John Keel, CPA
State Auditor

An Audit Report on

Selected Groundwater Conservation Districts

October 2014

Report No. 14-004

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Overall Conclusion

Auditors selected 21 groundwater conservation districts and 2 underground water conservation districts (districts) and audited their (1) achievement of selected groundwater management plan goals and (2) compliance with selected statutory requirements. Results are summarized below.

Districts' Achievement of Groundwater Management Plan Goals

Eight (35 percent) of the 23 districts fully achieved all applicable groundwater management plan goals audited. Texas Water Code, Chapter 36, requires districts to establish groundwater management plans (see text box for additional details on those plans). Those eight districts were:

- Clearwater Underground Water Conservation District.
- Cow Creek Groundwater Conservation District.
- Goliad County Groundwater Conservation District.
- Lone Star Groundwater Conservation District.
- McMullen Groundwater Conservation District.
- Pineywoods Groundwater Conservation District.
- Rolling Plains Groundwater Conservation District.
- Upper Trinity Groundwater Conservation District.

Ten (43 percent) of the 23 districts fully or partially achieved all applicable groundwater management plan goals audited. Those 10 districts were:

Background Information

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

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

The Water Development Board reviews and approves districts' groundwater management plans, including the goals and objectives. The Commission on Environmental Quality has the authority to enforce districts' compliance with the statutory requirements outlined in Texas Water Code, Chapter 36. See Appendix 2 for a more detailed description of state agency roles in the groundwater management process and Appendix 4 for more information about the statutory goals.

As of April 2013, there are 97 confirmed districts. Two additional districts await confirmation by voters in local elections. See Appendix 3 for a map showing the districts.

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

For more information regarding this report, please contact Angelica Ramirez, Audit Manager, or John Keel, State Auditor, at (512) 936-9500.

- Coastal Plains Groundwater Conservation District.
- Colorado County Groundwater Conservation District.
- Crockett County Groundwater Conservation District.
- Fayette County Groundwater Conservation District.
- Lower Trinity Groundwater Conservation District.
- Menard County Underground Water District.
- Mid-East Texas Groundwater Conservation District.
- Southern Trinity Groundwater Conservation District.
- Texana Groundwater Conservation District.
- Wes-Tex Groundwater Conservation District.

Five (22 percent) of the 23 districts did not achieve 1 or more of the applicable groundwater management plan goals audited. Those five districts were:

- Clear Fork Groundwater Conservation District.
- Hays Trinity Groundwater Conservation District.
- Kimble County Groundwater Conservation District.
- Northern Trinity Groundwater Conservation District.
- Trinity Glen Rose Groundwater Conservation District.

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

Districts' Compliance with Statutory Requirements

Fourteen (61 percent) of the 23 districts audited fully complied with 8 or more of the 10 Texas Water Code statutory requirements audited. Seven of those districts fully complied with all applicable Texas Water Code requirements audited. Those seven districts were:

- Clearwater Underground Water Conservation District.
- Colorado County Groundwater Conservation District.
- Fayette County Groundwater Conservation District.

- Lone Star Groundwater Conservation District.
- Mid-East Texas Groundwater Conservation District.
- Pineywoods Groundwater Conservation District.
- Upper Trinity Groundwater Conservation District.

Examples of the Texas Water Code requirements audited included requirements for the districts to obtain surety bonds for employees and members of their boards of directors, obtain an annual financial audit, adopt annual budgets, hold quarterly board meetings, and adopt policies and rules. In some instances, certain statutory requirements did not apply to a district. See Table 25 in Chapter 2 for detailed results.

Summary of Management's Response

Generally all districts agreed to implement the recommendations as presented in this report. However, the Northern Trinity Groundwater Conservation District did not submit management's responses to the specific recommendations addressed to it in this report (see Chapter 1-P). Management's responses from each district are provided after the recommendations in each chapter in the Detailed Results section of this report.

Summary of Objectives, Scope, and Methodology

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

The scope of this audit covered 23 districts located in 10 of the 16 groundwater management areas in Texas. The audit scope covered each district's fiscal years 2011 and 2012, except as noted.[1] This audit did not include a review of any district's information technology systems.

