

TEXAS ALLIANCE OF GROUNDWATER DISTRICTS

Regular Business Meeting

January 27-28, 2016

Crowne Plaza, Austin, Texas

AGENDA

Wednesday, January 27, 2016

- A. Call to Order and Invocation – **1:00 p.m.**
 - B. Speaker Sessions
 - 1. TWDB Updates – Larry French
 - 2. TCEQ & GCDS – Cary Betz
 - C. Roll Call
 - D. Membership update and announcement of new members
 - E. Discussion and possible action on minutes of prior meeting
 - F. TAGD Annual Report & Membership Management Update
 - G. Discussion and possible action on FY15 Q4 and FY16 Q1 finances
 - H. Discussion and possible action on FY15 Audit
 - I. Discussion and possible action on TAGD Legislative Policy
 - J. GCD Panel: Education in GCDs, Adeline Fox, Morgan Ayers, Alan Day
 - K. Groundwater Topics Caucuses: Education/Outreach, ASR, and Regional Water Planning
- 5:00 p.m. On-site networking reception (included with registration)**

Thursday, January 28, 2016

- A. Call to Order – 8:30 a.m.
- B. How to Engage your Local Representation - Kody Bessent
- C. Rule Updates Since the 84th Legislature –Ty Embrey, Monique Norman, Greg Ellis, Brian Sledge
- D. Case Law Updates- Mike Gershon, Drew Miller, Greg Ellis
- E. Officer and Committee Reports

Executive Director (Sarah Schlessinger)	Groundwater Protection (David Van Dresar)
Executive Committee (Joe B. Cooper)	Drought Preparedness (David Van Dresar)
Legislative Committee (Dirk Aaron)	Information/Education (Leah Adams)

- F. Member and GMA Reports
- G. Other TAGD Business
- H. Adjournment

1:00 PM On-site Legislative Committee meeting

The meeting may be closed in accordance with Article 6.0.D.2. of the TAGD Bylaws

NOTE: Agenda items may be considered, deliberated, and/or acted upon in a different order than set forth above.

Agenda Item E

Discussion and possible action on minutes of prior meeting

**DRAFT Minutes of
Regular Business Meeting
TEXAS ALLIANCE OF GROUNDWATER DISTRICTS
August 25, 2015
Embassy Suites, San Marcus, TX**

These Minutes are a record of the items discussed, including motions on any matters that involve the TAGD Membership. The Minutes mostly follow the order on the previously distributed agenda, but may not have been discussed in that order, as noted in the Minutes.

- A. Call to Order and Invocation.** President Kathy Jones called the meeting to order at 9:35 AM August 25, 2015.
- B. Invocation.** Gary Westbrook provided the invocation.
- C. Roll Call & Election Ballot Distribution.** Sarah Schlessinger introduced Jim Conkwright to explain the ballot and elections. Jim explained the vote would be by ballot due to having several good nominations to the committee this year. Sarah explained that each District would get one vote and one ballot and that during roll call each District as called could pick up their ballots in the back of room. Each District had until 10:20 AM to vote and if anyone came in before the deadline they needed to check in with the Secretary and pick up a ballot. Secretary Leah Adams called the roll and informed the Chair there were 50 District Members in attendance, comprising a quorum. A list of GCDs represented at the meeting is attached as Attachment 1.
- D. Introduction of TAGD Officer Nominees & Floor Nominations.** Kathy Jones introduced each nominee and gave them an opportunity to speak. After each nominee spoke, Kathy opened each position for nominations from the floor. No one made any nominations from the floor.
- E. Announcement & Introduction of new TAGD Members.** Kathy Jones welcomed Branscomb PC as the newest Associate Member to TAGD. Steve Walthour introduced Laura West the new Production Coordinator for the North Plains Groundwater Conservation District.
- F. Discussion and possible action on minutes of prior meeting.** Kathy Turner Jones presented the minutes from the last meeting. Alan Day made the motion and Zach Holland seconded to approve the minutes as presented. The motion passed unanimously.
- G. Discussion and possible action on Financial Reports and Budget Amendments.** Steve Walthour presented the financial reports included in the meeting packets. Steve reported a current balance of \$124,405.95. He stated that the budgeted reduction in reserves would not be as large due to not spending as much as originally predicted. He presented a recommendation from the Budget & Finance Committee to amend the current budget by reducing Travel. Conference, Dues and Outreach budget \$3,000 and increasing the Meeting Expense budget \$3,000 with no increase to the total budget. David Van Dresar made the motion and Joel Pigg seconded to approve the recommendation from the committee to transfer \$3,000 and approved the financial reports. The motion passed unanimously.

