

**NORTH TEXAS  
GROUNDWATER  
CONSERVATION  
DISTRICT**

**BOARD MEETING**

**MUSTANG SUD ADMINISTRATIVE OFFICES  
7985 FM 2931  
AUBREY, TEXAS**

**TUESDAY  
SEPTEMBER 11, 2018  
10:00 AM**

# NOTICE OF PUBLIC MEETING

OF THE  
BOARD OF DIRECTORS of the

**NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT**  
at the

**Mustang SUD Administrative Offices**  
**7985 FM 2931**  
**Aubrey, Texas**  
**Tuesday, September 11, 2018**

## Board Meeting

The regular Board Meeting will begin at 10:00 a.m.

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 July 10, 2018, Board meeting.
5. Consider and act upon approval of invoices and reimbursements.
6. Receive reports from the following Committees\*:
  - a. Budget and Finance Committee
    - 1) Receive Monthly Financial Information
  - b. Investment Committee
    - 1) Receive Quarterly Investment Report
  - c. Groundwater Monitoring and Database Committee
  - d. Management Plan Committee
7. Consider and act upon authorizing the execution of a Deposit Placement Agreement with Independent Bank.
8. Consider and act upon updating the District's Investment Strategy.

9. Consider and act upon solicited proposals for audit services.
10. Update and possible action regarding the process for the development of Desired Future Conditions (DFCs).
11. Consider and act upon compliance and enforcement activities for violations of District rules.
  - a. Hydrous Americas Cable Park, LLC
12. General Manager's Report: The General Manager will update the board on operational, educational and other activities of the District.
13. Receive presentation regarding permanent rules development and review of rules amendment draft.
  - a. Consider and act upon action items for rules development
14. Open forum / discussion of new business for future meeting agendas.
15. Adjourn public meeting.

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

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

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

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

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

ATTACHMENT 4

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

**TUESDAY JULY 10, 2018**

**MUSTANG SUD ADMINISTRATIVE OFFICES  
7985 FM 2931  
AUBREY, TEXAS**

---

**Members Present:** Ronny Young, Thomas Smith, Maurice Schwanke, Ron Sellman, Evan Groeschel and Allen Knight

**Members Absent:** Chris Boyd, David Flusche, and Joe Helmberger

**Staff:** Drew Satterwhite, Paul Sigle, Wayne Parkman, Allen Burks, Debi Atkins, Theda Anderson, Carolyn Bennett, and Velma Starks

**Visitors:** Kristen Fancher, Fancher Legal  
James Beach, WSP  
Pete Schulmeyer, Collier Consulting  
Neal Welch, City of Sanger  
Carl Deaton, Hankins, Eastup, Deaton, Tonn & Seay

---

**Public Hearing**

**Agenda:**

1. Call to Order, declare hearing open to the public, and take roll.

President Ronny Young called the meeting to order at 10:02, declared hearing open to the public and took roll.

2. Conduct Show Cause hearing under Rule 9.6 on the following for alleged violations of District Rules, discuss, consider, receive testimony, and take appropriate action, including without limitation authorizing the District to initiate a civil lawsuit to enforce compliance with the District Rules, including recovery of civil penalties, costs, and attorney's fees, and all other appropriate legal and equitable relief.

A. Hydrous Americas Cable Park, LLC, 75387 Baxtershire Dr., Dallas 75230

No Hydrous Americas Cable Park, LLC representative was present. After brief discussion an additional \$500 dollar fine was decided upon to be paid within 60 days. Legal action was discussed. Thomas Smith made the motion to add \$500 dollars to current violation fee to be paid within 60 days, to pursue lawsuit, including legal fees, and injunction to shut them down until they come into compliance pursuant to state law. Ron Sellman seconded the motion. Motion passed unanimously.

3. Adjourn or continue show cause hearing.

President Ronny Young adjourned the show cause hearing at 10:08 a.m.

---

### Board Meeting

The regular Board Meeting will begin at 10:05 a.m. or upon the adjournment of the above-noticed Public Hearing, whichever is later.

1. Pledge of Allegiance and Invocation

President Ronny Young led the group in the Pledge of Allegiance and provided the invocation.

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

President Young called the meeting to order 10:09 a.m., established a quorum was present, and declared the meeting open to the public.

3. Public Comment

There were no citizens present requesting to appear before the Board of Director for public comment.

4. Consider and act upon approval of the minutes from the May 8, 2018 board meeting

Motion was made by Thomas Smith to approve the minutes of the May 8, 2018 meeting. The motion was seconded by Evan Groeschel, and passed. Ron Sellman abstained.

5. Consider and act upon approval of invoices and reimbursements

After review and brief discussion Allen Knight made the motion to approve Resolution No. 2018-07-10-01. Ron Sellman seconded the motion. Motion passed unanimously.

6. Consider and act upon 2017 Audit.

Carl Deaton, auditor with Hankins, Eastup, Deaton, Tonn & Seay presented the audit to the Board. Mr. Deaton discussed the District's fee rate in relation to budget, and the fact that enforcement of rules and fee payments is a necessary part of ensuring the District's functionality. Ron Sellman made the motion to accept the audit as presented. Allen Knight seconded the motion. Motion passed unanimously.

7. Receive reports from the following Committees\*:

- a. Budget and Finance Committee

1) Receive Monthly Financial Information

General Manager Drew Satterwhite reviewed the financial information with the Board. Board requested a report showing comparison from last year at the same time could be provided in the future.

2) Consider and act upon 2019 Operating Budget and Adopt Rate Schedule

General Manager Drew Satterwhite reviewed the proposed budget and reminded the Board that NTGCD provides the administrative services for GMA-8. GMA-8 will be selecting a consultant at the next meeting which will have an effect on the budget. Each of the GMA-8 districts are asked to provide funding for GMA-8 business. The Budget Committee (Ronny Young, Allen Knight, and Evan Groeschel) suggested that after a selection is made, adjustments could be made as necessary. No changes were made to the production fee rate schedule. Ron Sellman made the motion to adopt the proposed budget as presented. Evan Groeschel seconded the motion. Thomas Smith had stepped out of the meeting. The motion passed unanimously with Thomas Smith absent.

b. Groundwater Monitoring and Database Committee

General Manager Drew Satterwhite updated the Board on the progress and anticipates to be working with the new database after the billing cycle.

c. Management Plan Committee

1) Receive Quarterly Report

General Drew Satterwhite presented the Quarterly Report to the Board.

8. Consider and act upon a District Vehicle Replacement Policy

General Manager Drew Satterwhite presented the Board with a proposed policy relating to vehicle replacement. After a discussion, Ron Sellman made the motion to accept the policy with an amendment to state when a District vehicle reaches 75,000 miles or 4 years-old or experiences any major problems, whichever is sooner, the District staff shall initiate efforts to seek prices on a new vehicle. Maurice Schwanke seconded the motion. Motion passed unanimously.

9. Consider and act upon opening an account with TexSTAR

General Manager Drew presented background information to the Board relating to opening an account with TexStar. After a discussion, Thomas Smith made the motion to open an account with TexSTAR. Allen Knight 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 reported to the Board that the GMA-8 met on June 27<sup>th</sup>. The Districts reported on their Management Plan and Rules. The GMA-8 will use the RFQ process to hire a consultant.

- 11. Consider and act upon compliance and enforcement activities for violations of District’s Rules.
  - a. Hydrous Americas Cable Park, LLC  
The decision was made during the Show Cause Hearing regarding legal action to be taken.
- 12. General Manager’s Report: The General Manager will update the Board on operational, educational and other activities of the District.

General Manager Drew Satterwhite reported the well registrations, 23 for May and 29 for June.

- 13. Receive presentation regarding permanent rules development.
  - a. Consider and act upon action items for rules development

James Beach reviewed the spacing data with the Board. After a discussion, Thomas Smith made the motion to use the 2-day and 2% inputs into the spacing analysis. Maurice Schwanke seconded the motion. Motion passed unanimously.

Kristen Fancher reviewed the language of the rules with the Board. The Board discussed the language and requested Kristen Fancher to draft the language based on the discussion.

- 14. Open forum/discussion of new business for future meetings

The Board decided to skip the August meeting. September 11 is scheduled to be a workshop over the rules package and then possibly hold a public hearing in October.

- 15. Adjourn public meeting

President Young declared the meeting adjourned at 12:16 p.m.

#####

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

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



ATTACHMENT 5



RESOLUTION NO. 2018-09-11-01

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE NORTH TEXAS GROUNDWATER  
CONSERVATION DISTRICT AUTHORIZING PAYMENT OF ACCRUED LIABILITIES FOR THE  
MONTHS OF JULY AND AUGUST 2018

The following liabilities are hereby presented for payment:

<b><u>Administrative Services</u></b>	<b><u>Amount</u></b>
GTUA -July	23,759.27
GTUA - August	35,310.95
<b><u>Advertising</u></b>	
Star Local Media -Water education tips	259.00
<b><u>Auditing</u></b>	
Hankins Eastup Deaton Tonn & Seay- June services	5,400.00
<b><u>Consultant</u></b>	
WSP USA - June 2018	1,190.00
WSP USA - July 2018	5,141.76
<b><u>Direct Costs</u></b>	
Nextraq - June	39.95
Nextraq - July	39.95
Nextraq - August	39.95
<b><u>Insurance</u></b>	
TWCA Risk Management Fund - Policy Admendment	10.00
<b><u>Legal</u></b>	
Law Offices of Kristen Fancher, PLLC - June 2018	3,878.00
Law Offices of Kristen Fancher, PLLC - July 2018	4,026.43
<b><u>Legal-Injection</u></b>	
Sledge Law - May 2018	2,195.90
Sledge Law - June 2018	1,605.45
Sledge Law - July 2018	2,438.00
<b><u>Meetings &amp; Conference</u></b>	
Mustang SUD - September Meeting	75.00
<b><u>Software Maintenance</u></b>	
Aquaveo-June	500.00
Aquaveo-July	500.00
Aquaveo-August	500.00
Intera - July	4,179.09
<b><u>Well Monitoring</u></b>	

Statewide Plat Service - May and June 2018

112.80

**GRAND TOTAL:**

**\$ 91,201.50**

On motion of \_\_\_\_\_ and seconded by \_\_\_\_\_ the foregoing Resolution was passed and approved on this, the 11th day of September, 2018 by the following vote:

AYE:

NAY:

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

\_\_\_\_\_  
President

ATTEST:

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

ATTACHMENT 6 A-1



**North Texas Groundwater Conservation District**

**Balance Sheet**

For General Fund (00)

August 31, 2018

**Assets**

00-01-10001	Checking Account	659,956.06
00-01-10005	Index Account	206,111.06
00-01-10010	Investments	500,000.00
00-01-10025	Accounts Receivable	170,042.55
00-01-10048	A/R Strittmatter Irrigation	14,000.00
00-01-10050	A/R 440 Ranch	1,500.00
00-01-10051	A/R Hydrous American Cable	1,500.00
00-01-10052	A/R Alpha Omega	100.00
00-01-12001	PP Expense	3,394.16
	<b>Total</b>	<u>1,556,603.83</u>
	<b>Total Assets</b>	<u>\$ 1,556,603.83</u>

**Liabilities and Fund Balance**

00-01-23100	Accounts Payable	49,403.83
00-01-23150	Well Drillers Deposits	35,700.00
	<b>Total</b>	<u>85,103.83</u>
	<b>Total Liabilities</b>	<u>85,103.83</u>
00-01-35100	Fund Balance	1,292,708.63
00-01-35110	Current Year Excess of Revenue over Expenses	163,166.99
	<b>Total</b>	<u>1,455,875.62</u>
	Excess of Revenue Over Expenditures	15,624.38
	<b>Total Fund Balances</b>	<u>1,471,500.00</u>
	<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,556,603.83</u>

**North Texas Groundwater Conservation District**

**Statement of Revenue and Expenditures**

9/6/2018 4:11pm

Revised Budget

For General Fund (00)

For the Fiscal Period 2018-8 Ending August 31, 2018

Account Number	Current Budget	Current Actual	Annual Budget	YTD Actual	Remaining Budget %
<b>Revenues</b>					
00-01-46001 Well Production Fees	\$ 0.00	\$ 0.00	\$ 698,000.00	\$ 349,051.11	49.99%
00-01-46003 Well Registration Fees	1,500.00	1,100.00	18,000.00	12,600.00	30.00%
00-01-46005 Well Drillers Fees	0.00	0.00	0.00	1,300.00	0.00%
00-01-46010 GMA8 Fees	0.00	0.00	10,000.00	0.00	100.00%
00-01-46015 Late Fees	0.00	0.00	0.00	5,827.60	0.00%
00-01-46016 Penalty and Fines	0.00	0.00	0.00	1,600.00	0.00%
00-01-46100 Interest Inc	0.00	0.00	1,500.00	2,725.76	(81.72%)
<b>Total General Fund Revenues</b>	<b>\$ 1,500.00</b>	<b>\$ 1,100.00</b>	<b>\$ 727,500.00</b>	<b>\$ 373,104.47</b>	<b>48.71%</b>
<b>Expenditures</b>					
00-01-77011 Admin-Operations	\$ 0.00	\$ (1,764.00)	\$ 0.00	\$ 0.00	0.00%
00-01-77012 Admin-Mileage	208.33	206.90	2,500.00	1,430.90	42.76%
00-01-77013 Admin-Secretarial	2,500.00	3,941.00	30,000.00	9,772.00	67.43%
00-01-77014 Admin-Project Coordinator	1,250.00	960.00	15,000.00	12,524.00	16.51%
00-01-77015 Admin-GM	4,583.33	5,428.00	55,000.00	38,502.00	30.00%
00-01-77016 Admin-Clerical	2,750.00	3,768.00	33,000.00	23,454.00	28.93%
00-01-77025 Accounting	2,083.33	3,450.00	25,000.00	16,404.00	34.38%
00-01-77027 Auditing	0.00	(5,400.00)	5,500.00	5,400.00	1.82%
00-01-77030 Advertising	83.33	259.00	1,000.00	259.00	74.10%
00-01-77050 Banking Fees	0.00	0.00	0.00	10.00	0.00%
00-01-77150 Consulting- Hydrogeo	7,083.33	5,141.76	85,000.00	32,731.27	61.49%
00-01-77325 Direct Cost	333.33	308.66	4,000.00	2,720.15	32.00%
00-01-77450 Dues & Subscription	166.67	15.75	2,000.00	427.08	78.65%
00-01-77480 Equipment	0.00	381.13	2,000.00	835.19	58.24%
00-01-77500 Fees-GMA8	916.67	0.00	11,000.00	229.00	97.92%
00-01-77550 Field Tech	10,416.67	11,879.50	125,000.00	74,690.00	40.25%
00-01-77560 Field Permitting/Geologist	5,833.33	5,698.00	70,000.00	28,379.00	59.46%
00-01-77650 Fuel/Maintenance	250.00	394.15	3,000.00	2,372.66	20.91%
00-01-77800 Injection Well Monitoring	58.33	(2,438.00)	700.00	332.00	52.57%
00-01-77810 Insurance	0.00	339.42	4,000.00	2,921.84	26.95%
00-01-77970 Legal	4,166.67	0.00	50,000.00	32,308.43	35.38%
00-01-77975 Legal-Injection	833.33	4,043.45	10,000.00	11,610.05	(16.10%)
00-01-78010 Meetings & Conferences	375.00	277.28	4,500.00	2,898.72	35.58%
00-01-78310 Rent	200.00	200.00	2,400.00	1,600.00	33.33%
00-01-78600 Software Maint	833.33	5,179.09	10,000.00	54,086.41	(440.86%)
00-01-78610 Telephone	166.67	207.03	2,000.00	1,582.39	20.88%
<b>Total General Fund Expenditures</b>	<b>\$ 45,091.65</b>	<b>\$ 42,476.12</b>	<b>\$ 552,600.00</b>	<b>\$ 357,480.09</b>	<b>35.31%</b>
<b>General Fund Excess of Revenues Over Expenditures</b>	<b>\$ (43,591.65)</b>	<b>\$ (41,376.12)</b>	<b>\$ 174,900.00</b>	<b>\$ 15,624.38</b>	



**North Texas Groundwater Conservation District  
Statement of Revenue and Expenditures  
YTD Comparative Statement  
For the Fiscal Period Ending August 31, 2018**

Account Number	Previous YTD Actual	YTD Actual
<b>Revenue</b>		
00-01-46001 Well Production Fees	276,837.95	349,051.11
00-01-46003 Well Registration Fees	10,700.00	12,600.00
00-01-46005 Well Drillers Fees	0.00	1,300.00
00-01-46010 GMA8 Fees	0.00	0.00
00-01-46015 Late Fees	(166.63)	5,827.60
00-01-46016 Penalty and Fines	0.00	1,600.00
00-01-46100 Interest Inc	1,433.15	2,725.76
<b>Total General Fund Revenues</b>	<u>\$ 288,804.47</u>	<u>\$ 373,104.47</u>
<b>Expenditures</b>		
00-01-77012 Admin-Mileage	1,507.13	1,430.90
00-01-77013 Admin-Secretarial	16,100.00	9,772.00
00-01-77014 Admin-Project Coordinator	16,332.00	12,524.00
00-01-77015 Admin-GM	35,736.00	38,502.00
00-01-77016 Admin-Clerical	21,976.32	23,454.00
00-01-77025 Accounting	13,043.50	16,404.00
00-01-77027 Auditing	5,400.00	5,400.00
00-01-77030 Advertising	1,238.43	259.00
00-01-77050 Banking Fees	0.00	10.00
00-01-77150 Consulting- Hydrogeo	51,877.67	32,731.27
00-01-77325 Direct Cost	3,537.29	2,720.15
00-01-77450 Dues & Subscription	1,828.83	427.08
00-01-77480 Equipment	0.00	835.19
00-01-77500 Fees-GMA8	3,225.52	229.00
00-01-77550 Field Tech	72,739.50	74,690.00
00-01-77560 Field Permitting/Geologist	0.00	28,379.00
00-01-77650 Fuel/Maintenance	1,654.93	2,372.66
00-01-77800 Injection Well Monitoring	420.60	332.00
00-01-77810 Insurance	2,555.29	2,921.84
00-01-77970 Legal	25,921.57	32,308.43
00-01-77975 Legal-Injection	12,388.40	11,610.05
00-01-77980 Legal-Legislation	14,095.00	0.00
00-01-78010 Meetings & Conferences	2,535.33	2,898.72
00-01-78310 Rent	1,600.00	1,600.00
00-01-78600 Software Maint	21,649.08	54,086.41
00-01-78610 Telephone	1,352.45	1,582.39
<b>Total General Fund Expenditures</b>	<u>\$ 328,714.84</u>	<u>\$ 357,480.09</u>
<b>General Fund Excess of Revenues over Expenditures</b>	<b>\$ (39,910.37)</b>	<b>\$ 15,624.38</b>

ATTACHMENT 6 B-1

North Texas Groundwater Conservation District  
Quarterly Investment Report  
For the Quarter Ended  
June 30, 2018

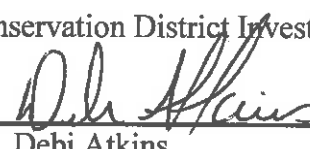
The investment portfolio of the North Texas Groundwater Conservation District is in compliance with the Public Funds Investment Act and the Investment Policy and Strategies.

Presented by North Texas Groundwater Conservation District Investment Officers:



---

Drew Satterwhite  
General Manager



---

Debi Atkins  
Finance Officer

Investment Holdings  
6/30/18

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Face Amount/Par Value	Book Value	Market Price	Market Value	Life (Day)	Yield
Independent (DDA)		0.05%	7/1/2018	6/30/2018	\$ 622,746.18	\$ 622,746.18	1.00	\$ 622,746.18	1	0.05%
Independent (ISS)		0.15%	7/1/2018	6/30/2018	205,879.12	205,879.12	1.00	205,879.12	1	0.15%
Landmark Bank		1.59%	11/16/2018	11/10/2017	500,000.00	500,000.00	100.00	500,000.00	139	1.59%
					<u>\$ 1,328,625.30</u>	<u>\$ 1,328,625.30</u>		<u>\$ 1,328,625.30</u>	<u>53</u>	
									<u>(1)</u>	

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

Book/Market Value Comparison

Description	Coupon/ Discount	Maturity Date	March 31, 2018			June 30, 2018		
			Face Amount/ Par Value	Book/Market Value	Purchases/ Adjustments	Sales/Adjust/ Call Maturity	Face Amount/ Par Value	Book/Market Value
Independent (DDA)	0.05%	1/1/2018	\$ 190,812.26	\$ 190,812.26	431,933.92	\$ 622,746.18	\$ 622,746.18	
Independent (ISS)	0.15%	1/1/2018	205,802.16	205,802.16	76.96	205,879.12	205,879.12	
Landmark Bank	1.59%	11/16/2018	500,000.00	500,000.00		500,000.00	500,000.00	
			<u>\$ 896,614.42</u>	<u>\$ 896,614.42</u>	<u>\$ 432,010.88</u>	<u>\$ -</u>	<u>\$ 1,328,625.30</u>	<u>\$ 1,328,625.30</u>

ATTACHMENT 7



## AGENDA COMMUNICATION

---

DATE: September 6, 2018

SUBJECT: AGENDA ITEM NO. 7

**CONSIDER AND ACT UPON AUTHORIZING THE EXECUTION OF A DEPOSIT PLACEMENT AGREEMENT WITH INDEPENDENT BANK**

**ISSUE**

Consider authorizing the execution of a Deposit Placement Agreement with Independent Bank.

