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State Auditor

An Audit Report on

Selected Groundwater Conservation Districts

October 2014

Report No. 15-005

Selected Groundwater Conservation Districts

Overall Conclusion

Auditors selected 12 groundwater conservation districts¹ (districts) and audited their (1) achievement of selected groundwater management plan goals and (2) compliance with selected statutory requirements. Results for each district's fiscal year 2013 are summarized below.

Districts' Achievement of Groundwater Management Plan Goals

Three (25 percent) of the 12 districts fully achieved all applicable groundwater management plan goals audited. Texas Water Code, Chapter 36, requires districts to establish groundwater management plans (see text box for additional details on those plans). Those three districts were:

- The Brazos Valley Groundwater Conservation District.
- The North Texas Groundwater Conservation District.
- The Red River Groundwater Conservation District.

Seven (58 percent) of the 12 districts fully or partially achieved at least 3 of the 4 applicable groundwater management plan goals audited. Those seven districts were:

- The Coastal Bend Groundwater Conservation District.
- The Edwards Aquifer Authority.
- The Glasscock Groundwater Conservation District.
- The High Plains Underground Water Conservation District No. 1.
- The Panhandle Groundwater Conservation District.

Background Information

Texas Water Code, Chapter 36, requires groundwater conservation districts (districts) to develop groundwater management plans that show the steps the districts will take to protect and manage groundwater.

Each district's groundwater management plan must contain goals that are applicable to each district as described in Texas Water Code, Section 36.1071. Districts develop one or more objectives to support each goal.

The Water Development Board reviews and approves districts' groundwater management plans, including the goals and objectives. The Commission on Environmental Quality has the authority to enforce districts' compliance with the statutory requirements outlined in Texas Water Code, Chapter 36. See Appendix 2 for a more detailed description of state agency roles in the groundwater management process.

As of April 2014, there were 96 confirmed districts. Three additional districts awaited confirmation by voters in local elections. See Appendix 3 for a map showing the 12 districts audited.

¹ The 12 districts included three underground water conservation districts and the Edwards Aquifer Authority.

- The Prairielands Groundwater Conservation District.
- The Sandy Land Underground Water Conservation District.

Two (17 percent) of the 12 districts did not fully achieve 1 or more of the applicable groundwater management plan goals audited. Those two districts were:

- The San Patricio County Groundwater Conservation District.
- The Saratoga Underground Water Conservation District.

Auditors reviewed activities that the districts performed to achieve selected management plan goals. Examples of those goals were providing the most efficient use of groundwater, controlling and preventing waste of groundwater, addressing drought conditions, and addressing conservation. A list of the eight statutorily required groundwater management plan goals is presented in Appendix 4.

Districts' Compliance with Statutory Requirements

Four (33 percent) of the 12 districts audited fully complied with 8 or more of the 10 Texas Water Code statutory requirements audited. Two of those districts fully complied with all applicable Texas Water Code requirements audited. Those two districts were:

- The Brazos Valley Groundwater Conservation District.
- The Panhandle Groundwater Conservation District.

Examples of the Texas Water Code requirements audited include requirements for the districts to obtain bonds for employees and members of their boards of directors, obtain an annual financial audit, adopt annual budgets, hold quarterly board meetings, and adopt policies and rules. In some instances, certain statutory requirements did not apply to a district. See Table 14 in Chapter 2 for detailed results.

Auditors communicated other less significant issues separately in writing to the Brazos Valley Groundwater Conservation District, High Plains Underground Water Conservation District No. 1, the Panhandle Groundwater Conservation District, and the Water Development Board.

Summary of Managements' Responses

All districts agreed to implement the recommendations in this report. Management's responses from each district are provided after the recommendations in each chapter in the Detailed Results section of this report.

Summary of Objectives, Scope, and Methodology

The audit objectives were to determine whether selected districts complied with applicable statutes and to summarize information from districts' audited annual financial statements.

The scope of this audit covered 12 districts located in 11 of the 16 groundwater management areas in Texas. The audit scope covered each district's fiscal year 2013.² This audit did not include a review of the general controls over the districts' information technology environments, including access controls, change management processes, and password controls.

The audit methodology included:

- Assessing whether each district was actively engaged in achieving four goals from its groundwater management plan, including all objectives related to each selected goal. If a district achieved all the objectives for a goal for fiscal year 2013, auditors concluded that the district had fully achieved that goal. If a district achieved part of one objective related to a goal for fiscal year 2013, auditors concluded that the district had partially achieved that goal. If a district did not achieve any of the objectives related to a goal for fiscal year 2013, auditors concluded that the district did not achieve that goal.
- Assessing whether each district complied with 10 requirements selected from Texas Water Code, Chapter 36.
- Obtaining an understanding of statutory requirements by reviewing the Texas Water Code and each district's enabling legislation.

Auditors assessed the reliability of the financial data from the financial accounting systems for nine of the districts audited and determined that, for fiscal year 2013, the financial data from those nine districts' financial accounting systems was reliable for the purposes of this audit. Based on a review of district bank statements, auditors were able to determine whether board members were paid fees of office or reimbursed for actual expenses for two other districts. One additional district did not maintain a general ledger, bank account, or other documentation that would enable auditors to confirm whether it had a complete and reasonable population of district expenditures, including payments made to board members.

² The dates of each district's fiscal year varied among the 12 districts audited.

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Detailed Results

Chapter 1

Districts' Achievement of Groundwater Management Plan Goals

Ten (83 percent) of the 12 groundwater conservation districts³ (districts) audited fully or partially achieved at least 3 of the 4 applicable objectives for groundwater management plan goals audited. Specifically, for each district's fiscal year 2013:

- Three (25 percent) of the 12 districts fully achieved all applicable groundwater management plan goals audited.
- Seven (58 percent) of the 12 districts audited fully or partially achieved at least 3 of the 4 applicable groundwater management plan goals audited.

The remaining 2 (17 percent) of the 12 districts did not fully achieve 1 or more of their management plan goals audited.

For each goal in the groundwater management plan, there may be one or more objectives and related performance standards that describe the activities the district must perform to achieve the goal.

If a district achieved all the objectives for a goal for fiscal year 2013, auditors concluded that the district had fully achieved that goal. If a district achieved part of one objective related to a goal for fiscal year 2013, auditors concluded that the district had partially achieved that goal. If a district did not achieve any of the objectives related to a goal for fiscal year 2013, auditors concluded that the district did not achieve that goal. Table 1 on the next page summarizes districts' achievement of those goals.

³ The 12 districts included three underground water conservation districts and the Edwards Aquifer Authority.

Table 1

Districts' Achievement of Groundwater Management Plan Goals						
District	Goal	Number of Objectives	Achievement			Number of Objectives Not Applicable in Fiscal Year 2013
			Number of Objectives Fully Achieved	Number of Objectives Partially Achieved	Number of Objectives Not Achieved	
1 The Brazos Valley Groundwater Conservation District	Providing the Most Efficient Use of Groundwater	3	3	0	0	0
	Controlling and Preventing Waste of Groundwater	3	3	0	0	0
	Addressing Drought Conditions	3	3	0	0	0
	Addressing Conservation	3	3	0	0	0
2 The Coastal Bend Groundwater Conservation District	Providing the Most Efficient Use of Groundwater	3	3	0	0	0
	Controlling and Preventing Waste of Groundwater	2	2	0	0	0
	Addressing Drought Conditions	1	0	1	0	0
	Addressing Conservation	7	5	0	1	1
3 The Edwards Aquifer Authority	Providing the Most Efficient Use of Groundwater	5	4	1	0	0
	Controlling and Preventing Waste of Groundwater	4	1	2	0	1
	Addressing Drought Conditions	2	1	1	0	0
	Addressing Conservation	11	7	1	1	2
4 The Glasscock Groundwater Conservation District	Providing the Most Efficient Use of Groundwater	1	0	1	0	0
	Controlling and Preventing Waste of Groundwater	1	1	0	0	0
	Addressing Drought Conditions	1	0	1	0	0
	Addressing Conservation	5	4	1	0	0
5 The High Plains Underground Water Conservation District No. 1	Providing the Most Efficient Use of Groundwater	2	2	0	0	0
	Controlling and Preventing Waste of Groundwater	3	2	1	0	0
	Addressing Drought Conditions	2	2	0	0	0
	Addressing Conservation	9	8	1	0	0

Districts' Achievement of Groundwater Management Plan Goals

District	Goal	Number of Objectives	Achievement			Number of Objectives Not Applicable in Fiscal Year 2013
			Number of Objectives Fully Achieved	Number of Objectives Partially Achieved	Number of Objectives Not Achieved	
6 The North Texas Groundwater Conservation District	Providing the Most Efficient Use of Groundwater	7	5	0	0	2
	Controlling and Preventing Waste of Groundwater	1	1	0	0	0
	Addressing Drought Conditions	1	1	0	0	0
	Addressing Conservation	3	3	0	0	0
7 The Panhandle Groundwater Conservation District	Providing the Most Efficient Use of Groundwater	5	4	1	0	0
	Controlling and Preventing Waste of Groundwater	2	1	0	1	0
	Addressing Drought Conditions	3	3	0	0	0
	Addressing Conservation	5	3	2	0	0
8 The Prairielands Groundwater Conservation District	Providing the Most Efficient Use of Groundwater	4	4	0	0	0
	Controlling and Preventing Waste of Groundwater	4	4	0	0	0
	Addressing Drought Conditions	2	2	0	0	0
	Addressing Conservation	5	4	1	0	0
9 The Red River Groundwater Conservation District	Providing the Most Efficient Use of Groundwater	2	2	0	0	0
	Controlling and Preventing Waste of Groundwater	2	2	0	0	0
	Addressing Drought Conditions	1	1	0	0	0
	Addressing Conservation	3	3	0	0	0
10 The Sandy Land Underground Water Conservation District	Providing the Most Efficient Use of Groundwater	3	3	0	0	0
	Controlling and Preventing Waste of Groundwater	3	2	1	0	0
	Addressing Drought Conditions ^a	0	0	0	0	0
	Addressing Conservation	4	4	0	0	0
11 The San Patricio County Groundwater Conservation District	Providing the Most Efficient Use of Groundwater	3	0	0	3	0
	Controlling and Preventing Waste of Groundwater	3	0	1	2	0
	Addressing Drought Conditions	1	0	0	1	0
	Addressing Conservation	3	0	0	3	0

Districts' Achievement of Groundwater Management Plan Goals

District	Goal	Number of Objectives	Achievement			Number of Objectives Not Applicable in Fiscal Year 2013
			Number of Objectives Fully Achieved	Number of Objectives Partially Achieved	Number of Objectives Not Achieved	
12 The Saratoga Underground Water Conservation District	Providing the Most Efficient Use of Groundwater	2	0	0	2	0
	Controlling and Preventing Waste of Groundwater	1	0	0	1	0
	Addressing Drought Conditions	4	0	1	3	0
	Addressing Conservation	6	0	0	5	1

^a The Sandy Land Underground Water Conservation District did not establish objectives addressing drought conditions because, according to its Water Development Board-approved management plan, that district is under a constant state of drought and, therefore, that goal is not applicable to the district.

The Brazos Valley Groundwater Conservation District Fully Achieved All Four of the Goals Audited

Selected Financial Information for Fiscal Year 2013

Statements of Net Assets

Total Assets	\$1,756,881
Total Liabilities	\$14,211

Statements of Revenues, Expenses, and Changes in Net Assets

Total Revenues	\$609,409
Total Expenses	\$467,982

Source: These amounts were from the district's annual audited financial statements and were not verified as part of this audit. These amounts are for the district's fiscal year ending December 31, 2013.

The Brazos Valley Groundwater Conservation District fully achieved the following four goals:

- Providing the most efficient use of groundwater.
- Controlling and preventing waste of groundwater.
- Addressing drought conditions.
- Addressing conservation.

For each goal in the groundwater management plan, there may be one or more objectives and related performance standards that describe the activities the district must perform to achieve the goal. Table 2 provides additional information.

Table 2

Brazos Valley Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 1: Providing the Most Efficient Use of Groundwater		
<u>Objective:</u> Require all existing and new non-exempt wells constructed within the boundaries of the District to be permitted by the District and operated in accordance with District Rules. In addition, the District will encourage all exempt wells constructed within the District boundaries to be registered with the District.		
<u>Performance Standard:</u> The number of exempt and permitted wells registered within the District will be reported annually in the District's Annual Report submitted to the Board of Directors of the District.	Yes	
<u>Objective:</u> Regulate the production of groundwater by permitting wells within the District's boundaries based on beneficial use and in accordance with District Rules. Each year the District will accept and process applications for the permitted use of groundwater in the District, in accordance with the permitting process established by District Rules. The District will regulate the production of groundwater from permitted wells by verification of pumpage volumes using meters, if meters are required under the District Rule and/or permit for the wells.		
<u>Performance Standard:</u> The number and type of applications made for the permitted use of groundwater in the District, the number and type of permits issued by the District, and the amount of groundwater permitted, will be included in the Annual Report given to the Board of Directors.	Yes	
<u>Performance Standard:</u> The actual annual pumpage from each metered well within the District will be reported annually and compared to the amount permitted for that well. This information will be included in the District's Annual Report submitted to the Board of Directors of the District.	Yes	

Brazos Valley Groundwater Conservation District
Achievement of Groundwater Management Plan Objectives

Goal and Objective Audited	Achieved?	Additional Information
<p>Objective: Conduct ongoing monitoring of the aquifers underlying the District and the current groundwater production within the District, and then assess the available groundwater that can be produced from each aquifer within the District after sufficient data are collected and evaluated. Using this data and information developed for GMA [Groundwater Management Area]-12 the District will re-evaluate availability goals as necessary and will permit wells in accordance with the appropriate production goals.</p>		
<p>Performance Standard: The District will conduct the appropriate studies to identify the issues and criteria needed to address groundwater management needs within the District’s boundaries. Groundwater availability goals will take into consideration the GMA -12 Planning and research of the hydro-geologic and geologic characteristics of the aquifers, which may include, but not necessarily be limited to, the amount of water use, water quality, and water level declines.</p>	Yes	
<p>Performance Standard: A progress report on the work of the District regarding the groundwater availability will be written annually, as substantial additional data are developed. The progress report will be included in the annual report to the District Board of Directors.</p>	Yes	
Goal 2: Controlling and Preventing Waste of Groundwater		
<p>Objective: Apply a water use fee to the permitted use of groundwater in the District to encourage conservation-oriented use of the groundwater resources to eliminate or reduce waste.</p>		
<p>Performance Standard: Each year the District will apply a water use fee to the non-exempt permitted use of groundwater produced within the District pursuant to District rules. The amount of fees generated and the amount of water produced for each type of permitted use will be a part of the Annual Report presented to the District Board of Directors.</p>	Yes	
<p>Objective: Evaluate District rules annually to determine whether any amendments are necessary to decrease the amount of waste within the District.</p>		
<p>Performance Standard: The District will include a discussion of the annual evaluation of the District rules, and the determination of whether any amendments to the rules are necessary to prevent the waste of groundwater in the Annual Report of the District provided to the Board of Directors.</p>	Yes	
<p>Objective: Provide information to the public and the schools within the District on the wise use of water to eliminate and reduce wasteful practices.</p>		
<p>Performance Standard: The District will include a page on the Districts web-site devoted to the wise use of water and providing tips to help eliminate and reduce wasteful use of groundwater annually. The District will provide information to local school Districts including providing book covers to encourage wise use of water.</p>	Yes	

Brazos Valley Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 3: Addressing Drought Conditions		
<u>Objective:</u> A District staff member will download at least one Palmer Drought Severity Index (PDSI) map monthly. The Palmer Drought Severity Index map will be used to monitor drought conditions and will be used by the Board to determine trigger conditions provided by the District's Drought Contingency Plan.		
<u>Performance Standard:</u> The District will make an assessment of drought conditions in the District and will prepare an annual briefing to the Board of Directors.	Yes	
<u>Objective:</u> Require 100 percent of water permittees that are required by the State of Texas to have drought contingency plans, to submit those plans to the District or follow the District's plan when applying for a permit for well production from the District.		
<u>Performance Standard:</u> Review 100 percent of the drought contingency plans submitted as a result of permit requirements, whenever a severe drought condition is reached as determined by the PDSI. The number of drought contingency plans required to be submitted by water permittees to the District as part of the well permitting process and the number of drought contingency plans actually submitted to the District will be reports in the annual report to the District Board of Directors.	Yes	
<u>Objective:</u> Develop a District drought contingency plan. The target goal for developing the plan is December 2010. The drought contingency plan will be reviewed for effectiveness and needed updates once annually.		
<u>Performance Standard:</u> A report summarizing the findings of the annual review of the District drought contingency plan will be included in the annual report of the District Board of Directors.	Yes	
Goal 4: Addressing Conservation		
<u>Objective:</u> Require 100 percent of the water applicants requesting a permit for water production within the District to submit a water conservation plan, unless one is already on file with the District at the time of the permit application, or agree to comply with the District's adopted Water Conservation guidelines.		
<u>Performance Standard:</u> Review 100 percent of the water conservation plans submitted as a result of permit requirements to ensure compliance with permit conditions. The number of water conservation plans required to be submitted by water permittees to the District that year as part of the well permitting process and the number of water conservation plans actually submitted to the District will be reported in the annual report to the District Board of Directors. If the a water permittee chooses to agree to follow the District's adopted Water Conservation guidelines in lieu of submitting a Water Conservation Plan, then that number will be indicated in the annual report to the District Board of Directors.	Yes	

Brazos Valley Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
<u>Objective:</u> Develop a system for measurement and evaluation of groundwater supplies.		
<u>Performance Standard:</u> Water level monitoring wells will be identified for and the Brazos River Alluvium, the Yegua-Jackson, Sparta, Queen City, Carrizo, Calvert Bluff, Simsboro and Hooper aquifers at least 2 wells per aquifer will be monitored on an annual basis to track changes in static water levels.	Yes	
<u>Objective:</u> Assist in obtaining grant funds for the implementation of water conservation methods. Work with the appropriate state and federal agencies to facilitate bringing grant funds to various groups within the District boundaries to develop and implement water conservation methods. The District will meet with at least one state or federal agency annually in order to discuss bringing water conservation methods grant funds into the District.		
<u>Performance Standard:</u> The number of meetings held annually with at least one state or federal agency and the number of grants for water conservation methods applied for and obtained will be included in the annual report to the District Board of Directors.	Yes	

The Coastal Bend Groundwater Conservation District Fully Achieved or Partially Achieved All Four of the Goals Audited

Selected Financial Information for Fiscal Year 2013	
<u>Statement of Net Position</u>	
Total Assets	\$980,156
Total Liabilities	\$13,476
<u>Statement of Activities</u>	
Total Revenues	\$287,005
Total Expenses	\$268,942
Source: These amounts were from the district's annual audited financial statements and were not verified as part of this audit. These amounts are for the district's fiscal year ending September 30, 2013.	

The Coastal Bend Groundwater Conservation District:

- Fully achieved the following goals:
 - ♦ Providing the most efficient use of groundwater.
 - ♦ Controlling and preventing waste of groundwater.
- Partially achieved the following goals:
 - ♦ Addressing drought conditions.
 - ♦ Addressing conservation.

For each goal in the groundwater management plan, there may be one or more objectives and related performance standards that describe the activities the district must perform to achieve the goal. Table 3 provides additional information.

Table 3

Coastal Bend Groundwater Conservation District		
Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 1: Providing the Most Efficient Use of Groundwater		
<u>Objective:</u> Each year, the District will require 100 percent new exempt or permitted wells that are constructed within the boundaries of the District to be registered with the District in accordance with the District Rules.		
<u>Performance Standard:</u> The number of exempt and permitted wells registered by the District for the year will be incorporated into the Annual Report submitted to the Board of Directors of the District.	Yes	
<u>Objective:</u> Each year, the District will regulate the production of groundwater by maintaining a system of permitting the use of groundwater within the boundaries of the District in accordance with the District Rules.		
<u>Performance Standard:</u> Each year the District will accept and process applications for the permitted use of groundwater in the District in accordance with the permitting process established by District rules. The number and type of application made for the permitted use of groundwater in the District and, the number and type of permits issued by the District will be included in the Annual Report given to the Board of Directors.	Yes	
<u>Objective:</u> The District will conduct an investigation to evaluate the aquifers of the district and the production of groundwater within the district in preparation of establishing a monitor well network within the boundaries of the District.		

