An Audit Report on the Gonzales County Underground Water Conservation District: A Pilot Project

July 19, 1999

Members of the Legislative Audit Committee:

The activities of the Gonzales County Underground Water Conservation District (District) provide certain assurances that the groundwater it administers is being conserved, preserved, and protected. The District is fully operational and actively engaged in achieving the objectives of its management plan. District activities include monitoring well water levels and quality, participating in regional planning, and educating constituents about water conservation and effective use. The District also complies with the basic statutory requirements of Chapter 36 of the Texas Water Code, such as quarterly board meetings, annual audits, and adoption of certain rules, policies, and procedures.

In the 17 months since the adoption of its management plan, the District has fully accomplished 8 of the 13 applicable objectives audited. The District partially met another 3 objectives. Only 2 objectives were not accomplished at the time of the audit. Furthermore, the District is in full compliance with all 8 applicable statutory requirements audited.

This audit of a single-county groundwater district was a pilot project. The State Auditor’s Office will proceed to audit other Texas groundwater districts over the next five years. Through these audits, we expect, with the assistance of the districts, the Natural Resource Conservation Commission, the Water Development Board, and the Parks and Wildlife Department, to develop a more comprehensive picture of the level of conservation, preservation, and protection of Texas groundwater resources.

The District generally agrees with our recommendations. Its full response, as well as details on each of the audited management plan objectives and statutory requirements, is included in the attachment. A complete listing of the District’s management goals and objectives is also attached.

1 We audited a total of 15 objectives from the management plan. Two were not applicable during the period audited.
2 We audited a total of 9 statutory requirements. One was not applicable during the period audited.
We thank the management of the Gonzales County Underground Water Conservation District for their cooperation during this review. If you have any questions, please contact Amy Dingler, Project Manager at (512) 479-4700.

Sincerely,

Lawrence F. Alwin, CPA
State Auditor

cc: Gonzales County Underground Water Conservation District
    Board Members
    Mr. Barry Miller, District Manager
    Natural Resource Conservation Commission
    Mr. Steve Musick, Ground-Water Assessment Section Manager
    Parks and Wildlife Department
    Ms. Cindy Loeffler, P.E., Water Resources Team Leader,
    Water Development Board
    Mr. Bill Mullican, Director of Water Resources Planning

Objectives, Scope, and Methodology

This audit was conducted in accordance with Government Auditing Standards. The primary objective of our audit was to determine whether the Gonzales County Underground Water Conservation District is currently operational, based on District performance under its management plan and compliance with basic statutory requirements for groundwater districts (Chapter 36 of the Texas Water Code).

The scope of this audit included a review of the District’s activities since the adoption of its management plan in November 1997 and a review of records since election of the District board of directors in August 1996.

The methodology used on this audit consisted of the following activities:

- Collection and review of pertinent documents such as annual financial audits, annual budgets, notices and minutes for board meetings, and various correspondence
- Interviews with District management and staff.
- Observation of the District offices, staff activities in the field, and the District record-keeping system obtained in an on-site visit

Audits of groundwater conservation districts are required by Chapter 36, Section 302, of the Texas Water Code.
Detailed Audit Report

**Overall Conclusion**

The Gonzales County Underground Water Conservation District is operational based on:

- Satisfactory District performance under its Management Plan
- Compliance with basic statutory requirements for groundwater districts (Chapter 36 of the Texas Water Code)

**The District is Actively Engaged in Achieving the Objectives of its Management Plan**

The State Auditor’s Office (Office) audited 15 of the District’s 23 objectives during the 17-month period since the District’s adoption of its management plan. The results in Table 1 are organized according to the District’s nine goals, shown in bold.

<table>
<thead>
<tr>
<th>Objective</th>
<th>Achievement</th>
<th>Auditor’s Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Technical Goal:</strong> To establish and maintain an aquifer-monitoring network</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Locate 20 wells to check annually for water levels.</td>
<td>Yes</td>
<td>The District met its goal of selecting and measuring 20 wells for water levels. The District intends to begin measuring twice a year to develop winter and summer trends.</td>
</tr>
<tr>
<td>Select 5 wells to check annually for water quality.</td>
<td>Yes</td>
<td>The District met its goal of identifying and measuring 5 wells. The District also received a grant from the Water Development Board for quality measuring equipment and funds to add 15 wells, for a total of 20 wells measured for water quality.</td>
</tr>
</tbody>
</table>