**BACKGROUND**

When the District was first created, Index and Checking accounts were set up with Independent Bank. The District has utilized these accounts since inception.

Recently, the District staff began exploring more opportunities for investment earnings. During this process, the staff was unable to locate a Deposit Placement Agreement. We subsequently called the bank and they were unable to locate a copy as well.

This agreement sets forth standard account conditions such as who can sign, termination conditions, maximum number of withdrawals, etc.

**CONSIDERATIONS**

Independent Bank has provided us with the attached agreement. The agreement is their standard Deposit Placement Agreement. In the process, staff was able to negotiate a 1.25% and 1.65% interest rate increase on the Index and Checking account, respectively.

**STAFF RECOMMENDATIONS**

The staff recommends authorizing the execution of the Deposit Placement Agreement with Independent Bank.

**ATTACHMENT**

Deposit Placement Agreement

PREPARED AND SUBMITTED BY:

Drew Satterwhite, General Manager

SUBMITTED BY:

Debi Atkins, Finance Officer



Insured Cash Sweep<sup>®</sup> or ICS<sup>SM</sup>  
Customer Information Form<sup>1</sup>

Primary Customer Name: <b>North Texas Groundwater Conservation Dis</b>	
Secondary Customer Name (if applicable):	
Legal Account Title: <b>North Texas Groundwater Conservation Dis</b>	
Contact Name (for non-personal accounts): <b>Drew Satterwhite</b>	
Is the customer an existing CDARS <sup>®</sup> and/or ICS <sup>SM</sup> customer? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <small>(Note: All CDARS and all ICS Customer Profiles are linked. Changes made to the Customer Profile impact both services.)</small>	
Customer Class: <input type="checkbox"/> Individual / Joint / Revocable Trust <input type="checkbox"/> Estate / Irrevocable Trust <input checked="" type="checkbox"/> Corporation / LLC <input type="checkbox"/> Partnership / Limited Liability Partnership <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Nonprofit Institution <input type="checkbox"/> Clubs and Associations <input type="checkbox"/> Public Entity <input type="checkbox"/> Foreign Government <input type="checkbox"/> Savings Bank / Credit Union <input type="checkbox"/> Other Bank / Financial Institution	
Primary Mailing Address: <b>PO Box 508</b>	
City / State / Zip: <b>Gainesville, TX 76241</b>	
Duplicate Statement Address (if applicable):	
City / State / Zip:	
Telephone Number: <b>855-426-4433</b>	U.S. Citizen: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Email Address (required):	If No, Country of Citizenship: _____
Primary Owner Tax ID Number: <b>30-0593873</b>	Type: <input type="checkbox"/> SSN <input checked="" type="checkbox"/> TIN <input type="checkbox"/> Non-Resident With SSN / TIN <input type="checkbox"/> Non-Resident Without SSN / TIN <input type="checkbox"/> Individual Tax ID Number
Secondary Owner Tax ID Number (if applicable):	Type: <input type="checkbox"/> SSN <input type="checkbox"/> TIN <input type="checkbox"/> Non-Resident With SSN / TIN <input type="checkbox"/> Non-Resident Without SSN / TIN <input type="checkbox"/> Individual Tax ID Number
Primary Owner Other ID (required if no Tax ID): <sup>2</sup> <small>(If you do not have a U.S. Tax ID, populate a checkbox to the right.)</small>	Other ID Type: <input type="checkbox"/> Drivers License <input type="checkbox"/> Passport <input type="checkbox"/> Other
Secondary Owner Other ID (required if no Tax ID): <sup>2</sup> <small>(If you do not have a U.S. Tax ID, populate a checkbox to the right.)</small>	Other ID Type: <input type="checkbox"/> Drivers License <input type="checkbox"/> Passport <input type="checkbox"/> Other
<sup>1</sup> Funds may be submitted for placement only after entering into an ICS Deposit Placement Agreement with us.	
<sup>2</sup> If you do not have a U.S. Tax ID, you must use this same alternate ID for all CDARS and all ICS transactions with all institutions. If you subsequently obtain a U.S. Tax ID, you must promptly inform us and other institutions so that your correct information can be recorded for tax reporting, ICS document tracking, and FDIC insurance purposes.	



**Customer Exclusions:**

There is no need to exclude institutions that currently hold your funds through the CDARS or ICS service. Providing the same Tax ID for each of your CDARS or ICS accounts will enable the location of your current placement(s) to be recognized. These institutions will automatically be excluded from future placements.

Bank:	TRN:	City, State:

**Account Setup:**

Institution Transaction Account No.: 1000090652	Account Rate: .15 Program Name: Independent Bank MM or DDA (circle one) Rate Description: APR
Would you like to identify an ICS demand option account you would like to use to place funds that return to your transaction account in the event you exceed the ICS savings option program withdrawal limit? <input type="checkbox"/> Yes <input type="checkbox"/> No	
If yes, please provide an Account No.:	
Notes: At our discretion, we may change the interest rate for this account.	

**Additional Information:**

**Signatures:**

Customer Signature _____	Date _____
Institution Signature _____	Date _____

*Devi*



## Deposit Placement Agreement

You, the undersigned, enter into this ICS Deposit Placement Agreement (this "Agreement") with Independent Bank ("we" or "us"). This Agreement states the terms and conditions on which we (as your "Relationship Institution") will endeavor to place funds into deposit accounts at receiving depository Institutions (each a "Destination Institution") from a transaction account with us into which you (the "Depositor") have deposited funds for such placement (the "Transaction Account"). The Destination Institutions will be depository institutions at which deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to maximum deposit insurance amounts.

We will endeavor to place your funds at Destination Institutions using ICS®, the Insured Cash Sweep® service of Promontory Interfinancial Network, LLC ("Promontory"). The amount of your funds that we place in the deposit accounts that have been established for the placement of your funds at Destination Institutions (each a "Deposit Account") will not exceed the FDIC standard maximum deposit insurance amount ("SMDIA"), currently \$250,000, at any one Destination Institution.

We offer placement of funds through ICS to businesses, nonprofit entities, and, subject to applicable law, public entities. We may also choose to place funds through ICS for individuals with a demonstrated need to maintain large cash balances (e.g., \$500,000 or more) over a 12-month period. You must be capable of using, and you agree to use, the ICS Depositor Control Panel ("DCP"), an online tool described in this Agreement, to review proposed placements and for other purposes. You also agree to receive notices concerning ICS deposits that may be posted on the DCP or sent by email.

Funds in your Deposit Accounts will be "deposits," as defined by federal law, at the Destination Institutions. We offer both the ICS demand option and the ICS savings option. Each Deposit Account at a Destination Institution in which your funds will be placed using the ICS demand option will be a demand deposit account ("DDA"). Each Deposit Account at a Destination Institution in which your funds will be placed using the ICS savings option will be a money market deposit account ("MMDA"). With the ICS demand option, you are permitted unlimited withdrawals. With the ICS savings option, you are permitted up to six withdrawals per month.

### 1. Your Relationship With Us

#### 1.1. Agency and Custodial Relationship

(a) We will act as your agent in placing your funds in Deposit Accounts through ICS and, under our separate custodial agreement with you (the "Custodial Agreement"), as your custodian for the Deposit Accounts. We will not act as your investment adviser, and we will have no obligation to advise you of alternative investments. The Bank of New York Mellon ("BNY Mellon") will act as our sub-custodian, settlement agent, reconciliation agent, and recordkeeper. BNY Mellon will also act as recordkeeper for Destination Institutions at which your Deposit

Accounts are established, maintaining certain deposit account records for those Destination Institutions.

(b) Each Deposit Account (i) will be recorded on the records of the Destination Institution in the name of BNY Mellon, as our sub-custodian, (ii) will be recorded on the records of BNY Mellon in our name, as your custodian, and (iii) will be recorded on our records to be FDIC-insured to the same extent as if you held it directly with the Destination Institution. For purposes of Article 8 of the Uniform Commercial Code, we will act as your securities intermediary for, and will treat as financial assets, your Deposit Accounts and all your security entitlements and other related interests and assets with respect to your Deposit Accounts, and we will treat you as entitled to exercise the rights that comprise your Deposit Accounts. All interests that we hold with respect to your Deposit Accounts are held by us solely as your securities intermediary and are not our property. You are and will remain the owner of all funds of yours that we place for you through the ICS service and any interest on those funds.

(c) As further described below, on each day that is not a Saturday, a Sunday, or another day on which banks in New York, New York, are authorized or required by law or regulation to close (a "Business Day"), our proposed allocation of your funds to Destination Institutions will be available to you in advance on the DCP to approve or reject. We have entered into an agreement with Promontory to use the ICS service in connection with such allocations. In using ICS, we will adhere to Promontory's policies and procedures. Promontory is not your agent or custodian, however, and it is not responsible for placement of your funds or custody of your Deposit Accounts.

#### 1.2. Termination of Custodial Relationship

(a) Either you or we may terminate the custodial relationship between you and us at any time. You may not transfer your Deposit Accounts to another custodian, but you may dismiss us as your custodian for a Deposit Account and request that your ownership of the Deposit Account will be recorded in your name on the books of the Destination Institution. We will endeavor to cause any such request that we receive from you to be promptly forwarded to the Destination Institution. Each Destination Institution at which your funds may be placed has agreed that it will promptly fulfill any such requests, subject to its customer identification policies and other standard account opening terms and conditions.

(b) If a Deposit Account has been recorded in your name on the books of a Destination Institution pursuant to Section 1.2(a), (i) you will be able to enforce your rights in the Deposit Account directly against the Destination Institution, but we will no longer have any custodial responsibility with respect to the Deposit Account and you will no longer be able to enforce your rights in the Deposit Account against the Destination Institution through us, and (ii) the interest rate applicable to the Deposit Account will be the interest rate that the Destination Institution establishes, which may be lower than an interest rate that we might have established.

## 2. Your Deposits at Destination Institutions

### 2.1. *The Deposit Accounts and the Interest Rate*

(a) Each of your Deposit Accounts, including the principal balance and the accrued interest, will be a deposit obligation of the Destination Institution at which the Deposit Account has been established and will not be an obligation of Promontory, BNY Mellon, or us. We, as your custodian, will maintain on our books and records, either directly or with the assistance of BNY Mellon, a custodial account in which we will hold your interests with respect to the Deposit Accounts (an "ICS Custodial Account"). We will establish for you separate ICS Custodial Accounts for funds placed using the ICS demand option and for funds placed using the ICS savings option. In addition, we may permit you to have multiple ICS Custodial Accounts for your business purposes with either option, and we may also permit you to have multiple Transaction Accounts associated with an ICS Custodial Account. Having multiple ICS Custodial Accounts or multiple Transaction Accounts will not expand the FDIC insurance coverage available to you in a single insurable capacity.

(b) The interest rate for your Deposit Accounts at Destination Institutions on any day will be the then-current rate we establish for them, which may be any rate (including zero) and which we may modify at any time (the "Interest Rate"). We may establish different Interest Rates for your use of the ICS demand option and the ICS savings option. We do not offer or promise you any particular Interest Rate. In particular, we do not promise you that an Interest Rate will be any particular rate or that an Interest Rate that may be effective at a given time will be effective at a later time. Through your continued participation in ICS, you accept each applicable Interest Rate.

(c) The Destination Institutions have agreed that interest on your Deposit Accounts will accrue and compound daily at the applicable Interest Rate and will be credited to principal at least once each month. Payment of the full amount of all accrued interest with respect to a Deposit Account at a Destination Institution will be solely the responsibility of, and solely enforceable against, that Destination Institution. We will have no indebtedness to you for any such amount.

(d) In accordance with federal regulations, for funds placed using the ICS savings option, each Destination Institution reserves the right to require written notice of an intended withdrawal from an MMDA not less than seven days before the withdrawal is made. The Destination Institutions have indicated that they do not currently intend to exercise this right.

### 2.2. *Balances and Statements*

(a) On any day, you may confirm through the DCP the aggregate principal balance in your Deposit Accounts (your "Program Balance") for each ICS Custodial Account, and your principal balance and accrued interest at each Destination Institution for each ICS Custodial Account, as of the settlement of payments to and from ICS participating institutions through BNY Mellon ("ICS Settlement") for the preceding Business Day or, after completion of ICS Settlement on a Business Day, for that Business Day.

(b) For each ICS Custodial Account, we will provide you with periodic account statements that include your Program Balance as of

the end of the statement period, the total interest you have earned on your Deposit Accounts during the period, the rate of return you have earned on the daily average closing principal balance in your Deposit Accounts for the period (which will be referred to as the "Statement Period Yield"), and your principal balance at each Destination Institution in which your funds are deposited as of the end of the period. You should retain these account statements.

(c) The account information available on the DCP as described in Section 2.2(a), and the periodic statements described in Section 2.2(b), will be your record of your Deposit Accounts.

## 3. Program Deposits and Program Withdrawals

### 3.1. *Triggering Events*

(a) Schedule 1 to this Agreement sets forth events that will trigger a transfer of funds at ICS Settlement from the Transaction Account to the Deposit Accounts (a "Program Deposit") or a transfer of funds at ICS Settlement from the Deposit Accounts to the Transaction Account (a "Program Withdrawal").

(b) Depending on the terms of Schedule 1, an event that triggers a Program Deposit or a Program Withdrawal (a "Triggering Event") may be a specified change in the Transaction Account balance, a request by you that we accept, or another event described in Schedule 1.

(c) If we permit you to have multiple Transaction Accounts associated with a single ICS Custodial Account, Schedule 1 may specify separate sets of Triggering Events for each Transaction Account or one set of Triggering Events for all Transaction Accounts.

### 3.2. *Program Deposits*

(a) The occurrence of a Triggering Event for a Program Deposit does not result in a transfer of funds to your Deposit Accounts until the applicable ICS Settlement occurs. Schedule 2 to this Agreement contains important information regarding the status of funds in the Transaction Account.

(b) Subject to the other terms and conditions of this Agreement, and except as provided in the next subsection, a Triggering Event for a Program Deposit under Schedule 1 will result in a transfer of funds to your Deposit Accounts at ICS Settlement the next Business Day (a "Regular Program Deposit").

(c) Schedule 1 states whether a transfer of funds to your Deposit Accounts at ICS Settlement on the same Business Day (a "Same-Day Program Deposit") is available and, if so, the cutoff time for you to request a Same-Day Program Deposit (the "Same-Day Deposit Cutoff Time"). To the extent Schedule 1 so provides, and subject to the other terms and conditions of this Agreement, a request that we receive and accept before the Same-Day Deposit Cutoff Time will be a Triggering Event that results in a Same-Day Program Deposit.

(d) We may impose a maximum Program Balance amount for your deposits placed through ICS and will inform you of any maximum Program Balance we impose. Even if a Triggering Event for a Program Deposit occurs, we may choose not to transfer the amount to your Deposit Accounts to the extent it would cause the Program Balance to

exceed the maximum amount. In addition, we may choose not to transfer to the Deposit Accounts an amount that we have credited to the Transaction Account, but have not yet collected from a third party.

(e) There is no per-month limit on the number of permitted Program Deposits.

### 3.3. Program Withdrawals

(a) Subject to the other terms and conditions of this Agreement, a Triggering Event for a Program Withdrawal under Schedule 1 will result in a transfer of funds from your Deposit Accounts at ICS Settlement the next Business Day (a "Regular Program Withdrawal"). If the Triggering Event occurs on the last Business Day of a month, the Program Withdrawal will occur on the first Business Day of the following month for purposes of the Program Withdrawal limit that applies in connection with the ICS savings option.

(b) Schedule 1 states whether the transfer of funds from your Deposit Accounts at ICS Settlement on the same Business Day (a "Same-Day Program Withdrawal") is available and, if so, the cutoff time for you to request a Same-Day Program Withdrawal (the "Same-Day Withdrawal Cutoff Time"). To the extent Schedule 1 so provides, and subject to the other terms and conditions of this Agreement, a request that we receive and accept before the Same-Day Withdrawal Cutoff Time will be a Triggering Event that results in a Same-Day Program Deposit.

(c) With the ICS demand option, there is no per-month limit on the number of permitted Program Withdrawals.

(d) With the ICS savings option:

(i) You are permitted up to six Program Withdrawals per month for an ICS Custodial Account. To remain within this limit, you should satisfy yourself that the Triggering Events for Program Deposits and Program Withdrawals under Schedule 1 are appropriate in light of your anticipated day-to-day activity in any Transaction Account associated with the ICS Custodial Account.

(ii) In addition to applying the Program Withdrawal limit, we will allocate funds so that, in accordance with federal regulations, your funds are not withdrawn from an MMDA at any one Destination Institution more than six times in a month.

(iii) Although we may permit you to have more than one ICS Custodial Account for your business purposes, you may not have more than one ICS Custodial Account for the purpose of avoiding the effects of the Program Withdrawal limit.

(iv) If Triggering Events on the same Business Day result in both a Same-Day Program Withdrawal, on that Business Day, and a Regular Program Withdrawal, on the next Business Day, the Triggering Events will have resulted in your use of two of your six Program Withdrawals for the month.

### 3.4. Program Withdrawal Advances; Security Interest

(a) If Schedule 1 provides that we will advance funds to you in anticipation of a Program Withdrawal, or if we otherwise decide in our discretion to advance funds to you in anticipation of a Program

Withdrawal, you will owe the amount of these funds to us and we will retain from the funds we receive at ICS Settlement the amount we have advanced to you.

(b) With respect to any amount that you owe to us pursuant to Section 3.4(a):

(i) you grant us, and acknowledge that we have, a security interest in, and a lien on, your Deposit Accounts, related security entitlements, and other related interests and assets that we may hold for you as custodian and securities intermediary pursuant to the Custodial Agreement for the amount you owe to us,

(ii) if a Destination Institution fails before a Program Withdrawal is completed, we may retain the amount of the Program Withdrawal from the proceeds of your FDIC insurance claim to satisfy the amount you owe to us, and

(iii) to the extent the amount you owe to us is not satisfied from the interests and assets we are holding for you pursuant to the Custodial Agreement, or from the proceeds of any FDIC insurance claim, the amount remains owed by you to us and is payable on demand.

(c) If, in a separate agreement, you have granted us a security interest in your Deposit Accounts or in any security entitlements or other interests or assets relating to your Deposit Accounts as collateral for a loan to you or otherwise, we may decline to honor a request for a Program Withdrawal, or decline to honor a debit transaction in the Transaction Account that would trigger a Program Withdrawal or be funded by a Program Withdrawal, to the extent the Program Withdrawal would cause your Program Balance to fall below the loan amount or other amount that you have agreed to maintain in your Deposit Accounts or to which the security interest applies. If, in a separate agreement, you have granted us a security interest in the Transaction Account, we also may decline to honor debit transactions in the Transaction Account in accordance with the separate agreement.

### 3.5. Excess Program Withdrawals

(a) With the ICS savings option, the consequences of exceeding the limit of six Program Withdrawals depend on whether you give us, in Schedule 1, an advance instruction to endeavor to reallocate your funds from the ICS savings option to the ICS demand option in the circumstances described in Section 3.5(b) (a "Reallocation Instruction").

(b) If you give us a Reallocation Instruction in Schedule 1, the following provisions will apply:

(i) So long as you have not exceeded the limit of six Program Withdrawals for the ICS savings option in any two previous months:

(A) you may use all six permitted Program Withdrawals in a month, and

(B) if an excess (seventh) Program Withdrawal occurs before the last Business Day of the month, we will endeavor to reallocate all the remaining funds in your MMDAs at Destination Institutions to DDAs at Destination Institutions, and we will transfer to the Transaction Account any such funds not so reallocated.

(ii) If you have exceeded the limit of six Program Withdrawals for the ICS savings option in any two previous months and a sixth Program Withdrawal occurs in a month, (A) we will endeavor to reallocate all the remaining funds in your MMDAs at Destination Institutions to DDAs at Destination Institutions, and we will transfer to the Transaction Account any such funds not so reallocated, and (B) the ICS Custodial Account will be ineligible for the ICS savings option for the remainder of the month and for the next six full months. Your eligibility to use the ICS demand option will not be affected.

(c) If you do not give us a Reallocation Instruction in Schedule 1, the following provisions will apply:

(i) If you have not exceeded the limit of six Program Withdrawals for the ICS savings option in any two previous months:

(A) you may use all six permitted Program Withdrawals in a month, and

(B) If an excess (seventh) Program Withdrawal occurs before the last Business Day of the month, we will transfer all the remaining funds in your MMDAs at Destination Institutions to the Transaction Account.

(ii) If you have exceeded the limit of six Program Withdrawals for the ICS savings option in any two previous months and a sixth Program Withdrawal occurs in a month, (A) we will transfer all the remaining funds in your MMDAs at Destination Institutions to the Transaction Account, and (B) the ICS Custodial Account will be ineligible for Program Deposits for the remainder of the month and for the next six full months. Your eligibility to use the ICS demand option will not be affected.

(d) If all the funds in MMDAs for an ICS Custodial Account have been returned to the Transaction Account pursuant to Section 3.5(b) or Section 3.5(c), no Program Deposits for the ICS savings option will occur before the end of the month. If, in addition, the ICS Custodial Account has become ineligible for Program Deposits, no Program Deposits for the ICS Custodial Account will occur during the period of ineligibility.

