



John Keel, CPA
State Auditor

An Audit Report on
**Groundwater Conservation
Districts**

August 2010
Report No. 10-036

Overall Conclusion

Nine (69 percent) of 13 groundwater conservation districts (districts) fully or partially achieved all groundwater management plan goals audited. Those districts included:

- The Blanco-Pedernales Groundwater Conservation District.
- The Bluebonnet Groundwater Conservation District.
- The Coastal Bend Groundwater Conservation District.
- The Lost Pines Groundwater Conservation District.
- The Neches and Trinity Valleys Groundwater Conservation District.
- The North Plains Groundwater Conservation District.
- The Plum Creek Conservation District.¹
- The Presidio County Underground Water Conservation District.
- The Rusk County Groundwater Conservation District.

Three (23 percent) of the 13 districts audited fully or partially achieved two to three of the four goals audited. Those districts were:

- The Brazos Valley Groundwater Conservation District.

Background Information

Texas Water Code, Chapter 36, requires districts to develop groundwater management plans that show the steps the districts will take to protect and manage groundwater. Each district's groundwater management plan must contain certain goals defined in Texas Water Code, Chapter 36, if those goals are applicable to the district. Each goal can have one or more supporting objectives.

The Water Development Board reviews the groundwater management plans for administrative completeness and then approves them. The Commission on Environmental Quality has the authority to enforce districts' compliance with statutory requirements. See Appendix 2 for a more detailed description of state agency roles in the groundwater management process.

There are 96 confirmed districts in Texas. Two additional districts await confirmation by voters in local elections.

The Water Development Board has designated 16 groundwater management areas in the state. The districts audited were located in 13 of the 16 groundwater management areas. A map showing the districts audited and the groundwater management areas in which they are located is in Appendix 3.

¹ With the exception of the Plum Creek Conservation District, auditors audited four goals at each district. For the goal of addressing drought, the Plum Creek Conservation District's objective was to develop and adopt a drought management strategy plan. The Water Development Board certified the district's groundwater management plan in January 2008, and the district has until January 2013 to adopt its drought management strategy plan. Therefore, auditors were unable to determine the district's achievement of this objective and related goal during this audit.

- The Corpus Christi Aquifer Storage and Recovery Conservation District.
- The Middle Pecos Groundwater Conservation District.

One (8 percent) of the 13 districts audited, the Gateway Groundwater Conservation District, partially achieved one of the four goals audited.

Auditors reviewed districts' activities to achieve four of the eight goals required by statute. The goals reviewed were:

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

A list of the eight statutorily required groundwater management plan goals is presented in Appendix 4.

Districts' Compliance with Statutory Requirements

Twelve of the 13 districts audited were in full or partial compliance with 7 or more of the 10 Texas Water Code statutory requirements (the Bluebonnet Groundwater Conservation District and the Neches and Trinity Valleys Groundwater Conservation District fully complied with all requirements). The remaining district—the Corpus Christi Aquifer Storage and Recovery Conservation District—complied with three of the five requirements that were applicable to it (five requirements did not apply because that district did not have any revenue in the time period audited).

Examples of the statutory requirements included obtaining surety bonds for employees and members of the board of directors, obtaining an annual financial audit, adopting annual budgets, complying with documentation requirements, enforcing limits on fees for board members, and holding quarterly board meetings.

The requirement to obtain surety bonds for employees handling district funds had the highest level of noncompliance. Six (50 percent) of 12² districts audited did not fully comply with this requirement. Specifically:

- Four districts did not obtain the required surety bonds. Those districts included the Lost Pines Groundwater Conservation District, the Middle Pecos Groundwater Conservation District, the Presidio County Underground Water Conservation District, and the Rusk County Groundwater Conservation District.

² The employee surety bond requirement did not apply to the Corpus Christi Aquifer Storage and Recovery Conservation District. That district did not have any revenue during the time period audited.

- Two districts did not fully comply with the surety bond requirement. Those districts were the Brazos Valley Groundwater Conservation District and the Coastal Bend Groundwater Conservation District.

Surety bonds protect districts from financial loss and provide some assurance that the districts are properly safeguarding their funds and are able to meet financial obligations.

Two of the 13 districts audited—the Brazos Valley Groundwater Conservation District and the Middle Pecos Groundwater Conservation District—have been operating under expired groundwater management plans. The Brazos Valley Groundwater Conservation District’s groundwater management plan was due in July 2009, while the Middle Pecos Groundwater Conservation District’s groundwater management plan was due in August 2009. Each district is required to review its groundwater management plan every five years, determine whether changes are necessary, and obtain approval of the groundwater management plan from the Water Development Board. The Water Development Board last approved the Brazos Valley Groundwater Conservation District’s groundwater management plan in July 2004, and it last approved the Middle Pecos Groundwater Conservation District’s groundwater management plan in August 2004.

Summary of Management’s Response

Nine districts agreed with all recommendations addressed to them. Those districts were:

- The Blanco-Pedernales Groundwater Conservation District.
- The Brazos Valley Groundwater Conservation District.
- The Coastal Bend Groundwater Conservation District.
- The Gateway Groundwater Conservation District.
- The Lost Pines Groundwater Conservation District.
- The Middle Pecos Groundwater Conservation District.
- The North Plains Groundwater Conservation District.
- The Plum Creek Conservation District.
- The Rusk County Groundwater Conservation District.

Two districts substantially agreed with the recommendations addressed to them. Those districts were:

- The Corpus Christi Aquifer Storage and Recovery Conservation District.

- The Presidio County Underground Water Conservation District.

Two districts were not required to provide responses to this report because auditors did not identify any findings for and make any recommendations to those districts. Those districts were:

- The Bluebonnet Groundwater Conservation District.
- The Neches and Trinity Valleys Groundwater Conservation District.

Summary of Objective, Scope, and Methodology

The audit objective was to review selected districts to determine whether they were operational and in compliance with applicable statutes.

The audit scope covered 13 districts located in 13 of the 16 groundwater management areas. The audit covered each district's fiscal years 2007, 2008, and 2009, except as noted (the span of the districts' fiscal years varied). This audit did not include a review of districts' information technology systems.

The audit methodology included:

- Assessing whether a district had achieved management objectives based on a review of evidence submitted by the district. If a district achieved all management objectives for a goal, auditors concluded that the district had fully achieved that goal. If a district achieved at least one management objective for a goal with more than one objective, auditors concluded that the district had partially achieved that goal.
- Determining whether a district had complied with statutory requirements based on a review of evidence submitted by each district.
- Obtaining an understanding of statutory requirements by reviewing the Texas Water Code and each district's enabling legislation, and obtaining additional information by reviewing each district's groundwater management plan.

Contents

Detailed Results

Chapter 1	
Nine of the Thirteen Districts Audited Fully or Partially Achieved All Goals Audited	1
Chapter 2	
Districts' Compliance with Statutory Requirements	45

Appendices

Appendix 1	
Objective, Scope, and Methodology	58
Appendix 2	
State Agency Roles in the Groundwater Management Process	61
Appendix 3	
Map of Groundwater Conservation Districts Audited and Groundwater Management Areas	63
Appendix 4	
Statutorily Required Groundwater Management Plan Goals	64
Appendix 5	
Related State Auditor's Office Work	65

Detailed Results

Chapter 1

Nine of the Thirteen Districts Audited Fully or Partially Achieved All Goals Audited

Nine (69 percent) of the 13 groundwater conservation districts (districts) audited fully or partially achieved all groundwater management plan goals audited. Of the four remaining districts:

- Two fully achieved at least one of the four goals.
- Two partially achieved at least one of the four goals but did not fully achieve any goals.

For each goal in the groundwater management plan, there are one or more objectives and related performance standards that describe the activities the district must perform to achieve the goal. If a district achieved at least one management objective for a goal with more than one objective, auditors concluded that the district had partially achieved that goal. Table 1 summarizes districts' achievement of these goals.

Table 1

Thirteen Districts' Achievement of Groundwater Management Plan Goals						
	District	Goal	Number of Objectives Audited	Achievement		
				Number of Objectives Fully Achieved	Number of Objectives Partially Achieved	Number of Objectives Not Achieved
1	Blanco-Pedernales Groundwater Conservation District	Providing Efficient Use	2	2	-	-
		Preventing Waste	3	3	-	-
		Addressing Drought	4	4	-	-
		Addressing Conservation	2	2	-	-

Thirteen Districts' Achievement of Groundwater Management Plan Goals						
	District	Goal	Number of Objectives Audited	Achievement		
				Number of Objectives Fully Achieved	Number of Objectives Partially Achieved	Number of Objectives Not Achieved
2	Bluebonnet Groundwater Conservation District	Providing Efficient Use	1	1	-	-
		Preventing Waste	2	2	-	-
		Addressing Drought	1	1	-	-
		Addressing Conservation	1	1	-	-
3	Brazos Valley Groundwater Conservation District	Providing Efficient Use	3	-	3	-
		Preventing Waste	4	2	2	-
		Addressing Drought	2	-	-	2
		Addressing Conservation	3	-	1	2
4	Coastal Bend Groundwater Conservation District	Providing Efficient Use	3	2	1	-
		Preventing Waste	2	2	-	-
		Addressing Drought	1	1	-	-
		Addressing Conservation	3	3	-	-
5	Corpus Christi Aquifer Storage and Recovery Conservation District	Providing Efficient Use	1	-	-	1
		Preventing Waste	2	-	-	2
		Addressing Drought	1	1	-	-
		Addressing Conservation	3	1	-	2

Thirteen Districts' Achievement of Groundwater Management Plan Goals						
	District	Goal	Number of Objectives Audited	Achievement		
				Number of Objectives Fully Achieved	Number of Objectives Partially Achieved	Number of Objectives Not Achieved
6	Gateway Groundwater Conservation District	Providing Efficient Use	1	-	-	1
		Preventing Waste	1	-	-	1
		Addressing Drought	1	-	-	1
		Addressing Conservation	1	-	1	-
7	Lost Pines Groundwater Conservation District	Providing Efficient Use	1	1	-	-
		Preventing Waste	1	1	-	-
		Addressing Drought	1	-	1	-
		Addressing Conservation	1	-	1	-
8	Middle Pecos Groundwater Conservation District	Providing Efficient Use	1	1	-	-
		Preventing Waste	2	1	-	1
		Addressing Drought	1	-	1	-
		Addressing Conservation	1	-	-	1
9	Neches and Trinity Valleys Groundwater Conservation District	Providing Efficient Use	2	2	-	-
		Preventing Waste	2	2	-	-
		Addressing Drought	1	1	-	-
		Addressing Conservation	1	1	-	-

Thirteen Districts' Achievement of Groundwater Management Plan Goals						
	District	Goal	Number of Objectives Audited	Achievement		
				Number of Objectives Fully Achieved	Number of Objectives Partially Achieved	Number of Objectives Not Achieved
10	North Plains Groundwater Conservation District	Providing Efficient Use	10	8	2	-
		Preventing Waste	2	2	-	-
		Addressing Drought	2	2	-	-
		Addressing Conservation	2	2	-	-
11	Plum Creek Conservation District	Providing Efficient Use	3	3	-	-
		Preventing Waste	1	1	-	-
		Addressing Drought	0 ^a	-	-	-
		Addressing Conservation	2	2	-	-
12	Presidio County Underground Water Conservation District	Providing Efficient Use	2	2	-	-
		Preventing Waste	1	1	-	-
		Addressing Drought	1	1	-	-
		Addressing Conservation	1	1	-	-
13	Rusk County Groundwater Conservation District	Providing Efficient Use	3	3	-	-
		Preventing Waste	2	2	-	-
		Addressing Drought	1	1	-	-
		Addressing Conservation	1	1	-	-
^a For the goal of addressing drought, the Plum Creek Conservation District's objective was to develop and adopt a drought management strategy plan. The Water Development Board certified the district's groundwater management plan in January 2008, and the district has until January 2013 to adopt its drought management strategy plan. Therefore, auditors were unable to determine the district's achievement of this objective and related goal during this audit.						