H. Report from committees, with discussion and possible action. Kathy moved into discussion and possible action of each committee which are as follows:

1. Conference Planning Committee – Sarah Schlessinger reported that the conference committee is reports record attendance at the Summit this year with an estimate \$40,000 in revenue from the conference.
2. Employment Policy Committee – Steve Walthour stated the committee had submitted the personnel policy to the membership for a vote later on the agenda.
3. Meetings Committee – Joe Cooper stated the committee had issued a recommendation to go from four (4) meetings a year to three (3) with an increase to meeting costs. The membership would vote on that recommendation later on the agenda.

I. Discussion and possible action on number of TAGD regular meetings. Based on the recommendation from the Meetings Committee, C.E. Williams made a motion and David Mauk seconded to approve the recommendation as presented and to allow the Executive Committee to set the meeting dates for next year. The motion passed unanimously.

J. Discussion and possible action on TAGD regular meeting registration rates. Steve Walthour presented the recommendation from the Finance Committee increase meeting cost by approximately \$40 or 32% to cover the costs of going from four meetings to three. Joe Cooper made the motion and Jim Polonis seconded the motion to approve the meeting increase. The motion passed unanimously.

K. Discussion and possible action on FY 2015-2016 Annual Budget. Steve Walthour presented a recommendation from the Finance Committee to approve the 2015-2016 budget of \$169,029 with a \$21,000 drawdown in reserves. Gary Westbrook made the motion and Ron Fieseler seconded to approve the budget as presented. The motion passed unanimously.

Kathy called for all ballots at 10:20 AM.

L. Discussion and possible action on Bylaws Amendments. Zach Holland presented the changes to the Bylaws based on the vote to change the number of meetings from four (4) to three (3). David Van Dresar made the motion and Gary Walker seconded to approve the changes as presented. The motion passed unanimously.

M. Discussion and possible action on Employment. Steve stated the Employment Policy Committee recommends the approval of the personnel policy that was distributed to the membership ten (10) days prior to the meeting. Janet Guthrie made the motion and Doug Shaw seconded to approve as presented. The motion passed unanimously. Sarah Schlessinger stated she would provide the final copy to the membership within 30 days as required by bylaws.

N. Committee Reports. Kathy Jones moved into committee reports as listed below:

1. Executive Director – Sarah Schlessinger stated she would like to postpone the hiring of another TAGD employee until she has had a chance to review the needs of TAGD.
2. Executive Committee – Kathy Turner Jones stated the Executive Committee met prior to the membership meeting. Kathy stated the committee will review the Bylaws to look at the officer structure and

possible reevaluate the when officers take office and that a Retention Policy committee had been established to develop a records retention policy for TAGD.

3. Groundwater Protection – David Van Dresar stated that Sarah had attended the meeting in July. Sarah stated the next meeting will be in October.
4. Bylaws Committee – Zach Holland stated all discussions had been approved with the bylaws changes earlier in the meeting.
5. Drought Preparedness – David Van Dresar reported there was nothing to report due to rain.
6. Information & Education – Leah Adams stated the salary survey is almost complete. She was finishing up writing the study and would present to the committee for review.
7. Railroad – None.
8. Aquifer Storage and Recovery – David Mauk reported TWDB was investing one million dollars for an ASR feasibility study.
9. Legislative Committee – Dirk Aaron stated that the new legislative policy was available on the website.
10. Soil & Water Conservation – Joel Pigg reported the State was experiencing fires due to no rain lately.