#### 4. Daily Allocation and Depositor Control

##### 4.1. Daily Allocation; Review and Consent

(a) In addition to allocating your funds to each Destination Institution in an amount that is under the FDIC insurance limit, the ICS process for allocating Program Deposits, Program Withdrawals, and funds already on deposit reflects various considerations, including the need for certain Destination Institutions to receive deposits in amounts they have placed for their own customers and possible limits on the amounts a Relationship Institution is authorized to place or a Destination Institution has agreed to receive. Applicable deposit amounts may change from day to day. Accordingly, the allocation of funds takes place each Business Day.

(b) As a result of the daily allocation of funds in ICS and the allocation objectives outlined in Section 4.1(a), the set of Destination Institutions to which your funds on deposit are allocated on a Business Day, and the amount allocated to each Destination Institution, may differ

from a previous Business Day's allocation. A different allocation may involve the movement of funds from one Destination Institution to another Destination Institution, even though you do not have a Program Deposit or a Program Withdrawal. Such movements of funds will not affect any Interest Rate.

(c) You exercise control over the allocation of your funds through direct contact with us and through the DCP. You are responsible for reviewing the important information we provide you through the DCP, including information regarding proposed allocations that we provide each Business Day. In addition, on request at any time, we will provide you with a list of all Destination Institutions.

(d) Although we will not allocate your funds to Destination Institutions that you exclude or reject as set forth below, you authorize and consent to the allocation of your funds at Destination Institutions that you approve, or do not exclude or reject, as set forth below.

##### 4.2. Destination Institution Exclusions

(a) We will not allocate your funds to any Destination Institution that is on your then-effective list of exclusions from eligibility to receive your funds through ICS (your "List of Exclusions").

(b) You may enter the name of any depository institution on your List of Exclusions in Schedule 4 to this Agreement. An exclusion in Schedule 4 is effective when we have signed the Agreement. You may later add exclusions to your List of Exclusions, or subtract exclusions from your List of Exclusions, by contacting us in a manner we specify. If you add an exclusion in this manner, the new exclusion will be effective within one Business Day after the first Business Day on which we have received the notice from you.

(c) If, on a Business Day, you have outstanding deposits that we have placed for you using Promontory's CDARS<sup>®</sup> service, and you have provided the same taxpayer identification number to us for purposes of CDARS and ICS, our allocation of your funds at Destination Institutions for that Business Day in ICS:

(i) will not include allocation to a Destination Institution that is the subject of a then-effective designation by you as ineligible to receive your funds through CDARS, and

(ii) will not cause the balance in your Deposit Accounts at a Destination Institution, together with the outstanding deposits, if any, that we have placed for you at that Destination Institution through CDARS, to exceed the SMDIA.

##### 4.3. Depositor Control Panel

(a) Promontory will assist us in providing the DCP to you. Schedule 3 to this Agreement provides access information for the DCP. When you first log in to the DCP using the login credentials described in Schedule 3, you will be required to change your DCP user name and password.

(b) You represent that you have a computer with Internet access, an e-mail address, the ability to download and print information from the DCP for your records, and the knowledge and experience to use an online tool for the DCP functionality. In addition, you

acknowledge that you will be required to obtain and maintain all equipment and services necessary for access to the DCP.

#### 4.4. Depositor Placement Review

(a) Each Business Day, your aggregate principal balance that will be in Deposit Accounts at Destination Institutions after that day's ICS Settlement will be provisionally allocated to Destination Institutions. The amount allocated will reflect your Program Balance as of the last ICS Settlement, plus any Program Deposit that will occur at the day's ICS Settlement, minus any Program Withdrawal that will occur at the day's ICS Settlement. The allocation may provide that previously-deposited funds will be removed from one or more Destination Institutions and deposited in one or more other Destination Institutions.

(b) After the provisional allocation occurs on a Business Day, but before it becomes final at the day's ICS Settlement, Depositor Placement Review ("DPR") will occur through the DCP. Even if a Destination Institution is not on your List of Exclusions, the final allocation that day will not allocate your funds to a Destination Institution at ICS Settlement if you reject it during DPR through the DCP. The initial DPR time period is set forth in Schedule 3. We may change the DPR period by posting advance notice of the change on the DCP. Your rejection of a Destination Institution will be effective only if you submit it, as specified in the DCP, before DPR ends.

(c) In DPR, you will see a list of Destination Institutions to which your funds are proposed to be allocated at ICS Settlement later that day (the "Proposed Placement List"), reflecting the provisional allocation of all your funds, including funds that will be moved from one Destination Institution to another Destination Institution. The Proposed Placement List will include the principal balance allocated to each Destination Institution. If you review the Proposed Placement List, and you click the approval button or you do not reject any of the Destination Institutions on the list, you will be approving the proposed allocation and your funds will be allocated in accordance with the list.

(d) If you reject any of the Destination Institutions on the Proposed Placement List, you will be approving allocation to Destination Institutions on the list that you do not reject. After entering rejections, if sufficient time remains in DPR, you will have the opportunity to review a list of other Destination Institutions to which your funds could be allocated (the "Alternate Placement List"). If you click the approval button for the Alternate Placement List, or you do not reject any of the Destination Institutions on it, you will be approving the allocation of your funds to any of the listed Destination Institutions. If you reject any of the Destination Institutions on the Alternate Placement List, you will be approving allocation to listed Destination Institutions that you do not reject. Your funds may be allocated to any combination of Destination Institutions on the Proposed Placement List and the Alternate Placement List that you do not reject.

(e) If the provisional allocation on a Business Day would result in funds of yours currently at one Destination Institution being moved to another Destination Institution and you reject the other Destination Institution in DPR that Business Day, the funds will not necessarily remain at the first Destination Institution. The funds will be allocated to a Destination Institution that you do not reject or returned to the Transaction Account.

(f) A Destination Institution that you reject in DPR will also be added to your List of Exclusions, for purposes of future allocations, within one Business Day after the Business Day on which you submit the rejection.

(g) We do not guarantee that all your funds will be allocated to Destination Institutions on any particular day, even if they were allocated to Destination Institutions on a previous day. Exclusions of Destination Institutions, and rejections of Destination Institutions in DPR, may increase the chance that funds will not be allocated. If funds not yet transferred to your Deposit Accounts are not allocated to a Destination Institution on a Business Day, the funds will remain in the Transaction Account. If funds previously transferred to the Deposit Accounts are not allocated to a Destination Institution on a Business Day, the funds will be returned to the Transaction Account.

## 5. FDIC Insurance Considerations

### 5.1. Deposit Insurance Coverage

(a) You may obtain information about FDIC deposit insurance coverage by visiting the FDIC website at [www.fdic.gov](http://www.fdic.gov) or by contacting the FDIC by letter, email, or telephone. All your deposits at a Destination Institution in the same insurable capacity (whether you are acting directly or through an intermediary) will be aggregated for purposes of the SMDIA. You should add to your List of Exclusions any FDIC-insured depository institution at which you have other deposits in the same insurable capacity. Insurable capacities include individual accounts, joint accounts, and individual retirement accounts. Separate divisions within a corporate entity are not eligible for separate insurance coverage, and a separate taxpayer identification number ("TIN") does not necessarily evidence or establish a separate insurable capacity. It is your obligation to determine whether funds we are placing for you through ICS are maintained in separate insurable capacities. We may use your TIN to identify you, and we place your funds on the understanding that you are not depositing funds for placement under more than one TIN in the same insurable capacity.

(b) Your deposits in the Transaction Account, alone or when aggregated with your other deposits with us in the same insurable capacity, may exceed the SMDIA. Schedule 2 describes measures you should take if you cannot accept risks associated with uninsured deposits in the Transaction Account.

(c) The requirements for FDIC deposit insurance coverage of the deposits of the United States government, state, county, and municipal governments and their political subdivisions, the District of Columbia, and the Commonwealth of Puerto Rico are set forth in FDIC regulations. If you are a governmental unit, you are responsible for determining whether the requirements for deposit insurance have been met. We are not responsible for uninsured losses resulting from the placement of deposits that are not eligible for deposit insurance.

(d) The records maintained for us by BNY Mellon regarding ownership of your Deposit Accounts will be used to establish your eligibility for deposit insurance coverage. Accordingly, you must immediately report to us any changes in ownership information. We will inform BNY Mellon of any such changes so that it will have accurate information to provide to the FDIC if a Destination Institution fails. The FDIC could also require you to provide additional documentation.

## 5.2. *Deposit Insurance Payments*

(a) If deposit insurance payments become necessary for one of your Deposit Accounts, the FDIC is required to pay the principal amount plus accrued interest to the date of the closing of the Destination Institution, as prescribed by law, subject to the SMDIA. No interest is earned on deposits from the time a Destination Institution closes until insurance payments are received. As an alternative to making a direct insurance payment, the FDIC may transfer the deposits of an insolvent institution to a solvent institution. The solvent institution may change the interest rate on a deposit, subject to your right to withdraw the funds.

(b) We will notify you if we receive a deposit insurance payment from the FDIC with respect to your Deposit Account at a failed Destination Institution. Should we receive a deposit insurance payment with respect to your Deposit Account at a failed Destination Institution, we will place the amount of the payment in one or more Deposit Accounts at Destination Institutions pursuant to the deposit placement procedures set forth in this Agreement, subject to the other terms and conditions of this Agreement, including Section 3.4.

(c) In general, if an insured depository institution is closed, the FDIC is required by law to pay the insured deposits "as soon as possible," either by cash or by transferring the deposit to a new insured depository institution. It is possible, however, that an insurance payment could be delayed. We will not be obligated to make any payment to you in satisfaction of a loss you might incur as a result of a delay in an insurance payment, and we will not be obligated to advance funds with respect to any such payment.

## 5.3. *Responsibility to Monitor Deposits; Publicly Available Information*

(a) You are responsible for monitoring the total amount of funds in your Deposit Accounts at each Destination Institution in each insurable capacity to determine the extent of FDIC deposit insurance coverage available to you for deposits at that Destination Institution. You should confirm that each allocation of your funds to Destination Institutions is consistent with your exclusions and rejections by visiting the DCP and viewing the allocation, recognizing that the funds could be allocated to different Destination Institutions on any Business Day.

(b) Publicly available financial information concerning the Destination Institutions can be obtained by you at the website of the National Information Center of the Federal Reserve System at [www.fiec.gov/nicpubweb/nicweb/nichome.aspx](http://www.fiec.gov/nicpubweb/nicweb/nichome.aspx).

## 6. *Additional Considerations*

### 6.1. *Reciprocal and One-Way*

(a) We may participate in the ICS service through one or both of two different forms of the service. When we place your funds using ICS® Reciprocal™, we will receive matching funds placed by other participating institutions for their customers and pay a fee to Promontory. When we place your funds using ICS® One-Way™, we will not receive matching funds placed by other participating institutions for their customers or pay a fee to Promontory, but we and Promontory may receive fees from Destination Institutions in connection with funds placed. The fees may be different for different Destination Institutions.

(b) The interest you receive on your Deposit Accounts will be earned at the applicable interest rate, whether we use ICS Reciprocal or ICS One-Way in placing your funds. The interest rate may be different depending on which form of ICS we use. In ICS Reciprocal, the fee we pay to Promontory may affect the applicable interest rate. In ICS One-Way, fees paid by Destination Institutions to us or to Promontory, or cost-of-funds rates at which Destination Institutions may request funds, may affect the interest rate. We will not collect a fee from you for the placement of your funds through ICS.

(c) Schedule 4 includes two boxes relating to which form of the ICS service we may use in connection with the placement of your funds. If you check the first of these two boxes, we may use ICS Reciprocal, ICS One-Way, or both. We will not be obligated to inform you of the interest rate that might be available using the other form, and we may select a form of ICS that provides greater benefits to us. If you check the second of these two boxes, we may use only ICS Reciprocal in connection with the placement of your funds.

(d) If you are subject to restrictions on the placement of your funds at depository institutions, you are responsible for determining whether the placement of your funds through ICS, in accordance with Schedule 4, satisfies the restrictions.

### 6.2. *Compare Rates*

(a) We are not advising you regarding alternative investments, and you are responsible for comparing the rates of return and other features of your Deposit Accounts to other available deposit accounts, and other kinds of investments, before deciding to have us place your funds using ICS.

(b) An applicable interest rate for your Deposit Accounts may be higher or lower than interest rates on comparable deposits available directly from us, from the Destination Institutions that establish your Deposit Accounts, from other Destination Institutions, or from insured depository institutions that are not Destination Institutions. Without limiting the foregoing, an interest rate may be lower than an interest rate established for another customer for which funds are being placed or a cost-of-funds rate for a Destination Institution.

(c) Promontory may offer us and our employees non-cash incentives of insignificant monetary value, such as plaques, in connection with our placement of funds.

### 6.3. *Allocation Considerations and Compensatory Payments*

(a) The ICS allocation process is subject to applicable law and may be affected by our objectives, Promontory's objectives, or both, including administrative convenience, reduction of costs, and enhancement of profits.

(b) Participating institutions in the ICS service may make compensatory payments resulting in payments to other participating institutions, or receive compensatory payments resulting from payments by other participating institutions, reflecting the difference between an interest rate for a placing institution's customers and a rate at which the receiving institution would otherwise pay interest.

(c) If we were to become insolvent, the FDIC could transfer custody of your Deposit Accounts to a new custodian that participates

in ICS. Alternatively, you could elect to establish your Deposit Accounts directly with the Destination Institutions or you could elect to have the funds in your Deposit Accounts returned to you.

#### 6.4. Mutual Institution Voting and Subscription Rights

(a) Your funds may be placed in a Deposit Account at a Destination Institution that is in the mutual form of organization. Such a Deposit Account will be identified on the books of the mutual institution in the name of the sub-custodian and not in your name. The sub-custodian will not attend or vote at any meeting of the depositor members of a mutual institution, or exercise any subscription rights in a mutual institution's mutual-to-stock conversion, either on its own behalf or on your behalf. You hereby waive any right you may have to attend or vote at any meeting of the depositor members, or to receive or exercise any subscription rights you may have in the event that the mutual institution converts from mutual to stock form, even if you held a Deposit Account as of an applicable record date.

(b) If we receive from the sub-custodian notice of a meeting of depositor members of a mutual institution or other materials or information relating to a mutual institution's mutual-to-stock conversion, we may forward such notice, materials, or information to you. If you wish to receive such notice, materials, or information directly from the mutual institution, attend or vote at any meeting of the depositor members of the mutual institution, or receive subscription rights in the event the mutual institution converts from mutual to stock form, you must dismiss us as custodian before the applicable record date (a date that is usually at least one year in advance of the date the mutual institution's board of directors adopts a plan of conversion) and have your ownership of the Deposit Account recorded in your name directly on the books of the mutual institution.

### 7. Other Provisions

#### 7.1. Release and Use of Identifying Information

(a) You consent to our providing your name, TIN or other alphanumeric identifier, and other identifying information ("Identifying Information") to BNY Mellon, Promontory, and other parties providing services in connection with ICS (each a "Service Provider"). A Service Provider may use the Identifying Information only in connection with its provision of services relating to ICS. We or a Service Provider may also provide Identifying Information to a Destination Institution, but will do so only to the extent necessary to comply with a request by you or your agent or to comply with applicable law. In addition, we or a Service Provider may provide Identifying Information to the FDIC in connection with a deposit insurance claim.

(b) We will not provide Identifying Information to any other party unless we determine that (i) we are required by applicable law to do so or (ii) we are permitted by applicable law to do so and have reasonable grounds to do so to protect our own legal or business interests or the legal or business interests of Promontory or BNY Mellon. Promontory may use and disclose information regarding aggregated activity of ICS depositors, provided it does not use or disclose any Identifying Information in a manner contrary to this Section 7.1.

#### 7.2. Liability and Dispute Resolution

(a) We are responsible for maintaining, directly or through a Service Provider, appropriate records of our placements for you. We are also responsible for not placing your funds through ICS at any Destination Institution that is the subject of a then-effective exclusion on your List of Exclusions, at any Destination Institution that is the subject of an effective rejection by you at the time of the applicable ICS Settlement, in an ICS placement at a Destination Institution under a single TIN in an amount that exceeds the SMDIA, or in a manner that violates Section 4.2(c). IF ALL OR PART OF YOUR DEPOSIT AT A DESTINATION INSTITUTION IS UNINSURED BECAUSE OF OUR FAILURE TO FULFILL THESE RESPONSIBILITIES, AND IF THE DESTINATION INSTITUTION FAILS AND YOU DO NOT OTHERWISE RECOVER THE UNINSURED PORTION, WE WILL REIMBURSE YOU FOR YOUR DOCUMENTED LOSS OF THE UNINSURED PORTION.

(b) SUBJECT TO OUR REIMBURSEMENT OBLIGATION IN THE PRECEDING SUBSECTION, AND EXCEPT AS MAY BE OTHERWISE REQUIRED BY APPLICABLE LAW, WE WILL NOT BE LIABLE, AND IN NO EVENT WILL PROMONTORY OR BNY MELLON BE LIABLE, TO YOU OR TO ANY THIRD PARTY FOR ANY LOSS OR DAMAGES INCURRED OR ALLEGEDLY INCURRED IN CONNECTION WITH THIS AGREEMENT. WITHOUT LIMITING THE FOREGOING, WE, PROMONTORY, AND BNY MELLON WILL NOT HAVE ANY LIABILITY TO YOU OR ANY THIRD PARTY FOR: (i) ANY LOSS ARISING OUT OF OR RELATING TO A CAUSE OVER WHICH WE DO NOT HAVE DIRECT CONTROL, INCLUDING THE FAILURE OF ELECTRONIC OR MECHANICAL EQUIPMENT OR COMMUNICATION LINES, TELEPHONE OR OTHER INTERCONNECT PROBLEMS, UNAUTHORIZED ACCESS, THEFT, OPERATOR ERRORS, GOVERNMENT RESTRICTIONS, OR FORCE MAJEURE (E.G., EARTHQUAKE, FLOOD, SEVERE OR EXTRAORDINARY WEATHER CONDITIONS, NATURAL DISASTERS OR OTHER ACT OF GOD, FIRE, ACTS OF WAR, TERRORIST ATTACKS, INSURRECTION, RIOT, STRIKES, LABOR DISPUTES OR SIMILAR PROBLEMS, ACCIDENT, ACTION OF GOVERNMENT, COMMUNICATIONS, SYSTEM OR POWER FAILURES, OR EQUIPMENT OR SOFTWARE MALFUNCTION), (ii) DELAY IN ANY FDIC INSURANCE PAYMENT, (iii) THE FINANCIAL CONDITION OF ANY DESTINATION INSTITUTION OR THE ACCURACY OF ANY FINANCIAL INFORMATION ABOUT ANY DESTINATION INSTITUTION, OR (iv) ANY SPECIAL, INDIRECT, PUNITIVE, INCIDENTAL, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS).

(c) ANY DISPUTES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT WILL BE GOVERNED BY THE DISPUTE RESOLUTION, ARBITRATION, CHOICE OF LAW, VENUE, WAIVER OF JURY TRIAL, AND COSTS RELATED TO DISPUTES PROVISIONS, IF ANY, CONTAINED IN YOUR CUSTODIAL AGREEMENT.

#### 7.3. Miscellaneous

(a) This Agreement constitutes the entire agreement between you and us relating to the placement of deposits through ICS and any other matter herein, supersedes prior agreements, understandings, negotiations, representations, and proposals, written or oral, relating to any matter herein, and may not be amended by any oral representation made or oral agreement reached after the execution of this Agreement.

(b) Either party may terminate this Agreement on written notice to the other, but the obligations of both parties will survive with respect to any funds deposited at the time of termination. In addition, the provisions of this Section 7 will survive termination.



(c) Schedules 1, 2, 3, and 4 (each a "Schedule") are incorporated into and made part of this Agreement. We may amend this Agreement, including any Schedule, prospectively by giving you written notice of the amendment at least fourteen (14) days before the effective date of the amendment, which will be specified in the amendment. We may provide written notice of the amendment by means of a posting on the DCP, an entry on your account statement, an email message, or a printed letter.

(d) This Agreement may not be assigned, in whole or in part, by either party except by operation of law or as required by applicable law, and any purported assignment in violation hereof is void.

(e) The headings in this Agreement are not intended to describe, interpret, define, or limit the scope or intent of this Agreement or any clause hereof. The term "applicable law" refers to all applicable statutes, rules, regulations, and judicial orders, whether federal, state, or local. The term "including" does not imply exclusion. The term "month" refers to the calendar month.

By signing below, you (as Depositor) and we (as Relationship Institution) agree to be legally bound by this ICS Deposit Placement Agreement, effective when you and we have signed it. If the Transaction Account is a joint account, each owner of the Transaction Account must sign this Agreement, and funds in your Deposit Accounts will be held in the same joint ownership capacity.

**RELATIONSHIP INSTITUTION**

Institution name: Independent Bank

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

Name and title of authorized signatory: \_\_\_\_\_

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

**SOLE OR PRIMARY DEPOSITOR**

Depositor name: North Texas Groundwater Conservation Dis

Signature: \_\_\_\_\_ *Ronnie*

Name and title of authorized signatory (if not individual):  
Ronald Young, President

Depositor TIN or other alphanumeric identifier (and type):  
30-0593873

Email address: gm @lksud.org

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

**ADDITIONAL DEPOSITOR(S) IF JOINT ACCOUNT**

Depositor name: North Texas Groundwater Conservation Dis

Signature: \_\_\_\_\_ *Thomas*

Depositor TIN or other alphanumeric identifier (and type):  
30-0593873

Email address: tomsmrth @embargmail.com

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

(Add signature lines as needed.)

