30, 2024

ASSETS

Current Assets

Checking/Savings

10001 Checking Account	1,012,897.13
10005 Cash-Index Account	20,198.79
10006 Cash - CDARS OZK	0.00
10008 Cash - Tex Star	1,075,857.44
10010 Investment	2,149,084.99
10025 Accounts Receivable	66,789.96
10030 A/R Well Applications	-5,667.80
10033 A/R Penalties	3,600.00
10035 A/R GMA8 Members	0.00
10070 A/R Liens	14,000.00
10026 Allowance for Uncollectib	-24,600.00
12001 Prepaid Expenses	0.00

TOTAL ASSETS 4,312,160.51

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

23100 Accounts Payable	15,305.26
23150 Well Drillers Deposits	22,000.00

Total Liabilities 37,305.26

Equity

35100 Retained Earnings	4,232,710.75
Net Income	42,144.50

Total Equity 4,274,855.25

TOTAL LIABILITIES & EQUITY 4,312,160.51

**NORTH TEXAS GROUNDWATER
Profit Loss Budget vs. Actual
June 30, 2024**

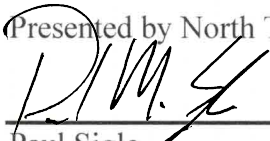
	TOTAL				
	June 2024	1 mo. Budget	YTD Actual	Total Budget	% of Budget remaining
Ordinary Income/Expense					
Income					
46003 - Registration Fees	6,700.00	2,916.00	26,800.00	35,000.00	23.43%
46004 - Well Driller Fees	0.00	0.00	0.00	0.00	0.0%
46005 - PRODUCTION FEES	-2,986.93	0.00	146,531.40	870,000.00	83.16%
46006 Income GMA8	0.00	0.00	39,953.75	281,735.00	85.82%
46007 - Penalties	0.00	0.00	1,500.00	0.00	0.0%
46008 - Online Pay Fees	24.38	0.00	488.43	1,000.00	51.16%
46015 Late Fees	14,560.83	0.00	32,480.62	0.00	0.0%
Total Income	<u>18,298.28</u>	<u>2,916.00</u>	<u>247,754.20</u>	<u>1,187,735.00</u>	<u>79.14%</u>
Gross Profit	18,298.28	2,916.00	247,754.20	1,187,735.00	79.14%
Expense					
77010 ADMINISTRATIVE					
77013 Admin-Secretarial	612.50	1,250.00	3,811.50	15,000.00	74.59%
77014 Admin-Project Coordinator	57.00	417.00	912.00	5,000.00	81.76%
77015 Admin-GM	4,850.00	5,500.00	29,653.00	66,000.00	55.07%
77016 Admin-Clerical	1,869.00	3,917.00	14,868.55	47,000.00	68.36%
77040 ADMIN-MILEAGE	57.86	333.00	901.80	4,000.00	77.46%
77025 ACCOUNTING	2,249.00	2,750.00	16,906.08	33,000.00	48.77%
77027 AUDITING	0.00	0.00	0.00	6,206.00	100.0%
77050 BANKING FEES	268.02	167.00	949.66	2,000.00	52.52%
77150 CONSULTING-HYDROGEO SVC	0.00	4,392.00	24,227.75	52,700.00	54.03%
77325 DIRECT COSTS-REIMB	446.15	500.00	1,884.16	6,000.00	68.6%
77450 DUES & SUBSCRIPTION	0.00	650.00	5,000.00	7,800.00	35.9%
77480 EQUIPMENT	0.00	167.00	0.00	2,000.00	100.0%
77485 Equipment Database	0.00	4,167.00	0.00	50,000.00	100.0%
77500 FEES-GMA8	0.00	0.00	368.67	2,000.00	81.57%
77550 FIELD TECH	9,498.00	15,833.00	60,388.00	190,000.00	68.22%
77560 Field Permitting/Geologis	4,650.00	5,417.00	30,261.00	65,000.00	53.44%
77650 FUEL/MAINTENANCE	394.48	417.00	2,272.56	5,000.00	54.55%
77800 INJECTION WELL MONITORING	0.00	58.00	225.60	700.00	67.77%
77810 INSURANCE & BONDING	503.25	581.00	3,238.50	6,975.00	53.57%
77970 LEGAL					
77975 Legal-Injection	0.00	833.00	3,322.50	10,000.00	66.78%
77980 Legal-Legislation	0.00	2,500.00	6,251.77	30,000.00	0.0%
77970 LEGAL - Other	0.00	5,000.00	12,600.00	60,000.00	79.0%
78010 MEETINGS & CONFERENCES	879.43	583.00	3,731.29	7,000.00	46.7%
78310 Rent	200.00	200.00	1,200.00	2,400.00	50.0%
78600-SOFTWARE MAINT	275.88	208.00	1,322.44	2,500.00	47.1%
78610 TELEPHONE	297.07	317.00	1,794.55	3,800.00	52.78%
78780 Well Monitoring/Testing	0.00	1,350.00	0.00	16,200.00	100.0%
Total Expense	<u>27,107.64</u>	<u>57,507.00</u>	<u>226,091.38</u>	<u>698,281.00</u>	<u>67.62%</u>
Other Income/Expense					
Other Income					
46100 INTEREST INC	1,591.20	8,333.00	20,481.68	100,000.00	79.52%
Total Other Income	<u>1,591.20</u>	<u>8,333.00</u>	<u>20,481.68</u>	<u>100,000.00</u>	
Net Other Income	1,591.20	8,333.00	20,481.68	100,000.00	
Net Income	<u><u>-7,218.16</u></u>	<u><u>-46,258.00</u></u>	<u><u>42,144.50</u></u>	<u><u>589,454.00</u></u>	