O. Member and Group Reports. Gary Westbrook informed TAGD membership that the TCEQ petition filed against Post Oak Savannah had been reviewed and TCEQ had stated that no panel was needed. No reports from RWPGs. Kathy Jones reported that GMA-14 had received notice that the proposed DCFs set in June were being petitioned as not valid. Jim Polonis reported that GMA-7 meeting had been changed to September 19, 2015. Sarah Schlessinger stated that Robert Mace was working on a process to coordinate the DFC adoption dates and Regional Water Planning Groups. Gary Westbrook also reported that GMA-8 was on track for comments for draft preliminary DFCs. There was no report for Environmental Flows Advisory Group.

P. Other TAGD Business. Kathy Jones opened up other TAGD business:

- a. Discussion and possible action on renewal of IEM Multi-Year Agreement. After some discussion of the IEM multi-year agreement, Ron Fieseler made the motion and Jim Polonis seconded to approve the agreement as presented. The motion passed unanimously. C.E. Williams made the motion and Jim Polonis seconded to allow the Executive Committee to set the next Groundwater Summit date and location. The motion passed unanimously.
- b. Discussion and possible action on Texas Groundwater Protection Committee alternate. Zach Holland made the motion and Steve Walthour seconded to vote Sarah Schlessinger as the alternate. The motion passed unanimously.
- c. Announcement of TAGD Election Results, Designation of TAGD Area Representatives. Kathy announced the new officers to begin in October for TAGD are as follows:
Parliamentarian: Kody Bessent
Secretary: Leah Adams
Treasurer: Zach Holland
Vice President: Dirk Aaron
President: Joe Cooper
Sarah Schlessinger stated that the TAGD Representatives will be nominated and selected through a google survey.

Q. Adjournment. Kathy Jones adjourned the meeting at 11:05 pm after extending thanks to the Conference Committee (Cody Bessent, C.E. Williams, Alan Day,

Jim Polonis) and Andrea from IEM. Dirk Aaron provided a farewell gift to Kathy as the outgoing President.

Prepared and submitted by Sarah Schlessinger, Executive Director, and Leah Adams, Secretary.

Approved by the Members on _____, 2016.

Joe B. Cooper, President

Leah Adams, Secretary

Attachment 1
Members Attending the TAGD Regular Business Meeting
August 25, 2015
Embassy Suites, San Marcus, TX

1. Bandera Co. River Authority and Groundwater District
2. Barton Springs/Edwards Aquifer Conservation District
3. Bee Groundwater Conservation District
4. Blanco-Pedernales Groundwater Conservation District
5. Bluebonnet Groundwater Conservation District
6. Brazos Valley Groundwater Conservation District
7. Central Texas Groundwater Conservation District
8. Clearwater Underground Water Conservation District
9. Coastal Bend Groundwater Conservation District
10. Coastal Plains Groundwater Conservation District
11. Colorado County Groundwater Conservation District
12. Duval County Groundwater Conservation District
13. Evergreen Underground Water Conservation District
14. Fayette County Groundwater Conservation District
15. Glasscock Groundwater Conservation District
16. Gonzales County Underground Water Conservation District
17. Hemphill County Underground Water Conservation District
18. High Plains Underground Water Conservation District No. 1
19. Irion County Water Conservation District
20. Kinney County Groundwater Conservation District
21. Live Oak Underground Water Conservation District
22. Llano Estacado Underground Water Conservation District
23. Lone Star Groundwater Conservation District
24. Lone Wolf Groundwater Conservation District
25. Lower Trinity Groundwater Conservation District
26. McMullen Groundwater Conservation District
27. Medina County Groundwater Conservation District
28. Mesa Underground Water Conservation District
29. Mid-East Texas Groundwater Conservation District
30. Middle Trinity Groundwater Conservation District
31. Neches and Trinity Valley Groundwater Conservation District
32. North Plains Groundwater Conservation District
33. North Texas Groundwater Conservation District
34. Panhandle Groundwater Conservation District
35. Panola County Groundwater Conservation District
36. Pineywoods Groundwater Conservation District
37. Plateau Underground Water Conservation and Supply District
38. Plum Creek Conservation District
39. Post Oak Savannah Groundwater Conservation District
40. Prairelands Groundwater Conservation District
41. Real-Edwards Conservation and Reclamation District
42. Red River Groundwater Conservation District
43. Rolling Plains Groundwater Conservation District
44. Rusk County Groundwater Conservation District
45. Sandy Land Underground Water Conservation District
46. South Plains Underground Water Conservation District
47. Southeast Texas Groundwater Conservation District
48. Sterling County Underground Water Conservation District
49. Sutton County Groundwater Conservation District
50. Upper Trinity Groundwater Conservation District

