

**NORTH TEXAS  
GROUNDWATER  
CONSERVATION  
DISTRICT**

**PERMIT HEARING AND BOARD MEETING**

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

**TUESDAY  
AUGUST 10, 2021  
10:00 AM**

NOTICE OF PUBLIC MEETING

OF THE  
BOARD OF DIRECTORS of the

**NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT**

**Tuesday, August 10, 2021 at 10:00 a.m.**

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

Notice is hereby given that a quorum of the Board of Directors of the North Texas Groundwater Conservation District ("District") will hold public hearings and a Board meeting in-person beginning at 10:00 a.m. on Tuesday, August 10, 2021 at the Pilot Point ISD Administration Office located at 829 S. Harrison St., Pilot Point, Texas 76258.

**Permit Hearing**

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

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

**Agenda:**

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

**New Production Permits**

- a. **Applicant:** City of Anna; 111 N. Powell Parkway, Anna, TX 75409  
**Location of Well:** Collin P.S. 104 E. CR 421, Anna, Texas 75409; Latitude: 33.316908°N, Longitude: 96.557303°W; About 450 feet east of the Outer Loop Road and Hwy 5 intersection and about 420 feet north of Outer Loop Road.  
**Purpose of Use:** Municipal/Public Water System  
**Requested Amount of Use:** Total: 361,185,127 gallons per year; Production Permit: 116,801,981 gallons per year; and Historic Use Permit: 244,383,146 gallon per year.  
**Production Capacity of Well:** 450 gallons/minute (System Total: 1,355 gallons/minute)

**Aquifer:** Trinity (Twin Mountains)

- b. **Applicant:** City of Anna; 111 N. Powell Parkway, Anna, TX 75409  
**Location of Well:** Collin P.S. 104 E. CR 421, Anna, Texas 75409; Latitude: 33.356236°N, Longitude: 96.551224°W; About 480 feet east of the Outer Loop Road and Hwy 5 intersection and about 480 feet north of Outer Loop Road.  
**Purpose of Use:** Municipal/Public Water System  
**Requested Amount of Use:** Total: 201,541,578 gallons per year; Production Permit: 56,308,008 gallons per year; and Historic Use Permit: 145,233,570 gallon per year.  
**Production Capacity of Well:** 200 gallons/minute (System Total: 676 gallons/minute)  
**Aquifer:** Woodbine
  
  - c. **Applicant:** City of Anna; 111 N. Powell Parkway, Anna, TX 75409  
**Location of Well:** 817 N Powell Parkway, Anna, Texas 75409; Latitude: 33.316908°N, Longitude: 96.557303°W; About 0.25 miles north of the Hackberry Lane and Hwy 5 intersection and about 200 feet west of Hwy 5.  
**Purpose of Use:** Municipal/Public Water System  
**Requested Amount of Use:** Total: 55,000,000 gallons per year; Production Permit: 9,429,000 gallons per year; and Historic Use Permit: 45,571,000 gallon per year.  
**Production Capacity of Well:** 150 gallons per minute  
**Aquifer:** Trinity (Paluxy)
  
  - d. **Applicant:** Olex (United States), Inc; 6125 Luther Lane, Ste 401, Dallas, TX 75225  
**Location of Well:** Well 1) Hwy 156 and US Hwy 380, Krum, TX 76249; Latitude: 33.229676°N, Longitude: 97.254253°W; About 0.5 miles south of the US Hwy 380 and Hwy 156 intersection and about 330 feet west of Hwy 156. Well 2) Hwy 156 and US Hwy 380, Krum, TX 76249; Latitude: 33.229649°N, Longitude: 97.254197°W; About 0.5 miles south of the US Hwy 380 and Hwy 156 intersection and about 330 feet west of Hwy 156. Well 3) US Hwy 380, Krum, TX 76249; Latitude: 33.231799°N, Longitude: 97.265034°W; About 0.9 miles west of the US Hwy 380 and Hwy 156 intersection and about 0.25 miles south of US Hwy 380.  
**Purpose of Use:** Municipal/Public Water System and Landscape Irrigation  
**Requested Amount of Use:** 73,673,977 gallons per year (Full system total after fully developed by 2030: 247,024,509 gallons per year)  
**Production Capacity of Well:** Well 1) 300 gallons per minute, Well 2) 80 gallons per minute, and Well 3) 300 gallons per minute.  
**Aquifer:** Trinity (Antlers)
4. Consider and act upon the Production Permit Applications, including designation of parties and/or granting or denying the Production Permit Applications in whole or in part, as applicable.
  5. Adjourn or continue permit hearing.

### **Board Meeting**

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

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

**Agenda:**

1. Pledge of Allegiance and Invocation.
2. Call to order, establish quorum; declare meeting open to the public.
3. Public comment.
4. Consider and act upon approval of the minutes from the June 8, 2021 and July 13, 2021, Board meeting.
5. Consider and act upon approval of invoices and reimbursements, Resolution No. 2021-8-10-01.
6. Consider and act upon 2020 Audit.
7. Receive reports from the following Committees\*:
  - a. Budget and Finance Committee
    - 1) Receive Monthly Financial Information
    - 2) Consider and act upon 2022 Operating Budget and Adopt Rate Schedule
  - b. Investment Committee
    - 1) Receive Quarterly Investment Report
8. Update and possible action regarding the process for the development of Desired Future Conditions (DFCs).
9. Consider and act upon compliance and enforcement activities for violations of District rules.
10. 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
11. Open forum / discussion of new business for future meeting agendas.
12. Adjourn public meeting.

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

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

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

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

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

ATTACHMENT 4

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

**Tuesday, June 8, 2021 at 10:00 a.m.**

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

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

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

Members Absent: Ronny Young

Staff: Drew Satterwhite, Allen Burks, and Velma Starks

Visitors: Kristen Fancher, Legal Counsel

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**Board Member Qualification for Office**

Board Member qualification for office will begin at 10:00 a.m.

1. Administer Oath of Office to new and reappointed Board Members.

The Oath of Office was administered to the following: Thomas Smith and Allen Knight

2. Receive signatures on Oath of Office and Statement of Appointed Officer forms.

**Permit Hearing**

The Permit Hearing will begin immediately upon completion of the Board Member qualification for office.

**Agenda:**

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

Board President Thomas Smith called the Permit Hearing to order at 10:02 a.m.

2. Public Comment on the Production Permit Applications (verbal comments limited to three (3) minutes each).

No public comment.

3. Review the Production Permit Applications of:

**New Production Permit**

**Applicant:** Denton County Municipal Utility District No. 5; 1980 Post Oak Blvd, Suite 1380, Houston, TX 77056

**Location of Well:** North end of Broken Wheel Circle, Aubrey, TX 76227; Latitude: 33.201606°N, Longitude: -96.990211°W; About 70 feet northeast of the north end of Broken Wheel Circle.

**Purpose of Use:** Pond(s)/Surface Impoundment(s)

**Requested Amount of Use:** 500,000 gallons per year

**Production Capacity of Well:** 55 gallons per minute

**Aquifer:** Woodbine Aquifer

General Manager Drew Satterwhite reviewed the permit with the Board.

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 Joe Helmberger made the motion to approve the Permit Application. Board Member Allen Knight seconded the motion. Discussion was held. Motion passed unanimously.

5. Adjourn or continue permit hearing.

President Thomas Smith adjourned the permit hearing at 10:10 a.m.

**Board Meeting**

**Agenda:**

1. Pledge of Allegiance and Invocation

Board Member Joe Helmberger led the Pledge of Allegiance and provided the invocation.

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

Board President Thomas Smith called the meeting to order at 10:11 a.m., established a quorum



was present, and declared the meeting open to the public.

3. Public Comment

There were no public comments.

4. Receive recommendation from Officer Committee and act upon Election of Officers.

General Manager Drew Satterwhite provided background information for the Board. The Nomination Committee (Ronny Young, Joe Helmberger and Lee Allison) nominated Joe Helmberger as President, Lee Allison as Secretary and Ron Sellman as Vice President. Board Member David Flusche made a motion to approve the officers as presented. Board Member Allen Knight seconded the motion. Motion passed unanimously.

5. Consider and act upon approval of the minutes from the May 11, 2021, Board meeting.

Board President Joe Helmberger asked for approval of the minutes from the May 11, 2021 meeting. Board Member Thomas Smith made the motion to approve the minutes. Board Member Ron Sellman seconded the motion. Motion passed unanimously.