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<th>Achievement</th>
<th>Auditor's Comment</th>
</tr>
</thead>
</table>
| **Groundwater Resources Goal:**  
To investigate aquifers within District and improve the level of knowledge [about them] | | |
| Study the results of the Carrizo/Wilcox modflow study Interaction Between Ground Water and Surface Water in the Carrizo-Wilcox Aquifer. Consider any appropriate revisions to the rules. | No | The study was completed August 1998. The District has not yet received or requested a final copy. The District’s general manager served on the technical advisory board for the study. |
| **Current and Projected Needs and Conjunctive Surface Water Goal:**  
To coordinate drought contingency planning to reinforce surface water supply by using groundwater | | |
| Compile records from other users in order to project future water use. | Yes | The District compiled information from large users in the District, such as poultry farms, and submitted a projection on future water needs to the region for use in regional planning. |
| **Conservation and Efficient Use Goal:**  
To promote conservation and efficient use of aquifers within the District | | |
| Enforce Classification, Spacing, and Production Provisions as stated in the Rules of the District. | N/A | The District, at this time, is unaware of any rule violations needing enforcement. |
| Meet with the four cities and the rural water supply in the District annually to discuss water conservation. | No | District representatives have not met with representatives of the cities to discuss water conservation. |
| **Waste Prevention Goal:**  
To prevent and control waste of groundwater | | |
| Educate the public about wasteful practices (by publishing annual articles about wasteful water use). | Yes | The District published the article “Water Saving Tips are Offered by GCUWCD” on July 3, 1998 in the Gonzales Inquirer. |
| **Public Information Goal:**  
To inform the public on aquifer conditions and water conservation | | |
| Publish groundwater production figures for the county in a newspaper of general circulation beginning in 1999. | Partial | The District has requested this information for publication but has not yet received it from all of the water suppliers. |
### Results of Achieving Objectives

<table>
<thead>
<tr>
<th>Objective</th>
<th>Achievement</th>
<th>Auditor’s Comment</th>
</tr>
</thead>
</table>
| **Cooperation and Coordination Goal:** To promote cooperation between water management entities and user groups within the District |             | **Objective**  
Meet with the cities of Gonzales, Nixon, Smiley and Waelder annually to update future plans and areas of mutual concern.  
Meet with the Gonzales County Commissioners annually to update future plans and areas of mutual concern.  
Meet during the year with the Gonzales County Water Council to share information updates with the GBRA (Guadalupe-Brazos River Authority). | Partial     | District representatives have met with representatives of the cities Nixon and Waelder to discuss regional planning and Senate Bill 1 of the 75th Legislature. District representatives have not met with representatives of the cities of Gonzales and Smiley.  
District representatives met on Feb 8, 1999 with the Gonzales County Commissioners.  
There is no formally documented meeting of District representatives with the Gonzales County Water Council. However, there is sufficient evidence of interaction between members of that group to say that the objective of sharing informational updates with the GBRA was achieved. |
| **Groundwater Protection and Natural Resource Issues Goal:** To protect aquifers within the District from damage due to mineral exploration activities |             | **Objective**  
Contact the Railroad Commission and coordinate efforts with this agency in locating abandoned oil wells upon receiving complaints from citizens.  
Act on complaints of abandoned water wells. | Yes         | The District manager meets monthly on an informal basis with the local field inspector/engineer for the Railroad Commission. The two of them have made trips on four separate complaints of abandoned oil wells, and have plans to investigate several new complaints.  
As of May 6, 1999 the District has received no complaints, formal or informal, of abandoned water wells. |
| **Water Transportation Goal:** To provide for reasonable allocation of water resources to be transported outside the District and monitor this activity |             | **Objective**  
Receive monthly reports of groundwater transported out of the District and publish this information in January along with the other water production numbers. | N/A         | As of May 6, 1999, no groundwater is being transported out of the District. |
The District is in Compliance with Basic Statutory Requirements

The Office audited nine basic statutory requirements from Chapter 36 of the Texas Water Code, which deals with groundwater conservation districts. The results are shown in Table 2.

Table 2

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Compliance</th>
<th>Auditor's Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarterly board meetings</td>
<td>Yes</td>
<td>The District meets monthly on the second Tuesday of every month.</td>
</tr>
<tr>
<td>Public notice given and minutes recorded for all board meetings</td>
<td>Yes</td>
<td>The District has records of notices and minutes for every board meeting from 1997 to the present.</td>
</tr>
<tr>
<td>Annual audits</td>
<td>Yes</td>
<td>The District is in full compliance with Chapter 36 requirements.</td>
</tr>
<tr>
<td>Annual budgets</td>
<td>Yes</td>
<td>The District is in full compliance with Chapter 36 requirements.</td>
</tr>
<tr>
<td>Adoption of certain rules</td>
<td>Yes</td>
<td>The District is in full compliance with Chapter 36 requirements.</td>
</tr>
<tr>
<td>Adoption of certain policies/procedures</td>
<td>Yes</td>
<td>The District is in full compliance with Chapter 36 requirements.</td>
</tr>
<tr>
<td>Maintenance of drillers' and electric logs</td>
<td>Yes</td>
<td>The District is in full compliance with Chapter 36 requirements.</td>
</tr>
<tr>
<td>Appropriate financial record-keeping</td>
<td>Yes</td>
<td>The District uses a small double-entry accounting system to maintain financial records.</td>
</tr>
<tr>
<td>Appropriate issuance of well permits</td>
<td>N/A</td>
<td>The District has appropriate rules in place, but is unaware of any new wells that would require permits.</td>
</tr>
</tbody>
</table>