Agenda Item G

Discussion and possible action on FY15 Q4 and FY16 Q1 Finances

Texas Alliance of Groundwater Districts
Budget vs. Actuals: TAGD - FY15 P&L
October 2014 - September 2015

	Total	
	Actual	Budget
Income		
Grants and Donations		2,000.00
Interest Income	22.51	36.00
Meeting Income		
Leadership Training Income		3,000.00
PFIA Training	6,625.00	4,000.00
Quarterly Meeting Income	34,730.00	25,000.00
Texas Groundwater Summit	45,298.55	30,000.00
Total Meeting Income	\$ 86,653.55	\$ 62,000.00
Member Dues		
Membership Dues - Associates	32,500.00	25,000.00
Membership Dues - Voting	74,062.50	75,000.00
Total Member Dues	\$ 106,562.50	\$ 100,000.00
Total Income	\$ 193,238.56	\$ 164,036.00
Gross Profit	\$ 193,238.56	\$ 164,036.00
Expenses		
Meeting Expenses		
Leadership Training Expenses		2,000.00
Meeting Supplies		1,000.00
Quarterly Meeting Expenses	14,458.47	15,000.00
Total Meeting Expenses	\$ 14,458.47	\$ 18,000.00
Office Expense		
Business Phone	142.45	840.00
Cell Phone	1,545.00	1,620.00
Furniture and Equipment	1,252.36	2,500.00
Postage and PO Box	78.37	200.00
Rent	10,435.00	12,000.00
Supplies	335.38	800.00
Website	261.26	440.00
Total Office Expense	\$ 14,049.82	\$ 18,400.00
Personnel		
Executive Director		
Health Insurance Reimburse	2,689.35	4,500.00
Payroll Taxes	6,957.21	7,000.00
Retirement	3,200.00	5,000.00
Salaries	87,743.93	80,000.00
Total Executive Director	\$ 100,590.49	\$ 96,500.00
Staff		
Health Insurance Reimburse	2,479.82	4,500.00
Payroll Taxes	2,365.12	3,000.00
Retirement	1,750.00	2,800.00
Salaries	29,166.69	50,000.00

Total Staff	\$ 35,761.63	\$ 60,300.00
Total Personnel	\$ 136,352.12	\$ 156,800.00
Professional Services		
Audit/Tax Return		1,000.00
Contracted Services		1,000.00
Insurance - Bonds	1,634.67	2,000.00
Payroll/Bookkeeping/Banking	1,320.01	2,500.00
PFIA Instructor	2,700.00	2,000.00
Texas Legislative Service	1,637.55	1,700.00
Total Professional Services	\$ 7,292.23	\$ 10,200.00
Travel/Confer/Dues/Outreach		
Conference Fees	2,075.00	2,500.00
Member Dues/Registrations	796.94	1,300.00
Outreach	397.55	500.00
Travel and Hotel	1,492.59	2,000.00
Total Travel/Confer/Dues/Outreach	\$ 4,762.08	\$ 6,300.00
Total Expenses	\$ 176,914.72	\$ 209,700.00
Net Operating Income	\$ 16,323.84	-\$ 45,664.00
Net Income	\$ 16,323.84	-\$ 45,664.00

Tuesday, Jan 19, 2016 02:40:54 PM PST GMT-6 - Accrual Basis

Texas Alliance of Groundwater Districts
Balance Sheet
As of September 30, 2015

	<u>Total</u>
ASSETS	
Current Assets	
Bank Accounts	
WellsFargo Bank - Checking	19,584.76
WellsFargo Bank - Savings	75,052.56
Total Bank Accounts	\$ 94,637.32
Accounts Receivable	
Accounts Receivable	46,188.55
Total Accounts Receivable	\$ 46,188.55
Other current assets	
Deposits	400.00
Total Other current assets	\$ 400.00
Total Current Assets	\$ 141,225.87
TOTAL ASSETS	\$ 141,225.87
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Payroll Liabilities	120.68
Total Other Current Liabilities	\$ 120.68
Total Current Liabilities	\$ 120.68
Total Liabilities	\$ 120.68
Equity	
Retained Earnings	0.00
Unrestricted Net Assets	125,014.37
Net Income	16,090.82
Total Equity	\$ 141,105.19
TOTAL LIABILITIES AND EQUITY	\$ 141,225.87