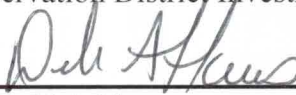
ATTACHMENT 8 b. 1)

North Texas Groundwater Conservation District
Quarterly Investment Report
For the Quarter Ended
June 30, 2024

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:


Paul Sigle
General Manager


Debi Atkins
Finance Officer

Investment Holdings
6/30/2024

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Face Amount/Par Value	Book Value	Market Price	Market Value	Life (Day)	Yield
Independent (DDA)		1.25%	7/1/2024	3/31/2024	\$ 1,012,897.13	\$ 1,012,897.13	1.00	\$ 1,012,897.13	1	1.25%
Independent (ISS)		0.10%	7/1/2024	3/31/2024	\$ 20,198.79	20,198.79	1.00	20,198.79	1	0.10%
TexStar		5.308%	7/1/2024	3/31/2024	\$ 1,075,857.44	1,075,857.44	1.00	1,075,857.44	1	5.076%
East West CD		5.510%	9/3/2024	9/1/2023	451,999.73	451,999.73	1.00	451,999.73	65	5.660%
East West CD		5.570%	9/16/2024	9/14/2023	405,713.30	405,713.30	1.00	405,713.30	78	5.727%
East West CD		5.050%	12/16/2024	12/14/2023	411,368.32	411,368.32	1.00	411,368.32	169	5.179%
East West CD		5.220%	3/14/2025	3/14/2024	416,640.48	416,640.48	1.00	416,640.48	257	5.220%
East West CD		5.240%	3/3/2025	3/1/2024	463,363.16	463,363.16	1.00	463,363.16	246	5.240%
Weighted Ave Maturity in yrs					<u>\$ 4,258,038.35</u>	<u>\$ 4,258,038.35</u>		<u>\$ 4,258,038.35</u>	<u>3</u>	<u>0.09</u>
								<u>(1)</u>		

(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	March 31, 2024			June 30, 2024		
			Face Amount/ Par Value	Book/Market Value	Purchases/ Adjustments	Sales/Adjust/ Call Maturity	Face Amount/ Par Value	Book/Market Value
Independent (DDA)	1.25%	6/30/2024	\$ 957,516.78	\$ 957,516.78	204,494.10	149,113.75	\$ 1,012,897.13	\$ 1,012,897.13
Independent (ISS)	0.10%	6/30/2024	20,195.43	20,195.43	3.36		\$ 20,198.79	\$ 20,198.79
TexStar	5.299%	6/30/2024	651,278.60	651,278.60	424,578.84		\$ 1,075,857.44	\$ 1,075,857.44
OZK (CDARS)	5.307%	6/14/2024	416,437.83	416,437.83	5,300.89	421,738.72	\$ -	\$ -
East West CD	5.110%	3/3/2025	463,363.16	463,363.16			\$ 463,363.16	\$ 463,363.16
East West CD	5.090%	3/14/2025	416,640.48	416,640.48			\$ 416,640.48	\$ 416,640.48
East West CD	5.000%	9/3/2024	451,999.73	451,999.73			\$ 451,999.73	\$ 451,999.73
East West CD	5.620%	9/16/2024	405,713.30	405,713.30			\$ 405,713.30	\$ 405,713.30
East West CD	5.179%	12/16/2024	411,368.32	411,368.32			\$ 411,368.32	\$ 411,368.32
			<u>\$ 3,457,924.54</u>	<u>\$ 3,457,924.54</u>	<u>\$ 634,377.19</u>	<u>\$ 570,852.47</u>	<u>\$ 3,846,670.03</u>	<u>\$ 3,846,670.03</u>

North Texas

6/28/2024

APY Yield

	East West	OZK	Independ	Veritex
3 Mo	5.65% CD	5.46% CDARS	5.40% CD	5.51 CD
6 MO	5.58% CD	5.45% CDARS	5.40% CD	5.45 CD
9 MO	5.45% CD	5.05%	5.15% CD	5.39 CD
12 MO	5.32% CD	5.00% CDARS	5.15% CD	5.29 CD

ATTACHMENT 8 c.1)



COLLIN COUNTY - COOKE COUNTY - DENTON COUNTY

General Manager’s Quarterly Report

Date: June 30, 2024

North Texas GCD Management Plan

This quarterly briefing is being provided pursuant to the adopted Management Plan for the quarter ending June 30, 2024.