The Blanco-Pedernales Groundwater Conservation District Fully Achieved All Four of the Goals Audited

The Blanco-Pedernales Groundwater Conservation District fully achieved the following four goals audited:

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

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

Table 2

Blanco-Pedernales Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 1: Providing the Most Efficient Use of Groundwater		
Objective: Implement and maintain a program of issuing well operating permits for non-exempt wells within Blanco County.		
Performance Standard: Ongoing program of issuance or re-issuance of well operating permits each year.	Yes	
Objective: Incorporate well spacing requirements in district rules to help reduce or prevent interference between nearby wells. Spacing requirements will be coordinated to the greatest extent possible with Blanco County subdivision regulations and the water well drillers rules (Title 16, Texas Administrative Code, Chapter 76).		
Performance Standard: Annual Report submitted to the board regarding suitability of current district well spacing rules and their compatibility with Blanco County subdivision regulations and the water well drillers rules.	Yes	
Goal 2: Controlling and Preventing Waste of Groundwater		
Objective: Each year the district will provide to local newspapers at least one article describing a 5-7 day summer watering schedule and water efficient practices available for implementation by groundwater users during summer months.		
Performance Standard: Number of summer watering articles submitted to local newspapers each year.	Yes	
Objective: Provide to the public, upon request, water efficient literature handouts.		
Performance Standard: Each year provide water efficient literature handouts on at least one occasion.	Yes	

Blanco-Pedernales Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Objective: Provide either a speaker at a local club or organization or a display booth at public events twice each year.		
Performance Standard: Number of speaking engagements or booth displays each year.	Yes	
Goal 3: Addressing Drought Conditions		
Objective: Quarterly, review applicable data to determine status of drought conditions and, if necessary, report to district board on need to implement drought contingency plan.		
Performance Standard: Annual report submitted to district board on drought conditions in preceding year.	Yes	
Objective: Provide to the public, upon request, drought-orientated literature handouts.		
Performance Standard: Each year provide drought-orientated literature handouts on at least one occasion.	Yes	
Objective: To evaluate groundwater availability each year, the district will monitor water levels on selected wells representative of the two primary aquifers within the district in accordance with the following water level monitoring schedule: Trinity Aquifer - three wells at least four times each year; Ellenberger Aquifer - two wells at least three times each year.		
Performance Standard: Number of water level records measured annually.	Yes	
Objective: By October 2004, utilizing a system of either/or rainfall, local aquifer conditions, the Palmer Drought Severity Index, or other appropriate criteria, determine, identify, and designate one or more mechanisms to trigger implementation of drought management plans.		
Performance Standard: Identification and designation of trigger conditions within district aquifers by October 2004 used to indicate drought conditions and trigger subsequent implementation of emergency drought management plans.	Yes	
Goal 4: Addressing Conservation		
Objective: Each year the district will provide to local newspapers at least one article identifying the importance of water conservation and various water conservation methods available for implementation by groundwater users.		
Performance Standard: Each year provide a water conservation oriented article to local newspapers on at least one occasion.	Yes	
Objective: Provide to the public, upon request, conservation literature handouts.		
Performance Standard: Each year provide conservation literature handouts on at least one occasion.	Yes	

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

The Bluebonnet Groundwater Conservation District fully achieved the following four goals audited:

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

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

Table 3

Bluebonnet Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 1: Providing the Most Efficient Use of Groundwater		
Objective: Each year, the district will require all new exempt or non-exempt wells that are constructed within the boundaries of the district to be registered with the district in accordance with the district rules.		
Performance Standard: Each year the number of exempt and non-exempt wells registered by the district for the year will be incorporated into the annual report submitted to the board of directors of the district.	Yes	
Goal 2: Controlling and Preventing Waste of Groundwater		
Objective: Each year, the district will make an evaluation of the district rules to determine whether any amendments are recommended to decrease the amount of waste of groundwater within the district.		
Performance Standard: The district will include a discussion of the annual evaluation of the district rules and the determination of whether any amendments to the rules are recommended to prevent the waste of groundwater in the annual report of the district provided to the board of directors.	Yes	
Objective: Each year, the district will provide information to the public on eliminating and reducing wasteful practices in the use of groundwater by [posting] an article on groundwater waste reduction on the district's Web site.		
Performance Standard: Each year, a copy of the information provided in the groundwater waste reduction article on the district's Web site will be included in the district's annual report to be given to the district's board of directors.	Yes	

**Bluebonnet Groundwater Conservation District
Achievement of Groundwater Management Plan Objectives**

Goal and Objective Audited	Achieved?	Additional Information
Goal 3: Addressing Drought Conditions		
Objective: Each month, the district will download the updated Palmer Drought Severity Index (PDSI) map and check for the periodic updates to the <i>Drought Preparedness Council Situation Report</i> (situation report) posted on the Texas Water Information Network Web site (www.txwin.net).		
Performance Standard: 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.	Yes	
Goal 4: Addressing Conservation		
Objective: The district will post an article annually regarding water conservation on the district's Web site, www.bluebonnetgroundwater.org .		
Performance Standard: A copy of the article posted on the district's Web site regarding water conservation will be included in the annual report to the board of directors.	Yes	

The Brazos Valley Groundwater Conservation District Partially Achieved Three of the Four Goals Audited

The Brazos Valley Groundwater Conservation District did not achieve the goal to address drought conditions and partially achieved the following three goals audited:

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

The Brazos Valley Groundwater Conservation District has been operating under an expired groundwater management plan. Its groundwater management plan was due in July 2009. The Water Development Board last approved the Brazos Valley Groundwater Conservation District’s groundwater management plan in July 2004.

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

Table 4

Brazos Valley Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 1: Providing the Most Efficient Use of Groundwater		
Objective: Require all existing and new non-exempt wells constructed within the boundaries of the district to be permitted by the district and operated in accordance with district rules. In addition, the district will encourage all exempt wells constructed within the district boundaries to be registered with the district.		
Performance Standard: The number of exempt and permitted wells registered within the district will be reported annually in the district’s annual report submitted to the board of directors of the district.	Partially	The district met this objective for 2007 and 2008. However, it did not prepare an annual report for the board of directors in 2009.
Objective: Regulate the production of groundwater by permitting wells within the district’s boundaries based on beneficial use and in accordance with district rules.		
Performance Standard: Each year the district will accept and process applications for the permitted use of groundwater in the district, in accordance with the permitting process established by district rules. The number and type of applications made for the permitted use of groundwater in the district, the number and type of permits issued by the district, and the amount of groundwater permitted will be included in the annual report given to the board of directors.	Partially	The annual report covering 2007 and 2008 included the number and type of permits issued by the district and the amount of groundwater pumped; however, the number and type of applications made for permits were not included in the annual report.

**Brazos Valley Groundwater Conservation District
Achievement of Groundwater Management Plan Objectives**

Goal and Objective Audited	Achieved?	Additional Information
<p>Objective: Conduct an investigation to evaluate the aquifers underlying the district and the current groundwater production within the district, and then determine the available groundwater that can be produced from each aquifer within the district on an annual basis. Using this data, the district will establish availability goals and will permit wells in accordance with the appropriate production goals.</p>		
<p>Performance Standard: The district will conduct the appropriate studies to identify the issues and criteria needed to address groundwater management needs within the district's boundaries. Groundwater availability goals will be consistent with the Region G Regional Water Plan and based on research of the hydrogeologic and geographic characteristics of the aquifers, which may include, but not necessarily be limited to, the amount of water use, water quality, and water level decline. Initial studies will be conducted by July 1, 2005, and additional studies will be conducted in future years as necessary.</p>	Yes	
<p>Performance Standard: A progress report on the work of the district regarding the conduct of appropriate groundwater availability studies will be included in the annual report of the district each year, as appropriate.</p>	Partially	The district provided the board with a progress report for 2007 and 2008. However, the district did not provide the board with a progress report on the conduct of groundwater studies in 2009.
Goal 2: Controlling and Preventing Waste of Groundwater		
<p>Objective: Apply a water use fee to the permitted use of groundwater in the district to encourage conservation-oriented use of the groundwater resources to eliminate or reduce waste.</p>		
<p>Performance Standard: Each year the district will apply a water use fee to the non-exempt permitted use of groundwater produced within the district pursuant to district rules. The amount of fees generated and the amount of water produced for each type of permitted use of groundwater in the district will be a part of the annual report presented to the district's board of directors.</p>	Partially	The district did not report the amount of fees generated and the amount produced for each type of permitted use of groundwater in the district in 2009.
<p>Objective: Evaluate district rules annually to determine whether any amendments are necessary to decrease the amount of waste within the district.</p>		
<p>Performance Standard: The district will include a discussion of the annual evaluation of the district rules, and the determination of whether any amendments to the rules are necessary to prevent the waste of groundwater in the annual report of the district provided to the board of directors.</p>	Partially	The district did not provide the board of directors with a report on an evaluation of its rules in 2009.
<p>Objective: Provide information to the public and the schools within the district on the wise use of water to eliminate and reduce wasteful practices.</p>		
<p>Performance Standard: The district will include a page on the district's Web site devoted to the wise use of water and providing tips to help eliminate and reduce wasteful use of groundwater. The district will provide information to local school districts including providing book covers to encourage wise use of water.</p>	Yes	

**Brazos Valley Groundwater Conservation District
Achievement of Groundwater Management Plan Objectives**

Goal and Objective Audited	Achieved?	Additional Information
Objective: Adopt an acceptable water availability goal utilizing information develop by the Region G, Regional Water Plan, the Texas Water Development Board, and the district's hydrologist.		
Performance Standard: Using the state's Groundwater Availability Model (GAM) and additional science developed by the district to determine impact on existing wells, develop an acceptable initial groundwater availability goal. Permit wells based on beneficial use and subject to availability as determined in the availability goal.	Yes	
Goal 3: Addressing Drought Conditions		
Objective: Use the Palmer Drought Severity Index (PDSI) map to monitor drought conditions and notify permit holders of severe drought conditions.		
Performance Standard: The district will monitor the Palmer Drought Severity Index (PDSI) maps at least monthly and will notify existing water producers of any severe or expected severe drought conditions. The district will make an assessment of drought conditions in the district and will prepare an annual briefing to the board of directors.	No	The district did not monitor the maps for drought conditions during the three years audited.
Objective: Develop a district drought contingency plan.		
Performance Standard: Complete the district drought contingency plan by January 2006.	No	The district has not developed a drought contingency plan.
Goal 4: Addressing Conservation		
Objective: Require all water producers requesting a permit for water production within the district to submit a water conservation plan at the time of permit application.		
Performance Standard: Review all water conservation plans submitted as a result of permit requirements to ensure compliance with permit conditions.	No	Although the district's rules include a requirement for water producers to submit a water conservation plan at the time of permit application, the district has not enforced the requirement.
Objective: Develop a system for measurement and evaluation of groundwater supplies.		
Performance Standard: Water level monitoring wells will be identified for each aquifer and will be monitored annually to track changes in static water levels. Baseline water levels and a water level monitoring program will be developed by January 2005.	Partially	The district has developed a system of measurement and evaluation of groundwater supplies and provided evidence for well level measurements in 2007 and 2008. However, it did not provide similar evidence for 2009.
Objective: Assist in obtaining grant funds for the implementation of water conservation methods.		
Performance Standard: Work with the appropriate state and federal agencies to facilitate bringing grant funds to various groups within the district boundaries to develop and implement water conservation methods.	No	The district did not contact the Water Development Board or any other state or federal agency about grant funding during the three-year period audited. However, the district general manager subsequently contacted the Water Development Board in January 2010 to discuss grant opportunities.

Recommendations

The Brazos Valley Groundwater Conservation District should:

- Consistently prepare required annual reports and submit them to its board as required by its groundwater management plan. The board should then adopt the annual reports. The submission and approval of annual reports should be documented in the board's meeting minutes.
- Comply with its groundwater management plan objectives to:
 - Include the amount of fees generated and the amount produced for each type of permitted use of groundwater in the district each year in the annual report to the board of directors.
 - Perform an annual evaluation of its rules, and include its determination regarding whether any amendments are needed in the annual report to the board of directors.
 - Include the number and types of applications made for the permitted use of groundwater in the district each year in the annual report to the board of directors.
 - Monitor the Palmer Drought Severity Index (PDSI) maps for drought conditions each month and notify permit holders when necessary.
 - Develop, document, and implement a drought contingency plan.
 - Enforce its requirement that groundwater producers submit a water conservation plan with all permit applications.
 - Ensure that well level measurements and evaluations of groundwater supplies are performed each year.
 - Develop, document, and implement a process for regularly identifying available water conservation grant funding and assisting eligible groups within the district to apply for the funds.

Management's Response

Annual reports will be made to the Board on, or before 60 days after year end, (12/31) commencing with year ending 2010.

The annual report will include the amount of fees generated by each permit class, as well as the amount produced.

The Board will commence a review of the rules by the rules committee, within 60 days of year end, 12/31/2010. A report and recommendations will be given to the Board at the March meeting.

A recap of the number and types of applications for permitted use, including the number of registered, Exempt wells will be included in the annual report.

The monthly Board meeting package will include Palmer Drought Severity Index maps for our District. Appropriate response to our permit holders, based on the current PDSI level will be addressed in the District's drought contingency plan.

A drought contingency plan is being developed, and will be adopted by year end, 12/31/2010.

The Board in conjunction with Management, will develop a water conservation plan for all permit holders, (except those that already have a water conservation plan on file with the District, and are required by the State to do so). The water conservation plan will be adopted by year end, 12/31/2010.

As a component of the annual report, the General Manager will provide a monthly calendar depicting wells to be measured. This will include a cross-section of aquifers throughout the District, ensuring that all aquifers are measured. This report will be given to the Board at its monthly meeting, after month's end.

The Board will on a continuing basis, keep abreast of available grant funding opportunities offered by the Texas Water Development Board and/or other sources, and provide information and assistance to those interested in obtaining a grant.

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

The Coastal Bend Groundwater Conservation District partially achieved the goal to provide the most efficient use of groundwater and fully achieved the following three goals:

- Controlling and preventing the waste of groundwater.
- Addressing drought conditions.
- Addressing conservation.