(c) Schedules 1, 2, 3, and 4 (each a "Schedule") are incorporated into and made part of this Agreement. We may amend this Agreement, including any Schedule, prospectively by giving you written notice of the amendment at least fourteen (14) days before the effective date of the amendment, which will be specified in the amendment. We may provide written notice of the amendment by means of a posting on the DCP, an entry on your account statement, an email message, or a printed letter.

(d) This Agreement may not be assigned, in whole or in part, by either party except by operation of law or as required by applicable law, and any purported assignment in violation hereof is void.

(e) The headings in this Agreement are not intended to describe, interpret, define, or limit the scope or intent of this Agreement or any clause hereof. The term "applicable law" refers to all applicable statutes, rules, regulations, and judicial orders, whether federal, state, or local. The term "including" does not imply exclusion. The term "month" refers to the calendar month.

By signing below, you (as Depositor) and we (as Relationship Institution) agree to be legally bound by this ICS Deposit Placement Agreement, effective when you and we have signed it. If the Transaction Account is a joint account, each owner of the Transaction Account must sign this Agreement, and funds in your Deposit Accounts will be held in the same joint ownership capacity.

**RELATIONSHIP INSTITUTION**

Institution name: Independent Bank

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

Name and title of authorized signatory: \_\_\_\_\_

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

**SOLE OR PRIMARY DEPOSITOR**

Depositor name: North Texas Groundwater Conservation Dis

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

Name and title of authorized signatory (if not individual):  
Ronald Young, President

Depositor TIN or other alphanumeric identifier (and type):  
30-0593873

Email address: gm@lksad.org

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

Ronnie

**ADDITIONAL DEPOSITOR(S) IF JOINT ACCOUNT**

Depositor name: North Texas Groundwater Conservation Dis

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

Depositor TIN or other alphanumeric identifier (and type):  
30-0593873

Email address: aknight@northcollinsad.com

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

Allen

(Add signature lines as needed.)

(c) Schedules 1, 2, 3, and 4 (each a "Schedule") are incorporated into and made part of this Agreement. We may amend this Agreement, including any Schedule, prospectively by giving you written notice of the amendment at least fourteen (14) days before the effective date of the amendment, which will be specified in the amendment. We may provide written notice of the amendment by means of a posting on the DCP, an entry on your account statement, an email message, or a printed letter.

(d) This Agreement may not be assigned, in whole or in part, by either party except by operation of law or as required by applicable law, and any purported assignment in violation hereof is void.

(e) The headings in this Agreement are not intended to describe, interpret, define, or limit the scope or intent of this Agreement or any clause hereof. The term "applicable law" refers to all applicable statutes, rules, regulations, and judicial orders, whether federal, state, or local. The term "including" does not imply exclusion. The term "month" refers to the calendar month.

By signing below, you (as Depositor) and we (as Relationship Institution) agree to be legally bound by this ICS Deposit Placement Agreement, effective when you and we have signed it. If the Transaction Account is a joint account, each owner of the Transaction Account must sign this Agreement, and funds in your Deposit Accounts will be held in the same joint ownership capacity.

**RELATIONSHIP INSTITUTION**

Institution name: Independent Bank

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

Name and title of authorized signatory: \_\_\_\_\_

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

**SOLE OR PRIMARY DEPOSITOR**

Depositor name: North Texas Groundwater Conservation Dis

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

Name and title of authorized signatory (if not individual):  
Ronald Young, President

Depositor TIN or other alphanumeric identifier (and type):  
30-0593873

Email address: gm @ lksud.org

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

Ronnie

**ADDITIONAL DEPOSITOR(S) IF JOINT ACCOUNT**

Depositor name: North Texas Groundwater Conservation Dis

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

Depositor TIN or other alphanumeric identifier (and type):  
30-0593873

Email address: ntgcd @ northtexasgcd.org

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

Drew

(Add signature lines as needed.)

# Custodial Agreement

## Custodial Agreement

You, the undersigned, enter into this Custodial Agreement (this "Agreement") with Independent Bank ("we" or "us").

1. Pursuant to this Agreement, you authorize us (as your "Relationship Institution") to hold and act as your custodian with respect to all deposit accounts, including all time deposits, money market deposit accounts, and demand deposit accounts, issued or established at other participating institutions pursuant to the CDARS Deposit Placement Agreement or the ICS Deposit Placement Agreement for funds of yours placed through CDARS<sup>®</sup>, the Certificate of Deposit Account Registry Service<sup>®</sup>, or ICS<sup>®</sup>, the Insured Cash Sweep<sup>®</sup> service (collectively, the "Deposit Accounts") and all your security entitlements and other related interests and assets with respect to your Deposit Accounts (collectively, the "Related Entitlements"). The custodial account in which we will hold your Deposit Accounts and Related Entitlements (the "Custodial Account") comprises all the CDARS and ICS custodial accounts that we maintain for you.

2. As your custodian, we may (i) cause your Deposit Accounts to be titled in our name or in the name of our sub-custodian, (ii) collect for your account all interest and other payments of income or principal pertaining to your Deposit Accounts, (iii) endorse on your behalf any check or other instrument received for your account that requires endorsement, (iv) deposit your funds in, or withdraw your funds from, your Deposit Accounts in accordance with your instructions, (v) deliver or transfer funds from another account with us to your Deposit Accounts or deliver or transfer funds from your Deposit Accounts to another account with us in accordance with your instructions, (vi) for Deposit Accounts that are time deposits, surrender for payment for your account maturing Deposit Accounts and those for which early withdrawal is requested, (vii) execute and deliver or file on your behalf all appropriate receipts and releases and other instruments, including whatever certificates may be required from custodians or may be necessary to obtain exemption from taxes and to name you when required for the purpose of the instrument, and (viii) take such other actions as are customary or necessary to effectuate the purposes of this Agreement.

3. For purposes of Article 8 of the Uniform Commercial Code as adopted in the State of Texas (the "UCC"), we will act as your securities intermediary for, and will treat as financial assets, any Deposit Accounts and Related Entitlements that we hold for you pursuant to this Agreement. The Custodial Account will constitute a securities account, as defined in the UCC.

4. We may comply with any writ of attachment, execution, garnishment, tax levy, restraining order, subpoena, warrant, or other legal process that we believe (correctly or otherwise) to be valid. We may notify you of such process by telephone, electronically, or in writing. If we are not fully reimbursed for records research, imaging, photocopying, and handling costs by the party that served the process, we may charge such costs to your account, in addition to any minimum fee we charge for complying with legal processes.

5. We may honor any legal process that is served personally, by mail, or by electronic mail or facsimile transmission at any of our offices or an office of our agent (including locations other than where the funds, records, or property sought is held), even if the law requires personal delivery at the office where your account or records are maintained.

6. We will have no liability to you for any good-faith act or omission by us in connection with this Agreement. You agree to indemnify us and our sub-custodian, and to hold us and our sub-custodian harmless from, all expenses (including counsel fees), liabilities, and claims arising out of any good-faith act or omission by us in connection with this Agreement or compliance with any legal process relating to the Custodial Account that we believe (correctly or otherwise) to be valid. You agree to pay any service charges that we impose on the Custodial Account.

7. You may be an individual in an individual capacity, more than one individual in a joint capacity, or a trust, partnership, corporation, or other legal entity. We may accept instructions on your behalf from any individual who signs this Agreement as or on behalf of a Depositor and from any of the following individuals:

Name	Title or Legal Capacity
Ronald Young	President
Thomas Smith	Committee Member
Leslie Knight	Secretary
Drew Satterwhite	General Manager

By signing below, you and we agree to be legally bound by this Custodial Agreement.

**RELATIONSHIP INSTITUTION**

Institution name: Independent Bank

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

Name and title of authorized signatory: \_\_\_\_\_

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

**SOLE OR PRIMARY DEPOSITOR**

Depositor name: North Texas Groundwater Conservation Dis

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

Name and title of authorized signatory (if not individual):  
Ronald Young, President

Depositor TIN or other alphanumeric identifier (and type):  
30-0693873

Email address: gm @  lksud.org

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

Ronnie

**ADDITIONAL DEPOSITOR(S) IF JOINT ACCOUNT**

Depositor name: North Texas Groundwater Conservation Dis

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

Depositor TIN or other alphanumeric identifier (and type):  
30-0593873

Email address: tonsm.th @ embargmail.com

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

Thomas

(Add signature lines as needed.)

By signing below, you and we agree to be legally bound by this Custodial Agreement.

**RELATIONSHIP INSTITUTION**

Institution name: Independent Bank

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

Name and title of authorized signatory: \_\_\_\_\_

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

**SOLE OR PRIMARY DEPOSITOR**

Depositor name: North Texas Groundwater Conservation Dis

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

Name and title of authorized signatory (if not individual):  
Ronald Young, President

Depositor TIN or other alphanumeric identifier (and type):  
30-0593873

Email address: gma@lksud.org

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

Ronnie

**ADDITIONAL DEPOSITOR(S) IF JOINT ACCOUNT**

Depositor name: North Texas Groundwater Conservation Dis

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

Depositor TIN or other alphanumeric identifier (and type):  
30-0593873

Email address: aknight@northcollinsud.com

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

Allen

(Add signature lines as needed.)

By signing below, you and we agree to be legally bound by this Custodial Agreement.

**RELATIONSHIP INSTITUTION**

institution name: Independent Bank

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

Name and title of authorized signatory: \_\_\_\_\_

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

**SOLE OR PRIMARY DEPOSITOR**

Depositor name: North Texas Groundwater Conservation Dis

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

Name and title of authorized signatory (if not individual):  
Ronald Young, President

Depositor TIN or other alphanumeric identifier (and type):  
30-0683873

Email address: gn@k sud.org

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

Ronnie

**ADDITIONAL DEPOSITOR(S) IF JOINT ACCOUNT**

Depositor name: North Texas Groundwater Conservation Dis

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

Depositor TIN or other alphanumeric identifier (and type):  
30-0593873

Email address: ntgcd@northtexasgcd.org

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

Drew

(Add signature lines as needed.)





ATTACHMENT 8





## AGENDA COMMUNICATION

---

**DATE:** September 6, 2018

**SUBJECT:** AGENDA ITEM NO. 8

**CONSIDER AND ACT UPON UPDATING THE DISTRICT'S INVESTMENT STRATEGY**

**ISSUE**

Consider and act upon modifying the current investment strategy now that we have opened a TexStar account.

**BACKGROUND**

The District currently has an Index and Checking account with Independent Bank. At the last meeting, the Board authorized the opening of an account with TexStar. Previously, the Board has approved the following Investment Strategy which is consistent with our Investment and Fund Balance Policies:

*Strive to maintain the checking account balance to \$50,000 (approximately 1 month of expenditures) and keep a minimum of \$285,000 (Unassigned Fund Balance + 2 months expenditures) in the index fund. Place the remainder of District funds into FDIC insured or collateralized CDs. Strive to keep CD balances close to equal amounts in 6 and 12 month maturity increments.*

This is a conservative investment strategy that helped us yield substantially more interest income than we were earning previously.

**CONSIDERATIONS**

Now that the District has opened a TexStar account, the staff is proposing to use TexStar and the Index fund interchangeably. Staff proposes to hold funds in the account with the highest interest rate, moving the funds when appropriate. TexStar, similar to the Index Fund, is liquid and currently bears more interest earnings than the Index Fund at this time.

**STAFF RECOMMENDATIONS**

The staff recommends the amendments to the strategy outlined in the considerations section of this memo.

**PREPARED AND SUBMITTED BY:**

Drew Satterwhite, General Manager

**SUBMITTED BY:**

Debi Atkins, Finance Officer

ATTACHMENT 9



AGENDA COMMUNICATION

DATE: September 6, 2018

SUBJECT: AGENDA ITEM NO. 9

CONSIDER AND ACT UPON SOLICITED PROPOSALS AUDIT SERVICES

ISSUE

Consider and act upon solicited proposals for audit services.

BACKGROUND

For the last 5-years, the District has engaged the auditing firm Hankins, Eastup, Deaton, Tonn & Seay to perform auditing services for the District. Due to their 5-year proposal term being complete, the Board directed the staff to solicit for proposals for audit services at the May 2018 meeting.

The staff subsequently solicited for proposals which were due on August 1, 2018. Below, is a cost summary of the four proposals.

North Texas GCD Audit Proposal Summary

Table with 7 columns: Firm Name, 2018, 2019, 2020, 2021, 2022, Total. Rows include Hankins Eastup Deaton, McClanahan and Holmes, Rutherford Taylor & CO, and Lafollett & Abbott.

CONSIDERATIONS

The District can select any of the four firms who submitted proposals.

STAFF RECOMMENDATIONS

The staff requests direction from the Board on this matter.

ATTACHMENT

Proposals

PREPARED AND SUBMITTED BY:

Handwritten signature of Drew Satterwhite

Drew Satterwhite, General Manager

SUBMITTED BY:

Handwritten signature of Debi Atkins

Debi Atkins, Finance Officer

PROPOSAL FOR INDEPENDENT AUDIT SERVICES  
FOR  
NORTH TEXAS  
GROUNDWATER CONSERVATION DISTRICT  
FOR THE YEAR ENDING DECEMBER 31, 2018

SUBMITTED BY  
HANKINS, EASTUP, DEATON, TONN & SEAY  
A PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS  
902 N. LOCUST  
P.O. BOX 977  
DENTON, TEXAS 76202  
(940) 387-8563

CONTACT PERSON: CARL DEATON

JULY 5, 2018

**TABLE OF CONTENTS**

	<u>Page</u>
Cover Letter .....	1
Requested Information.....	4
Attachments:	
Firm Resume.....	8
Peer Review Report.....	9

Members:  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC  
ACCOUNTANTS  
TEXAS SOCIETY OF CERTIFIED  
PUBLIC ACCOUNTANTS

---

---

**HANKINS, EASTUP, DEATON,  
TONN & SEAY**  
A PROFESSIONAL CORPORATION

---

---

CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST  
P.O. BOX 977  
DENTON, TX 76202-0977

TEL. (940) 387-8563  
FAX (940) 383-4746

July 5, 2018

Board of Directors  
North Texas Groundwater Conservation District  
Denison, Texas 75020

Members of the Board:

We are pleased to submit to you this proposal for independent audit services for the North Texas Groundwater Conservation District (the "District") for the year ending December 31, 2018.

We feel that Hankins, Eastup, Deaton, Tonn & Seay, PC is uniquely qualified to serve the District as its independent auditors. We currently serve as the independent auditors for North Texas Groundwater Conservation District and are familiar with its operations. We also currently serve as the independent auditors for Greater Texoma Utility Authority and understand the relationship between NTGCD and GTUA. We also serve as independent auditors for Argyle Water Supply Corporation, Cross Timbers Water Supply Corporation, Bolivar Water Supply Corporation, Clear Creek Watershed Authority, Denton County Emergency Services District #1, and for several cities and towns including the Town of Double Oak, City of Lake Dallas, Town of Hickory Creek, Town of Ponder, and the City of Paradise. Some of these local government entities have water and/or sewer operations.

We serve as independent auditors for almost thirty school districts including Sherman, ISD, S and S Consolidated ISD, Anna ISD, Tom Bean ISD, Denton ISD, Sanger ISD, Pilot Point ISD, Lindsay ISD, Krum ISD, Ponder ISD and Valley View ISD. We audit many local nonprofit organizations in the Denton County area, and two county tax appraisal districts. Our diverse group of audit clients provides us the experience to assist you as your district faces new challenges and future growth. Our firm size allows us to provide the service and dedicated support you need.

Our staffing sets us apart from other firms. The proposed audit team includes two partners who will be assigned to your audit. One partner will be at your location and will perform all of the fieldwork. The second partner will be involved in planning and will be the in-house reviewer of the audit results and audit report. This level of experience on your audit team minimizes the disruption of your accounting staff during the audit, as inexperienced staff are not assigned to the audit, and also provides a resource for the District throughout the year.

We take pride in being a firm that pays attention to detail. Debi Atkins can confirm to you that we have examined detail and/or asked questions in both the NTGCD audit and the



GTUA audit that had not been addressed or asked in audits prior to our engagement.

The purpose of our engagement will be to audit the basic financial statements of the District as of and for the year ending December 31, 2018. Other information accompanying the basic financial statements will be subject to the auditing procedures applied in the audit of the basic financial statements, except for Management's Discussion and Analysis, which will be unaudited.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and will include tests of the accounting records of the District and such other procedures as we consider necessary to enable us to express an unqualified opinion that the financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America, and also to report on the District's compliance with laws and regulations and on internal controls as required under *Government Auditing Standards*. If our opinion is other than unqualified, we will discuss the reasons therefore with you in advance. Our auditing procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of receivables and certain other assets and liabilities by correspondence with creditors and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry.

At the conclusion of our audit, we will also request certain written representations from you about the financial statements and related matters. Such representations will include matters relating to compliance with state and local laws and regulations.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Also, we will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. However, because of the concept of reasonable assurance and because we will not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud or defalcations, may exist and not be detected by us.

It is our understanding that you will provide us with the basic information required for our audit and that you are responsible for the accuracy and completeness of that information. We will advise you about accounting principles and assist you by preparing the financial statements included in the audit report, but the responsibility for the financial statements remains with you. This responsibility includes the maintenance of adequate records and related controls relevant to an audit of financial statements, the selection and application of appropriate accounting principles, and the safeguarding of assets.

Because, in addition to our report on the basic financial statements, the scope of the engagement includes an audit in accordance with *Government Auditing Standards* we are required to issue a report on compliance with federal and state/local laws and regulations, including legal compliance, and on your system of internal control. This report may be accompanied by observations (findings) on your compliance or on your system of internal control, if the results of our audit procedures require such observations or reporting of

questioned costs.

We will maintain the audit documentation for a minimum of five years from the date of our reports. This audit documentation will be available to representatives of the United States General Accounting Office upon their request and after they have properly notified you of their request to review the audit documentation.

Hankins, Eastup, Deaton, Tonn & Seay, PC, accepts responsibility for ensuring that the audit is conducted by personnel who collectively have the necessary skills, that independence is maintained, that applicable standards are followed in conducting the audit, that the firm has an appropriate internal quality control system in place and maintains participation in an external quality control review program.

We confirm that we are independent with respect to North Texas Groundwater Conservation District. None of our partners, managers or staff have any direct or indirect financial interest in District contracts, and no one assigned to the audit is related within a prohibited degree (as defined by nepotism law) to any employee of the District or to any of the board members.

This document defines the proposed arrangements as we understand them. Any additional representations on our behalf can be obtained by contacting Carl Deaton, 902 N. Locust, P.O. Box 977, Denton, Texas 76202, (940)-387-8563, Fax (940)-383-4746. Please let us know if any clarification or additional information is needed.

Yours very truly,



Hankins, Eastup, Deaton, Tonn & Seay  
A Professional Corporation  
Certified Public Accountants

## **Proposed Method to Conducting the Audit**

The audit approach to be used is determined to some degree by the overall level of assurance the auditor feels is needed in the existing circumstances. Factors such as organizational structure, quality of administrative personnel, internal control structure, risk analysis, and results of prior year audits are considered in developing a preliminary risk assessment. That risk assessment tentatively determines the amount and types of tests to be performed and audit evidence to be collected. Since we are the current independent auditors for the District, we are already familiar with the quality of administrative personnel and the structure of operations, so our current level of assurance would be evaluated and adjusted each year based on changes we see in personnel or operations from the prior year.

We can speak in general terms, that if an internal control structure is in place, and our testing shows that it is continuing to function properly, the following procedures would be performed:

- Extensive substantive testing of balance sheet accounts, including but not limited to the following: confirmation of cash and investment balances, vouching of receivables and payables and possible confirmation of balances, analysis of prepaid accounts, vouching of fixed asset additions, testing of accruals, verification of borrowing activity, if any, and confirmation of ending balances, and analysis of fund balances.
- Analytical review of revenues and expenditures (actual vs. budget; actual vs. prior year), plus detailed testing of certain items, including but not limited to the following: revenues, monthly payments to GTUA, and other expenditure categories as warranted.

We would begin the audit engagement with a meeting with the Finance Officer and/or General Manager to inquire if there are any areas of concern in which the District desires us to perform special or additional procedures. Through regular contact with the District during the year, we should already be aware of the general condition of the District for subsequent audits, and any significant events which occurred during the year.

## **Type of Firm**

Hankins, Eastup, Deaton, Tonn & Seay, PC (a Professional Corporation) is a local firm located in Denton, Texas. The firm was established in November, 1966, and currently has 13 employees, 5 of which are CPA's.

## **Audit Experience**

Our firm has been performing school district and nonprofit audits since 1968, city audits since 1977 and tax appraisal district audits since 1980. Over 95% of our approximately 80 current audit clients are nonprofit or local government units that include school districts, cities, water districts, appraisal districts, education foundations and other non-profit organizations including charitable organizations. We have experience with the use of Assyst software not only through prior year audit experience with your District but also with one of our city audit clients that uses Assyst software for utility billing and general ledger purposes. Our large, diverse group of audit clients provides us a depth of experience we

believe is unparalleled in a firm our size. Yet our firm size allows us to provide all of our clients the service and dedicated support they need.

The following is a partial list of our current audit clients along with names and telephone numbers of people you can contact for references.

