



An Audit Report on

# **Selected Groundwater Conservation Districts**

July 2019  
Report No. 19-039



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### Overall Conclusion

Auditors selected seven groundwater conservation districts (districts) and audited their (1) achievement of selected groundwater management plan goals and (2) compliance with selected statutory requirements for each district’s fiscal year 2018.

Table 1 summarizes the achievement of selected groundwater management plan goals for each district audited.

**Background Information**

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

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.

As of January 2019, there were 100 confirmed districts and 2 additional districts awaiting confirmation. See Appendix 4 for a map showing the seven districts audited.

Table 1

Achievement of Selected Management Plan Goals			
Fully Achieved All	Fully or Partially Achieved All	Fully or Partially Achieved Majority	Partially Achieved or Did Not Achieve Majority
<ul style="list-style-type: none"> <li>▪ Calhoun County Groundwater Conservation District</li> <li>▪ Headwaters Groundwater Conservation District</li> <li>▪ Live Oak Underground Water Conservation District</li> </ul>	<ul style="list-style-type: none"> <li>▪ Barton Springs/Edwards Aquifer Conservation District</li> <li>▪ Gonzales County Underground Water Conservation District</li> </ul>	<ul style="list-style-type: none"> <li>▪ Mesa Underground Water Conservation District</li> </ul>	<ul style="list-style-type: none"> <li>▪ Evergreen Underground Water Conservation District</li> </ul>

Table 2 on the next page summarizes each district’s compliance with selected statutory requirements for each district audited.

*This audit was conducted in accordance with Texas Water Code, Sections 36.061 and 36.302.*

*For more information regarding this report, please contact Becky Beachy, Audit Manager, or Lisa Collier, First Assistant State Auditor, at (512) 936-9500.*

Table 2

Compliance with Selected Statutory Requirements			
Fully Complied with All	Fully Complied with Majority	Fully or Partially Complied with Majority	Partially Complied or Did Not Comply with Majority
<ul style="list-style-type: none"> <li>▪ Gonzales County Underground Water Conservation District</li> <li>▪ Headwaters Groundwater Conservation District</li> </ul>	<ul style="list-style-type: none"> <li>▪ Barton Springs/Edwards Aquifer Conservation District</li> <li>▪ Calhoun County Groundwater Conservation District</li> <li>▪ Mesa Underground Water Conservation District</li> </ul>	<ul style="list-style-type: none"> <li>▪ Evergreen Underground Water Conservation District</li> </ul>	<ul style="list-style-type: none"> <li>▪ Live Oak Underground Water Conservation District</li> </ul>

Failure to achieve management plan goals and comply with statutory requirements increases the risk that groundwater resources within the district will not be properly managed to protect, preserve, conserve, and recharge groundwater.

Table 3 presents a summary of the findings in this report and the related issue ratings. (See Appendix 2 for more information about the issue rating classifications and descriptions.)

Table 3

Summary of Chapters/Subchapters and Related Issue Ratings		
Chapter/ Subchapter	Title	Issue Rating <sup>a</sup>
1-A	Live Oak Underground Water Conservation District Fully Achieved All of Its Management Plan Goals	Low
1-B	Live Oak Underground Water Conservation District Partially Complied or Did Not Comply with a Majority of the Statutory Requirements	Priority
2-A	Evergreen Underground Water Conservation District Partially Achieved or Did Not Achieve a Majority of Its Management Plan Goals	High
2-B	Evergreen Underground Water Conservation District Fully or Partially Complied with a Majority of the Statutory Requirements	Medium
3-A	Mesa Underground Water Conservation District Fully or Partially Achieved a Majority of Its Management Plan Goals	Medium
3-B	Mesa Underground Water Conservation District Fully Complied with a Majority of the Statutory Requirements	Low
4-A	Barton Springs/Edwards Aquifer Conservation District Fully or Partially Achieved All of Its Management Plan Goals	Low
4-B	Barton Springs/Edwards Aquifer Conservation District Fully Complied with a Majority of the Statutory Requirements	Low
5-A	Calhoun County Groundwater Conservation District Fully Achieved All of Its Management Plan Goals	Low
5-B	Calhoun County Groundwater Conservation District Fully Complied with a Majority of the Statutory Requirements	Low

Summary of Chapters/Subchapters and Related Issue Ratings		
Chapter/ Subchapter	Title	Issue Rating <sup>a</sup>
6-A	Gonzales County Underground Water Conservation District Fully or Partially Achieved All of Its Management Plan Goals	Low
6-B	Gonzales County Underground Water Conservation District Fully Complied with All Statutory Requirements	Low
7-A	Headwaters Groundwater Conservation District Fully Achieved All of Its Management Plan Goals	Low
7-B	Headwaters Groundwater Conservation District Fully Complied with All Statutory Requirements	Low

<sup>a</sup> A subchapter is rated **Priority** if the issues identified present risks or effects that if not addressed could critically affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern and reduce risks to the audited entity.

A subchapter is rated **High** if the issues identified present risks or effects that if not addressed could substantially affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern and reduce risks to the audited entity.

A subchapter is rated **Medium** if the issues identified present risks or effects that if not addressed could moderately affect the audited entity's ability to effectively administer program(s)/function(s) audited. Action is needed to address the noted concern and reduce risks to a more desirable level.

A subchapter is rated **Low** if the audit identified strengths that support the audited entity's ability to administer the program(s)/functions(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

Auditors communicated other, less significant issues separately in writing to the districts.

### ***Summary of Management's Response***

At the end of certain chapters in this report, auditors made recommendations to address the issues identified during this audit. Live Oak Underground Water Conservation District, Evergreen Underground Water Conservation District, Mesa Underground Water Conservation District, Barton Springs/Edwards Aquifer Conservation District, and Calhoun County Groundwater Conservation District agreed with the recommendations in this report. There were no recommendations addressed to Gonzales County Underground Water Conservation District or Headwaters Groundwater Conservation District.

### ***Audit Objectives and Scope***

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 seven groundwater conservation districts. The audit scope covered each district's fiscal year 2018.<sup>1</sup> 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.

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<sup>1</sup> The dates of each district's fiscal year varied among the seven districts audited. Additionally, where documentation was not yet available for fiscal year 2018, auditors reviewed documentation for the district's fiscal year 2017.

# Contents

## ***Detailed Results***

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Chapter 1

Live Oak Underground Water Conservation District Fully Achieved All of Its Management Plan Goals and Partially Complied or Did Not Comply with a Majority of the Statutory Requirements ..... 1

Chapter 2

Evergreen Underground Water Conservation District Partially Achieved or Did Not Achieve a Majority of Its Management Plan Goals and Fully or Partially Complied with a Majority of the Statutory Requirements ..... 8

Chapter 3

Mesa Underground Water Conservation District Fully or Partially Achieved a Majority of Its Management Plan Goals and Fully Complied with a Majority of the Statutory Requirements ..... 17

Chapter 4

Barton Springs/Edwards Aquifer Conservation District Fully or Partially Achieved All of Its Management Plan Goals and Fully Complied with a Majority of the Statutory Requirements ..... 29

Chapter 5

Calhoun County Groundwater Conservation District Fully Achieved All of Its Management Plan Goals and Fully Complied with a Majority of the Statutory Requirements ..... 42

Chapter 6

Gonzales County Underground Water Conservation District Fully or Partially Achieved All of Its Management Plan Goals and Fully Complied with All Statutory Requirements ..... 48

Chapter 7

Headwaters Groundwater Conservation District Fully Achieved All of Its Management Plan Goals and Fully Complied with All Statutory Requirements ..... 55

## ***Appendices***

---

Appendix 1	
Objectives, Scope, and Methodology .....	61
Appendix 2	
Issue Rating Classifications and Descriptions.....	65
Appendix 3	
State Agency Roles in Groundwater Management Process ....	66
Appendix 4	
Map of Audited Groundwater Conservation Districts.....	68
Appendix 5	
Related State Auditor’s Office Work .....	69

# Detailed Results

Chapter 1

## **Live Oak Underground Water Conservation District Fully Achieved All of Its Management Plan Goals and Partially Complied or Did Not Comply with a Majority of the Statutory Requirements**

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Live Oak Underground Water Conservation District (District) fully achieved all six of its applicable management plan goals during fiscal year 2018.

The District did not comply with 3 (33 percent) of 9 applicable statutory requirements audited. Additionally, it partially complied with 2 (22 percent) of 9 requirements and fully complied with 4 (44 percent) of 9 requirements.<sup>2</sup>

Chapter 1-A

### **Live Oak Underground Water Conservation District Fully Achieved All of Its Management Plan Goals**

The District fully achieved the following six management plan goals in its groundwater management plan during fiscal year 2018:

**Chapter 1-A  
Rating:  
Low<sup>3</sup>**

- Providing the most efficient use of groundwater.
- Controlling and preventing waste of groundwater.
- Addressing natural resource issues.
- Addressing drought conditions.
- Addressing conservation.
- Addressing the desired future conditions adopted.<sup>4</sup>

#### **Selected Financial Information for Fiscal Year 2018**

Selected financial information for fiscal year 2017 and 2018 was not available because the District had not obtained an audit of its financial statements for those fiscal years at the time of this audit. The District's fiscal year is based on a calendar year covering January 1 through December 31.

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<sup>2</sup> Percentages do not sum to 100.0 due to rounding.

<sup>3</sup> The risk related to the issues discussed in Chapter 1-A is rated as Low because the audit identified strengths that support the audited entity's ability to administer the program(s)/functions(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

<sup>4</sup> Texas Water Code, Section 36.108, requires groundwater conservation districts within the same groundwater management area to perform joint planning activities that include the adoption of desired future conditions for the groundwater management area. Texas Water Code, Section 36.001(30), defines desired future conditions as the desired conditions of the groundwater resources in a management area at one or more specified future times.



For each applicable goal in its approved groundwater management plan, the District developed objectives and performance standards that described the activities the District must perform to achieve each goal. Table 4 provides additional information.

Table 4

Live Oak Underground Water Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
<b>Goal 1: Providing the Most Efficient Use of Groundwater Fully Achieved</b>		
<u>Objective 1:</u> Each year, the District will provide education materials concerning the efficient use of groundwater.		
<u>Performance Standard:</u> Provide educational materials to at least one school annually.	Yes	
<b>Goal 2: Controlling and Preventing Waste of Groundwater Fully Achieved</b>		
<u>Objective 1:</u> Measure water levels from the land surface on strategic wells on an annual basis and report waste to the District board.		
<u>Performance Standard:</u> a. Report to the District board annually the water level measurements for three wells. b. The District will investigate all reports of waste within 7 working days. The number of reports of waste as well as the investigation findings will be reported to the District board annually.	Yes	
<b>Goal 3: Controlling and Preventing Subsidence <sup>a</sup></b>		
According to the District's groundwater management plan, "The geologic framework of the District area precludes any significant subsidence from occurring. This management goal is not applicable to the operations of the District."		
<b>Goal 4: Addressing Conjunctive Surface Water Management Issues <sup>b</sup></b>		
According to the District's groundwater management plan, "Except as provided in Chapter 36 of the Texas Water Code, the District has no jurisdiction over surface water. The District shall consider the effects of surface water resources as required by Section 36.113 and other state law. This goal is not applicable at this time."		
<b>Goal 5: Addressing Natural Resource Issues Fully Achieved</b>		
<u>Objective 1:</u> The District will cooperate with other interested parties and appropriate agencies to develop additional information on natural resource issues.		
<u>Performance Standard:</u> A representative of the District will attend a meeting annually with interested parties and appropriate agencies.	Yes	
<b>Goal 6: Addressing Drought Conditions Fully Achieved</b>		
<u>Objective 1:</u> The District will monitor the Palmer Drought Severity Index (PDSI). The link to the Drought Index is <a href="http://www.waterdatafortexas.org/drought">www.waterdatafortexas.org/drought</a> .		
<u>Performance Standard:</u> A report of the Palmer Drought Severity Index will be presented to the District board on an annual basis.	Yes	

**Live Oak Underground Water Conservation District  
Achievement of Groundwater Management Plan Objectives**

Goal and Objective Audited	Achieved?	Additional Information
<p align="center"><b>Goal 7: Addressing Conservation</b> (Addressing conservation, recharge enhancement, rainwater harvesting, precipitation enhancement, or brush control, where appropriate and cost-effective) <b>Fully Achieved</b></p>		
<p><b>Objective 1:</b> Each year the District will provide educational material to the public promoting conservation methods and concepts.</p>		
<p><u>Performance Standard:</u> The District will make at least one educational brochure available per year through service organizations, and on a continuing basis at the District office.</p>	<p align="center">Yes</p>	
<p align="center"><b>Goal 8: Addressing the Desired Future Conditions Adopted</b> <b>Fully Achieved</b></p>		
<p><b>Objective 1:</b> The District will review and calculate its permit and well registration totals in light of the Desired Future Conditions of the groundwater resources within the boundaries of the District to assess whether the District is on target to meet the Desired Future Conditions estimates submitted to the TWDB [Texas Water Development Board].</p>		
<p><u>Performance Standard:</u> The District’s Annual Report will include a discussion of the District’s permit and well registration totals and will evaluate the District’s progress in achieving the Desired Future Conditions of the groundwater resources within the boundaries of the District and whether the District is on track to maintain the Desired Future Conditions estimates over the 50-year planning period.</p>	<p align="center">Yes</p>	
<p><b>Objective 2:</b> The District will annually sample the water levels in at least three monitoring wells within the District and will determine the five-year water level averages based on the samples taken. The District will compare the five-year water level averages to the corresponding five-year increment of its Desired Future Conditions in order to track its progress in achieving the Desired Future Conditions.</p>		
<p><u>Performance Standard:</u> The District’s Annual Report will include the water level samples taken each year for the purpose of measuring water levels to assess the District’s progress towards achieving its Desired Future Conditions. Once the District has obtained water level samples for five consecutive years and is able to calculate water level averages over five-year periods thereafter, the District will include a discussion of its comparison of water level averages to the corresponding five-year increment of its Desired Future Conditions in order to track its progress in achieving its Desired Future Conditions.</p>	<p align="center">Yes</p>	
<p><sup>a</sup> Texas Water Code, Section 36.001(10), defines subsidence as the lowering in elevation of the land surface caused by withdrawal of groundwater. <sup>b</sup> Texas Water Code, Section 36.001(21), defines conjunctive use as the combined use of groundwater and surface water sources that optimizes the beneficial characteristics of each source.</p>		

## Live Oak Underground Water Conservation District Partially Complied or Did Not Comply with a Majority of the Statutory Requirements

Texas Water Code, Chapter 36, specifies requirements for the manner in which groundwater conservation districts must operate. The District did not comply with 3 (33 percent) of 9 applicable Texas Water Code requirements audited.<sup>6</sup> Those three requirements were:

**Chapter 1-B  
Rating:  
Priority<sup>5</sup>**

- Obtaining an annual audit of the financial condition of the district.
- Obtaining bonds for district officers, employees, or consultants who are responsible for handling district funds.
- Obtaining bonds for district board members.

The District partially complied with 2 (22 percent) of 9 applicable Texas Water Code requirements audited. Those two requirements were:

- Holding regular board meetings in accordance with statute.
- Adopting written policies.

The District fully complied with 4 (44 percent) of 9 applicable Texas Water Code requirements audited. Those four requirements were:

- Adopting written district rules.
- Participating in joint planning meetings with other groundwater conservation districts within the same Groundwater Management Area.
- Preparing and obtaining board approval on an annual budget that includes a complete financial statement.
- Maintaining at least one bank as the official depository for district funds, obtaining dual signatures on fund disbursements in fiscal year 2018, and ensuring that payments made to board members are supported by a verified statement. It should be noted that payments made to board members, as described under Texas Water Code, Section 36.060, did not apply during the District's fiscal year 2018.

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<sup>5</sup> The risk related to the issues discussed in Chapter 1-B is rated as Priority because the issues identified present risks or effects that if not addressed could critically affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern and reduce risks to the audited entity.

<sup>6</sup> Percentages do not sum to 100.0 due to rounding.

Failure to comply with applicable statutory requirements increases the risk that groundwater resources will not be sufficiently protected or conserved and desired future conditions will not be met.

Table 5 summarizes the District’s compliance with the statutory requirements audited.

Table 5

Live Oak Underground Water Conservation District’s Compliance with Texas Water Code Requirements <sup>a</sup>		
Fiscal Year 2018		
Texas Water Code Requirement	Compliance	Additional Information
Board Meetings	Partially Complied	The District partially complied with the requirements to hold regular meetings at least quarterly during fiscal year 2018. Specifically, the District did not hold a board meeting for one quarter during fiscal year 2018.
District Rules	Fully Complied	The District complied with all requirements.
District Policies	Partially Complied	The District partially complied with the requirement to adopt, in writing, certain policies. Specifically, the District did not implement policies that ensure better use of management information, including establishing a board audit or finance committee.
Joint Planning	Fully Complied	The District complied with all requirements.
Annual Financial Audit	Did Not Comply	The District did not obtain an annual audit of the financial condition of the District for fiscal year 2017 or 2018.
Annual Budget	Fully Complied	The District complied with all requirements.
Employee Bonds	Did Not Comply	The District did not obtain a bond for the one individual who had the ability to collect, pay, or handle District funds during fiscal year 2018.
Board Member Bonds	Did Not Comply	The District did not obtain bonds for its board members in an amount of \$10,000 payable to the District for each board member.
Bank Depository and Expenditures	Fully Complied	The District complied with all requirements.

<sup>a</sup> Texas Water Code, Chapter 36, statutory requirements:

**Board Meetings:** The board is required to provide notice of and conduct meetings at least quarterly (Texas Water Code, Section 36.064). 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, Section 36.053). The board also is required to maintain 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), 36.111 through 36.113, 36.1145, 36.201, and 36.454(a) and (b)).

**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 and (2) establishing an audit or finance committee.

**Joint Planning:** The district is required to meet annually with other districts in the groundwater management area in which it is located to review districts’ management plans, to review accomplishments of the groundwater management area, and 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 financial statement components (Texas Water Code, Section 36.154).