Coastal Bend Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
<u>Performance Standard:</u> Each year the District will utilize the monitor well network to take samples of water quality and to conduct regular measurements of the changing water-levels in the aquifers of the District. The District will monitor the water levels in at least 10 wells monthly throughout the District. The District will also annual test the water quality in at least two wells for each county precinct in Wharton County. A progress report on the work of the District regarding monitoring the water quality and water-levels of aquifers within the District will be included in the Annual Report of the District each year.	Yes	
Goal 2: Controlling and Preventing Waste of Groundwater		
<u>Objective:</u> Each year, the District will make an evaluation of the District Rules to determine whether any amendments are recommended to decrease the amount of waste of groundwater within the District.		
<u>Performance Standard:</u> The District will include a discussion of the annual evaluation of the District Rules and the determination of whether any amendments to the rules are recommended to prevent the waste of groundwater in the Annual Report of the District provided to the Board of Directors.	Yes	
<u>Objective:</u> Each year, the District will provide at least one article annually on the District's website on eliminating and reducing wasteful practices in the use of groundwater.		
<u>Performance Standard:</u> Each year, a copy of the information provided on the District's website regarding groundwater waste reduction will be included in the District's Annual Report to be given to the District Board of Directors.	Yes	
Goal 3: Addressing Drought Conditions		
<u>Objective:</u> Each month, the District will download the updated Palmer Drought Severity Index (PDSI) map and other drought related information from the National Weather Service - Climate Prediction Center website.		
<u>Performance Standard:</u> Quarterly, the District will make an assessment of the status of drought in the District and prepare a quarterly briefing to the Board of Directors. The downloaded PDSI maps and other related information will be included with copies of the quarterly briefing in the District Annual Report to the Board of Directors.	Partially	The district did not have documentation showing that it included the downloaded PDSI maps and other related information along with copies of the quarterly briefings for the first and second quarters in its annual report to the board of directors.
Goal 4: Addressing Conservation		
<u>Objective:</u> The District will annually submit an article regarding water conservation for publication to at least one newspaper of general circulation in the District.		
<u>Performance Standard:</u> A copy of the article submitted by the District for publication to a newspaper of general circulation in the District regarding water conservation will be included in the Annual Report to the Board of Directors.	Yes	

Coastal Bend Groundwater Conservation District		
Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
<u>Objective:</u> The District will develop or implement a pre-existing educational program for use in public or private schools located in the District to educate students on the importance of water conservation.		
<u>Performance Standard:</u> A summary of the educational program developed or implemented by the District for use in public or private schools located in the District will be included in the Annual Report to the Board of Directors for every year this plan is active.	Yes	
<u>Objective:</u> Each year, the District will include an informative flier on water conservation with at least one mail out to groundwater use permit holders distributed in the normal course of business for the District.		
<u>Performance Standard:</u> The District's Annual Report will include a copy of the informative flier distributed to groundwater use permit holders regarding water conservation and the number of fliers distributed.	No	The district did not distribute a flier to groundwater use permit holders regarding water conservation and did not include the number of fliers distributed in its annual report.
<u>Objective:</u> Each year, the District will provide one article relating to recharge enhancement on the District web site.		
<u>Performance Standard:</u> Each year, the District annual report will include a copy of the information that has been provided on the District web site relating to recharge enhancement.	Yes	
<u>Objective:</u> Precipitation enhancement is not an appropriate or cost-effective program for the District at this time because there is not an existing precipitation enhancement program operating in nearby counties in which the District could participate and share costs. The cost of operating a single-county precipitation enhancement program is prohibitive and would require the District to increase taxes. Therefore, this goal is not applicable to the District at this time.		
<u>Performance Standard:</u> None Listed	Not Applicable	
<u>Objective:</u> Each year, the District will provide one article relating to brush control on the District web site.		
<u>Performance Standard:</u> Each year, the District annual report will include a copy of the information that has been provided on the District web site relating to brush control.	Yes	
<u>Objective:</u> Each year, the District will provide one article relating to Rainwater Harvesting on the District web site.		
<u>Performance Standard:</u> Each year, the District annual report will include a copy of the information that has been provided on the District web site relating to Rainwater Harvesting.	Yes	

Recommendations for the Coastal Bend Groundwater Conservation District

The Coastal Bend Groundwater Conservation District should:

- Comply with its groundwater management plan objectives to include in its annual report to its board of directors:
 - ♦ Copies of the quarterly assessment briefings regarding the status of drought in the district, including the downloaded Palmer Drought Severity Index (PDSI) maps and other related drought status information.
 - ♦ The number of fliers distributed to groundwater use permit holders and copies of the fliers.
- Distribute informative fliers to groundwater use permit holders regarding water conservation.

Management's Response from the Coastal Bend Groundwater Conservation District

CBGCD Management agrees with the above recommendations. Staff has been aware of these omissions in the 2013 report and has resolved the matter. Documentation of the above actions will continue to be included in upcoming annual reports.

The District is aware that the performance standard of distributing flyers to our permitted users was not completed and will strive to meet this standard in the future.

The Edwards Aquifer Authority Partially Achieved All Four of the Goals Audited

Selected Financial Information for Fiscal Year 2013

Statements of Net Position

Total Assets	\$53,561,426
Total Liabilities	\$14,826,333

Statements of Revenues, Expenses, and Changes in Net Position

Total Revenues	\$27,869,421
Total Operating Expenditures	\$18,037,741

Source: These amounts were from the authority's annual audited financial statements and were not verified as part of this audit. These amounts are for the authority's fiscal year ending December 31, 2013.

The Edwards Aquifer Authority partially achieved the following four goals:

- Providing the most efficient use of groundwater.
- Controlling and preventing waste of groundwater.
- Addressing drought conditions.
- Addressing conservation.

For each goal in the groundwater management plan, there may be one or more objectives and related performance standards that describe the activities the authority must perform to achieve the goal. Table 4 provides additional information.

Table 4

Edwards Aquifer Authority Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 1: Providing the Most Efficient Use of Groundwater		
<u>Objective:</u> Implement efficient transfer program that allows water rights to transfer between permitted users.		
<u>Performance Standard:</u> Process transfers within 60 days of declaration of administrative completeness by the Authority.	Partially	According to the authority's annual report, not all transfers were processed within the required 60-day time frame.
<u>Objective:</u> Require water meters on all permitted wells.		
<u>Performance Standard:</u> a. Make field inspections on 75 percent of all permitted wells, at least annually. b. Report amount of permitted wells inspected in the annual report to the Board of Directors.	Yes	
<u>Objective:</u> Enhance reporting of annual withdrawals by documenting annual water use by federal facilities within the Authority's jurisdiction.		
<u>Performance Standard:</u> Make a good faith effort to negotiate agreements with federal facilities and begin receiving annual use reports concerning their Aquifer pumping.	Yes	
<u>Objective:</u> Receive annual water use reports for all permitted wells.		
<u>Performance Standard:</u> a. Require water use reports to be submitted by March 1 of each year and follow up with appropriate enforcement actions. b. Report 100 percent of the permitted water use received, reviewed, and approved by the Authority annually in the Edwards Aquifer Authority Hydrologic Data Report.	Yes	

Edwards Aquifer Authority		
Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
<u>Objective:</u> Require a groundwater conservation plan (GCP) for all municipal and industrial users permitted for three acre-feet or more and all irrigation users that are not operating at specified operation efficiencies.		
<u>Performance Standard:</u> Present a status report of the Authority's GCP to the Legislature by January 1 of each odd-numbered year.	Yes	
Goal 2: Controlling and Preventing Waste of Groundwater		
<u>Objective:</u> Continue and expand the Authority's well registration program.		
<u>Performance Standard:</u> Complete focused efforts in Hays and Comal counties and begin efforts in Bexar County by the end of the five-year period (2015).	Not applicable	This objective is not required to be completed until fiscal year 2015.
<u>Objective:</u> Continue to register wells throughout the region as they come to the Authority's attention.		
<u>Performance Standard:</u> a. Register 100 percent of unregistered wells discovered through the well registration program annually. b. Report the number of unregistered wells that were discovered and subsequently registered in the annual report to the Board of Directors.	Partially	The authority reported the number of unregistered wells that were discovered and subsequently registered; however, it did not register all unregistered wells. For fiscal year 2013, the authority registered 9 of 44 unregistered wells.
<u>Objective:</u> Continue the Authority's abandoned well closure program.		
<u>Performance Standard:</u> a. Initiate appropriate enforcement actions to address noncompliance. b. Report the number of abandoned wells closed during the year in the annual report to the Board of Directors.	Yes	
<u>Objective:</u> Identify and address unauthorized withdrawals discovered under the well registration and abandoned well closure programs.		
<u>Performance Standard:</u> a. Initiate appropriate enforcement actions to address noncompliance. b. Report the number of unauthorized withdrawals discovered and the number of unauthorized withdrawals addressed in the annual report to the Board of Directors.	Partially	The authority had documentation showing that it initiated appropriate enforcement actions; however, it incorrectly underreported the number of unauthorized withdrawals by four.
Goal 3: Addressing Drought Conditions		
<u>Objective:</u> Collect daily information at Comal Springs, San Marcos Springs, and at the J-17 and J-27 Index Wells and compare that information to the drought triggers that lead to implementation of the critical period management plan. The drought triggers are described in [the authority's management plan].		
<u>Performance Standard:</u> Provide a report on Aquifer Conditions to the Board of Directors at each board meeting.	Yes	

Edwards Aquifer Authority Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Objective: Implement critical period management plan to mitigate the consequences of drought.		
Performance Standard: a. Notify 100 percent of affected permit holders of mandatory reductions and reporting requirements within two days of declaring Critical Period Stage I and each subsequent stage. b. Enforce all aspects of the Authority's Critical Period Rules on 100 percent of permits greater than three acre-feet during stages of Critical Period. c. Identify and notify 100 percent of monthly non-reporters within ten business days after the reporting deadline.	Partially	The authority had evidence demonstrating that it met the following key metrics for fiscal year 2013: <ul style="list-style-type: none"> ▪ Notified 100 percent of affected permit holders of mandatory reductions and reporting requirements within two days of declaring Critical Period Stage I and each subsequent stage. ▪ Enforced all aspects of the authority's Critical Period Rules on 100 percent of permits greater than 3 acre-feet during Critical Period stages. However, the authority did not always notify 100 percent of the monthly non-reporters within 10 business days after the reporting deadline.
Goal 4: Addressing Conservation		
Objective: Require a groundwater conservation plan (GCP) for all municipal and industrial users permitted for three acre-feet or more and all irrigation users that are not operating at specified operating efficiencies.		
Performance Standard: Present a status report of the Authority's GCP to the Legislature by January 1 of each odd-numbered year.	Yes	
Objective: Receive annual use reports for all permitted wells.		
Performance Standard: Require water use reports to be submitted by March 1 of each year and follow up with appropriate enforcement actions.	Yes	
Objective: Support water conservation practices of groundwater withdrawal permit holders to maximize the efficiency of water use throughout the region.		
Performance Standard: Issue water conservation grants to five groundwater permit holders annually.	No	The authority did not issue any water conservation grants in fiscal year 2013.
Objective: Use aquifer management fees to encourage groundwater conservation.		
Performance Standard: Issue rebates of aquifer management fees originally paid for groundwater authorized but not pumped by municipal and industrial permit holders within 120 days after the submittal of annual use reports.	Yes	
Objective: Maintain the Authority's four recharge enhancement structures.		
Performance Standard: Report at least one recharge estimate to the Texas Commission on Environmental Quality annually.	Yes	
Objective: Participate in the Cibolo Creek Watershed feasibility study with the Corps of Engineers, Guadalupe-Blanco River Authority, San Antonio River Authority, and the San Antonio Water System.		
Performance Standard: Conclude Phase 3 of the study by 2011.	Not applicable	All parties involved mutually decided to close the study.

Edwards Aquifer Authority		
Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
<u>Objective:</u> Participate in the Nueces Basin feasibility study with the Corps of Engineers, Nueces River Authority, San Antonio River Authority, San Antonio Water System, and the City of Corpus Christi.		
<u>Performance Standard:</u> Present an annual status report to the Edwards Aquifer Authority Board.	Yes	
<u>Objective:</u> Support rainwater harvesting efforts by providing information to the public through brochures and the Authority's educational program.		
<u>Performance Standard:</u> a. Distribute informational brochures to 100% of permit holders. b. Maintain brochures that are available to the public at the Authority office and have brochures available at 100% of educational booths.	Partially	The authority provided a copy of the brochure that was available to the public; however, it did not distribute the brochure to all permit holders.
<u>Objective:</u> Support rainwater harvesting efforts by providing some funding for three rainwater harvesting demonstration projects over the next five years.		
<u>Performance Standard:</u> A status report on the projects will be included in the annual report to the Board of Directors.	Not applicable	The authority has not commenced work on any projects.
<u>Objective:</u> Participate in cost-effective Precipitation Enhancement Programs.		
<u>Performance Standard:</u> a. Make annual determination regarding Precipitation Enhancement Program based on seasonal effectiveness report submitted by the South Texas Weather Modification Association and the Southwest Texas Rain Enhancement Association. b. A report of the annual Precipitation Enhance Program determination will be included in the annual report to the Board of Directors.	Yes	
<u>Objective:</u> Participate in programs that will establish reasonable and cost-effective brush control.		
<u>Performance Standard:</u> a. For as long as practicable under the terms of the agreement, continue with the Memorandum of Understanding with the United States Department of Agriculture Natural Resources Conservation Service to implement best management practices on private lands within the Edwards Aquifer Recharge and Contributing Zones in Bexar, Comal, Hays, Medina, and Uvalde Counties to treat Ashe Juniper. b. Provide funding to qualifying landowners for cost share of brush management. c. The amount of funding provided to qualifying landowners will be included in the annual report to the Board of Directors.	Yes	

Recommendations for the Edwards Aquifer Authority

The Edwards Aquifer Authority should comply with its groundwater management plan objectives to:

- Process all transfers within 60 days of declaration of administrative completeness by the authority.
- Register 100 percent of unregistered wells discovered through the well registration program annually.
- Accurately report the number of unauthorized withdrawals in the annual report to the board of directors.
- Notify 100 percent of monthly non-reporters within 10 business days after the reporting deadline.
- Issue water conservation grants to five groundwater permit holders annually.
- Distribute rainwater harvesting informational brochures to 100 percent of permit holders.

Management's Response from the Edwards Aquifer Authority

The performance standards associated with the objectives included in the EAA's Groundwater Management Plan were intended to be both meaningful and ambitious. EAA management appreciates the review of these standards and offers the following responses to the recommendations listed above.

Process all transfers within 60 days of declaration of administrative completeness by the authority.

- *EAA management agrees with the recommendation and will continue to strive to process all transfers within 60 days of declaration of administrative completeness by the authority. In the future, the EAA will consider clarifying in its Groundwater Management Plan that the 60 day goal is intended to be an average due to the fact that: the EAA processes in excess of 300 transfers in a calendar year; that transfers are not submitted in a steady stream, but rather are often processed in bulk during the beginning and end of the year; and that individual transfers of property can vary in their complexity. The EAA is also conducting cross-training of staff to address periodic surges in transfer volume to help reduce the associated backlog of applications and, thus, allow for quicker turnaround of sale and lease transfers.*

Register 100 percent of unregistered wells discovered through the well registration program annually.

- *EAA management will continue to strive to register 100 percent of unregistered wells discovered through the well registration program annually. However, the nature of the well registration program makes this performance standard impractical in some instances. EAA management may revise this performance standard to better address the registration of wells discovered late in the calendar year and to better address delays associated with staff investigation of certain wells and appropriate interaction with well owners.*

Accurately report the number of unauthorized withdrawals in the annual report to the board of directors.

- *EAA management agrees with this recommendation. EAA staff always strives to report all information to the board accurately and will make efforts to better confirm numbers contained in the Groundwater Management Plan annual report. The EAA points out that all enforcement matters were reported correctly to the board monthly in 2013. However, those reports are not considered as part of the Groundwater Management Plan annual report – rather, they are used to compile the annual report. The discrepancy in numbers only occurred in the annual report.*

Notify 100 percent of monthly non-reporters within 10 business days after the reporting deadline.

- *EAA management agrees with this recommendation and will continue to strive to notify 100 percent of monthly non-reporters within 10 business days after the reporting deadline.*

Issue water conservation grants to five groundwater permit holders annually.

- *EAA management agrees with this recommendation and feels that this goal will now be achieved on a yearly basis due to its newly amended water conservation grant program.*

Distribute rainwater harvesting informational brochures to 100 percent of permit holders.

- *EAA management agrees with this recommendation and will distribute brochures to all permit holders*

The Glasscock Groundwater Conservation District Fully Achieved or Partially Achieved All Four of the Goals Audited

The Glasscock Groundwater Conservation District:

Selected Financial Information for Fiscal Year 2013

This district did not obtain an annual audit of its financial statements for the fiscal year ending December 31, 2013. Therefore, no financial information is presented in this report. See Chapter 2 for additional information on this district's compliance with the annual audit requirement.

- Fully achieved the goal of controlling and preventing waste of groundwater.
- Partially achieved the goals of:
 - ♦ Providing the most efficient use of groundwater.
 - ♦ Addressing drought conditions.
 - ♦ Addressing conservation.

For each goal in the groundwater management plan, there may be one or more objectives and related performance standards that describe the activities the district must perform to achieve the goal. Table 5 provides additional information.

Table 5

Glasscock Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 1: Providing the Most Efficient Use of Groundwater		
<u>Objective:</u> Each year, the District will provide laser plane leveling equipment to producers (based upon availability) for better irrigation planning and contour farming.		
<u>Performance Standard:</u> Annual report to the Board of Directors the number of times District's leveling equipment was loaned to producers, annually.	Partially	The district reported this goal in its annual report; however, it did not maintain documentation showing the number of times the district's leveling equipment was loaned to producers.
Goal 2: Controlling and Preventing Waste of Groundwater		
<u>Objective:</u> Each month, the District will investigate all identified wasteful practices within Two (2) working days of identification or complaint received.		
<u>Performance Standard:</u> Number of wasteful practices identified and the average number of days District personnel took to respond or investigate after identification or complaint received, during the month.	Yes	
Goal 3: Addressing Drought Conditions		
<u>Objective:</u> The District will monitor the Palmer Drought Severity Index (PDSI) by Texas Climatic Divisions. If PDSI indicates that the District will experience severe drought conditions, the District will notify all public water suppliers within the District.		
<u>Performance Standard:</u> The District staff will monitor the PDSI and report findings and actions to the District Board on a quarterly basis.	Partially	The district reported this goal in its annual report; however, it did not maintain documentation showing that it reported PDSI findings and actions to the district's board during the second and fourth quarters.

Glasscock Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 4: Addressing Conservation		
<u>Objective:</u> Provide information to area residents about water conservation.		
<u>Performance Standard:</u> The District staff will publish an article concerning water conservation in a local newsletter or newspaper at least one time a year.	Yes	
<u>Objective:</u> Provide and distribute literature on recharge enhancement to area residents.		
<u>Performance Standard:</u> a. The District staff will provide information to area residents about recharge enhancement. b. Annual report to the Board of Directors listing the number of times recharge enhancement information was distributed.	Yes	
<u>Objective:</u> Provide and distribute literature on rainwater harvesting to area residents.		
<u>Performance Standard:</u> a. The District staff will provide information to area residents about rainwater harvesting. b. Annual report to the Board of Directors listing the number of times rainwater harvesting information was distributed.	Yes	
<u>Objective:</u> The District will participate in the West Texas Weather Modification Association rainfall enhancement program.		
<u>Performance Standard:</u> a. Report monthly to the Board of Directors on West Texas Weather Modification Association activities. b. Annually provide to the Board of Directors the West Texas Weather Modification Association Annual Report.	Partially	The district did not maintain documentation showing that it provided the West Texas Weather Modification Association Annual Report to the district's board of directors.
<u>Objective:</u> Provide and distribute literature on brush control to area residents.		
<u>Performance Standard:</u> a. The District staff will provide information to area residents about brush control. b. Annual report to the Board of Directors listing the number of times brush control information was distributed.	Yes	

Recommendations for the Glasscock Groundwater Conservation District

The Glasscock Groundwater Conservation District should maintain adequate documentation to support:

- The number of times the district's leveling equipment was loaned to producers.
- PDSI findings and actions that district staff identified from its quarterly monitoring activities.
- That the district provided the West Texas Weather Modification Association Annual Report to the board of directors.