Entity	Years	Contact	Telephone
Denton ISD	41	Debbie Monschke, Finance Director	(940) 369-0010
Grapevine – Colleyville ISD	9	DaiAnn Mooney, Dir. of Financial Services	(817) 251-5582
Sherman ISD	1	Tyson Bennett, Asst. Superintendent	(903) 891-6415
Argyle Water Supply Corp	13	Randall Davis, General Manager	(940) 464-7713
Bolivar Water Supply Corp	15	Polly Kruger, Office Manager	(940) 458-3931
Cross Timbers Water Supply Corporation	17	Lloyd Hanson, General Manager	(940) 584-0780
Northwest ISD	2	Jon Graswich, CPA Deputy Superintendent	(817) 215-0025
Anna ISD	1	Thomas O'Neal, CFO	(972) 924-1000
Lake Dallas ISD	25	Wes Eversole, Asst. Supt. of Operation and Finance	(940) 497-4039
Little Elm ISD	17	Grant Anderson, CFO	(972) 617-2941
Clear Creek Watershed Authority	11	Phil Holland, Board President	(972) 951-2235
Denton County Emergency Svcs District #1	10	Jon Donahue, Treasurer	(214) 755-1211
Krum ISD	20	Darla Putman, Business Manager	(940) 482-6000

Pilot Point ISD	10	Nikki Hamblin, CFO	(940) 686-8700
Valley View ISD	11	William Stokes, Superintendent	(940) 726-3659
Eagle Mtn – Saginaw ISD	10	Jane Valdez, Director of Business	(817) 232-0880
Denton Central Appraisal District	33	Rudy Durham, Chief Appraiser	(940) 566-0904
Cooke County Appraisal District	9	Doug Smithson, Chief Appraiser	(940) 665-7651
Lewisville ISD Education Foundation	14	Connie Pelphrey, Executive Director	(972) 353-4967

We encourage you to check with our existing clients for references as to the excellent level of service provided to these audit clients. As you can see, we have served as auditor for several of these entities for many years. In fact, all 20 of the audit clients we gave you as a reference in our last proposal 5 years ago continue to be current audit clients today. If you need any additional information on our existing clients or references, or need additional references, please let us know.

### **Proposed Audit Team**

A CPA partner of our firm will be on site and conduct all of the field work. A second CPA partner will serve as a third party reviewer.

The partner in charge of the audit will be Carl Deaton, who will plan the audit, conduct the fieldwork, and report on the engagement. Mr. Deaton has an MBA in accounting and has been a licensed CPA in Texas since 1981. He has conducted school district, city and nonprofit audits since 1981, and has served as a reviewer for GFOA, reviewing CAFR's submitted to GFOA by school districts and cities.

Dan Tonn, another partner in the firm, will assist in planning and reviewing workpapers and the report. Mr. Tonn has a BBA in accounting and has been a licensed CPA in Texas since 1981. He has conducted school district and nonprofit audits since 1985.

Both members of the audit team are members of the Texas Society of CPA's and the American Institute of CPA's. Both have completed their continuing professional education requirements as required by the State Board of Public Accountancy. Each has also completed at least forty hours of governmental auditing continuing education each of the last several years as prescribed by the GAO "Yellowbook".

**Assistance from District Personnel**

Assistance would be expected in providing invoices and other documents which we would need to examine and in being available to answer questions.

**Proposed Fee Schedule**

Budgeted hours would be as follows for the financial statement audit:

<u>Staff</u>	<u>Function</u>	<u>Estimated Hours</u>
Carl Deaton, Partner	Planning	8
	Fieldwork	24
	Audit report	8
Dan Tonn, Partner	Planning	2
	Review	2
		<hr/> <hr/> 44

Members of our audit service team are always available for meetings throughout the year. The references listed can also verify our accessibility by telephone. Mr. Deaton and Mr. Tonn have always been prompt in returning telephone calls and are always willing to schedule time to meet in person with you when necessary. If for some reason Mr. Deaton and Mr. Tonn are unavailable at a particular time, our firm has one other partner with extensive governmental audit experience who is willing to assist you.

We estimate the fee for the 12/31/18 annual audit, based on an hourly rate of \$125, to be \$5,500. Estimated fees for the four subsequent option years are:

YE 12/31/19	\$ 5,500
YE 12/31/20	5,600
YE 12/31/21	5,700
YE 12/31/22	5,800

We commit to having the audit completed by June 1 of each year, in order for the Board of Directors to have it available for review at their June meeting.

We would not charge the District additional fees for telephone consultations or electronic mail correspondence during the year. However, any additional services you request which would require a visit by us to the District or significant office time would be billed separately.

Members:  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC  
ACCOUNTANTS  
TEXAS SOCIETY OF CERTIFIED  
PUBLIC ACCOUNTANTS

---

---

**HANKINS, EASTUP, DEATON,  
TONN & SEAY**  
A PROFESSIONAL CORPORATION

---

---

CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST  
P.O. BOX 977  
DENTON, TX 76202-0977

TEL. (940) 387-8563  
FAX (940) 383-4746

**FIRM RESUME**

**Shareholders:**

Jerry W. Eastup, CPA, Carl M. Deaton, CPA, Dan Tonn, CPA, and Rob Seay, CPA.

**Professionals:**

Four others excluding principals.

**Staff:**

Six staff members excluding principals and professionals.

**Date Started in Business:**

November, 1966.

**Experience:**

Forty-five years of governmental and nonprofit organization audit experience.

Forty-five years of general business audit experience.

Forty-five years of Federal Income Tax experience, individuals, estates, trusts, corporations, partnerships, and nonprofit organizations.

Forty-five years general business accounting and financial consultant work.

**Professional Organizations:**

American Institute of Certified Public Accountants

Private Companies Practice Section Division for CPA Firms

(As a membership requirement of the Private Companies Practice Section Division, our firm underwent Peer Review in August 2009, and successfully completed the Review. Beginning in 1992 such a Peer Review is required by the General Accounting Office, to conduct governmental audits.)

Texas Society of Certified Public Accountants

Dallas Chapter Texas Society of Certified Public Accountants

Texas Association of School Business Officials

**Experience of Principals Prior to Joining Firm:**

Eight years audit and tax experience with national accounting firms.

Two years experience for manufacturing concerns.

Five years experience with large local accounting firm.

Two years experience with financial services firms.



VAIL & KNAUTH, LLP  
CERTIFIED PUBLIC ACCOUNTANTS  
AUDIT, TAX AND ADVISORY SERVICES

Michael G. Vail, CPA  
Chris E. Knauth, CPA  
Don E. Graves, CPA  
Charles T. Gregg, CPA  
Cliff E. Wall, CPA  
Pamela C. Moore, CPA

Members:  
American Institute of CPAs  
Texas Society of CPAs

## System Review Report

To the Hankins, Eastup, Deaton, Tonn & Seay, PC and the  
Peer Review Committee of the Texas Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Hankins, Eastup, Deaton, Tonn & Seay, PC (the firm) in effect for the year ended February 28, 2015. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*.

In our opinion, the system of quality control for the accounting and auditing practice of Hankins, Eastup, Deaton, Tonn & Seay, PC in effect for the year ended February 28, 2015, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency*, or *fail*. Hankins, Eastup, Deaton, Tonn & Seay, PC has received a peer review rating of *pass*.

*Vail + Knauth, LLP*

Vail & Knauth LLP  
August 19, 2015

1801 Gateway Blvd., Suite 212  
Richardson, TX 75080  
(972) 234-3333

323 East Highway 199 – P.O. Box 1859  
Springtown, TX 76002  
(817) 220-8700



**PROPOSAL FOR PROFESSIONAL SERVICES  
FOR  
NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT**

**Provided by:  
McClanahan and Holmes, LLP  
1400 West Russell  
Bonham, Texas 75418  
903-583-5574**

**RECEIVED**  
JUL 23 2018  
BY: NTGCD

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

STEVEN W. MOHUNDRO, CPA  
GEORGE H. STRUVE, CPA  
ANDREW B. REICH, 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

July 20, 2018

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

Thank you for the opportunity to submit this proposal to provide auditing services to North Texas Groundwater Conservation District ("the District"). We welcome the opportunity to provide our services for the upcoming audit.

We trust this proposal expresses our commitment to serve the District in the future. McClanahan and Holmes, LLP is committed to serving clients in this area having done so for more than 60 years. The firm is also a leader in governmental and nonprofit audits in Fannin, Lamar, and Grayson counties. As such, we are strongly committed to this area of auditing, and maintain the staffing with the necessary experience and continuing education requirements necessary to perform these engagements. McClanahan and Holmes, LLP will perform the external audit services for the District as required by your request for proposal with a high degree of professionalism, independence, and quality.

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

April Hatfield, CPA  
McClanahan and Holmes, LLP  
1400 West Russell  
Bonham, TX 75418  
Telephone: 903-583-5574  
Facsimile: 903-583-9453  
Email: [ahatfield@mchcpa.net](mailto:ahatfield@mchcpa.net)

Sincerely,

*McClanahan and Holmes, LLP*

Certified Public Accountants

PROPOSAL FOR NORTH TEXAS CONSERVATION DISTRICT

TABLE OF CONTENTS

- I. Introduction
- II. Specific Proposal Responses
  - A. Proposed Method(s) for Conducting the Audit
  - B. Qualifications of Firm and Individuals
  - C. Previous Audit Experience with Local Government Units and References
  - D. Expected Staff Involvement from the District
  - E. Proposed Fee Schedule along with Four Subsequent Option Years

## I. INTRODUCTION

McClanahan and Holmes, LLP, a local firm, was organized as a partnership in 1952 and has grown to a seven-partner firm with three operating offices in Bonham, Paris, and Denison. In addition to our partners, our professional staff consists of three CPA's and eight degreed professionals. All three of our offices offer services to our clients in accounting, auditing, tax, and management advisory services. Our Bonham office will be responsible for the District's audit, and the audit staff will come from our Bonham office. All of our partners and professional staff on this engagement will have extensive experience in governmental and single audits, as well as the capability to audit computerized data collection and financial transaction processing and reporting systems. The audit team will consist of an engagement partner and one professional staff. We will employ the necessary resources from our Firm to perform this engagement in the required time frame.

Our Firm is properly licensed to practice public accounting in the state of Texas and meets the independent requirements of the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions. Our Firm has had no federal or state desk reviews or field reviews of its audits during the past three years. In addition, our Firm has had no disciplinary action taken against it by any state or federal regulatory body or professional organization.

Our Firm will follow applicable standards promulgated by the American Institute of Certified Public Accounts, including "Interpretation 501-3, Failure to Follow Standards and/or Procedures or Other Requirements in Governmental Audits." In the performance of this audit, our Firm will follow the requirements of auditing standards generally accepted in the United States of America and the applicable pronouncements of the Governmental Accounting Standards Board.

Our firm is also very proud of our professional reputation; one that, among other things, is known for utmost confidentiality with respect to client information. We encourage you to visit our website at [www.mchcpa.net](http://www.mchcpa.net) to learn more about our firm.

## II. SPECIFIC PROPOSAL RESPONSES

### A. Proposed Method for Conducting the Audit

#### Scope

If retained, our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and Governmental Auditing Standards issued by the Comptroller General of the United States; and accordingly, will include such tests of the accounting records and such other auditing procedures as are considered necessary in the circumstances. At the conclusion of our audit, we will express our opinion on the fair presentation of the basic financial statements of North Texas Groundwater Conservation District in conformity with accounting principles generally accepted in the United States of America.

A separate report titled "Communication with Those Charged with Governance" will be issued in accordance with the requirements of Statement on Auditing Standards No. 114.

All working papers and reports will be retained, at our expense, for a minimum of five years, unless we are notified in writing by North Texas Groundwater Conservation District of the need to extend the retention period. We will make working papers available, upon request, to parties as required by North Texas Groundwater Conservation District.

We will be responsible for providing any proposed adjusting entries to management for review and acceptance. We will also provide a list of immaterial audit differences, if any, not proposed for adjustment. We will supply North Texas Groundwater Conservation District with a draft of the audit report for review by management prior to issuance. We will provide the required number of copies of the signed audit opinion and related reports and be available for an exit conference with management and/or board members.

#### Audit Approach

Our audit will be planned and performed using PPC audit programs and checklists as guidelines that will then be tailored as necessary to fit the operations of North Texas Groundwater Conservation District. The majority of the audit procedures will be performed at your office.

During the planning phase of the audit, we will require the staff to assist in the preparation of our internal control documentation schedules. This work will also involve documenting our understanding of North Texas Groundwater Conservation District's transaction cycles for significant operations. Based on our understanding of the internal controls, performing preliminary analytical procedures, making inquiries of management, and reviewing preliminary financial information, we would then assess the audit risk for account balances and classes of transactions.

At this stage of our audit, we would develop specific audit procedures designed to reduce the audit risk to acceptable levels. We would then determine staff assignments based on difficulty of each audit area, and sample sizes for tests of internal controls and compliance tests. We will not perform any statistical sampling.

Based on our discussion with management of North Texas Groundwater Conservation District, we do not anticipate any unusual audit issues. We anticipate that we would require support from your staff in the areas of client-prepared audit schedules, availability to answer questions, and providing copies of documents requested by us during the course of the audit.

### B. Qualifications of Firm and Individuals

Following is a brief resume of our professional personnel most likely to be assigned to the engagement. All certified public accountants in the firm are members of the American Institute of Certified Public Accountants and the Texas Society of Certified Public Accountants.

April Hatfield graduated from Texas A & M University- College Station (B.B.A. – Accounting, 2002) and from Texas A & M University- Commerce (M.B.A. - Minor in Accounting, 2004) and was employed by our firm in January 2014 as a manager and was named a partner by the firm in January 2018. Prior to joining our firm, she was employed as an audit manager for a public accounting firm in Dallas. She is a Certified Public Accountant. She will serve as the engagement partner for the engagement.

## II. SPECIFIC PROPOSAL RESPONSES (Continued)

### B. Qualifications of Firm and Individuals (Continued)

Kate Wallace graduated summa cum laude from Texas A & M University – Commerce (B.B.A – Accounting 2015) and was employed by our firm in September 2015. She is a Certified Public Accountant. She will serve as accountant for the engagement.

All of our professional staff are required to complete a minimum of 40 hours of continuing education annually. Professional staff that will be assigned on governmental audits are required to complete at least 12 of their 40 hours in subjects directly related to the government environment and to government auditing. Our Firm is in compliance with continuing education requirements of the Private Companies Practice Section of the American Institute of Certified Public Accountants, applicable State Society requirements, and the Government Auditing Standards as issued by the U. S. General Accounting Office.

### C. Previous Audit Experience with Local Government Units and References

#### Bonham ISD

Alicia Lang, Director of Business Services 903-640-9158  
Audited 20+ Years

#### City of Bonham, Texas (including Bonham Economic Development Corporation)

Dave Struchtemeyer, Director of Finance 903-583-7555  
Audited 20+ Years

#### City of Ladonia, Texas

Debbie Nichols, City Secretary 903-367-7011  
Audited 2012-2015, 2017

#### City of Paris, Texas

Gene Anderson, Finance Director 903-784-9241  
Audited 30+ Years

#### Paris Economic Development Corporation (Component Unit of the City of Paris)

Gene Anderson, Finance Director 903-784-9241  
Audited 25+ Years

#### Lamar County Water Supply District

David Pitcock 903-785-5586  
Audited 30+ Years

#### Paris-Lamar County Health District

Gina Prestridge 903-785-4561  
Audited 2013-2015, 2017

#### City of Savoy, Texas (including Savoy Community Development Corporation)

Missy Rickman, City Secretary 903-965-7706  
Audited 20+ Years

#### Southwest Fannin Special Utility District

John Keen, General Manager 903-965-5316  
Audited since 1999

#### Fannin Central Appraisal District

Mike Jones, Chief Appraiser 903-583-8701  
Audited since 2007

## II. SPECIFIC PROPOSAL RESPONSES (Continued)

### C. Previous Audit Experience with Local Government Units and References (Continued)

Red River Groundwater Conservation District  
Drew Satterwhite, General Manager 903-786-4433  
Debi Atkins, Finance Officer 903-786-4433  
Audited since 2014

City of Cooper, Texas  
Emily Howse, City Secretary 903-395-2217  
Audited since 2010

City of Honey Grove, Texas  
Jaci Garner, City Secretary 903-378-2323  
Audited 20+ Years

Texoma Housing Partners  
Allison Reider, Director 903-583-3336  
Mindi Jones, Accounting & Finance Manager 903-583-3336  
Audited 2007-2011, 2017 (Required Rotation)

Grayson Central Appraisal District  
Shawn Coker, Chief Appraiser 903-893-9673  
Angie Wilson, Director of Finance 903-893-9673  
Audited 2006-2008, 2011-2017

Texoma Council of Governments  
Susan Thomas, Executive Director 903-813-3514  
Mindi Jones, Account and Finance Manager 903-813-3547  
Audited 2009-2012, 2017 (Required Rotation)

Business and Industrial Corporation of Denison, Inc.  
Tony Kaai, President 903-464-0883  
Loretta Rhoden, VP of Operations 903-464-0883  
Audited 15+ Years

City of Trenton, Texas (including Trenton Community Development Corporation)  
Jamie Davis, City Secretary 903-989-2237  
Audited 20+ Years

City of Dodd City, Texas  
Cheryl Braden, City Secretary 903-583-7710  
Audited 20+ Years

Red River County Water Control and Improvement District  
Ann Rushing, Clerk 903-366-9026  
Audited since 2015

Bois d'Arc Municipal Utility District  
Mark Newhouse, General Manager 903-227-4544  
Audited 20+ Years

Paris Junior College (includes Paris Junior College Memorial Foundation)  
Dr. Pamela Anglin, President 903-785-7661  
Ms. Keitha Carlton, Controller 903-785-7661  
Audited 30+ Years

## II. SPECIFIC PROPOSAL RESPONSES (Continued)

### C. Previous Audit Experience with Local Government Units and References (Continued)

Tyler Independent School District (Final Audit Review Partner)  
Affiliated with Prothro, Wilhelmi & Company  
Mr. Bob Roseman, CPA, Partner 903-534-8811  
Reviewed 10+ Years

### D. Expected Staff Involvement from the District

In order to perform the audit, we expect the District personnel to remain available for questions and document preparation throughout the duration of the audit fieldwork. The District personnel will be expected to prepare confirmations, certain schedules, and to assist with information needed to prepare the financial statements and accompanying footnotes.

### E. Proposed Fee Schedule along with Four Subsequent Option Years

Based on our understanding of the audit work required, we estimate that the fee for time spent on the audit for the District will be \$5,400, which includes out-of-pocket expenses. For subsequent years, we anticipate a 2% to 3% increase in the fee each year. Any additional nonaudit services will be billed on a per hour basis.



**LAFOLLETT & ABBOTT PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS



**118 Cottonbelt  
P. O. Box 717  
Tom Bean, TX 75489-0717**

***Response to the North Texas Groundwater Conservation District's  
Auditing Services Request for Proposal***

**CONTACT: Rod Abbott, CPA  
(903) 546-6975  
[rod.abbott@lafollettcpa.com](mailto:rod.abbott@lafollettcpa.com)**

**AUDIT PROPOSAL FOR THE  
NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT  
FOR THE FISCAL YEARS ENDING  
DECEMBER 31, 2018 THROUGH 2022**

**TABLE OF CONTENTS**

	Page
Executive Summary.....	i
Firm Qualifications and Experience.....	1
Staff Qualifications and Experience .....	2
Similar Audit Engagements with Other Governmental Entities.....	3
Scope and Audit Approach.....	4
Other Information.....	7
Cost Bid.....	8

**Attachments:**

- A. List of recent audits
- B. Resumes of key personnel
- C. List of references
- D. Letters of recommendation
- E. Estimated audit fieldwork schedule
- F. Peer Review Report
- G. Historically Underutilized Business Certification



LaFollett and Abbott PLLC  
Certified Public Accountants

Susan LaFollett, CPA – Partner  
Rod Abbott, CPA – Partner

## EXECUTIVE SUMMARY

July 6, 2018

To the Board of Directors of the  
North Texas Groundwater Conservation District  
5100 Airport Drive  
Denison, TX 75020

Dear Members of the Board:

Thank you for your request for our proposal to perform the financial audit of the North Texas Groundwater Conservation District (the District) for the fiscal year ending December 31, 2018, with optional annual renewals through fiscal year 2022.

Our proposal for auditing the District will be in accordance with *Generally Accepted Auditing Standards* (GAAS), *Government Audit Standards* (the Yellow Book), the American Institute of Certified Public Accountants (AICPA), and as necessary, the Single Audit Act under the Uniform Guidance.

We believe that awarding the engagement to us will have several advantages to your District. We are currently engaged as the independent auditor for several governmental entities that follow *Government Auditing Standards*. This year our firm will audit municipalities, one M.U.D., and one S.U.D. Our staff consists of only experienced governmental auditors.

Please give serious consideration to our proposal noting our governmental and nonprofit auditing experience, our membership in the American Institute of CPAs, Texas Society of CPAs, and Government Finance Officers Association. The firm's record with all regulatory and licensing, and professional organization is totally unblemished. Mrs. Susan LaFollett, CPA and Mr. Rod Abbott, CPA are authorized to represent the firm.

If you have any questions about our proposal, please do not hesitate to let us know.

Sincerely,

LaFollett & Abbott PLLC  
Certified Public Accountants

## **DETAILED PROPOSAL FOR THE DISTRICT**

This proposal has been written to respond to the "Request for Proposal"(RFP) for audit services of the North Texas Groundwater Conservation District (the District). It has been written specifically for the District.