**Live Oak Underground Water Conservation District's Compliance with Texas Water Code Requirements <sup>a</sup>**  
**Fiscal Year 2018**

Texas Water Code Requirement	Compliance	Additional Information
<p><u>Employee Bonds</u>: The district is required to obtain bonds in an amount determined by the board to be sufficient to safeguard the district for officers, employees, or consultants who collect, pay, or handle district funds (Texas Water Code, Section 36.057(d)).</p> <p><u>Board Member Bonds</u>: 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)).</p> <p><u>Bank Depository and Expenditures</u>: 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, excluding federal reserve wire transfers or electronic fund transfers (Texas Water Code, Section 36.151). A director is entitled to receive fees of office of not more than \$250 a day for each day the director actually spends performing the duties of a director. The fees of office may not exceed \$9,000 a year (Texas Water Code, Section 36.060(a)). 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)).</p>		

### Recommendations

The Live Oak Underground Water Conservation District should ensure that it complies with applicable Texas Water Code requirements. Specifically, it should:

- Hold board meetings at least once every quarter.
- Develop, document, and implement policies to establish an audit or finance committee of the board.
- Obtain an annual audit of the financial condition of the District.
- Obtain surety bonds for all applicable officers, employees, or consultants who collect, pay, or handle District funds, in an amount determined by the board to be sufficient to safeguard the District.
- Obtain bonds for its board members in an amount of \$10,000 payable to the District for each board member and conditioned on the faithful performance of his or her duties before beginning to perform the duties of office.

### Management's Response

*The board of Live Oak Underground Water Conservation District agrees with the findings of the SAO report.*

#### 1. Board Meetings

*Management Response: The board will hold quarterly meetings. The board has taken steps to insure that a meeting will be held each quarter. If the*

*manager is unable to perform their duties or attend a meeting, then a board member will take over the duties of the manager for the meeting.*

2. *District Policies*

*Management Response: The board has appointed a finance committee and has tasked the committee to review and document policies to insure better use of management information. The committee will also develop and bring to the board new policies when necessary.*

3. *Annual Financial Audit*

*Management Response: The District has engaged a new accounting firm and auditor. The 2017 and 2018 Annual Audit has been completed. A copy has been sent to the State Auditors Office.*

4. *Board Member Bonds*

*Management Response: The board has amended its surety bonds to indicate an amount of \$10,000 payable to the district for each member. A copy has been sent to the State Auditor's Office.*

5. *Employee Bonds*

*Management Response: The Board has amended its surety bonds to include the board manager. A copy has been sent to the State Auditor's Office.*

## ***Evergreen Underground Water Conservation District Partially Achieved or Did Not Achieve a Majority of Its Management Plan Goals and Fully or Partially Complied with a Majority of the Statutory Requirements***

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Evergreen Underground Water Conservation District (District) did not achieve 3 (43 percent) of 7 applicable management plan goals during fiscal year 2018. Additionally, it partially achieved 3 (43 percent) of 7 management plan goals and fully achieved 1 (14 percent) of 7 management plan goals.

The District fully complied with 6 (67 percent) of 9 applicable statutory requirements audited. Additionally, it partially complied with 2 (22 percent) of 9 requirements, and it did not comply with the remaining requirement.

### Chapter 2-A

#### **Evergreen Underground Water Conservation District Partially Achieved or Did Not Achieve a Majority of Its Management Plan Goals**

**Chapter 2-A  
Rating:  
High <sup>7</sup>**

The District did not achieve 3 (43 percent), partially achieved 3 (43 percent), and fully achieved 1 (14 percent) of 7 applicable management plan goals in its groundwater management plan during fiscal year 2018.

The District did not achieve the following three management plan goals:

- Controlling and preventing waste of groundwater.
- Addressing conjunctive surface water management issues.<sup>8</sup>
- Addressing conservation.

The District partially achieved the following three management plan goals:

- Providing the most efficient use of groundwater.

#### **Selected Financial Information for Fiscal Year 2018**

##### Assets and Liabilities

Total Assets	\$4,157,780
Total Liabilities	\$12,800

##### Revenues and Expenditures

Total Revenues	\$1,235,067
Total Expenses	\$964,728

Source: These amounts were from the District's annual audited financial statements for the District's fiscal year ending September 30, 2018.

<sup>7</sup> The risk related to the issues discussed in Chapter 2-A is rated as High because the issues identified present risks or effects that if not addressed could substantially affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.

<sup>8</sup> Texas Water Code, Section 36.001(21), defines conjunctive use as the combined use of groundwater and surface water sources that optimizes the beneficial characteristics of each source.

- Addressing natural resource issues.
- Addressing drought conditions.

The District fully achieved the following management plan goal:

- Addressing the desired future conditions adopted.<sup>9</sup>

Failure to fully achieve all management plan goals increases the risk that the District will not adequately preserve, conserve, or prevent the waste of groundwater resources.

For each applicable goal in its approved groundwater management plan, the District developed objectives and performance standards that described the activities the District must perform to achieve each goal. Table 6 provides additional information.

Table 6

Evergreen Underground Water Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
<b>Goal 1: Providing the Most Efficient Use of Groundwater</b> Partially Achieved		
<u>Objective 1:</u> Each month the District will monitor the volume of water produced from 30 municipal and rural water suppliers in the District.		
<u>Performance Standard:</u> A table showing the monthly production volumes reported to the District by the municipal and rural water suppliers in the District will be included in the Annual Report on District Activities made to the Board of Directors each year.	Yes	
<u>Objective 2:</u> Each year the District will request production reports from the operators of 600 agricultural irrigation wells in the District.		
<u>Performance Standard:</u> a. A copy of the request for production reports sent to the operators of agricultural irrigation wells will be included in the Annual Report on District Activities made to the Board of Directors each year. b. A table showing the production volumes reported to the District from the agricultural irrigation well operators in the District will be included in the Annual Report on District Activities made to the Board of Directors each year.	Yes	
<u>Objective 3:</u> Each month the District will measure the water levels in 60 water wells.		
<u>Performance Standard:</u> A table showing the monthly water level measurements made by the District will be included in the Annual Report on District Activities made to the Board of Directors each year.	No	The monthly table included in the annual report showed the water level measurements made by the District for 58 instead of 60 wells.

<sup>9</sup> Texas Water Code, Section 36.108, requires groundwater conservation districts within the same groundwater management area to perform joint planning activities that include the adoption of desired future conditions for the groundwater management area. Texas Water Code, Section 36.001(30), defines desired future conditions as the desired conditions of the groundwater resources in a management area at one or more specified future times.



Evergreen Underground Water Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
<b>Goal 2: Controlling and Preventing Waste of Groundwater Not Achieved</b>		
<u>Objective 1:</u> Each year the District will conduct an on-site investigation of all reports of waste of groundwater within two working days of the time of the receipt of the report to the District.		
<u>Performance Standard:</u> A discussion of the waste of groundwater observed by the District each year, including the number of reports of the waste of groundwater received by the District and the District response to the report will be included in the Annual Report on District Activities made to the Board of Directors each year.	No	According to the District, a discussion of the waste of groundwater observed by the District occurred, and no reports of the waste of groundwater were received by the District. Therefore, the District response to the report was not necessary. However, the District did not include that information in its annual report.
<b>Goal 3: Controlling and Preventing Subsidence <sup>a</sup></b>		
According to the District's groundwater management plan, the District has determined that the goal is not appropriate or cost-effective; therefore, the District has determined this goal to be not applicable at this time.		
<b>Goal 4: Addressing Conjunctive Surface Water Management Issues Not Achieved</b>		
<u>Objective 1:</u> Each year the District will use the Groundwater Availability Model 15-004 to predict the potential effects of different groundwater pumping scenarios on both groundwater and surface water. In addition, each year the District will arrange to meet with the appropriate surface water management entities.		
<u>Performance Standard:</u> a. A discussion of the groundwater pumping scenario simulated in the Groundwater Availability Model 15-004 run made by or for the District and a summary of the simulation results will be included in the Annual Report on District Activities made to the Board of Directors each year. b. A summary of the discussion(s) with the surface water management entities for status on surface water conditions will be relayed in a memorandum to the Board of Directors each year.	No	Performance Standard a: The District did not include in its 2018 annual report a discussion of the groundwater pumping scenario simulated in the Groundwater Availability Model 15-004 run and a summary of the simulation results.  Performance Standard b: The District did not provide to its Board of Directors a summary of the discussion(s) with the surface water management entities for the status on surface water conditions.
<b>Goal 5: Addressing Natural Resource Issues Partially Achieved</b>		
<u>Objective 1:</u> Each year the District will sample at least 40 water wells in the District for chemical analysis of water quality.		
<u>Performance Standard:</u> a. A table giving the results of the chemical analyses of the water quality samples taken by the District each year will be included in the Annual Report on District Activities made to the Board of Directors. b. A discussion of whether any instances of groundwater contamination or issues of concern were noted in the water quality sample analyses will be included in the Annual Report on District Activities made to the Board of Directors.	Partially	Performance Standard b: The District did not include in its 2018 annual report a discussion of whether any instances of groundwater contamination or issues of concern were noted in the water quality sample analyses.
<b>Goal 6: Addressing Drought Conditions Partially Achieved</b>		
<u>Objective 1:</u> Each month, the District will download at least one updated Palmer Drought Severity Index (PDSI) map posted on the National Weather Service website ( <a href="http://www.cpc.ncep.noaa.gov/products/analysis_monitoring/regional_monitoring/palmer/2015/">http://www.cpc.ncep.noaa.gov/products/analysis_monitoring/regional_monitoring/palmer/2015/</a> ) and check for periodic updates to drought conditions as posted on the Texas Water Development Board website ( <a href="http://waterdatafortexas.org/drought/">http://waterdatafortexas.org/drought/</a> ).		

Evergreen Underground Water Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
<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 Situation Reports will be included with copies of the quarterly briefing in the District Annual Report to the Board of Directors.	Partially	The District included quarterly briefings regarding assessments of the status of drought in the District within the annual report. However, the annual report did not include the downloaded Palmer Drought Severity Index (PDSI) maps and Situation Reports.
<b>Goal 7: Addressing Conservation</b> (Addressing conservation, recharge enhancement, rainwater harvesting, precipitation enhancement, or brush control, where appropriate and cost-effective) <b>Not Achieved</b>		
<u>Objective 1:</u> Each year, the District will include an informative flier on water conservation with at least one mail-out distributed in the normal course of business to groundwater use permit holders in the District.		
<u>Performance Standard:</u> The Annual Report to the Board of Directors will include a copy of the informative flier regarding water conservation that was distributed to groundwater use permit holders in the District and the number of fliers distributed.	No	The District did not include in its 2018 annual report a copy of the informative flier regarding water conservation that was distributed to groundwater use permit holders in the District and the number of fliers distributed.
<b>Goal 8: Addressing the Desired Future Conditions Adopted</b> <b>Fully Achieved</b>		
<u>Objective 1:</u> The District will monitor water levels and evaluate whether the average change in water levels is in conformance with the DFCs [desired future conditions]. The District will estimate the total annual groundwater production based on water use reports and other relevant information and compare these production estimates to the MAGs [Modeled Available Groundwater].		
<u>Performance Standard:</u> Each year the District will summarize the monitoring activities in the annual report including average change in water levels and estimated annual groundwater production.	Yes	
<sup>a</sup> Texas Water Code, Section 36.001(10), defines subsidence as the lowering in elevation of the land surface caused by withdrawal of groundwater.		

Chapter 2-B

**Evergreen Underground Water Conservation District Fully or Partially Complied with a Majority of the Statutory Requirements**

Texas Water Code, Chapter 36, specifies requirements for the manner in which groundwater conservation districts must operate. The District fully complied with 6 (67 percent) of 9 applicable Texas Water Code requirements audited. Those six requirements were:

**Chapter 2-B  
Rating:  
Medium <sup>10</sup>**

- Holding regular board meetings in accordance with statute.
- Adopting written district rules.

<sup>10</sup> The risk related to the issues discussed in Chapter 2-B is rated as Medium because the issues identified present risks or effects that if not addressed could moderately affect the audited entity's ability to effectively administer program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.

- Adopting written policies.
- Participating in joint planning meetings with other groundwater conservation districts within the same Groundwater Management Area.
- Obtaining an annual audit of the financial condition of the district.
- Obtaining bonds for district board members.

The District partially complied with 2 (22 percent) of 9 applicable Texas Water Code requirements audited. Those two requirements were:

- Preparing and obtaining board approval on an annual budget that includes a complete financial statement.
- Maintaining at least one bank as the official depository for district funds, obtaining dual signatures on fund disbursements in fiscal year 2018, and ensuring that payments made to board members are supported by a verified statement.

The District did not comply with 1 (11 percent) of 9 applicable Texas Water Code requirements audited. That requirement was:

- Obtaining bonds for district officers, employees, or consultants who are responsible for handling district funds.

Failure to comply with applicable statutory requirements increases the risk that groundwater resources will not be sufficiently protected or conserved and desired future conditions will not be met.

Table 7 summarizes the District’s compliance with the statutory requirements audited.

Table 7

Evergreen Underground Water Conservation District’s Compliance with Texas Water Code Requirements <sup>a</sup>		
Fiscal Year 2018		
Texas Water Code Requirement	Compliance	Additional Information
Board Meetings	Fully Complied	The District complied with all requirements.
District Rules	Fully Complied	The District complied with all requirements.
District Policies	Fully Complied	The District complied with all requirements.
Joint Planning	Fully Complied	The District complied with all requirements.
Annual Financial Audit	Fully Complied	The District complied with all requirements.

**Evergreen Underground Water Conservation District's Compliance with Texas Water Code Requirements <sup>a</sup>**  
**Fiscal Year 2018**

Texas Water Code Requirement	Compliance	Additional Information
Annual Budget	Partially Complied	While the District's Board approved a budget for fiscal year 2018, that budget did not contain one of the seven financial statement components required by Texas Water Code, Section 36.154(b)(3).
Employee Bonds	Did Not Comply	The District did not obtain bonds for its employees who collect, pay, or handle District funds during fiscal year 2018.
Board Member Bonds	Fully Complied	The District complied with all requirements.
Bank Depository and Expenditures	Partially Complied	The District maintained at least one bank as the official depository for District funds. However, in fiscal year 2018 the District did not meet compliance requirements for obtaining dual signatures on fund disbursements and did not always ensure that payments made to board members were supported by a verified statement.

<sup>a</sup> Texas Water Code, Chapter 36, statutory requirements:

**Board Meetings:** The board is required to provide notice of and conduct meetings at least quarterly (Texas Water Code, Section 36.064). 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, Section 36.053). The board also is required to maintain 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), 36.111 through 36.113, 36.1145, 36.201, and 36.454(a) and (b)).

**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 and (2) establishing an audit or finance committee.

**Joint Planning:** The district is required to meet annually with other districts in the groundwater management area in which it is located to review districts' management plans, to review accomplishments of the groundwater management area, and 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 financial statement 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)).

**Bank Depository and Expenditures:** 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, excluding federal reserve wire transfers or electronic fund transfers (Texas Water Code, Section 36.151). A director is entitled to receive fees of office of not more than \$250 a day for each day the director actually spends performing the duties of a director. The fees of office may not exceed \$9,000 a year (Texas Water Code, Section 36.060(a)). 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)).

## Recommendations

The Evergreen Underground Water Conservation District should:

- Perform all actions required by its groundwater management plan. Specifically, it should ensure that it provides a summary of the discussion(s) with the surface water management entities for the status on surface water conditions in a memorandum to the Board of Directors each year, in addition to including the following in its annual report:

- ◆ A table showing the monthly water level measurements made by the District in all applicable water wells.
  - ◆ A discussion of the waste of groundwater observed by the District each year, including the number of reports of the waste of groundwater received by the District and the District's response.
  - ◆ A discussion of the groundwater pumping scenario simulated in the Groundwater Availability Model 15-004 run made by or for the District and a summary of the simulation results.
  - ◆ A discussion of whether any instances of groundwater contamination or issues of concern were noted in the water quality sample analyses.
  - ◆ A collection of PDSI maps and Situation Reports, downloaded monthly.
  - ◆ A copy of the informative flier regarding water conservation that was distributed to groundwater use permit holders in the District and the number of fliers distributed.
- Prepare and approve an annual budget that includes all statutorily required financial statement components.
  - Obtain surety bonds for all applicable officers, employees, or consultants who collect, pay, or handle District funds, in an amount determined by the board to be sufficient to safeguard the District.
  - Ensure that it complies with all applicable requirements related to obtaining dual signatures on fund disbursements.
  - Ensure that payments made to board members are appropriately supported with verified statements 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.

### **Management's Response**

1. *The Evergreen UWCD management agrees with the recommendations stated in the audit report. The General Manager has met with the staff and the Board President and has made everyone aware of the deficiencies that were noted in the report and the steps that will be taken to correct them.*
2. *The General Manager will provide a summary of the discussions with the surface water management entities for the status on surface water*

conditions in the District. For the Evergreen UWCD, those entities are the San Antonio River Authority, the Nueces River Authority, and the Guadalupe-Blanco River Authority. The memorandum, including the names and titles of all persons in attendance, will be included in the next annual report for calendar year 2019 and in all annual reports thereafter. In addition, the General Manager and one of the EUWCD Board members are voting members on the Region L Water Planning Group, of which those surface water entities are also a part of. Occasionally these types of discussions take place in the normal course of those meetings as well.

3. The General Manager will provide a table showing the monthly water level measurements in 60 water wells in the District. In the 2018 annual report that was provided, it was discovered that 11 water wells had inadvertently been omitted, resulting in only 58 wells versus the 69 wells that had been shown in the 2017 report. That omission error will be corrected in the 2019 annual report and in all annual reports thereafter.

4. The General Manager will provide a report of all incidents of groundwater waste that are reported or observed along with the District response in the 2019 annual report and in all annual reports thereafter. If there are no such incidents, as in the year 2018 annual report, it will be duly noted as such in the annual report.

5. The General Manager will provide a discussion of the groundwater pumping scenario simulated in the Groundwater Availability Model 15-004 run made for the District and a summary of the simulation results will be included in the annual report for 2019 and in all annual reports thereafter.

6. The General Manager will provide a discussion of any instances of groundwater contamination or issues of concern that were noted in the water quality sample analyses for the year and will be included in the annual report. If there are none noted, as in the case of the 2018 annual report, it will be duly noted as such.