Tuesday, Jan 19, 2016 03:30:25 PM PST GMT-6 - Accrual Basis

Texas Alliance of Groundwater Districts
Budget vs. Actuals: FY16 Budget - FY16 P&L
October 2015 - September 2016

	Total			
	Actual	Budget	over Budget	% of Budget
Income				
Grants and Donations		1,500.00	-1,500.00	0.00%
Interest Income	5.67	21.00	-15.33	27.00%
Meeting Income			0.00	
Leadership Training Income		4,000.00	-4,000.00	0.00%
PFIA Training		3,500.00	-3,500.00	0.00%
Quarterly Meeting Income	160.00	25,000.00	-24,840.00	0.64%
Texas Groundwater Summit		30,000.00	-30,000.00	0.00%
Total Meeting Income	\$ 160.00	\$ 62,500.00	-\$ 62,340.00	0.26%
Member Dues			0.00	
Membership Dues - Associates	27,500.00	30,000.00	-2,500.00	91.67%
Membership Dues - Voting	72,750.00	75,000.00	-2,250.00	97.00%
Total Member Dues	\$ 100,250.00	\$ 105,000.00	-\$ 4,750.00	95.48%
Total Income	\$ 100,415.67	\$ 169,021.00	-\$ 68,605.33	59.41%
Gross Profit	\$ 100,415.67	\$ 169,021.00	-\$ 68,605.33	59.41%
Expenses				
Meeting Expenses			0.00	
Leadership Training Expenses		2,000.00	-2,000.00	0.00%
Meeting Supplies	150.00	1,000.00	-850.00	15.00%
Quarterly Meeting Expenses		9,000.00	-9,000.00	0.00%
Total Meeting Expenses	\$ 150.00	\$ 12,000.00	-\$ 11,850.00	1.25%
Office Expense	0.00		0.00	
Business Phone	44.46	180.00	-135.54	24.70%
Cell Phone		1,620.00	-1,620.00	0.00%
Furniture and Equipment	48.49	2,500.00	-2,451.51	1.94%
Internet		440.00	-440.00	0.00%
Postage and PO Box	39.00	300.00	-261.00	13.00%
Rent	3,660.00	12,000.00	-8,340.00	30.50%
Supplies	64.33	800.00	-735.67	8.04%
Telephone/Conf.Calls/Postage	335.00		335.00	
Website	60.43		60.43	
Total Office Expense	\$ 4,251.71	\$ 17,840.00	-\$ 13,588.29	23.83%
Personnel			0.00	
Executive Director			0.00	
Health Insurance Reimburse	0.00		0.00	
Payroll Taxes	1,330.22	5,386.00	-4,055.78	24.70%
Retirement		3,900.00	-3,900.00	0.00%
Salaries	17,038.77	65,000.00	-47,961.23	26.21%
Salaries-Health Insurance	349.71	5,400.00	-5,050.29	6.48%
Total Executive Director	\$ 18,718.70	\$ 79,686.00	-\$ 60,967.30	23.49%
Staff			0.00	
Payroll Taxes	279.29	3,856.00	-3,576.71	7.24%