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

Table 5

Coastal Bend Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 1: Providing the Most Efficient Use of Groundwater		
Objective: Each year, the district will require all new exempt or permitted wells that are constructed within the boundaries of the district to be registered with the district in accordance with the district rules.		
Performance Standard: The number of exempt and permitted wells registered by the district for the year will be incorporated into the annual report submitted to the board of directors of the district.	Yes	
Objective: Each year, the district will regulate the production of ground water by maintaining a system of permitting the use of groundwater within the boundaries of the district in accordance with the district rules.		
Performance Standard: Each year the district will accept and process applications for the permitted use of groundwater in the district in accordance with the permitting process established by district rules. The number and type of applications made for the permitted use of groundwater in the district and the number and type of permits issued by the district will be included in the annual report given to the board of directors.	Yes	
Objective: The district will conduct an investigation to evaluate the aquifers of the district and the production of groundwater within the district in preparation of establishing a monitor well network within the boundaries of the district.		
Performance Standard: A study will be conducted on the hydrogeologic and geographic characteristics of the district and may include, but not necessarily be limited to, amount of aquifer structure and extent, water use, water quality, and water-levels. This study will be completed by December 1, 2005.	Yes	

**Coastal Bend Groundwater Conservation District
Achievement of Groundwater Management Plan Objectives**

Goal and Objective Audited	Achieved?	Additional Information
<p>Performance Standard: Each year the district will utilize the monitor well network to take samples of water quality and to conduct regular measurements of the changing water levels in the aquifers of the district. A progress report on the work of the district regarding monitoring the water quality and water levels of aquifers within the district will be included in the annual report of the district each year beginning in the first annual report following January 1, 2006.</p>	Partially	The district used its monitoring well network to conduct measurements of changing water levels in the district's aquifers. However, the district did not determine water quality in the aquifers.
Goal 2: Controlling and Preventing Waste of Groundwater		
<p>Objective: Each year, the district will make an evaluation of the district rules to determine whether any amendments are recommended to decrease the amount of waste of groundwater within the district.</p>		
<p>Performance Standard: The district will include a discussion of the annual evaluation of the district rules and the determination of whether any amendments to the rules are recommended to prevent the waste of groundwater in the annual report of the district provided to the board of directors.</p>	Yes	
<p>Objective: Each year, the district will provide information to the public on eliminating and reducing wasteful practices in the use of groundwater.</p>		
<p>Performance Standard: Each year, a copy of the information provided on the district's Web site regarding groundwater waste reduction will be included in the district's annual report to be given to the district board of directors.</p>	Yes	
Goal 3: Addressing Drought Conditions		
<p>Objective: Each month, the district will download the updated Palmer Drought Severity Index (PDSI) map and check for the periodic updates to the <i>Drought Preparedness Council Situation Report</i> (situation report) posted on the Texas Water Information Network Web site (www.txwin.net).</p>		
<p>Performance Standard: 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.</p>	Yes	
Goal 4: Addressing Conservation		
<p>Objective: The district will annually submit an article regarding water conservation for publication to at least one newspaper of general circulation in the district.</p>		
<p>Performance Standard: A copy of the article submitted by the district for publication to a newspaper of general circulation in the district regarding water conservation will be included in the annual report to the board of directors.</p>	Yes	
<p>Objective: The district will develop or implement a pre-existing educational program for use in public or private schools located in the district to educate students on the importance of water conservation by January 1, 2005.</p>		
<p>Performance Standard: A summary of the educational program developed or implemented by the district for use in public or private schools located in the district will be included in the annual report to the board of directors for the year 2005.</p>	Yes	
<p>Objective: Each year, the district will include an informative flier on water conservation with at least one mail-out to groundwater use permit holders distributed in the normal course of business for the district.</p>		
<p>Performance Standard: The district's annual report will include a copy of the informative flier distributed to groundwater use permit holders regarding water conservation and the number of fliers distributed.</p>	Yes	

Recommendation

The Coastal Bend Groundwater Conservation District should comply with its groundwater management plan objective to take water samples from its monitoring wells at least once each year and use them to determine water quality in the district's aquifers.

Management's Response

CBGCD agrees with this recommendation. On July 14, 2010, CBGCD has acquired all necessary materials to carry out this performance standard within 60 days.

The Corpus Christi Aquifer Storage and Recovery Conservation District Fully or Partially Achieved Two of the Four Goals Audited

The Corpus Christi Aquifer Storage and Recovery Conservation District: ³

- Did not achieve the goals to provide the most efficient use of groundwater and control and prevent the waste of groundwater.
- Partially achieved the goal to address conservation.
- Fully achieved the goal to address drought conditions.

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

Table 6

Corpus Christi Aquifer Storage and Recovery Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 1: Providing the Most Efficient Use of Groundwater		
Objective: The district will require all new exempt or permitted wells that are constructed within the boundaries of the district to be registered with the district in accordance with the district's rules.		
Performance Standard: The district shall, in each of its annual reports, provide the number of exempt and permitted wells registered by the district for the prior year.	No	The district has not developed rules defining permit exemptions or permitted any wells.
Goal 2: Controlling and Preventing Waste of Groundwater		
Objective: Each year, the district will review and evaluate the district rules to determine whether any amendments are needed to decrease the amount of waste of groundwater within the district. The district's review of its rules will take place during a properly noticed meeting, and any decisions regarding amendments to the district rules will be via formal district board action and will be documented in the minutes of the board.		
Performance Standard: The district will, in each annual report, include a summary discussion of the district board's review and decisions regarding amendments to the district rules. Documentation in the annual report will include at minimum, the date, time, and location of the district board meeting and documentation (in the form of approved meeting minutes) of the board's review and actions (if any) taken regarding rule amendments.	No	The district did not establish district rules during the period under review.

³ The State Auditor's Office audited this district's activity for one year instead of three years because the Water Development Board approved this district's groundwater management plan on October 16, 2008. This district's fiscal year runs from August through July. The State Auditor's Office audited the period beginning October 16, 2008, and ending July 31, 2009.

**Corpus Christi Aquifer Storage and Recovery Conservation District
Achievement of Groundwater Management Plan Objectives**

Goal and Objective Audited	Achieved?	Additional Information
<p>Objective: Each year, the district will meet with the City of Corpus Christi to identify opportunities to cooperate in providing information to the public regarding eliminating and reducing wasteful practices in the use of groundwater.</p>		
<p>Performance Standard: Following each meeting with the City of Corpus Christi (City), district staff will document the topics of discussion with the City in the form of written meeting minutes, and prepare a summary of opportunities for cooperation with the City regarding public information regarding efficient use of the district's groundwater. These opportunities will be presented to the district board for discussion and action. The district will, in each annual report, include a summary discussion of the board's review and decisions regarding cooperative public information activities with the City. Documentation in the annual report will include at minimum, the date, time, and location of the district board meeting, and documentation (in the form of approved meeting minutes) of the board's review and actions (if any) taken regarding cooperative venture. If the district board elects to pursue cooperative activities with the City, the annual report will also include the number of cooperative activities participated in by the district, along with a summary description of each activity.</p>	<p align="center">No</p>	<p>The district stated that it relied on the City of Corpus Christi's programs to meet this objective; however, there was no evidence of board of directors approval.</p>
<p align="center">Goal 3: Addressing Drought Conditions</p>		
<p>Objective: The district will monitor City of Corpus Christi drought triggers, and as drought triggers change, meet and coordinate potential drought response with the City of Corpus Christi.</p>		
<p>Performance Standard: The district will, in each of its annual reports, document the number of drought condition changes, a description of each drought condition change, and a description of any drought response actions taken by the City of Corpus Christi and/or the district.</p>	<p align="center">Yes</p>	
<p align="center">Goal 4: Addressing Conservation</p>		
<p>Objective: Within the first year following adoption of this management plan and approval by the Water Development Board, the district will submit at least one article regarding water conservation to at least one newspaper of general circulation in the district for publication. The primary newspaper shall be the <i>Corpus Christi Caller-Times</i>. The district may cooperate with the City of Corpus Christi in submission of these water conservation articles.</p>		
<p>Performance Standard: The district shall, in each of its annual reports, provide the number of articles submitted for publication during the previous 12 months, either as submitted individually from the district or as submitted in cooperation with the City of Corpus Christi. Each annual report shall include a copy of each article submitted for publication during the prior 12 months, and, if published, shall include the date of publication.</p>	<p align="center">Yes</p>	
<p>Objective: Within the first year following adoption of this management plan and approval by TWDB, the district will develop an educational program, or implement a pre-existing educational program, for use in public or private schools located in the district. The purpose of this educational program will be to educate students concerning water conservation. This objective may also be achieved by cooperative participation with the City of Corpus Christi in water conservation educational programming.</p>		
<p>Performance Standard: The district shall, in its first annual report, provide a summary of the educational program adopted for use, including time, date, and location of the district board meeting at which the educational program was adopted. Approved district board meeting minutes shall also be included as part of the documentation. The first annual report and subsequent annual reports shall also include a summary of the number of schools in which the educational program has been implemented.</p>	<p align="center">No</p>	<p>The district did not develop or adopt an educational program.</p>

Corpus Christi Aquifer Storage and Recovery Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
<p>Objective: Within the first year following adoption of this management plan and approval by TWDB, the district will develop and/or select an informative pamphlet regarding water conservation. This pamphlet may be developed independently by the district, or developed in cooperation with the City of Corpus Christi. The district, independently or in cooperation with the City of Corpus Christi, may also purchase an appropriate pamphlet from state or national publishers such as the American Water Works Association, the Water Environment Federation, or similar entities. Each year, the district will mail the pamphlet to groundwater use permit holders within the district, or otherwise cooperate with the City of Corpus Christi in a similar mailing.</p>		
<p>Performance Standard: The district shall, in its first annual report, provide a summary of the pamphlet selection process and include one copy of the pamphlet selected for distribution. This summary shall include the time, date, and location of the district board meeting at which the pamphlet selection, or other action taken to adopt a cooperative approach with the City, was made. Approved board meeting minutes shall also be included as part of the documentation. The first annual report and subsequent annual reports shall include a summary of the number of pamphlets mailed to groundwater use permit holders, or otherwise quantify the number of mailings if mailings were performed cooperatively with the City of Corpus Christi.</p>	No	The district has not selected a pamphlet. The district has identified, in its annual report, several pamphlets for which it could cooperate with the City of Corpus Christi, but it has also indicated that it will not select a pamphlet until a permitting system is in place.

Recommendations

The Corpus Christi Aquifer Storage and Recovery Conservation District should comply with its groundwater management plan objectives to:

- Develop, document, and implement district rules that include definitions of exempt wells, as well as permit requirements.
- Identify opportunities in cooperation with the City of Corpus Christi to inform the public about eliminating and reducing wasteful practices in the use of groundwater.
- Adopt an educational program to educate students in public or private schools about water conservation.
- Select an informative pamphlet regarding water conservation for groundwater permit holders.

Management's Response

It is relevant to note that groundwater is not part of our regional water system. While groundwater is a water management strategy in the Coastal Bend Region N, our five year plan will be focusing on determining the feasibility of using our aquifer for storage of treated or semi treated water.

As such it is important to realize that the CCASRD is comprised exclusively of City of Corpus Christi executives. The board uses city resources to conduct its business.

Goal 1. Providing the most efficient use of Groundwater.

Objective: The district will require all new exempt or permitted wells that are constructed within the boundaries of the district to be registered with the district in accordance with the district rules. The district has not developed rules defining permit exemptions or permitted any wells.

Response: Management agrees with the findings. The board has started the process for developing rules for well permitting and plans to have the rules in place before June 1st 2011. The process must be incorporated into the platting process of the City of Corpus Christi.

Goal 2. Controlling and Preventing Waste of Groundwater

Objective: The district will in each annual report include a summary discussion of the district board's review and decisions regarding amendments to the districts rules. Documentation in the annual report will include at a minimum, the date, time and location of the district board meeting and documentation of the boards review actions if any taken regarding rule amendments.

The district has not established district rules during the period under review.

Response: Management agrees with the findings. The board will draft and approve the rules before June 1st, 2011. If the Board approves any amendments to the rules during the year, they will be incorporated into the annual report.

Objective: Each year the district will meet with the City of Corpus Christi to identify opportunities to cooperate in providing information to the public regarding eliminating and reducing wasteful practices in the use of groundwater.

Response: Management disagrees with the findings. The board uses the City of Corpus Christi resources to complete its work. Currently the City of Corpus Christi relies on surface water from Choke Canyon, Lake Corpus Christi and Lake Texana to meet the demands of the region. The district has drafted and incorporated into the annual report the 5-year groundwater development plan that will focus on the feasibility of storing semi-treated or treated water into the aquifer for later use during drought periods. Board meeting of February 10th, 2010, the City Conservation Department made a presentation to the board on the conservation education program that was developed and presented to the schools. The board approved the educational material. Minutes of the meeting are attached.

Goal 3. Addressing drought Conditions. Achieved

Goal 4. Addressing conservation

Objective: Within the first year following adoption of the management plan and approval by TWDB, the district will develop an educational program or implement a pre-existing education program, for use in public or private schools located in the district. The purpose of this educational program will be to educate students concerning water conservation. This objective may also be achieved by cooperative participation with the City of Corpus Christi in water conservation educational programming.