7. Each month the General Manager will download an updated Palmer Drought Severity Index (PDSI) map and Situation Report. Quarterly the General Manager will make an assessment of drought in the District and prepare a briefing for the Board of Directors. The downloaded PDSI maps and Situation Reports, along with copies of the quarterly briefings will be included in the annual report. Updated maps, reports, and a briefing will be presented at the next EUWCD Board meeting on June 28, 2019, and will continue on quarterly thereafter.

8. The General Manager will include a copy of an informative flier on water conservation in the 2019 annual report. The informative flier is to be

*distributed in a mail-out to all the permit holders in the District. The District also maintains an array of informative fliers at the District office as well as provides links to informative water conservation websites on the District website.*

*9. The General Manager will prepare and the Board will approve an annual budget that contains all 7 financial statement components as required by Texas Water Code, Section 36.154(b)(3). The next annual budget for fiscal year 2019-2020 will be presented and approved at the September EUWCD Board meeting which will be Sept 27, 2019. The EUWCD fiscal year runs from Oct 1, 2019 through Sept 30, 2020.*

*10. Surety bonds for all Board members were already in place and surety bonds for the General Manager, the Assistant Manager, and the District Secretary have since been obtained. The supporting documentation has been provided to the state audit staff.*

*11. The General Manager and the Board President will ensure that all applicable requirements related to obtaining dual signatures on fund disbursements will be complied with. The protocol for dual signature compliance has already been implemented and will continue hereafter.*

*12. The General Manager, the District Secretary, and the Board will ensure that all payments made to Board members are appropriately supported with verified statements showing the dates of each meeting attended by the Board members, the type of meeting it was, and the signature of the Board member for each meeting. A template for the documentation for each Board member has already been prepared by the District Secretary and has been updated for the current fiscal year. That protocol has already been implemented and will continue hereafter.*

**Mesa Underground Water Conservation District Fully or Partially Achieved a Majority of Its Management Plan Goals and Fully Complied with a Majority of the Statutory Requirements**

Mesa Underground Water Conservation District (District) fully achieved 1 (20 percent) of 5 applicable management plan goals during fiscal year 2018. Additionally, it partially achieved 3 (60 percent) of 5 management plan goals and did not achieve the remaining goal.

The District fully complied with 8 (89 percent) of 9 applicable statutory requirements audited and partially complied with the remaining requirement.

Chapter 3-A

**Mesa Underground Water Conservation District Fully or Partially Achieved a Majority of Its Management Plan Goals**

The District fully achieved 1 (20 percent), partially achieved 3 (60 percent), and did not achieve 1 (20 percent) of 5 applicable management plan goals in its groundwater management plan during fiscal year 2018.

**Chapter 3-A  
Rating:  
Medium <sup>11</sup>**

The District fully achieved the management plan goal of controlling and preventing waste of groundwater.

The District partially achieved the following three management plan goals:

- Providing the most efficient use of groundwater.
- Addressing conservation.
- Addressing the desired future conditions adopted.<sup>12</sup>

The District did not achieve the management plan goal of addressing drought conditions.

Selected Financial Information for Fiscal Year 2018	
<u>Assets and Liabilities</u>	
Total Assets	\$387,335
Total Liabilities	\$8,300
<u>Revenues and Expenditures</u>	
Total Revenues	\$152,546
Total Expenses	\$171,916
Source: These amounts were from the District's annual audited financial statements for the District's fiscal year ending September 30, 2018.	

<sup>11</sup> The risk related to the issues discussed in Chapter 3-A is rated as Medium because the issues identified present risks or effects that if not addressed could moderately affect the audited entity's ability to effectively administer program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.

<sup>12</sup> Texas Water Code, Section 36.108, requires groundwater conservation districts within the same groundwater management area to perform joint planning activities that include the adoption of desired future conditions for the groundwater management area. Texas Water Code, Section 36.001(30), defines desired future conditions as the desired conditions of the groundwater resources in a management area at one or more specified future times.



Failure to fully achieve all management plan goals increases the risk that the District will not adequately preserve, conserve, or prevent the waste of groundwater resources.

For each applicable goal in its approved groundwater management plan, the District developed objectives and performance standards that described the activities the District must perform to achieve each goal. Table 8 provides additional information.

Table 8

Mesa Underground Water Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
<b>Goal 1: Providing the Most Efficient Use of Groundwater</b> <b>Partially Achieved</b>		
<u>Objective 1:</u> Each year the District will provide informative speakers to schools, civic groups, social clubs, and organizations for presentations to inform a minimum of 25 citizens on the activities and programs, the geology and hydrology of groundwater, and the principles of water conservation relating to the best management practices for the efficient use of groundwater.		
<u>Performance Standard:</u> Prepare a list indicating the names of citizens in attendance at District presentations concerning the principals of water conservation relating to the best management practices for the efficient use of groundwater each year.	Yes	
<u>Objective 2:</u> Annually, in an effort to emphasize the efficient use of groundwater, the District will operate an Aquifer Evaluation Program (AEP) that will identify the changes in the aquifer water levels as a result of the accurate measure of the irrigation water being pumped from the aquifer.		
<u>Performance Standard:</u> a. Establish a water use measurement program with more than 150 water use measurements devices installed in irrigation distribution systems. b. Establish an aquifer water level measurement program with more than 50 non-pumping monitor wells within 1/2 mile of irrigated systems. c. In addition to the measurement of the non-pumping wells in irrigated area in the “annual water level measurement program”, measure the wells more than 1 time during the growing season when the application of irrigation water is most prevalent. d. Read the water use measurement devices more than 2 times during the year. e. Send to the producers a report indicating the water use for each of the measurement periods in addition to a cumulative total for a year to date usage total. f. Send to the TWDB (Texas Water Development Board) a report for each measurement period indicating the water use for each site during that period of time. g. Record the water level measurements in the field data book and record the data on a map of the district that shows the approximate location of the well site. h. Send to the TWDB a report for each measurement period indicating the water level measurement. i. Include the “non-pumping wells in irrigated area” as a part of the “annual water level monitoring program” that is sent to the TWDB in Winter or early Spring of each year.	Partially	For Performance Standard d, the District reported that it read seven meters twice during 2018. However, only one meter device was read twice during that time. For Performance Standard e, the District did not send to the producers a report indicating the water use for each of the measurement periods in addition to a cumulative total for a year-to-date usage total.

Mesa Underground Water Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
<b>Objective 3:</b> The District will annually operate the Aquifer Evaluation Program at an average cost to the District of less than \$75 per well.		
<u>Performance Standard:</u> a. Record the total miles driven, to measure the “non-pumping wells in irrigated area” and to read the measuring devices, for the vehicles used. b. Record the hours spent measuring the wells and reading the meters. c. Record other expenses necessary to operate the program. d. Prepare a report that shows the average cost per site to operate the program.	Yes	
<b>Goal 2: Controlling and Preventing Waste of Groundwater Fully Achieved</b>		
<b>Objective 1:</b> The District will annually inventory, inspect, and evaluate 25% of the new well sites the District has permitted or registered to control and prevent pollution to the groundwater from deleterious matter admitted from the ground surface because of substandard well completion practices.		
<u>Performance Standard:</u> a. Record the number of new well sites in the District each year. b. Record the number of new well sites the District inventoried, inspected, and evaluated during the year to control and prevent pollution and waste of groundwater each year.	Yes	
<b>Objective 2:</b> Annually the District will ensure the proper closure of 75% of the open or uncovered wells that have been discovered or reported to prevent and control waste as a result of polluting the groundwater.		
<u>Performance Standard:</u> a. Record the number of wells discovered or reported during the year that needed proper closure. b. Record the number of wells that were properly closed each year.	Yes	
<b>Objective 3:</b> Each year the District will expend 20 staff hours in identifying, investigating, and seeking to prevent and control waste of groundwater by halting wasteful practices which allow groundwater to escape into any river, creek, natural watercourse, depression, lake, reservoir, drain, sewer, street, highway, road, or ditch, or onto land other than that of the well owner, unless such discharge is authorized.		
<u>Performance Standard:</u> Record the number of staff hours the District expended to identify and investigate seeking to control waste for the year.	Yes	
<b>Goal 3: Controlling and Preventing Subsidence <sup>a</sup></b>		
According to the District’s groundwater management plan, “The rigid geologic framework of the region precludes subsidence from occurring. The management goal for controlling and preventing subsidence within the District is therefore not applicable to the operations of the District.”		
<b>Goal 4: Addressing Conjunctive Surface Water Management Issues <sup>b</sup></b>		
According to the District’s groundwater management plan, “There are no surface water impoundments in the District, except for livestock consumption, which could possibly require conjunctive management. At the present time, Mesa UWCD has no jurisdiction over any surface water projects. Likewise, no agency which regulates surface water has the authority to manage groundwater within the territory of this District. Therefore, the management goal for addressing conjunctive surface water management issues within the District is not applicable to the operations of the District.”		

**Mesa Underground Water Conservation District**  
**Achievement of Groundwater Management Plan Objectives**

Goal and Objective Audited	Achieved?	Additional Information
<b>Goal 5: Addressing Natural Resources Issues</b>		
<p>According to the District’s groundwater management plan, “The District has no documented occurrences of endangered or threatened species dependent upon groundwater. Other issues related to resources-air, water, soil, etc. supplied by nature that are useful to life are likewise not documented. The natural resources of the oil and gas industry are regulated by the Railroad Commission of Texas, and are exempt by Chapter 36.117(e), unless the spacing requirements of the District can be met when space is available. Therefore, the management goal for addressing natural resource issues which impact the use and availability of groundwater and which are impacted by the use of groundwater in the District is not applicable to the operations of the District.”</p>		
<b>Goal 6: Addressing Drought Conditions</b> <b>Not Achieved</b>		
<u>Objective 1:</u> The District will annually operate a rainfall observation program.		
<p><b>Performance Standard:</b></p> <p>a. Establish more than 4 rainfall measurement sites in the district.</p> <p>b. Record the rainfall events for each site in which the rainfall event measures 0.25 inches or more.</p> <p>c. During the growing season (May 1-September 1), calculate the number of days since rainfall of equal to or greater than 0.50 inch has occurred within a consecutive 2 day period; meaning a rain of less than 0.50 cannot end a drought.</p> <p>d. In each Sunday edition of the Lamesa Press Reporter, after the 60th day since the last rainfall of equal to or greater than 0.50 inch has occurred in a consecutive 2 day period, publish a report indicating the total number of days the district is experiencing drought conditions since the last rainfall event.</p> <p>e. In the drought report published in the Sunday newspaper, print a conversation statement.</p>	No	<p>For Performance Standards a and b, according to the District’s fiscal year 2018 annual report, the District monitors the rainfall observation program with information from Texas Tech University’s Mesonet data. However, the District did not establish more than 4 rainfall measurement sites in the District, and it did not record the rainfall events of each site in which the rainfall event measured 0.25 inches or more.</p> <p>Additionally, the District reported that it did not achieve Performance Standards c, d, and e.</p>
<b>Goal 7: Addressing Conservation</b> (Addressing conservation, recharge enhancement, rainwater harvesting, precipitation enhancement, or brush control, where appropriate and cost-effective) <b>Partially Achieved</b>		
<u>Objective 1:</u> Measure the monitor wells designated in the water level monitoring program to determine the change in the water level of the Ogallala aquifer on an annual basis.		
<p><b>Performance Standard:</b></p> <p>a. Develop a network of 100 or more water level measurement wells.</p> <p>b. Mark 90% of the measurement wells in USGS [U.S. Geological Survey] 7 1/2 minute topo maps to assure adequate coverage with emphasis on water usage in each quadrant.</p> <p>c. Measure 75% of the measurement wells annually.</p> <p>d. Insure greater accuracy by measuring the wells within 45 days of the same date as the previous years measurement date.</p> <p>e. Enter the results of each measurement from the field water level data book into the computer data base within 20 days of completing the measuring procedure.</p> <p>f. Prepare and e-mail a water level report to TWDB within 60 days after completing the measuring process.</p> <p>g. Publish in the local newspaper 1 summary report of the annual water level monitoring program within 4 months of completing the program.</p>	Yes	

**Mesa Underground Water Conservation District**  
**Achievement of Groundwater Management Plan Objectives**

Goal and Objective Audited	Achieved?	Additional Information
h. Post on the Mesa UWCD website the updated water level report for the current year within 90 days of completing the measurement program.		
<u>Objective 2:</u> The District will annually operate the water level monitoring program at an average cost to the District of less than \$50 per well.		
<p><u>Performance Standard:</u></p> <ul style="list-style-type: none"> <li>a. Record the miles driven to measure the water level measurement wells.</li> <li>b. Record the hours spent measuring the wells.</li> <li>c. Record the hours used to transfer the data from the field data book to the computer water level program.</li> <li>d. Record the hours used to prepare and e-mail the levels report to TWDB.</li> <li>e. Record the hours used to prepare the newspaper summary report.</li> <li>f. Record the cost of publishing the newspaper report.</li> <li>g. Record the hours used to prepare the annual water level monitoring report.</li> <li>h. Record the hours used to prepare the letters and charts which will be mailed to the well owners/operators.</li> <li>i. Record the postage expense for the mail-out.</li> <li>j. Record any other expenses occurred in the water level measuring program such as equipment, supplies, repairs, or other associated costs.</li> </ul>	Partially	For Performance Standard g, the District reported that it hired an outside consultant to analyze data and give a presentation to the board. However, the District did not record the hours used by the consultant to prepare the annual water level monitoring report.
<u>Objective 3:</u> At the time the annual water level measurements indicate the two (2) year average of the water level decline in three (3) adjacent monitor wells (excluding the first {1st} year change in a new monitor well) is greater than -5 feet, the Board shall consider the establishment of an Extreme Decline Study Area (EDSA) which is a resolution by the Board to officially name (designate) and draw (delineate) on a map, a square, nine-section area for the purpose of collecting extensive hydrological information on an annual basis from all available and appropriate wells for monitoring in that sector.		
<p><u>Performance Standard:</u></p> <ul style="list-style-type: none"> <li>a. Annually, the District will review and study data obtained from the Annual Water Level Monitoring Reports (AWLMR). If evidence of extreme decline exists, comparable to other monitor wells, the Board will consider within 6 months of the new calendar year the need for establishing an EDSA.</li> <li>b. The District will provide written individual notification to 75% of the known landowners, well owners/operators and water right holds within the EDSA, at least 60 days before the date of public hearing.</li> <li>c. A summary of available data from the AWLMR will be included in the notification letter mailed to the party at least 60 days before the public hearing.</li> <li>d. The Board will call for one or more public hearings to consider the establishment of an EDSA more than 60 days and less than 90 days after the notice has been given.</li> <li>e. The District will present data from the AWLMR at the hearing.</li> <li>f. The District will receive testimony from landowners, well owners/operators, and water right holders within the proposed area.</li> <li>g. The Board will receive testimony from the public.</li> <li>h. The Board will evaluate the proceedings and consider the possibilities to establish an EDSA or continue the efforts of the standard AWLMR.</li> </ul>	Yes	According to the District's fiscal year 2018 annual report, the District consultants analyzed water level measurements and reported to the board on July 18, 2018, that there was no decline that would require the establishment of an Extreme Decline Study Area (EDSA).

**Mesa Underground Water Conservation District**  
**Achievement of Groundwater Management Plan Objectives**

Goal and Objective Audited	Achieved?	Additional Information
<p><b>Objective 4:</b> Within one year after an EDSA has been established, the district will implement a data collection system to better understand the groundwater condition within the boundaries of the established EDSA.</p>		
<p><u>Performance Standard:</u></p> <p>a. The District will measure 75% of available and appropriate monitor wells to determine the water level of the identified measurement wells in the EDSA.</p> <p>b. The District will measure the wells within 30 days of the same date last year to assure greater accuracy.</p> <p>c. The District will compare subsequent changes in water level on an annual basis and the historical changes for monitor wells with historical data that may be in the EDSA.</p> <p>d. The District will evaluate and consider climate and environmental events which have occurred during the year.</p> <p>e. The District will consider changes in water use practices.</p> <p>f. The District will consider any new available information on the use of new technology and/or procedures that may be influencing water level changes.</p> <p>g. The District will consider any other relevant information that may be contributing to the extreme water declines of the aquifer within the EDSA.</p>	Not Applicable	<p>According to the District's fiscal year 2018 annual report, no EDSA was established. Refer to the Additional Information section of Objective 3 above.</p>
<p><b>Objective 5:</b> Operate the EDSA activities at an annual average cost less than \$200 per well.</p>		
<p><u>Performance Standard:</u></p> <p>a. Develop a District expense report to reflect EDSA expenses.</p> <p>b. Record the miles driven in the EDSA measurement program.</p> <p>c. Record the time needed to measure the EDSA monitor wells.</p> <p>d. Record other expenses incurred in the measuring activities.</p>	Not Applicable	<p>According to the District's fiscal year 2018 annual report, no EDSA was established. Refer to the Additional Information section of Objective 3.</p>
<p><b>Objective 6:</b> Within one year after the EDSA has indicated possible over production and apparent extreme decline damage to the aquifer, the board will establish a Production Use Measurement Area (PUMA) which is the formal resolution by the Board to officially name (designate) and draw (delineate) on a map, no more than four (4) contiguous "sections" located within the EDSA whereby, all well/well systems will require an operating permit and a measuring device will be installed to accurately measure the use of water.</p>		
<p><u>Performance Standard:</u></p> <p>a. The District will review and study data obtained from the Annual Water Level Monitoring Reports (AWLMR). If evidence is found of possible and probable excessive mining of the aquifer, compared to other monitor wells in the EDSA, the Board will consider the need for a PUMA.</p> <p>b. The District will provide notification to 75% of known landowners, well owners/operators and water right holders within the PUMA, at least 60 days before the date of public hearing.</p> <p>c. A summary of available data from the EDSA will be included in the notification.</p> <p>d. The Board will call a public hearing to consider the creation of a PUMA.</p> <p>e. The Board will present data from the EDSA at the hearing.</p> <p>f. The Board will receive testimony from landowners, well owners/operators and water right holders within the proposed PUMA.</p> <p>g. The Board will receive testimony from landowners, well owners/operators and water right holders within the EDSA.</p> <p>h. The Board will receive testimony from the public.</p>	Not Applicable	<p>According to the District's fiscal year 2018 annual report, no EDSA was established. Refer to the Additional Information section of Objective 3.</p>