Well Registration Program:

Current number of wells registered in the District: **3,431**

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

Well Inspection/Audit Program:

**2024
Well Inspections**

Month	Collin	Cooke	Denton	Total
January	1	24	3	28
February	11	9	26	46
March	3	8	33	44
April	5	15	58	78
May	5	4	35	44
June	6	5	14	25
July				
August				
September				
October				
November				
December				
Total	31	65	169	265

Number of Exempt wells inspected (as of June 30, 2024)

County	Number of Wells Inspected (2024)	Total Number of Completed Wells*	%
Collin	3	197	2%
Cooke	23	853	3%
Denton	44	1473	3%
Total	70	2523	3%

Number of Non-Exempt wells inspected (as of June 30, 2024)

County	Number of Wells Inspected (2024)	Total Number of Completed Wells*	%
Collin	27	158	17%
Cooke	42	98	43%
Denton	117	488	24%
Total	186	744	25%

*Plugged wells have been excluded

*Total number of completed wells is estimated.

- Assumptions
 - Wells that have completion dates are assumed to be complete.
 - Wells with application dates through 3/8/2023 are assumed to be complete.
 - Wells that have been inspected are assumed to be complete.

ATTACHMENT 10

RESOLUTION NO. 2024-07-09-02

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

A RESOLUTION BY THE NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT
RECOGNIZING

DAVID FLUSCHE

WHEREAS, the North Texas Groundwater Conservation District wishes to recognize

DAVID FLUSCHE

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

DAVID FLUSCHE

for service provided to the District.

On motion of _____, seconded by _____, the foregoing Resolution was passed and approved on this the 9th day of January 9, 2024 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 11

McClanahan and Holmes, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

STEVEN W. MOHUNDRO, CPA,
OF COUNSEL

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

June 17, 2024

North Texas Groundwater Conservation District
5100 Airport Drive
Denison, TX 75020

McClanahan and Holmes, LLP began performing the audit of North Texas Groundwater Conservation District (the "District") beginning with the fiscal year ended December 31, 2018. During our audit services, April J. Hatfield served as the engagement partner. We are currently completing the audit for the fiscal year ended December 31, 2023. The primary staff auditor has been Ariane Burks for the past few years.

Should we perform audit services for the next fiscal year, and the four subsequent years, April J. Hatfield would continue to serve as the audit engagement partner. We would agree to rotate the primary staff auditor beginning with the 2024 audit.

We trust this expresses our commitment to serve the District in the future. McClanahan and Holmes, LLP is committed to serving clients in this area having done so for more than 70 years. The firm is also a leader in governmental and nonprofit audits in Fannin, Lamar, and Grayson counties. As such, we are strongly committed to this area of auditing, and maintain the staffing with the necessary experience and continuing education requirements necessary to perform these engagements. McClanahan and Holmes, LLP will perform the external audit services for the District with a high degree of professionalism, independence, and quality.

Based on our understanding of the audit work required, we estimate that the fee for time spent on the audit for the District for fiscal year ended December 31, 2024 will be \$10,450, which includes out-of-pocket expenses. For subsequent years, we anticipate a 5% to 7% increase in the fee each year.

Please contact us regarding any questions you might have. For purposes of this potential engagement, our representative and contact information is as follows:

April Hatfield, CPA
McClanahan and Holmes, LLP
1400 West Russell
Bonham, TX 75418
Telephone: 903-583-5574
Email: ahatfield@mchcpa.net

Sincerely,

McClanahan and Holmes, LLP
Certified Public Accountants

ATTACHMENT 14 **b**

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

Well Registration Summary

(as of 6/30/2024)

Well Type	Collin	Cooke	Denton	Total NTGCD	New Registrations June 2024
Domestic	98	742	1167	2007	12
Public Water System	41	77	239	357	0
Irrigation	109	6	230	345	0
Surface Impoundment	66	19	144	229	0
Livestock	7	98	73	178	0
Oil / Gas	1	6	64	71	0
Agriculture	11	14	51	76	0
Commercial	7	9	54	70	1
Golf Course Irrigation	15	2	21	38	0
Industrial / Manufacturing	11	11	9	31	0
*Other	6	5	12	23	0
Monitoring	0	0	6	6	0
TOTALS	372	989	2070	3431	13

NOTE: Plugged wells have been excluded

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

ADJOURN