6. Consider appointment of a Budget Committee.

Drew Satterwhite provided background information for the Board. Committee members appointed are Allen Knight, Ron Sellman, and Jimmy Arthur.

7. Consider and act upon approval of invoices and reimbursements, Resolution No. 2021-06-08-01.

General Manager Drew Satterwhite reviewed the liabilities with the Board. Board Member Allen Knight made the motion to approve Resolution No. 2021-06-08-01 with corrections. Board Member Thomas Smith seconded the motion. Motion passed unanimously.

8. Receive reports from the following Committees\*:

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

General Manager Drew Satterwhite reviewed the Financial Report.

9. Discussion and possible action on Texas Alliance of Groundwater Districts Sponsorship Opportunities.

General Manager Drew Satterwhite provided background information for the Board. The TAGD is an important voice/advocate for groundwater conservation districts across the state as they are active in the legislative process as well as providing a resource to keep the staff, attorneys and consultants up to date on the happenings in the Texas groundwater world. The District receives cybersecurity training through TAGD for free. TAGD has contacted the District requesting that we participate as a sponsor. Discussion was held. It was suggested that sponsorship should be included in next year's budget. Board Member Thomas Smith made a

motion to commit up to \$5000.00. General Manager is to decide which sponsorships to be selected. Board Member David Flusche seconded the motion. Motion passed unanimously.

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

General Manager Drew Satterwhite informed the Board that nine of the Districts have turned in their summaries. NTGCD is the administrative manager for GMA 8 and is trying to schedule a meeting for late July or early August. Ronny Young is the NTGCD representative and Joe Helmberger is the alternate representative.

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

General Manager Drew Satterwhite informed the Board that there are no enforcement activities at this time.

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

a. District's Disposal/Injection Well Program

General Manager Drew Satterwhite informed the Board that one application was received.

b. Well Registration Summary

General Manager Drew Satterwhite reviewed the well registration summary.

c. Legislative Update

Kristen Fancher, Legal Counsel informed the Board that all bills that would have affected GCDs died. Virtual meeting bill did not pass.

d. Update on *Mountain Pure, LLC v. Neches and Trinity Valleys GCD* petition for review

Kristen Fancher, Legal Counsel, provided update.

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

12. Adjourn public meeting

Board President Joe Helmberger declared the meeting adjourned at 10:45 a.m.

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Recording Secretary

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Secretary-Treasurer

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

**Tuesday, July 13, 2021 at 10:00 a.m.**

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

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

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Members Present: Lee K. Allison, David Flusche, Joe Helmberger, Greg Peters , and Ronny Young

Members Absent: Allen Knight, Thomas Smith, Ron Sellman, and Jimmy Arthur

Staff: Drew Satterwhite, Paul Sigle, and Velma Starks

Visitors: Kristen Fancher, Legal Counsel

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**Board Member Qualification for Office**

Board Member qualification for office began at 10:03 a.m.

1. Administer Oath of Office to new and reappointed Board Members.

The Oath of Office was administered to: Greg Peters.

2. Receive signatures on Oath of Office and Statement of Appointed Officer forms.

**Permit Hearing**

The Permit Hearing will begin immediately upon completion of the Board Member qualification for office.

**Agenda:**

1. Call to Order; establish quorum; declare hearing open to the public; introduction of Board.  
  
Board President Joe Helmberger called the Permit Hearing to order at 10:04 a.m.
2. Public Comment on the Production Permit Applications (verbal comments limited to three (3) minutes each).  
  
No public comment.
3. Review the Production Permit Applications of:

**New Production Permits**

- A. **Applicant:** Day Star Landscapes Inc; 2144 West Prosper Trail, Prosper, TX 75078  
**Location of Well:** 2144 West Prosper Trail, Prosper, TX 75078; Latitude: 33.249167°N, Longitude: 96.833806°W; About 0.25 miles east of the W. Prosper Trail and N. Legacy Drive intersection and about 330 feet north of W. Prosper Trail.  
**Purpose of Use:** Irrigation for Nursery  
**Requested Amount of Use:** 8,990,000 gallons per year  
**Production Capacity of Well:** 90 gallons per minute  
**Aquifer:** Trinity (Paluxy)  
  
General Manager Drew Satterwhite reviewed the application with the Board. Brief discussion was held.
- B. **Applicant:** City of Anna; 111 N. Powell Parkway, Anna, TX 75409  
**Location of Well:** Collin P.S. 104 E. CR 421, Anna, Texas 75409; Latitude: 33.316908°N, Longitude: 96.557303°W; About 450 feet east of the Outer Loop Road and Hwy 5 intersection and about 420 feet north of Outer Loop Road.  
**Purpose of Use:** Municipal/Public Water System  
**Requested Amount of Use:** Total: 361,185,127 gallons per year; Production Permit: 116,801,981 gallons per year; and Historic Use Permit: 244,383,146 gallon per year.  
**Production Capacity of Well:** 450 gallons/minute (System Total: 1,355 gallons/minute)  
**Aquifer:** Trinity (Twin Mountains)  
  
Due to conflicts of interest resulting in a lack of quorum, this Permit Application will be moved to the next meeting agenda.
- C. **Applicant:** City of Anna; 111 N. Powell Parkway, Anna, TX 75409  
**Location of Well:** Collin P.S. 104 E. CR 421, Anna, Texas 75409; Latitude: 33.356236°N, Longitude: 96.551224°W; About 480 feet east of the Outer Loop Road and Hwy 5 intersection and about 480 feet north of Outer Loop Road.

**Purpose of Use:** Municipal/Public Water System

**Requested Amount of Use:** Total: 201,541,578 gallons per year; Production Permit: 56,308,008 gallons per year; and Historic Use Permit: 145,233,570 gallon per year.

**Production Capacity of Well:** 200 gallons/minute (System Total: 676 gallons/minute)

**Aquifer:** Woodbine

Due to conflicts of interest resulting in a lack of quorum, this Permit Application will be moved to the next meeting agenda.

D. **Applicant:** City of Anna; 111 N. Powell Parkway, Anna, TX 75409

**Location of Well:** 817 N Powell Parkway, Anna, Texas 75409;

Latitude: 33.316908°N, Longitude: 96.557303°W; About 0.25 miles north of the Hackberry Lane and Hwy 5 intersection and about 200 feet west of Hwy 5.

**Purpose of Use:** Municipal/Public Water System

**Requested Amount of Use:** Total: 55,000,000 gallons per year; Production Permit: 9,429,000 gallons per year; and Historic Use Permit: 45,571,000 gallon per year.

**Production Capacity of Well:** 150 gallons per minute

**Aquifer:** Trinity (Paluxy)

Due to conflicts of interest resulting in a lack of quorum, this Permit Application will be moved to the next meeting agenda.

E. **Applicant:** Olex (United States), Inc; 6125 Luther Lane, Ste 401, Dallas, TX 75225

**Location of Well:** Well 1) Hwy 156 and US Hwy 380, Krum, TX 76249; Latitude: 33.229676°N, Longitude: 97.254253°W; About 0.5 miles south of the US Hwy 380 and Hwy 156 intersection and about 330 feet west of Hwy 156. Well 2) Hwy 156 and US Hwy 380, Krum, TX 76249; Latitude: 33.229649°N, Longitude: 97.254197°W; About 0.5 miles south of the US Hwy 380 and Hwy 156 intersection and about 330 feet west of Hwy 156. Well 3) US Hwy 380, Krum, TX 76249; Latitude: 33.231799°N, Longitude: 97.265034°W; About 0.9 miles west of the US Hwy 380 and Hwy 156 intersection and about 0.25 miles south of US Hwy 380.

**Purpose of Use:** Municipal/Public Water System and Landscape Irrigation

**Requested Amount of Use:** 73,673,977 gallons per year (Full system total after fully developed by 2030: 247,024,509 gallons per year)

**Production Capacity of Wells:** Well 1) 300 gallons per minute, Well 2) 80 gallons per minute, and Well 3) 300 gallons per minute.

**Aquifer:** Trinity (Antlers)

Due to conflicts of interest resulting in a lack of quorum, this Permit Application will be moved to the next meeting agenda.

F. **Applicant:** The Cole Ranch Company LP; PO Drawer S, Denton, TX 76202

**Location of Well:** 6922 FM 2449, Denton, TX 76201; Latitude: 33.186181°N, Longitude: 97.205747°W; About 0.8 miles west of the FM 2449 and Underwood Road intersection and about 0.65 miles north of FM 2449.