The district did not develop or adopt an education program.

Response: Management disagrees with the findings. The board has elected to use the City of Corpus Christi' PR/Conservation Department to implement the educational program to the community. Last year the Department conducted presentations to over 10,000 students within the Corpus Christi Independent School District. They conducted a Water Day educational program at the Museum of Science and History (1,876 students) and the Hooks Weather Day (1,050).

Auditor Follow-up Comments

Goal 2: Controlling and preventing waste of groundwater. The district did not initially provide evidence that the district and the City of Corpus Christi discussed opportunities to cooperate in providing information to the public. Along with its management response to this audit report, the district provided meeting minutes showing that its board approved the district's cooperation with the City of Corpus Christi in a special meeting after the audit period on February 10, 2010.

Goal 4: Addressing conservation. The district did not initially provide evidence that its board discussed and approved the adoption of the City of Corpus Christi's educational program for use in public or private schools located in the district or adopted an educational pamphlet. Along with its management response to this audit report, the district provided meeting minutes showing that its board approved the adoption of the City of Corpus Christi's education program, as well as an educational pamphlet, in a special meeting after the audit period on February 10, 2010.

The Gateway Groundwater Conservation District Partially Achieved One of the Four Goals Audited

The Gateway Groundwater Conservation District partially achieved the goal to address conservation and did not achieve the following three goals:

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

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

Table 7

Gateway Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 1: Providing the Most Efficient Use of Groundwater		
Objective: To encourage and help farmers in the district to convert their irrigation systems to more efficient systems by assistance through federal cost-share programs such as the Environmental Quality Incentives Program (EQIP). ^a		
Performance Standard: Publish a newsletter at least once per year containing information about assistance available to farmers in the district to improve the efficiency of their irrigation systems.	No	The district did not publish any newsletters in the three fiscal years audited.
Goal 2: Controlling and Preventing Waste of Groundwater		
Objective: Review district rules as necessary to evaluate their applicability to preventing problems such as water table drawdown, interference between wells, and degradation of water quality.		
Performance Standard: Review district rules at least once a year and report to the district board incidences of complaints and problems concerning overuse of water, water waste, interference between wells, water quality problems, and other problems.	No	The district did not review its rules. It reported that the district received no complaints during the three years audited.
Goal 3: Addressing Drought Conditions		
Objective: Research idea for establishing a drought trigger network.		
Performance Standard: At least once per year provide information of drought indicators in a newsletter.	No	The district did not provide the public with information on drought indicators each year using a newsletter as required by its groundwater management plan.

Gateway Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 4: Addressing Conservation		
Objective: Assist wildlife and conservation groups, if requested, to provide groundwater use estimates and other district information that may be useful in determining the effects of increased groundwater use upon spring flow and other natural resources.		
Performance Standard: At least once per year attend a meeting of a natural resource conservation association.	Partially	The district's general manager attended the Hardeman County Fall Agriculture Seminar in fiscal years 2008 and 2009. However, neither the general manager, nor any other district representative attended association meetings or seminars in fiscal year 2007.
^a According to its Web site, the U. S. Department of Agriculture administers the Environmental Quality Incentives Program (EQIP), which offers financial and technical help to assist eligible participants install or implement structural and management practices on eligible agricultural land (http://www.nrcs.usda.gov/programs/eqip/).		

Recommendations

The Gateway Groundwater Conservation District should comply with its groundwater management plan objectives to:

- Publish newsletters including information about irrigation systems and drought indicators at least once per year.
- Review its rules at least once per year to evaluate their applicability to preventing problems such as water table drawdown, interference between wells, and degradation of water quality and report the results to the board of directors.
- Ensure that a district representative attends a meeting of a natural resource conservation association at least once per year.

Management's Response

Recommendation: "The Gateway Groundwater Conservation District should comply with its groundwater management plan objectives to: Publish newsletters including information about irrigation systems and drought indicators at least once per year. "

Response: Agree. The District has revised the Management plan to indicate that these items will be addressed on the District Web page. The Revised Management Plan is currently scheduled for Hearing and Adoption on September 7, 2010. The District Web page scheduled for implementation October 1, 2010.

Recommendation: “The Gateway Groundwater Conservation District should comply with its groundwater management plan objectives to: Review its rules at least once per year to evaluate their applicability to preventing problems such as water table drawdown, interference between wells, and degradation of water quality and report the results to the board of directors.”

Response: Agree. The rules are scheduled for review on September 7, 2010.

Recommendation: “The Gateway Groundwater Conservation District should comply with its groundwater management plan objectives to: Ensure that a district representative attends a meeting of a natural resource conservation association at least once one per year.”

Response: Agree. As indicated in the auditor’s report, a district representative attended the local NRCS meeting in 2008 and 2009, The next meeting is currently scheduled for October, 2010. A district representative will attend that meeting.

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

The Lost Pines Groundwater Conservation District partially achieved the goals to address drought conditions and address conservation and fully achieved the following two goals:

- Providing the most efficient use of groundwater.
- Controlling and preventing the waste of groundwater.

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

Table 8

Lost Pines Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 1: Providing the Most Efficient Use of Groundwater		
Objective: To inform the residents of Bastrop and Lee counties about the efficient use of groundwater. Such information may be related to irrigation efficiency, transmission losses, xeriscaping, or any other related subject deemed appropriate by the district's board. The information on efficient use of groundwater may be disseminated in conjunction with information on controlling and preventing waste of groundwater and/or water conservation.		
Performance Standard: At least annually, the general manager shall cause to be published in one or more newspapers of general circulation in Bastrop and Lee counties an article on efficient use of groundwater. The article on efficient use of groundwater may be published in conjunction with an article on controlling and preventing waste of groundwater and/or water conservation. In addition, to the extent practical, the district will sponsor or co-sponsor workshops open to the public that address this issue and similar issues.	Yes	
Goal 2: Controlling and Preventing Waste of Groundwater		
Objective: To inform the residents of Bastrop and Lee counties about the waste of groundwater. Such information may be related to leaky or poorly functioning plumbing, transmission losses, xeriscaping, or any other related subject deemed appropriate by the district's board. The information on waste of groundwater may be disseminated in conjunction with information on efficient use of groundwater and/or water conservation.		
Performance Standard: At least annually, the general manager shall cause to be published in one or more newspapers of general circulation in Bastrop and Lee counties an article on waste of groundwater. The article on waste of groundwater may be published in conjunction with an article on efficient use of groundwater and/or water conservation. In addition, to the extent practical, the district will sponsor or co-sponsor workshops open to the public that address this issue and similar issues.	Yes	

Lost Pines Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 3: Addressing Drought Conditions		
<p>Objective: Drought conditions are to be addressed on an ongoing basis by tracking rainfall records available from nearby weather stations as compared to hydrographs for district monitoring wells. At least once per month, the general manager will update rainfall and water level records maintained by the district. Based on Groundwater Availability Model (GAM) modeling and an understanding of the outcrop areas of the principal aquifers—Simsboro, Carrizo, Queen City, and Sparta—in the district, recharge appears to be relatively constant under the current climatic regime and little affected by drought conditions. It is anticipated, though, that drought conditions will result in increased pumpage and decreased natural discharge, thereby affecting water levels in the aquifers.</p>		
<p>Performance Standard: At least annually, the general manager shall prepare a report for the district board on precipitation amounts as compared to water levels within the district and a description of apparent trends. Once this report is reviewed and accepted by the district board, it shall be made available to the public at the district's office. In addition, the general manager will cause a summary of the annual report to be published in one or more newspapers of general circulation in Bastrop and Lee counties. The summary may be published in conjunction with the publication of the summary of natural resource issues. In addition, to the extent practical, the district will sponsor or co-sponsor workshops open to the public that address this issue and similar issues.</p>	Partially	<p>The district did not prepare annual reports comparing precipitation amounts to water levels within the district. However, the district did sponsor or co-sponsor several workshops regarding drought management and the severity of conditions with several organizations.</p>
Goal 4: Addressing Conservation		
<p>Objective: To educate the public within the district concerning water conservation. One or more articles related to advances in plumbing fixtures that conserve water and comparative cost savings of installing such fixtures, xeriscaping, or any other related subject deemed appropriate by the district board will be prepared for publication.</p>		
<p>Performance Standard: At least annually, the general manager shall cause to be published in one or more newspapers of general circulation in Bastrop and Lee counties an article on conservation of groundwater. The article on water conservation may be published in conjunction with an article on efficient use of groundwater and controlling and preventing waste of groundwater. In addition, to the extent practical, the district will sponsor or co-sponsor workshops open to the public that address this issue and similar issues.</p>	Partially	<p>The district provided copies of newspaper articles published in area newspapers in 2008 and 2009. However the district could not provide any articles published in 2007.</p>

Recommendations

The Lost Pines Groundwater Conservation District should comply with its groundwater management plan objectives to:

- Prepare an annual report comparing precipitation amounts to water levels within the district and a description of apparent trends for its board.
- Ensure that it publishes at least one article on water conservation at least once per year in an area newspaper of general circulation.

Management's Response

The District recognizes the partial compliance it received from the SAO. Articles regarding water conservation and conditions of the aquifers during different stress periods shall be described in future articles and reports by the District. The archiving of rainfall data on a monthly/annual basis is available but the District has not, in the past, attempted to correlate the data to aquifer static water levels. Our district, due to the small percentage (4%) of actual recharge from precipitation has opted to focus on winter readings. This is when the aquifers have the least amount of pumping stress and yield static levels that indicate their ability to recover. The District is in the process of updating its plan for approval by the TWDB. The new plan will not have a rainfall / aquifer static level correlation component as a performance standard. We do plan to report "drought index" information.

The Middle Pecos Groundwater Conservation District Fully or Partially Achieved Three of the Four Goals Audited

The Middle Pecos Groundwater Conservation District fully achieved the goal to provide the most efficient use of groundwater and it:

- Partially achieved the goals to control and prevent the waste of groundwater and address drought conditions.
- Did not achieve the goal to address conservation.

The Middle Pecos Groundwater Conservation District has been operating under an expired groundwater management plan. Its groundwater management plan was due in August 2009. The Water Development Board last approved the Middle Pecos Groundwater Conservation District’s groundwater management plan in August 2004.

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

Table 9

Middle Pecos Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 1: Providing the Most Efficient Use of Groundwater		
Objective: Each year, the district will require all new exempt or permitted wells that are constructed within the boundaries of the district to be registered with the district in accordance with the district rules.		
Performance Standard: Each year the number of exempt and permitted wells registered by the district for the year will be incorporated into the annual report submitted to the board of directors of the district.	Yes	
Goal 2: Controlling and Preventing Waste of Groundwater		
Objective: Each year, the district will make an evaluation of the district rules to determine whether any amendments are recommended to decrease the amount of waste of groundwater within the district.		
Performance Standard: The district will include a discussion of the annual evaluation of the district rules and the determination of whether any amendments to the rules are recommended to prevent the waste of groundwater in the district’s annual report provided to the board of directors.	Yes	
Objective: Each year, the district will provide information to the public on eliminating and reducing wasteful practices in the use of groundwater on the district’s Web site or by providing an article on eliminating and reducing wasteful practices to a newspaper of general circulation in the district for potential publication.		
Performance Standard: Each year, a copy of the information provided on the groundwater waste reduction page of the district’s Web site or a copy of the article provided to a newspaper of general circulation in the district will be included in the district’s annual report to be given to the district’s board of directors.	No	The district did not provide information to the public in newspaper articles or on the district’s Web site related to groundwater waste reduction.

Middle Pecos Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 3: Addressing Drought Conditions		
<u>Objective:</u> Each month, the district will download the updated Palmer Drought Severity Index (PDSI) map and check for periodic updates to the Drought Preparedness Council Situation Report (Situation Report) posted on the Texas Water Information Network Web site (www.txwin.net).		
<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's annual report to the board of directors.	Partially	The district used PDSI maps during 2007 and rainfall maps during 2008 to make drought assessments. However, the district's general manager briefed the board on the status of drought in only two quarters (both in 2007) during board meetings. In addition, the district did not perform drought assessments in 2009. The district did not prepare annual reports in the three years audited.
Goal 4: Addressing Conservation		
<u>Objective:</u> The district will submit an article annually regarding water conservation for publication to at least one newspaper of general circulation in Pecos County.		
<u>Performance Standard:</u> A copy of the article submitted will be included in the annual report to the board of directors.	No	The district did not submit any articles regarding water conservation for publication.

Recommendations

The Middle Pecos Groundwater Conservation District should:

- Consistently prepare required annual reports and submit them to its board for review and approval as required by its groundwater management plan. The submission and approval of annual reports should be documented in the board's meeting minutes.
- Provide information to the public on eliminating and reducing wasteful groundwater use practices using newspaper articles or the district's Web site.
- Perform quarterly drought assessments and include the results in its quarterly briefings to its board.
- Submit an article related to water conservation at least once each year to a newspaper of general circulation in Pecos County.

Management's Response

Recommendations will be addressed and complied with pursuant to State Audit findings.