**Mesa Underground Water Conservation District**  
**Achievement of Groundwater Management Plan Objectives**

Goal and Objective Audited	Achieved?	Additional Information
i. The Board will evaluate the proceedings and consider a resolution to establish a PUMA.		
<b>Objective 7:</b> Implement an annual operating permit system and a water measurement program for all water users located within the PUMA.		
<b>Performance Standard:</b> a. The District will notify all known landowners, well owners/operator and water right holders of their placement into the PUMA and the requirements for which they are responsible. b. The District will require all well/well system operators to file a completed operating permit application prior to operating a well/well system within a PUMA. c. The District will provide and install a water measuring device to accurately measure the water used in each operating permit. d. The District will calculate and print on the permit application the maximum allowable production for each operating permit. e. The District will read and record meter readings at least every other month during the growing season and notify the permit holder the year to date usage. f. The District will compare meter readings usage results with the operating permit terms and notify the permit holder. g. The District will prepare renewal operating permits at the end of the existing operating period for all permit holders operating below the permit limitations.	Not Applicable	According to the District's fiscal year 2018 annual report, no EDSA was established. Refer to the Additional Information section of Objective 3.
<b>Objective 8:</b> The District will annually operate the PUMA program at an average cost to the District of less than \$1000 per well.		
<b>Performance Standard:</b> a. Develop a District expense report to reflect PUMA expenses. b. Amortize the cost of the water meters over 3 years. c. Amortize the installation cost of installing the water meters over a 3 year allocation period. d. Record maintenance expense for the water meters. e. Record the mileage required for reading the meters. f. Record the time required to read the meters. g. Record the time required by office staff to record the readings into computer program. h. Record the time required by office personnel to prepare the reports. i. Record the time required by office personnel to prepare renewal permit applications.	Not Applicable	According to the District's fiscal year 2018 annual report, no EDSA was established. Refer to the Additional Information section of Objective 3.
<b>Goal 8: Addressing the Desired Future Conditions Adopted</b> <b>Partially Achieved</b>		
<b>Objective 1:</b> District will calculate the average annual drawdown using the results of annual water level measurements taken each January.		
<b>Performance Standard:</b> a. Present the average drawdown results to the Board of Directors by the March meeting. b. Publish the drawdown map in an edition of the Lamesa Press Reporter each year as soon as possible after the annual water level measurements have been completed.	Partially	For Performance Standard a, the District did not present the average drawdown results to the board of directors by the March meeting. The District presented the results at the April meeting.
<b>Objective 2:</b> The District Staff will calculate the cumulative average annual drawdown beginning with 2012 year. The staff will calculate the remaining allowable drawdown (based on the DFC [desired future condition]) for the remaining years of the 2012-2017 period.		

Mesa Underground Water Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
<u>Performance Standard:</u> Present the cumulative average annual drawdown results to the District Board of Directors by the March meeting.	No	The District did not present cumulative average annual drawdown results to the board of directors by the March meeting. The District presented the results at the July meeting.
<u>Objective 3:</u> The District Staff will monitor the water budget calculated in the Southern Ogallala GAM [Groundwater Availability Model] which is estimated to meet the adopted DFC. The water budget will be compared to the annual estimated water use calculated by the staff. The estimated remainder of water usage within the selected 5 year time period will be presented each year.		
<u>Performance Standard:</u> a. Estimate annual water usage within the district will be presented to the Board of Directors by the March Meeting. b. Calculate the estimated remaining water usage that is allowable to meet the DFC for the period 2012-2017 and present these figures to the Board of Directors by the March meeting. c. The Board of Directors will evaluate the allowable to meet the DFC. The Board will discuss and consider possible steps to reduce the allowable usage in order to meet the DFC. d. The Board of Directors will evaluate and discuss possible changes to the DFC or possible changes to the rules of Mesa UWCD.	Partially	For Performance Standards a and b, the District did not present estimated annual water usage within the District to the board of directors by the March meeting. The District presented the results at the July meeting.
<p><sup>a</sup> Texas Water Code, Section 36.001(10), defines subsidence as the lowering in elevation of the land surface caused by withdrawal of groundwater.</p> <p><sup>b</sup> Texas Water Code, Section 36.001(21), defines conjunctive use as the combined use of groundwater and surface water sources that optimizes the beneficial characteristics of each source.</p>		

Chapter 3-B

**Mesa Underground Water Conservation District Fully Complied with a Majority of the Statutory Requirements**

Texas Water Code, Chapter 36, specifies requirements for the manner in which groundwater conservation districts must operate. The District fully complied with 8 (89 percent) of 9 applicable Texas Water Code requirements audited. Those eight requirements were:

**Chapter 3-B  
Rating:  
Low<sup>13</sup>**

- Holding regular board meetings in accordance with statute.
- Adopting written district rules.
- Participating in joint planning meetings with other groundwater conservation districts within the same Groundwater Management Area.

<sup>13</sup> The risk related to the issues discussed in Chapter 3-B is rated as Low because the audit identified strengths that support the audited entity's ability to administer the program(s)/functions(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

- Obtaining an annual audit of the financial condition of the district.
- Preparing and obtaining board approval on an annual budget that includes a complete financial statement.
- Obtaining bonds for district officers, employees, or consultants who are responsible for handling district funds.
- Obtaining bonds for district board members.
- Maintaining at least one bank as the official depository for district funds, obtaining dual signatures on fund disbursements in fiscal year 2018, and ensuring that payments made to board members are supported by a verified statement. It should be noted that payments made to board members, as described under Texas Water Code, Section 36.060, did not apply during the District’s fiscal year 2018.

The District partially complied with 1 (11 percent) of 9 applicable Texas Water Code requirements audited. That requirement was:

- Adopting written policies.

Failure to comply with applicable statutory requirements increases the risk that groundwater resources will not be sufficiently protected or conserved and desired future conditions will not be met.

Table 9 summarizes the District’s compliance with the statutory requirements audited.

Table 9

Mesa Underground Water Conservation District’s Compliance with Texas Water Code Requirements <sup>a</sup> Fiscal Year 2018		
Texas Water Code Requirement	Compliance	Additional Information
Board Meetings	Fully Complied	The District complied with all requirements.
District Rules	Fully Complied	The District complied with all requirements.
District Policies	Partially Complied	The District did not adopt in writing a policy for the selection, monitoring, or review and evaluation of professional services during fiscal year 2018.
Joint Planning	Fully Complied	The District complied with all requirements.
Annual Financial Audit	Fully Complied	The District complied with all requirements.
Annual Budget	Fully Complied	The District complied with all requirements.
Employee Bonds	Fully Complied	The District complied with all requirements.



**Mesa Underground Water Conservation District's Compliance with Texas Water Code Requirements <sup>a</sup>**  
**Fiscal Year 2018**

Texas Water Code Requirement	Compliance	Additional Information
Board Member Bonds	Fully Complied	The District complied with all requirements.
Bank Depository Expenditures	Fully Complied	The District complied with all requirements.

<sup>a</sup> Texas Water Code, Chapter 36, statutory requirements:

**Board Meetings:** The board is required to provide notice of and conduct meetings at least quarterly (Texas Water Code, Section 36.064). 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, Section 36.053). The board also is required to maintain 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), 36.111 through 36.113, 36.1145, 36.201, and 36.454(a) and (b)).

**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 and (2) establishing an audit or finance committee.

**Joint Planning:** The district is required to meet annually with other districts in the groundwater management area in which it is located to review districts' management plans, to review accomplishments of the groundwater management area, and 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 financial statement 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, or 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)).

**Bank Depository and Expenditures:** 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, excluding federal reserve wire transfers or electronic fund transfers (Texas Water Code, Section 36.151). A director is entitled to receive fees of office of not more than \$250 a day for each day the director actually spends performing the duties of a director. The fees of office may not exceed \$9,000 a year (Texas Water Code, Section 36.060(a)). 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)).

## Recommendations

The Mesa Underground Water Conservation District should:

- Perform all actions required by its management plan. Specifically, it should:
  - ♦ Read the water use measurement devices more than two times during the year.
  - ♦ Send a report to the producers indicating the water use for each of the measurement periods in addition to a cumulative total for a year-to-date usage total.
  - ♦ Annually operate a rainfall observation program.

- ♦ Record the hours used to prepare the annual water level monitoring report.
- ♦ Present the average drawdown results, the cumulative average annual drawdown results, and the estimate of annual water usage within the District to the board of directors within the required time frame.
- 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.

### **Management's Response**

*In review of the Draft Audit report, it is of the opinion of staff and management that the report reflects the actions of Mesa UWCD during FYI 2018. Mesa UWCD management does agree with the findings presented in the initial draft audit report. Mesa UWCD also agrees with all recommendations and has implemented changes in the current and approved Management Plan to help better achieve these goals and objectives. Mesa UWCD also agrees and is in development of policies to meet statutory requirements. Mesa UWCD Board of Directors and staff started this process in February 2019 with implementation and approval of the Districts new management plan.*

*The management plan in place at the time of the audit lacked for any flexibility in regards to certain circumstances that would prevent the staff from achieving this objective. Locating devices proved difficult. Unusual weather lengthened the growing season with the cotton harvest taking longer than anticipated. Mesa UWCD felt that staying out of the fields was the appropriate at this time to allow crops be harvested. Late rains in September and October also pushed measuring the flow meter devices for the Aquifer Evaluation Program into late October, early November. Mesa UWCD also agrees with the recommendations and has implemented changes in the current and approved Management Plan to help better achieve these goals and objectives.*

*The hours of consultant work were later submitted to the staff as further support of the diligence and dedication of achieving the Management Plan goals set forth by Mesa UWCD along with the help of RMBJ Geo, Inc. Mesa UWCD also agrees with the recommendations and has implemented changes in the current and approved Management Plan to help better achieve these goals and objectives.*

*Mesa UWCD Board members were consistently updated with readings and updated on progress and completion and the Monitoring Well Program. The presentation of the hydrological data and updates was presented in July along with graph and charts. The purpose of this presentation was a visual display of data that was collected to show useful information of Mesa UWCD meeting its Desired Future Condition. The District participates in joint planning in GMA 2. On October 19, 2016, the GMA adopted a new DFC for the Ogallala and Edwards Trinity Aquifer. The current DFC is that there be no more than 23 -27' of average drawdown in all of GMA 2 from 2012 -2070. Mesa UWCD's portion of that is that be no more than an average drawdown of 34' in that same time period. Because the DFC in the whole GMA changed, the evaluation criteria changed from the water budget to an analysis of average decline. This analysis was performed by the District's consultants and presented to the Board on July 18, 2018. The District is aware this is not the same as what is outlined in Management Objective 5.3a, and because of this and several other goals and management objectives have updated and readopted their Management Plan. The District's new management plan was adopted Feb 13, 2019 in compliance with our 5-year schedule of adoption. Mesa UWCD also agrees with the recommendations and has implemented changes in the current and approved Management Plan to help better achieve these goals and objectives.*

**Barton Springs/Edwards Aquifer Conservation District Fully or Partially Achieved All of Its Management Plan Goals and Fully Complied with a Majority of the Statutory Requirements**

Barton Springs/Edwards Aquifer Conservation District (District) fully achieved 5 (71 percent) of 7 applicable management plan goals during fiscal year 2018. Additionally, it partially achieved 2 (29 percent) of 7 management plan goals.

The District fully complied with 8 (89 percent) of 9 applicable statutory requirements audited and partially complied with the remaining requirement.

Chapter 4-A

**Barton Springs/Edwards Aquifer Conservation District Fully or Partially Achieved All of Its Management Plan Goals**

The District fully achieved 5 (71 percent) and partially achieved 2 (29 percent) of 7 applicable management plan goals in its groundwater management plan during fiscal year 2018.

**Chapter 4-A  
Rating:  
Low <sup>14</sup>**

The District fully achieved the following five management plan goals:

- Controlling and preventing waste of groundwater.
- Addressing conjunctive surface water management issues.<sup>15</sup>
- Addressing natural resource issues.
- Addressing conservation.
- Addressing the desired future conditions adopted.<sup>16</sup>

Selected Financial Information for Fiscal Year 2018	
<u>Assets and Liabilities</u>	
Total Assets	\$1,761,176
Total Liabilities	\$282,171
<u>Revenues and Expenditures</u>	
Total Revenues	\$1,789,756
Total Expenses	\$1,845,398
Source: These amounts were from the District's annual audited financial statements for the District's fiscal year ending August 31, 2018.	

<sup>14</sup> The risk related to the issues discussed in Chapter 4-A is rated as Low because the audit identified strengths that support the audited entity's ability to administer the program(s)/functions(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

<sup>15</sup> Texas Water Code, Section 36.001(21), defines conjunctive use as the combined use of groundwater and surface water sources that optimizes the beneficial characteristics of each source.

<sup>16</sup> Texas Water Code, Section 36.108, requires groundwater conservation districts within the same groundwater management area to perform joint planning activities that include the adoption of desired future conditions for the groundwater management area. Texas Water Code, Section 36.001(30), defines desired future conditions as the desired conditions of the groundwater resources in a management area at one or more specified future times.

The District partially achieved the following two management plan goals:

- Providing the most efficient use of groundwater.
- Addressing drought conditions.

Failure to fully achieve all management plan goals increases the risk that the District will not adequately preserve, conserve, or prevent the waste of groundwater resources.

For each applicable goal in its approved groundwater management plan, the District developed objectives and performance standards that described the activities the District must perform to achieve each goal. Table 10 provides additional information.

Table 10

<b>Barton Springs/Edwards Aquifer Conservation District Achievement of Groundwater Management Plan Objectives</b>		
Goal and Objective Audited	Achieved?	Additional Information
<b>Goal 1: Providing the Most Efficient Use of Groundwater Partially Achieved</b>		
<u>Objective 1:</u> Provide and maintain on an ongoing basis a sound statutory, regulatory, financial, and policy framework for continued District operations and programmatic needs.		
<u>Performance Standard:</u> a. Develop, implement, and revise as necessary, the District Management Plan in accordance with state law and requirements. Each year, the Board will evaluate progress towards satisfying the District goals. A summary of the Board evaluation and any updates or revisions to the management plan will be provided in the annual report. b. Review and modify District Rules as warranted to provide and maintain a sound statutory basis for continued District operations and to ensure consistency with both District authority and programmatic needs. A summary of any rule amendments adopted in the previous fiscal year will be included in the annual report.	Yes	
<u>Objective 2:</u> Monitor aggregated use of various types of water wells in the District, as feasible and appropriate, to assess overall groundwater use and trends on a continuing basis.		
<u>Performance Standard:</u> Monitor annual withdrawals from all nonexempt wells through required monthly or annual meter reports to ensure that groundwater is used as efficiently as possible for beneficial use. A summary of the volume of aggregate groundwater withdrawals permitted and actually produced from permitted wells for each Management Zone and permit type will be provided in the annual report.	Yes	
<u>Objective 3:</u> Evaluate quantitatively at least every five years the amount of groundwater withdrawn by exempt wells in the District to ensure an accurate accounting of total withdrawals in a water budget that includes both regulated and non-regulated withdrawals, so that appropriate groundwater management actions are taken.		

**Barton Springs/Edwards Aquifer Conservation District**  
**Achievement of Groundwater Management Plan Objectives**

Goal and Objective Audited	Achieved?	Additional Information
<p><u>Performance Standard:</u></p> <p>a. Provide an estimate of groundwater withdrawn by exempt wells in the District using TDLR [Texas Department of Licensing and Regulation] and TWDB [Texas Water Development Board] databases and District well records, and update the estimate every five years with the District's management plan updates.</p> <p>b. In the interim years between management updates, the most current estimates of exempt well withdrawals will be included in a summary of the volume aggregate groundwater withdrawals permitted and actually produced from permitted wells for each Management Zone and permit type that will be provided in the annual report.</p>	Partially	Performance Standard b: The production summary did not include estimates of exempt well withdrawals.
<p><u>Objective 4:</u> Develop and maintain programs that inform and educate citizens of all ages about groundwater and springflow-related matters, which affect both water supplies and salamander ecology.</p>		
<p><u>Performance Standard:</u></p> <p>a. Publicize District drought trigger status (Barton Springs 10-day average discharge and Lovelady Monitor Well water level) in monthly eNews bulletins and continuously on the District website.</p> <p>b. Provide summaries of associated outreach and education programs, events, workshops, and meetings in the monthly team activity reports in the publicly-available Board backup.</p> <p>c. A summary of outreach activities and estimated reach will be provided in the annual report.</p>	Yes	
<p><u>Objective 5:</u> Ensure responsible and effective management of District finances such that the District has the near-term and long-term financial means to support its mission.</p>		
<p><u>Performance Standard:</u> Receive a clean financial audit each year. A copy of the auditor's report will be included in the annual report. Timely develop and approve fiscal-year budgets and amendments. The dates for public hearings and Board approval of the budget and any amendments will be provided in the annual report.</p>	Yes	
<p><u>Objective 6:</u> Provide efficient administrative support and infrastructure, such that District operations are executed reliably and accurately, meet staff and local stakeholder needs, and conform to District policies and with federal and state requirements.</p>		
<p><u>Performance Standard:</u></p> <p>a. Maintain, retain, and control all District records in accordance with the Texas State Library and Archives Commission-approved District Records Retention Schedule to allow for safekeeping and efficient retrieval of any and all records, and annually audit records for effective management of use, maintenance, retention, preservation, and disposal of the records' life cycle as required by the Local Government Code. A summary of records requests received under the PIA [Public Information Act], any training provided to staff or directors, or any claims of violation of the Public Information Act will be provided in the annual report.</p> <p>b. Develop, post, and distribute District Board agendas, meeting materials, and backup documentation in a timely and required manner; post select documents on the District website, and maintain official records, files, and minutes of Board meetings appropriately. A summary of training provided to staff or directors or any claims of violation of the Open Meetings Act will be provided in the annual report.</p>	Partially	Performance Standard b: The annual report did not provide a summary of training provided to staff or directors or any claims of violation of the Open Meetings Act.