**Purpose of Use:** Irrigation for Tree Production and Filling a Pond(s)/Surface Impoundment(s)  
**Requested Amount of Use:** 22,212,000 gallons per year  
**Production Capacity of Well:** 190 gallons per minute  
**Aquifer:** Trinity (Antlers)

General Manager Drew Satterwhite reviewed this permit with the Board. Brief discussion was held.

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

Board Member Ronny Young made the motion to approve both Permit Applications ( Day Star Landscape and The Cole Ranch Company) that were reviewed. Board Member David Flusche seconded the motion. Discussion was held. Motion passed unanimously.

5. Adjourn or continue permit hearing.

Board President Joe Helmberger adjourned the permit hearing at 10:17 a.m.

### **Board Meeting**

#### **Agenda:**

1. Pledge of Allegiance and Invocation

Board President Joe Helmberger led the Pledge of Allegiance and Board Member Ronny Young provided the invocation.

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

Board President Joe Helmberger called the meeting to order at 10:17 a.m., established a quorum was present, and declared the meeting open to the public.

3. Public Comment

There were no public comments.

4. Consider and act upon approval of the minutes from the June 8, 2021, Board meeting.

Board President Joe Helmberger asked for approval of the minutes from the June 8, 2021 meeting. Board Member Lee Allison made the motion to approve the minutes. Board Member David Flusche seconded the motion. Board Member Ronny Young abstained resulting in a lack of quorum. The June 8, 2021 minutes will need to be brought back next meeting for vote.

5. Consider and act upon approval of invoices and reimbursements, Resolution No. 2021-07-13-01.

General Manager Drew Satterwhite reviewed the liabilities with the Board. Board Member

David Flusche made the motion to approve Resolution No. 2021-7-13-01. Board Member Ronny Young 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 Drew Satterwhite reviewed the Financial Report. Brief discussion was held. Budget Committee will meet August 5<sup>th</sup>.

- b. Management Plan Committee
  - 1) Receive Quarterly Report

General Manager Drew Satterwhite reviewed the Quarterly Report.

7. Consider and act upon authorizing Texas A&M Agrilife to proceed with Phase II Irrigation Model.

General Manager Drew Satterwhite provided background information for the Board. In May of 2020, the Board authorized a not to exceed amount of \$2,200 for phase 1 of the District's irrigation model. The Board wanted a third party expert opinion to evaluate the methodology being used by the District and provide a few refinements. The cost was split evenly between Red River District and North Texas District. The final bill for Phase I was \$800 less than the not-to-exceed amount of \$2,200. The initial phase only considered evaporation from ponds and irrigation of established grass landscapes. Phase II would incorporate the addition of new grass irrigation, cool season grasses, flower beds, golf courses, sporting fields, sod farms, tree and shrub farms, greenhouse/nurseries, hay production, etc. In addition, this model would take into account the different types of irrigation systems such as center pivot, standard sprinkler systems and drip irrigation. The cost for Phase II is not to exceed the amount of \$2,500, costing each district \$1,250. Board Member Ronny Young made the motion to proceed with Phase II. Board Member Greg Peters seconded the motion. Motion passed unanimously.

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

General Manager Drew Satterwhite informed the Board that the GMA 8 meeting is scheduled for July 20, however; it may have to be delayed.

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

- a. Texoma Drilling

General Manager Drew Satterwhite provided background information for the Board. Texoma Drilling has nine wells, needing flow testing that are beyond the dates set forth in the rules. This is a major violation (\$500) for failure to make a well available within 60 days of completion for a required flow test. Board Member David Flusche made the motion to fine Texoma Drilling \$500 for the major violation. Board Member Ronny Young seconded the motion. Motion passed unanimously.

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

a. District’s Disposal/Injection Well Program

General Manager Drew Satterwhite informed the Board that two well applications had been received with no reason to protest.

b. Well Registration Summary

General Manager Drew Satterwhite reviewed the well registration summary.

c. Monitoring Well Update

General Manager Drew Satterwhite reminded the Board that at the May meeting the Board had approved the purchase of up to 10 measuring devices. Letters were sent to current monitoring program participants to see if anyone would be interested in the devices. Nine responses were received, four in Denton County, two in Collin County and three in Cooke County.

d. Legislative Update; Special Session

Kristen Fancher, legal counsel, informed Board that legislation passed that no virtual meetings can be held after September 1, 2021. Discussion was held. It was suggested that livestream for listening and not participating in the meeting can be an option with a link posted on the website.

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

12. Adjourn public meeting

Board President Joe Helmberger declared the meeting adjourned at 10:52 a.m.

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\_\_\_\_\_  
Recording Secretary

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



ATTACHMENT 5

RESOLUTION NO. 2021-00-08-1

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:

<b><u>Administrative Services</u></b>	<b><u>Amount</u></b>
GTUA - July	49,158.19
<b><u>Consultant</u></b>	
Advanced Groundwater Solutions LLC	6,392.50
<b><u>Direct Costs</u></b>	
Cooke County Tax Assessor - Truck Registration 21-22	7.50
Nextraq - July	39.95
Nextraq - August	39.95
<b><u>Legal</u></b>	
Kristen Fancher PLLC July	4,034.00
<b><u>Legal- Injection</u></b>	
Sledge Law - May 2021	281.00
<b><u>Legal-Legislative</u></b>	
Sledge Law - May 2021	3,000.00
<b><u>Meetings &amp; Conferences</u></b>	
Pilot Point ISD - Meeting Room	75.00
<b>GRAND TOTAL:</b>	<b><u>\$ 63,028.09</u></b>

On motion of \_\_\_\_\_ and seconded by \_\_\_\_\_ the  
foregoing Resolution was passed and approved on this, the 10th day of August, 2021 by the following  
vote:

AYE:  
NAY:

\_\_\_\_\_  
President

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

ATTACHMENT 6



## AGENDA COMMUNICATION

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**DATE:** August 4, 2021

**SUBJECT:** AGENDA ITEM NO. 6

### CONSIDER AND ACT UPON 2020 AUDIT

#### ISSUE

2020 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 2020 fiscal year. The auditors will be presenting on their findings at the August meeting.

#### CONSIDERATIONS

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

#### ATTACHMENTS

2020 Audit

#### **RECOMMENDED BY:**



\_\_\_\_\_  
Drew Satterwhite, P.E., General Manager

TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY

NORTH TEXAS GROUNDWATER  
CONSERVATION DISTRICT

Communication with Those  
Charged With Governance

December 31, 2020

TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY

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

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

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

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

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

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, 2020. 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 December 2, 2020. 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. No new accounting policies were adopted and the application of existing policies was not changed during 2020. 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*

The completion of our audit was delayed because of the system conversion and additional efforts to reconcile beginning fund balance as a result of the conversion.

*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. Appendix A summarizes misstatements detected as a result of audit procedures that were corrected by management. Appendix B summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

*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 auditor's 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 August 3, 2021.

*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 auditor's 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 management of the District, the Board members, and others within the organization, 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  
August 3, 2021

TENTATIVE DRAFT - FOR  
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NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

Appendix A

Misstatements Corrected by Management  
December 31, 2020

**TENTATIVE DRAFT - FOR  
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Description	Debit	Credit
Adjusting Journal Entries #1		
A/R Well Application Fees	\$ 7,750.60	\$ -
Well Drillers Deposits	500.00	-
Well Registration Fees	1,200.00	-
Fund Balance	-	6,386.80
Production Fees	-	1,680.00
Equipment	-	1,102.72
Software Maintenance	-	281.08
Total	<u>\$ 9,450.60</u>	<u>\$ 9,450.60</u>
Adjusting Journal Entries #2		
Capital Outlay	\$ 4,170.47	\$ -
Equipment Database	-	4,170.47
Total	<u>\$ 4,170.47</u>	<u>\$ 4,170.47</u>
Adjusting Journal Entries #3		
A/R Well Application Fees	\$ 1,700.00	\$ -
Account for Credit Transfer	-	1,700.00
Total	<u>\$ 1,700.00</u>	<u>\$ 1,700.00</u>
Adjusting Journal Entries #4		
Late Fees	\$ 12,711.86	\$ -
Accounts Receivable	-	12,711.86
Total	<u>\$ 12,711.86</u>	<u>\$ 12,711.86</u>
Adjusting Journal Entries #5		
Allowance for Uncollectible Accounts	\$ 4,600.00	\$ -
Bad Debt Expense	-	4,600.00
Total	<u>\$ 4,600.00</u>	<u>\$ 4,600.00</u>

**TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY**

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

Appendix B

Uncorrected Misstatements  
December 31, 2020

TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY

Description	Debit	Credit
Accounts Receivable	\$ 6,007.62	\$ -
Accounts Payable	-	6,007.62
	<u>\$ 6,007.62</u>	<u>\$ 6,007.62</u>

TENTATIVE DRAFT - FOR  
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TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY

NORTH TEXAS GROUNDWATER  
CONSERVATION DISTRICT

Annual Financial Report

Year Ended December 31, 2020

TENTATIVE DRAFT - FOR  
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NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT  
Annual Financial Report  
Year Ended December 31, 2020

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

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TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY

INDEPENDENT AUDITORS' REPORT

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

**Report on the Financial Statements**

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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

*Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant account estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

*Opinions*

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, 2020, 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.