The Neches and Trinity Valleys Groundwater Conservation District Fully Achieved All Four of the Goals Audited

The Neches and Trinity Valleys Groundwater Conservation District fully achieved the following four goals audited:

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

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

Table 10

Neches and Trinity Valleys Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 1: Providing the Most Efficient Use of Groundwater		
Objective: Each year the district will provide informative speakers to schools, civic groups, social clubs, and other organizations for presentations to inform a minimum of 50 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.		
Performance Standard: Number of citizens in attendance at district presentations concerning the principles of water conservation relating to the best practices for the efficient use of groundwater each year.	Yes	
Objective: On four or more occasions, the district will disseminate educational information relating to the most efficient use of groundwater resources.		
Performance Standard: Number of occasions, annually, the district disseminated educational information relating to the most efficient use of groundwater resources.	Yes	
Goal 2: Controlling and Preventing Waste of Groundwater		
Objective: The district will annually enforce district spacing rules requiring the permitting of all new non-exempt wells to prevent the waste of groundwater. The district will report to the board [its] intent to issue permits for all permit application requests that meet the district's rules for spacing within 90 days of the receipt of the completed application.		
Performance Standard: 1. Number of permits issued by the district for new wells in compliance with spacing limits, each year. 2. Percent of completed applications reported to the board within 90 days of receipt of application.	Yes	

**Neches and Trinity Valleys Groundwater Conservation District
Achievement of Groundwater Management Plan Objectives**

Goal and Objective Audited	Achieved?	Additional Information
Objective: The district will maintain procedures for the receipt of well permit applications. If no applications are received by the district during a reporting period, this will be annually reported to the board.		
Performance Standard: The procedures for the receipt of well permit applications will be maintained in district files. An annual report will be made by the district to the board if no well permit applications are filed and completed during the year.	Yes	
Goal 3: Addressing Drought Conditions		
Objective: A contingency plan to cope with the effects of water supply shortages due to climatic or other conditions will be developed by the district and will be adopted by the board after notice and hearing. In developing the contingency plan, the district will consider the economic effects of conservation measures upon all water resource user groups, the local implications of the degree and effect of changes in water storage conditions, the unique hydrogeologic conditions of the aquifer, and the appropriate conditions under which to implement the contingency plan.		
Performance Standard: A drought contingency plan will be developed by the district and approved by the board. The plan will be reviewed by the board and revised as necessary every year.	Yes	
Goal 4: Addressing Conservation		
Objective: At least four or more occasions, annually, the district will disseminate educational information relating to the conservation practices for the efficient use of water resources.		
Performance Standard: Number of occasions, annually, the district disseminated educational information relating to the conservation practices for the efficient use of water resources.	Yes	

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

The North Plains Groundwater Conservation District partially achieved the goal to provide the most efficient use of groundwater and fully achieved the remaining three goals audited:⁴

- Controlling and preventing the waste of groundwater.
- Addressing drought conditions.
- Addressing conservation.

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

Table 11

North Plains Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 1: Providing the Most Efficient Use of Groundwater		
Objective: The district will evaluate its requirement that all new wells be properly spaced and comply with well density standards.		
Performance Standard: The district will review the effectiveness of its current spacing requirements by January 1, 2009.	Yes	
Objective: Limit groundwater withdrawal amounts, based on an allowable production limitation and a contiguous water right acres limitation.		
Performance Standard: The district will notify water right owners with wells of their allowable production for the production period before the beginning of the production period.	Yes	
Performance Standard: Annually, the district will provide the proper production notice form to the well owner or the owner's authorized representative.	Yes	
Performance Standard: Annually, the district will collect production reports from all well owners or their authorized representatives.	Yes	
Performance Standard: Annually, the district staff will report groundwater production to the district's board by June 1st following the reporting year.	Yes	

⁴ The State Auditor's Office audited this district's activity for one year and a portion of a second year because the Water Development Board approved the district's groundwater management plan on July 14, 2008. This district's fiscal year is from October through September. The State Auditor's Office audited the period beginning July 14, 2008, and ending September 30, 2009.

**North Plains Groundwater Conservation District
Achievement of Groundwater Management Plan Objectives**

Goal and Objective Audited	Achieved?	Additional Information
Performance Standard: By December 31st following the reporting year, the district will compare annual groundwater production and annual volume decline rates.	Yes	
Performance Standard: The district will maintain documentation in its files regarding the size and legal description of each producing tract of contiguous acres of water rights.	Yes	
Performance Standard: By June 1st following the reporting year, the district will compare the reported production for each producing property with the allowable production limitation for that property.	Yes	
Performance Standard: By July 1st following the reporting year, the district will begin compliance proceedings against those water right owners that exceed the allowable production limitation. The district will use all remedies provided by the Texas Water Code and other state statutes, as necessary, to gain compliance with the district's allowable production limit rules, as well as other rules promulgated by the district.	Yes	
Objective: Analyze the current and future socioeconomic impacts to water rights owners in the district regarding scheduled reductions of the allowable production limit to promote conservation.		
Performance Standard: By June 30, 2008, the district will develop a scope of work for a study to analyze the current and future socioeconomic impacts to all water rights owners of scheduled reductions in allowable production limits or modification of contiguous water rights acres limits.	Yes	
Performance Standard: By August 1, 2008, the district will initiate a study with appropriate scientific, local, state, and federal organizations.	Yes	
Objective: Accurately measure groundwater withdrawal through the installation of water well flow meters on each non-exempt and non-domestic well.		
Performance Standard: Annually, the district will verify that 100 percent of newly permitted wells are equipped with the proper flow meter.	Yes	
Performance Standard: The district will provide a "Metering and Production Reporting Manual" in the district office and on the district's Web site to assist water producers in determining metering methods and in reporting annual production.	Yes	
Performance Standard: The district will update the district's database when a new flow meter is installed within five business days of notification by the owner.	Yes	
Objective: Calculate total annual groundwater withdrawals through water use reporting by all producing water right owners that have a well capable of producing more than 25,000 gallons of groundwater a day.		
Performance Standard: Annually, the district will issue allowable production reporting forms to each well owner required to report their production.	Yes	
Performance Standard: The district will require all permitted well owners or their authorized representative to file the production reports on a timely basis.	Yes	

**North Plains Groundwater Conservation District
Achievement of Groundwater Management Plan Objectives**

Goal and Objective Audited	Achieved?	Additional Information
Performance Standard: Annually, district staff will report water rights owners who have exceeded their groundwater production limits to the district's board.	Yes	
Performance Standard: Annually, district staff will report owners who have failed to provide the production reports to the district's board.	Yes	
Performance Standard: The district staff will document water rights owners who have exceeded their groundwater production limits.	Yes	
Performance Standard: By June 1st of each year, district staff will report annual groundwater withdrawals to the district's board.	Yes	
Objective: Track the location and disposition of all domestic livestock and rig supply water wells within the district.		
Performance Standard: Annually, district staff will electronically file well registrations into the district database and maintain hard copies in files.	Yes	
Performance Standard: Within three business days of receiving water well registration forms, district staff will verify the location of the proposed well site in accordance with district rules including, but not limited to, spacing.	Yes	
Performance Standard: District staff will perform on-site inspections of 100 percent of wells for which district staff have reason to question compliance with district rules.	Yes	
Objective: Track the location and disposition of all non-exempt water wells capable of producing more than 25,000 gallons of groundwater a day.		
Performance Standard: District staff will report the number of permits issued each quarter to the district's board and in the <i>North Plains Water News</i> .	Yes	
Performance Standard: The district will require each land owner or their authorized agent to fill out a permit application developed by the district.	Yes	
Performance Standard: District staff will keep copies of permits electronically and hard copies in a district file.	Yes	
Performance Standard: District staff will verify the location of the proposed well site in accordance with district rules including, but not limited to, spacing within three business days after receiving the well permit application.	Yes	
Performance Standard: District staff will perform on-site inspections of 100 percent of new wells once all documentation is received and reviewed by the district.	Yes	
Performance Standard: District staff will maintain in the district files a field report for each well field inspected.	Yes	
Performance Standard: After inspection and well is complete, district staff will submit the permit to the district's board for final approval.	Yes	
Performance Standard: Annually, district staff will plot the location of all newly permitted wells using the latest in-house technologies.	Yes	

**North Plains Groundwater Conservation District
Achievement of Groundwater Management Plan Objectives**

Goal and Objective Audited	Achieved?	Additional Information
Objective: Conduct a groundwater level monitoring program.		
Performance Standard: Annually, district staff will measure the depth-to-water below land surface in each well in the observation well network in which it is possible to measure and record the depth-to-water.	Yes	
Performance Standard: The district will maintain approximately the same number of wells in the observation well network each year by locating replacements for wells which can no longer be measured and obtain the owner's permission to use the well for annual measurement.	Yes	
Performance Standard: Annually, the district will drill and/or equip at least 10 observation wells that are used solely for data collection.	Yes	
Performance Standard: By December 31st, district staff will compare measurements to the previous year's measurements and calculate the water level rise or decline in each well for the past year, the past 5 years, and the past 10 years.	Yes	
Performance Standard: Annually, the district will publish data from annual measurements and comparisons to previous year, previous 5-year period, and previous 10-year period through the <i>North Plains Water News</i> and news releases to print and electronic media within the district.	Partially	The district published data on annual groundwater level measurements in its winter 2008 newsletter but did not publish the data in 2009.
Performance Standard: Annually, the district will update depth-to-water income tax depletion allowance database and supply data to landowners.	Yes	
Performance Standard: Annually, the district will publish at least one article regarding the groundwater level monitoring program in the <i>North Plains Water News</i> .	Yes	
Objective: Provide pump tests and pump plant efficiency tests to provide water users with needed information to better manage their water.		
Performance Standard: District staff will perform field tests such as gallons-per-minute flow tests, pumping level measurements, pump speed, and system pressure tests upon request.	Yes	
Performance Standard: District staff will continue to provide pump plant efficiency tests as requested to determine any inefficiencies so that water producers can make corrections to improve the efficiency of water production.	Yes	
Performance Standard: Annually, district staff will report to the district's board the number and type of testing services provided to the district residents.	Yes	
Performance Standard: District staff will maintain records in district files of all field tests performed by the district.	Yes	
Objective: Update, publish, and distribute hydrologic maps.		
Performance Standard: Annually, district staff will measure the depth-to-water from the land surface to the water table from at least 70 percent of the district's observation wells and other available wells.	Yes	
Performance Standard: Annually, district staff will update the district database for each water level measurement.	Yes	

**North Plains Groundwater Conservation District
Achievement of Groundwater Management Plan Objectives**

Goal and Objective Audited	Achieved?	Additional Information
Performance Standard: Annually, district staff will update district maps regarding depth to water, depth to red bed, and aquifer saturated thickness in the district.	Yes	
Performance Standard: Within 30 days of completion, district staff will publish the updated maps on the district's Web site.	Partially	The district's Web site included a hydrologic map for 2008. According to the district, it did not publish a hydrologic map for 2009.
Performance Standard: Annually, the district will publish an up-to-date water quantity report.	Partially	The district published a water quantity report for 2008 but did not publish one for 2009.
Goal 2: Controlling and Preventing Waste of Groundwater		
Objective: Control and prevent waste of groundwater through education and mitigation.		
Performance Standard: Annually, district staff will create at least one brochure regarding controlling and preventing the waste of groundwater at the district offices for public distribution.	Yes	
Performance Standard: Annually, district staff will publish at least one article in the <i>North Plains Water News</i> regarding controlling and preventing waste.	Yes	
Objective: Promote beneficial use of groundwater through research and education.		
Performance Standard: In each quarterly edition of the <i>North Plains Water News</i> , the district will publish at least one article regarding water conservation and protection.	Yes	
Performance Standard: Annually, the district will publish a water conservation calendar which promotes water conservation through the artwork contest for the calendar and as the calendars are used throughout the year.	Yes	
Performance Standard: The district will maintain a Web site which contains current information about the Ogallala Aquifer, the district, and the services provided by the district.	Yes	
Performance Standard: Each quarter, the district will report to the district's board the number of public education programs the district has provided or helped provide.	Yes	
Performance Standard: The district will continue to provide at least two yearly water festivals to educate the youth of the district about their water resources and water conservation.	Yes	
Goal 3: Addressing Drought Conditions		
Objective: Provide public information regarding xeriscape and drip irrigation to address drought conditions.		
Performance Standard: Annually, the district will offer and sponsor a xeriscape and drip irrigation class to the public.	Yes	
Performance Standard: District staff will publish at least one article in the <i>North Plains Water News</i> regarding xeriscape and drip irrigation per year.	Yes	
Objective: Continue supporting water conservation research addressing drought conditions with Texas AgriLife Research.		
Performance Standard: Annually, the district will review research addressing drought conditions with Texas AgriLife Research at the district's research field.	Yes	

North Plains Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Performance Standard: The district will make available to the public, in the district offices and on the district's Web site, research supported by the district and other agencies addressing drought conditions.	Yes	
Performance Standard: District staff will publish at least one article in the <i>North Plains Water News</i> per year regarding research addressing drought conditions.	Yes	
Goal 4: Addressing Conservation		
Objective: Maintain current partnership with Texas AgriLife Research to promote research in agricultural water conservation.		
Performance Standard: The district will present information on water conservation research and results to the public through written reports and field demonstrations.	Yes	
Performance Standard: Annually, district staff will report to the district's board the activities at the research field.	Yes	
Performance Standard: Annually, the district will publish at least one article in the <i>North Plains Water News</i> regarding water conservation research at the research field.	Yes	
Objective: Implement the eight water management strategies recommended by the 2007 State Water Plan.		
Performance Standard: By December 31, 2008, the district will create municipal, manufacturing, and agricultural stakeholder water user groups to develop plan criteria.	Yes	

Recommendations

The North Plains Groundwater Conservation District should comply with its groundwater management plan objectives to:

- Publish data on annual groundwater level measurements in its newsletters.
- Publish hydrologic maps of the district each year.
- Publish an annual water quantity report.