### **Independence**

The second general standard for governmental auditing states that the auditor should maintain an attitude of independence in both fact and appearance. The firm of LaFollett & Abbott PLLC has no direct or indirect financial interest in the District or other interest that could affect the independence of the firm as defined by the U.S. General Accounting Office's *Government Auditing Standards*.

### **Licenses to Practice**

We affirm that the firm and all assigned key professional staff are properly licensed to practice in Texas and in good standing with the State Board of Public Accountancy.

### **Firm Qualifications and Experience**

LaFollett & Abbott PLLC is a local CPA firm near Sherman, Texas that specializes in performing audits of governmental and nonprofit organizations. The firm's governmental audit staff consists of two full-time CPAs, four additional full-time professional staff, and one associate CPA that is a certified government finance officer. We also have long standing relationships with other associate CPA's and utilize them as needed on larger engagements. Managing Partner Susan LaFollett, CPA, and Audit Partner Rod Abbott, CPA have performed numerous governmental audits. Governmental and not for profit audits are not just sideline or 'fill-in' engagements, they are the Firm's specialty and comprise the majority of the Firm's audit engagements. It should also be noted that the Audit Partner is not involved in the Firm's tax practice. We have found that this allows him to focus only on completing all Firm audits in a timely and efficient manner and avoids the distractions of tax practice deadlines.

### ***External Quality Control Review***

LaFollett & Abbott PLLC has received the highest rating of "pass" on its peer review dated August 28, 2017 under the AICPA Peer Review Program. A copy of the report is at Attachment F.

Additionally, no accountants employed by the Firm have ever been reprimanded or received other disciplinary action by the Texas State Board of Public Accountancy and no disciplinary actions are pending with the State Board, regulatory bodies, or professional organizations.

### **Partner and Staff Qualifications and Experience**

#### **The Proposed Audit Team**

The audit team proposed for auditing the District is Susan K. LaFollett CPA – Managing Partner, Rod Abbott CPA – Audit Partner, and Keri Goodwin – Staff II.



***Susan LaFollett CPA, Managing Partner***

Ms. LaFollett, Managing Partner of LaFollett & Abbott PLLC, will assume the overall responsibility for the conduct of the engagement. She will coordinate the activities of the project, allocate administrative support where required, and direct any supplemental activities, as needed, for ensuring the completion of the audit within the time and cost restraints.

Ms. LaFollett has over 19 years of experience, professional training, and audit experience. She has directed audits of not-for-profit organizations and governmental entities, including the Single Audit Act under the Uniform Guidance. She represents a commitment of the highest level of the firm's management. Susan has worked for several other firms as well as a "big four" public accounting firm. See the Partner's resume at Attachment B.



***Rod Abbott CPA, Audit Partner***

Mr. Abbott, Audit Partner for LaFollett & Abbott PLLC, will assume responsibility for supervising the audit engagement and on-site fieldwork. He will be responsible for supervising the implementation of the audit strategy and concluding on the proper GAAP and GASB treatment of complex transactions and disclosures.

Mr. Abbott has over 17 years of professional training and significant experience conducting governmental and non-profit audit engagements in a timely, effective, and professional manner. He has extensive experience auditing not-for-profit organizations and governmental entities including the Single Audit Act under the Uniform Guidance. Rod has worked for two other CPA firms including a "top 10" national public accounting firm before joining LaFollett & Abbott PLLC. See the Audit Partner's resume at Attachment B.

***Audit Staff – Keri Goodwin***

Tax & Audit Staff II Keri Goodwin graduated from Texas A&M University at Commerce in August 2015, with a Bachelor of Business Administration. Ms. Goodwin has been with LaFollett & Abbott since September of 2013 and she has already gained considerable audit and tax experience. Her resume is also at Attachment B.

**Prior Engagements with the District**

No prior engagements to disclose.

**Similar Audit Engagements with Other Governmental Entities**

The following are examples of governmental audits performed by the Firm with Susan LaFollett and Rod Abbott as part of the audit team within the last three years:

<u>City:</u>	<u>Contact:</u>
<u>Client</u> City of Princeton (Approx. 380 hours) (GFOA certified Governmental CAFR)	<u>Contact</u> Derek Borg, City Manager 972-736-2416
Eagle Advantage Schools, Inc. (Approx. 280 hours) (G.A.S. and Single Audit – Approx. \$14.8M in grants)	Angie McDonald Superintendent 214-276-5800
Trophy Club Municipal Utility District No. 1 (G.A.S.) (Approx. 310 hours)	Renae Gonzales, Finance Director 682-831-4611
City of Anna (Approx. 260 hours) (G.A.S.)	Dana Thornhill, Finance Manager 972-924-3325
City of Oak Point (Approx. 240 hours) (G.A.S.)	Grant Savage – Finance Director 972-294-2312

## Scope and Audit Approach

The audit will be performed in accordance with standards issued by *Government Auditing Standards* and the American Institute of Certified Public Accountants.

The Firm's audit philosophy is to provide the highest quality audit possible in the most efficient manner with minimal interference in the day-to-day operations of the client's administrative staff. Past experience has shown that frequent and open conversation between our Firm's management and the client's staff is the best way to accomplish this objective.

### PHASES OF AUDIT WORK:

#### *Phase I*

After a briefing with management, LaFollett & Abbott PLLC will:

- a. Obtain and review necessary background information relative to the audit and send a comprehensive pre-audit checklist to management. Visit with the previous auditor and request working papers as needed.
- b. Have all members of the audit team review the Generally Accepted Auditing Standards.
- c. Make arrangements for the entrance conference.
- d. Arrange to have all books and records available for review upon arrival at the District.
- e. Review internal policies and procedures for data entry and reporting in the accounting software.

We will require the assistance of the District staff for compiling our audit requests, but most requests should be similar to requests made by your prior auditor. Additionally, all first year audits require that we obtain copies of legal documents for our permanent files such as: leases, debt agreements, financial policies, and certain other documents.

#### *Phase II*

We will begin the preliminary on-site work and conduct the entrance conference. We will observe the District's operations to become familiar with its specific procedures. We will establish procedures for discussing any material audit exceptions or noncompliance with state or federal laws and regulations.

### *Phase III*

We will review the internal control structure of the District. The amount of audit testing that our auditors need to perform is directly affected by their assessment of control risk. Our purpose of assessing the control risk is not designed to detect errors, irregularities, fraud or abuse. However, we use a system for assessing the control risk that is a significant advance over traditional prevention and detection of material errors and irregularities. It is applied in considering each significant class of transactions and related assets involved in the audit.

Our approach consists of the following steps:

- . Considering the types of errors and irregularities that could occur.
- . Determining the accounting control procedures that should prevent or detect such errors and irregularities.
- . Determining whether the necessary control procedures are being followed satisfactorily.
- . Evaluating any weaknesses and determining the nature, timing, and extent of our audit procedures.

This approach allows our auditors to pinpoint areas having weak controls and to extend testing only to those areas. In this way, the evaluation of weaknesses in internal control is more exact and the testing of the accounting records becomes more effective and efficient.

**Audit Sampling Plan** - Our audit sampling plan is a method of obtaining efficient, mathematically valid samples from accounting records. The objectives are to obtain statistically reliable tests of accounting records and to reduce the amount of time required for detail testing. We have used the plan extensively and successfully in non-profit and governmental audits. We believe that it is the most valid method available for sampling accounting records as well as the easiest and most practical to apply.

In applying the audit-sampling plan to accounting records, the auditor considers the detailed evaluations of internal controls to determine the extent of tests. Documents and related records supporting the individual items selected by the sampling plan are examined using traditional auditing methods. Deficiencies of both monetary and procedural importance are then statistically computed and evaluated. This approach allows the auditor to determine the appropriate testing required for each area and to select a small statistically valid sample from the accounting records to evaluate quantitatively the results.

### *Information Technology*

We have the capability to audit computerized systems and utilize various testing techniques. One such example is to export certain transactions into Excel and using mathematical models such as Benford's Law in identifying unusual transactions.



#### ***Phase IV***

In this phase we will review and test selected asset, liability, fund balances, revenue, and expense accounts.

We will examine accounting records and other documents to determine if year-end financial balances are materially correct. Cash and debt balances will be confirmed with third parties. Audit differences will be evaluated by the Firm and discussed with the District as they arise.

#### ***Identification of Anticipated Potential Audit Problems***

During the course of the audit, we will discuss any audit findings and instances of noncompliance where appropriate with the District to avoid any surprises at the exit conference or in the draft audit report.

#### ***Phase V***

At the completion of the engagement, a final review of all working papers will be performed in our office. This overriding review is performed to ensure that the final product of our engagement adheres to the highest quality technical standards that can be obtained from any public accounting firm. An exit conference will be scheduled with the District.

#### ***Phase VI***

In this phase we ask the District to consider posting the proposed audit adjusting journal entries. After both parties agree on the posted journal entries, our firm will begin preparing auditor reports, financial statements, and the footnotes. We will review the financial statements for GAAP compliance, completeness, and accuracy. We will address any concerns raised and perform any needed revisions.

#### ***Phase VII***

We will discuss audit results and recommendations with the Audit Committee or governance designees and present all required communications, such as:

1. Auditor's responsibility under generally accepted auditing standards
2. Significant accounting policies
3. Management judgments and accounting estimates
4. Significant audit adjustments
5. Other information in documents containing audited financial statements
6. Disagreements with management or difficulties encountered in performing the audit
7. Management consultation with other accountants

If desired, we will subsequently present audit results and recommendations with the full District Board of Directors.

### **Proposed Audit Scheduling**

Please see **Attachment E** for our tentative audit planning schedule. We will be flexible with the District as we finalize dates where both parties are available during the process. We are confident that our references at **Attachment C** can attest that we work hard to meet all audit deadlines and strive to make the audit process as painless as possible for all involved.

### **Other Information**

Note that **Attachment G** is the HUB, or Historically Underutilized Business Certification that the Firm has obtained. This is awarded to minority owned businesses. There are times when applying for certain grants that extra points are awarded if the District can demonstrate that it does business with a HUB.

**LAFOLLETT AND ABBOTT, PLLC**

**COST BID FOR AUDIT SERVICES  
NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT**

<u>Audit Team Member</u>	<u>Standard Rate</u>	<u>District Rate</u>	<u>Hours</u>	<u>Fee</u>
Susan LaFollett, CPA - Partner	\$ 195	\$ 130	4	520
Rod Abbott, CPA - Partner	\$ 175	\$ 115	12	1,380
Keri Goodwin - Staff II	\$ 70	\$ 50	85	4,250
Administrative Staff	\$ 15	\$ 10	2	20
All-inclusive maximum 2018 fee estimate:			<b>103</b>	<b>\$ 6,170</b>

The following is the maximum price for the audit at December 31:

	<u>Totals</u>
<b>2018</b>	<b>\$ 6,170</b>
<b>2019</b>	<b>\$ 6,370</b>
<b>2020</b>	<b>\$ 6,480</b>
<b>2021</b>	<b>\$ 6,690</b>
<b>2022</b>	<b>\$ 6,900</b>

**Notes:** Pricing for other services outside the annual audit services will be at the "District" rates noted above. Annual fee estimates are based on the assumption of no significant changes in the District's volume of transactions nor the addition of more complex accounting transactions such as for 1-t debt or construction projects.

**PARTIAL LIST OF RECENT AUDITS PERFORMED BY LAFOLLETT & ABBOTT**

**Governmental Audits**

City of Anna, Texas  
City of Princeton, Texas  
City of Sachse, Texas  
City of Haslet, Texas  
City of Pottsboro, Texas  
Trophy Club Municipal Utility District  
Texoma Council of Governments  
Texoma Workforce Development Board  
City of Gunter, Texas  
City of Van Alstyne, Texas  
City of Oak Point, Texas  
City of Tom Bean, Texas  
City of Howe, Texas  
City of Bells, Texas  
City of Collinsville, Texas

**Not For Profit Audits Performed**

Goodwill Industries of Northeast Texas, Inc.  
Meals on Wheels of Texoma, Inc. (Uniform Guidance)  
Texoma Christian School, Inc.  
Grayson County Shelter , Inc.  
Grayson County Health Clinic, Inc.  
ABC Behavioral Health, Inc.  
Four Rivers Outreach, Inc.  
Right From the Start Nutrition, Inc. (Uniform Guidance)  
House of Hope, Inc.  
Eagle Advantage Schools, Inc. (Uniform Guidance)  
Gateway Charter Academy, Inc. (Uniform Guidance)  
Greater Texoma Health Clinic, Inc.  
Northwest I.S.D. Education Foundation, Inc.

**Homeowners Association Audits**

Villas of Westridge Condominium Association of McKinney, Inc.  
Caruth Ridge Estates Homeowners Association, Inc. (Rockwall, TX.)

**SUSAN K. LAFOLLETT CPA, MANAGING PARTNER**

CERTIFIED PUBLIC ACCOUNTANT

CPA Certificate number 057088 from the Texas State Board of Accountancy – September 1991

EDUCATION/HONORS

Graduated from University of Texas at Dallas (UTD) in August 1988, Bachelor of Science in Business Administration with a concentration in accounting

Accounting Excellence Award from the Educational Foundation of Texas Societies of Certified Public Accountants – May 1988

Treasurer and Member, National Accounting Honor Society of UTD – 1987 to 1988

POSITION IN FIRM:

Managing Partner

YEARS IN PUBLIC ACCOUNTING:

Twenty (20) plus years

WORK HISTORY

Ms. LaFollett spent the first four (4) years of her career at the big four firm of Coopers & Lybrand in Dallas, Texas. She was employed from September 1988 to September 1992 and advanced to the title of Audit Supervisor. During this experience, she worked as a member on the audit staff in the Emerging Business Services group, which primarily served fast growing entrepreneurial type entities. She was responsible for all phases of the audit engagement including planning, risk assessment, evaluation of internal controls, and financial statement preparation. Ms. LaFollett's duties also included training and supervising members of the audit team.

Ms. LaFollett was employed as an Audit Senior by Adami, Lindsey, Keller & Associates in Sherman, Texas from September 1992 to October 1993. She was responsible for all phases of the audit engagement. The majority of the audit engagements were municipalities and not for profit entities.

Ms. LaFollett was employed by Gregg and Company CPA's in Tom Bean, Texas from January 2004 to September 2009, as an audit supervisor. She was responsible for all phases of the audit engagement. The majority of the audit engagements were municipalities and not for profit entities.

**SUSAN K. LAFOLLETT CPA, MANAGING PARTNER**WORK HISTORY (continued)

In 2009, Ms. LaFollett established LaFollett & Company PLLC, Certified Public Accountants, in Tom Bean, Texas. The firm name later changed to LaFollett & Abbott PLLC to better reflect the firm's current leadership and expanding capabilities. As Managing Partner, Ms. LaFollett oversees the firm's audit practice, which specializes in the audits of municipal governments and not-for-profit organizations. She has extensive knowledge of Generally Accepted Accounting Principles, *Governmental Auditing Standards*, the Yellow Book, the Single Audit Act, and the Uniform Guidance. Ms. LaFollett has over 18 years of auditing experience in public accounting. She has overseen independent financial audits for municipalities, charter and private schools, not for profit entities, corporations and partnerships. The majority of these recent audits were performed under *Governmental Auditing Standards*, the Yellow Book, and Uniform Guidance.

PROFESSIONAL ORGANIZATIONS

Member of American Institute of Certified Public Accountants  
Member of Texas Society of Certified Public Accountants  
Member of Government Finance Officers Association  
Member & Past President of Sherman Rotary Club  
Treasurer of Texoma Practice Management Group  
Past Treasurer of Achievers Practice Management Group of Dallas, Texas

AUDITS PERFORMED WITH THE FIRM*Governmental Audits:*

City of Anna, Texas (GFOA Certified CAFR)  
City of Sachse, Texas (GFOA Certified CAFR)  
City of Princeton, Texas (GFOA Certified CAFR)  
City of Bells, Texas  
City of Gunter, Texas (Yellow Book)  
City of Howe, Texas (Yellow Book)  
City of Oak Point, Texas (Yellow Book)  
City of Pottsboro, Texas (Yellow Book)  
City of Tom Bean, Texas  
City of Van Alstyne, Texas (Yellow Book)  
Texoma Council of Governments (Single Audit)  
Trophy Club Municipal Utility District (Yellow Book)  
Texoma Workforce Solutions (Single Audit)

**SUSAN K. LAFOLLETT CPA, MANAGING PARTNER**

AUDITS PERFORMED WITH THE FIRM (continued)

*Non-Profit Organizational Audits:*

ABC Behavioral Health, LLC (Single Audit)  
A W Brown Fellowship Leadership Academy (Single Audit)  
Caruth Ridge Estates Home Owners Association, Inc.  
Eagle Advantage Schools, Inc. (Single Audit)  
Four Rivers Outreach, Inc.  
Grayson County Shelter, Inc.  
Gateway Charter Academy, Inc. (Single Audit)  
Grayson County Health Clinic, Inc.  
Greater Texoma Health Clinic, Inc.  
Goodwill Industries of Northeast Texas, Inc.  
Heroes on the Water, Inc.  
House of Hope (Yellow Book)  
Korean War Veterans Association, Inc.  
National Relief Charities, Inc.  
Right From The Start Nutrition, Inc. (Single Audit)  
Texoma Christian School  
Meals on Wheels of Texoma (Single Audit)  
Villas of Westridge Home Owners Association, Inc.  
Your Health Clinic, Inc. dba Callie Clinic (Yellow Book)

PERSONAL REFERENCES

Sherry E. Howard  
*Mayor of Tom Bean Texas*  
903-815-8162

Deborah Boring  
*Past President of Sherman Rotary*  
903-546-5248

Tom Gregg CPA  
*President Elect of Sherman Rotary*  
903-546-6510

## **ROD ABBOTT CPA, AUDIT PARTNER**

### CERTIFIED PUBLIC ACCOUNTANT

CPA Certificate number 081707 from the Texas State Board of Accountancy – 2002

### EDUCATION

Graduated from Texas A & M University at Commerce in December 1998, Bachelor of Professional Accountancy

Vice-President of Local Chapter – Beta Alpha Psi accounting fraternity

### POSITION IN FIRM

Audit Partner

### YEARS IN PUBLIC ACCOUNTING

Nineteen (19) plus years

### WORK HISTORY

Mr. Abbott began his career in public accounting with Gregg and Company CPA's in Tom Bean, Texas from February 1999 to September 2007. He was promoted to the title of Supervisor. His responsibilities included all phases of the audit engagement including planning, risk assessment, evaluation of internal controls, and financial statement preparation. Mr. Abbott also trained, supervised, and reviewed the work of the audit staff. In addition, he performed the Firm's annual internal quality control inspection. During this experience, the majority of the clients were municipalities and not for profit organizations audited under *Governmental Auditing Standards*, and also in many instances, the Single Audit Act.

Mr. Abbott was employed as a Senior Auditor at BKD, LLP in Dallas, Texas from 2007 to 2010. Responsibilities included all phases of the audit engagement including planning, risk assessment, evaluation of internal controls, and financial statement preparation. During this experience, Mr. Abbott worked on numerous audits in commercial, municipalities, not for profits, and employee benefit plans.

Currently, Mr. Abbott is an audit partner for LaFollett & Abbott PLLC. Mr. Abbott has extensive knowledge of Generally Accepted Accounting Principles, *Governmental Auditing Standards*, and the Single Audit Act under OMB Circular A-133. Current responsibilities include all phases of the audit engagement including planning, risk assessment, evaluation of internal controls, financial statement preparation, as well as, supervision of audit staff, and detailed reviews of audit work.



PROFESSIONAL ORGANIZATIONS

American Institute of Certified Public Accountants  
Texas Society of Certified Public Accountants  
Government Finance Officers Association  
Treasurer of the Board – Trailridge Estates Home Owners Association

AUDITS PERFORMED WITH THE FIRM

Governmental Audits

City of Princeton, Texas (Comprehensive Annual Financial Report w/ GFOA Certification)  
City of Sachse, Texas (Comprehensive Annual Financial Report w/ GFOA Certification)  
City of Anna, Texas (Comprehensive Annual Financial Report w/ GFOA Certification)  
Texoma Council of Governments (Single Audit)  
Texoma Workforce Development Board (Single Audit)  
City of Anna, Texas (Yellow Book)  
City of Gunter, Texas (Yellow Book)  
City of Howe, Texas (Yellow Book)  
City of Tom Bean, Texas  
City of Haslet, Texas  
City of Collinsville, Texas  
City of Oak Point, Texas (Yellow Book)  
City of Bells, Texas  
City of Muenster, Texas  
City of Pottsboro, Texas (Single Audit)  
City of Van Alstyne, Texas (Yellow Book)

Non-Profit Organization Audits

Goodwill Industries of Northeast Texas, Inc.  
ABC Behavioral Health, LLC (HUD Single Audit)  
Right From The Start Nutrition, Inc. (Single Audit)  
Texoma Community Center (Single Audit)  
Eagle Advantage Schools, Inc. (Charter School Single Audit)  
Gateway Charter Academy, Inc. (Charter School Single Audit)  
A.W. Brown Fellowship-Leadership Academy (Charter School Single Audit)  
Four Rivers Outreach, Inc.  
House of Hope (Yellow Book)  
Trophy Club Municipal Utility District (Yellow Book)  
Northwest ISD Education Foundation, Inc.  
Greater Texoma Health Clinic, Inc.  
Grayson County Shelter, Inc.  
Heroes on the Water, Inc.  
Caruth Ridge Estates H.O.A.  
Villas of Westridge of McKinney Condominium H.O.A.