TENTATIVE DRAFT - FOR  
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Members of the Board  
North Texas Groundwater Conservation District  
Denison, Texas

TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY

*Other Matters*

*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 3-6 and page 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Texas Groundwater Conservation District's basic financial statements. The comparative balance sheet and comparative statement of revenues, expenditures, and changes in fund balance are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The comparative balance sheet and comparative statement of revenues, expenditures, and changes in fund balance have 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 them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2021, 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

Bonham, Texas  
August 3, 2021

TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT  
Management's Discussion and Analysis  
Year Ended December 31, 2020

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, 2020. 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 \$2,485,349 (Total Net Position). Of this amount, \$2,379,203 is unrestricted and may be used to meet the District's ongoing obligations and responsibilities.
- The District's net position increased by \$327,594, from \$2,157,755 in the prior year to \$2,485,349 as of December 31, 2020.
- At December 31, 2020, the District had \$2,379,203 total fund balance in its General Fund, representing a \$328,693 or a 16.03% increase from the \$2,050,510 fund balance in the previous year. \$1,551,758 of the fund balance is unassigned, constituting approximately 293.37% of the \$528,919 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 other supplementary 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 7 and 8 of this report.

TENTATIVE DRAFT - FOR  
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NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

Management's Discussion and Analysis  
Year Ended December 31, 2020

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**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 9 and 10 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 11 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.

## 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, 2020, the North Texas Groundwater Conservation District's assets exceeded liabilities by \$2,485,349.

At December 31, 2020, \$2,520,954 in total assets were recorded. Of that amount, current and other assets (cash, investments, receivables, and prepaid expenses) represented 95.79% and capital assets constituted 4.21%.

Total liabilities at year end equaled \$35,605, none of which consisted of long-term debt.

Of the \$2,485,349 in total net position, 4.27% or \$106,146 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. The unrestricted net position total of \$2,379,203 may be used to meet the District's ongoing obligations and responsibilities.



NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

Management's Discussion and Analysis

Year Ended December 31, 2020

TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY

**Governmental Activities:** The following table provides a summary of the District's assets, liabilities, and net position for the years ended December 31, 2020 and 2019.

	Governmental Activities	
	2020	2019
Assets:		
Current Assets	\$ 2,414,808	\$ 2,127,046
Capital Assets (Net of Depreciation)	106,146	107,245
Total Assets	<u>2,520,954</u>	<u>2,234,291</u>
Liabilities:		
Current Liabilities	35,605	76,536
Total Liabilities	<u>35,605</u>	<u>76,536</u>
Net Position:		
Net Investment in Capital Assets	106,146	107,245
Unrestricted	2,379,203	2,050,510
Total Net Position	<u>\$ 2,485,349</u>	<u>\$ 2,157,755</u>

**Governmental Activities:** The following table provides a summary of the District's operations for the years ended December 31, 2020 and 2019.

	Governmental Activities	
	2020	2019
Revenues:		
Fees, Forfeitures, and Other Charges	\$ 820,063	\$ 763,208
Interest Income	25,549	41,707
Gain on Sale of Capital Asset	-	8,011
Bad Debt Recoveries	12,000	-
Total Revenues	<u>857,612</u>	<u>812,926</u>
Expenses:		
Administrative Services	496,883	476,562
Legal	33,135	81,379
Total Expenses	<u>530,018</u>	<u>557,941</u>
Increase (Decrease) in Net Position	<u>\$ 327,594</u>	<u>\$ 254,985</u>

**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, 2020, the District has \$2,379,203 total fund balance. This is 16.03% higher than the \$2,050,510 prior-year fund balance, primarily due to an increase in registration fees, forfeitures, and other fees in 2020. \$825,000 of the fund balance is committed for various purposes identified by the Board and \$1,551,758 of the fund balance is unassigned and \$2,445 of the fund balance is nonspendable.

TENTATIVE DRAFT - FOR  
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NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

Management's Discussion and Analysis  
Year Ended December 31, 2020

TENTATIVE DRAFT - FOR  
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**General Fund Budgetary Highlights:** There were no amendments to the originally adopted budget during the year. Actual expenditures for the year ended December 31, 2020 were \$528,919, that being \$86,466 or 14.05% less than the \$615,385 budgeted for the year. Actual expenditures were under budget primarily due to fewer consultant, field technicians, and geologist costs than were budgeted.

Actual revenues for the year were \$857,612 or 108.42% of the budgeted revenues for the year, primarily due to higher than expected groundwater usage fee revenue 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, 2020 amounted to \$106,146 (net of accumulated depreciation). Asset additions consist of software completed during the year. The following tables portrays the District's mix of gross capital assets at December 31, 2020:

<u>Capital Assets</u>	
	December 31, 2020
Vehicle	\$ 26,840
Equipment and Software	93,512
Total	<u>\$ 120,352</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 2021 the District's latest adopted budget shows total anticipated expenditures of \$594,570, a \$65,651 increase from total actual expenditures of \$528,919 in fiscal year 2020. The majority of the increase is attributable to an expected increase in legal, equipment, and consulting costs. Rates assessed groundwater users are not expected to increase for fiscal year 2021.

**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 Drew Satterwhite, General Manager of the District, at 5100 Airport Drive, Denison, TX 75020, (855) 426-4433.

TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT  
Statement of Net Position  
December 31, 2020

**TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 2,125,729
Investments	88,118
Accounts Receivable, Net of Allowance for Uncollectibles of \$22,900	165,589
Other Receivables	32,927
Prepaid Expenses	<u>2,445</u>
Total Current Assets	<u>2,414,808</u>
Noncurrent Assets	
Capital Assets, Net of Accumulated Depreciation:	
Vehicles, Equipment, and Computer Software	<u>106,146</u>
Total Noncurrent Assets	<u>106,146</u>
Total Assets	<u>2,520,954</u>
 <b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	4,755
Well Driller Deposits	<u>30,850</u>
Total Current Liabilities	<u>35,605</u>
Total Liabilities	<u>35,605</u>
 <b>NET POSITION</b>	
Net Investment in Capital Assets	106,146
Unrestricted	<u>2,379,203</u>
Total Net Position	<u><u>\$ 2,485,349</u></u>

**TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY**

The notes to financial statements are an integral part of this statement.

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

Statement of Activities  
Year Ended December 31, 2020

TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY

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	\$ 496,883	\$ -	\$ -	\$ (496,883)
Legal	33,135	-	-	(33,135)
Total Governmental Activities	530,018	-	-	(530,018)
Total Primary Government	\$ 530,018	\$ -	\$ -	(530,018)
General Revenues:				
Groundwater Usage Fees				714,995
Registration Fees, Forfeitures, and Other Fees				74,217
Penalties and Late Charges				30,851
Interest Income				25,549
Bad Debt Recoveries				12,000
Total General Revenues				857,612
Change in Net Position				327,594
Net Position - Beginning (January 1)				2,157,755
Net Position - Ending (December 31)				\$ 2,485,349

TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY

The notes to financial statements are an integral part of this statement.