Management's Response

Management agrees with the Auditors assessment. The District is taking the following corrective actions:

The District will publish data on annual groundwater level measurements in its August 2010 Newsletter scheduled in and annually thereafter.

The District will publish hydrologic maps of the District in its "2009-2010 Hydrology and Groundwater Resources" report by August 31, 2010 in hard copy and in digital format on the District's website. The publication of the

report will be announced in the District's newsletter. The report and announcements will be updated and published yearly.

The District will publish the annual water quantity report as part of the "2009-2010 Hydrology and Groundwater Resources" report. The report will be updated and published in subsequent annual hydrology and groundwater resources reports.

The Plum Creek Conservation District Fully Achieved All Three of the Goals Audited

The Plum Creek Conservation District fully achieved the following three goals audited:⁵

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

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

Table 12

Plum Creek Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 1: Providing the Most Efficient Use of Groundwater		
Objective: The district will provide educational leadership to citizens within the district concerning this subject. The activity will be accomplished annually through at least one printed publication, such as a brochure, and public speaking at service organizations and public schools as provided for in the district's public education program.		
Performance standard: District representatives will circulate at least one publication and notice of speaking appearances each year.	Yes	
Objective: The district will gain information on water produced in Caldwell County that is outside district boundaries.		
Performance Standard: District representatives will attend and participate in groundwater management area meetings appropriate to the district's regulatory authority.	Yes	
Objective: The district will gain information on groundwater produced from groundwater aquifers in counties surrounding the district plus areas close to the district that are not in groundwater districts to develop information about impacts of such production on district groundwater.		
Performance Standard: The district will periodically seek information from nearby groundwater districts not in the same groundwater management area (GMA) but drawing from the same aquifers regulated by the district.	Yes	

⁵ The State Auditor's Office audited this district's activity for two years instead of three years because the Water Development Board approved this district's groundwater management plan on January 29, 2008. This district's fiscal year runs from October to September. The State Auditor's Office audited the period beginning January 29, 2008, and ending September 30, 2009.

Plum Creek Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 2: Controlling and Preventing Waste of Groundwater		
Objective: The district will provide educational leadership to citizens within the district concerning controlling and preventing groundwater waste. The activity will be accomplished annually through at least one printed publication (e.g., brochure).		
Performance Standard: Number of publications and speaking appearances by the district each year.	Yes	
Goal 3: Addressing Drought Conditions		
Objective: The district will develop and adopt a drought management strategy plan for groundwater under the authority of the district within five years of the adoption and certification of the plan and thereafter review annually and revise it if necessary. The board will periodically review and update the plan based on the availability of additional scientific data collected by or presented to the board.		
Performance Standard: 1. Develop and adopt a drought management strategy plan within five years of the adoption and certification of this plan. 2. Review all of the conditions and requirements specified in the drought management strategy plan that would trigger implementation on an annual basis. 3. Determine the necessity of a program to monitor rainfall for timing of effects on groundwater availability during droughts.	Not applicable	The Water Development Board certified the district's drought management strategy plan in January 2008. Therefore, the district has until January 2013 to adopt a drought management strategy plan. ^a
Goal 4: Addressing Conservation		
Objective: The district will provide educational leadership to citizens within the district concerning this subject. The educational efforts will be through at least one printed publication, such as a brochure produced either by the district or produced by others and made available by the district.		
Performance Standard: A number of publications by the district each year.	Yes	
Objective: The district will continue to sponsor and monitor development of the Plum Creek Watershed Project.		
Performance Standard: The staff will consider recommendations from the Plum Creek Watershed Project and report to the board upon completion of the project.	Yes	
^a According to the district, its current, approved groundwater management plan requires the district to develop a drought management plan by January 2013; the district intends to meet that deadline using data that are currently being assembled during ongoing district groundwater monitoring activities.		

The Presidio County Underground Water Conservation District Fully Achieved All Four of the Goals Audited

The Presidio County Underground Water Conservation District fully achieved the following four goals audited:

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

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

Table 13

Presidio County Underground Water Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 1: Providing the Most Efficient Use of Groundwater		
Objective: Each year, require meters to be installed on all production wells.		
Performance Standard: Each year, provide a report to the board of directors indicating the number of meters installed on new production wells in the district and the location and ownership.	Yes	
Objective: All current existing rules and regulations will be reviewed and amended to address the needs of the district at least once every three years.		
Performance Standard: Each year, report to the board of directors the number of changes required to keep district rules updated to district needs.	Yes	
Goal 2: Controlling and Preventing Waste of Groundwater		
Objective: Each year, investigate all reports of wasteful practices within the district.		
Performance Standard: 1. Each year, locate all complaint sites on a district map. 2. Each year, provide a report to the board of directors indicating the number of complaint sites.	Yes	
Goal 3: Addressing Drought Conditions		
Objective: The district will monitor the Palmer Drought Severity Index (PDSI) by Texas Climatic Divisions. If PDSI indicates that the district will experience severe drought conditions, the district will notify all public water suppliers within the district.		
Performance Standard: The district will monitor the PDSI and report findings and actions to the district board on a quarterly basis.	Yes	

Presidio County Underground Water Conservation District
Achievement of Groundwater Management Plan Objectives

Goal and Objective Audited	Achieved?	Additional Information
Goal 4: Addressing Conservation		
<u>Objective:</u> Annually disperse educational information regarding the current conservation practices for efficient use of water resources.		
<u>Performance Standard:</u> Each year, report to the board of directors the number of water conservation literature packets handed out.	Yes	

The Rusk County Groundwater Conservation District Fully Achieved All Four of the Goals Audited

The Rusk County Groundwater Conservation District fully achieved the following four goals audited:

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

For each goal in the groundwater management plan, there are one or more objectives and related performance standards that describe the activities the district must perform to achieve the goal. Table 14 below provides additional information.

Table 14

Rusk County Groundwater Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	Achieved?	Additional Information
Goal 1: Providing the Most Efficient Use of Groundwater		
Objective: The district will require all new exempt or non-exempt wells constructed within the district to be registered with the district in accordance with district rules.		
Performance standard: Issue permits within 20 days of application.	Yes	
Objective: Establish a groundwater database for all water wells in the district. The database shall include information relating to well location, production volume, and other information deemed necessary by the district to enable effective monitoring of groundwater in Rusk County.		
Performance standard: Document all new and existing wells by 2010.	Yes	
Objective: Provide public education opportunities.		
Performance standard: Educational information regarding the hydro-geologic cycle and status of the aquifers will be disseminated using at least two articles published in the Rusk County newspapers, postings on the district's Web site, and in responses to public inquiries as needed.	Yes	
Goal 2: Controlling and Preventing Waste of Groundwater		
Objective: Public Education.		
Performance Standard: The district will provide at least one printed publication per year, public speaking at least once per year at service organizations or public schools, and [post] wasteful practices on the district's Web site.	Yes	

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

Goal and Objective Audited	Achieved?	Additional Information
Objective: Identify wasteful practices.		
Performance Standard: The district will: <ol style="list-style-type: none"> 1. Write and adopt rules to regulate wasteful practices by December 2008. 2. Track water quality issues. 3. Initiate a district-wide program to identify the location of all abandoned wells by January 2010. 4. Develop and adopt guidelines, setting forth the period of time allowed, for abandoned well owners to ensure voluntary compliance with Texas Water Code well plugging requirements by January 2010. 5. Report unplugged abandoned water wells to the well owners and board within 30 days of discovery. 	Yes	
Goal 3: Addressing Drought Conditions		
Objective: The district will develop and adopt a drought contingency plan for the Rusk County Groundwater Conservation District within one year of the adoption and certification of this plan, review it annually, and revise it if necessary.		
Performance Standard: A contingency plan to cope with the effects of water supply shortages due to climatic or other conditions will be developed by the district and will be adopted by the board after notice and hearing.	Yes	
Goal 4: Addressing Conservation		
Objective: Public education on groundwater conservation.		
Performance standard: The district will issue at least two articles per year in Rusk County newspapers and on the district's Web site regarding water conservation issues applicable to the residents of Rusk County.	Yes	

Districts' Compliance with Statutory Requirements

Twelve of the 13 districts audited were in full or partial compliance with 7 or more of the 10 Texas Water Code statutory requirements. The remaining district—the Corpus Christi Aquifer Storage and Recovery Conservation District—complied with three of the five requirements that were applicable to it (five requirements did not apply because that district did not have any revenue in the time period audited).

Table 15 provides a summary of results.

Table 15

Districts' Compliance with Statutory Requirements Fiscal Years 2007 through 2009												
District	Texas Water Code Requirements ^a										Additional Information	
	Board Meetings	District Rules	District Policies	Joint Planning	Annual Financial Audit	Annual Budget	Surety Bonds	Board Member Bonds	Board Member Payments	Bank Depository		
● = Fully complied ◐ = Partially complied ○ = Did not comply ⊗ = Statutory requirement not applicable												
1	Blanco-Pedernales Groundwater Conservation District	●	●	◐	●	●	●	●	●	●	●	The district's policies do not address travel or include a requirement for an audit or finance committee of the board.
2	Bluebonnet Groundwater Conservation District	●	●	●	●	●	●	●	●	●	●	Annual financial audit reports noted material weaknesses that included lack of segregation of duties and lack of controls over financial statement preparation.
3	Brazos Valley Groundwater Conservation District	●	●	●	●	●	◐	●	⊗	●		From October 2009 to May 2010, the district did not have surety bonds for employees who handled district funds. The district's 2009 financial audit for the period ended December 31, 2009, was not complete as of May 2010; the district expected the audit would be completed in July 2010. The district made no payments to board members during the time period audited.

**Districts' Compliance with Statutory Requirements
Fiscal Years 2007 through 2009**

District	Texas Water Code Requirements ^a										Additional Information	
	Board Meetings	District Rules	District Policies	Joint Planning	Annual Financial Audit	Annual Budget	Surety Bonds	Board Member Bonds	Board Member Payments	Bank Depository		
● = Fully complied ◐ = Partially complied ○ = Did not comply ⊗ = Statutory requirement not applicable												
4	Coastal Bend Groundwater Conservation District	●	●	◐	●	●	●	◐	●	●	●	The district's policies did not include a requirement for an audit or finance committee of the board. The district did not have surety bonds for one employee who handles district funds. The district's annual financial audits identified significant deficiencies in 2007, 2008, and 2009. The significant deficiencies included lack of budgetary compliance in 2007, and lack of supporting documentation for some expenditures in all three years.
5	Corpus Christi Aquifer Storage and Recovery Conservation District	●	○	●	●	⊗	⊗	⊗	○	⊗	⊗	The district did not adopt rules. In addition, the district did not have bonds for directors. The district was not required to have bonds for employees because it did not have any revenues or expenditures and relies on the City of Corpus Christi's resources to meet its groundwater management plan objectives. The district made no payments to board members during the time period audited.
6	Gateway Groundwater Conservation District	●	●	○	●	●	●	○	⊗	●	●	The district did not have written policies and procedures. In addition, the district did not have surety bonds for members of its board of directors. The district made no payments to board members during the time period audited.
7	Lost Pines Groundwater Conservation District	●	●	●	●	●	●	○	●	●	●	The district did not have surety bonds for employees who handled district funds. The annual financial audit reports noted significant internal control deficiencies that included lack of segregation of duties and lack of controls over financial statement preparation in the three years audited. In addition, the 2009 audit noted the lack of a personnel policy manual; lack of appropriate supporting documentation for all credit card purchases; lack of appropriate approval for some expenditures; and lack of compliance with the budget. The auditors noted that actual salaries and benefits had exceeded the amounts budgeted by 21 percent. A similar lack of compliance with the budget was noted in the 2007 audit report.