**Barton Springs/Edwards Aquifer Conservation District  
Achievement of Groundwater Management Plan Objectives**

Goal and Objective Audited	Achieved?	Additional Information
<b>Objective 7:</b> Manage and coordinate electoral process for Board members.		
<u>Performance Standard:</u> Ensure elections process is conducted and documented in accordance with applicable requirements and timelines. Elections documents will be maintained on file and a summary of elections-related dates and activities will be provided in the annual report for years when elections occur.	Yes	
<b>Goal 2: Controlling and Preventing Waste of Groundwater Fully Achieved</b>		
<b>Objective 1:</b> Require all newly drilled exempt and nonexempt wells, and all plugged wells to be registered and to comply with applicable District Rules, including Well Construction Standards.		
<u>Performance Standard:</u> A summary of the number and type of applications processed and approved for authorizations, permits, and permit amendments including approved use types and commensurate permit volumes for production permits and amendments will be provided in the annual report.	Yes	
<b>Objective 2:</b> Ensure permitted wells and well systems are operated as intended by requiring reporting of periodic meter readings, making periodic inspections of wells, and reviewing pumpage compliance at regular intervals that are meaningful with respect to the existing aquifer conditions.		
<u>Performance Standard:</u> a. Inspect all new wells for compliance with the Rules, and Well Construction Standards, and provide a summary of the number and type of inspections or investigations in the annual report. b. Provide a summary of the volume of aggregate groundwater withdrawals permitted and actually produced from permitted wells for each Management Zone and permit type in the annual report.	Yes	
<b>Objective 3:</b> Provide leadership and technical assistance to government entities, organizations, and individuals affected by groundwater-utilizing land use activities, including support of or opposition to legislative initiatives or projects that are inconsistent with this objective.		
<u>Performance Standard:</u> a. In even-numbered fiscal years, provide a summary of interim legislative activity and related District efforts in the annual report. In odd-numbered fiscal years, provide a legislative debrief to the Board on bills of interest to the District and provide a summary in the annual report. b. Provide a summary of District activity related to other land use activities affecting groundwater in the annual report.	Yes	
<b>Objective 4:</b> Ensure all firm-yield production permits are evaluated with consideration given to the demand-based permitting standards including verification of beneficial use that is commensurate with reasonable non-speculative demand.		
<u>Performance Standard:</u> A summary of the number and type of applications processed and approved for authorizations, permits, and permit amendments including approved use types and commensurate permit volumes for production permits and amendments will be provided in the annual report.	Yes	
<b>Goal 3: Controlling and Preventing Subsidence <sup>a</sup></b>		
According to the District's groundwater management plan, "This category of management goal is not considered applicable to the District because the formations making up the aquifers of use are consolidated with little potential for subsidence within the District as a result of groundwater usage. Mace et al., (1994) studies the potential for subsidence resulting from the significant historical level declines observed in the northern Trinity Aquifer in Central Texas. They concluded that even in the confined portions of the aquifer, where the largest declines have occurred, the subsidence expected would be only a small amount that would take a very long time to manifest itself."		

**Barton Springs/Edwards Aquifer Conservation District  
Achievement of Groundwater Management Plan Objectives**

Goal and Objective Audited	Achieved?	Additional Information
<b>Goal 4: Addressing Conjunctive Surface Water Management Issues Fully Achieved</b>		
<u>Objective 1:</u> Assess the physical and institutional availability of existing regional surface water and alternative groundwater supplies and the feasibility of those sources as viable supplemental or substitute supplies for District groundwater users.		
<u>Performance Standard:</u> Identify available alternative water resources and supplies that may facilitate source substitution and reduce demand on the Edwards Aquifer, while increasing regional water supplies, and evaluate feasibility by considering: <ol style="list-style-type: none"> <li>1. available/proposed infrastructure,</li> <li>2. financial factors,</li> <li>3. logistical/engineering factors, and</li> <li>4. potential secondary impacts (development density/intensity or recharge water quality).</li> </ol> A summary of District activity related to this objective will be provided in the annual report.	Yes	
<u>Objective 2:</u> Encourage and assist District permittees to diversify their water supplies by assessing the feasibility of alternative water supplies and fostering arrangements with currently available alternative water suppliers.		
<u>Performance Standard:</u> Identify available alternative water resources and supplies that may facilitate source substitution and reduce demand on the Edwards Aquifer, while increasing regional water supplies, and evaluate feasibility by considering: <ol style="list-style-type: none"> <li>1. available/proposed infrastructure,</li> <li>2. financial factors,</li> <li>3. logistical/engineering factors, and</li> <li>4. potential secondary impacts (development density/intensity or recharge water quality).</li> </ol> A summary of District activity related to this objective will be provided in the annual report.	Yes	
<u>Objective 3:</u> Demonstrate the importance of the relationship between surface water and groundwater, and the need for implementing prudent conjunctive use through educational programs with permittees and public outreach programs.		
<u>Performance Standard:</u> <ol style="list-style-type: none"> <li>a. Provide summaries of associated outreach and education programs, events, workshops, and meetings in the monthly team activity reports in the publicly-available Board backup.</li> <li>b. Summarize outreach activities and estimate reach in the annual report.</li> </ol>	Yes	
<u>Objective 4:</u> Actively participate in the regional water planning process to provide input into policies, planning elements, and activities that affect the aquifers managed by the District.		
<u>Performance Standard:</u> Regularly attend regional water planning group meetings and annually report on meetings attended.	Yes	
<b>Goal 5: Addressing Natural Resource Issues Fully Achieved</b>		
<u>Objective 1:</u> Assess ambient conditions in District aquifers on a recurring basis by: <ol style="list-style-type: none"> <li>1. sampling and collecting groundwater data from selected wells and springs monthly;</li> </ol>		



**Barton Springs/Edwards Aquifer Conservation District**  
**Achievement of Groundwater Management Plan Objectives**

Goal and Objective Audited	Achieved?	Additional Information
<p>2. conducting scientific investigations as indicated by new data and models to better determine groundwater availability for the District aquifers; and</p> <p>3. conducting studies as warranted to help increase understanding of the aquifers and, to the extent feasible, detect possible threats to water quality and evaluate their consequences.</p>	Yes	
<p><u>Performance Standard:</u></p> <p>a. Review water-level and water-quality data that are maintained by the District and/or TWDB, or other agencies, on a regular basis.</p> <p>b. Improve existing analytical or numerical models or work with other organizations on analytical or numerical models that can be applied to the aquifers in the District.</p> <p>c. A review of the data mentioned above will be assessed for significant changes and reported in the annual report.</p>	Yes	
<p><u>Objective 2:</u> Evaluate site-specific hydrogeologic data from applicable production permits to assess potential impact of withdrawals to groundwater quantity and quality, public health and welfare, contribution to waste, and unreasonable well interference.</p>		
<p><u>Performance Standard:</u> This involves evaluations of certain production permit applications for the potential to cause unreasonable impacts as defined by District rule. To evaluate the potential for unreasonable impacts, staff will:</p> <p>1. Perform a technical evaluation of the application, aquifer test, and hydrogeological report;</p> <p>2. Use best available science and analytical tools to estimate amount of drawdown from pumping and influence on other water resources; and</p> <p>3. Recommend proposed permit conditions to the Board for avoiding unreasonable impacts if warranted.</p> <p>A list of permit applications that are determined to have potential for unreasonable impacts will be provided in the annual report.</p>	Yes	
<p><u>Objective 3:</u> Implement separate management zones and, as warranted, different management strategies to address more effectively the groundwater management needs for the various aquifers in the District.</p>		
<p><u>Performance Standard:</u></p> <p>a. Increase the understanding of District aquifers by assessing aquifer conditions, logging wells, and collecting water quality data. A summary of the number of water quality samples performed will be provided in the annual report.</p> <p>b. A summary of the volume of aggregate groundwater withdrawals permitted and actually produced from permitted wells for each Management Zone and permit type will be provided in the annual report.</p>	Yes	
<p><u>Objective 4:</u> Actively participate in the joint planning processes for the relevant aquifers in the District to establish and refine Desired Future Conditions (DFCs) that protect the aquifers and the Covered Species of the District HCP [Habitat Conservation Plan].</p>		
<p><u>Performance Standard:</u> Attend at least 75% of the GMA [Groundwater Management Area] meetings and annually report on meetings attended, GMA decisions on DFCs, and other relevant GMA business.</p>	Yes	
<p><u>Objective 5:</u> Implement the measures of the District Habitat Conservation Plan (HCP) and Incidental Take Permit (ITP) from the U.S. Fish &amp; Wildlife Service (USFWS) for the covered species and covered activity to support the biological goals and objectives of the HCP.</p>		

**Barton Springs/Edwards Aquifer Conservation District**  
**Achievement of Groundwater Management Plan Objectives**

Goal and Objective Audited	Achieved?	Additional Information
<p><u>Performance Standard:</u> Prior to ITP permit issuance, a progress report summarizing activities related to the USFWS review of the ITP application will be provided in the annual report. Upon ITP issuance, the HCP annual report documenting the District's activities and compliance with ITP permit requirements will be incorporated into the annual report by reference.</p>	Yes	
<b>Goal 6: Addressing Drought Conditions</b> <b>Partially Achieved</b>		
<p><u>Objective 1:</u> Adopt and keep updated a science-based drought trigger methodology, and frequently monitor drought stages on the basis of actual aquifer conditions, and declare drought conditions as determined by analyzing data from the District's defined drought triggers and from existing and such other new drought-declaration factors, especially the prevailing DO [dissolved oxygen] concentration trends at the spring outlets, as warranted.</p>		
<p><u>Performance Standard:</u></p> <p>a. During periods of District-declared drought, prepare a drought chart at least monthly to report the stage of drought and the conditions that indicate that stage of drought. During periods of nondrought, prepare the drought charts at least once every three months.</p> <p>b. A summary of the drought indicator conditions and any declared drought stages and duration will be provided in the annual report.</p>	Yes	
<p><u>Objective 2:</u> Implement a drought management program that step-wise curtails freshwater Edwards Aquifer use to at least 50% by volume of 2014 authorized aggregate monthly use during Extreme Drought, and that designs/uses other programs that provide an incentive for additional curtailments where possible. For all other aquifers, implement a drought management program that requires mandatory monthly pumpage curtailments during District-declared drought stages.</p>		
<p><u>Performance Standard:</u> During District-declared drought, enforce compliance with drought management rules to achieve overall monthly pumpage curtailments within 10% of the aggregate curtailment goal of the prevailing drought stage. A monthly drought compliance report for all individual permittees will be provided to the Board during District-declared drought, and a summary will be included in the annual report.</p>	Yes	
<p><u>Objective 3:</u> Inform and educate permittees and other well owners about the significance of declared drought stages and the severity of drought, and encourage practices and behaviors that reduce water use by a stage appropriate amount.</p>		
<p><u>Performance Standard:</u></p> <p>a. During District-declared drought, publicize declared drought stages and associated demand reduction targets in monthly eNews bulletins and continuously on the District website.</p> <p>b. A summary of drought and water conservation related newsletter articles, press releases, and drought updates sent to Press, Permittees, Well Owners and eNews subscribers will be provided in the annual report.</p>	Yes	
<p><u>Objective 4:</u> Assist and, where feasible, incentivize individual freshwater Edwards Aquifer historic-production permittees in developing drought planning strategies to comply with drought rules, including:</p> <ol style="list-style-type: none"> <li>1. pumping curtailments by drought stage to at least 50% of the 2014 authorized use during Extreme Drought,</li> <li>2. "right-sizing" authorized use over the long term to reconcile actual water demands and permitted levels, and</li> <li>3. as necessary and with appropriate conditions, the source substitution with alternative supplies.</li> </ol>		
<p><u>Performance Standard:</u></p> <p>a. Require an updated UCP/UDCP [User Drought Condition Program] from Permittees within one year of each five-year Management Plan Adoption.</p>	No	Performance Standard a: The District did not require an updated UCP/UDCP from Permittees within one year of each five-year Management Plan Adoption.

**Barton Springs/Edwards Aquifer Conservation District  
Achievement of Groundwater Management Plan Objectives**

Goal and Objective Audited	Achieved?	Additional Information
b. Provide a summary of any activity related to permit right sizing or source substitution with alternative supplies that may reduce demand on the freshwater Edwards Aquifer in the annual report.		Performance Standard b: The annual report did not include a summary related to right-sizing or source substitution. While the District stated that it included information related to this performance standard, that information was not explicitly presented in the annual report to demonstrate achievement of the performance standard.
<b>Objective 5:</b> Implement a Conservation Permit that is held by the District and accumulates and preserves withdrawals from the freshwater Edwards Aquifer that were previously authorized with historic-use status and that is retired or otherwise additionally curtailed during severe drought, for use as ecological flow at Barton Springs during Extreme Drought and thereby increase springflow for a given set of hydrologic conditions.		
<b>Performance Standard:</b> A summary of the volume of aggregate groundwater withdrawals permitted and actually produced from permitted wells for each Management Zone and permit type including the volume reserved in the freshwater Edwards Conservation Permit for ecological flows will be provided in the annual report.	Yes	
<b>Goal 7: Addressing Conservation (Addressing conservation, recharge enhancement, rainwater harvesting, precipitation enhancement, or brush control, where appropriate and cost-effective) Fully Achieved</b>		
<b>Conservation and Rainwater Harvesting Objective 1:</b> Develop and maintain programs that inform, educate, and support District permittees in their efforts to educate their end-user customers about water conservation and its benefits, and about drought-period temporary demand reduction measures.		
<b>Performance Standard:</b> a. A summary of efforts to assist permittees in developing drought and conservation messaging strategies will be provided in annual report. b. Publicize declared drought stages and associated demand reduction targets monthly in eNews bulletins and continuously on the District website.	Yes	
<b>Conservation and Rainwater Harvesting Objective 2:</b> Encourage use of conservation-oriented rate structures by water utility permittees to discourage egregious water demand by individual end-users during declared drought.		
<b>Performance Standard:</b> On an annual basis, the District will provide an informational resource or reference document to all Public Water Supply permittees to serve as resources related to conservation best management strategies and conservation-oriented rate structures.	Yes	
<b>Conservation and Rainwater Harvesting Objective 3:</b> Develop and maintain programs that educate and inform District groundwater users and constituents of all ages about water conservation practices and the use of alternate water sources such as rainwater harvesting, gray water, and condensate reuse.		
<b>Performance Standard:</b> Summarize water conservation related newsletter articles, press releases, and events in the annual report. Summary will describe the preparation and dissemination of materials shared with District groundwater users and area residents that inform them about water conservation and alternate water sources.	Yes	
<b>Recharge Enhancement Objective 1:</b> Improve recharge to the freshwater Edwards Aquifer by conducting studies and, as feasible and allowed by law, physically altering (cleaning, enlarging, protecting, diverting surface water to) discrete recharge features that will lead to an increase in recharge and water in storage beyond what otherwise would exist naturally.		
<b>Performance Standard:</b> Maintaining the functionality of the Antioch system will be the principal method for enhancing recharge to the freshwater Edwards Aquifer. Additional	Yes	

Barton Springs/Edwards Aquifer Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
activities may be excavating sinkholes and caves within the District. A summary of all recharge improvement activities will be provided in the annual report.		
<u>Recharge Enhancement Objective 2:</u> Conduct technical investigations and, as feasible, assist water-supply providers in implementing engineered enhancements to regional supply strategies, including desalination, aquifer storage and recovery, effluent reclamation and re-use, and recharge enhancement of surface water (including floodwater) to increase the options for water-supply substitution and reduce dependence on the Aquifer.		
<u>Performance Standard:</u> Assess progress toward enhancing regional water supplies in the annual report.	Yes	
Goal 8: Addressing the Desired Future Conditions Adopted Fully Achieved		
<u>Objective 1:</u> Freshwater Edwards Aquifer All-Conditions DFC: Adopt rules that restrict, to the greatest extent practicable, the total amount of groundwater authorized to be withdrawn annually from the Aquifer to an amount that will not substantially accelerate the onset of drought conditions in the Aquifer; this is established as a running seven-year average springflow at Barton Springs of no less than 49.7 cfs [cubic feet per second] during average recharge conditions.		
<u>Performance Standard:</u> a. A summary of the volume of aggregate groundwater withdrawals permitted and actually produced from permitted wells for each Management Zone and permit type will be provided in the annual report. b. Upon ITP issuance, the HCP annual report documenting the District's activities and compliance with ITP permit requirements will be incorporated into the annual report by reference. c. Upon ITP issuance, compile a summary of aquifer data including: 1) the frequency and duration of District-declared drought, 2) levels of the Aquifer as measured by springflow and indicator wells (including temporal and spatial variations), and 3) total annual and daily discharge from Barton Springs will be provided in the annual report.	Yes	
<u>Objective 2:</u> Freshwater Edwards Aquifer Extreme Drought DFC: Adopt rules that restrict, to the greatest extent practicable and as legally possible, the total amount of groundwater withdrawn monthly from the Aquifer during Extreme Drought conditions in order to minimize take and avoid jeopardy of the Covered Species as a result of the Covered Activities, as established by the best science available. This is established as a limitation on actual withdrawals from the Aquifer to a total of no more than 5.2 cfs on an average annual (curtailed) basis during Extreme Drought, which will produce a minimum springflow of not less than 6.5 cfs during a recurrence of the drought of record (DOR).		
<u>Performance Standard:</u> a. A summary of the volume of aggregate groundwater withdrawals permitted and actually produced from permitted wells for each Management Zone and permit type will be provided in the annual report. b. Upon ITP issuance, the HCP annual report documenting the District's activities and compliance with ITP permit requirements will be incorporated into the annual report by reference. c. Upon ITP issuance, compile a summary of aquifer data including: 1) the frequency and duration of District-declared drought, 2) levels of the Aquifer as measured by springflow and indicator wells (including temporal and spatial variations), and 3) total annual and daily discharge from Barton Springs will be provided in the annual report.	Yes	
<u>Objective 3:</u> Implement appropriate rules and measures to ensure compliance with District-adopted DFCs for each relevant aquifer or aquifer subdivision in the District.		