Management's Response from the Glasscock Groundwater Conservation District

The Glasscock Groundwater Conservation District will maintain supporting documents to ensure a proper check in/check out form when a producer is loaned our leveling equipment.

The Palmer Drought Severity Index findings will be addressed no less than 4 times a year (quarterly) to our Board of Directors during a regular meeting to monitor, identify and take appropriate actions if needed with the findings of the Palmer Drought Severity Index.

The Glasscock Groundwater Conservation District is no longer a member of the West Texas Weather Modification Association as of January 21, 2014.

**The High Plains Underground Water Conservation District No. 1
Fully Achieved or Partially Achieved All Four of the Goals Audited**

Selected Financial Information for Fiscal Year 2013	
<u>Statement of Net Position</u>	
Total Assets	\$7,935,443
Total Liabilities	\$404,343
<u>Statement of Activities</u>	
Total Revenues	\$3,145,323
Total Expenses	\$2,851,560
Source: These amounts were from the district's annual audited financial statements and were not verified as part of this audit. These amounts are for the district's fiscal year ending December 31, 2013.	

The High Plains Underground Water Conservation District No. 1:

- Fully achieved the following goals:
 - ♦ Providing the most efficient use of groundwater.
 - ♦ Addressing drought conditions.
- Partially achieved the following goals:
 - ♦ Controlling and preventing waste of groundwater.
 - ♦ Addressing conservation.

For each goal in the groundwater management plan, there may be one or more objectives and related performance standards that describe the activities the district must perform to achieve the goal. Table 6 provides additional information.

Table 6

High Plains Underground Water Conservation District No. 1 Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 1: Providing the Most Efficient Use of Groundwater		
<u>Objective:</u> The district will issue water well permits for all non-exempt water wells in accordance with its rules (see Texas Water Code, [Section] 36.117, for definition of exempt wells).		
<u>Performance Standard:</u> At each regularly scheduled board of directors meeting, staff will report the number of new permit applications received that are being recommended for approval by the general manager, as well as, any requests for exception to district rules. A summary of permitting activity by county and by aquifer will be included in the district's annual report.	Yes	
<u>Objective:</u> District staff will take soil moisture readings throughout the district each year. Neutron moisture meters, or equivalent technology, will be used to gather data at six-inch intervals to a depth of six feet or to the caliche layer (whichever is first) and the measurements will be entered into the district data base. Contour maps illustrating soil moisture conditions will be produced and published before the next crop growing season and the information from the pre-plant soil moisture survey will be made available through the district's newsletter, website, and print/electronic media. Irrigators are encouraged to use the soil moisture maps as a guide prior to planting.		
<u>Performance Standard:</u> No later than April of each year, publish soil moisture maps that illustrate available soil moisture, soil moisture deficits, and other factors affecting soil moisture in the district's newsletter and on the district's web site. This information will also be made available to print/electronic media.	Yes	

**High Plains Underground Water Conservation District No. 1
Achievement of Groundwater Management Plan Objectives**

Goal and Objective Audited	Achieved?	Additional Information
Goal 2: Controlling and Preventing Waste of Groundwater		
<p>Objective: Monitor agricultural practices within the district to prevent and terminate the waste of groundwater that results from the release or loss of irrigation water (tailwater) during the irrigation season. The loss of irrigation water from land on which it is produced is a violation of state law and district rules. District rules, taken from state statute Texas Water Code, [Section] 36.001(a)(8)(F), defines waste as it relates to irrigation tailwater as <i>“willfully or negligently causing, suffering, or permitting groundwater to escape into any river, creek, natural watercourse, depression, lake, reservoir, drain, sewer, street, highway, road or road ditch, or onto any land other than that of the owner of the well; or groundwater pumped for irrigation that escapes as irrigation tailwater onto land other than that of the owner of the well unless permission has been granted by the occupant of the land receiving the discharge.”</i> If such an agreement is made, the water must move directly onto the neighbor’s property without crossing property belonging to anyone else or public property.</p>		
<p>Performance Standard:</p> <p>a. Document all irrigation tailwater complaints with photographs and written reports within three days of receipt of complaint.</p> <p>b. Notify the owner and/or operator within seven days of documenting the violation that it is responsible for the tailwater and that a violation has occurred.</p> <p>c. Document in the annual report the number of irrigation tailwater violation letters sent to, and the telephone contacts with the owners and/or operators, any cases resulting in legal action, and their final dispensation.</p>	Partially	<p>The district did not provide complete documentation demonstrating that it performed the following:</p> <ul style="list-style-type: none"> ▪ Documented all irrigation tailwater complaints reported in fiscal year 2013 with photographs and written reports within three days of receiving the complaint. ▪ Provided notice to all owners and/or operators of wells for which tailwater violations were identified in fiscal year 2013 within seven days of documenting the violation that the owners/operators were responsible for the tailwater and a violation had occurred.
<p>Objective: Most agricultural producers within the district are making a diligent effort to maximize the benefits of the precipitation they receive and to maximize their irrigation application efficiencies. Most irrigation systems in the Southern High Plains are designed to only supplement precipitation and not to meet the total crop water demand. During drought periods, the crop yield potential declines in proportional amounts to the amount of water lost during the irrigation application. Much of the district’s educational efforts address improved irrigation application efficiencies by producers.</p>		
<p>Performance Standard:</p> <p>a. Beginning in 2012 and every five years thereafter, inventory and document the number of center pivot sprinkler systems in operation within the district and report in the district’s annual report.</p> <p>b. In combination with [the next] Objective [below], publish at least six articles related to irrigation application efficiencies each year in the district’s newsletter. (Note that this performance standard target of six articles per year is based on the sum of articles addressing agricultural water conservation <i>and</i> municipal water conservation strategies.)</p>	Yes	

**High Plains Underground Water Conservation District No. 1
Achievement of Groundwater Management Plan Objectives**

Goal and Objective Audited	Achieved?	Additional Information
<p>Objective: Increasing population, coupled with limited surface and groundwater supplies, make it important for area residents to make more efficient use of the region's water resources. The district supports the efforts of area municipalities to preserve the quality and quantity of their water reserves. The district offers a wide range of technical and educational materials to assist towns and cities in this effort.</p>		
<p>Performance Standard: In combination with [the previous] Objective [above], the district will publish at least six articles discussing municipal water conservation each year in the district's newsletter. (Note that this performance standard target of six articles per year is based on the sum of articles addressing agricultural water conservation and municipal water conservation strategies.)</p>	<p align="center">Yes</p>	
<p align="center">Goal 3: Addressing Drought Conditions</p>		
<p>Objective: The district maintains a rain gauge network in order to monitor hydrologic conditions throughout the region. The district will make available through its website and through its newsletter pertinent information to irrigators and municipalities with an emphasis on developing and current drought conditions. Additional drought-related information may be found at the following TWDB [Texas Water Development Board] web site: http://www.twdb.state.tx.us/DATA/drought/index.asp</p>		
<p>Performance Standard: Maintain a rain gauge network located in conjunction with its soil moisture monitoring sites. The rain gauges will be read by staff three times per year and results will be published in the district's newsletter, and during times of drought, will be posted on the district's website.</p>	<p align="center">Yes</p>	
<p>Objective: As a result of the realities of the reoccurrence of drought on the Southern High Plains, the district understands that from time to time, producers will need more groundwater than is allowed by rules governing allowable production rate. To address this reality, while also encouraging producers to conserve during normal and above normal periods of precipitation, the district will establish and maintain a water banking program that allows producers to bank groundwater during normal and above normal precipitation for use during dry years. Groundwater banked by producers may be used as needed at any time for up to three years after the groundwater is banked. The details of this program are contained in the district's rules.</p>		
<p>Performance Standard: By January 1, 2013 the district will establish and maintain an online water banking system whereby groundwater saved during periods of normal and above normal precipitation may be placed in reserve for use at any point in the next three years, as prescribed in district rules. Beginning in 2013, the district will document the number of producers participating in the water banking system during the previous 12 months in the annual report.</p>	<p align="center">Yes</p>	
<p align="center">Goal 4: Addressing Conservation</p>		
<p>Objective: Each year, 12 issues of the newsletter will be produced for distribution to district constituents and other interested parties. A minimum of six articles will appear each year discussing methods to conserve and preserve the quantity of usable quality groundwater within the district.</p>		
<p>Performance Standard: Document in the annual report the number and scope of conservation articles published in the district newsletter.</p>	<p align="center">Yes</p>	

**High Plains Underground Water Conservation District No. 1
Achievement of Groundwater Management Plan Objectives**

Goal and Objective Audited	Achieved?	Additional Information
Objective: Each year, news releases discussing methods to conserve and preserve the quantity of usable quality groundwater will be prepared and distributed to print and electronic media within the district.		
Performance Standard: Document in the annual report the number of news releases prepared and distributed to local and regional media detailing methods to conserve and preserve the quantity of usable quality groundwater.	Yes	
Objective: Each year, a series of 60-second pre-recorded radio public service announcements discussing methods to conserve and preserve the quantity of usable quality groundwater will be produced and distributed to radio stations.		
Performance Standard: Document in the annual report a summary of the series of public service announcements produced, distributed, and aired on local radio stations.	Yes	
Objective: Each year, a series of 30-second pre-recorded TV public service announcements discussing methods to conserve and preserve the quantity of usable quality groundwater will be produced and distributed to regional television stations.		
Performance Standard: Document in the annual report the number and a summary of the series of public service announcements produced and distributed to regional television stations.	Yes	
Objective: Each year, staff will present a minimum of 15 programs addressing conservation and preservation of usable quality groundwater in the district.		
Performance Standard: Document in the annual report the number of public presentations that were given by staff.	Yes	
Objective: Each year, staff will make <i>The Cross Section</i> , <i>Water Management Notes</i> , rainwater harvesting manuals, technical reports, brochures, and other printed information available to the public at each county office.		
Performance Standard: Document in the annual report the locations and the number of publications, including rainwater harvesting manuals, made available to the public via the information boards at each county office.	Yes	
Objective: Informative exhibits about the hydrology of the Ogallala Aquifer and the conservation/preservation of usable quality groundwater will be displayed at suitable venues within the district no less than ten times a year.		
Performance Standard: Document in the annual report the number and a brief description of the displays placed within the district.	Yes	
Objective: The district will continue to sponsor the <i>WaterWise</i> , or equivalent water conservation education program, in public and/or private schools within the district. Also, upon request by teachers, staff will visit area classrooms to present information about groundwater quality, quantity, and water conservation.		
Performance Standard: Document in the annual report the number, names, locations, and feedback from schools receiving educational materials, and the number of classroom presentations made.	Yes	

High Plains Underground Water Conservation District No. 1 Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
<p>Objective: Surface water collected in the thousands of playa lakes on the Southern High Plains is the primary source of recharge to the Ogallala Aquifer. During the 81st Texas Legislature, funding was provided to the Texas Water Development Board to conduct long term, scientific research on potential mechanisms to enhance recharge to the Ogallala Aquifer. While the nature and scope of the Ogallala Aquifer Recharge Study is still very early in its development, the district clearly recognizes the importance of studies such as this with respect to enhancing the economic sustainability of this precious natural resource. Therefore, it is the objective of the district to have an active role throughout the conduct of all aspects of the Ogallala Aquifer Recharge Study and to have district representatives participate in at least 75 percent of all TWDB scheduled meetings that are held in the district for this study. It is noted however, that at the time of adoption of the amended management plan, funding for this research project has been severely reduced by the 82nd Texas Legislature, and thus the level of effort that will proceed at this time is not established. The district is committed to continuing its participation in this effort at whatever level current funding will allow.</p>		
<p>Performance Standard: a. Document in the annual report the number of TWDB scheduled meetings held in the district and the number of meetings attended by HPWD [High Plains Underground Water Conservation District No. 1] representatives along with any progress made over the preceding year on the Ogallala Aquifer Recharge Study. b. Beginning in 2012, publish article on the Ogallala Aquifer Recharge Study in the district newsletter at least once a year (if it is determined by the TWDB that this study will continue despite the reduction in funding that occurred in the 82nd Texas Legislature).</p>	Partially	Although there were no scheduled meetings for the Water Development Board, the district did not provide documentation showing that it published an article on the Ogallala Aquifer Recharge Study in the district's newsletter.

Recommendations for the High Plains Underground Water Conservation District No. 1

The High Plains Underground Water Conservation District No. 1 should comply with its groundwater management plan objectives to:

- Ensure that it maintains complete documentation to properly support the total numbers of irrigation tailwater complaints and tailwater violation notice letters disclosed in the annual report to the board of directors.
- Include in its newsletter the district's article on the Ogallala Aquifer Recharge Study (if the Water Development Board determines that the recharge study will continue).

Management's Response from the High Plains Underground Water Conservation District No. 1

- *The District agrees with the recommendation concerning tailwater documentation. The District had several changes in staff during 2013, including some that dealt with tailwater correspondence and documentation. We have since implemented a more uniform system of*

recording these items, and all field staff are now equipped with the proper forms and procedures for tailwater documentation.

- *The HPWD Board adopted a revised management plan August 12, 2014, which no longer references the TWDB Ogallala Aquifer Recharge Study.*

The North Texas Groundwater Conservation District Fully Achieved All Four of the Goals Audited

Selected Financial Information for Fiscal Year 2013

Statement of Net Position

Total Assets	\$1,267,930
Total Liabilities	\$895,712

Statement of Activities

Total Revenues	\$829,650
Total Expenses	\$496,309

Source: These amounts were from the district's annual audited financial statements and were not verified as part of this audit. These amounts are for the district's fiscal year ending December 31, 2013.

The North Texas Groundwater Conservation District fully achieved the following four goals:

- Providing the most efficient use of groundwater.
- Controlling and preventing waste of groundwater.
- Addressing drought conditions.
- Addressing conservation.

For each goal in the groundwater management plan, there may be one or more objectives and related performance standards that describe the activities the district must perform to achieve the goal. Table 7 provides additional information.

Table 7

North Texas Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 1: Providing the Most Efficient Use of Groundwater		
<u>Objective:</u> Current rules adopted by the District require owners of all new wells drilled on or after April 1, 2011, and all existing wells that are non-exempt to be registered with the District. The accurate and timely reporting to the District of activities governed by the rules is a critical component of the District's ability to effectively and efficiently conserve, preserve, protect, and manage the groundwater resources that the District has been charged by law in Texas Water Code, [Section] 36.001, to achieve. Well registration is to be accomplished by well owners primarily through the use of an online geodatabase created by the District. Beginning at the first regularly scheduled meeting of the Board of Directors in 2012 subsequent to the adoption of this Plan, and on a quarterly basis forward, the General Manager shall present the number of current wells registered in the District, the aquifer(s) in which the wells have been completed, and other statistics, as requested by the Board of Directors.		
<u>Performance Standard:</u> Beginning in 2012, subsequent to the adoption of this Plan, the Board of Directors will receive quarterly briefings by the General Manager regarding the District's well registration program.	Yes	
<u>Objective:</u> Beginning in April 2011, the District launched an online registration program in order to register and collect important information regarding all nonexempt wells and exempt wells drilled on or after April 1, 2011. In order to ensure that all wells required to be registered are registered, the District will develop an ongoing media outreach program to educate the citizens of the requirement to register wells. As part of this effort, a series of Public Service Announcements will be developed in 2012, subsequent to the adoption of this Plan, and circulated by the General Manager to identified local and regional media outlets on a quarterly basis. A summary of this outreach effort will be included in the Annual Report presented by the General Manager to the Board of Directors at the first regularly scheduled meeting each calendar year beginning in 2013.		
<u>Performance Standard:</u> Number of media outlets for which Public Service Announcements were distributed on a quarterly basis is included in the Annual Report presented by the General Manager at the first regularly scheduled meeting of the year beginning in 2013.	Yes	

North Texas Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
<p>Objective: It is the goal of the District that all non-exempt wells and exempt wells drilled on or after April 1, 2011, be registered. In order to ensure that all wells required by District rules to be registered have been accurately registered, beginning in November 2011 the District initiated a field inspection/audit program, with the objective of conducting field inspections of 5 wells per month. These inspections/audits will confirm that a well has been registered, accuracy of well location, and accuracy of certain other required well registration information. The identification of potential well sites to inspect/audit will be based on historic maps, aerial photos, and other local information.</p>		
<p>Performance Standard: Beginning in 2012, subsequent to the adoption of this Plan, the Board of Directors will receive quarterly briefings by the General Manager regarding the number of well sites inspected/audited each month to confirm well registration requirements have been met.</p>	Yes	
<p>Objective: In order to evaluate continually the effectiveness of the District's rules in meeting the goal of ensuring the efficient use of groundwater, beginning in 2013 the District will launch a groundwater monitoring program to collect information on the quantity and quality of groundwater resources throughout the District. This monitoring program is based on the establishment of a network of monitor wells. For the first two years subsequent to the adoption of this Plan, District staff will work with Texas Water Development Board staff to monitor water levels in wells that the Texas Water Development Board staff currently monitors on an annual basis. District staff will accompany Texas Water Development Board representatives in the monitoring of the wells currently being observed in the three counties in the District. After a two-year period, the District staff will assume the responsibility of monitoring these wells at least annually. In addition, one additional well will be added in each county, for a total of three new wells to the system. For the purpose of water quality sampling, samples collected for water quality taken by Texas Commission on Environmental Quality staff every five years will be used for monitoring purposes initially, and may be supplemented in the future as determined by the Board. All information collected in the monitoring program will be entered into the District's geodatabase. The results of the monitoring program will be included in the Annual Report presented by the General Manager at the first regularly scheduled meeting of the year beginning in 2014.</p>		
<p>Performance Standard:</p> <p>a. Number of wells in Collin, Cooke, and Denton counties for which water levels were measured per year as reported in the Annual Report presented by the General Manager at the first regularly scheduled meeting of the year beginning in 2014.</p> <p>b. Number of wells in Collin, Cooke, and Denton counties for which water samples were collected for the testing of water quality as reported in the Annual Report presented by the General Manager at the first regularly scheduled meeting of the year beginning in 2014.</p>	Not Applicable	The result of this objective is not scheduled for inclusion in the district's annual report until 2014. The scope of this audit is fiscal year 2013.
<p>Objective In order to ensure the efficient use of groundwater, adequate data must be collected to facilitate groundwater availability modeling activities necessary to understand current groundwater resources and the projected availability of those resources into the future. As groundwater availability modeling capabilities improve over time, the need for increased data sampling temporally (water level responses to measured stresses) in certain areas of the aquifers in the District is recognized. Monitoring wells will be established by the District on a schedule determined by the Board of Directors as funds are available. Number of wells for which continuous time information on water levels in targeted locations will be available for viewing on the District's website as they are established.</p>		
<p>Performance Standard: The number of wells for which water levels in targeted locations will be available for viewing on the District's website as they are established</p>	Not Applicable	The result of this objective is not scheduled for inclusion in the district's annual report until 2014. The scope of this audit is fiscal year 2013.