**Districts' Compliance with Statutory Requirements
Fiscal Years 2007 through 2009**

District	Texas Water Code Requirements ^a										Additional Information	
	Board Meetings	District Rules	District Policies	Joint Planning	Annual Financial Audit	Annual Budget	Surety Bonds	Board Member Bonds	Board Member Payments	Bank Depository		
● = Fully complied ◐ = Partially complied ○ = Did not comply ⊗ = Statutory requirement not applicable												
8	Middle Pecos Groundwater Conservation District	●	●	○	◐	●	●	○	●	●	●	The district did not have written policies and procedures. The district also did not have surety bonds for employees who handled district funds. In addition, the district did not attend any joint planning meetings in 2008 with other districts in its area.
9	Neches and Trinity Valleys Groundwater Conservation District	●	●	●	●	●	●	●	●	●	●	
10	North Plains Groundwater Conservation District	●	●	◐	●	●	●	●	●	●	●	The district did not have a written policy on uniform reporting requirements.
11	Plum Creek Conservation District	●	●	◐	●	●	●	●	●	●	●	The district's written policies and procedures were incomplete; its only written policies were on ethics and travel. In addition, annual financial audit reports noted material weaknesses because of the number of transactions either not recorded or recorded in error. The reports also noted significant deficiencies in segregation of duties and lack of controls over financial statement preparation.
12	Presidio County Underground Water Conservation District	◐	●	●	●	○	◐	○	●	○	●	The district did not have board meetings in the first quarter of 2007 and the third quarter of 2009. In addition, the district did not provide evidence that its board of directors reviewed and approved its annual budgets for 2006, 2007, and 2008. The district did not have a surety bond for its general manager. The district did not have annual financial audits for the three years audited. This district is funded primarily by Presidio County. The district indicated that it made mileage reimbursements to board members who performed district duties; however, there were no verified statements from the board members as required by statute.

**Districts' Compliance with Statutory Requirements
Fiscal Years 2007 through 2009**

District	Texas Water Code Requirements ^a										Additional Information	
	Board Meetings	District Rules	District Policies	Joint Planning	Annual Financial Audit	Annual Budget	Surety Bonds	Board Member Bonds	Board Member Payments	Bank Depository		
● = Fully complied ◐ = Partially complied ○ = Did not comply ⊗ = Statutory requirement not applicable												
13	Rusk County Groundwater Conservation District	●	●	●	●	●	●	○	○	◐	●	The district did not have surety bonds for directors and employees, but it purchased an insurance policy for its directors during this audit. In addition, the district did not obtain statements confirming expenses from board members before making payments to them. The payments made to board members complied with statutory limits.

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

- Board Meetings:** The board is required to have meetings at least quarterly, with a quorum (Texas Water Code, Sections 36.064 and 36.053). The board is also required to keep complete records of its meetings and proceedings (Texas Water Code, Section 36.065).
- District Rules:** The board is required to adopt rules to implement Chapter 36 of the Texas Water Code (Texas Water Code, Sections 36.101, 36.1071(f), and 36.111 to 113).
- District Policies:** The board is required to adopt certain specified policies in writing (Texas Water Code, Section 36.061).
- Joint Planning:** The district is required to meet annually with any other districts in the groundwater management area it is located in to set desired future conditions for aquifers in the area (Texas Water Code, Section 36.108).
- Annual Financial Audit:** The board is required to have an annual audit made of the financial condition of the district (Texas Water Code, Section 36.153).
According to *Government Auditing Standards*, Section 5.11, (1) a material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected and (2) a significant deficiency is a deficiency in internal control, or combination of deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with Generally Accepted Accounting Principles (GAAP) such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected.
- Annual Budget:** The board is required to prepare and approve an annual budget including specified components (Texas Water Code, Section 36.154).
- Surety Bonds:** The district is required to obtain surety bonds in an amount determined by the board to be sufficient to safeguard the district for board members, employees, and consultants who collect, pay, or handle district funds, in an amount determined by the board to be sufficient to safeguard the district (Texas Water Code, Section 36.057).
- 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).
- Board Members Payments:** In order 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).
- Bank Depository:** The board is required to name one or more banks to serve as depository for the district funds (Texas Water Code, Section 36.155).

Recommendations for the Blanco-Pedernales Groundwater Conservation District

The Blanco-Pedernales Groundwater Conservation District should:

- Develop, document, and implement a travel policy for its directors and staff.
- Develop, document, and implement a policy for an audit or finance committee.

Management's Response

Recommendation: Develop, document, and implement a travel policy for its directors and staff.

Response: Management has previously prepared a Draft Travel Policy not yet adopted by the BPGCD Board. This Draft Travel Policy will be reviewed, revised or updated if necessary, and will be placed on the next available Board Meeting Agenda for their consideration. Management will work with the Board to revise the Draft Travel Policy as necessary and seek its adoption by the Board on or before October 1, 2010.

Recommendation: Develop, document, and implement a policy for an audit or finance committee.

Response: Management will prepare a Draft Audit or Finance Policy. This policy will include language designating an Audit or Finance Committee. The Draft Audit or Finance Policy will be placed on the next available Board Meeting Agenda for their consideration. Management will work with the Board to revise the Draft Audit or Finance Policy as necessary and seek its adoption by the Board on or before October 1, 2010.

Recommendation for the Brazos Valley Groundwater Conservation District

The Brazos Valley Groundwater Conservation District should obtain surety bonds sufficient to safeguard the district for board members, employees, and consultants who collect, pay, or handle district funds.

Management's Response

The Board and Management have fully complied with this requirement, and a copy of the bond is attached.

Auditor Follow-up Comment

The district obtained a surety bond on July 1, 2010, which was after the audit period.

Recommendations for the Coastal Bend Groundwater Conservation District

The Coastal Bend Groundwater Conservation District should:

- Develop, document, and implement a policy for an audit committee or a finance committee.
- Obtain surety bonds sufficient to safeguard the district for board members, employees, and consultants who collect, pay, or handle district funds.

Management's Response

CBGCD agrees with this recommendation. At the July 15, 2010 CBGCD Board meeting, an audit/finance committee was formed. We will begin developing policies for this committee hopefully establishing all policies within 90 days. All Directors and General Manager are currently bonded. We will obtain a surety bond for [the employee who handles district funds], CBGCD within the next 60 days.

Recommendations for the Corpus Christi Aquifer Storage and Recovery Conservation District

The Corpus Christi Aquifer Storage and Recovery Conservation District should:

- Adopt district rules necessary to implement its management plan.
- Ensure that each member of its board of directors executes 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.

Management's Response

Rules

Response: Management agrees with the findings. The board will draft and approve the rules before June 1st, 2011. If the Board approves any amendments to the rules during the year, they will be incorporated into the annual report.

Board Member Bonds

Response: Management agrees with the findings. The district will acquire performance bonds for directors.

Recommendations for the Gateway Groundwater Conservation District

The Gateway Groundwater Conservation District should:

- Develop, document, and implement district policies as required by Texas Water Code, Section 36.061.
- Ensure that each member of its board of directors executes 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.

Management's Response

Recommendation: "The Gateway Groundwater Conservation District should: Develop, document, and implement policies as required by Texas Water Code, Section 36.061."

Response: Agree. The District has developed and is scheduled to adopt the required policies at the next board meeting, to be held September 7, 2010.

Recommendation: "The Gateway Groundwater Conservation District should: Ensure that each member of its board of directors executes 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."

Response: Agree. The District obtained the appropriate surety bonds on April 28, 2010.

Recommendation for the Lost Pines Groundwater Conservation District

The Lost Pines Groundwater Conservation District should obtain surety bonds sufficient to safeguard the district for board members, employees, and consultants who collect, pay, or handle district funds.

Management's Response

The district acquired surety bonds to cover the 2 employees who handle money for the district on May 17, 2010 from JI Special Risks Insurance Agency. Appropriate paperwork was provided to [the State Auditor's Office]. The district already had in place surety bonds for the 10 members of the board of directors. That paperwork was also provided.

Recommendations for the Middle Pecos Groundwater Conservation District

The Middle Pecos Groundwater Conservation District should:

- Develop, document, and implement district policies as required by Texas Water Code, Section 36.061.
- Obtain surety bonds sufficient to safeguard the district for board members, employees, and consultants who collect, pay, or handle district funds.
- Meet annually in a joint planning session with other districts in its groundwater management area to set desired future conditions for its aquifers.

Management's Response

Recommendations will be addressed and complied with pursuant to State Audit findings.

Recommendation for the North Plains Groundwater Conservation District

The North Plains Groundwater Conservation District should develop, document, and implement a policy on uniform reporting requirements as required by Texas Water Code, Section 36.061.

Management's Response

The District has already developed, documented, and implemented its policy related uniform reporting requirements. Annually, the Board of Directors approves the District's uniform reporting requirements, in writing, when it considers and adopts the District's annual audit and financial report. The purpose of the District's annual audit, in part, is to ensure that the District is implementing reporting requirements as required by government accounting principles and statutes. For the years 2007, 2008, and 2009, the Board approved the audit, including the written policy statement regarding reporting requirements under Summary of Significant Accounting Policies. The District has previously forwarded copies of its Annual Financial Report for the three audit years to the State Auditor's office. The written policy may be found on Page 20 of reports for 2007 and 2008, and on Page 19 of the 2009 report. Texas Water Code Chapter 36 requires that a District board adopt a policy in writing, not create a separate document. However, to clarify that the District has adopted in writing uniform reporting requirements that use "Audits of State and Local Governmental Units" as guide on audit working papers and that uses "Governmental Accounting and Financial Reporting Standards," management will propose a separate policy from the District's annual audit report related to uniform reporting requirements consistent with Texas Water Code, Section 36.061(C) for consideration and adoption by the District's Board at a regular board meeting before September 1, 2010.

Recommendations for the Plum Creek Conservation District

The Plum Creek Conservation District should develop, document, and implement district policies for:

- District investments.
- The selection, monitoring, or review and evaluation of professional services.
- The better management of information including:
 - Budgets for use in planning and controlling costs.

- An audit or finance committee of the board.
- Uniform reporting requirements as required by Texas Water Code, Section 36.061.

Management's Response

One of the Districts audited was Plum Creek Conservation District ("PCCD"). The Audit Report notes that in exercising powers under Chapter 36 of the Texas Water Code, Plum Creek Conservation District is required to "adopt certain policies in writing" in accord with Section 36.061 of the Texas Water Code and that the written policies of PCCD were incomplete. PCCD agrees that it was not able to produce certain written policies. In addition, PCCD agrees that its auditors have made suggestions that the District strengthen management of financial information.

At its next meeting, scheduled for July 20, 2010, PCCD has an agenda item to discuss and take action on written policies required by 36.061 of the Texas Water Code including those on District investments and professional services agreements. The discussion will also include a discussion of and potential action on protocols for better management of information in accord with the items mentioned in the State Audit Report and in the annual audits received and reviewed by PCCD. The District currently anticipates that it will have completed the work to generate any missing policies and adopt clarifying protocols by the end of the 2010 calendar year.

Actions to adopt policies or institute protocols will be taken in public meetings, and the agendas for such PCCD meetings are posted on its web site.

Recommendations for the Presidio County Underground Water Conservation District

The Presidio County Underground Water Conservation District should:

- Hold board meetings at least once every quarter.
- Obtain annual financial audits.
- Submit annual budgets to board members and obtain their approval.
- Obtain surety bonds sufficient to safeguard the district for board members, employees, and consultants who collect, pay, or handle district funds.
- Obtain verified statements from board members before making payment for fees of office and reimbursing their expenses.

Management's Response

Recommendation: Hold Board meetings at least once every quarter.

Response: One of the meetings that was not held was posted but was cancelled due to the death of the Chairman's father. The PCUWCD Board is now meeting quarterly.

Recommendation: Obtain annual financial audit.

Response: The District did not have financial audits because Presidio County funded the District and the District was not in control of the funds. The PCUWCD is now in control of their funds and will get an annual financial audit beginning in 2010.

Recommendation: Submit annual budgets to the board and obtain their approval.

Response: The PCUWCD began having the Board approve budgets on November 23, 2009 when the Board approved the budget for 2010

Recommendation: Obtain surety bonds sufficient to safe guard the district for board members, employees, and consultants who collect, pay, or handle funds.

Response: The PCUWCD failed to obtain a bond on one Board member and the General Manager. As of July 1, 2010 these bonds have been obtained.

Recommendation: Obtain verified statements from board members before making payment for fees of office and reimbursing their expenses.

Response: The PCUWCD has begun using a new reimbursement form as of July 19, 2010 that the Board members must sign before receiving reimbursement.

Auditor Follow-up Comments to the Recommendation on Obtaining Annual Financial Audits

The district received two lump sum transfers totaling \$23,738.65 from Presidio County in 2009. In addition, the district collected well application fees totaling \$800 in 2007, \$800 in 2008, and \$1,300 in 2009.

Texas Water Code, Section 36.153, requires a district to obtain an annual financial audit of the financial condition of the district if the district had more than \$500 in revenues or expenditures during the calendar year. A dormant district can elect to submit a financial dormancy affidavit to the Commission

on Environmental Quality's executive director instead of complying with the audit requirements.

Recommendations for the Rusk County Groundwater Conservation District

The Rusk County Groundwater Conservation District should:

- Obtain surety bonds sufficient to safeguard the district for board members, employees, and consultants who collect, pay, or handle district funds.
- Ensure that each member of its board of directors executes 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.
- Obtain verified statements from board members before making payment for fees of office and reimbursing their expenses.

Management's Response

Recommendation: Obtain surety bonds sufficient to safe guard the district for board members employees and consultants who collect, pay or handle district funds.

Response: Our surety bond had expired prior to the audit. Through the audit we were made aware of this oversight, and the district quickly obtained a surety bond (#61 BSBFS5829) through TML (Victor O. Schinnerer & company, Inc.) effective April 29, 2010 for all board members and the District Manager.