Barton Springs/Edwards Aquifer Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
<p><u>Performance Standard:</u> Develop and implement a cost-effective method for evaluating and demonstrating compliance with the DFCs of the relevant aquifers in the District, in collaboration with other GCDs [Groundwater Conservation District] in the GMAs. Prior to method implementation, provide a summary of activities related to method development in the annual report. Once developed, provide a summary of data for each District-adopted DFC for each relevant aquifer indicating aquifer conditions relative to the DFC and provide in the annual report.</p>	Yes	
<p><sup>a</sup> Texas Water Code, Section 36.001(10), defines subsidence as the lowering in elevation of the land surface caused by withdrawal of groundwater.</p>		

Chapter 4-B

**Barton Springs/Edwards Aquifer Conservation District Fully Complied with a Majority of the Statutory Requirements**

**Chapter 4-B Rating: Low<sup>17</sup>**

Texas Water Code, Chapter 36, specifies requirements for the manner in which groundwater conservation districts must operate. The District fully complied with 8 (89 percent) of 9 applicable Texas Water Code requirements audited. Those eight requirements were:

- Holding regular board meetings in accordance with statute.
- Adopting written district rules.
- Adopting written policies.
- Participating in joint planning meetings with other groundwater conservation districts within the same Groundwater Management Area.
- Obtaining an annual audit of the financial condition of the district.
- Preparing and obtaining board approval on an annual budget that includes a complete financial statement.
- Obtaining bonds for district board members.
- Obtaining bonds for district officers, employees, or consultants who are responsible for handling district funds.

<sup>17</sup> The risk related to the issues discussed in Chapter 4-B is rated as Low because the audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

The District partially complied with 1 (11 percent) of 9 applicable Texas Water Code requirements audited. That requirement was:

- Maintaining at least one bank as the official depository for district funds, obtaining dual signatures on fund disbursements in fiscal year 2018, and ensuring that payments made to board members are supported by a verified statement.

Failure to comply with applicable statutory requirements increases the risk that groundwater resources will not be sufficiently protected or conserved and desired future conditions will not be met.

Table 11 summarizes the District’s compliance with the statutory requirements audited.

Table 11

Barton Springs/Edwards Aquifer Conservation District’s Compliance with Texas Water Code Requirements <sup>a</sup>		
Fiscal Year 2018		
Texas Water Code Requirement	Compliance	Additional Information
Board Meetings	Fully Complied	The District complied with all requirements.
District Rules	Fully Complied	The District complied with all requirements.
District Policies	Fully Complied	The District complied with all requirements.
Joint Planning	Fully Complied	The District complied with all requirements.
Annual Financial Audit	Fully Complied	The District complied with all requirements.
Annual Budget	Fully Complied	The District complied with all requirements.
Employee Bonds	Fully Complied	The District complied with all requirements.
Board Member Bonds	Fully Complied	The District complied with all requirements.
Bank Depository and Expenditures	Partially Complied	The District maintained at least one bank as the official depository for District funds. However, in fiscal year 2018, the District did not always ensure that payments made to board members were supported by a verified statement.

<sup>a</sup> Texas Water Code, Chapter 36, statutory requirements:

**Board Meetings:** The board is required to provide notice of and conduct meetings at least quarterly (Texas Water Code, Section 36.064). 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, Section 36.053). The board also is required to maintain 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), 36.111 through 36.113, 36.1145, 36.201, and 36.454(a) and (b)).

**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 and (2) establishing an audit or finance committee.

**Joint Planning:** The district is required to meet annually with other districts in the groundwater management area in which it is located to review districts’ management plans, to review accomplishments of the groundwater management area, and to set desired future conditions for aquifers in the area (Texas Water Code, Section 36.108).

**Barton Springs/Edwards Aquifer Conservation District's Compliance with Texas Water Code Requirements <sup>a</sup>**

**Fiscal Year 2018**

Texas Water Code Requirement	Compliance	Additional Information
		<p><u>Annual Financial Audit</u>: The board is required to obtain an annual audit of the financial condition of the district (Texas Water Code, Section 36.153).</p> <p><u>Annual Budget</u>: The board is required to prepare and approve an annual budget including specified financial statement components (Texas Water Code, Section 36.154).</p> <p><u>Employee Bonds</u>: The district is required to obtain bonds in an amount determined by the board to be sufficient to safeguard the district for officers, employees, or consultants who collect, pay, or handle district funds (Texas Water Code, Section 36.057(d)).</p> <p><u>Board Member Bonds</u>: 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)).</p> <p><u>Bank Depository and Expenditures</u>: 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, excluding federal reserve wire transfers or electronic fund transfers (Texas Water Code, Section 36.151). A director is entitled to receive fees of office of not more than \$250 a day for each day the director actually spends performing the duties of a director. The fees of office may not exceed \$9,000 a year (Texas Water Code, Section 36.060(a)). 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)).</p>

### Recommendations

The Barton Springs/Edwards Aquifer Conservation District should:

- Perform all actions required by its groundwater management plan. Specifically, it should:
  - ◆ Include in its annual report a summary of exempt well withdrawals.
  - ◆ Include in its annual report a summary of training provided to staff or directors or any claims of violation of the Open Meetings Act, or address within its annual report whether any training provided to staff or directors or Open Meetings Act violation claims were applicable for the District.
  - ◆ Require updated User Drought Condition Programs (UCP/UDCPs) from permittees within one year of each five-year groundwater management plan adoption.
  - ◆ Include in its annual report a summary of activity related to permit right-sizing or source substitution with alternative water supplies.
- Ensure that payments made to board members are appropriately supported with verified statements 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.

## Management's Response

*The Barton Springs/Edwards Aquifer Conservation District (District) concurs with the SAO's findings and provides the following responses to the SAO's five recommendations as follows:*

- 1. The General Manager will include estimates for exempt well withdrawals in future annual reports.*
- 2. The General Manager will ensure inclusion of all staff and director trainings and summaries of any Open Meetings Act violations in future annual reports.*
- 3. The General Manager has recently requested that all permittees update their User Conservation Plans (UCPs) and User Drought Contingency Plans (UDCPs) as their current updated plans, effective November 2018 - which is one-year after the adoption date of the 2018 Management Plan. These updates will be completed by August 31, 2019. In future years, the General Manager will require an updated UCPs and UDCPs from permittees within one year of each subsequent five-year Management Plan adoption.*
- 4. The District's Fiscal Year 2018 Annual Report included mention of the District's alternative water supply initiatives such as working with Ruby Ranch Water Supply Corporation on aquifer storage and recovery (pages 10, 11) and the 2017 Rainwater Revival and Hill Country Living event (page 13), but the General Manager will identify these activities more explicitly as source substitution with alternative water supplies in future annual reports.*
- 5. The General Manager has already implemented a revised reimbursement form that has been formatted to have the members specify the dates spent in service and a general description of the duties performed for that date.*



## ***Calhoun County Groundwater Conservation District Fully Achieved All of Its Management Plan Goals and Fully Complied with a Majority of the Statutory Requirements***

Calhoun County Groundwater Conservation District (District) fully achieved all seven of its applicable management plan goals during fiscal year 2018.

Additionally, the District fully complied with 8 (89 percent) of 9 applicable statutory requirements audited and partially complied with the remaining requirement.

Chapter 5-A

### **Calhoun County Groundwater Conservation District Fully Achieved All of Its Management Plan Goals**

The District fully achieved the following seven management plan goals in its groundwater management plan during fiscal year 2018:

**Chapter 5-A  
Rating:  
Low<sup>18</sup>**

- Providing the most efficient use of groundwater.
- Controlling and preventing waste of groundwater.
- Addressing conjunctive surface water management issues.<sup>19</sup>
- Addressing natural resource issues.
- Addressing drought conditions.
- Addressing conservation.
- Addressing the desired future conditions adopted.<sup>20</sup>

<b>Selected Financial Information for Fiscal Year 2017</b>	
<u>Assets and Liabilities</u>	
Total Assets	\$528,115
Total Liabilities	\$2,093
<u>Revenues and Expenditures</u>	
Total Revenues	\$342,671
Total Expenses	\$112,793
<small>Source: These amounts were from the District's annual audited financial statements for the District's fiscal year ending September 30, 2017. The District had not prepared its financial statements for fiscal year 2018 at the time of this audit.</small>	

<sup>18</sup> The risk related to the issues discussed in Chapter 5-A is rated as Low because the audit identified strengths that support the audited entity's ability to administer the program(s)/functions(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

<sup>19</sup> Texas Water Code, Section 36.001(21), defines conjunctive use as the combined use of groundwater and surface water sources that optimizes the beneficial characteristics of each source.

<sup>20</sup> Texas Water Code, Section 36.108, requires groundwater conservation districts within the same groundwater management area to perform joint planning activities that include the adoption of desired future conditions for the groundwater management area. Texas Water Code, Section 36.001(30), defines desired future conditions as the desired conditions of the groundwater resources in a management area at one or more specified future times.

For each applicable goal in its approved groundwater management plan, the District developed objectives and performance standards that described the activities the District must perform to achieve each goal. Table 12 provides additional information.

Table 12

Calhoun County Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
<b>Goal 1: Providing the Most Efficient Use of Groundwater Fully Achieved</b>		
<u>Objective 1:</u> Develop and maintain a water well registration program for tracking well information for wells within Calhoun County.		
<u>Performance Standard:</u> Each year, the District will summarize within the annual report the changes related to water well registration including the number of non-grandfathered and grandfathered wells registered.	Yes	
<u>Objective 2:</u> Develop and maintain a water well permitting program for processing and tracking all permits authorizing groundwater production.		
<u>Performance Standard:</u> Each year, the District will summarize within the annual report the changes related to water well permitting including the number of new applications and the disposition of the applications.	Yes	
<b>Goal 2: Controlling and Preventing Waste of Groundwater Fully Achieved</b>		
<u>Objective 1:</u> Develop and maintain a water well inspection program for non-exempt wells.		
<u>Performance Standard:</u> Each year, the District will summarize within the annual report the findings of the inspection activities including information regarding the number of wells that require improvement to control or prevent waste of groundwater.	Yes	
<b>Goal 3: Controlling and Preventing Subsidence <sup>a</sup></b>		
According to the District's groundwater management plan, "This category of management goal is not applicable to the District at this time because no significant subsidence has occurred in Calhoun County. The District will monitor geological conditions for evidence of subsidence, particularly in high groundwater production areas near the coast and take appropriate action should subsidence develop."		
<b>Goal 4: Addressing Conjunctive Surface Water Management Issues Fully Achieved</b>		
<u>Objective 1:</u> Participate in the regional water planning process by attending at least one South Central Texas Regional Water Planning Group (Region L) meeting per year.		
<u>Performance Standard:</u> Each year, the District will summarize within the annual report the representatives of the District, dates, and the number of meetings of the South Central Texas Regional Water Planning Group attended.	Yes	
<b>Goal 5: Addressing Natural Resource Issues Fully Achieved</b>		
<u>Objective 1:</u> Develop and maintain a water quality monitoring program.		
<u>Performance Standard:</u> Each year, the District will summarize within the annual report the monitoring activities including the number of wells monitored and the year-to-year change of water quality.	Yes	

**Calhoun County Groundwater Conservation District  
Achievement of Groundwater Management Plan Objectives**

Goal and Objective Audited	Achieved?	Additional Information
<b>Goal 6: Addressing Drought Conditions Fully Achieved</b>		
<u>Objective 1:</u> Collect and review drought condition information related to Calhoun County and the surrounding region of Texas.		
<u>Performance Standard:</u> Each year, the District will summarize within the annual report the drought condition information collected and reviewed.	Yes	
<b>Goal 7: Addressing Conservation (Addressing conservation, recharge enhancement, rainwater harvesting, precipitation enhancement, or brush control, where appropriate and cost-effective) Fully Achieved</b>		
<u>Objective 1:</u> Promote conservation, rainwater harvesting or brush control within Calhoun County.		
<u>Performance Standard:</u> Each year, the District will summarize within the annual report the activities directly related to conservation, rainwater harvesting or brush control including participation in scientific investigations and studies, educational materials developed and delivered to local schools, cooperative educational contributions and grants, public speaking events and presentations, community event participation, and educational publications. Recharge enhancement and precipitation enhancement are deemed to be not appropriate or cost-effective programs for the District at this time because there are no existing recharge enhancement or precipitation enhancement programs operating in nearby counties in which the District could participate and share costs. The costs of operating a single-county recharge enhancement or precipitation enhancement program are prohibitive and would require the District to increase taxes. Therefore, these goals are not applicable to the District at this time.	Yes	
<b>Goal 8: Addressing the Desired Future Conditions Adopted Fully Achieved</b>		
<u>Objective 1:</u> Develop and maintain a water level monitoring program.		
<u>Performance Standard:</u> Each year, the District will summarize within the annual report the water level monitoring activities including the number of wells monitored and the year-to-year change of water level.	Yes	
<u>Objective 2:</u> Analyze water level monitoring information to evaluate water level trends and determine the degree to which the District is complying with the desired future conditions of Gulf Coast Aquifer in Calhoun County.		
<u>Performance Standard:</u> Each year, the District will summarize within the annual report the water level trends and the conclusions regarding the District's compliance with the desired future condition of the Gulf Coast Aquifer in Calhoun County.	Yes	
<sup>a</sup> Texas Water Code, Section 36.001(10), defines subsidence as the lowering in elevation of the land surface caused by withdrawal of groundwater.		

## Calhoun County Groundwater Conservation District Fully Complied with a Majority of the Statutory Requirements

Texas Water Code, Chapter 36, specifies requirements for the manner in which groundwater conservation districts must operate. The District fully complied with 8 (89 percent) of 9 applicable Texas Water Code requirements audited. Those eight requirements were:

Chapter 5-B  
Rating:  
Low <sup>21</sup>

- Holding regular board meetings in accordance with statute.
- Adopting written district rules.
- Adopting written policies.
- Participating in joint planning meetings with other groundwater conservation districts within the same Groundwater Management Area.
- Obtaining an annual audit of the financial condition of the district.
- Preparing and obtaining board approval on an annual budget that includes a complete financial statement.
- Obtaining bonds for district board members.
- Maintaining at least one bank as the official depository for district funds, obtaining dual signatures on fund disbursements in fiscal year 2018, and ensuring that payments made to board members are supported by a verified statement.

The District partially complied with 1 (11 percent) of 9 applicable Texas Water Code requirements audited. That requirement was:

- Obtaining bonds for district officers, employees, or consultants who are responsible for handling district funds.

Failure to comply with applicable statutory requirements increases the risk that groundwater resources will not be sufficiently protected or conserved and desired future conditions will not be met.

Table 13 on the next page summarizes the District's compliance with the statutory requirements audited.

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<sup>21</sup> The risk related to the issues discussed in Chapter 5-B is rated as Low because the audit identified strengths that support the audited entity's ability to administer the program(s)/functions(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

Table 13

Calhoun County Groundwater Conservation District's Compliance with Texas Water Code Requirements <sup>a</sup>		
Fiscal Year 2018		
Texas Water Code Requirement	Compliance	Additional Information
Board Meetings	Fully Complied	The District complied with all requirements.
District Rules	Fully Complied	The District complied with all requirements.
District Policies	Fully Complied	The District complied with all requirements.
Joint Planning	Fully Complied	The District complied with all requirements.
Annual Financial Audit	Fully Complied	The District complied with all requirements. It should be noted that auditors reviewed the District's fiscal year 2017 audit because its fiscal year 2018 annual audit had not been completed at the time of the audit.
Annual Budget	Fully Complied	The District complied with all requirements.
Employee Bonds	Partially Complied	The District did not obtain a bond for one consultant who had the ability to collect, pay, or handle District funds during fiscal year 2018.
Board Member Bonds	Fully Complied	The District complied with all requirements.
Bank Depository and Expenditures	Fully Complied	The District complied with all requirements.

<sup>a</sup> Texas Water Code, Chapter 36, statutory requirements:

**Board Meetings:** The board is required to provide notice of and conduct meetings at least quarterly (Texas Water Code, Section 36.064). 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, Section 36.053). The board also is required to maintain 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), 36.111 through 36.113, 36.1145, 36.201, and 36.454(a) and (b)).

**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 and (2) establishing an audit or finance committee.

**Joint Planning:** The district is required to meet annually with other districts in the groundwater management area in which it is located to review districts' management plans, to review accomplishments of the groundwater management area, and 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 financial statement 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, or 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)).

**Bank Depository and Expenditures:** 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, excluding federal reserve wire transfers or electronic fund transfers (Texas Water Code, Section 36.151). A director is entitled to receive fees of office of not more than \$250 a day for each day the director actually spends performing the duties of a director. The fees of office may not exceed \$9,000 a year (Texas Water Code, Section 36.060(a)). 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)).

## **Recommendation**

The Calhoun County Groundwater Conservation District should ensure it obtains surety bonds for all applicable officers, employees, or consultants who collect, pay, or handle District funds, in an amount determined by the board to be sufficient to safeguard the District.

## **Management's Response**

*The District agrees with the State Auditor's Office that the District should obtain sufficient bonds to safeguard the District from any officer, employee, or consultant who collects, pays, or handles any funds of the district. The District presently has, and will in the future, ensure that there will be sufficient bonds from all officers, employees, and consultants who collect, pay, or handle funds of the District, in order to safeguard the District.*

## **Gonzales County Underground Water Conservation District Fully or Partially Achieved All of Its Management Plan Goals and Fully Complied with All Statutory Requirements**

Gonzales County Underground Water Conservation District (District) fully achieved 6 (86 percent) of 7 applicable management plan goals during fiscal year 2018. Additionally, it partially achieved 1 (14 percent) of 7 management plan goals.

The District fully complied with all nine applicable statutory requirements audited.

Chapter 6-A

### **Gonzales County Underground Water Conservation District Fully or Partially Achieved All of Its Management Plan Goals**

The District fully achieved 6 (86 percent) and partially achieved 1 (14 percent) of 7 applicable management plan goals in its groundwater management plan during fiscal year 2018.

**Chapter 6-A  
Rating:  
Low <sup>22</sup>**

The District fully achieved the following six management plan goals:

- Providing the most efficient use of groundwater.
- Controlling and preventing waste of groundwater.
- Addressing conjunctive surface water management issues.<sup>23</sup>
- Addressing natural resource issues.
- Addressing drought conditions.
- Addressing the desired future conditions adopted.<sup>24</sup>

<b>Selected Financial Information for Fiscal Year 2018</b>	
<u>Assets and Liabilities</u>	
Total Assets	\$2,275,179
Total Liabilities	\$807,215
<u>Revenues and Expenditures</u>	
Total Revenues	\$925,304
Total Expenses	\$542,625
Source: These amounts were from the District's annual audited financial statements for the District's fiscal year ending September 30, 2018.	