North Texas Groundwater Conservation District
Achievement of Groundwater Management Plan Objectives

Goal and Objective Audited	Achieved?	Additional Information
<p><u>Objective:</u> A critical component of the District's goal of ensuring the efficient use of groundwater is the collection of accurate water use information. The District has established by temporary rule a requirement that all non-exempt wells be equipped with meters to measure the use of groundwater. The well owner/operator is responsible for maintaining a meter log with at least monthly records of water use. Cumulative water use is to be reported by the well owner/operator twice a year on March 1 and September 1. All water use information will be entered and maintained in the District's geodatabase. The General Manager will report to the Board of Directors at the first meeting practicable at the conclusion of each reporting period. It is the objective of the District that 95 percent of all registered non-exempt wells will report water use by the reporting deadlines established in the District's rules.</p>		
<p><u>Performance Standard:</u> Percent of registered non-exempt wells meeting reporting requirements of water use.</p>	Yes	
<p><u>Objective:</u> In order to ensure that registered non-exempt wells have been equipped with District-approved meters and that water use is being accurately reported, beginning in October 2012, a meter inspection program will be implemented so that all registered non-exempt wells will be inspected on at least a five-year cycle (20 percent of all registered non-exempt wells per year) by District personnel. These inspections will, at a minimum, verify proper installation and operational status of meters and record the meter reading at the time of inspection. This meter reading will be compared to the most recent water use report for the inspected well. Any potential violations of District rules regarding meter installation and reporting requirements will be reported to the Board of Directors at the next practicable meeting for consideration of possible enforcement actions. This information containing annual water use, by registered well, by county, and by aquifer, will be included in the Annual Report presented by the General Manager at the June scheduled meeting of the year beginning in 2014. This report will include a comparison of reported water use versus the estimate of modeled available groundwater (the sum of exempt and permitted groundwater) established as a result of the adopted Desired Future Conditions for aquifers in the District.</p>		
<p><u>Performance Standard:</u> a. Percentage of registered non-exempt wells inspected by District personnel annually, as reported in the Annual Report presented by the General Manager at the first regularly scheduled meeting of the year beginning in 2014.</p>	Yes ^a	
Goal 2: Controlling and Preventing Waste of Groundwater		
<p><u>Objective:</u> In order to increase public awareness of the need to control and prevent the waste of groundwater, the District will develop, implement, and operate an integrated waste prevention outreach strategy subsequent to the approval of this Plan. This outreach strategy will initially focus on three activities. The District website will provide a routinely updated link containing Best Management Practices and helpful tips to control and prevent the waste of groundwater. The District will work to identify outreach opportunities with regional and local water providers so as to increase public awareness for the prevention of groundwater waste. Finally, the Board of Directors and staff will deliver presentations to civic groups and other public opportunities regarding the mission of the District with a focus on the need to prevent the waste of groundwater.</p>		
<p><u>Performance Standard:</u> a. Link on District website to Best Management Practices and helpful tips to control and prevent the waste of groundwater is operational subsequent to approval of this Plan. b. All efforts to participate and partner with other regional and local water providers in public outreach opportunities will be reported in the Annual Report presented by the General Manager at the first regularly scheduled meeting of the year beginning in 2013. c. Number of presentations made by Board of Directors and staff regarding the mission of the District with a focus on the control and prevention of waste is reported in the Annual Report presented by the General Manager at the first regularly scheduled meeting of the year beginning in 2013.</p>	Yes	

North Texas Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 3: Addressing Drought Conditions		
Objective: Provide ongoing and relevant drought-related meteorological information - Subsequent to the approval of this Plan, the District will make available through the District's website easily accessible drought information with an emphasis on developing droughts and on any current drought conditions. Examples of links that will be provided include routine updates to the Palmer Drought Severity Index (PDSI) map for the region, the Drought Preparedness Council Situation Report (routinely posted on the Texas Water Information Network, and the TWDB [Texas Water Development Board] Drought Page at http://www.twdb.texas.gov/data/drought/ .		
Performance Standard: Current drought conditions information from multiple resources including the Palmer Drought Severity Index (PDSI) map for the region and the Drought Preparedness Council Situation Report is available to the public through the District's website by end of first quarter of 2012.	Yes	
Goal 4: Addressing Conservation		
Objective: Provide for water conservation - The primary goal, perhaps viewed as the "umbrella goal" of the District is to provide for and facilitate the conservation of groundwater resources within the District. As such, several management objectives included in this plan in [specified goals] are important elements of the District's plan to conserve groundwater resources. In addition to these water conservation-related goals, management objectives, and performance standards included in [specified goals], the District, upon approval of this Plan, will include a link on the District's website to the electronic library of water conservation resources supported by the Water Conservation Advisory Council. For example, one important resource available through this internet-based resource library is the Water Conservation Best Management Practices Guide developed by the Texas Water Conservation implementation Task Force. This Guide contains over 60 Best Management Practices for municipalities, industry, and agriculture that will be beneficial to water users in the District.		
Performance Standard: Link to the electronic library of water conservation resources supported by the Water Conservation Advisory Council is available on the District's website by the end of the last quarter of 2012.	Yes	
Objective: Addressing rainwater harvesting - Rainwater harvesting is assuming a viable role either as a supplemental water supply or as the primary water supply in both urban and rural areas of Texas. As a result, Texas has become internationally recognized for the widespread use and innovative technologies that have been developed, primarily through efforts at the TWDB. To ensure these educational materials are readily available to citizens in the District, a link to rainwater harvesting materials including system design specifications and water quality requirements will be provided on the District's website by the end of the last quarter in 2012.		
Performance Standard: Link to rainwater harvesting resources at the TWDB is established on the District's website by the end of the first quarter in 2012.	Yes	
Objective: Educate public on importance of brush control as it relates to water table consumption.		
Performance Standard: Link to information concerning brush control is available on the District's website by the end of the last quarter of 2012.	Yes	
^a A second component of this performance standard was not applicable to this audit. That second component stated "Comparison of annual water use versus estimates of modeled available groundwater established as a result of the adopted Desired Future Conditions is included in the Annual Report presented by the General Manager at the first regularly scheduled meeting of the year beginning in 2014." According to district management, the district is not expected to adopt the Desired Future Conditions until May 2016.		

The Panhandle Groundwater Conservation District Fully Achieved or Partially Achieved All Four of the Goals Audited

Selected Financial Information for Fiscal Year 2013	
<u>Statement of Net Position</u>	
Total Assets	\$7,346,635
Total Liabilities	\$4,517,273
<u>Statement of Activities</u>	
Total Revenues	\$1,438,364
Total Expenses	\$1,342,020
Source: These amounts were from the district's annual audited financial statements and were not verified as part of this audit. These amounts are for the district's fiscal year ending September 30, 2013.	

The Panhandle Groundwater Conservation District:

- Fully achieved the goal of addressing drought conditions.
- Partially achieved the following goals:
 - ♦ Providing the most efficient use of groundwater.
 - ♦ Controlling and preventing waste of groundwater.
 - ♦ Addressing conservation.

For each goal in the groundwater management plan, there may be one or more objectives and related performance standards that describe the activities the district must perform to achieve the goal. Table 8 provides additional information.

Table 8

Panhandle Groundwater Conservation District		
Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 1: Providing the Most Efficient Use of Groundwater		
<p><u>Objective:</u> An observation well network with approximately 850 water wells located throughout the District is continuously maintained and monitored. Wells in the observation network produce groundwater from the Ogallala Aquifer, as well as the Dockum and Blaine aquifers. Water levels are measured by District staff in as many wells as possible, with the management objective being to measure water levels in at least 90 percent of the wells in the network each year. This data is then processed for quality assurance/quality control, entered into the District's geodatabase, analyzed, mapped, and used to make decline calculations and update historic trend lines (hydrographs).</p> <p>Water level measurements from wells in the District's Observation Well Network are used to generate annual depletion maps. The District will strive to install additional monitoring wells in locations when necessary in order to evaluate the effects of high-impact pumping operations as necessary. Furthermore, the District will install and maintain automatic data gathering equipment on wells as needed.</p>		
<p><u>Performance Standard:</u></p> <p>a. Measure water levels in at least 90 percent of the operational water wells in the District's Observation Well Network annually by March 1st.</p> <p>b. Using water level measurements collected at the beginning of each year from wells in the Observation Well Network, prepare an annual depletion map based on changes in water levels observed in the last 12 months by July 31st and publish in next available District newsletter, Panhandle Water News (PWN).</p> <p>c. Using water level measurements collected at the beginning of each year from wells in the Observation Well Network and historical information from the District's geodatabase, prepare for review and approval by the Internal Revenue Service (IRS) the annual IRS depletion map utilized to quantify allowable depletion levels by December 30th annually. The District will provide individual participation letters to be sent by January 31st of each year.</p>	<p>Yes</p>	

Panhandle Groundwater Conservation District
Achievement of Groundwater Management Plan Objectives

Goal and Objective Audited	Achieved?	Additional Information
<p>Objective: The District encourages efficient groundwater use by continued promotion of Low Energy Precision Application (LEPA), low pressure and other efficient sprinkler systems, which will decrease the utilization of less efficient row irrigation techniques. This will be accomplished by increasing the use of the District's Agricultural Water Conservation Equipment Loan Program, as long as TWDB [Texas Water Development Board] Agricultural Loan Program funds are available and economically competitive. The District will enhance awareness of the loan program by publicity releases in local newspapers and the PWN. The District website will have information on availability of funds and guidelines for applicants. The District will strive to provide timely responses to loan applicants.</p>		
<p>Performance Standard: a. The District will include a reminder about the District's Agricultural Water Conservation Equipment Loan Program at least bi-annually in the PWN, as long as funds are available at competitive rates. b. District staff strives to complete the District review process for all loan applications and prepare for Board of Director consideration within 30 days of receipt of administratively complete loan application.</p>	Yes	
<p>Objective: The District encourages the efficient use of groundwater by disseminating educational information regarding current best management practices and trends in water conservation for agricultural, municipal, and industrial applications. The District publishes a newsletter quarterly that contains resources for water users interested in water conservation. In addition, the District also attends and participates in public events throughout the District including the annual Amarillo Farm and Ranch Show as often as possible.</p>		
<p>Performance Standard: a. The District will publish <i>Panhandle Water News (PWN)</i> on a quarterly basis. b. Each year the District will participate in the Amarillo Farm and Ranch Show.</p>	Yes	
<p>Objective: In order to ensure that the Board of Directors and District constituents are aware of and informed on the most current information on water conservation, groundwater management, and emerging policy issues related to groundwater resources, District staff actively participate in a broad grouping of professional associations that focus on water resource issues. District staff will report at the next available regularly scheduled Board of Directors meeting in the General Manager's Report on any activities resulting from participation with the following active affiliations:</p> <ul style="list-style-type: none"> - Texas Alliance of Groundwater Districts (TAGD) - Texas Water Conservation Association (TWCA), - Groundwater Management Districts Association (GMDA), and - Alliance for Water Efficiency. 		
<p>Performance Standard: District staff will attend and participate in 80 percent of regularly scheduled TAGD, TWCA and GMDA general meetings and report on noteworthy presentations and issues from these meetings at the next available regularly scheduled Board of Directors meeting in the General Manager's Report.</p>	Yes	
<p>Objective: The District has adopted rules that require approved flow meters on all new and replacement wells. Flow meters are also required in certain instances for wells in designated study areas and for all non-exempt wells in designated conservation areas. The District believes that when a water user understands the volume of groundwater being used, they are better able to adopt best management practices that result in the efficient use of groundwater. Therefore the District is committed to continuing the program focused on requiring flow meters for certain wells, flow meter monitoring, and data collection and analysis of water use by crop and irrigation type. To achieve this objective the District will read and record flow meter data from 90 percent of the installed flow meters in the District annually. Study Area and Conservation Area meters will be read at least annually, however may be read on a monthly or quarterly basis as needed. The information from the District's metering program will be published in the District's Annual Report.</p>		
<p>Performance Standard: a. Read and record flow meter data for 90 percent of installed flow meters at least annually. b. Verify damaged, inoperative, or inaccurate flow meters within 14 days of reported errors and take appropriate action, as necessary.</p>	Partially	<p>The district had evidence that it read and recorded flow meter data for 90 percent of installed flow meters. However, it was unable to provide documentation demonstrating that it (1) verified damaged, inoperative, or inaccurate flow meters within 14 days of</p>

Panhandle Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
c. Review and prepare revised estimates to TWDB annual draft agricultural water use estimates based on District meter data and other relevant information and submit to designated TWDB staff within timeframe requested.		reported errors and took appropriate action and (2) provided its revised estimates to the Water Development Board within the requested time frame.
Goal 2: Controlling and Preventing Waste of Groundwater		
<p>Objective: The District is continuously working to take positive and prompt action to identify and address all reported wasteful practices and instances of waste located by District staff within the District. This effort involves the following actions to be taken by the District.</p> <ul style="list-style-type: none"> - Report each complaint to the landowner and/or operator within two working days. - Resolve the complaint and note the corrective action taken. - Report resolution of each complaint to the landowner/operator and to the Board at the next regularly scheduled meeting during the General Manager's Report. 		
<p>Performance Standard:</p> <p>a. All notices or complaints will be recorded, investigated and reported to the landowner/operator, within two working days.</p> <p>b. Report each complaint and staff recommendation for resolution to the Board at the next regularly scheduled meeting.</p>	Yes	
<p>Objective: Annually conduct a review of water loss audits that are required by law, for 10 percent of the municipal water supply systems within the District. A summary of this review will be presented to the Board of Directors and the public as part of the District's Annual Report.</p>		
<p>Performance Standard: A summary review of at least 10 percent of the District's municipal water supply systems that are required by law is included in the District's Annual Report.</p>	No	The district indicated in its annual report that this performance standard was "Not Accomplished" and further recommended that this standard be removed from its management plan.
Goal 3: Addressing Drought Conditions		
<p>Objective: Conduct drought contingency planning by ensuring that drought contingency plans required in all Multiple Well Permits issued by the District are included in the permit applications and that they are administratively complete.</p>		
<p>Performance Standard: Upon submission for District consideration, ensure that all Multiple Well Permit applications meet drought contingency plan requirements prior to certification of administrative completeness.</p>	Yes	
<p>Objective: In order to provide ongoing information regarding water conditions in the District, establish and maintain links to National Oceanic and Atmospheric Administration Drought Monitor indices are on the District website.</p>		
<p>Performance Standard: Links to the National Oceanic and Atmospheric Administration Drought Monitor indices are available for use on the District's website.</p>	Yes	
<p>Objective: The District has initiated a cooperative program with agriculture producers using soil moisture sensor technology. The <i>More Crop for the Drop</i> (MC4TD) program utilizes irrigation tracking equipment in conjunction with soil moisture sensors to pinpoint the timing and application of water for maximum benefit of irrigation efforts. Summary data and results from this program will be collected and presented to the Board and included in the District's Annual report.</p>		
<p>Performance Standard: An assessment of the MC4TD program will be reported to the Board of Directors and included in the District's Annual Report.</p>	Yes	
Goal 4: Addressing Conservation		
<p>Objective: The District will continue to operate its Precipitation Enhancement Program throughout the planning horizon of this management plan. The program will operate within budget. A rain gauge network will be maintained and monitored to check results. Flight records and radar data will be collected and archived. The program will abide by Texas Department of Licensing and Regulation requirements for testing, monitoring, and reporting in order to ensure compliance with permit guidelines. Results of the District's Precipitation Enhancement Program will be presented to the Board of Directors and included in the Annual Report each year.</p>		

Panhandle Groundwater Conservation District
Achievement of Groundwater Management Plan Objectives

Goal and Objective Audited	Achieved?	Additional Information
<p><u>Performance Standard:</u></p> <p>a. Annually conduct the Precipitation Enhancement Program from April 1 to September 30.</p> <p>b. Calculate the baseline costs for Precipitation Enhancement Program by December 1 each year.</p> <p>c. Collect and record rain gauge readings at least bi-monthly, starting one month prior to seeding operations and continuing one month after the end of seeding operations.</p> <p>d. Annually maintain all flight records and archived radar data on all precipitation enhancement operations and make available for review upon request.</p> <p>e. Provide required rainfall monitoring, water quality testing and other required reports to Texas Department of Licensing and Regulation prior to the established due dates.</p>	Partially	<p>The district had evidence demonstrating that it met the following key metrics for fiscal year 2013:</p> <ul style="list-style-type: none"> ▪ Conduct the Precipitation Enhancement Program from April 1 to September 30. ▪ Calculate the baseline costs for the Precipitation Enhancement Program by December 1. ▪ Collect and record rain gauge readings at least bimonthly. <p>The district also had evidence that it prepared and maintained (1) flight records and archived radar data on all precipitation enhancement operations and (2) the required rainfall monitoring, water quality testing, and other required reports it submitted to the Texas Department of Licensing and Regulation. However, the district did not include those reports in its annual report to its board of directors as required by its management plan.</p>
<p><u>Objective:</u> Educate the public with regards to the benefits of the District’s Precipitation Enhancement Program through informational articles in the <i>PWN</i> and local newspapers, public presentations, and Program summaries in the District’s Annual Report each year.</p>		
<p><u>Performance Standard:</u></p> <p>a. Publish an article about precipitation enhancement in at least 2 of the quarterly issues of <i>PWN</i>.</p> <p>b. Provide at least one article about the Precipitation Enhancement Program to all local newspapers annually.</p> <p>c. District staff will give at least two presentations annually to a public or civic group regarding the Precipitation Enhancement Program.</p> <p>d. Complete the Program Summary Report and include in District’s Annual Report each year.</p>	Yes	
<p><u>Objective:</u> Continue and expand, when possible, the District’s Groundwater Conservation Education Program. District staff will make presentations on the importance of water conservation to at least 10 civic organizations and in at least 80 percent of the schools within the District annually. Annually, the District will award at least three college scholarships to students in the District based on participation in a water conservation essay competition. The District will maintain an Internet information page and launch an aggressive conservation education initiative called “Water Warriors”, as well as work with other entities to present an ongoing Panhandle area water conservation symposium.</p>		
<p><u>Performance Standard:</u></p> <p>a. Annually make a minimum of 10 civic educational presentations.</p> <p>b. Annually make 37 elementary school presentations.</p> <p>c. Annually provide at least three scholarships to students residing within the District that have participated in the District’s water conservation essay competition.</p> <p>d. Continue Water Warrior Program as part of aggressive public relations and education campaign encouraging all users to make water conservation a high priority in at least three public presentations outside of school settings.</p> <p>e. Organize and host or co-host a Panhandle Water Conservation Symposium at least every other year beginning in 2012.</p>	Yes	

Panhandle Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
<p>Objective: The District has established and maintains a rainwater harvesting system and provides educational tours to the public regarding the many benefits of the system. Tours of the District office rainwater harvesting system are provided upon request. A link to an informational page highlighting the rainwater harvesting system will be maintained and updated as necessary on the District’s website. In addition, a link to the TWDB website on rainwater harvesting will also be maintained on the District’s website.</p>		
<p>Performance Standard: a. Webpage highlighting the District’s rainwater harvesting system along with information regarding availability of tours to the public is maintained and updated as necessary. b. Link to the TWDB Rainwater Harvesting webpage is maintained on the District’s webpage.</p>	Yes	
<p>Objective: Surface water collected in the thousands of playa lakes on the High Plains is the primary source of recharge to the Ogallala Aquifer. During the 81st Texas Legislature, funding was provided to the Texas Water Development Board to conduct long term, scientific research on potential mechanisms to enhance recharge to the Ogallala Aquifer. The scope of the Ogallala Aquifer Recharge Study is still being developed. However, the District recognizes the importance of studies such as this with respect to enhancing the economic sustainability of this precious natural resource. Therefore, it is the objective of the District to have an active role throughout the conduct of all aspects of the Ogallala Aquifer Recharge Study and to have district representatives participate in at least 50 percent of all TWDB scheduled meetings that are held in the region. It is noted however, that funding for this research project has been severely reduced by the 82nd Texas Legislature, and thus the level of effort that will proceed at this time is still unknown. The District is committed to continuing its participation in this effort at whatever level current funding will allow.</p>		
<p>Performance Standard: Document in the Annual Report the number of TWDB scheduled meetings held in the region and the number of meetings attended by District representatives along with any progress made over the preceding year on the Ogallala Aquifer Recharge Study.</p>	Partially	The district did not have evidence demonstrating that it attended any meetings related to the Ogallala Aquifer Recharge Study.