District Profile

- Creation: Natural Resource Conservation Commission Creation Order, November 12, 1993
- Date of management plan certification: Water Development Board, February 1998
- Size: Single-county district
- Population served: Approximately 20,000 residents
- Annual revenues: $89,768 in fiscal year 1998, $111,945 in fiscal year 1997
- Staff size: 1.5 employees
- Tax rate: $.0155/$100 evaluation
• Tax collection rate: 98 percent
• Main District activities: locating and registering existing wells and participating in regional planning
• Aquifers under District’s jurisdiction: Carrizo-Wilcox, Queen City, and Sparta

District Goals and Objectives

Technical Goal

To establish and maintain an aquifer-monitoring network

Objective 1 - Locate 20 wells to check annually for water levels.

Objective 2 - Annually identify [register] 50 new existing wells.

Objective 3 - Select 5 wells to check annually for water quality.

Groundwater Resources Goal

To investigate aquifers within District and improve the level of knowledge [about them]

Objective - Study the results of the Carrizo/Wilcox modflow study (which should be complete in 1998). Consider any appropriate revisions to the rules.

Current and Projected Needs and Conjunctive Surface Water Goal

To coordinate drought contingency planning to reinforce surface water supply by using groundwater.

Objective 1 - Gather water production data from public water supplier and publish those figures each January, beginning in 1999, in a newspaper of general circulation

Objective 2 - Compile records from other users in order to project future water use

Objective 3 - Advise the Gonzales County Water Supply Corporation and the City of Gonzales on the best locations for new supply wells based on chemical analysis and water availability
Objective 4 - Coordinate drought contingency planning with the Gonzales County Water Supply Corporation, the City of Gonzales, the City of Nixon, the City of Smiley, and the City of Waelder

Conservation and Efficient Use Goal

To promote conservation and efficient use of aquifers within the District

Objective 1 - To enforce Classification, Spacing, and Production Provisions as stated in the Rules of the District

Objective 2 - To meet with the four cities and the rural water supply in the District annually to discuss water conservation

Objective 3 - To meet with consumers of groundwater, at their request, to review water use and possible conservation measures that could be initiated

Waste Prevention Goal

To prevent and control waste of groundwater

Objective 1 - To identify abandoned and deteriorated wells

Objective 2 - To educate the public about wasteful practices

Public Information Goal

To inform the public on aquifer conditions and water preservation

Objective 1 - To publish groundwater production figures for the county in a newspaper of general circulation beginning in 1999

Objective 2 - To publish an information article in July of each year (beginning in 1999) with conservation measures that can be taken

Cooperation and Coordination Goal

To promote cooperation between water management entities and user groups within the District

Objective 1 - To meet with the cities of Gonzales, Nixon, Smiley and Waelder annually to update future plans and areas of mutual concern
**Objective 2** - To meet with the Gonzales County Commissioners annually to update future plans and areas of mutual concern

**Objective 3** - To meet with the Gonzales Area Development Corporation annually to update future pans and areas of mutual concern

**Objective 4** - To meet during the year with the Gonzales County Water council to share information updates with the GBRA [Guadalupe-Brazos River Authority]

**Groundwater Protection and Natural Resource Issues Goal**

To protect aquifers within the District from damage due to mineral exploration activities

**Objective 1** - To contact the Railroad Commission and coordinate efforts with this agency in locating abandoned oil wells upon receiving complaints form citizens

**Objective 2** - To have District Manager meet with the local Railroad Commission engineering technician monthly to review oil well permits and oil related activity that could endanger the aquifers

**Objective 3** - To act on complaints of abandoned water wells

**Water Transportation Goal**

To provide for reasonable allocation of water resources to be transported outside the District and monitor this activity

**Objective** - To receive monthly reports of groundwater transported out of the District and publish this information in January along with the other water production numbers
Management’s Response

Gonzales Co. Underground Water Conservation Dist.

Phone 830 672 1047

June 25, 1999

Ms. Amy Dingler, State Auditor
State Auditor’s Office
P.O. Box 12067
Austin, Texas 78711-2067

Dear Ms. Dingler,

Thank you for giving us the opportunity to respond to your Audit Report on the Gonzales County Underground Water Conservation District (GCUWCD). We are pleased that your office recognizes the efforts of the GCUWCD to conserve, preserve and protect our groundwater resources.

We have reviewed the audited management plan objectives in your report and agree with your findings. GCUWCD is one of the newer water districts in the state and has already broken new ground towards protecting and conserving the ground water resources of Gonzales County. The district will continue to meet the objectives of the management plan and will strive to improve its performance steadily to achieve all objectives.

Once again, we appreciate the hard work by your audit staff during the past month and the courtesy extended to this office. If you have any further questions, please do not hesitate to call.

Sincerely,

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Vice President
830/587-6162

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830/672-6454

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