The audit methodology included:

- Assessing whether each district was actively engaged in achieving four goals from its groundwater management plan, including all objectives related to each selected goal. For the goal of addressing conservation, auditors reviewed only the objectives specifically related to conservation. If a district achieved all of the objectives for a goal during all fiscal years reviewed, auditors concluded that the district had fully achieved that goal. If a district achieved at least part of all

[1] The dates of each district's fiscal year varied among the 23 districts audited.

of the objectives related to a goal, auditors concluded that the district had partially achieved that goal. If a district did not achieve all parts of any objectives related to a goal, auditors concluded that the district did not achieve that goal.

- Assessing whether each district complied with 10 requirements selected from Texas Water Code, Chapter 36.
- Obtaining an understanding of statutory requirements by reviewing the Texas Water Code and each district's enabling legislation.

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Detailed Results

Chapter 1

Districts' Achievement of Groundwater Management Plan Goals

Eighteen (78 percent) of the 23 groundwater conservation districts (districts) audited fully or partially achieved all of the applicable objectives for groundwater management plan goals audited. Specifically:

- Eight districts fully achieved all applicable groundwater management goals audited.
- Ten districts fully or partially achieved all applicable groundwater management goals audited.

The remaining 5 (22 percent) of the 23 districts did not achieve one or more of their management plan goals audited.

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 all of the objectives for a goal during both fiscal years reviewed, auditors concluded that the district fully achieved that goal. If a district achieved at least part of one objective related to a goal, auditors concluded that the district partially achieved that goal. If a district did not achieve all objectives related to a goal, auditors concluded that the district did not achieve that goal. Table 1 summarizes districts' achievement of those goals.

Table 1

Districts' Achievement of Groundwater Management Plan Goals for Fiscal Years 2011 and 2012

District		Goal	Number of Objectives Audited	Achievement		
				Number of Objectives Fully Achieved	Number of Objectives Partially Achieved	Number of Objectives Not Achieved
1	Clear Fork Groundwater Conservation District	Providing the Most Efficient Use of Groundwater	1	-	1	-
		Controlling and Preventing Waste of Groundwater	1	1	-	-
		Addressing Drought Conditions	1	1		-
		Addressing Conservation	1	-	-	1

Districts' Achievement of Groundwater Management Plan Goals for Fiscal Years 2011 and 2012						
	District	Goal	Number of Objectives Audited	Achievement		
				Number of Objectives Fully Achieved	Number of Objectives Partially Achieved	Number of Objectives Not Achieved
2	Clearwater Underground Water Conservation District	Providing the Most Efficient Use of Groundwater	4	4	-	-
		Controlling and Preventing Waste of Groundwater	1	1	-	-
		Addressing Drought Conditions	2	2	-	-
		Addressing Conservation	1	1	-	-
3	Coastal Plains Groundwater Conservation District	Providing the Most Efficient Use of Groundwater	3	2	1	-
		Controlling and Preventing Waste of Groundwater	2	2	-	-
		Addressing Drought Conditions	1	-	1	-
		Addressing Conservation	2	2	-	-
4	Colorado County Groundwater Conservation District	Providing the Most Efficient Use of Groundwater	3	2	1	-
		Controlling and Preventing Waste of Groundwater	4	2	2	-
		Addressing Drought Conditions	2	2	-	-
		Addressing Conservation	1	1	-	-
5	Cow Creek Groundwater Conservation District	Providing the Most Efficient Use of Groundwater	2	2	-	-
		Controlling and Preventing Waste of Groundwater	3	3	-	-
		Addressing Drought Conditions	3	3	-	-
		Addressing Conservation	2	2	-	-
6	Crockett County Groundwater Conservation District	Providing the Most Efficient Use of Groundwater	2	2	-	-
		Controlling and Preventing Waste of Groundwater	1	1	-	-
		Addressing Drought Conditions	1	1	-	-
		Addressing Conservation	1	-	1	-
7	Fayette County Groundwater Conservation District	Providing the Most Efficient Use of Groundwater	3	3	-	-
		Controlling and Preventing Waste of Groundwater	4	3	1	-
		Addressing Drought Conditions	1	1	-	-
		Addressing Conservation	1	1	-	-