Recommendations for the Panhandle Groundwater Conservation District

The Panhandle Groundwater Conservation District should:

- Comply with its groundwater management plan objectives to include in its annual report to its board of directors:
 - ♦ A summary review of the district’s municipal water supply systems as required by law.
 - ♦ Flight records and archived radar data on all precipitation enhancement operations.
 - ♦ Rainfall monitoring, water quality testing, and other required reports to the Texas Department of Licensing and Regulation.
- Maintain documentation to support the results of its reported objectives.

Management's Response from the Panhandle Groundwater Conservation District

The District will review and make any necessary revisions to documentation procedures for all reported objectives.

PGCD Management will make sure that all accomplishments are included in the annual report.

We will also work with the Board to remove from our Management Plan unused or out dated goals and objectives.

The Prairielands Groundwater Conservation District Fully Achieved or Partially Achieved All Four of the Goals Audited

Selected Financial Information for Fiscal Year 2013	
<u>Statement of Net Position and Governmental Fund Balance Sheet</u>	
Total Assets	\$1,780,692
Total Liabilities	\$249,140
<u>Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance</u>	
Total Revenues	\$1,263,406
Total Expenditures/Expenses	\$689,422
Source: These amounts were from the district's annual audited financial statements and were not verified as part of this audit. These amounts are for the district's fiscal year ending December 31, 2013.	

The Prairielands Groundwater Conservation District:

- Fully achieved the following goals:
 - ♦ Providing the most efficient use of groundwater.
 - ♦ Controlling and preventing waste of groundwater.
 - ♦ Addressing drought conditions.
- Partially achieved the goal of addressing conservation.

For each goal in the groundwater management plan, there may be one or more objectives and related performance standards that describe the activities the district must perform to achieve the goal. Table 9 provides additional information.

Table 9

Prairielands Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 1: Providing the Most Efficient Use of Groundwater		
<u>Objective:</u> The District will require that all wells be registered in accordance with its rules.		
<u>Performance Standard:</u> Each year the staff will report well registration statistics. A summary of registration activity by county and by aquifer will be included in the District's Annual Report.	Yes	
<u>Objective:</u> Each year the District will monitor annual production from all non-exempt wells within the District. The District will compile records and develop a database of non-exempt wells to help assess the aquifer units from which groundwater production occurs.		
<u>Performance Standard:</u> The District will require installation of meters on all non-exempt wells and reporting of production to the District.	Yes	
<u>Objective:</u> The District will compile records and develop a database of non-exempt wells to help assess in which aquifer units groundwater production occurs.		
<u>Performance Standard:</u> The District will require installation of meters on all non-exempt wells and reporting of production to the District. The annual production of groundwater from non-exempt wells will be included in the Annual Report provided to the Board of Directors.	Yes	

Prairielands Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
<u>Objective:</u> The District will develop a methodology to quantify current and projected annual groundwater production from exempt wells.		
<u>Performance Standard:</u> The District will provide the TWDB [Texas Water Development Board] with its methodology and estimates of current projected annual groundwater production from exempt wells. The District will also utilize the information in the future in developing and achieving desired future conditions and in developing and implementing its production allocation and permitting system and rules. Information related to implementation of this objective will be included in the Annual Report to the Board of Directors.	Yes	
Goal 2: Controlling and Preventing Waste of Groundwater		
<u>Objective:</u> Each year the District will monitor annual production from all non-exempt wells within the District.		
<u>Performance Standard:</u> The District will require installation of meters on all non-exempt wells and reporting of production to the District. The annual production of groundwater from non-exempt wells will be included in the Annual Report provided to the Board of Directors.	Yes	
<u>Objective:</u> The District will encourage the elimination and reduction of groundwater waste through the collection of a water use fee for non-exempt wells within the District.		
<u>Performance Standard:</u> Annual reporting of the total groundwater used and total water use fees paid by non-exempt wells will be included in the Annual Report provided to the Board of Directors.	Yes	
<u>Objective:</u> District will identify well owners that are not in compliance with District well registration, reporting, and fee payment requirements, and bring them into compliance.		
<u>Performance Standard:</u> District will compare existing state records and field staff observations with the well registration database to identify noncompliant well owners.	Yes	
<u>Objective:</u> The District will investigate instances of potential waste of groundwater.		
<u>Performance Standard:</u> Report to the Board as needed and include the number of investigations in the Annual Report.	Yes	
Goal 3: Addressing Drought Conditions		
<u>Objective:</u> Monthly review of drought conditions within the District using the Texas Water Development Board's Monthly Drought Conditions available at: http://waterdatafortexas.org/drought/		
<u>Performance Standard:</u> An annual review of drought conditions within the District will be included in the Annual Report provided to the Board of Directors. Reports will be provided more frequently to the Board as deemed appropriate by the General Manager to timely respond to drought conditions as they occur.	Yes	

Prairielands Groundwater Conservation District		
Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
<p><u>Objective:</u> The District will develop information to understand the relationships between drought conditions, increased pumping, and the impacts of both on water levels and shallow wells in the outcrops and subcrops of the aquifer subdivisions in the District. Determine areas where it may be suitable for the District to implement pumping restrictions during drought times in order to protect public safety and welfare, as well as areas in which the District may wish to allow overpumping during drought periods to promote conjunctive management when surface water supplies become unavailable to water user groups due to drought conditions.</p>		
<p><u>Performance Standard:</u> Monitor and assess drought impacts on aquifer outcrops and subcrops, including effects of increased pumping. By 2022, the District will complete studies and rules and regulatory plan development for drought pumping restrictions or overpumping allowables.</p>	Yes	
Goal 4: Addressing Conservation		
<p><u>Objective:</u> The District will annually submit at least one article regarding water conservation, rain water harvesting, or brush control for publication to at least one newspaper of general circulation in the District counties.</p>		
<p><u>Performance Standard:</u> Each year, a copy of each conservation article will be included in the District's Annual Report to be given to the District's Board of Directors.</p>	Yes	
<p><u>Objective:</u> Each year, the District will include at least one informative flier on water conservation, rain water harvesting, or brush control within at least one mail out to groundwater non-exempt water users distributed in the normal course of business for the District. The District will also consider additional fliers or initiating other public awareness campaigns and outreach efforts on water conservation during drought conditions.</p>		
<p><u>Performance Standard:</u> Each year, a copy of each mail-out flyer and a summary of all other public awareness water conservation campaigns and outreach efforts will be included in the District's Annual Report to be given to the District's Board of Directors.</p>	Yes	
<p><u>Objective:</u> The District will investigate the feasibility of recharge enhancement and aquifer storage and recovery projects in the District.</p>		
<p><u>Performance Standard:</u> By 2022, the District will complete studies and an initial assessment regarding the feasibility of recharge enhancement and aquifer storage and recovery projects in the District.</p>	Yes	
<p><u>Objective:</u> The District will periodically support or sponsor an education seminar addressing conservation, recharge enhancement, rainwater harvesting, precipitation enhancement, or brush control.</p>		
<p><u>Performance Standard:</u> The District shall support or sponsor such a seminar at least once every other year. A summary of such educational activities will be included in the District's Annual Report.</p>	Yes	
<p><u>Objective:</u> Each year, the District will seek to provide an educational outreach regarding water conservation to at least one elementary school in each county of the district.</p>		
<p><u>Performance Standard:</u> Each year, a list of schools that participate in the educational outreach will be included in the District's Annual Report to be given to the District's Board of Directors.</p>	Partially	As of the end of fiscal year 2013, the district was in the process of developing its education outreach program.

Recommendation for the Prairielands Groundwater Conservation District

The Prairielands Groundwater Conservation District should continue to develop its educational outreach program and comply with its groundwater management plan objectives to include, in its annual report to its board of directors, a list of schools that participate in the educational outreach.

Management's Response from the Prairielands Groundwater Conservation District

Prairielands GCD continues to develop its educational outreach program and comply with its groundwater management plan objectives to include, in its annual report to its board of directors:

- *A list of schools that participate in the educational outreach of the district.*
- *Through the recent hiring of a Public Relations and Education Administrator and a Field Technician, whose duties include developing relationships with district educators and conducting classroom activities, the district will present public outreach programs for the citizens of PGCD's four counties.*
- *Through the outfitting of a Public Outreach and Education trailer that will be a mobile lab for conveying water conservation and district information.*

The Red River Groundwater Conservation District Fully Achieved All Four of the Goals Audited

Selected Financial Information for Fiscal Year 2013	
<u>Statement of Net Position</u>	
Total Assets	\$228,817
Total Liabilities	\$13,194
<u>Statement of Activities</u>	
Total Revenues	\$273,137
Total Expenses	\$200,929
Source: These amounts were from the district's annual audited financial statements and were not verified as part of this audit. These amounts are for the district's fiscal year ending December 31, 2013.	

The Red River Groundwater Conservation District fully achieved the following four goals:

- Providing the most efficient use of groundwater.
- Controlling and preventing waste of groundwater.
- Addressing drought conditions.
- Addressing conservation.

For each goal in the groundwater management plan, there may be one or more objectives and related performance standards that describe the activities the district must perform to achieve the goal. Table 10 provides additional information.

Table 10

Red River Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 1: Providing the Most Efficient Use of Groundwater		
<u>Objective:</u> The District will require all new water wells that are constructed within the boundaries of the District to be registered with the District pursuant to the District Rules.		
<u>Performance Standard:</u> The number of water wells registered by the District for each year will be included in the Annual Report submitted to the Board of Directors of the District.	Yes	
<u>Objective:</u> At least once each year, the District will evaluate the District Rules to identify whether any amendments are needed to reduce the amount of waste of groundwater within the boundaries of the District.		
<u>Performance Standard:</u> The District will include a discussion of the annual evaluation of the District Rules and the determination of whether any amendments to the rules are needed to prevent the waste of groundwater in the Annual Report of the District provided to the Board of Directors.	Yes	
Goal 2: Controlling and Preventing Waste of Groundwater		
<u>Objective:</u> The District will annually provide information to the public on eliminating and reducing wasteful practices in the use of groundwater by publishing information on groundwater waste reduction on the District's website at least once a year.		
<u>Performance Standard:</u> A copy of the information on groundwater waste reduction will be provided on the District's website and the information on the published on the website will be included in the District's Annual Report to be provided to the District's Board of Directors.	Yes	

Red River Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
<u>Objective:</u> The District will encourage the elimination and reduction of groundwater waste through the collection of a water-use fee for nonexempt production wells within the District.		
<u>Performance Standard:</u> Annual reporting of the total fees paid and total groundwater used by non-exempt wells will be included in the Annual Report provided to the Board of Directors.	Yes	
Goal 3: Addressing Drought Conditions		
<u>Objective:</u> On a monthly basis, the District will download the updated Palmer Drought Severity Index (PDSI) map and update the district's rainfall map that are posted on the district's website: http://redrivergcd.org/Drought.html .		
<u>Performance Standard:</u> Quarterly, the District will make an assessment of the status of drought in the District and prepare a quarterly briefing to the Board of Directors. The downloaded PDSI maps and rainfall maps will be included with copies of the quarterly briefing in the District Annual Report that is provided to the Board of Directors.	Yes	
Goal 4: Addressing Conservation		
<u>Objective:</u> The District will submit at least one article regarding water conservation for publication each year to at least one newspaper of general circulation in Fannin and Grayson Counties.		
<u>Performance Standard:</u> A copy of the article submitted by the District for publication to a newspaper of general circulation in Fannin and Grayson Counties regarding water conservation will be included in the Annual Report given to the Board of Directors.	Yes	
<u>Objective:</u> The District will provide information on rainwater harvesting each year by offering new information about rainwater harvesting on the District website at least once each year.		
<u>Performance Standard:</u> The District's Annual Report will provide a copy of the information on rainwater harvesting which has been posted on the District web site in the previous year.	Yes	
<u>Objective:</u> The District will evaluate the State Brush Control Plan as it is revised from time to time at least once each year to determine whether projects within the District will increase the groundwater resources of the District.		
<u>Performance Standard:</u> Upon review of a newly revised State Brush Control Plan, the District's Annual Report will include a copy of the most recent brush control information pertaining to the District.	Yes	

The Sandy Land Underground Water Conservation District Fully Achieved or Partially Achieved All Applicable Goals Audited

The Sandy Land Underground Water Conservation District:

Selected Financial Information for Fiscal Year 2013

Statement of Net Position

Total Assets	\$5,599,135
Total Liabilities	\$3,135,475

Statement of Activities

Total Revenues	\$756,414
Total Expenses	\$985,624

Source: These amounts were from the district's annual audited financial statements and were not verified as part of this audit. These amounts are for the district's fiscal year ending December 31, 2013.

- Fully achieved the following applicable goals:
 - ♦ Providing the most efficient use of groundwater.
 - ♦ Addressing conservation.
- Partially achieved the goal of controlling and preventing waste of groundwater.
- The goal of addressing drought conditions was not applicable to the district. The district did not establish objectives addressing drought conditions because, according to its Water Development Board-approved management plan, the district is under a constant state of drought and, therefore, this goal is not applicable.

For each goal in the groundwater management plan, there may be one or more objectives and related performance standards that describe the activities the district must perform to achieve the goal. Table 11 provides additional information.

Table 11

Sandy Land Underground Water Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 1: Providing the Most Efficient Use of Groundwater		
<u>Objective:</u> Annually conduct irrigation well efficiency tests for 100 percent of requests within 10 days of the property owner request.		
<u>Performance Standard:</u> Percentage of irrigation well efficiency test requests conducted annually within ten (10) days of request.	Yes	
<u>Objective:</u> There are currently 90 water wells in the District's water level monitoring network. The objective is to annually measure water levels in 80 percent of the District's monitor well network.		
<u>Performance Standard:</u> Percentage of monitor wells in monitor well network in which water levels were measured.	Yes	
<u>Objective:</u> By January 1 of each year, prepare a map for the Internal Revenue Service documenting changes in water table elevation (the District Depletion Map) in the Ogallala aquifer within the District.		
<u>Performance Standard:</u> A map submitted to the Internal Revenue Service by January 1 of each year.	Yes	

Sandy Land Underground Water Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 2: Controlling and Preventing Waste of Groundwater		
<u>Objective:</u> Each year, the District will sample the water quality in at least one selected well(s) in order to monitor water quality trends and prevent the waste of groundwater by contamination. The District will also sample for water quality analysis on 100 percent of other wells which the owner requests to be sampled each year.		
<u>Performance Standard:</u> a. Number of wells sampled for water quality analysis by the District to monitor water quality trends each year. b. Percent of wells sampled for water quality analysis by the District upon request each year.	Yes	
<u>Objective:</u> Each year, the District will enforce District spacing and production limitation rules requiring the permitting of all new wells to prevent the waste of groundwater. The District will issue temporary permits for 100 percent of the application requests that meet the District's rigorous rules for spacing within 30 days of the receipt of the application.		
<u>Performance Standard:</u> a. Number of temporary permits issued by the District for new wells in compliance with spacing and production limits each year. b. Percent of temporary permits issued to applications that meet the District's rigorous rules for spacing within 30 days of receipt of application.	Partially	The district reported the number of temporary permits it issued for new wells in compliance with spacing and production limits; however, it was unable to provide evidence that it issued temporary permits within 30 days of receipt of the applications.
<u>Objective:</u> The District newsletter will include articles on the district's activities and water conservation to encourage a reduction of water use. This information may be made available by direct mail, website or local newspaper.		
<u>Performance Standard:</u> Number of articles on water conservation presented by the District each year.	Yes	
Goal 3: Addressing Drought Conditions^a		
<u>Objective:</u> The District is under a constant state of drought; therefore this goal is not applicable.		
<u>Performance Standard:</u> None listed	Not Applicable	
Goal 4: Addressing Conservation		
<u>Objective:</u> Each year the District will participate in the TWDB [Texas Water Development Board] Agricultural Conservation Loan program as a lender district and make loans available to all qualified applicants for the purchase of water conserving irrigation apparatus, up to the maximum amount of the loan commitment made to the District by TWDB.		
<u>Performance Standard:</u> a. Number of Agricultural Conservation loan applications received by the District from qualified applicants, each year. b. Number of Agricultural Conservation loans made by the District to qualified applicants each year.	Yes	
<u>Objective:</u> Each year, the District will award scholarships to at least four (4) high school students graduating from a high school within the District to facilitate study of water conservation topics.		
<u>Performance Standard:</u> Number of scholarships awarded to students graduating high school within the District to facilitate study of water conservation topics, each year.	Yes	

Sandy Land Underground Water Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
<u>Objective:</u> Each year, the District will make available a water conservation video to each elementary level school within the District.		
<u>Performance Standard:</u> Number of water conservation videos made available to elementary level schools within the District, each year.	Yes	
<u>Objective:</u> The District will conduct at least one weather modification activity during five months (April, May, June, July and August) of each year to increase rainfall.		
<u>Performance Standard:</u> Number of months that weather modification activities took place.	Yes	
^a The Sandy Land Underground Water Conservation District did not establish objectives addressing drought conditions because, according to its Water Development Board-approved management plan, the district is under a constant state of drought and, therefore, this goal is not applicable to the district.		

Recommendation for the Sandy Land Underground Water Conservation District

The Sandy Land Underground Water Conservation District should maintain documentation to demonstrate that it issued temporary permits for new wells that meet the district's rules for spacing and production limits within 30 days of receipt of the applications.

Management's Response from the Sandy Land Underground Water Conservation District

SLUWCD agrees to alter district's documentation to demonstrate that it issued temporary permits for new wells that meet the District's rules for spacing and production limits within 30 days of receipt of the application. Well Permitting Officer initiated appropriate action by documenting date of application and date of issue separately, as opposed to a single date previously entered, on district well roster beginning September 2014.

The San Patricio County Groundwater Conservation District Did Not Achieve Three of the Four Goals Audited

The San Patricio County Groundwater Conservation District:

Selected Financial Information for Fiscal Year 2013

This district did not obtain an annual audit of its financial statements for the fiscal year ending December 31, 2013. Therefore, no financial information is presented in this report. See Chapter 2 for additional information on this district's compliance with the annual audit requirement.

- Partially achieved the goal of controlling and preventing waste of groundwater.
- Did not achieve the following goals:
 - ♦ Providing the most efficient use of groundwater.
 - ♦ Addressing drought conditions.
 - ♦ Addressing conservation.

For each goal in the groundwater management plan, there may be one or more objectives and related performance standards that describe the activities the district must perform to achieve the goal. Table 12 provides additional information.

Table 12

San Patricio County Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 1: Providing the Most Efficient Use of Groundwater		
<u>Objective:</u> SPCGCD [San Patricio County Groundwater Conservation District] will register or permit wells constructed in the [San Patricio] County in accordance with SPCGCD rules.		
<u>Performance Standard:</u> The number of exempt and permitted wells registered by SPCGCD for the year will be incorporated in the Annual Report to the BOD [board of directors].	No	The district did not submit an annual report for fiscal year 2013. In addition, the district did not have documentation showing the number of exempt and permitted wells registered.
<u>Objective:</u> SPCGCD will regulate groundwater production by maintaining a system of meters for permitting groundwater use in the boundaries of SPCGCD in accordance with SPCGCD Rules.		
<u>Performance Standard:</u> The amount of groundwater produced by permitted wells will be included in the Annual Report to the BOD.	No	The district did not submit an annual report for fiscal year 2013. In addition, the district did not have documentation showing the amount of groundwater produced by permitted wells.
<u>Objective:</u> SPCGCD will establish a monitor network to ensure compliance with the DFC [Desired Future Condition].		
<u>Performance Standard:</u> SPCGCD will establish a monitor well network and conduct regular measurements of water levels in the District's aquifers. A report on water levels of the District's aquifers will be included in Annual Report.	No	The district did not submit an annual report for fiscal year 2013. In addition, the district did not have documentation showing that it reported on the district's aquifers' water levels.