**KERI GOODWIN , STAFF ACCOUNTANT II**

EDUCATION

Graduated from Texas A&M University Commerce in August of 2015, Bachelors of Business Administration in Accounting

POSITION IN FIRM:

Tax and Audit Staff Accountant II

YEARS IN PUBLIC ACCOUNTING:

Five

WORK HISTORY

LaFollett & Abbott, PLLC

September 2013 - Present

Tax and Audit Staff

- Performed local government audits
- Performed non-profit audits
- Performed single audits
- Completed individual tax returns
- Completed compilations
- Completed cost reports

NON-PROFIT AUDITS PERFORMED WITH THE FIRM

Eagle Advanatge Schools, Inc.

Gateway Charter Academy, Inc.

Goodwill Industries of Northeast Texas Inc.

Right from the Start Nutrition, Inc.

Four Rivers Outreach

Grayson County Health Clinic

Meals on Wheels

Greater Texoma Health Clinic

## ATTACHMENT B

### MUNICIPAL AND OTHER GOVERNMENTAL AUDITS PERFORMED WITH THE FIRM

City of Anna, Texas (GFOA Certified CAFR)  
City of Sachse, Texas (GFOA Certified CAFR)  
City of Princeton, Texas (GFOA Certified CAFR)  
City of Gunter, Texas  
City of Pottsboro, Texas  
City of Haslet, Texas  
City of Collinsville, Texas  
City of Howe, Texas  
City of Bells, Texas  
City of Tom Bean, Texas  
City of Van Alstyne, Texas  
City of Oak Point, Texas  
Texoma Council of Governments  
Texoma Workforce Development Board  
Trophy Club Municipal Utility District #1

AUDIT REFERENCES

Derek Borg (972) 736-2416  
City Manager  
City of Princeton  
123 W. Princeton Dr.  
Princeton, Texas 75407

Dana Thornhill (972) 924-3325  
Finance Director  
City of Anna  
101 N. Powell  
Anna, Texas 75409

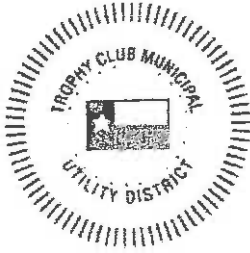
Teresa Savage (469) 429-4772  
Finance Manager  
City of Sachse  
3815 Sachse Road  
Sachse, Texas 75048

Sherry Howard (903) 546-6321  
Mayor  
City of Tom Bean  
P O Box 312  
Tom Bean, Texas 75489

Marcy Lamb (817) 439-5931  
Finance Director  
City of Haslet  
101 Main Street  
Haslet, Texas 76052

Kurt Wendorf, (903) 893-3145  
CFO  
Goodwill Industries of Northeast Texas, Inc.  
2206 E. Lamar  
Sherman, TX 75090

Lacey Lucas (903) 957-7408  
Finance Director  
Texoma Workforce Development Board  
5904 Texoma Parkway  
Sherman, TX 75090



## TROPHY CLUB

---

### MUNICIPAL DISTRICT No. 1

March 27, 2012

To Whom it May Concern:

Our District Manager, Robert Scott, recently retired, so I am writing this letter of recommendation for our Auditing Firm of LaFollett and Company, PLLC.

Trophy Club Municipal Utility District No. 1 sent out an RFP for Auditing Services after a five year contract with our previous auditor. We chose the firm of LaFollett and Company, PLLC. We have completed the Fiscal Year audit which ended on September 30, 2011 and we were very pleased with their service.

While this was my first year to be solely responsible for the audit for the MUD, I worked very closely with the auditors and the process went very smooth. Rod Abbott and Susan LaFollet were both very helpful and knowledgeable while I prepared the required TCEQ schedules. Mr. Abbott has made himself available to answer questions regarding our Fiscal Year 2012 audit.

Our Elected MUD Directors were very pleased with the format of the completed Basic Financial Statements the Auditors provided, stating it was easy to understand and the best of any past year.

I would highly recommend LaFollett and Company, PLLC for any accounting or auditing needs you might have.

Regards,

Renae Gonzales  
Senior Accountant  
Trophy Club Municipal Utility District No. 1



March 26, 2015

To Whom It May Concern:

The City of Princeton sent out an RFP for Auditing Services after a five year contract with our previous Auditing Firm. The firm of LaFollet and Abbott PLLC, were selected and the City has completed the first year with the firm and we were very pleased with their services.

We are writing this letter of recommendation as our first year audit process is completed and went very smoothly. Rod Abbott and staff were very helpful and knowledgeable regarding all GASB requirement's and the GFOA Certificate of Achievement for Excellence in financial Reporting requirements. The City received the GFOA award in FY 13 and look forward to again receiving the award for FY 14.

Rod, gave an excellent & understandable power point presentation to the Governing Body and Citizens during our City Council Meeting.

We highly recommend LaFollett and Company, PLLC for any accounting and auditing needs.

Sincerely,

Derek Borg  
City Manager  
City of Princeton  
Email: [dborg@princetontx.us](mailto:dborg@princetontx.us)



Office of the Mayor  
City of Tom Bean  
P.O. Box 659  
201 S. Britton Street  
Tom Bean, Texas 75489

August 21, 2013

To Whom It May Concern:

As Mayor of Tom Bean, our City has used the audit firm of Susan LaFollett and Associates for the last three years. Because of their assistance in accomplishing the City's goals and objectives, we have been successful in ensuring our financial standings are solid for our citizens. As we have worked with this firm, their timeliness and responsiveness to our needs have been recognized by the City Council of Tom Bean. Furthermore, our experience has been that the pricing for professional services by LaFollett and Company PLLC is competitive.

We look forward to continuing our relationship with this firm in the future and working together for our city as a whole.

Warmest regards,

A handwritten signature in black ink, reading "Sherry E. Howard". The signature is written in a cursive, flowing style.

Sherry E. Howard  
Mayor of Tom Bean  
[sherryhoward@cableone.net](mailto:sherryhoward@cableone.net)  
Cell phone (903) 815-8162  
Work phone (903) 546-6321



# Meals on Wheels



Serving Cooke, Fannin & Grayson Counties of Texoma

March 31, 2015

Dear Susan K. LaFollet CPA:

I am happy to provide a letter of recommendation for LaFollett & Abbott, PLLC, Certified Public Accountants, regarding the single audits performed on our 2013 and 2014 financial statements in accordance with the requirements of Office and Management and Budget (OMB) Circular A-133.

Partner Susan LaFollett and her staff have demonstrated an exhaustive knowledge of governmental-type audits. Their staff completed their on-site work with minimal interruption to our staff and in a manner that was very considerate and respectful of our time.

Meals on Wheels of Texoma's management were kept up-to-date and well aware of any issues or questions that arose, and MOWOT's management was given ample opportunity to respond to the questions and to resolve any issues. The fees assessed were well within the estimate provided to us. We would also like to add that we found the estimated fees to be very competitive among the firms who had responded to our request for proposal.

I have no reservation in offering a recommendation for the audit firm of LaFollett and Abbott PLLC to perform a single audit of non-profit organizations under the requirements of OMB Circular A-133.

Sincerely,

J. Greg Pittman  
Executive Director



ATTACHMENT E

NORTH TEXAS GROUNDWATER CONSERVATION DISTRICT  
ESTIMATED AUDIT SCHEDULE

August 2018	Engagement letter received and an entrance conference is scheduled.
September 2018	Firm meets with the District's former auditor to review and request certain workpapers.
October 2018	Audit request list is provided to the District.
April 2019	Regular audit fieldwork conference commences as District financial balances are examined and compliance requirements under <i>Government Auditing Standards</i> are assessed.
April 2019	Exit conference with District management is held to review preliminary findings and adjustments. Adjustments are posted to the trial balance as agreed to by the Firm and District.
May 2019	Creation of a draft version of the financial report begins for the Firm.
May 2019	Complete draft of the audit and any management letter is given to District for review. Auditors will meet with management to discuss these drafts.
Late May 2019	Auditor provides the District with final copies of the audit for distribution.
June 2019	Presentation of the audited financial statements to the District Board.

**ROBERTS & MCGEE, CPA**

104 PINE STREET, SUITE 710  
ABILENE, TEXAS 79601  
(325) 701-9502

Becky Roberts, CPA  
becky.roberts@rm-cpa.net  
Cell: 325-665-5239

Stacey McGee, CPA  
stacey.mcgee@rm-cpa.net  
Cell: 325-201-7244

---

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

August 28, 2017

To the Owners of LaFollett and Abbott PLLC  
and the Texas Society of CPA's Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of LaFollett and Abbott PLLC (the firm) in effect for the year ended March 31, 2017. Our peer review was conducted in accordance with Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

**Firm's Responsibility**

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

**Peer Reviewer's Responsibility**

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

**Required Selections and Considerations**

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

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

**Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of LaFollett and Abbott PLLC in effect for the year ended March 31, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiencies*, or *fail*. LaFollett and Abbott PLLC has received a peer review rating of *pass*.

*Roberts + McGee, CPA*  
Roberts & McGee, CPA



**GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS**

The Texas Comptroller of Public Accounts (CPA) administers the Statewide Historically Underutilized Business (HUB) Program for the State of Texas, which includes certifying minority and woman-owned businesses as HUBs and is designed to facilitate the participation of minority and woman-owned businesses in state agency procurement opportunities.

We are pleased to inform you that your application for certification/re-certification as a HUB has been approved. Your company's profile is listed in the State of Texas HUB Directory and may be viewed online at <http://www.window.state.tx.us/procurement/cmb1/hubonly.html>. Provided that your company continues to meet HUB eligibility requirements, the enclosed HUB certificate is valid for four years.

You must notify the HUB Program in writing of any changes affecting your company's compliance with the HUB eligibility requirements, including changes in ownership, day-to-day management, control and/or principal place of business. *Note: Any changes made to your company's information may require the HUB Program to re-evaluate your company's eligibility.*

Please reference the enclosed pamphlet for additional resources, such as the state's Centralized Master Bidders List (CMBL), that can increase your chance of doing business with the state.

Thank you for your participation in the HUB Program! If you have any questions, you may contact a HUB Program representative at 512-463-5872 or toll-free in Texas at 1-888-863-5881.

**Texas Historically Underutilized Business (HUB) Certificate**



Certificate/VID Number:	<b>1300529107800</b>
File/Vendor Number:	<b>475807</b>
Approval Date:	<b>16-MAR-2016</b>
Scheduled Expiration Date:	<b>16-MAR-2020</b>

The Texas Comptroller of Public Accounts (CPA), hereby certifies that

**LAFOLLETT AND ABBOTT PLLC**

has successfully met the established requirements of the State of Texas Historically Underutilized Business (HUB) Program to be recognized as a HUB. This certificate printed 18-MAR-2016, supersedes any registration and certificate previously issued by the HUB Program. If there are any changes regarding the information (i.e., business structure, ownership, day-to-day management, operational control, business location) provided in the submission of the business' application for registration/certification as a HUB, you must immediately (within 30 days of such changes) notify the HUB Program in writing. The CPA reserves the right to conduct a compliance review at any time to confirm HUB eligibility. HUB certification may be suspended or revoked upon findings of ineligibility.

*Paul A. Gibson*

*Paul Gibson, Statewide HUB Program Manager  
Texas Procurement and Support Services*

Note: In order for State agencies and institutions of higher education (universities) to be credited for utilizing this business as a HUB, they must award payment under the Certificate/VID Number identified above. Agencies and universities are encouraged to validate HUB certification prior to issuing a notice of award by accessing the Internet (<http://www.window.state.tx.us/procurement/cmb1/cmb1hub.html>) or by contacting the HUB Program at 1-888-863-8881 or 512-463-5872.

# Proposal to Provide Audit Services

---

North Texas Groundwater Conservation District

---

Rutherford, Taylor & Company, P.C.

*Certified Public Accountants*

**Proposal to Provide Audit Services  
North Texas Groundwater Conservation District**

**Contact:**

**Rutherford, Taylor & Company, P.C.**

**Mr. Robert K. Lake, CPA  
2802 Washington Street  
Greenville, Texas 75401  
(903) 455-6252**

**Table of Contents**

Cover Letter .....	1
Introduction .....	3
Technical Component: Scope and Approach .....	4
Management Component: Audit Services.....	8
Professional Fees .....	12
Conclusion .....	13
Exhibits	
Proposer Qualifications.....	14
Client Profile .....	15
Quality Review Report.....	19

RUTHERFORD,  
TAYLOR &  
COMPANY, P.C.  
*Certified Public Accountants*

---

2802 Washington Street

Greenville, Texas 75401

(903) 455-6252

Fax (903) 455-6667

July 23, 2018

Board of Directors  
North Texas Groundwater Conservation District  
C/O Greater Texoma Utility Authority  
5100 Airport Dr.  
Denison, TX 75020

**RE: REQUEST FOR PROPOSAL**

Rutherford, Taylor & Company, P.C. is pleased to respond to your request for proposal for audit services for the North Texas Groundwater Conservation District. Our proposal includes information concerning Rutherford, Taylor & Company, P.C., our qualifications related to serving as your auditors, requested information per the request, professional fees, and other related information.

Our understanding of the services to be provided included:

- . An organization-wide audit resulting in an unqualified opinion on the basic financial statements
- . Evaluation of the District's internal accounting controls resulting in a report to the District on reportable conditions in accordance with standards issued by the General Accounting Office
- . Reporting on the District's compliance with laws and regulations as required by the General Accounting Office and Texas Commission on Environmental Quality.

The audit will be made in accordance with auditing standards generally accepted in the United States of America, and *Government Auditing Standards*, issued by the Comptroller General of the United States, as applicable.

We believe that the information in this proposal provides information requested by your District. We also feel it demonstrates that Rutherford, Taylor & Company, P.C. is qualified to serve as the District's independent auditor.

We appreciate this opportunity to present our qualifications, capabilities, and the approach we will use to service your needs. We believe we will provide you with outstanding professional services with the quality of personnel involved, our approach to the audit process, and the organization of our efforts.

We will be pleased to discuss any questions you may have regarding the proposal or any other matters related to the engagement at your convenience.

Respectfully submitted,

Robert K. Lake, CPA  
Rutherford, Taylor & Company, P.C.

RKL/sb



## **Introduction**

The North Texas Groundwater Conservation District will benefit from selecting Rutherford, Taylor & Company, P.C. to complete its annual financial and compliance audit.

While all certified public accountants are bound by the same professional standards, some firms are capable of providing a service that yields more benefits to the client including recommendations and insight for and into the management process. We believe Rutherford, Taylor & Company, P.C. will provide these services to the North Texas Groundwater Conservation District.

## **Experience**

Rutherford, Taylor & Company, P.C. has more than thirty years' experience as auditors for Texas local governments. This experience allows the engagement team a practical understanding of government operations, thus enhancing the effectiveness of the audit. This effectiveness translates to less interruption of your daily schedules, efficient use of your records and facilities, and ultimately, reduced costs to your District.

Our audit practice consists of a multitude of local government and non-profit organizations. We were engaged to complete fifty local governments' audits for fiscal years ending in 2018. With this concentration of government audits, we have a large investment in the audits of governments and continue to seek growth in this specialized field.

## **Personal Service**

Personal service is the key to the growth and development of professional relationships with clients. The on-going relationship, including day-to-day financial reporting assistance, provides both you and us the opportunity to strive for excellence in financial reporting.

Rutherford, Taylor & Company, P.C. can provide the needed technical assistance to assure you that your records and financial reports will be timely, accurate, and informative to all interested parties.

## **Cost-Effective Service**

The day-to-day involvement of the principals of Rutherford, Taylor & Company, P.C. enables the audit to proceed in an efficient and cost-effective manner. The principals and supporting staff have the experience, expertise, and work attitude to provide the District with assurance that audit procedures are timely, functional, and performed on a cost-effective basis.

## **TECHNICAL COMPONENT: Scope and Approach**

### **Scope of the Audit**

Our audit of the North Texas Groundwater Conservation District's Annual Financial Report will be performed in accordance with government auditing standards generally accepted in the United States of America as outlined in *Government Auditing Standards*, issued by the Comptroller General of the United States. It will further be designed to satisfy any Texas Commission on Environmental Quality's reporting and compliance requirements. Our audit will include all operations for which the District exercises oversight and responsibility.

The standards outlined in the *Government Auditing Standards* are considered to be generally accepted government auditing standards and shall be adhered to in the accomplishment of our audit. These standards extend the non-governmental standards by requiring additional scope, fieldwork, planning, and reporting. Government auditing standards generally accepted in the United States of America are required to be adhered to in the examination of Texas local government financial statements.

### **Internal Control Structure**

We will review and evaluate the District's internal accounting controls, studying such controls to the extent we consider necessary to evaluate the system of internal accounting control as required by generally accepted auditing standards as well as the financial and compliance standards of the Comptroller General of the United States. New auditing standards require additional documentation of internal controls and tests of the controls to determine the effectiveness of procedures in place to assess the potential for risks. Any identified reportable conditions or other deficiencies of the control structure will be reported to the District in accordance with the any new Statements on Auditing Standards.

## **Opinion and Report**

We will issue opinions on the opinion units that comprise the District's basic financial statements in accordance with generally accepted accounting principles. We will also prepare and issue the opinions, reports and schedules required by generally accepted account principles (GAAP). You will be required to review the basic financial statements prior to issuance of the annual financial report. The financial report includes but is not limited to: Basic Financial Statements, Required Supplementary Information, and other required supplementary information required by GAAP. We will complete and return to you fifteen (15) copies of the annual financial report.

## **Management Letter**

We will prepare, if we determine it is needed, a management letter describing noted weaknesses in internal accounting controls, observations regarding efficiency of operations, and detailed recommendations to inform you of deficiencies noted in our audit. Prior to issuing the management letter, we will review the proposed contents with District administration to confirm the accuracy of our comments and to discuss implementation considerations. We never hesitate to bring forward important matters to the attention of the administration as soon as they are discovered. This takes place usually during our interim and final fieldwork visits to the District. The objective of the management letter is to provide the District's administration and board of directors with constructive comments to correct potential problems and to resolve noted deficiencies. We will provide copies of any letter issued to the administration and board of directors.

## **Audit Approach**

The engagement shareholder will be on site during the fieldwork phase to supervise staff and answer District questions arising from the engagement. This on-going personal involvement by the engagement shareholder, again, allows for a timely and effective audit.

## **Audit Programs**

An annual audit is comprised of a preliminary plan in which limits of materiality and audit risks are determined and an audit program is developed. Our audit program will be designed specifically for the District based on our evaluation of internal controls and the assessment of identified risks. Included in this assessment is the utilization of analytical review and professional judgment to maximize the effectiveness of audit procedures and eliminate ineffective audit waste.

Our audit approach involves four work phases: Engagement planning, interim fieldwork, final fieldwork and technical review.

**Engagement Planning** - In order to complete an effective and efficient audit of the District's basic financial statements, the engagement and planning phase of the audit is a critical phase. The first priority in this area will be to assure an orderly transition from the District's present auditors. We will begin with a review of that firm's workpapers, followed by a preliminary planning meeting with District staff to ensure a smooth transition. Our approach to obtaining an understanding of the

accounting system of the District will be to document each significant transaction cycle through the use of narratives. This planning phase will allow us to design the following three phases of the audit to ensure effectiveness as well as reliability throughout the audit process.

**Interim Fieldwork** - Based upon work completed in the planning stage, we will prepare audit programs, perform compliance testing considered appropriate, and begin various types of substantive analytical procedures utilizing the District's general ledger for the year.

The selection of audit procedures and design of audit programs is an exercise of professional judgment made by the engagement team members with the approval of the engagement shareholder.

**Final Fieldwork** - Final fieldwork will be performed after the District's year-end closing of accounts. The final fieldwork phase will include the majority of the substantive tests to be performed during the engagement, including but not limited to:

- Perform audit tests and complete preparation of audit workpapers
- Complete audit programs, procedures and conclusions
- Discuss audit findings and adjusting entries as appropriate with District administrative personnel
- Post District-reviewed adjusting entries and complete working trial balances
- Obtain client representations and attorney letters

**Technical Review** - The final phase of the audit will begin as the fieldwork ends. Activities which will be completed during the technical review phase of the audit include:

- Engagement partner review of all workpapers to ensure compliance with technical standards, completeness, and accuracy
- Finalization and preparation of the District's Annual Financial Report
- Conferences with District administrative personnel to review the auditor's opinions, the Annual Financial Report and any preliminary management letter comments
- Issue and deliver the Annual Financial Report in accordance with the requirements of the proposal after approval by District officials
- Present the Annual Financial Report and any management letter to the Board of Trustees

The timing of each phase of the engagement will be coordinated with the District's staff to ensure that daily activities are not disrupted, yet also to ensure that the

audit is timely delivered and the reports prepared.

We will begin the planning process upon engagement and will coordinate District visits with the District's business office staff. The Annual Financial Report will be presented to the Board of Directors no later than its June 2019 meeting. We will provide a draft of the financial report for the District's review prior to completion of the report.

It is estimated that the audit will require approximately one (1) day for the interim fieldwork. The final fieldwork should be completed over a two (2) day period. Remaining fieldwork and the technical review should encompass an additional day. Between the principals and staff, we anticipate a total of 72 hours will be committed to the procedures. It should be noted, however, that a day represents the time in your district to conduct the fieldwork with additional hours completed off-site. Our day also potentially relates to a 8-10 hour time period. This extended day provides for less travel time, decreased interruptions of your daily activities and a concentrated work ethic. All fees are estimated using our standard rates ranging in amounts from \$ 65 to \$ 175 per hour, per personnel.