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

Balance Sheet - Governmental Fund

December 31, 2020

TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY

	General Fund
	<u>                    </u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 2,125,729
Investments	88,118
Accounts Receivable, Net of Allowance for Uncollectibles of \$22,900	165,589
Other Receivables	32,927
Prepaid Expenses	<u>2,445</u>
Total Current Assets	<u>2,414,808</u>
Total Assets	<u>\$ 2,414,808</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 4,755
Well Driller Deposits	<u>30,850</u>
Total Current Liabilities	<u>35,605</u>
Total Liabilities	<u>35,605</u>
FUND BALANCE	
Nonspendable	2,445
Committed	825,000
Unassigned	<u>1,551,758</u>
Total Fund Balance	<u>2,379,203</u>
Total Liabilities and Fund Balance	<u>\$ 2,414,808</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Fund Balance - Total Governmental Fund (above)	\$ 2,379,203
Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$120,352 and the accumulated depreciation is \$14,206.	<u>106,146</u>
Net Position of Governmental Activities	<u>\$ 2,485,349</u>

TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY

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, 2020

TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY

	General Fund
<b>REVENUES</b>	
Groundwater Usage Fees	\$ 714,995
Registration Fees, Forfeitures, and Other Fees	74,217
Penalties and Late Charges	30,851
Interest Income	25,549
Bad Debt Recoveries	12,000
Total Revenues	857,612
<b>EXPENDITURES</b>	
Administration	491,614
Legal	33,135
Capital Outlay:	
Software	4,170
Total Expenditures	528,919
Excess (Deficiency) of Revenues over Expenditures	328,693
Net Change in Fund Balance	328,693
Fund Balance - Beginning (January 1)	2,050,510
Fund Balance - Ending (December 31)	\$ 2,379,203
Amounts reported for governmental activities in the statement of activities are different because:	
Net Change in Fund Balance - Total Governmental Fund (above)	\$ 328,693
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 (\$5,269) expense exceeded capital outlays (\$4,170) in the current year.	(1,099)
Change in Net Position of Governmental Activities	\$ 327,594

TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY

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, 2020

TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY

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 81<sup>st</sup> 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 ongoing 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.

TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT  
Notes to the Basic Financial Statements (Continued)  
December 31, 2020

TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY

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.

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. Restricted assets and temporary investments are not included.

Capital Assets

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

TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY



NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT  
Notes to the Basic Financial Statements (Continued)  
December 31, 2020

TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY

I. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (continued)

Capital Assets (continued)

Assets capitalized have an original cost of more than \$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. Development in progress is not depreciated. Depreciation expense of \$5,269 was charged to Administration in the Statement of Activities for the year ended December 31, 2020.

	Balance 12/31/19	Additions	Retirements	Balance 12/31/20
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Software Development in Progress	\$ 79,300	\$ 4,170	\$ (83,470)	\$ -
Total Capital Assets Not Being Depreciated	79,300	4,170	(83,470)	-
Capital Assets being Depreciated:				
Vehicle	26,840	-	-	26,840
Equipment	10,042	-	-	93,512
Computer Software	-	83,470	-	83,470
Total Capital Assets Being Depreciated	36,882	83,470	-	120,352
Less Accumulated Depreciation for:				
Vehicle	(1,278)	(3,834)	-	(5,112)
Equipment	(7,659)	(1,435)	-	(9,094)
Computer Software	-	-	-	-
Total Accumulated Depreciation	(8,937)	(5,269)	-	(14,206)
Capital Assets Being Depreciated, Net	27,945	78,201	-	106,146
Governmental Activities				
Capital Assets, Net	\$ 107,245	\$ 82,371	\$ (83,470)	\$ 106,146

Fund Balance

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.

TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT  
Notes to the Basic Financial Statements (Continued)  
December 31, 2020

TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY

I. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (continued)

Fund Balance (continued)

*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, 2020 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, 2020.

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

In circumstances where an expenditure is to be made for the purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance. 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.

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

	General
Nonspendable	\$ 2,445
Committed	825,000
Unassigned	1,551,758
Total	\$ 2,379,203

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.

TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT  
Notes to the Basic Financial Statements (Continued)  
December 31, 2020

TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY

II. Stewardship, Compliance, and Accountability (Continued)

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, 2020, the District's expenditures exceeded appropriations in the General Fund as follows:

<u>Object Category</u>	<u>Expenditures Exceeding Appropriations</u>
Administrative – General Manager	\$ 7,961
Field Technicians	1,196
Accounting and Auditing	3,856
Software Maintenance	2,943
Bad Debt Expense	7,400
Insurance	996
Telephone	<u>357</u>
 Total Expenditures Exceeding Appropriations	 <u>\$ 24,709</u>

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). The District was not exposed to custodial credit risk as its deposits were fully insured with FDIC insurance or collateralized at year-end.

The District maintains one certificate of deposit as of December 31, 2020. The District was not exposed to custodial credit risk as its deposits were fully insured with FDIC insurance or collateralized at year-end.

As of December 31, 2020, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Texas Short-Term Asset Reserve Program (TexSTAR)	\$ 88,118	42 days

TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY

TENTATIVE DRAFT - FOR  
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III. Deposits, Securities, and Investments (Continued)

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; 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, 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:

*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.

*Interest Rate Risk*

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

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, 2020, 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.

TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT  
Notes to the Basic Financial Statements (Continued)  
December 31, 2020

TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY

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.

VI. Related Party Transactions

The District and Greater Texoma Utility Authority (GTUA) have common management. The District rents office space and receives administrative services from GTUA. Total amounts paid by the District to GTUA amounted to \$396,187. No amounts were payable to GTUA at December 31, 2020.

VII. Concentrations

One vendor (GTUA) comprised approximately 75% of governmental fund expenditures for the year ended December 31, 2020.

Two customers comprised approximately 22% of accounts receivable for the year ended December 31, 2020.

VIII. Commitments

At December 31, 2020, the District had outstanding contract commitments totaling approximately \$3,400 related to the GMA 8 groundwater planning effort agreement.

IX. Subsequent Events

Subsequent events have been evaluated through August 3, 2021, 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, 2020

TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Groundwater Usage Fees	\$ 700,000	\$ 700,000	\$ 714,995	\$ 14,995
Registration Fees, Forfeitures, and Other Fees	21,000	21,000	28,554	7,554
GMA8 Fees	50,000	50,000	45,663	(4,337)
Penalties and Late Charges	-	-	30,851	30,851
Interest Income	20,000	20,000	25,549	5,549
Bad Debt Recoveries	-	-	12,000	12,000
<b>Total Revenues</b>	<b>791,000</b>	<b>791,000</b>	<b>857,612</b>	<b>66,612</b>
<b>EXPENDITURES</b>				
Administrative - General Manager	62,000	62,000	69,961	(7,961)
Administrative - Secretarial & Clerical	65,000	65,000	62,470	2,530
Administrative - Project Coordinator	20,000	20,000	13,137	6,863
Field Technicians	125,000	125,000	126,196	(1,196)
Consultants	45,000	45,000	27,419	17,581
Field Permitting/Geologist	70,000	70,000	67,258	2,742
Accounting and Auditing	35,535	35,535	39,391	(3,856)
Legal	67,000	67,000	33,135	33,865
Capital Outlay	23,000	23,000	4,170	18,830
Software Maintenance	5,000	5,000	7,943	(2,943)
Bad Debt Expense	-	-	7,400	(7,400)
Direct Costs Reimbursed	7,000	7,000	4,119	2,881
Insurance	3,950	3,950	4,946	(996)
Vehicle Costs	6,500	6,500	3,447	3,053
Office Rent	2,400	2,400	2,400	-
Telephone	2,700	2,700	3,057	(357)
GMA8 Costs	55,000	55,000	45,279	9,721
Legal Notices	2,000	2,000	689	1,311
Dues and Subscriptions	3,000	3,000	2,158	842
Meetings and Conferences	8,000	8,000	2,241	5,759
Injection Well Monitoring	5,200	5,200	856	4,344
Small Equipment	2,000	2,000	1,202	798
Bank Fees	100	100	45	55
<b>Total Expenditures</b>	<b>615,385</b>	<b>615,385</b>	<b>528,919</b>	<b>86,466</b>
<b>Net Change in Fund Balance</b>	<b>175,615</b>	<b>175,615</b>	<b>328,693</b>	<b>153,078</b>
Fund Balance - Beginning (January 1)	2,050,510	2,050,510	2,050,510	-
<b>Fund Balance - Ending (December 31)</b>	<b>\$ 2,226,125</b>	<b>\$ 2,226,125</b>	<b>\$ 2,379,203</b>	<b>\$ 153,078</b>

TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

Comparative Balance Sheet - General Fund  
December 31, 2020 and 2019

TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY

	2020	2019
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 2,125,729	\$ 1,820,803
Investments	88,118	87,700
Accounts Receivable, Net of Allowance for Uncollectibles	165,589	180,663
Other Receivables	32,927	35,497
Prepaid Expenses	2,445	2,383
Total Current Assets	2,414,808	2,127,046
Total Assets	\$ 2,414,808	\$ 2,127,046
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	\$ 4,755	\$ 44,186
Well Driller Deposits	30,850	32,350
Total Current Liabilities	35,605	76,536
Total Liabilities	35,605	76,536
<b>FUND BALANCE</b>		
Nonspendable	2,445	2,383
Committed	825,000	825,000
Unassigned	1,551,758	1,223,127
Total Fund Balance	2,379,203	2,050,510
Total Liabilities and Fund Balance	\$ 2,414,808	\$ 2,127,046

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, 2020 and 2019

TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY

	2020	2019
<b>REVENUES</b>		
Groundwater Usage Fees	\$ 714,995	\$ 713,307
Registration Fees, Forfeitures, and Other Fees	74,217	35,709
Penalties and Late Charges	30,851	14,192
Interest Income	25,549	41,707
Bad Debt Recoveries	12,000	-
	857,612	804,915
<b>EXPENDITURES</b>		
Administrative - General Manager	69,961	61,984
Administrative - Secretarial & Clerical	62,470	51,796
Administrative - Project Coordinator	13,137	13,952
Field Technicians	126,196	118,950
Consultants	27,419	52,754
Field Permitting/Geologist	67,258	60,421
Accounting and Auditing	39,391	37,980
Legal	33,135	81,379
Capital Outlay	4,170	26,840
Software Maintenance	7,943	9,108
Bad Debt Expense	7,400	12,000
Direct Costs Reimbursed	4,119	6,250
Insurance	4,946	4,962
Vehicle Costs	3,447	5,270
Office Rent	2,400	2,400
Telephone	3,057	3,504
GMA8 Costs	45,279	18,359
Legal Notices	689	1,102
Dues and Subscriptions	2,158	2,436
Meetings and Conferences	2,241	5,574
Injection Well Monitoring	856	2,672
Small Equipment	1,202	2,340
Bank Fees	45	35
	528,919	582,068
Excess (Deficiency) of Revenues over Expenditures	328,693	222,847
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds from Sale of Capital Asset	-	8,011
Total Other Financing Sources (Uses)	-	8,011
Net Change in Fund Balance	328,693	230,858
Fund Balance - Beginning (January 1)	2,050,510	1,819,652
Fund Balance - Ending (December 31)	\$ 2,379,203	\$ 2,050,510

TENTATIVE DRAFT - FOR  
DISCUSSION PURPOSE ONLY



**McClanahan and Holmes, LLP**  
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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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 3, 2021.

**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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control that we consider to be significant deficiencies.

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

**Financial Accounting and Reporting:**

The District does not prepare the financial statements nor control the period-end financial reporting process, including controls over the selection and application of accounting principles that are in conformity with generally accepted accounting principles; controls over procedures used to analyze transactions comprising general ledger activity; controls over initiating, authorizing, recording, and processing journal entries into the general ledger; and controls over recording recurring and nonrecurring adjustments to the financial statements.

Views of Responsible Official: The District's management agrees with the finding and plans to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

**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.

**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**

The District's response to the findings is described previously. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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

ATTACHMENT 7 A-1

# NORTH TEXAS GROUNDWATER

## Balance Sheet

As of July 31, 2021

### ASSETS

#### Current Assets

##### Checking/Savings

10001 Checking Account	1,545,857.26
10005 Cash-Index Account	718,997.36
10008 Cash - Tex Star	88,128.79
10025 Accounts Receivable	2,138.75
10033 A/R Penalties	3,950.00
10035 A/R GMA8 Members	333.05
10070 A/R Liens	14,000.00
10026 Allowance for Uncollectib	-22,900.00
12001 Prepaid Expenses	3,947.16

**TOTAL ASSETS** 2,354,452.37

### LIABILITIES & EQUITY

#### Liabilities

##### Current Liabilities

##### Accounts Payable

23100 Accounts Payable	52,577.24
23150 Well Drillers Deposits	36,350.00

**Total Liabilities** 88,927.24

#### Equity

35100 Retained Earnings	2,378,205.63
Net Income	-112,680.50

**Total Equity** 2,265,525.13

**TOTAL LIABILITIES & EQUITY** 2,354,452.37

**NORTH TEXAS GROUNDWATER**  
**Profit & Loss Budget vs. Actual**  
July 31, 2021

	TOTAL				
	July 2021	1 mo. Budget	YTD Actual	Total Budget	% of Budget remaining
<b>Ordinary Income/Expense</b>					
<b>Income</b>					
46003 - Registration Fees	4,300.00	1,750.00	22,500.00	21,000.00	-7.14%
46004 - Well Driller Fees	0.00	0.00	0.00	0.00	0.0%
46005 - PRODUCTION FEES	0.00	0.00	137,278.05	700,000.00	80.39%
46006 Income GMA8	2,695.63	0.00	2,695.63	31,820.00	91.53%
46007 - Penalties	500.00	0.00	3,500.00	0.00	0.0%
46008 - Online Pay Fees	20.29	0.00	46.77		
46015 Late Fees	0.00	0.00	19,447.99	0.00	0.0%
<b>Total Income</b>	<u>7,515.92</u>	<u>1,750.00</u>	<u>185,468.44</u>	<u>752,820.00</u>	<u>75.36%</u>
<b>Gross Profit</b>	7,515.92	1,750.00	185,468.44	752,820.00	75.36%
<b>Expense</b>					
<b>77010 ADMINISTRATIVE</b>					
77013 Admin-Secretarial	2,264.00	1,833.34	9,952.00	22,000.00	54.76%
77014 Admin-Project Coordinator	326.25	1,666.67	6,457.50	20,000.00	67.71%
77015 Admin-GM	7,360.00	5,416.67	38,180.00	65,000.00	41.26%
77016 Admin-Clerical	5,984.00	3,500.00	24,191.00	42,000.00	42.4%
77040 ADMIN-MILEAGE	68.72	250.00	469.34	3,000.00	84.36%
<b>77025 ACCOUNTING</b>	3,554.50	2,708.34	21,535.75	32,500.00	33.74%
<b>77027 AUDITING</b>	0.00	0.00	0.00	5,665.00	0.0%
<b>77030 ADVERTISING</b>	0.00	167.00	5,851.65	2,000.00	-192.58%
<b>77050 BANKING FEES</b>	31.63	0.00	123.54	100.00	0.0%
<b>77150 CONSULTING-HYDROGEO SVC</b>	0.00	3,750.00	11,898.02	45,000.00	73.56%
<b>77325 DIRECT COSTS-REIMB</b>	532.24	583.00	2,320.04	7,000.00	66.86%
<b>77450 DUES &amp; SUBSCRIPTION</b>	0.00	250.00	0.00	3,000.00	100.0%
<b>77480 EQUIPMENT</b>	0.00	0.00	1,230.47	2,000.00	38.48%
77485 Equipment Database	0.00	1,250.00	0.00	15,000.00	100.0%
<b>77500 FEES-GMA8</b>	474.35	2,917.00	3,448.95	35,000.00	90.15%
<b>77550 FIELD TECH</b>	17,110.50	10,417.00	77,418.50	125,000.00	38.07%
<b>77560 Field Permitting/Geologis</b>	10,660.00	5,833.00	45,760.00	70,000.00	34.63%
<b>77650 FUEL/MAINTENANCE</b>	390.55	292.00	2,204.37	3,500.00	37.02%
<b>77800 INJECTION WELL MONITORING</b>	0.00	0.00	319.20	700.00	54.4%
<b>77810 INSURANCE &amp; BONDING</b>	358.84	600.00	2,803.84	7,205.00	61.08%
<b>77970 LEGAL</b>					
77975 Legal-Injection		833.00	4,239.35	10,000.00	57.61%
77980 Legal-Legislation		1,250.00	15,000.00	15,000.00	0.0%
77970 LEGAL - Other	4,034.00	3,750.00	21,012.00	45,000.00	53.31%
<b>78010 MEETINGS &amp; CONFERENCES</b>	352.50	667.00	2,456.12	8,000.00	69.3%
<b>78310 Rent</b>	200.00	200.00	1,400.00	2,400.00	41.67%
<b>78600-SOFTWARE MAINT</b>	-456.13	83.00	4,216.71	1,000.00	-321.67%
<b>78610 TELEPHONE</b>	459.16	250.00	2,023.53	3,000.00	32.55%
<b>78780 Well Monitoring/Testing</b>	0.00	375.00	203.76	4,500.00	95.47%
<b>Total Expense</b>	<u>53,705.11</u>	<u>48,842.02</u>	<u>304,715.64</u>	<u>594,570.00</u>	<u>48.75%</u>
<b>Other Income/Expense</b>					
<b>Other Income</b>					
46100 INTEREST INC	0.00	417.00	6,566.70	5,000.00	
<b>Total Other Income</b>	<u>0.00</u>	<u>417.00</u>	<u>6,566.70</u>	<u>5,000.00</u>	
<b>Net Other Income</b>	0.00	417.00	6,566.70	5,000.00	
<b>Net Income</b>	<u><u>-46,189.19</u></u>	<u><u>-46,675.02</u></u>	<u><u>-112,680.50</u></u>	<u><u>163,250.00</u></u>	