<sup>22</sup> The risk related to the issues discussed in Chapter 6-A is rated as Low because the audit identified strengths that support the audited entity's ability to administer the program(s)/functions(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

<sup>23</sup> Texas Water Code, Section 36.001(21), defines conjunctive use as the combined use of groundwater and surface water sources that optimizes the beneficial characteristics of each source.

<sup>24</sup> Texas Water Code, Section 36.108, requires groundwater conservation districts within the same groundwater management area to perform joint planning activities that include the adoption of desired future conditions for the groundwater management area. Texas Water Code, Section 36.001(30), defines desired future conditions as the desired conditions of the groundwater resources in a management area at one or more specified future times.

The District partially achieved the management plan goal of addressing conservation.

Failure to fully achieve all management plan goals increases the risk that the District will not adequately preserve, conserve, or prevent the waste of groundwater resources.

For each applicable goal in its approved groundwater management plan, the District developed objectives and performance standards that described the activities the District must perform to achieve each goal. Table 14 provides additional information.

Table 14

Gonzales County Underground Water Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
<b>Goal 1: Providing the Most Efficient Use of Groundwater Fully Achieved</b>		
<u>Objective 1:</u> The District will register at least 20 exempt use wells, and will compile the data into a database.		
<u>Performance Standard:</u> Record the date and number of exempt use wells registered in a database and include the information in the District's Annual Report.	Yes	
<u>Objective 2:</u> The District will measure water levels in at least 40 observation wells to provide coverage across the Wilcox, Carrizo, Queen City, Sparta, and Yegua-Jackson Aquifers three times a year and will compile the water level data into a database.		
<u>Performance Standard:</u> Record the number of wells and water level measurements measured for each aquifer annually in a database and include this information in the District's Annual Report.	Yes	
<u>Objective 3:</u> The District will meet with the cities of Gonzales, Nixon, Smiley, and Waelder, and the Gonzales Area Development Corporation at least once a year to inform them on water availability for economic development.		
<u>Performance Standard:</u> Record the date and number of meetings annually and include a copy of the meeting attendee's sheet and information on the topics of discussion with each entity in the District's Annual Report.	Yes	
<u>Objective 4:</u> A District representative will attend all Groundwater Management Area [GMA] 13 meetings annually.		
<u>Performance Standard:</u> Record the number of GMA 13 meeting attended annually and include a copy of each GMA 13 meeting agenda and a copy of the meeting minutes in the District Annual Report.	Yes	
<u>Objective 5:</u> The District will gather water production data from local public water suppliers including the Gonzales County Water Supply Corporation, City of Gonzales, City of Nixon, City of Smiley, and City of Waelder, ten permitted or registered irrigation wells, and two livestock production facilities annually and compile the data into a database.		
<u>Performance Standard:</u> Record the amount of water used by each public water supplier, irrigation well, and livestock production facility and include the information into the District's Annual Report.	Yes	
<b>Goal 2: Controlling and Preventing Waste of Groundwater Fully Achieved</b>		
<u>Objective 1:</u> The District will provide educational resources to citizens within the District on controlling and preventing waste of groundwater. The District will, at least annually, submit an information article on controlling and preventing waste of groundwater within		



**Gonzales County Underground Water Conservation District  
Achievement of Groundwater Management Plan Objectives**

Goal and Objective Audited	Achieved?	Additional Information
the District for publication in a newspaper of general circulation in the District or may publish the article on the District’s website. The District may also make a presentation to the public through local service organizations or public schools describing measures that can be taken by water users within the District.		
<u>Performance Standard:</u> Record the dates of each control and prevention of waste article submitted for publication, published on the District’s website, or presentation made to the public and include this information in the District’s Annual Report.	Yes	
<b>Goal 3: Controlling and Preventing Subsidence <sup>a</sup></b>		
According to the District’s groundwater management plan, “Because of the rigid geologic framework of the aquifers regulated by the District subsidence is not a relevant issue within the GCUWCD [Gonzales County Underground Water Conservation District]. The District includes a portion of the Gulf Coast Aquifer, which is known for its susceptibility to subsidence, but the District’s creation order does not give the District any jurisdiction over the Gulf Coast Aquifer. Therefore, the management goal is not relevant or applicable.”		
<b>Goal 4: Addressing Conjunctive Surface Water Management Issues Fully Achieved</b>		
<u>Objective 1:</u> The District will meet with the staff of the Guadalupe Blanco River Authority (GBRA), at least once a year, to share information updates about conjunctive use potential.		
<u>Performance Standard:</u> Record the number of GBRA meetings attended annually and include a copy of the meeting attendee’s sheet and information on the topics of discussion in the District Annual Report.	Yes	
<u>Objective 2:</u> The District will attend at least one Regional Water Planning Group (RWPG) meeting annually to share information updates about conjunctive use potential.		
<u>Performance Standard:</u> Record the number of RWPG meeting attended annually and include a copy of each RWPG meeting agenda and a copy of the meeting minutes in the District’s Annual Report.	Yes	
<b>Goal 5: Addressing Natural Resource Issues Fully Achieved</b>		
<u>Objective 1:</u> The District will collect water quality data in at least 20 wells annually at locations throughout the District and will compile the data into a database. In selecting wells the District will emphasize the wells at or near the zone of bad water or potential pollution sources based on best available data. The District may conduct field measurements using hand held meters and/or collect samples for laboratory analysis from each well.		
<u>Performance Standard:</u> Record the number of wells in which water quality measurements were collected and the water quality results for each well and include this information in the District’s Annual Report.	Yes	
<u>Objective 2:</u> The District will monitor new facilities and activities on the recharge zones of the Carrizo/Wilcox, Queen City, Sparta, and Yegua-Jackson aquifers on at least an annual basis for point source and non-point source pollution and compile this data into a database.		
<u>Performance Standard:</u> Record the data and results of the visual survey of all recharge zones for point and nonpoint source activities and facilities and include the information in the District’s Annual Report.	Yes	
<u>Objective 3:</u> The District will meet with the local Texas Railroad Commission (TRC) engineering technician at least once annually to review oil well permits and oil related activity that could endanger the aquifers and coordinate its efforts with this agency in locating abandoned or deteriorated oil wells.		
<u>Performance Standard:</u> Record the date and number of meetings with the TRC, the number of oil related activities that endangered the aquifers, the number of abandoned or deteriorated wells filed with the District and include the information in the District’s Annual Report.	Yes	

**Gonzales County Underground Water Conservation District  
Achievement of Groundwater Management Plan Objectives**

Goal and Objective Audited	Achieved?	Additional Information
<u>Objective 4:</u> The District will meet with Natural Resources Conservation Service representatives to exchange information on wells and water levels at least once annually.		
<u>Performance Standard:</u> Record the date and number of meetings with the Natural Resources Conservation Service representatives and include the information in the District's Annual Report.	Yes	
<b>Goal 6: Addressing Drought Conditions Fully Achieved</b>		
<u>Objective 1:</u> The General Manager will access the National Weather Service - Climate Prediction Center website ( <a href="http://www.cpc.ncep.noaa.gov/products/monitoring_and_data/drought.shtml">http://www.cpc.ncep.noaa.gov/products/monitoring_and_data/drought.shtml</a> ) to determine the Palmer Drought Severity Index and will submit a report to the Board of Directors monthly. The District will provide information to and coordinate with local water users and water managers regarding drought response activities.		
<u>Performance Standard:</u> Record the number of monthly reports made to the District Board of Directors and the date and number of times when the District was under extreme drought conditions and the number of times letters were sent to public water suppliers. Include this information in the District's Annual Report.	Yes	
<b>Goal 7: Addressing Conservation (Addressing conservation, recharge enhancement, rainwater harvesting, precipitation enhancement, or brush control, where appropriate and cost-effective) Partially Achieved</b>		
<u>Objective 1:</u> The District will, at least annually, submit an information article describing conservation measures that can be taken by water users within the District for publication in a newspaper of general circulation in the District or may publish the article on the District's website.		
<u>Performance Standard:</u> Record the dates of each conservation article submitted for publication or published on the District's website and include this information in the District's Annual Report.	Yes	
<u>Objective 2:</u> The District will, at least annually, submit an information article describing recharge enhancement measures for publication in a newspaper of general circulation in the District or may publish the article on the District's website.		
<u>Performance Standard:</u> Record the dates of each recharge enhancement article submitted for publication or published on the District's website and include this information in the District's Annual Report.	Yes	
<u>Objective 3:</u> The District will, at least annually, submit an information article describing rainwater harvesting measures that can be taken by water users within the District for publication in a newspaper of general circulation in the District or may publish the article on the District's website.		
<u>Performance Standard:</u> Record the dates of each rainwater harvesting article submitted for publication or published on the District's website and include this information in the District's Annual Report.	Yes	
<u>Objective 4:</u> The District will, at least annually, submit an information article describing precipitation enhancement measures for publication in a newspaper of general circulation in the District or may publish the article on the District's website.		
<u>Performance Standard:</u> Record the dates of each precipitation enhancement article submitted for publication or published on the District's website and include this information in the District's Annual Report.	No	The District did not publish an information article related to precipitation enhancement as required by its groundwater management plan for fiscal year 2018. It should be noted that the District approved the removal of this objective from its fiscal year 2019 groundwater management plan.

Gonzales County Underground Water Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
<u>Objective 5:</u> The District will publish an information article in a publication of wide circulation in the District or on its website, at least annually, describing brush control measures that can be used by landowners within the District.		
<u>Performance Standard:</u> Record the date and number of brush control articles published and include this information in the Annual Report.	Yes	
<b>Goal 8: Addressing the Desired Future Conditions Adopted Fully Achieved</b>		
<u>Objective 1:</u> The District will monitor water levels and evaluate whether the average change in water levels is in conformance with the Desired Future Conditions (DFCs) adopted by the District. The District will estimate total annual groundwater production for each aquifer based on water use reports, estimated exempt use, and other relevant information and compare these production estimates to the MAGs [Modeled Available Groundwater].		
<u>Performance Standard:</u> Record the water level data and average annual change in water levels for each aquifer and compare to the DFCs. Include this information in the District's Annual Report.  Record the total estimated annual production for each aquifer and compare these amounts to the MAG. Include this information in the District's Annual Report.	Yes	
<sup>a</sup> Texas Water Code, Section 36.001(10), defines subsidence as the lowering in elevation of the land surface caused by withdrawal of groundwater.		

Chapter 6-B

## Gonzales County Underground Water Conservation District Fully Complied with All Statutory Requirements

Texas Water Code, Chapter 36, specifies requirements for the manner in which groundwater conservation districts must operate. The District fully complied with all nine applicable Texas Water Code requirements audited. Those nine requirements were:

**Chapter 6-B  
Rating:  
Low <sup>25</sup>**

- Holding regular board meetings in accordance with statute.
- Adopting written district rules.
- Adopting written policies.
- Participating in joint planning meetings with other groundwater conservation districts within the same Groundwater Management Area.

<sup>25</sup> The risk related to the issues discussed in Chapter 6-B is rated as Low because the audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited

- Obtaining an annual audit of the financial condition of the district.
- Preparing and obtaining board approval on an annual budget that includes a complete financial statement.
- Obtaining bonds for district officers, employees, or consultants who are responsible for handling district funds.
- Obtaining bonds for district board members.
- Maintaining at least one bank as the official depository for district funds, obtaining dual signatures on fund disbursements in fiscal year 2018, and ensuring that payments made to board members are supported by a verified statement.

Table 15 summarizes the District’s compliance with the statutory requirements audited.

Table 15

<b>Gonzales County Underground Water Conservation District’s Compliance with Texas Water Code Requirements <sup>a</sup></b>		
<b>Fiscal Year 2018</b>		
<b>Texas Water Code Requirement</b>	<b>Compliance</b>	<b>Additional Information</b>
Board Meetings	Fully Complied	The District complied with all requirements.
District Rules	Fully Complied	The District complied with all requirements.
District Policies	Fully Complied	The District complied with all requirements.
Joint Planning	Fully Complied	The District complied with all requirements.
Annual Financial Audit	Fully Complied	The District complied with all requirements.
Annual Budget	Fully Complied	The District complied with all requirements.
Employee Bonds	Fully Complied	The District complied with all requirements.
Board Member Bonds	Fully Complied	The District complied with all requirements.
Bank Depository and Expenditures	Fully Complied	The District complied with all requirements.

<sup>a</sup> Texas Water Code, Chapter 36, statutory requirements:  
Board Meetings: The board is required to provide notice of and conduct meetings at least quarterly (Texas Water Code, Section 36.064). 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, Section 36.053). The board also is required to maintain 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), 36.111 through 36.113, 36.1145, 36.201, and 36.454(a) and (b)).  
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 and (2) establishing an audit or finance committee.

**Gonzales County Underground Water Conservation District's Compliance with Texas Water Code Requirements <sup>a</sup>**  
**Fiscal Year 2018**

Texas Water Code Requirement	Compliance	Additional Information
		<p><u>Joint Planning</u>: The district is required to meet annually with other districts in the groundwater management area in which it is located to review districts' management plans, to review accomplishments of the groundwater management area, and to set desired future conditions for aquifers in the area (Texas Water Code, Section 36.108).</p> <p><u>Annual Financial Audit</u>: The board is required to obtain an annual audit of the financial condition of the district (Texas Water Code, Section 36.153).</p> <p><u>Annual Budget</u>: The board is required to prepare and approve an annual budget including specified financial statement components (Texas Water Code, Section 36.154).</p> <p><u>Employee Bonds</u>: The district is required to obtain bonds in an amount determined by the board to be sufficient to safeguard the district for officers, employees, or consultants who collect, pay, or handle district funds (Texas Water Code, Section 36.057(d)).</p> <p><u>Board Member Bonds</u>: 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)).</p> <p><u>Bank Depository and Expenditures</u>: 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, excluding federal reserve wire transfers or electronic fund transfers (Texas Water Code, Section 36.151). A director is entitled to receive fees of office of not more than \$250 a day for each day the director actually spends performing the duties of a director. The fees of office may not exceed \$9,000 a year (Texas Water Code, Section 36.060(a)). 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)).</p>

## **Headwaters Groundwater Conservation District Fully Achieved All of Its Management Plan Goals and Fully Complied with All Statutory Requirements**

Headwaters Groundwater Conservation District (District) fully achieved all seven of its applicable management plan goals during fiscal year 2018 and fully complied with all nine applicable statutory requirements audited.

Chapter 7-A

### **Headwaters Groundwater Conservation District Fully Achieved All of Its Management Plan Goals**

The District fully achieved the following seven management plan goals in its groundwater management plan during fiscal year 2018:

**Chapter 7-A  
Rating:  
Low<sup>26</sup>**

- Providing the most efficient use of groundwater.
- Controlling and preventing waste of groundwater.
- Addressing conjunctive surface water management issues.<sup>27</sup>
- Addressing natural resource issues.
- Addressing drought conditions.
- Addressing conservation.
- Addressing the desired future conditions adopted.<sup>28</sup>

#### **Selected Financial Information for Fiscal Year 2018**

Assets and Liabilities

Total Assets	\$1,238,048
Total Liabilities	\$8,262

Revenues and Expenditures

Total Revenues	\$407,200
Total Expenses	\$330,780

Source: These amounts were from the District's annual audited financial statements for the District's fiscal year ending September 30, 2018.

For each applicable goal in its approved groundwater management plan, the District developed objectives and performance standards that described the

<sup>26</sup> The risk related to the issues discussed in Chapter 7-A is rated as Low because the audit identified strengths that support the audited entity's ability to administer the program(s)/functions(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

<sup>27</sup> Texas Water Code, Section 36.001(21), defines conjunctive use as the combined use of groundwater and surface water sources that optimizes the beneficial characteristics of each source.

<sup>28</sup> Texas Water Code, Section 36.108, requires groundwater conservation districts within the same groundwater management area to perform joint planning activities that include the adoption of desired future conditions for the groundwater management area. Texas Water Code, Section 36.001(30), defines desired future conditions as the desired conditions of the groundwater resources in a management area at one or more specified future times.

activities the District must perform to achieve each goal. Table 16 provides additional information.