San Patricio County Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 2: Controlling and Preventing Waste of Groundwater		
<u>Objective:</u> SPCGCD will evaluate the [District's] Rules to determine whether amendments are necessary to decrease groundwater waste in SPCGCD.		
<u>Performance Standard:</u> In the Annual Report to the BOD, SPCGCD will include a discussion of evaluation of the Rules and determination of whether amendments to the Rules to prevent groundwater waste are recommended.	No	The district did not submit an annual report for fiscal year 2013. In addition, the district did not have documentation showing that it discussed and evaluated the district's rules and determined whether amendments to the rules related to the prevention of groundwater waste were recommended.
<u>Objective:</u> SPCGCD will provide information to the public on eliminating and reducing wasteful groundwater use practices.		
<u>Performance Standard:</u> A copy of information provided on SPCGCD's website regarding groundwater waste reduction will be included in Annual Report to the BOD.	No	The district did not submit an annual report for fiscal year 2013. In addition, the district did not have documentation showing the information provided on the district's Web site regarding groundwater waste reduction.
<u>Objective:</u> The District will collect and will document each report of possibly-wasted groundwater.		
<u>Performance Standard:</u> The District will investigate 100 percent of the reports to determine if any waste is occurring within a week of receiving the report of waste. The Board of Directors will receive a monthly report that includes the number of wasted groundwater reports made to the District and the number of investigations.	Partially	The district met this objective for fiscal year 2013. However, it did not report this information in an annual report to the board of directors as required by its management plan.
Goal 3: Addressing Drought Conditions		
<u>Objective:</u> The District will monitor the Palmer Drought Severity Index (PDSI) map and the TWDB [Texas Water Development Board] drought link at www.twdb.state.tx.us/data/drought/		
<u>Performance Standard:</u> Quarterly, SPCGCD will assess the status of drought in the [San Patricio] County and prepare a briefing to the BOD. Downloaded PDSI maps and Situation Reports will be included with the quarterly briefing in the Annual BOD Report.	No	The district did not submit an annual report for fiscal year 2013. The district did not have documentation showing that it assessed the status of drought in San Patricio County and prepared a briefing for its board of directors. In addition, the district did not have documentation showing that it downloaded PDSI maps and situation reports for inclusion in the quarterly briefings.
Goal 4: Addressing Conservation		
<u>Objective:</u> SPCGCD will provide articles discussing water conservation in the [San Patricio] County.		
<u>Performance Standard:</u> A copy of the article submitted by SPCGCD for publication to a newspaper of general circulation in the [San Patricio] County discussing water conservation will be included in the Annual Report to the BOD.	No	The district did not submit an annual report for fiscal year 2013. In addition, according to the district, it did not provide an article for publication to a newspaper of general circulation in San Patricio County discussing water conservation.

San Patricio County Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
<u>Objective:</u> SPCGCD will provide an educational program for use in public and private schools in the [San Patricio] County to educate students on the importance of water conservation.		
<u>Performance Standard:</u> A summary of the educational program provided by SPCGCD in the [San Patricio] County will be included in the Annual Report to the BOD for (year), along with a list of the participating schools for the prior year.	No	The district did not submit an annual report for fiscal year 2013. In addition, the district did not have documentation of the summary of the educational program that the district provided in San Patricio County along with a list of the participating schools for the prior fiscal year.
<u>Objective:</u> SPCGCD will include an informative flier on water conservation with at least one mail out to groundwater use permit holders distributed in the normal course of business.		
<u>Performance Standard:</u> SPCGCD's Annual Report will include a copy of the informative flier regarding water conservation distributed to groundwater use permit holders. Number of fliers distributed will be included in the Annual Report.	No	The district did not submit an annual report for fiscal year 2013. In addition, according to the district, it did not distribute informative fliers regarding water conservation to groundwater use permit holders.

Recommendations for the San Patricio County Groundwater Conservation District

The San Patricio County Groundwater Conservation District should:

- Prepare an annual report each year and submit those reports to its board of directors as required by its groundwater management plan.
- Maintain documentation to support the results of its reported objectives.

Management's Response from the San Patricio County Groundwater Conservation District

We agree, but due to unforeseen circumstances, the Board was hindered in their ability to comply with the Texas Water Code and the District Management Plan. The board starting collecting fees in January 2014, and has hired a manager that started March 2014. The board fully expects to comply with all of the requirements this year.

We agree and will follow the Retention schedule for records as prescribed by Texas Statute. The District fully intends and will strive to comply with the District Management Plan and the Texas Water Code starting this year (2014).

The Saratoga Underground Water Conservation District Did Not Achieve Three of the Four Goals Audited

Selected Financial Information for Fiscal Year 2013	
<u>Balance Sheet-Cash Basis</u>	
Total Assets	\$15,231
Total Liabilities	\$0
<u>Statement of Receipts and Disbursements-Cash Basis</u>	
Total Receipts	\$3,042
Total Disbursements	\$934
Source: These amounts were from the district's unaudited financial report and were not verified as part of this audit. These amounts are for the district's fiscal year ending September 30, 2013.	

The Saratoga Underground Water Conservation District:

- Partially achieved the goal of addressing drought conditions.
- Did not achieve the following goals:
 - ♦ Providing the most efficient use of groundwater.
 - ♦ Controlling and preventing waste of groundwater.
 - ♦ Addressing conservation.

For each goal in the groundwater management plan, there may be one or more objectives and related performance standards that describe the activities the district must perform to achieve the goal. Table 13 provides additional information.

Table 13

Saratoga Underground Water Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 1: Providing the Most Efficient Use of Groundwater		
<u>Objective:</u> Each year, the district will provide educational materials identifying conservation measures for the efficient use of water. Annually, two newspaper articles will be published that contain water conservation information. Handout packets with conservation literature will be provided at one annual Community Festival day, or one other water related function.		
<u>Performance Standard:</u> a. Number of newspaper articles published annually containing water conservation information. b. Number of annual events where conservation material was provided, and upon request, at the District office.	No	The district did not submit an annual report as required by its management plan. In addition, the district did not provide documentation of the number of newspaper articles published annually containing water conservation information and the number of annual events during which conservation material was provided.
<u>Objective:</u> Each year the District will provide at least two informative speakers to local school districts and/or civic organizations to raise public awareness to ensure wise use of ground water.		
<u>Performance Standard:</u> Number of informative speaking appearances to promote wise water usage provided annually. Encourage rainwater harvest measures and promote rainwater harvest projects for all new governmental construction.	No	The district did not submit an annual report as required by its management plan. In addition, the district did not provide documentation of the number of informative speaking appearances to promote wise water usage.
Goal 2: Controlling and Preventing Waste of Groundwater		
<u>Objective:</u> Each year, continue the well water sampling program in coordination with the County Extension Agent.		

Saratoga Underground Water Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
<u>Performance Standard:</u> SUWCD [Saratoga Underground Water Conservation District] will monitor the total number of well samples turned in annually to the County Extension Agent. A sampling of 10 to 20 wells annually indicates a successful well monitor program. The total number of well samples turned in annually will be included in the District's Annual Report.	No	The district did not submit an annual report as required by its management plan. In addition, the district did not provide documentation of the number of well samples turned in annually.
Goal 3: Addressing Drought Conditions		
<u>Objective:</u> Utilizing a system of either rainfall or local aquifer conditions, or other appropriate criteria determine, identify, and designate one or more mechanisms to trigger implementation of drought management plans.		
<u>Performance Standard:</u> a. Identify and designate trigger conditions within the district used to indicate drought conditions. The District will analyze the effectiveness of the designated drought condition triggers annually to continue, improve or change these measures as informative and planning implements to coordinate drought procedures within the District's sphere of influence. b. Drought Condition Triggers that will be reported in the District's Annual Report: • Palmer Drought Severity Index • And/or lack of rain for 60 days • And/or temperatures over 100 degrees Fahrenheit for 20 days consecutively.	No	The district did not submit an annual report as required by its management plan. In addition, the district did not provide documentation of its drought condition triggers.
<u>Objective:</u> Review applicable data to determine status of drought conditions and if necessary report to the Board the need to implement drought management plan.		
<u>Performance Standard:</u> At the monthly Board meeting during drought, report on drought and the need to implement drought management plan.	Partially	The district did not have documentation supporting discussions related to drought conditions in various areas of the district and the drought monitor index during the March 18, 2013, board of directors meeting.
<u>Objective:</u> Each year the district will provide to the public a newspaper article on drought conditions and the need to implement drought management plans.		
<u>Performance Standard:</u> Number of newspaper articles on drought conditions.	No	The district did not submit an annual report as required by its management plan. In addition, the district did not provide documentation of the number of newspaper articles on drought conditions.
<u>Objective:</u> Notify water suppliers of potential groundwater resources that may be available during droughts. This is more a cooperative effort as historically, the water producers have contacted the District during times of drought.		
<u>Performance Standard:</u> Coordinate and have at least one local water supplier at our annual meeting.	No	The district did not submit an annual report as required by its management plan. In addition, the district did not provide documentation showing that at least one local water supplier attended the annual meeting.

Saratoga Underground Water Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 4: Addressing Conservation		
<u>Objective:</u> The District will sponsor articles in the local newspaper on water conservation and methods for voluntary conservation.		
<u>Performance Standard:</u> The District will produce at least one informative article on water conservation for publication in the local newspaper each year.	No	The district did not submit an annual report as required by its management plan. In addition, the district did not provide documentation showing that it produced at least one informative article on water conservation for publication in the local newspaper.
<u>Objective:</u> Provide the public, upon request or at a public event or forum, conservation literature.		
<u>Performance Standard:</u> Each year provide water conservation literature at the annual Lampasas Herbstfest and/or one other public function each year.	No	The district did not submit an annual report as required by its management plan. In addition, the district did not provide documentation showing that it provided water conservation literature at the annual Lampasas Herbstfest and/or one other public function.
<u>Objective:</u> Encourage recharge enhancement programs such as range management and growth of native grasses to permit more recharge flow into the aquifers.		
<u>Performance Standard:</u> Coordinate with state agencies and the County Extension program to provide recharge enhancement data to local ranchers and farmers on at least one occasion annually.	No	The district did not submit an annual report as required by its management plan. In addition, the district did not provide documentation showing that it coordinated with state agencies and the county extension program to provide recharge enhancement data to local ranchers and farmers on at least one occasion.
<u>Objective:</u> Encourage and determine available resources to facilitate a brush control program.		
<u>Performance Standard:</u> Coordinate with the County Extension Agent once annually, in the spring, to determine if State funds are available for brush control and grassland management initiatives to ensure the District farmers and ranchers are apprised of these resources.	No	The district did not submit an annual report as required by its management plan. In addition, the district did not provide documentation showing that it coordinated with the county extension agent at least once in the spring to determine if state funds were available for brush control and grassland management initiatives.
<u>Objective:</u> Encourage local government and businesses to consider rainwater harvesting for each new or renovation of public and large private construction program within the District.		
<u>Performance Standard:</u> Coordinate with local government and business ventures when it becomes public knowledge of new construction within the District. Additionally, a District Director will attend a Lampasas City Council meeting and a Lampasas Independent School Board meeting at least annually to make the local government aware of sources for rainwater harvest projects.	No	The district did not submit an annual report as required by its management plan. In addition, the district did not provide documentation showing that it coordinated with local government and business ventures. Additionally, the district did not provide documentation showing that a district director attended a Lampasas City Council meeting and a Lampasas Independent School Board meeting to make the local government aware of sources for rainwater harvest projects.

Saratoga Underground Water Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
<u>Objective:</u> The District has determined that Precipitation Enhancement is not cost effective or appropriate. Therefore, this objective is not applicable to the operations of the District.		
Performance Standard: None listed	Not Applicable	

Recommendations for the Saratoga Underground Water Conservation District

The Saratoga Underground Water Conservation District should:

- Prepare an annual report each year and submit those reports to its board of directors as required by its groundwater management plan.
- Maintain documentation to support the results of its reported objectives.

Management's Response from the Saratoga Underground Water Conservation District

Yes, management agrees that SUWCD partially achieved the goal of addressing drought conditions.

Yes, management agrees that SUWCD did not achieve the following goals:

(1) Providing the most efficient use of groundwater

(2) Controlling and preventing waste of groundwater

(3) Addressing Conservation

Saratoga Underground Water Conservation District's new management plan is awaiting final approval from Texas Water Development Board. The Board of Directors will strive to achieve these goals using the new management plan objectives and include the results in the annual report prepared for the annual meeting in November. The Chairman of the Board of Directors will give an activity report to the District Board of Directors at the annual meeting in November. The secretary/treasurer of the board will maintain documentation to support the results of the objectives.

Districts' Compliance with Statutory Requirements

Texas Water Code, Chapter 36, specifies requirements for the manner in which districts must operate. Four (33 percent) of the 12 districts audited fully complied with 8 or more of the 10 applicable Texas Water Code statutory requirements tested.

Two (17 percent) of the 12 districts audited fully complied with all applicable Texas Water Code requirements audited. Additionally, all 12 districts fully complied with requirements to adopt rules to implement Texas Water Code, Chapter 36.

Of the 10 selected Texas Water Code statutory requirements audited, the highest level of noncompliance was with Section 36.057, which requires districts to obtain bonds on employees, contractors, and consultants who handle funds.

Table 14 summarizes the 12 districts' compliance with the Texas Water Code requirements audited.

Table 14

Districts' Compliance with Statutory Requirements											
Fiscal Year 2013											
District	Texas Water Code Requirements ^a										Additional Information
	Board Meetings	District Rules	District Policies	Joint Planning	Annual Financial Audit	Annual Budget	Employee Bonds	Board Member Bonds	Board Member Payments	Bank Depository	
● = Fully complied ◐ = Partially complied ○ = Did not comply ⊗ = Not applicable											
The Brazos Valley Groundwater Conservation District	●	●	●	●	●	●	●	●	●	●	The district complied with all statutory requirements audited.
The Coastal Bend Groundwater Conservation District	●	●	◐	●	●	●	◐	◐	●	●	The district: <ul style="list-style-type: none"> ▪ Did not have policies for (1) budgeting and (2) establishing uniform reporting requirements. ▪ Did not obtain bonds payable to the district for all employees or consultants who handled district funds. ▪ Did not obtain bonds payable to the district for all board members.

Districts' Compliance with Statutory Requirements

Fiscal Year 2013

District	Texas Water Code Requirements ^a										Additional Information
	Board Meetings	District Rules	District Policies	Joint Planning	Annual Financial Audit	Annual Budget	Employee Bonds	Board Member Bonds	Board Member Payments	Bank Depository	
<p align="center">● = Fully complied ◐ = Partially complied ○ = Did not comply ⊗ = Not applicable</p>											
The Edwards Aquifer Authority	●	●	●	●	●	●	◐	●	◐	●	<p>The authority:</p> <ul style="list-style-type: none"> ▪ Did not have bonds for all employees or consultants who handled authority funds. ▪ Did not provide documentation showing board members' mileage to and from board activities for four of the nine mileage reimbursements it paid during fiscal year 2013. As a result, auditors could not verify the accuracy of the payments.
The Glasscock Groundwater Conservation District	●	●	◐	○	○	◐	○	●	⊗	◐	<p>The district:</p> <ul style="list-style-type: none"> ▪ Did not have policies for (1) budgeting, (2) establishing an audit or finance committee, and (3) establishing uniform reporting requirements. ▪ Did not meet with the other districts in its management area during fiscal year 2013 as required. ▪ Did not obtain an annual financial audit as required for fiscal year 2013. ▪ Did not provide documentation showing that its budget included a complete financial statement that complied with two of the seven requirements tested, including the amount of cash on hand to the credit of each fund of the district and the outstanding obligations of the district. ▪ Did not obtain bonds for all employees or consultants who handled district funds. ▪ Made no payments to board members during fiscal year 2013. ▪ Did not always obtain dual signatures on disbursements as required by Texas Water Code, Section 36.151. Requiring dual signatures on disbursements helps to ensure that funds are approved and spent for district purposes.

Districts' Compliance with Statutory Requirements

Fiscal Year 2013

District	Texas Water Code Requirements ^a									Additional Information	
	Board Meetings	District Rules	District Policies	Joint Planning	Annual Financial Audit	Annual Budget	Employee Bonds	Board Member Bonds	Board Member Payments		Bank Depository
<p align="center">● = Fully complied ◐ = Partially complied ○ = Did not comply ⊗ = Not applicable</p>											
The High Plains Underground Water Conservation District No. 1	◐	●	◐	●	●	◐	◐	●	◐	◐	<p>The district:</p> <ul style="list-style-type: none"> ▪ Did not include the location of its board meetings for two of the four notices tested as required by Texas Water Code, Section 36.063. ▪ Did not have policies for (1) the selection, monitoring, or review and evaluation of professional services; (2) establishment of an audit or finance committee; and (3) establishment of uniform reporting requirements. ▪ Did not provide documentation showing that its budget included a complete financial statement that complied with one of the seven requirements tested, including outstanding obligations of the district. ▪ Did not obtain bonds that provided coverage during all of fiscal year 2013 for all employees or consultants who handled district funds. ▪ Complied with reimbursement requirements for its board of directors; however, the district's fees of office payments exceeded the annual statutory limit for two of six board members. ▪ Did not always obtain dual signatures on district disbursements as required by Texas Water Code, Section 36.151. Requiring dual signatures on disbursements helps to ensure that funds are approved and spent for district purposes.
The North Texas Groundwater Conservation District	●	●	◐	●	●	●	○	●	●	●	<p>The district:</p> <ul style="list-style-type: none"> ▪ Did not have policies for (1) the selection, monitoring, or review and evaluation of professional services and (2) establishment of uniform reporting requirements. ▪ Did not obtain bonds payable to the district for contracted Greater Texoma Utility Authority (GTUA) employees or contractors who handled district funds. The district contracts with GTUA for administrative services.
The Panhandle Groundwater Conservation District	●	●	●	●	●	●	●	●	●	●	<p>The district complied with all statutory requirements audited.</p>

Districts' Compliance with Statutory Requirements

Fiscal Year 2013

District	Texas Water Code Requirements ^a										Additional Information
	Board Meetings	District Rules	District Policies	Joint Planning	Annual Financial Audit	Annual Budget	Employee Bonds	Board Member Bonds	Board Member Payments	Bank Depository	
<p align="center">● = Fully complied ◐ = Partially complied ○ = Did not comply ⊗ = Not applicable</p>											
The Prairielands Groundwater Conservation District	●	●	◐	●	●	◐	●	●	●	◐	<p>The district:</p> <ul style="list-style-type: none"> ▪ Did not have policies establishing uniform reporting requirements. ▪ Did not provide documentation showing that its budget included a complete financial statement that complied with four of the seven requirements tested, including (1) the outstanding obligations of the district; (2) the amount of cash on hand to the credit of each fund of the district; (3) the amount of money received by the district from all sources during the previous year; and (4) the estimated tax rate or fee revenues that will be required. ▪ Did not always obtain dual signatures on district disbursements as required by Texas Water Code, Section 36.151. Requiring dual signatures on disbursements helps to ensure that funds are approved and spent for district purposes.
The Red River Groundwater Conservation District	●	●	◐	●	●	●	○	●	⊗	●	<p>The district:</p> <ul style="list-style-type: none"> ▪ Did not have policies for the selection, monitoring, or review and evaluation of professional services. ▪ Did not obtain bonds payable to the district for contracted GTUA employees or contractors who handled district funds. The district contracts with GTUA for administrative services. ▪ Made no payments to board members during fiscal year 2013.
The Sandy Land Underground Water Conservation District	●	●	◐	●	●	◐	●	○	●	◐	<p>The district:</p> <ul style="list-style-type: none"> ▪ Did not have policies for the (1) establishment of an audit or finance committee and (2) establishment of uniform reporting requirements. ▪ Did not provide documentation showing that its budget included a complete financial statement that complied with four of the seven requirements tested, including (1) the outstanding obligations of the district; (2) the amount of cash on hand to the credit of each fund of the district; (3) the amount of money the district received from all sources during the previous year; and (4) the estimated tax rate or fee revenues that will be required. ▪ Did not obtain bonds for all board members.