Recommendation: Ensure that each member of its board of directors executes a bond for \$10, 000 payable to the district and conditioned on the faithful performance of that directors duties before beginning to perform the duties of office.

Response: The bond (#61BSBFS5829) obtained through TML (Victor O. Schinnerer & company, Inc.) effective April 29, 2010, covers each of the 9 board members and the District Manager in the amount of \$10,000 payable to Rusk County Groundwater Conservation District.

Recommendation: Obtain verified statements from board members before making payment for fees of office and reimbursing their expenses.

Response: Although each check written to board members was backed up in (Quick Books, Excel spread sheet, confirmed by our outside CPA monthly, and audited by our outside auditor annually), signed statements from each board member were not required. In response to the identification of this requirement, board members were required to sign an affidavit on April 27, 2010 verifying their participation at each of the board meeting. These affidavits were emailed to the State Auditor the same day. To comply with the letter of the code, we now have a procedure in place (effective Second Quarter 2010) requiring each board member to sign a verifying statement quarterly of their participation at each board meeting attended in that quarter before a reimbursing check is written.

Appendices

Appendix 1

Objective, Scope, and Methodology

Objective

The objective of this audit was to review selected groundwater conservation districts (districts) to determine whether they were operational and in compliance with applicable statutes.

Scope

The scope of this audit covered 13 districts located in 13 of the 16 groundwater management areas. The audit scope covered each district's fiscal years 2007, 2008, and 2009, except as noted (the span of the districts' fiscal years varied). The audit of three districts' groundwater management plans was limited to the period of time after their most current groundwater management plans were approved by the Water Development Board. Those districts and the dates on which their groundwater management plans were approved by the Water Development Board were as follows:

- The Corpus Christi Aquifer Storage and Recovery Conservation District (October 16, 2008).
- The North Plains Groundwater Conservation District (July 14, 2008).
- The Plum Creek Conservation District (January 29, 2008).

This audit did not include a review of districts' information technology systems.

The following districts were audited:

- The Blanco-Pedernales Groundwater Conservation District.
- The Bluebonnet Groundwater Conservation District.
- The Brazos Valley Groundwater Conservation District.
- The Coastal Bend Groundwater Conservation District.
- The Corpus Christi Aquifer Storage and Recovery Conservation District.
- The Gateway Groundwater Conservation District.
- The Lost Pines Groundwater Conservation District.

- The Middle Pecos Groundwater Conservation District.
- The Neches and Trinity Valleys Groundwater Conservation District.
- The North Plains Groundwater Conservation District.
- The Plum Creek Conservation District.
- The Presidio County Underground Water Conservation District.
- The Rusk County Groundwater Conservation District.

Methodology

The audit methodology included:

- Assessing whether a district had achieved management objectives based on a review of evidence submitted by the district. If a district achieved all the management objectives for a goal, auditors concluded that the district had fully achieved that goal. If a district achieved at least one management objective for a goal with more than one objective, auditors concluded that the district had partially achieved that goal.
- Determining whether a district had complied with 10 statutory requirements based on a review of evidence submitted by the district.

Auditors obtained an understanding of statutory requirements by reviewing the Texas Water Code and each district's enabling legislation and obtained additional knowledge by reviewing each district's groundwater management plan.

Information collected and reviewed included the following:

- District board of directors' meeting minutes.
- District manager reports to the board.
- Annual financial audit reports, reports on internal controls, and management letters.
- District rules.
- District policies and procedures.
- Information on district Web sites.
- Documentation of achievement of groundwater management plan objectives submitted by the districts.
- District budgets.

- Groundwater management area planning group meeting minutes.

Procedures and tests conducted included the following:

- Comparison of district activities to written groundwater management plan performance standards.
- Analysis of district budgets, financial statements, and annual financial audit reports.
- Review of district rules and policies for compliance with statutory requirements.
- Review of documentation provided by the districts for compliance with statutory requirements.

Criteria used included the following:

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

Project Information

Audit fieldwork was conducted from January 2010 through June 2010. 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:

- Joseph Mungai, CIA, CISA (Project Manager)
- David Dowden (Assistant Project Manager)
- George Eure
- Michael Sanford
- Michele Pheeny, MBA
- Leslie Ashton, CPA (Quality Control Reviewer)
- Sandra Vice, CIA, CGAP, CISA (Assistant State Auditor)

State Agency Roles in the Groundwater Management Process

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

Texas Water Code, Section 36.1071, requires groundwater conservation districts (districts) to develop groundwater management plans. Each district must submit a groundwater management plan to the Water Development Board for review and certification within three years of the confirmation election to approve the district's creation.

The Water Development Board reviews and approves the groundwater management plans for administrative completeness. A groundwater conservation district's groundwater management plan is administratively complete when it:

- Addresses the eight statutory goals in Texas Water Code, Chapter 36 (see Appendix 4 for a list of the goals).
- Identifies the performance standards and management objectives for each of the goals and specifies the actions, procedures, performance, and avoidance that are or may be necessary to effect the groundwater management plan.

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 is required to determine whether a district is actively engaged in achieving the objectives in its groundwater management plan based on an analysis of the district's activities.

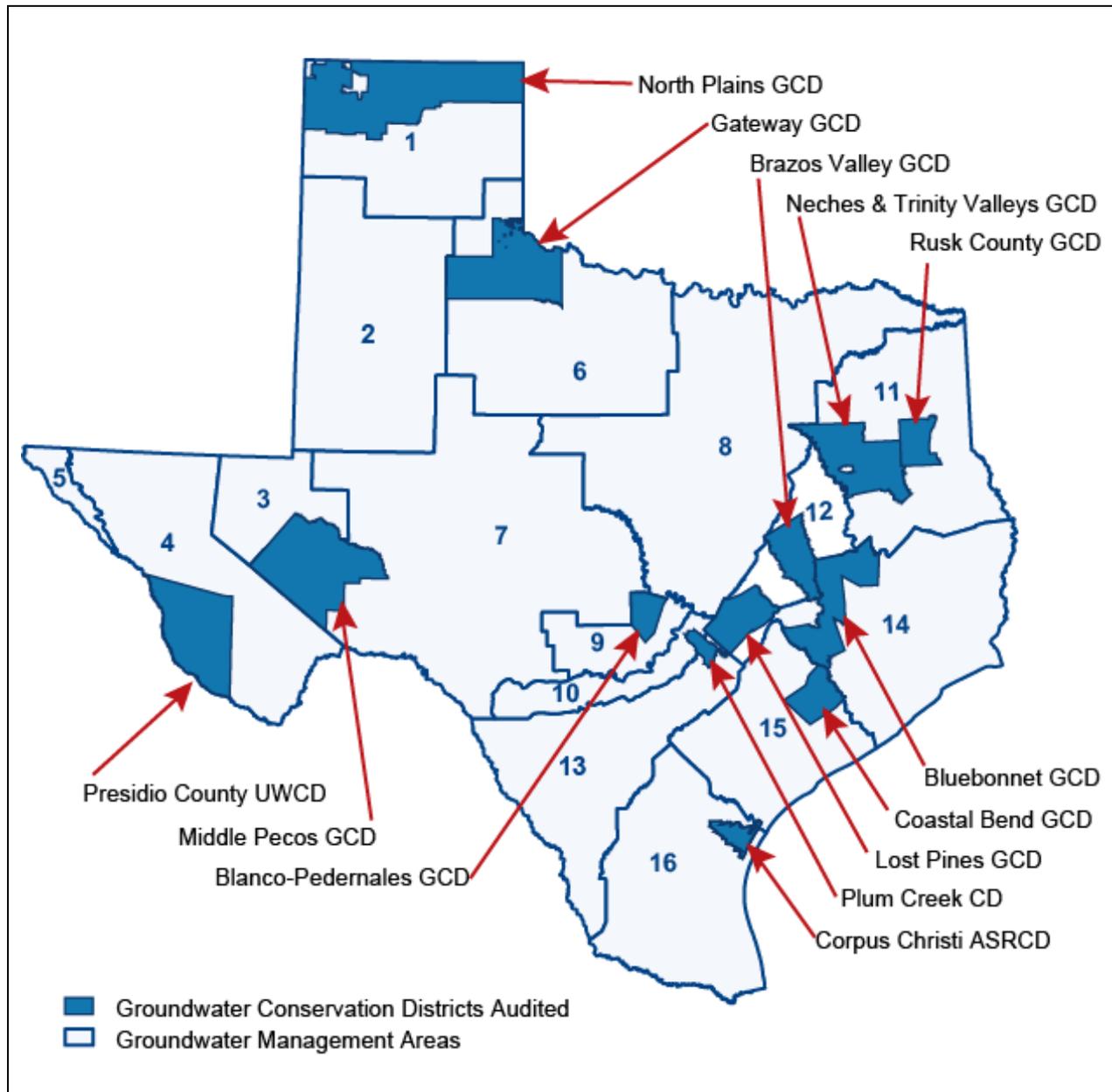
Texas Water Code, Section 36.303, specifies that if a district fails to comply with the provisions of Texas Water Code, Chapter 36, the Commission on Environmental Quality must implement an enforcement action. The Commission on Environmental Quality has several enforcement action options established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

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

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

Map of Groundwater Conservation Districts Audited and Groundwater Management Areas

The map below shows the 13 groundwater conservation districts audited and the groundwater management areas in which they are located. The Water Development Board has designated 16 groundwater management areas in the state. The districts audited were located in 13 of the 16 groundwater management areas.



Statutorily Required Groundwater Management Plan Goals

Texas Water Code, Section 36.1071, requires that the following goals be addressed in each groundwater conservation district's (district) groundwater management plan:

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

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

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

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

Six of the 13 districts audited did not include recharge enhancement, rainwater harvesting, precipitation enhancement, or brush control, where appropriate and cost-effective in their groundwater management plans. Those elements were added to the statutory requirements in 2005 by House Bill 1763 (79th Legislature).

Related State Auditor's Office Work

Related SAO Work		
Number	Product Name	Release Date
10-023	A Follow-up Audit Report on the Kinney County Groundwater Conservation District	February 2010
06-021	An Audit Report on the Kinney County Groundwater Conservation District	January 2006
03-030	An Audit Report on Groundwater Conservation Districts - Phase Four	April 2003
02-061	An Audit Report on Groundwater Conservation Districts - Phase Three	July 2002
02-005	An Audit Report on Groundwater Conservation Districts - Phase Two	October 2001
00-037	An Audit Report on Groundwater Conservation Districts - Phase One	August 2000
99-042	An Audit Report on the Gonzales County Underground Water Conservation District: A Pilot Project	July 1999

Copies of this report have been distributed to the following:

Legislative Audit Committee

The Honorable David Dewhurst, Lieutenant Governor, Joint Chair
The Honorable Joe Straus III, Speaker of the House, Joint Chair
The Honorable Steve Ogden, Senate Finance Committee
The Honorable Thomas “Tommy” Williams, Member, Texas Senate
The Honorable Jim Pitts, House Appropriations Committee
The Honorable Rene Oliveira, House Ways and Means Committee

Office of the Governor

The Honorable Rick Perry, Governor

Commission on Environmental Quality

Members of the Commission on Environmental Quality
Dr. Bryan W. Shaw, Chairman
Mr. Buddy Garcia
Mr. Carlos Rubenstein
Mr. Mark R. Vickery, Executive Director

Water Development Board

Members of the Water Development Board
Mr. James E. Herring, Chairman
Mr. Jack Hunt, Vice Chairman
Mr. Joe M. Crutcher
Mr. Thomas Weir Labatt III
Mr. Lewis H. McMahan
Mr. Edward G. Vaughan
Mr. J. Kevin Ward, Executive Administrator

Board members and managers of the following groundwater conservation districts:

The Blanco-Pedernales Groundwater Conservation District
The Bluebonnet Groundwater Conservation District
The Brazos Valley Groundwater Conservation District
The Coastal Bend Groundwater Conservation District
The Corpus Christi Aquifer Storage and Recovery Conservation District
The Gateway Groundwater Conservation District
The Lost Pines Groundwater Conservation District
The Middle Pecos Groundwater Conservation District
The Neches and Trinity Valleys Groundwater Conservation District
The North Plains Groundwater Conservation District
The Plum Creek Conservation District
The Presidio County Underground Water Conservation District
The Rusk County Groundwater Conservation District



This document is not copyrighted. Readers may make additional copies of this report as needed. In addition, most State Auditor's Office reports may be downloaded from our Web site: www.sao.state.tx.us.

In compliance with the Americans with Disabilities Act, this document may also be requested in alternative formats. To do so, contact our report request line at (512) 936-9880 (Voice), (512) 936-9400 (FAX), 1-800-RELAY-TX (TDD), or visit the Robert E. Johnson Building, 1501 North Congress Avenue, Suite 4.224, Austin, Texas 78701.

The State Auditor's Office is an equal opportunity employer and does not discriminate on the basis of race, color, religion, sex, national origin, age, or disability in employment or in the provision of services, programs, or activities.

To report waste, fraud, or abuse in state government call the SAO Hotline: 1-800-TX-AUDIT.