Retirement		2,700.00	-2,700.00	0.00%
Salaries	3,333.33	45,000.00	-41,666.67	7.41%
Salaries-Staff Health Insur	317.54	5,400.00	-5,082.46	5.88%
Total Staff	\$ 3,930.16	\$ 56,956.00	-\$ 53,025.84	6.90%
Total Personnel	\$ 22,648.86	\$ 136,642.00	-\$113,993.14	16.58%
Professional Services			0.00	
Audit/Tax Return	2,062.50	6,000.00	-3,937.50	34.38%
Contracted Services		1,000.00	-1,000.00	0.00%
Insurance - Bonds	412.71	2,000.00	-1,587.29	20.64%
Payroll/Bookkeeping/Banking	1,227.93	2,500.00	-1,272.07	49.12%
PFIA Instructor		2,000.00	-2,000.00	0.00%
Texas Legislative Service	375.00	900.00	-525.00	41.67%
Total Professional Services	\$ 4,078.14	\$ 14,400.00	-\$ 10,321.86	28.32%
Travel/Confer/Dues/Outreach			0.00	
Conference Fees	1,230.00	2,400.00	-1,170.00	51.25%
Member Dues/Registrations		1,300.00	-1,300.00	0.00%
Outreach	192.22	3,000.00	-2,807.78	6.41%
Travel and Hotel	37.00	2,500.00	-2,463.00	1.48%
Total Travel/Confer/Dues/Outreach	\$ 1,459.22	\$ 9,200.00	-\$ 7,740.78	15.86%
Total Expenses	\$ 32,587.93	\$ 190,082.00	-\$157,494.07	17.14%
Net Operating Income	\$ 67,827.74	-\$ 21,061.00	\$ 88,888.74	-322.05%
Net Income	\$ 67,827.74	-\$ 21,061.00	\$ 88,888.74	-322.05%

Tuesday, Jan 19, 2016 02:51:04 PM PST GMT-6 - Accrual Basis

Texas Alliance of Groundwater Districts

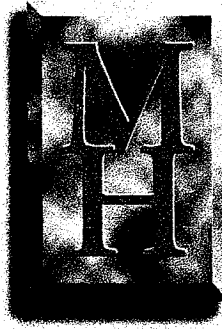
Balance Sheet

As of January 19, 2016

	<u>Total</u>
ASSETS	
Current Assets	
Bank Accounts	
WellsFargo Bank - Checking	133,474.70
WellsFargo Bank - Savings	75,058.23
Total Bank Accounts	<u>\$ 208,532.93</u>
Other current assets	
Deposits	400.00
Total Other current assets	<u>\$ 400.00</u>
Total Current Assets	<u>\$ 208,932.93</u>
TOTAL ASSETS	<u>\$ 208,932.93</u>
LIABILITIES AND EQUITY	
Liabilities	
Total Liabilities	
Equity	
Retained Earnings	0.00
Unrestricted Net Assets	141,105.19
Net Income	67,827.74
Total Equity	<u>\$ 208,932.93</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 208,932.93</u>

Tuesday, Jan 19, 2016 03:32:08 PM PST GMT-6 - Accrual Basis

Agenda Item H
Discussion and possible action on FY15 Audit



Montemayor Britton Bender PC

CERTIFIED PUBLIC ACCOUNTANTS

TEXAS ALLIANCE OF GROUNDWATER DISTRICTS

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS**

SEPTEMBER 30, 2015



Montemayor Britton Bender PC

CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Texas Alliance of Groundwater Districts

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the Texas Alliance of Groundwater Districts (the Alliance), which comprise the statement of financial position as of September 30, 2015 and the related statements of activities and cash flows for the two years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Alliance as of September 30, 2015, and the changes in its net assets and its cash flows for the two years then ended in accordance with accounting principles generally accepted in the United States of America.

Montemayor Britton Bender PC

12 January 2016
Austin, Texas

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TEXAS ALLIANCE OF GROUNDWATER DISTRICTS

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2015

ASSETS

CURRENT ASSETS

Cash	\$94,637
Accounts receivable	46,189
Deposits	<u>400</u>
	<u>\$141,226</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued liabilities	\$121
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NET ASSETS

Unrestricted	<u>141,105</u>
	<u>\$141,226</u>

The accompanying notes are an integral part of this financial statement presentation.