Districts' Achievement of Groundwater Management Plan Goals for Fiscal Years 2011 and 2012						
	District	Goal	Number of Objectives Audited	Achievement		
				Number of Objectives Fully Achieved	Number of Objectives Partially Achieved	Number of Objectives Not Achieved
8	Goliad County Groundwater Conservation District	Providing the Most Efficient Use of Groundwater	1	1	-	-
		Controlling and Preventing Waste of Groundwater	1	1	-	-
		Addressing Drought Conditions	1	1	-	-
		Addressing Conservation	1	1	-	-
9	Hays Trinity Groundwater Conservation District	Providing the Most Efficient Use of Groundwater	1	1	-	-
		Controlling and Preventing Waste of Groundwater	1	-	-	1
		Addressing Drought Conditions	4	1	1	2
		Addressing Conservation	1	1	-	-
10	Kimble County Groundwater Conservation District	Providing the Most Efficient Use of Groundwater	3	2	1	-
		Controlling and Preventing Waste of Groundwater	4	3	-	1
		Addressing Drought Conditions	1	-	-	1
		Addressing Conservation	1	1	-	-
11	Lone Star Groundwater Conservation District	Providing the Most Efficient Use of Groundwater	2	2	-	-
		Controlling and Preventing Waste of Groundwater	3	3	-	-
		Addressing Drought Conditions	1	1	-	-
		Addressing Conservation	3	3	-	-
12	Lower Trinity Groundwater Conservation District	Providing the Most Efficient Use of Groundwater	1	1	-	-
		Controlling and Preventing Waste of Groundwater	3	2	1	-
		Addressing Drought Conditions	3	3	-	-
		Addressing Conservation	1	-	1	-
13	McMullen Groundwater Conservation District	Providing the Most Efficient Use of Groundwater	1	1	-	-
		Controlling and Preventing Waste of Groundwater	1	1	-	-
		Addressing Drought Conditions	1	1	-	-
		Addressing Conservation	1	1	-	-

Districts' Achievement of Groundwater Management Plan Goals for Fiscal Years 2011 and 2012						
	District	Goal	Number of Objectives Audited	Achievement		
				Number of Objectives Fully Achieved	Number of Objectives Partially Achieved	Number of Objectives Not Achieved
14	Menard County Underground Water District	Providing the Most Efficient Use of Groundwater	1	1	-	-
		Controlling and Preventing Waste of Groundwater	5	4	-	1
		Addressing Drought Conditions	1	-	1	-
		Addressing Conservation	1	-	1	-
15	Mid-East Texas Groundwater Conservation District	Providing the Most Efficient Use of Groundwater	1	-	1	-
		Controlling and Preventing Waste of Groundwater	1	-	1	-
		Addressing Drought Conditions	1	-	1	-
		Addressing Conservation	1	-	1	-
16	Northern Trinity Groundwater Conservation District	Providing the Most Efficient Use of Groundwater	2	-	-	2
		Controlling and Preventing Waste of Groundwater	2	-	-	2
		Addressing Drought Conditions	1	-	-	1
		Addressing Conservation	1	-	-	1
17	Pineywoods Groundwater Conservation District	Providing the Most Efficient Use of Groundwater	1	1	-	-
		Controlling and Preventing Waste of Groundwater	1	1	-	-
		Addressing Drought Conditions	1	1	-	-
		Addressing Conservation	1	1	-	-
18	Rolling Plains Groundwater Conservation District	Providing the Most Efficient Use of Groundwater	2	2	-	-
		Controlling and Preventing Waste of Groundwater	1	1	-	-
		Addressing Drought Conditions	2	2	-	-
		Addressing Conservation	2	2	-	-
19	Southern Trinity Groundwater Conservation District	Providing the Most Efficient Use of Groundwater	2	2	-	-
		Controlling and Preventing Waste of Groundwater	2	2	-	-
		Addressing Drought Conditions	1	1	-	-
		Addressing Conservation	1	-	1	-