Districts' Compliance with Statutory Requirements

Fiscal Year 2013

District	Texas Water Code Requirements ^a										Additional Information
	Board Meetings	District Rules	District Policies	Joint Planning	Annual Financial Audit	Annual Budget	Employee Bonds	Board Member Bonds	Board Member Payments	Bank Depository	
<p align="center">● = Fully complied ◐ = Partially complied ○ = Did not comply ⊗ = Not applicable</p>											
											<ul style="list-style-type: none"> ▪ Did not obtain dual signatures on district disbursements as required by Texas Water Code, Section 36.151. Requiring dual signatures on disbursements helps to ensure that funds are approved and spent for district purposes.
The San Patricio County Groundwater Conservation District	○	●	○	●	○	○	⊗	○	○	○	<p>The district:</p> <ul style="list-style-type: none"> ▪ Did not have documentation showing that it posted agenda notices and met during the first and fourth quarters of fiscal year 2013. In addition: <ul style="list-style-type: none"> ◆ The district met during the second quarter, but it did not have documentation showing that it posted the agenda notice for the meeting. ◆ The district met during the third quarter, but it did not have a quorum present. As a result, the meeting was canceled. In addition, the district could not provide documentation showing that the agenda notice had been posted. ▪ Did not have written policies for any of the requirements tested during fiscal year 2013. ▪ Did not obtain an annual financial audit as required for fiscal year 2013. ▪ Did not prepare an annual budget as required for fiscal year 2013. ▪ Did not have employees during fiscal year 2013. ▪ Did not obtain bonds for all board members during fiscal year 2013. ▪ Made no payments to board members during fiscal year 2013, according to management. However due to the lack of available financial documentation, auditors could not verify that assertion. ▪ Did not obtain a bank depository for district funds for fiscal year 2013.
The Saratoga Underground Water Conservation District	◐	●	○	●	●	○	⊗	◐	●	◐	<p>The district:</p> <ul style="list-style-type: none"> ▪ Held board meetings at least quarterly during fiscal year 2013. However, the district did not post notices as required by Texas Water Code, Section 36.063, for two of the four meetings tested. ▪ Did not have written policies for any of the requirements tested during fiscal year 2013. ▪ Did not prepare a budget for fiscal year 2013.

Districts' Compliance with Statutory Requirements

Fiscal Year 2013

District	Texas Water Code Requirements ^a										Additional Information
	Board Meetings	District Rules	District Policies	Joint Planning	Annual Financial Audit	Annual Budget	Employee Bonds	Board Member Bonds	Board Member Payments	Bank Depository	
<p align="center">● = Fully complied ◐ = Partially complied ○ = Did not comply ⊗ = Not applicable</p>											
											<ul style="list-style-type: none"> ▪ Did not have any employees during fiscal year 2013. ▪ Did not have bonds for all board members during all of fiscal year 2013. ▪ Did not obtain dual signatures on district disbursements as required by Texas Water Code, Section 36.151. Requiring dual signatures on disbursements helps to ensure that funds are approved and spent for district purposes.

^a Texas Water Code, Chapter 36, statutory requirements:

Board Meetings: The board is required to provide notice of and conduct meetings at least quarterly. Districts are required to provide notice of meetings of the board (Texas Water Code, Section 36.063). A quorum is required to conduct business (Texas Water Code, Sections 36.064 and 36.053). The board also is required to keep complete records of its meetings and proceedings (Texas Water Code, Section 36.065).

District Rules: The board is required to adopt rules to implement Chapter 36 of the Texas Water Code (Texas Water Code, Sections 36.101 (b), 36.1071(f), and 36.111 through 36.113).

District Policies: The board is required to adopt written policies addressing specified areas (Texas Water Code, Section 36.061): policies for a code of ethics, travel expenditures, district investments, professional services, and management information, which includes policies on (1) budgeting, (2) establishing an audit or finance committee, and (3) establishing uniform reporting requirements.

Joint Planning: The district is required to develop a comprehensive management plan and to meet annually with any other districts in the groundwater management area in which it is located to set desired future conditions for aquifers in the area (Texas Water Code, Section 36.108).

Annual Financial Audit: The board is required to obtain an annual audit of the financial condition of the district (Texas Water Code, Section 36.153).

Annual Budget: The board is required to prepare and approve an annual budget including specified components (Texas Water Code, Section 36.154).

Employee Bonds: The district is required to obtain bonds in an amount determined by the board to be sufficient to safeguard the district for officers, employees, and consultants who collect, pay, or handle district funds (Texas Water Code, Section 36.057 (d)).

Board Member Bonds: Each director is required to execute a bond for \$10,000 payable to the district and conditioned on the faithful performance of that director's duties before beginning to perform the duties of office (Texas Water Code, Section 36.055(c)).

Board Members Payments: To receive fees of office and to receive reimbursement for expenses, each director shall file with the district a verified statement showing the number of days actually spent in the service of the district and a general description of the duties performed for each day of service (Texas Water Code, Section 36.060(c)).

Bank Depository: The board is required to name one or more banks to serve as depository for the district's funds (Texas Water Code, Section 36.155) and obtain dual signatures on district disbursements (Texas Water Code, Section 36.151).

Recommendations for the Coastal Bend Groundwater Conservation District

The Coastal Bend Groundwater Conservation District should:

- Develop, document, and implement policies for (1) budgeting and (2) establishing uniform reporting requirements as required by Texas Water Code, Section 36.061.
- Obtain bonds for district employees and consultants who collect, pay, or handle district funds that are payable to the district as required by Texas Water Code, Section 36.057(d).
- Obtain a \$10,000 bond for each member of its board of directors payable to the district as required by Texas Water Code, Section 36.055.

Management's Response from the Coastal Bend Groundwater Conservation District

CBGCD will consult with our District Attorney to better understand the requirements of Chapter 36.061. Our Directors and staff have an extensive budgeting process that includes much thought and public participation. CBGCD will try to describe these measures that are already being taken into a policy format to satisfy TWC Ch. 36.061. CBGCD will also address the issue of establishing uniform reporting requirements required under Ch. 36.061.

CBGCD agrees with both issues dealing with bonding. SAO identified that a few of our bonds were payable to 'Wharton County' instead of "Coastal Bend Groundwater Conservation District." These findings have been resolved.

Recommendations for the Edwards Aquifer Authority

The Edwards Aquifer Authority should:

- Obtain bonds for district employees and consultants who collect, pay, or handle district funds that are payable to the district as required by Texas Water Code, Section 36.057(d).
- Obtain verified statements from board members that show support for actual mileage to and from board activities as required by Texas Water Code, Section 36.060(c).

Management's Response from the Edwards Aquifer Authority

Obtain bonds for district employees and consultants who collect, pay, or handle district funds that are payable to the district as required by Texas Water Code, Section 36.057(d).

- *We agree with the recommendation to obtain bonds for all employees who collect, pay, or handle district funds. Currently the EAA maintains bonds on all members of the elected Board of Directors, and the following staff:*
 - ♦ *General Manager*
 - ♦ *Deputy General Manager*
 - ♦ *Executive Director, Finance & Administration*
 - ♦ *Controller*

EAA staff will identify additional staffers who handle, receive and process payments and determine appropriate bonding limits for these positions. EAA will update a schedule of bonding coverages for EAA positions and bring this schedule for review and approval by our board of directors by year- end 2014.

Obtain verified statements from board members that show support for actual mileage to and from board activities as required by Texas Water Code, Section 36.060 (c).

- *EAA management generally agrees with this recommendation and will improve its process for verifying actual mileage to and from board activities. Specifically, staff will verify actual round-trip mileage between each director's residence and the EAA office to confirm director mileage reimbursement requests for EAA board meetings. In addition, staff will request specific destination address information to confirm mileage reimbursement requests for other board activities.*

Recommendations for the Glasscock Groundwater Conservation District

The Glasscock Groundwater Conservation District should:

- Develop, document, and implement policies for (1) budgeting, (2) establishing an audit or finance committee, and (3) establishing uniform reporting requirements as required by Texas Water Code, Section 36.061.
- Meet annually with other districts in its groundwater management area as required by Texas Water Code, Section 36.108.
- Obtain an annual audit of the financial condition of the district as required by Texas Water Code, Section 36.153.
- Prepare and approve an annual budget that includes a complete financial statement as required by Texas Water Code, Section 36.154, that includes:
 - ♦ Outstanding district obligations.
 - ♦ Amount of cash on hand to the credit of each fund of the district.
- Obtain bonds for district employees and consultants who collect, pay, or handle district funds that are payable to the district as required by Texas Water Code, Section 36.057(d).
- Obtain dual signatures on all disbursements or adopt a resolution that allows certain district employees or a combination of directors and employees to sign disbursements on behalf of the board as required by Texas Water Code, Section 36.151.

Management's Response from the Glasscock Groundwater Conservation District

The Glasscock Groundwater Conservation District will develop, document, and implement policies for budgeting, develop policies related to audit or finance related areas for our district and establishing uniform reporting requirements. The secretary of GGCD has taken the necessary course at the Public Funds Investment Training and will advise the Board of Directors for the correct policies needed in our office as required by Texas Water Code Section 36. Our secretary will attend all groundwater meetings in our area as required. We will assist our secretary to obtain a financial annual audit, prepare & approve an annual budget, obtain bonds for our employees and obtain dual signatures on all disbursements as required by Texas Water Code 36.

Recommendations for the High Plains Underground Water Conservation District No. 1

The High Plains Underground Water Conservation District No. 1 should:

- Include the location of board meetings when providing proper notice of meetings as required by Texas Water Code, Section 36.063.
- Develop, document, and implement policies for (1) selection, monitoring, or review and evaluation of professional services; (2) establishing an audit or finance committee; and (3) establishing uniform reporting requirements as required by Texas Water Code, Section 36.061.
- Prepare and approve an annual budget that includes a complete financial statement as required by Texas Water Code, Section 36.154, that includes outstanding district obligations.
- Obtain bonds for district employees and consultants who collect, pay, or handle district funds that are payable to the district as required by Texas Water Code, Section 36.057(d).
- Ensure that the district does not exceed the annual statutory limit when paying its board members fees of office as required by Texas Water Code, Section 36.060.
- Obtain dual signatures on all disbursements or adopt a resolution that allows certain district employees or a combination of employees and directors to sign disbursements on behalf of the board as required by Texas Water Code, Section 36.151.

Management's Response from the High Plains Underground Water Conservation District No. 1

- *The omission of meeting location on two occasions occurred during a staff transition period. We agree that this is required on meeting notices, and attribute this to a simple oversight. Now that the staff assignments are clear, the meeting postings are reviewed by two staff members prior to submittal.*
- *The District agrees that the policies are required. On September 9, 2014 the HPWD Board adopted the policies which are referenced.*
- *Beginning 2014, the district staff implemented a new software package for accounting. Additionally, the monthly financial reports presented to the board show the cumulative expenses compared to the budget, and the general fund balance.*

- *The District agrees that bonds are required for those handling funds of the District. During the staff changes of 2013, there was a period when the employee bonds were not in effect. The current management purchased an employee dishonesty bond in October 2013 to provide coverage. Also, our risk management carrier has recently added crime coverage, including employee dishonesty, in addition to the bond purchased in October 2013.*
- *Toward the end of 2013, there was a change in the staff position of accounting. Also effective September 1, 2013, the legislature approved a change in the fees of office for directors. During this transition, two directors were mistakenly overpaid for fees of office. The two directors paid back the overage in January, when this was discovered. Since then, we have added another layer of control to the fees of office calculation to make certain we stay within the yearly allowable. Our accountant now prepares a monthly report showing each director's YTD fees of office, as well as the remaining allowable.*
- *We agree that the recommendation is consistent with Chapter 36 of the Water Code. On September 9, 2014 the HPWD board approved a resolution authorizing the Board Secretary-Treasurer, general manager, and up to three of the general manager's designees to sign disbursements on behalf of the board.*

Recommendations for the North Texas Groundwater Conservation District

The North Texas Groundwater Conservation District should:

- Develop, document, and implement policies for (1) the selection, monitoring, or review and evaluation of professional services and (2) establishing uniform reporting requirements as required by Texas Water Code, Section 36.061.
- Obtain bonds for district employees and contractors who collect, pay, or handle district funds that are payable to the district as required by Texas Water Code, Section 36.057 (d).

Management's Response from the North Texas Groundwater Conservation District

- *Develop, document, and implement policies for (1) the selection, monitoring, or review and evaluation of professional services and (2) establishing uniform reporting requirements as required by Texas Water Code, Section 36.061.*

The aforementioned policies will be developed and considered by the Board of Directors at the October 2014 meeting. The General Manager will be responsible for presenting the proposed policies to the Board of Directors.

- *Obtain bonds for district employees and contractors who collect, pay, or handle district funds that are payable to the district as required by Texas Water Code, Section 36.057 (d).*

The Greater Texoma Utility Authority (Contract Staff for North Texas Groundwater Conservation District) had employee bonds (\$500,000) in place that would be payable to North Texas Groundwater Conservation District if necessary, and in accordance with the statute, despite the bond paperwork having Greater Texoma Utility Authority listed as the payee. However, the North Texas Groundwater Conservation District has since obtained a separate bond (\$50,000) with North Texas Groundwater Conservation District listed as the payee.

Recommendations for the Prairielands Groundwater Conservation District

The Prairielands Groundwater Conservation District should:

- Develop, document, and implement policies for establishing uniform reporting requirements as required by Texas Water Code, Section 36.061.
- Prepare and approve an annual budget that includes a complete financial statement as required by Texas Water Code, Section 36.154, that includes the following:
 - ♦ Outstanding district obligations.
 - ♦ Amount of cash on hand to the credit of each fund of the district.
 - ♦ Amount of money the district received from all sources during the previous year.
 - ♦ Estimated tax rate or fee revenues that will be required.
- Obtain dual signatures on all disbursements or adopt a resolution that allows certain district employees or a combination of employees and directors to sign disbursements on behalf of the board as required by Texas Water Code, Section 36.151.

Management's Response from the Prairielands Groundwater Conservation District

- *The Board, at the end of each fiscal year, or as soon thereafter as possible, shall have prepared an audit of its affairs by an independent certified public accountant or a firm of independent certified public accountants, which audit shall be open to public inspection. Such auditors shall have no personal interest directly or indirectly in the fiscal affairs of the District and shall be experienced and qualified in the accounting and auditing of public bodies. The audit shall be performed in accordance with generally accepted auditing standards, including the use of "Audits of State and Local Government Units" as a guide on audit working papers and "Governmental Accounting and Financial Reporting Standards," and shall satisfy all requirements imposed by Chapter 36, Texas Water Code. It is provided, however, that the District's auditors may undertake consulting services for the District in addition to their duties in connection with the annual audit. These practices are consistent with current policies, which expressly provide that the district must follow uniform reporting requirements.*

- *The District shall prepare and adopt an annual budget that includes a complete financial statement compliant with Texas Water Code, Section 36.154.*
- *As allowed by Texas Water Code, Section 36.151, the district's board of directors has adopted a resolution providing for dual signatures or certain district employees, in interest of efficiency, to sign disbursements on behalf of the district.*

Recommendations for the Red River Groundwater Conservation District

The Red River Groundwater Conservation District should:

- Develop, document, and implement policies for the selection, monitoring, or review and evaluation of professional services as required by Texas Water Code, Section 36.061.
- Obtain bonds for district employees and contractors who collect, pay, or handle district funds that are payable to the district as required by Texas Water Code, Section 36.057 (d).

Management's Response from the Red River Groundwater Conservation District

- *Develop, document, and implement policies for the selection, monitoring, or review and evaluation of professional services as required by Texas Water Code, Section 36.061.*

The aforementioned policies have since been adopted by the Board of Directors at the August 2014 meeting.

- *Obtain bonds for district employees and contractors who collect, pay, or handle district funds that are payable to the district as required by Texas Water Code, Section 36.057 (d).*

The Greater Texoma Utility Authority (Contract Staff for Red River Groundwater Conservation District) had employee bonds (\$500,000) in place that would be payable to Red River Groundwater Conservation District if necessary, and in accordance with the statute, despite the bond paperwork having Greater Texoma Utility Authority listed as the payee. However, the Red River Groundwater Conservation District has since obtained a separate bond (\$50,000) with Red River Groundwater Conservation District listed as the payee.

Recommendations for the Sandy Land Underground Water Conservation District

The Sandy Land Underground Water Conservation District should:

- Develop, document, and implement policies for (1) establishing an audit or finance committee and (2) establishing uniform reporting requirements as required by Texas Water Code, Section 36.061.
- Prepare and approve an annual budget that includes a complete financial statement as required by Texas Water Code, Section 36.154, that includes the following:
 - ♦ Outstanding district obligations.
 - ♦ Amount of cash on hand to the credit of each fund of the district.
 - ♦ Amount of money the district received from all sources during the previous year.
 - ♦ Estimated tax rate or fee revenues that will be required.
- Obtain a \$10,000 bond for each member of its board of directors payable to the district as required by Texas Water Code, Section 36.055.
- Obtain dual signatures on all disbursements or adopt a resolution that allows certain district employees or a combination of directors and employees to sign disbursements on behalf of the board as required by Texas Water Code, Section 36.151.

Management's Response from the Sandy Land Underground Water Conservation District

Recommendation for the Sandy Land Underground Water Conservation District

- *Develop, document, and implement policies for (1) establishing an audit or finance committee and (2) establishing uniform reporting requirements as required by Texas Water Code, Section 36.061.*

Management's Response from the Sandy Land Underground Water Conservation District

(1)The District agrees to take such action to officially identify such a committee. The District board consisting of five members has acted in this capacity as our audit committee since District's creation; however, the district agrees to identify this committee in SLUWCD District Policy. (2) The District does comply and follow uniform reporting requirements. The District

agrees to take action to include reporting requirements in SLUWCD District Policy, including working with the financial auditor as stated in SLUWCD Investment Policy, to conform to Texas Water Code, Section 36.061. Board members and Office Administrator will implement these changes to SLUWCD District Policy in October 2014 meeting.

Recommendation for the Sandy Land Underground Water Conservation District

- *Prepare and approve an annual budget that includes a complete financial statement as required by Texas Water Code, Section 36.154 that includes the following:*
 - ♦ *Outstanding district obligations.*
 - ♦ *Amount of cash on hand to the credit of each fund of the district.*
 - ♦ *Amount of money the district received from all sources during the previous year.*
 - ♦ *Estimated tax rate or fee revenues that will be required.*

Management's Response from the Sandy Land Underground Water Conservation District

The District will prepare and approve an annual budget that includes a complete financial statement that includes the following: Outstanding district obligations, Amount of cash on hand to the credit of each fund of the district, Amount of money the district received from all sources during the previous year and the estimated tax rate that will be required. Office Administrator initiated this action beginning with the Budget Adoption Board Meeting August 13, 2014.

Recommendation for the Sandy Land Underground Water Conservation District

- *Obtain a \$10,000 bond for each member of its board of directors payable to the district as required by Texas Water Code, Section 36.055.*

Management's Response from the Sandy Land Underground Water Conservation District

The district has complied with Texas Water Code, Section 36.055, and obtained a \$10,000 bond for each board member in lieu of the bond we had which was a collective bond on all board members. Office Administrator took necessary steps to complete this action September 2014.

Recommendation for the Sandy Land Underground Water Conservation District

Obtain dual signatures on all disbursements or adopt a resolution that allows certain district employees or a combination of directors and employees to sign disbursements on behalf of the board as required by Texas Water Code, Section 36.151.

Management's Response from the Sandy Land Underground Water Conservation District

The district, at its board meeting on September 10, 2014, passed a resolution to have 2 signatures on all disbursements. Office Administrator took necessary steps to complete this action September 2014.