## **Independence**

Conformity with the rules of professional conduct requires that a certified public accountant be independent, in fact and appearance, with respect to a client for whom he or she is issuing a report on financial statements. With respect to this engagement on behalf of the North Texas Groundwater Conservation District, the firm and all proposed audit team members are independent regarding direct and indirect financial interest.

## **Longevity of Relationship**

Many hours are required in a first time audit of an entity to study the systems and procedures, to prepare appropriate audit programs, and to assemble complete permanent files of documents needed during the audit. We believe that each year's service will provide added value to the District. And, as such, a long term relationship can prove to serve the needs of both the independent auditor as well as the school district.

The audit approach under a multi-year contract would not be appreciably different than the approach documented in this proposal. Some clerical staff assignments could change; however, the engagement shareholder and professional staff should remain in place.

## MANAGEMENT COMPONENT: Audit Services

Rutherford, Taylor & Company, P.C. is well qualified to provide the audit services requested by the North Texas Groundwater Conservation District. The ability of the firm to provide cost effective audit services and timely consulting services is shown most prominently by its long term relationships with many of its local government clients..

### Firm Profile

Rutherford, Taylor & Company, P.C. is a local certified public accounting firm providing auditing, tax, and consulting services to the public sector in the north central Texas area from its main office in Greenville.

A full range of accounting, auditing, tax, and consulting services are provided to a variety of clients including Texas public school districts. Major clients include 34 Texas public school districts, counties, municipalities, special utility districts, and other local governmental units. Additionally, several water supply corporations are also clients. Because of our firm's strong emphasis in government accounting and auditing, all professionals and supporting staff members are experienced in governmental accounting procedures. This experienced staff will allow for services to be rendered in an efficient and timely manner. .

Rutherford, Taylor & Company, P.C. traces its origin to 1952 and has served the community and area continuously since its inception. Presently, Michael E. Taylor is the firm's managing shareholder. He has more than 35 years of governmental accounting and auditing experience in Texas local governments. Robert K. Lake is the audit shareholder for the firm. He has 35 years of local governmental accounting and auditing experience.

### Quality Review

Rutherford, Taylor & Company, P.C. is presently enrolled in the Texas Society of Certified Public Accountants quality review program. This enrollment began in 1989 with the adoption of the requirement for review by the American Institute of Certified Public Accountants, Texas Society of Certified Public Accountants, and the inclusion of the quality review provision as a requirement for completing governmental audits in the *Governmental Auditing Standards* as issued by the Comptroller General of the United States. The program requires an in-house review once every three years in accordance with those standards. The Firm's first review was conducted in December, 1991 and an unqualified report was issued. Reviews were completed in each of the following four subsequent three year periods. Each review concluded with an unqualified opinion being issued by the engaged firm. A copy of our most recent report, 2016, is included in this proposal as an exhibit.

## **Experience**

Rutherford, Taylor & Company, P.C. has the training, technical competence, and experience to perform the services needed in this engagement. Local as well as regional school districts have sought out and engaged Rutherford, Taylor & Company, P.C. to provide audit services because of our capabilities and experience.

Rutherford, Taylor & Company, P.C. provides its clients with a full range of accounting, auditing, single audit, and financial reporting services. Many of the services we provide to the area local governments are very similar to the types of services the North Texas Groundwater Conservation District is requesting.

We have a depth of experience serving all types and sizes of government organizations. Our clients range from small municipalities to larger counties and school districts. Over the past year, we audited 34 Texas public school districts as well as 2 municipalities, 1 county and a variety of other governmental entities including 6 special utility districts and a municipal utility district.

We provide these clients with a full range of services, including their Annual Financial Report as well as other day-to-day requests concerning accounting procedures, information reporting, and other internal control and compliance assistance. To support our qualifications in this regard, we are providing an enclosed exhibit containing a list of current and prior local government clients to support our claim for extensive knowledge of governmental accounting and auditing procedures. We invite you to contact any of the individuals listed on the exhibit to discuss the services we have rendered to their entity.

## **Audit Team**

The audit team will be headed by Robert K. Lake, the firm's audit shareholder. He will be on-site during the engagement to direct all audit team members and to answer any questions relating to accounting controls and procedures.

Office professional staff members will comprise the remaining professional staff in the engagement. They are trained to complete specific engagement tasks thus minimizing audit waste through efficiency.

In addition to the engagement partner and the professional staff, the firm will assign other clerical staff to perform necessary engagement steps to complete the procedures in a timely manner. Those members will be selected for their technical ability, engagement specialty, and experience.

Resumes on the firm's professional staff are included as exhibits in this proposal.

## **Continuing Professional Education**

In accordance with firm policies and government auditing standards, each professional is required to obtain 120 hours of continuing professional education every three years with a minimum of 20 in any one year. Annually, each staff professional receives training in specialized areas including governmental accounting and auditing. The firm's policies and staff courses are reviewed during the quality review process to ensure compliance with *Government Auditing Standards*. Each professional's resume, included in this proposal as an exhibit, lists

the continuing professional education courses attended within the last three years which relate to governmental accounting and auditing.

## **District Assistance**

Rutherford, Taylor & Company, P.C. will prepare all audit workpapers, schedules, adjusting journal entries, client prepared journal entries, and the entire Annual Financial Report. We will require District personnel to review all proposed journal entries prior to inclusion in the trial balances. We will request the District's staff for assistance in certain areas. Typically, these will be minor in relation to the overall tests performed. These tasks will include, but are not limited to, a summary to determine the highest cash in bank during the fiscal year, a listing of investments and earnings, a summary of accounts payables and receivables at year end, schedules of capital assets and depreciation, and retrieving selected documents. Other requests may be made during our visit. Generally our requests are minor and usually involve adding numbers or other repetitive tasks. As you can see, these areas are minimal in relation to the overall audit tests to be performed and financial statements to be prepared.

## **Other Matters**

Rutherford, Taylor & Company, P.C. has never been publicly or privately reprimanded by the Texas State Board of Public Accountancy.

Based on the information provided in your request for proposal, it appears that no specialist or consultants will be used outside of those presently engaged or employed by the District. Those specialists presently employed could include the District's accounting software and tax accounting providers.

## **Additional Services**

In addition to providing traditional accounting, auditing, and tax services, Rutherford, Taylor & Company, P.C. provides a wide range of other consulting services that can benefit the North Texas Groundwater Conservation District both now and in the years to come. Some of the financial and consulting services that may be of interest to the District are outlined below.

**Tax Information Reporting** - All businesses have been affected by various new and constantly changing Internal Revenue Service information reporting requirements. Reporting requirements have become increasingly complex and pervasive, and the Internal Revenue Service is assessing substantial penalties for noncompliance much more frequently.

**Management Consulting** - Rutherford, Taylor & Company, P.C. can provide a full range of financial and management advisory services to assist the District's administration and Board of Directors in its daily operations. In today's business environment, the best advice possible is necessary to minimize costs, potential risks, and inefficient operational activities. The various management consulting services would include the following:

- **Organizations Design and Development** - including report design, paper



flow, record retention and management, organizational reporting and development, and departmental responsibilities.

- **Financial Management** - including daily cash management, short-term investment management, cash budgeting, capital budgeting, methods of financing, and depository contract and bank proposals.
- **Compliance Management** - including review of policies and procedures with regards to federal and state compliance requirements.

## PROFESSIONAL FEES

Our fees are based on the time required by professional staff members to perform the engagement. We attempt to keep our time to a minimum by working closely with District personnel. Estimates of our time requirements and our fee are based on the size of the District and our experience providing similar services to other districts as well as our review of the District's financial report and accounting records. The estimate is based on the assumption that we will not encounter any significant unusual circumstance during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

In accordance with the rules of professional conduct of the State Board of Public Accountancy, a firm cannot make a competitive bid for professional services. A fee estimate may be given as long as it is understood that the firm will not have its independence impaired by being bound to the estimated amount if conditions change which require extensive additional services. We do not, however, render a fee estimate without careful consideration and deliberation.

Our fee will be based on the assumption that the reporting requirements of the District, Texas Commission on Environmental Quality, and other agencies will be substantially the same as in previous years. With the continued issuance of government accounting standards by the Governmental Accounting Standards Board the fees will be, at best, an estimate of the time we feel will be needed to implement any new reporting standards.

Our fee estimate will include the preparation of fifteen (15) copies of the Annual Financial Report. Should the District want to use an alternative method for producing the reports, we will provide a camera-ready copy to the District; however, the fee estimate will not be reduced. We will produce additional copies of the report at a cost of \$ 20 per copy.

Fee Estimate – 2018 year	\$	5,950
--------------------------	----	-------

We anticipate that an ongoing audit relationship would result in a fee increase over the next few years at a rate of approximately 3.5%. This would assume that the accounting standards, auditing standards and requirements of the State and federal government do not significantly change during the period. With this said, we anticipate the fees over the next few years to approximate the following amounts:

Fee Estimate – 2019 year	\$	6,150
Fee Estimate – 2020 year	\$	6,375
Fee Estimate – 2019 year	\$	6,600
Fee Estimate – 2020 year	\$	6,825

## CONCLUSION

The most valuable asset we have as a firm is our reputation as a quality provider of services. We will never compromise the quality of our work in order to complete a job within the number of hours estimated. You can be sure that we will do as much work as necessary in our professional judgment to determine that the reports are well documented and responsive to the needs of the District.

Our firm's philosophy is to perform quality professional services as requested by the District in an efficient and cost effective manner which allows the District to maximize its financial resources yet obtaining an effective and informative audit. We intend to provide the District with our technical capabilities and personal attention that are our trademark in the governmental auditing field.

# PROPOSER QUALIFICATIONS

## ROBERT K. LAKE, CPA

Government Audit Experience: 35 years

Percentage of Time on Site: 100%

Jobs Held: Staff to Engagement Shareholder

Educational Background: Bachelor of Business Administration  
Baylor University - May, 1980

Seminars Attended:

- GASB 75 Made Easy – June 2018
- Texas Schools Accounting and Auditing Update – June 2018
- Texas School District Accounting and Auditing Conference – June 2018
- Auditware Annual Update – July 2018
- Single Audit Conference – October 2017
- Texas Schools Accounting and Auditing Update – June 2017
- Texas School District Accounting and Auditing Conference – June 2017
- Auditware Annual Update – July 2017
- Texas Schools Accounting and Auditing Update – June 2016
- Texas School District Accounting and Auditing Conference – June 2016
- Applying the Uniform Guidelines for Federal Awards – August 2015
- GASB 68 Implementation – June 2015
- Texas Schools Accounting and Auditing Update – June 2015
- Texas School District Accounting and Auditing Conference – June 2015
- Government Audit Quality Center Annual Update – April 2015
- Personal and Professional Ethics – March 2015
- Individual Income Tax Update – January 2015

Certifications:

- Certified Public Accountant - September 1982
- Certificate of Educational Achievement - Government Accounting and Auditing - November 1989

Professional Organizations:

- American Institute of Certified Public Accountants
- Texas Society of Certified Public Accountants
- Government Audit Quality Center - AICPA
- Texas Association of School Business Officials

Other Experience:

Engagement shareholder on audits of municipalities, counties and various other government agencies and nonprofit organizations.

**CLIENT PROFILE**  
**FINANCIAL AND COMPLIANCE AUDIT SERVICES**

DISTRICT NAME	YEARS ENGAGED	CONTACT PERSON	CONTACT NUMBER	FY 2017 ADA
Alba-Golden Independent School District	19	Brenda Kelley, Business Manager	(903) 768-2472	885
Aubrey Independent School District	30+	Eric Hough, CFO	(940) 668-0060	2,495
Avinger Independent School District	20	Jacquelyn Smith, Superintendent	(903) 562-1271	126
Bland Independent School District	30+	Rick Tidwell, Superintendent	(903) 776-2239	683
Boles Independent School District	11	Graham Sweeney, Superintendent	(903) 883-4464	543
Caddo Mills Independent School District	30+	Kathy Weis, Assistant Superintendent	(903) 527-6056	1,736
Campbell Independent School District	7	Crystal Shirley, Business Manager	(903) 862-3259	328
Canton Independent School District	20	Denise Stone, Business Manager	(903) 567-4179	2,184
Chapel Hill Independent School District	11	Lisa LeMon, Exec. Director Finance	(903) 566-2441	3,556
Commerce Independent School District	6	John Walker, Business Manager	(903) 886-3755	1,514
Community Independent School District	30+	Brian Moore, CFO	(972) 843-8400	2,262
Coppell Independent School District	11	Kelly Penny, CFO	(214) 496-6004	12,625
Fruitvale Independent School District	6	Susan McCann, Business Manager	(903) 896-1191	450
Greenville Independent School District	30+	Deidra Reeves, CFO	(903) 457-2500	5,477
Hawkins Independent School District	30	Robby Fair, Business Manager	(903) 769-2181	687
Howe Independent School District	7	Julie Snapp, Business Manager	(903) 532-3228	1,164
Lone Oak Independent School District	30+	Lance Campbell, Superintendent	(903) 662-5427	1,046
Mount Vernon Independent School District	15	Barbara Shurbet, Director of Business & Finance	(903) 537-2546	1,625
New Diana Independent School District	2	Melinda Benson, Director of Business	(903) 663-8000	1,100
North Hopkins Independent School District	12	Jan Vaughn, Business Manager	(903) 945-2192	518
Ore City Independent School District	6	Talina McIlhenny, Business Manager	(903) 968-3300	939
Pottsboro Independent School District	20	Janet Wilson, Business Manager	(903) 786-3051	1,436
Quinlan Independent School District	30+	Billie Miller, Business Manager	(903) 356-3070	2,630
Quitman Independent School District	7	Rhonda Turner, Superintendent	(903) 763-5000	1,121
Rains Independent School District	20	Jeff Fisher, Business Manager	(903) 473-2222	1,705
Rio Vista Independent School District	8	Tim Wright, Superintendent	(817) 373-2241	732
Roxton Independent School District	27	Nina Rhoades, Business Manager	(903) 346-3213	160
Royse City Independent School District	30+	Kevin Worthy, Superintendent	(214) 635-2413	5,739
Sulphur Springs Independent School District	29	Sherry McGraw, Business Manager	(903) 885-7761	4,336
Van Independent School District	20	Danny Morrow, Business Manager	(903) 963-7958	2,424
White Oak Independent School District	10	Tami Demers, Business Manager	(903) 291-2204	1,520
Winona Independent School District	19	Sheila Bowie, Business Manager	(903) 939-4021	1,074
Wolfe City Independent School District	29	Vernon Richardson, Superintendent	(903) 496-2283	674
Yantis Independent School District	11	Belinda Brown, Business Manager	(903) 383-2462	394

**CLIENT PROFILE  
FORMER FINANCIAL AND COMPLIANCE AUDIT SERVICES**

DISTRICT NAME	YEARS ENGAGED	FINAL YEAR ENGAGED	CONTACT PERSON	CONTACT NUMBER
Allen Independent School District	3	2011	Dr. Scott Niven, Superintendent	(903) 567-4179
Anna Independent School District	7	2016	Thomas O'Neil, Deputy Superintendent	(972) 924-1000
Argyle Independent School District	19	2006	Dr. Talena Wright, Superintendent	(940) 464-7241
Collinsville Independent School District	8	2013	Mark Dykes, Superintendent	(903) 429-6272
Cumby Independent School District	5	2013	Shelly Slaughter, Superintendent	(903) 994-2775
Farmersville Independent School District	14	2013	Jeff Adams, Superintendent	(903) 782-6601
Forney Independent School District	14	2010	Suste McWilliams, Superintendent	(972) 552-3902
Gladewater Independent School District	5	2013	Sedrick Clark, Superintendent	(903) 845 6991
Leonard Independent School District	14	2007	Brad Maxwell, Superintendent	(903) 587-2318
Palestine Independent School District	2	2009	Jason Marshall, Superintendent	(903) 731-8000
Pilot Point Independent School District	18	2007	Dan Ray Gist II, Superintendent	(940) 686-5221
Rockwall Independent School District	9	2010	Dr. John Villarreal, Superintendent	(903) 771-0605
Tioga Independent School District	12	2013	Dr. Charles Holloway, Superintendent	(903) 437-2366
Tom Bean Independent School District	4	2009	Kelly Lusk, Superintendent	(903) 546-6076

**CLIENT PROFILE  
FINANCIAL AND COMPLIANCE AUDIT SERVICES**

DISTRICT NAME	YEARS ENGAGED	CONTACT PERSON	CONTACT NUMBER
Altoga Water Supply Corporation	11	Allen Knight, Manager	972-529-9595
BHP Water Supply Corporation	15	Shelly Webb, Finance Director	972-636-2154
Caddo Basin Special Utility District	17	Michelle Metcalf, Finance Director	903-527-3504
Campbell Water Supply Corporation	5	Carter Ketchum, General Manger	903-862-2178
Cash Special Utility District	17	Clay Hodges, General Manager	903-883-2695
College Mound Water Supply Corporation	8	Shirley Thompson, General Manager	972-563-1355
Gober Municipal Utility District	14	Shane Wallace, Finance Director	903-583-9496
Lavon Water Supply Corporation	17	Camille Reagan, General Manager	972-843-2101
Maloy Water Supply Corporation	10	Melissa Bryant	903-217-3957
Miller Grove Water Supply	17	Sandra Garrett	903-459-3383
North Hunt Special Utility District	15	Stacy Nicholson, General Manager	903-886-3458
Rose Hill Special Utility District	9	Nanci Essary, General Manager	903-886-7117
Woodbine Water Supply Corporation	6	Ricky Kemp, General Manager	940-668-8337
Hunt County	8	Tammi Byrd, County Auditor	903-408-4120
Rockwall County Emergent Management District	8	David Peek, County Treasurer	972-204-6105
Rockwall County Appraisal District	18	Tara Moffatt, Finance Director	972-771-2034
City of Point, Texas	3	Angela Goode, City Secretary	903-598-3296
City of Blue Ridge, Texas	1	Edie Sims, City Secretary	972-752-5791

System Review Report

May 27, 2016

To Rutherford, Taylor & Company, P. C.  
and the Peer Review Committee of the Texas Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Rutherford, Taylor & Company, P. C. (the firm) in effect for the year ended December 31, 2015. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standard*.

In our opinion, the system of quality control for the accounting and auditing practice of Rutherford, Taylor & Company, P. C. in effect for the year ended December 31, 2015, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Rutherford, Taylor & Company, P. C. has received a peer review rating of *pass*.

  
Wilf & Henderson, P. C.



## Proposed Audit Fee Schedule for NTGCD

<u>POSITION</u>	<u>RATE</u>	<u>HOURS</u>	<u>TOTAL</u>
AUDIT PARTNER, CPA	\$ 175	12	\$ 2,100
STAFF AUDITORS	\$ 115	30	\$ 3,450
PARAPROFFESIONAL	\$ 65	6.15	\$ 400
TOTAL FOR 2018			<u>\$ 5,950</u>
FEE ESTIMATE – 2019			\$ 6,150
FEE ESTIMATE – 2020			\$ 6,375
FEE ESTIMATE – 2021			\$ 6,600
FEE ESTIMATE – 2022			\$ 6,825

ATTACHMENT 12

North Texas Groundwater Conservation District

Well Registration Summary

As of July-31-2018

Well Type	Total Registered			Total Registered Denton County	Total NTGCD	New Registrations since Jun-30-2018
	Collin County	Cooke County				
Agriculture	6	11	33	50	0	
Commercial / Small Business	7	8	27	42	0	
Domestic Use (household / lawn watering at residence)	74	354	621	1051	27	
Filling a pond or other surface impoundment**	44	14	71	130	5	
Golf course irrigation	15	2	21	38	0	
Industrial / Manufacturing	7	11	8	27	0	
Irrigation	78	4	185	267	1	
Leachate	0	0	0	0	0	
Livestock Watering	7	58	39	104	0	
Monitoring	0	0	0	0	0	
Municipal / Public Water System	33	70	224	328	0	
Other	10	6	32	48	0	
Piezometer	0	0	0	0	0	
Poultry	0	0	0	0	0	
Solely to supply water for rig actively***	1	1	7	9	0	
Supplying water for oil or gas production*	0	5	54	60	0	
Not Specified	16	9	40	65	1	
SUM	298	553	1362	2219	34	

North Texas Groundwater Conservation District

Well Registration Summary

As of August-31-2018

Well Type	Total Registered			Total Registered Denton County	Total NTGCD	New Registrations since Jul-31-2018
	Collin County	Cooke County	Denton County			
Agriculture	6	11	33	50	0	
Commercial / Small Business	7	8	28	43	1	
Domestic Use (household / lawn watering at residence)	73	363	631	1069	19	
Filling a pond or other surface impoundment**	45	15	74	135	5	
Golf course irrigation	15	2	21	38	0	
Industrial / Manufacturing	7	11	8	27	0	
Irrigation	80	4	187	271	5	
Leachate	0	0	0	0	0	
Livestock Watering	7	60	39	106	1	
Monitoring	0	0	0	0	0	
Municipal / Public Water System	33	70	223	327	1	
Other	10	6	32	48	0	
Piezometer	0	0	0	0	0	
Poultry	0	0	0	0	0	
Solely to supply water for rig actively***	1	1	7	9	0	
Supplying water for oil or gas production*	0	5	55	60	0	
Not Specified	16	9	40	65	0	
SUM	300	565	1378	2248	32	

ADJOURN