Districts' Achievement of Groundwater Management Plan Goals for Fiscal Years 2011 and 2012						
	District	Goal	Number of Objectives Audited	Achievement		
				Number of Objectives Fully Achieved	Number of Objectives Partially Achieved	Number of Objectives Not Achieved
20	Texana Groundwater Conservation District	Providing the Most Efficient Use of Groundwater	1	-	1	-
		Controlling and Preventing Waste of Groundwater	1	-	1	-
		Addressing Drought Conditions	1	-	1	-
		Addressing Conservation	1	-	1	-
21	Trinity Glen Rose Groundwater Conservation District	Providing the Most Efficient Use of Groundwater	1	1	-	-
		Controlling and Preventing Waste of Groundwater	3	1	2	-
		Addressing Drought Conditions	3	2	1	-
		Addressing Conservation	2	-	-	2
22	Upper Trinity Groundwater Conservation District	Providing the Most Efficient Use of Groundwater	2	2	-	-
		Controlling and Preventing Waste of Groundwater	3	3	-	-
		Addressing Drought Conditions	1	1	-	-
		Addressing Conservation	2	2	-	-
23	Wes-Tex Groundwater Conservation District	Providing the Most Efficient Use of Groundwater	3	3	-	-
		Controlling and Preventing Waste of Groundwater	2	2	-	-
		Addressing Drought Conditions	1	-	1	-
		Addressing Conservation	2	2	-	-

Chapter 1-B

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

Selected Financial Information for Fiscal Year 2012

Balance Sheet	
Total Assets	$918,824
Total Liabilities	$ 95,270
Statement of Revenues and Expenditures	
Total Revenues	$558,621
Total Expenditures	$492,193

Source: These amounts were from the district's annual audited financial statements and were not verified as part of this audit. These amounts are for the district's fiscal year ending September 30, 2012.

The Clearwater Underground Water Conservation District fully achieved the following four goals:

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

For each goal in the groundwater management plan, there 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

Clearwater 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, the District will require the registration of all wells within the District's jurisdiction.		
Performance Standard: Each year, the number of new and existing wells registered with the District will be presented in the District's annual report.	Yes	
Objective: Each year, the District will require permits for all non-exempt use of groundwater in the District as defined in the District rules, in accordance with adopted procedures.		
Performance Standard: Each year, a summary of the number of applications for the drilling of non-exempt wells, the number of applications for the permitted use of groundwater, and the disposition of the applications will be presented in the District's annual report.	Yes	
Objective: Each year, the District will maintain a groundwater database to include information relating to well location, production volume, and other pertinent information deemed necessary by the District to enable effective monitoring of groundwater in Bell County.		
Performance Standard: a. Each year, the District's annual report will include a status report of the database development. b. Each year, the District's annual report will include a summary of changes in the water level condition of the aquifers included in the district water-level monitoring program.	Yes	

Clearwater Underground Water Conservation District Achievement of Groundwater Management Plan Objectives		
Goal and Objective Audited	**Achieved?**	**Additional Information**
Objective: Each year, the District will disseminate educational information on groundwater through publication of a District newsletter.		
Performance Standard: The annual report will include a copy of the District newsletter published each year.	Yes	
Goal 2: Controlling and Preventing Waste of Groundwater		
Objective: Each year, the District will disseminate educational information on controlling and preventing the waste of groundwater focusing on water quality protection through at least one classroom or public presentation.		
Performance Standard: The annual report will include a summary of the District presentation to disseminate educational information on controlling and preventing the waste of groundwater focusing on water quality protection.	Yes	
Goal 3: Addressing Drought Conditions		
Objective: Each year, the District will monitor drought conditions in the Edwards aquifer through the process established in the drought management plan for the Edwards aquifer adopted by the Board of Directors.		
Performance Standard: Each year, a summary of the District monitoring of drought conditions in the Edwards aquifer and the implementation of any conservation measures will be provided in the annual report.	Yes	
Objective: Each year, the District will monitor drought conditions in the Trinity aquifer through the process established in the drought management plan for the Trinity aquifer adopted by the Board of Directors.		
Performance Standard: Each year, a summary of the District monitoring of drought conditions in the Trinity aquifer and the implementation of any conservation measures will be provided in the annual report.	Yes	
Goal 4: Addressing Conservation		
Objective: Each year, the District will promote conservation by conducting an annual scholastic contest on water conservation or distributing conservation brochures/literature to the public.		
Performance Standard: Each year, the annual report will include a summary of the District activity during the year to promote conservation.	Yes	