Recommendations for the San Patricio County Groundwater Conservation District

The San Patricio County Groundwater Conservation District should:

- Hold board meetings with a quorum of members at least once each quarter as required by Texas Water Code, Sections 36.064 and 36.053, and also provide proper notices of those meetings as required by Texas Water Code, Section 36.063.
- Develop, document, and implement policies as required by Texas Water Code, Section 36.061, for:
 - ♦ An investment code of ethics.
 - ♦ Travel expenditures.
 - ♦ District investments.
 - ♦ The selection, monitoring, or review and evaluation of professional services.
 - ♦ Management of information, including the establishment of:
 - Budgets for use in planning and controlling costs.
 - An audit or finance committee of the board.
 - Uniform reporting requirements.
- Obtain an annual audit of the financial condition of the district as required by Texas Water Code, Section 36.153.

- Prepare and approve an annual budget that includes a complete financial statement as required by Texas Water Code, Section 36.154, that includes the following:
 - ♦ Outstanding district obligations.
 - ♦ Amount of cash on hand to the credit of each fund of the district.
 - ♦ Amount of money the district received from all sources during the previous year.
 - ♦ Amount of money available to the district from all sources during the ensuing year.
 - ♦ Amount of balances expected at the end of the year in which the budget is being prepared.
 - ♦ Estimated amount of revenues and balances available to cover the proposed budget.
 - ♦ Estimated tax rate or fee revenues that will be required.
- Obtain a \$10,000 bond for each member of its board of directors payable to the district as required by Texas Water Code, Section 36.055.
- Document and maintain appropriate financial accounting records for the district as required by Texas Water Code, Section 36.065.
- Obtain a bank depository for district funds as required by Texas Water Code, Section 36.155.

Management’s Response from the San Patricio County Groundwater Conservation District

- *Hold board meetings with a quorum of members at least once each quarter as required by Texas Water Code, Sections 36.064 and 36.053, and also provide proper notices of those meetings as required by Texas Water Code, Section 36.063.*

We agree and will strive to hold a meeting, at least, quarterly. The board works for a living and sometimes it is difficult to get a quorum, but the board will strive to accomplish holding a quarterly meeting.

- *Develop, document, and implement policies as required by Texas Water Code, Section 36.061, for:*
 - ♦ *An investment code of ethics.*
 - ♦ *Travel expenditures.*

- ♦ *District investments.*
- ♦ *The selection, monitoring, or review and evaluation of professional services.*
- ♦ *Management of information, including the establishment of:*
 - *Budgets for use in planning and controlling costs.*
 - *An audit or finance committee of the board.*
 - *Uniform reporting requirements.*

The policy statements were approved in the February, 2014 meeting and are available on the District website: www.spcgcd.org.

- *Obtain an annual audit of the financial condition of the district as required by Texas Water Code, Section 36.153.*

We agree, but as the District did not have any funds during the 2013 fiscal year, the board did not see a need for a financial audit. The board did not expend any funds during the 2013 year.

- *Prepare and approve an annual budget that includes a complete financial statement as required by Texas Water Code, Section 36.154, that includes the following:*
 - ♦ *Outstanding district obligations.*
 - ♦ *Amount of cash on hand to the credit of each fund of the district.*
 - ♦ *Amount of money the district received from all sources during the previous year.*
 - ♦ *Amount of money available to the district from all sources during the ensuing year.*
 - ♦ *Amount of balances expected at the end of the year in which the budget is being prepared.*
 - ♦ *Estimated amount of revenues and balances available to cover the proposed budget.*
 - ♦ *Estimated tax rate or fee revenues that will be required.*

We agree, but as the District did not have any funds available during 2013, a budget was not necessary. A budget has been approved for 2014 (available on our website www.spcgcd.org) and the 2014 audit will provide the board with the necessary requirements of the Texas Water Code.

- *Obtain a \$10,000 bond for each member of its board of directors payable to the district as required by Texas Water Code, Section 36.055.*

We agree and the board has obtained a bond according to the Texas Water Code.

- *Document and maintain appropriate financial accounting records for the district as required by Texas Water Code, Section 36.065.*

We agree, but as the District did not have any funds in 2013, it was not necessary. Procedures are currently in place to satisfy the Texas Water Code.

- *Obtain a bank depository for district funds as required by Texas Water Code, Section 36.155.*

We agree, but as the District did not have any funds in 2013, it was not necessary. The District has opened an account with the Prosperity Bank and will comply with the Texas Water Code.

The District fully intends and will strive to comply with the District Management Plan and the Texas Water Code starting this year (2014).

Recommendations for the Saratoga Underground Water Conservation District

The Saratoga Underground Water Conservation District should:

- Provide notice of all quarterly board meetings as required by Texas Water Code, Section 36.063.
- Develop, document, and implement policies as required by Texas Water Code, Section 36.061, for:
 - ♦ An investment code of ethics.
 - ♦ Travel expenditures.
 - ♦ District investments.
 - ♦ The selection, monitoring, or review and evaluation of professional services.
 - ♦ Management of information, including the establishment of:
 - Budgets for use in planning and controlling costs.
 - An audit or finance committee of the board.

- Uniform reporting requirements.
- Prepare and approve an annual budget that includes a complete financial statement as required by Texas Water Code, Section 36.154, that includes the following:
 - ♦ Outstanding district obligations.
 - ♦ Amount of cash on hand to the credit of each fund of the district.
 - ♦ Amount of money the district received from all sources during the previous year.
 - ♦ Amount of money available to the district from all sources during the ensuing year.
 - ♦ Amount of balances expected at the end of the year in which the budget is being prepared.
 - ♦ Estimated amount of revenues and balances available to cover the proposed budget.
 - ♦ Estimated tax rate or fee revenues that will be required.
- Obtain a \$10,000 bond for each member of its board of directors payable to the district as required by Texas Water Code, Section 36.055.
- Obtain dual signatures on all disbursements or adopt a resolution that allows certain district employees or a combination of employees and directors to sign disbursements on behalf of the board as required by Texas Water Code, Section 36.151.

Management's Response from the Saratoga Underground Water Conservation District

Yes, management agrees with the audit results of the "Districts Compliance with Statutory Requirements".

The SUWCD is currently providing the correct notice of all board meetings as required by Texas Water Code, Section 36.063.

The Vice President of the SUWCD will work to develop, document, and implement policies as required by Texas Water Code, Section 36.061 as soon as reasonably possible.

The Secretary/Treasurer of the SUWCD will amend the current budget (approved August 19, 2014) to include all requirements of Texas Water Code, Section 36.154 as soon as reasonably possible.

The SUWCD currently has a \$10,000 bond in place for each member of its board of directors payable to the district as required by Texas Water Code, Section 36.055.

The SUWCD currently requires two director's signatures on all checks written on behalf of the district according to Texas Water Code, Section 36.151.

Appendices

Appendix 1

Objectives, Scope, and Methodology

Objectives

The objectives of this audit were to:

- Determine whether selected groundwater conservation districts (districts) complied with applicable statutes.
- Summarize information from districts' audited financial statements.

Scope

The scope of this audit covered 12 districts located in 11 of the 16 groundwater management areas in Texas. The audit scope covered each district's fiscal year 2013.⁴ The 12 districts were:

- The Brazos Valley Groundwater Conservation District.
- The Coastal Bend Groundwater Conservation District.
- The Edwards Aquifer Authority.
- The Glasscock Groundwater Conservation District.
- The High Plains Underground Water Conservation District No. 1.
- The North Texas Groundwater Conservation District.
- The Panhandle Groundwater Conservation District.
- The Prairielands Groundwater Conservation District.
- The Red River Groundwater Conservation District.
- The Sandy Land Underground Water Conservation District.
- The San Patricio County Groundwater Conservation District.
- The Saratoga Underground Water Conservation District.

⁴ The dates of each district's fiscal year varied among the 12 districts audited.

Auditors also requested and summarized information from the districts' audited financial statements for fiscal year 2013. Two districts—the Glasscock Groundwater Conservation District and the San Patricio County Groundwater Conservation District—did not obtain audited financial statements for fiscal year 2013 as required by Texas Water Code, Section 36.153. Therefore, auditors could not summarize information from those districts' financial statements.

Methodology

The audit methodology included:

- Assessing whether each district was actively engaged in achieving four goals from its groundwater management plan, including all objectives related to each selected goal. If a district achieved all the objectives for a goal for fiscal year 2013, auditors concluded that the district had fully achieved that goal. If a district achieved part of one objective related to a goal for fiscal year 2013, auditors concluded that the district had partially achieved that goal. If a district did not achieve any of the objectives related to a goal for fiscal year 2013, auditors concluded that the district did not achieve that goal.
- Assessing whether each district complied with 10 requirements selected from Texas Water Code, Chapter 36.
- Obtaining an understanding of statutory requirements by reviewing the Texas Water Code and each district's enabling legislation.

Auditors assessed the reliability of the financial data from the financial accounting systems for nine of the districts audited. Those nine districts were:

- The Brazos Valley Groundwater Conservation District.
- The Coastal Bend Groundwater Conservation District.
- The Edwards Aquifer Authority.
- The High Plains Underground Water Conservation District No. 1.
- The North Texas Groundwater Conservation District.
- The Panhandle Groundwater Conservation District.
- The Prairielands Groundwater Conservation District.
- The Red River Groundwater Conservation District.
- The Sandy Land Underground Water Conservation District.

To do that, auditors (1) determined population completeness and reasonableness; (2) reviewed screenshots used to extract the financial data; and (3) reviewed source documentation for payments made to board members. Auditors determined that, for fiscal year 2013, the financial data from those nine districts' financial accounting systems was sufficiently reliable for the purposes of this audit.

For the Glasscock Groundwater Conservation District and the Saratoga Underground Water Conservation District, auditors reviewed bank statements to determine whether board members were paid in accordance with Water Code requirements.

The San Patricio County Groundwater Conservation District did not maintain a general ledger, bank account, or other documentation that would enable auditors to confirm whether the district had a complete and reasonable population of district expenditures, including payments made to board members.

Sampling Methodology

Auditors used professional judgment to select non-statistical samples of meeting notifications; board meeting minutes; disbursements that were payable to board members; and, in some cases, bank statements for testing compliance with Texas Water Code requirements. Additionally, in certain instances, auditors used randomly selected non-statistical samples to test for compliance with Texas Water Code requirements. The testing results do not identify which items were randomly selected; therefore, it would not be appropriate to extrapolate those results to the population.

Information collected and reviewed included the following:

- District groundwater management plans.
- Documentation of achievement of groundwater management plan objectives submitted by each district.
- District board of directors' meeting minutes and posted notices.
- District rules, policies, and bylaws.
- Groundwater management area planning group meeting minutes.
- Fiscal year 2013 annual financial statements and audit reports.
- District budgets.
- Bond coverage for employees or others who handle district funds.
- Board member bonds.

- Documentation of payments made to board members.
- Documentation of district bank depositories.

Procedures and tests conducted included the following:

- Comparison of district activities to written groundwater management plan performance standards.
- Analysis of groundwater management area board meeting minutes, audited financial statements, bonds for each member of the board of directors and bond coverage for employees or others handling district funds, and payments to board members.
- Review of district rules, district policies, district bylaws, district board meeting minutes and meeting notices, district budgets, and district bank depositories for compliance with statutory requirements.
- Review of documentation each district provided to show compliance with statutory requirements.

Criteria used included the following:

- Texas Water Code, Chapter 36.
- Each district's groundwater management plan and related performance standards.

Project Information

Audit fieldwork was conducted from May 2014 through August 2014. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The following members of the State Auditor's staff performed the audit:

- Courtney Ambres-Wade, CGAP (Project Manager)
- Shahpar Ali, CPA, M/SBT, CISA (Assistant Project Manager)
- Isaac A. Barajas
- Joe Curtis, CPA
- Michael Gieringer, MS, CFE

- Doug Stearns
- Martin Torres
- Scott Weingarten, CGAP
- Brenda Zamarripa, CGAP
- Michelle Ann Duncan Feller, CPA, CIA (Quality Control Reviewer)
- Hillary Eckford, CIA (Audit Manager)

State Agency Roles in the Groundwater Management Process

Texas Water Code, Chapter 36, describes the roles the Water Development Board, the Commission on Environmental Quality, and the State Auditor's Office play in the groundwater management process.

Texas Water Code, Section 36.1071, requires groundwater conservation districts (districts) to develop groundwater management plans. Each district must submit a groundwater management plan to the Water Development Board for review and certification within three years of the confirmation election to approve the district's creation. The Water Development Board reviews and approves the groundwater management plans for administrative completeness. A district's groundwater management plan is complete when it:

- Addresses the eight statutory goals in Texas Water Code, Chapter 36 (see Appendix 4 for a list of the goals).
- Identifies the performance standards and management objectives for each of the goals and specifies the actions, procedures, performance, and avoidance that are or may be necessary to affect the groundwater management plan.
- Includes specified groundwater estimates, such as the annual amount of recharge from precipitation and annual volume of water flow into and out of the district.
- Considers the water supply needs and water management strategies in the adopted state water plans.

Texas Water Code, Section 36.061, states that the State Auditor may audit the records of any district for which the State Auditor determines an audit is necessary. Texas Water Code, Section 36.302, states that the State Auditor's Office may audit a district's activities under the direction of the Legislative Audit Committee. The State Auditor makes a determination about whether a district is actively engaged in achieving the objectives in its groundwater management plan based on an analysis of the district's activities.

Texas Water Code, Section 36.303, specifies that if a district fails to comply with the provisions of Texas Water Code, Chapter 36, the Commission on Environmental Quality must implement an enforcement action. The Commission on Environmental Quality has several enforcement action options established under the Texas Water Code. Those options include:

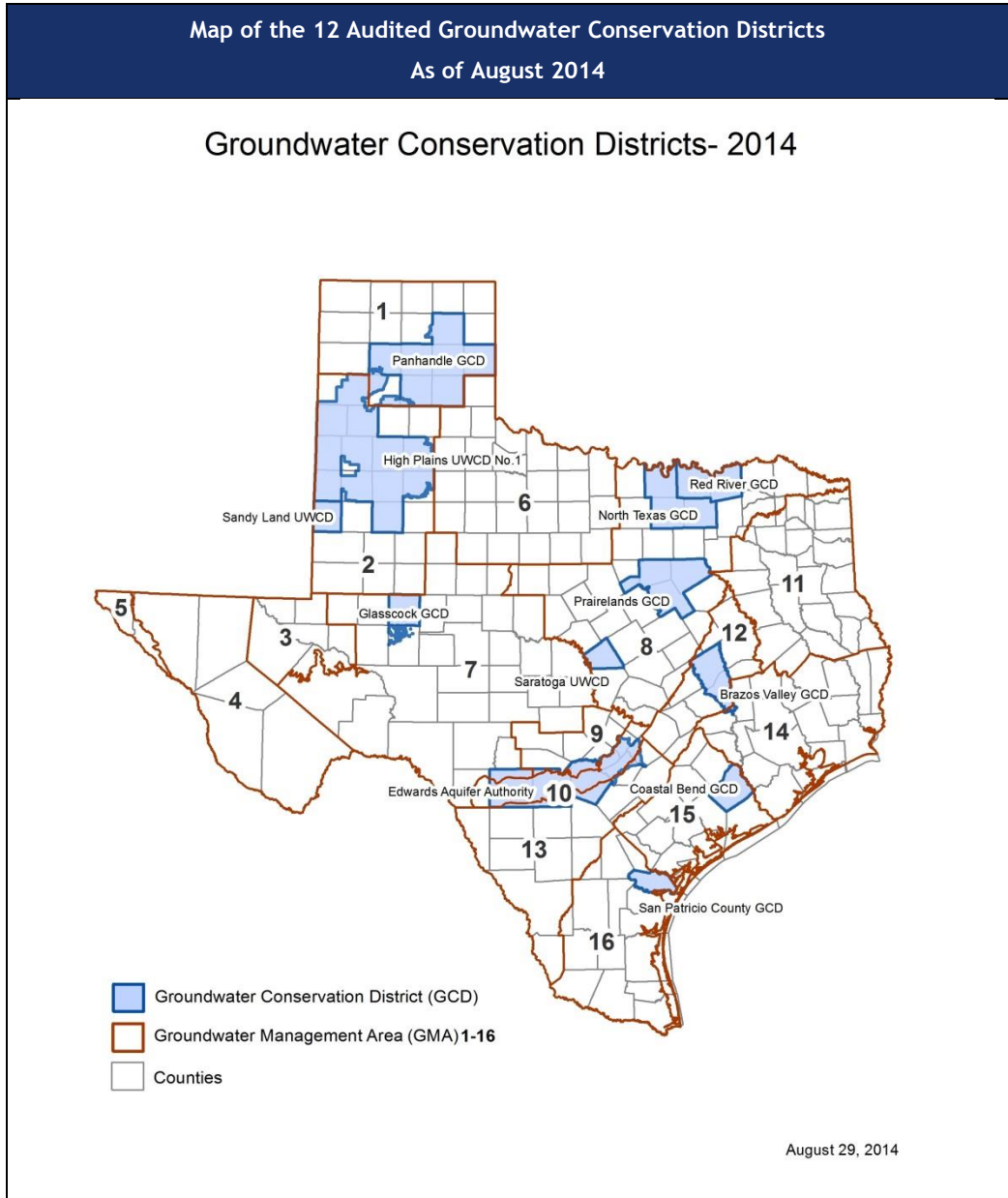
- Requiring a district to take or refrain from certain actions.

- Dissolving a district's board and calling for an election to elect a new board.
- Requesting that the Office of the Attorney General bring suit for the appointment of a receiver to collect the assets and carry on the business of the district.
- Dissolving the district.

Map of Audited Groundwater Conservation Districts

Figure 1 shows the 12 groundwater conservation districts (districts) audited and the groundwater management areas in which they are located. The Water Development Board has designated 16 groundwater management areas in Texas. The 12 districts audited were located in 11 of the 16 groundwater management areas.

Figure 1



Source: The Water Development Board prepared the map at the request of the State Auditor's Office.

Statutorily Required Goals of Groundwater Management Plans

Texas Water Code, Section 36.1071, requires each groundwater conservation district's (district) groundwater management plan to address the following goals:

- Providing the most efficient use of groundwater.
- Controlling and preventing waste of groundwater.
- Controlling and preventing subsidence.
- Addressing conjunctive surface water management issues.
- Addressing natural resource issues.
- Addressing drought conditions.
- Addressing conservation, recharge enhancement, rainwater harvesting, precipitation enhancement, or brush control, where appropriate and cost effective.
- Addressing the desired future conditions adopted by the district.

Each district determines which goals are applicable to its needs and develops objectives and performance standards for them.

During this audit, auditors reviewed groundwater management plans for the 12 districts audited and selected the four most common goals to audit. The goals selected for audit were:

- Providing the most efficient use of groundwater.
- Controlling and preventing waste of groundwater.
- Addressing drought conditions.
- Addressing conservation, recharge enhancement, rainwater harvesting, precipitation enhancement, or brush control, where appropriate and cost effective.

Related State Auditor's Office Work

Related State Auditor's Office Work		
Number	Product Name	Release Date
14-004	An Audit Report on Selected Groundwater Conservation Districts	October 2013
12-028	An Audit Report on Selected Groundwater Conservation Districts	April 2012

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The Honorable Harvey Hilderbran, House Ways and Means Committee

Office of the Governor

The Honorable Rick Perry, Governor

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Mr. Toby Baker
Mr. Zak Covar
Mr. Richard A. Hyde, P.E., Executive Director

Water Development Board

Members of the Water Development Board
Mr. Carlos Rubinstein, Chairman
Mr. Bech Bruun
Ms. Kathleen Jackson
Mr. Kevin Patteson, Executive Administrator

Board Members and General Managers of the Following Groundwater Conservation Districts

Brazos Valley Groundwater Conservation District
Coastal Bend Groundwater Conservation District
Edwards Aquifer Authority
Glasscock Groundwater Conservation District
High Plains Underground Water Conservation District
North Texas Groundwater Conservation District
Panhandle Groundwater Conservation District
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Sandy Land Underground Water Conservation District
San Patricio County Groundwater Conservation District
Saratoga Underground Water Conservation District



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