Table 16

Headwaters Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
<b>Goal 1: Providing the Most Efficient Use of Groundwater Fully Achieved</b>		
<u>Objective 1:</u> Implement a program to improve understanding of usable groundwater supplies in Kerr County.		
<u>Performance Standard:</u> The District has an ongoing program to gather data from Kerr County aquifers and supervise the drilling, logging, and completion of monitor wells. Also the District has rules in place to require aquifer tests for all new drilled Public Supply Wells and provide all monitor well data and aquifer test data to the Texas Water Development Board (TWDB) groundwater database.	Yes	
<u>Objective 2:</u> Establish an aquifer monitoring program.		
<u>Performance Standard:</u> The District has a Monitoring Well drilling program; to date the Headwaters Groundwater Conservation District (HGCD) has drilled 16 Monitoring Wells. Aquifer levels are monitored in the 16 District Monitoring Wells and approximately 25 private wells monthly in the Middle and Lower Trinity Aquifer, 13 wells are monitored quarterly in the Edwards Group of the Edwards-Trinity (Plateau) aquifers. A table and hydrograph of each individual monitor well as well as the number of wells measured will be reported to the District Board and displayed on the District website monthly.	Yes	
<u>Objective 3:</u> Regulate and account for groundwater withdrawal in Kerr County.		
<u>Performance Standard:</u> Register all new wells drilled and maintain a well database. Provide an annual report to the District Board which includes the number of new wells drilled in the District during the past year. Perform well site inspections before, during, and after the drilling of each new well in the District. Require State Well Logs, certified statements of completion from water well Drillers and Pump Installers within 30 days of completion. Require non-exempt wells to be metered and the production reported annually to the District. Provide an annual groundwater report to the District Board.	Yes	
<b>Goal 2: Controlling and Preventing Waste of Groundwater Fully Achieved</b>		
<u>Objective 1:</u> Make and enforce rules to ensure that groundwater is used solely for beneficial purposes and prohibit activities that contribute to waste of groundwater.		
<u>Performance Standard:</u> Review all well registrations and applications for intended use and production capacities (gallons per minute). The number of wells and a list of intended uses and production capacities for the previous calendar year will be included in the annual management plan tracking report to the District Board. Promote Public Education in conversation matters on the District website and publish one article on the prevention of wasteful water practices in one newspaper within the District annually. Identify, document, and investigate occurrences of waste of groundwater and include in the annual tracking report.	Yes	

Headwaters Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
<b>Goal 3: Controlling and Preventing Subsidence<sup>a</sup></b>		
According to the District's groundwater management plan, "This goal is not applicable to the District due to a rigid geologic framework. Accordingly, the District's plan does not contain a "Management Objective" or "Performance Standard" to address this issue."		
<b>Goal 4: Addressing Conjunctive Surface Water Management Issues Fully Achieved</b>		
<u>Objective 1:</u> Assess the availability of surface water resources that may be used as an alternative to groundwater.		
<u>Performance Standard:</u> Participate in the Plateau Regional Planning group scope of work projects to promote strategies for increasing surface water use in Kerr County. Meet once a year with the City of Kerrville to report on surface water use and aquifer storage and recovery projects. The District has signed a memorandum of understanding with the cities of Kerrville and Ingram, the Kerr County Commissioners, and the Upper Guadalupe River Authority, to maximize surface water use in the District.	Yes	
<b>Goal 5: Addressing Natural Resource Issues Fully Achieved</b>		
<u>Objective 1:</u> Prevent contamination/pollution of the aquifers from other natural resources being produced within the District.		
<u>Performance Standard:</u> Monitor any oil and gas drilling or mining operations for potential sources of pollution of the aquifers in the District. The annual tracking report will include the number of currently existing oil and gas wells, the number of new oil and gas wells drilled, and an estimate of the total amount of groundwater being used by these operations. District Rules require any water wells drilled associated with oil and gas drilling or production be registered with the District and are required to comply with District construction standards and reporting.	Yes	
<b>Goal 6: Addressing Drought Conditions Fully Achieved</b>		
<u>Objective 1:</u> Monitor drought conditions.		
<u>Performance Standard:</u> Review aquifer data monthly and declare drought stages based on the District's defined drought triggers. Inform the public and permitted well owners regarding declared drought stages, appropriate non-essential water use restrictions and recommended restrictions during drought. Publish information when drought stages are triggered by way of the HGCD website, local newspaper notices, and mail-outs to Permitted well owners. The TWDB drought conditions section may be viewed at <a href="http://www.waterdatafortexas.org/drought/">http://www.waterdatafortexas.org/drought/</a> . The number of website notices, newspaper notices, and mail-outs will be included in the annual tracking report to the District Board.	Yes	
<b>Goal 7: Addressing Conservation (Addressing conservation, recharge enhancement, rainwater harvesting, precipitation enhancement, or brush control, where appropriate and cost-effective) Fully Achieved</b>		
<u>Objective 1:</u> Conservation		
<u>Performance Standard:</u> Distribute water conservation material by newspaper articles and the HGCD website. The District will publish a minimum of one article on conservation practices in	Yes	



Headwaters Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
one newspaper within the District annually. The District Conservation Plan is available to the public on the District website and at the District office. View the Water Conservation Advisory Council website at <a href="http://www.savetexaswater.org">http://www.savetexaswater.org</a> .		
<b>Objective 2: Rainwater Harvesting</b>		
<b>Performance Standard:</b> Provide Rainwater Harvesting links to the public on the HGCD website. Publish at least one newspaper article annually discussing the benefits of rainwater harvesting.	Yes	
<b>Goal 8: Addressing the Desired Future Conditions Adopted Fully Achieved</b>		
<b>Objective 1:</b> Based on the Modeled Available Groundwater (MAG), issue permits up to the point that the total volume of exempt and permitted production achieve the Desired Future Condition for the Hill Country Middle and Lower Trinity Aquifers adopted by Groundwater Management Area (GMA) 9 and for the non-relevant Edwards Group of the Edwards-Trinity (Plateau) Aquifer.		
<b>Performance Standard:</b> GMA 9 declared the Edwards Group of the Edwards-Trinity (Plateau) to be not relevant for joint planning in Kerr County. At this time the District does not allow non-exempt wells in the Edwards Aquifer. The combined annual operating permit volume and the estimated exempt pumping volume provided by the Texas Water Development Board will be evaluated and compared to the Modeled Available Groundwater stated in report GAM Run 10-050 MAG Version 2, March 30 2012. Complete an annual groundwater report that details groundwater production from non-exempt wells combined with exempt well pumping estimates supplied by the Texas Water Development Board. This report will be included in the annual report provided to the District's Board of Directors.	Yes	
<sup>a</sup> Texas Water Code, Section 36.001(10), defines subsidence as the lowering in elevation of the land surface caused by withdrawal of groundwater.		

Chapter 7-B

## Headwaters Groundwater Conservation District Fully Complied with All Statutory Requirements

Texas Water Code, Chapter 36, specifies requirements for the manner in which groundwater conservation districts must operate. The District fully complied with all nine applicable Texas Water Code requirements audited. Those nine requirements were:

**Chapter 7-B  
Rating:  
Low <sup>29</sup>**

- Holding regular board meetings in accordance with statute.

<sup>29</sup> The risk related to the issues discussed in Chapter 7-B is rated as Low because the audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

- Adopting written district rules.
- Adopting written policies.
- Participating in joint planning meetings with other groundwater conservation districts within the same Groundwater Management Area.
- Obtaining an annual audit of the financial condition of the district.
- Preparing and obtaining board approval on an annual budget that includes a complete financial statement.
- Obtaining bonds for district officers, employees, or consultants who are responsible for handling district funds.
- Obtaining bonds for district board members.
- Maintaining at least one bank as the official depository for district funds, obtaining dual signatures on fund disbursements in fiscal year 2018, and ensuring that payments made to board members are supported by a verified statement. It should be noted that payments made to board members, as described under Texas Water Code, Section 36.060, did not apply during the District’s fiscal year 2018.

Table 17 summarizes the District’s compliance with the statutory requirements audited.

Table 17

Headwaters Groundwater Conservation District’s Compliance with Texas Water Code Requirements <sup>a</sup>		
Fiscal Year 2018		
Texas Water Code Requirement	Compliance	Additional Information
Board Meetings	Fully Complied	The District complied with all requirements.
District Rules	Fully Complied	The District complied with all requirements.
District Policies	Fully Complied	The District complied with all requirements.
Joint Planning	Fully Complied	The District complied with all requirements.
Annual Financial Audit	Fully Complied	The District complied with all requirements.
Annual Budget	Fully Complied	The District complied with all requirements.
Employee Bonds	Fully Complied	The District complied with all requirements.
Board Member Bonds	Fully Complied	The District complied with all requirements.
Bank Depository and Expenditures	Fully Complied	The District complied with all requirements.

**Headwaters Groundwater Conservation District's Compliance with Texas Water Code Requirements <sup>a</sup>**

**Fiscal Year 2018**

Texas Water Code Requirement	Compliance	Additional Information
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<sup>a</sup> Texas Water Code, Chapter 36, statutory requirements:

**Board Meetings:** The board is required to provide notice of and conduct meetings at least quarterly (Texas Water Code, Section 36.064). 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, Section 36.053). The board also is required to maintain 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), 36.111 through 36.113, 36.1145, 36.201, and 36.454(a) and (b)).

**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 and (2) establishing an audit or finance committee.

**Joint Planning:** The district is required to meet annually with other districts in the groundwater management area in which it is located to review districts' management plans, to review accomplishments of the groundwater management area, and 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 financial statement 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, or 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)).

**Bank Depository and Expenditures:** 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, excluding federal reserve wire transfers or electronic fund transfers (Texas Water Code, Section 36.151). A director is entitled to receive fees of office of not more than \$250 a day for each day the director actually spends performing the duties of a director. The fees of office may not exceed \$9,000 a year (Texas Water Code, Section 36.060(a)). 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)).

# Appendices

Appendix 1

## **Objectives, Scope, and Methodology**

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### **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 the achievement of groundwater management plan goals and objectives, and compliance with Texas Water Code, Chapter 36, requirements for seven groundwater conservation districts during fiscal year 2018. Auditors also requested and summarized information from the districts' most recently audited financial statements. If fiscal year 2018 documentation was not available, auditors reviewed documentation for fiscal year 2017. The seven districts were:

- Barton Springs/Edwards Aquifer Conservation District.
- Calhoun County Groundwater Conservation District.
- Evergreen Underground Water Conservation District.
- Gonzales County Underground Water Conservation District.
- Headwaters Groundwater Conservation District.
- Live Oak Underground Water Conservation District.
- Mesa Underground Water Conservation District.

### **Methodology**

The audit methodology included:

- Assessing whether each district achieved the applicable goals from its groundwater management plan, as required by Texas Water Code, Chapter 36. For the applicable goals, assessing whether the districts achieved management objectives and performance standards.

- Assessing whether each district complied with nine requirements selected from Texas Water Code, Chapter 36.
- Obtaining each selected district's most recent completed annual financial report and summarizing the financial information within those reports.

#### **Data Reliability and Completeness**

For all of the districts, auditors assessed the reliability of the financial data by reconciling expenditures to the districts' audited financial statements or bank statements. Auditors determined that the data was sufficiently reliable for purposes of the audit. Those districts were:

- Barton Springs/Edwards Aquifer Conservation District.
- Calhoun County Groundwater Conservation District.
- Evergreen Underground Water Conservation District.
- Gonzales County Underground Water Conservation District.
- Headwaters Groundwater Conservation District.
- Live Oak Underground Water Conservation District.
- Mesa Underground Water Conservation District.

#### **Sampling Methodology**

Auditors selected a risk-based sample of four board meetings, one from each quarter within each district's fiscal year 2018, to test compliance with Texas Water Code requirements for all of the groundwater conservation districts to which the requirement applied. The sample items were generally not representative of the population; therefore, it would not be appropriate to project those test results to the population.

Auditors selected nonstatistical samples of expenditures, director reimbursements, and/or fees for office through random and/or risk-based selection for testing compliance with Texas Water Code requirements for each of the seven groundwater conservation districts with expenditure activity. The number of sample items reviewed were dependent on the number of applicable expenditures and would not necessarily be representative of the population; therefore, it would not be appropriate to project the test 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 meeting minutes.
- Annual financial statements and audit reports.
- District budgets.
- Bond coverage for district officers, employees, or consultants who handled district funds.
- District board member bonds.
- Documentation supporting expenditures, such as checks, invoices, receipts, and statements signed by board members.
- Documentation of district bank depositories.

Procedures and tests conducted included the following:

- Comparison of district activities to written groundwater management plan goals, objectives, and performance standards.
- Review of Groundwater Management Area meeting minutes; audited financial statements; bonds for district board members and district officers, employees, or consultants responsible for handling district funds; district rules and policies; district board meeting minutes and notices; annual budgets; bank depositories; and supporting documentation for selected expenditures for compliance with statutory requirements.

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.

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 February 2019 through May 2019. 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:

- Kelly Bratton, CFSA, CRMA, MBA (Project Manager)
- Bianca F. Pineda, CGAP (Assistant Project Manager)
- Kirstin Adamcik, MBA
- Kayla Barshop
- Armando Sanchez
- Minh Trang
- Ann E. Karnes, CPA (Quality Control Reviewer)
- Becky Beachy, CIA, CGAP (Audit Manager)

## Issue Rating Classifications and Descriptions

Auditors used professional judgement and rated the audit findings identified in this report. Those issue ratings are summarized in the report chapters/sub-chapters. The issue ratings were determined based on the degree of risk or effect of the findings in relation to the audit objective(s).

In determining the ratings of audit findings, auditors considered factors such as financial impact; potential failure to meet program/function objectives; noncompliance with state statute(s), rules, regulations, and other requirements or criteria; and the inadequacy of the design and/or operating effectiveness of internal controls. In addition, evidence of potential fraud, waste, or abuse; significant control environment issues; and little to no corrective action for issues previously identified could increase the ratings for audit findings. Auditors also identified and considered other factors when appropriate.

Table 18 provides a description of the issue ratings presented in this report.

Table 18

Summary of Issue Ratings	
Issue Rating	Description of Rating
Low	The audit identified strengths that support the audited entity's ability to administer the program(s)/functions(s) audited <u>or</u> the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.
Medium	Issues identified present risks or effects that if not addressed could <u>moderately affect</u> the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.
High	Issues identified present risks or effects that if not addressed could <u>substantially affect</u> the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.
Priority	Issues identified present risks or effects that if not addressed could <u>critically affect</u> the audited entity's ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern(s) and reduce risks to the audited entity.



## ***State Agency Roles in Groundwater Management Process***

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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, Sections 36.1071 and 36.1072, require 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.
- 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 effect 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

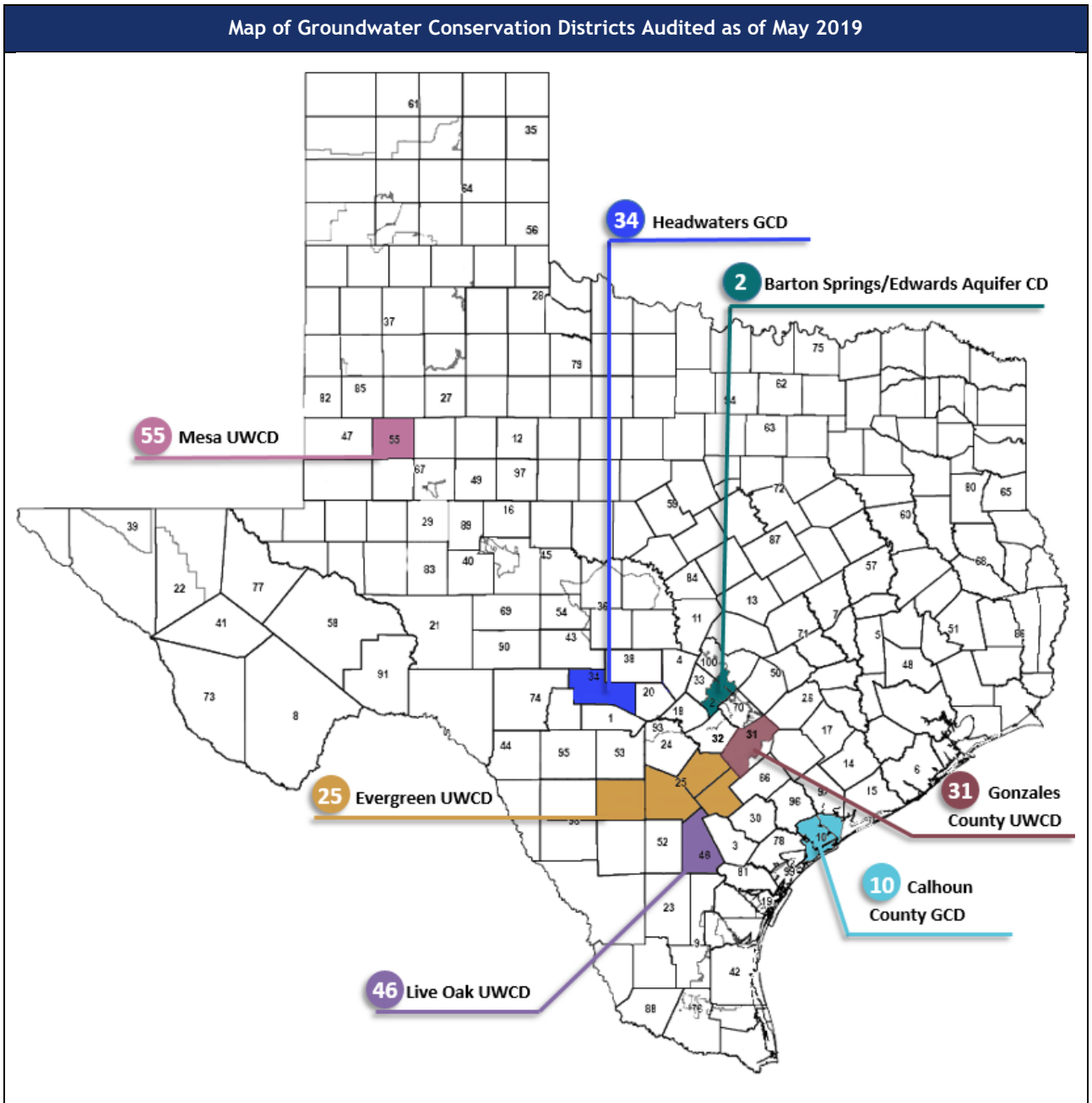
options established under the Texas Water Code. Those options include:

- Requiring a district to take or refrain from certain actions.
- Dissolving a district's board and calling for the election of 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 district's business.
- Dissolving the district.

## Map of Audited Groundwater Conservation Districts

Figure 1 shows the 7 groundwater conservation districts (districts) audited. As of January 2019, there were 100 active districts with 2 additional districts awaiting confirmation.

Figure 1



Source: The map was created by the Water Development Board, and the districts were identified by the State Auditor's Office.

## ***Related State Auditor's Office Work***

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Related State Auditor's Office Work		
Number	Product Name	Release Date
18-030	An Audit Report on Selected Groundwater Conservation Districts	May 2018
15-005	An Audit Report on Selected Groundwater Conservation Districts	October 2014
14-004	An Audit Report on Selected Groundwater Conservation Districts	October 2013

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The Honorable Dennis Bonnen, Speaker of the House, Joint Chair  
The Honorable Jane Nelson, Senate Finance Committee  
The Honorable Robert Nichols, Member, Texas Senate  
The Honorable John Zerwas, House Appropriations Committee  
The Honorable Dustin Burrows, House Ways and Means Committee

### **Office of the Governor**

The Honorable Greg Abbott, Governor

### **Board Members and General Managers of the Following Groundwater Conservation Districts**

Barton Springs/Edwards Aquifer Conservation District  
Calhoun County Groundwater Conservation District  
Evergreen Underground Water Conservation District  
Gonzales County Underground Water Conservation District  
Headwaters Groundwater Conservation District  
Live Oak Underground Water Conservation District  
Mesa Underground Water Conservation District



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