ATTACHMENT 7 A-2

DATE: July 29, 2021

SUBJECT: AGENDA ITEM NO. 7 a. (2)

**CONSIDER AND ACT UPON 2022 OPERATING BUDGET AND ADOPT RATE SCHEDULE**

**ISSUE**

2022 operating budget and rate schedule

**BACKGROUND**

In the past, the Board of Directors of the North Texas Groundwater Conservation District ("District") has established the practice of trying to adopt a budget and rate schedule well ahead of the fiscal year. The District's fiscal year is based on a calendar year from January 1<sup>st</sup> through December 31<sup>st</sup>, while many of the groundwater producers who pay production fees operate on fiscal years that begin October 1<sup>st</sup> through September 30<sup>th</sup>. For this reason, the Board has attempted to establish production fees early in order for other entities to budget accurately.

A draft 2022 budget was presented to the Budget Committee on August 5, 2021 and their comments have been incorporated into the attached draft budget. A draft fee schedule is also attached.

**CONSIDERATIONS**

A couple items to note on this budget:

- The budget reflects continuing with a \$0.10 per thousand gallons production fee.
- The proposed budget would allow for the addition of another Field Technician, truck and flowmeter.

**STAFF RECOMMENDATIONS**

The staff requests direction from the Board on the adoption of the 2022 Budget and Fee Schedule.

**ATTACHMENTS**

2022 Draft Budget  
2022 Draft Fee Schedule  
Resolutions

PREPARED AND SUBMITTED BY:



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Drew Satterwhite, P.E., General Manager

**NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT  
BUDGET 2022**

	Approved 2021	Actual @ 7/30/2021	Estimated 12/31/2021	Proposed 2022
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
46003 GMA8	31,820.00	2,695.63	31,820.00	4,400.00
*46001 PRODUCTION FEES	700,000.00	137,278.05	700,000.00	710,000.00
46005 Drillers Fees				-
46006 WELL REG FEES	21,000.00	23,200.00	39,771.43	26,000.00
46016 Penalty & Fines		3,500.00	6,000.00	-
46100 Interest	5,000.00	6,566.70	11,257.20	11,500.00
46008 On-Line pay fees		46.77		5,000.00
46015 LATE FEES		19,447.99	33,339.41	-
<b>Total Income</b>	<b>757,820.00</b>	<b>192,735.14</b>	<b>822,188.04</b>	<b>756,900.00</b>
<b>Expense</b>				
77012 ADMIN MILEAGE	3,000.00	469.34	1,700.00	2,700.00
77013 ADMIN-SECRETARIAL	22,000.00	9,952.00	17,060.57	22,000.00
77014 ADMIN-PROJECT COORD	20,000.00	6,457.50	11,070.00	16,000.00
77015 ADMIN-GM	65,000.00	38,180.00	65,451.43	66,000.00
77016 ADMIN-CLERICAL	42,000.00	24,191.00	41,470.29	42,650.00
77030 ADS-LEGAL	2,000.00	5,851.65	6,500.00	2,000.00
77025 ACCOUNTING	32,500.00	21,535.75	36,918.43	35,000.00
77027 AUDITING	5,665.00	-	5,650.00	5,820.00
77050 BANKING FEES	100.00	123.54	211.78	5,100.00
77150 CONSULTING-HYDROGEO	45,000.00	11,898.02	20,396.61	34,000.00
77550 CONTRACT FIELD TECH	125,000.00	77,418.50	132,717.43	182,000.00
77560 GW - TECH LEAD	70,000.00	45,760.00	78,445.71	73,000.00
77325 DIRECT COSTS-REIMB	7,000.00	2,359.99	4,045.70	5,500.00
77450 DUES & SUBSCRIPTION	3,000.00	-	3,000.00	7,388.00
77480 EQUIPMENT	2,000.00	1,230.47	2,000.00	45,500.00
77485 EQUIPMENT-DATABASE	15,000.00	-	15,000.00	15,000.00
77500 FEES-GMA8	35,000.00	3,448.95	5,912.49	4,800.00
77650 FUEL/MAINTENANCE	3,500.00	2,204.37	3,778.92	5,000.00
77800 Inject Well Monitoring	700.00	319.20	547.20	700.00
77810 INSURANCE & BONDING	7,205.00	2,803.84	4,806.58	4,636.00
77970 LEGAL	45,000.00	21,012.00	36,020.57	40,000.00
77980 LEGAL-LEGISLATION	15,000.00	15,000.00	15,000.00	-
77975 LEGAL-INJECTION	10,000.00	4,239.35	7,267.46	10,000.00
78010 MEETINGS & CONFERENCES	8,000.00	2,531.12	4,339.06	8,000.00
78310 RENT	2,400.00	1,400.00	2,400.00	2,400.00
78600 SOFTWARE MAINT	1,000.00	4,216.71	4,816.71	4,000.00
78610 TELEPHONE	3,000.00	2,023.53	3,468.91	3,800.00
78780 WELL MONITORING/TESTING	4,500.00	203.76	27,203.76	5,400.00
<b>Total Expense</b>	<b>594,570.00</b>	<b>304,830.59</b>	<b>557,199.60</b>	<b>648,394.00</b>
<b>Net to Fund Balance</b>	<b>163,250.00</b>	<b>(112,095.45)</b>	<b>264,988.44</b>	<b>108,506.00</b>





## 2022 Fee Schedule

Well Registration Fee (<17.36 GPM)	\$100
New Well Registration & Production Permit Application Fee (>17.36 GPM), <i>also applies to permit amendments</i>	\$600
Additional fee for Production Permit Applications which require a Hydrogeological Report ( $\geq 200$ GPM)	\$1,100
Well Driller Log Deposit Fee (refundable if conditions in District Rules are met)	\$100
Additional fee for Registration of an existing unregistered Non-Exempt Well (additional penalties may apply if well was not self-reported)	\$500
Meter Seal Replacement Fee (For replacing seals for reasons other than well or meter failure)	\$100
Water Use Fees (Non-Exempt Wells)	
- Non-Agricultural Use	\$0.10/1000 gal
- Agricultural Use	\$1/acre-foot
Failure to Submit Water Production Reports by the Deadline	\$50
Failure to Pay Water Use Fee by Payment Deadline	15%
Failure to Pay Water Use Fee within 60-days of the Payment Deadline (See Appendix A of the Rules for schedule of Violations)	Major Violation

*Notes: Information about the payment and water production report deadlines can be found at.*

*[Billing \(northtexasgcd.org\)](http://northtexasgcd.org)*

**RESOLUTION 2021-08-10-02**  
**ADOPTING A BUDGET FOR 2022**

THE STATE OF TEXAS

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

**Whereas**, North Texas Groundwater Conservation District (the “District”) was created as a groundwater conservation district by the 81st Texas Legislature under the authority of Section 59, Article XVI, of the Texas Constitution, and in accordance with Chapter 36 of the Texas Water Code by the Act of May 19, 2009, 81st Leg., R.S., ch. 248, 2009 Tex. Gen. Laws 686, codified at TEX. SPEC. DIST. LOC. LAWS CODE ANN. ch. 8856 (“the District Act”);

**Whereas**, the District’s Board of Directors (“Board”) has considered the anticipated activities of the District for January 1, 2022 through December 31, 2022, all anticipated expenses and revenues, and has reviewed the proposed budget prepared by the District’s Budget & Finance Committee;

**Whereas**, pursuant to §36.154 of the Texas Water Code, the District has developed a budget that contains a complete financial statement, including a statement of the outstanding obligations of the District, the amount of cash on hand to the credit of each fund of the District, the amount of money received by the District from all sources during the previous year, the amount of money available to the District from all sources during the ensuing year, the amount of the balances expected at the end of the year in which the budget is being prepared, the estimated amount of revenues and balances available to cover the proposal budget, and the estimated fee revenues that will be required; and

**Whereas**, the Board finds that the adoption of the attached budget is merited to support the District’s activities and related expenses from January 1, 2022 through December 31, 2022, and that the attached budget will allow the District to carry out the District’s objectives and responsibilities as prescribed by the District Act and Chapter 36 of the Texas Water Code.

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

- (1) The above recitals are true and correct.
- (2) The Board of Directors of the North Texas Groundwater Conservation District hereby adopts an operating budget for January 1, 2022, to December 31, 2022, as provided in the budget appended hereto as “Attachment A”, which is incorporated herein by reference and hereby approved and adopted.
- (3) The Board of Directors, its officers, and the District employees are further authorized to take any and all actions necessary to implement this resolution.

AND IT IS SO ORDERED.

PASSED AND ADOPTED on this 10th day of August, 2021.

**NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT**

By: \_\_\_\_\_  
President

SEAL

\_\_\_\_\_  
Secretary

**RESOLUTION NO. 2021-08-10-3**

**RESOLUTION TO ESTABLISH 2022 WATER USE FEE RATES  
FOR THE NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT**

THE STATE OF TEXAS §  
§  
NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT §

WHEREAS, the North Texas Groundwater Conservation District (the “District”) is a political subdivision of the State of Texas organized and existing under and by virtue of Article XVI, Section 59, of the Texas Constitution as a groundwater conservation district, acting pursuant to and in conformity with Chapter 36, Texas Water Code and Act of May 19, 2009, 81st Leg., R.S., ch. 248, 2009 Tex. Gen. Laws 686 codified at Chapter 8856 of the Texas Special District Local Laws Code (the “District Act”);

WHEREAS, the District is a governmental agency and a body politic and corporate that is statutorily charged under Chapter 36 of the Texas Water Code and the District Act with protecting the quantity and the quality of groundwater within Cooke, Colin, and Denton Counties;

WHEREAS, the District by rule, resolution, or order may establish, amend, pledge, encumber, and spend the proceeds from, and assess to any person production fees, based on the amount of groundwater authorized by permit to be withdrawn from a well or on the amount of water actually withdrawn, to enable the District to fulfill its purposes and regulatory functions as provided by the District Act;

WHEREAS, the District may assess a production fee for groundwater produced from a well or class of wells exempt from permitting under Section 36.117 of the Texas Water Code, except for a well exempt from permitting under Section 36.117(b)(1), which must be based on the amount of groundwater actually withdrawn from the well and may not exceed the amount established by the District for uses recognized as non-exempt pursuant to Chapter 36 of the Texas Water Code, the District Act, and rules promulgated by the District pursuant to the authority delegated therefrom;

WHEREAS, despite having authority to assess a production fee not to exceed 30 cents per each one thousand gallons of groundwater used annually for nonagricultural purposes, the Board determines that the production fee of \$0.10 cents per each one thousand gallons of groundwater used annually for nonagricultural purposes represents an appropriate, fiscally conservative fee that adequately addresses anticipated budgeting and revenue considerations for the District;

WHEREAS, in accordance with the District Act, the Board determines it necessary and appropriate to keep the production fee of \$1.00 per acre-foot used annually for agricultural purposes, which is the same as that set by the Board for the previous year;

WHEREAS, the Board recognizes that the assessment of such fees serves a legitimate regulatory purpose;

WHEREAS, the Board finds that the notice and hearing requirements for the meeting of the Board, held this day, to take up and consider adoption of these water use have been, and are, satisfied; and

WHEREAS, the Board finds that the proposed resolution is merited and necessary to support the District's efforts in managing the groundwater resources within the boundaries of the District in a manner consistent with the requirements of Chapter 36, Water Code, and the District Act, and that it is supportable under the laws of the State of Texas.

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

- (1) Each of the above recitals are true and correct.
- (2) The Board of Directors of the North Texas Groundwater Conservation District hereby sets a water use fee rate for groundwater production for calendar year 2022 of Ten cents per each one thousand gallons (\$0.10/ 1,000 gallons) of groundwater produced annually for nonagricultural purposes, which includes all nonexempt commercial, municipal, industrial, manufacturing, public water supply, oil and gas, and other nonagricultural users within the District that are not exempt from the water use fee payment requirements set forth in the temporary rules adopted by the District. Such rate will be effective and assessed to groundwater production that occurs during 2022 (January 1, 2022 through December 31, 2022).
- (3) The Board of Directors of the North Texas Groundwater Conservation District hereby sets a water use fee rate for groundwater production for calendar year 2022 of one dollar per acre-foot (\$1.00 / acre-foot) of groundwater used annually for agricultural purposes. Such rate will be effective during 2022 (January 1, 2022 through December 31, 2022).
- (4) The Board of Directors, its officers, and the District staff are further authorized to take any and all actions necessary to implement this resolution.

AND IT IS SO ORDERED.

PASSED AND ADOPTED on this 10th day of August 10, 2021.

**NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT**

By: \_\_\_\_\_  
Board President



ATTEST:  
\_\_\_\_\_  
Board Secretary-Treasurer

ATTACHMENT 7 B-1

North Texas Groundwater Conservation District  
Quarterly Investment Report  
For the Quarter Ended  
June 30, 2021

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

Presented by North Texas Groundwater Conservation District Investment Officers:



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Drew Satterwhite  
General Manager

Debi Atkins  
Finance Officer

Book/Market Value Comparison

Description	Coupon/ Discount	Maturity Date	March 31, 2021			June 30, 2021		
			Face Amount/ Par Value	Book/Market Value	Purchases/ Adjustments	Sales/Adjust/ Call Maturity	Face Amount/ Par Value	Book/Market Value
Independent (DDA)	0.50%	12/31/2020	\$ 1,478,259.81	\$ 1,478,259.81	233,718.94	168,291.41	\$ 1,543,687.34	\$ 1,543,687.34
Independent (ISS)	0.50%	1/1/2021	718,101.68	718,101.68	895.68		\$ 718,997.36	\$ 718,997.36
TexStar	0.10%	1/1/2021	88,126.69	88,126.69	2.10		\$ 88,128.79	\$ 88,128.79
			\$ 2,283,071.14	\$ 2,283,071.14	\$ 234,616.72	\$ 168,291.41	\$ 2,350,813.49	\$ 2,350,813.49



Investment Holdings  
6/30/2021

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Face Amount/Par Value	Book Value	Market Price	Market Value	Life (Day)	Yield
Independent (DDA)		0.50%	7/1/2021	6/30/2021	\$ 1,543,687.34	\$ 1,543,687.34	1.00	\$ 1,543,687.34	1	0.50%
Independent (ISS)		0.50%	7/1/2021	6/30/2021	718,997.36	718,997.36	1.00	718,997.36	1	0.50%
TexStar		0.10%	7/1/2021	6/30/2021	88,129.79	88,129.79	1.00	88,129.79	1	0.10%
					<u>\$ 2,350,814.49</u>	<u>\$ 2,350,814.49</u>		<u>\$ 2,350,814.49</u>	<u>1</u>	

(1)

(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.

ATTACHMENT 10 b.

# NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT

## Well Registration Summary

(as of 7/31/2021)

Well Type	Collin	Cooke	Denton	Total NTGCD	New Registrations July 2021
Domestic	84	524	904	1512	9
Public Water System	33	75	224	333	0
Irrigation	96	4	185	285	2
Surface Impoundment	55	17	115	187	2
Livestock	7	81	63	151	1
Oil / Gas	1	6	66	73	0
Agriculture	10	13	41	64	1
Commercial	6	8	39	53	0
Golf Course Irrigation	15	2	21	38	0
Other	9	5	20	34	0
Industrial / Manufacturing	7	13	9	29	0
Monitoring	0	0	3	3	0
<b>TOTALS</b>	<b>323</b>	<b>748</b>	<b>1690</b>	<b>2762</b>	<b>15</b>

**NOTE: Plugged wells have been excluded**

ADJOURN