TEXAS ALLIANCE OF GROUNDWATER DISTRICTS**STATEMENT OF ACTIVITIES****TWO YEARS ENDED SEPTEMBER 30, 2015****REVENUE**

Membership dues	\$212,075
Meeting fees	165,416
Grants and other	<u>5,675</u>
	<u>383,166</u>

EXPENSES

Personnel	268,492
Meetings	30,078
Professional fees	19,267
Rent	16,760
Travel, conference, and outreach	14,898
Office	<u>12,998</u>
	<u>362,493</u>

CHANGE IN NET ASSETS	20,673
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BEGINNING NET ASSETS	<u>120,432</u>
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ENDING NET ASSETS	<u>\$141,105</u>
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The accompanying notes are an integral part of this financial statement presentation.

TEXAS ALLIANCE OF GROUNDWATER DISTRICTS

STATEMENT OF CASH FLOWS

TWO YEARS ENDED SEPTEMBER 30, 2015



CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$20,673
Change in accounts receivable	(20,842)
Change in other assets	1,665
Change in accrued liabilities	(1,645)
Change in deferred revenue	<u>(8,890)</u>
	(9,039)
BEGINNING CASH	<u>103,676</u>
ENDING CASH	<u><u>\$94,637</u></u>

The accompanying notes are an integral part of this financial statement presentation.

TEXAS ALLIANCE OF GROUNDWATER DISTRICTS

NOTES TO FINANCIAL STATEMENTS



NOTE 1: ORGANIZATION

Texas Alliance of Groundwater Districts (the Alliance) was incorporated as a Texas non-for-profit corporation in May 1988. The Alliance's membership includes underground water conservation districts of Texas who have the powers and duties to manage groundwater as defined in Chapter 36 of the Texas Water Code.

The Alliance was formed to further the purpose of groundwater conservation and protection activities. The Alliance also provides a means of communication and exchange of information between individual districts regarding the day-to-day operations of local groundwater management. Members of the Alliance are part of a network in which valuable technical and operational experience is available. The Alliance maintains contact with members of the private sector and various elected, local, state, and federal officials, providing them with timely information on activities and issues relevant to groundwater management. Members of the Alliance also serve on various local, state, and federal agency committees and subcommittees, providing input and information on behalf of the member district.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The Alliance's financial statements are presented on the accrual basis of accounting. Revenues and support are recorded when earned, rather than when received. Expenses are recorded when incurred regardless of when paid.

FINANCIAL STATEMENT PRESENTATION

The Alliance is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable. In addition, the Alliance is required to present a statement of cash flows. There were no temporarily or permanently restricted net assets at year-end.

ESTIMATES

In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

RECEIVABLES

Receivables are stated at amounts outstanding as of year-end. Management considers all receivables to be fully collectible based upon historical collection rates, the nature of the accounts, and the age of the receivables.

TEXAS ALLIANCE OF GROUNDWATER DISTRICTS

NOTES TO FINANCIAL STATEMENTS



NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REVENUE

Membership dues are annual dues contributed voluntarily by member districts. Dues are recognized as revenue when received. Meeting fees are received in conjunction with the Alliance's quarterly meetings and annual Texas Groundwater Summit, and are recognized as revenue when earned.

FUNCTIONAL ALLOCATION OF EXPENSES

Expenses that benefit several functional areas (program and management and administrative) have been allocated based on personnel time spent on each area as estimated by management.

INCOME TAX

The Alliance is a not-for-profit corporation, other than a private foundation, that is exempt from income taxes under Internal Revenue Code Section 501(c)(3). Therefore, no provision has been made for Federal income taxes in the accompanying financial statements.

The Alliance's policy is to record interest and penalties related to income taxes as interest and other expense, respectively. At September 30, 2015 no interest and penalties have been or are required to be accrued. The Alliance, generally, is no longer subject to income tax examinations by federal authorities for years prior to September 30, 2013.

SUBSEQUENT EVENTS

Management has evaluated subsequent events as of the date of the Independent Auditor's Report, the date the financial statements were available to be issued.

NOTE 3: FUNCTIONAL EXPENSES

Program	\$303,692
Administrative	<u>58,801</u>
	<u>\$362,493</u>

NOTE 4: CONCENTRATIONS

The accounts receivable balance at year-end includes \$45,299 due from one entity.



Montemayor Britton Bender PC

CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Texas Alliance of Groundwater Districts

COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE

We have audited the financial statements of the Texas Alliance of Groundwater Districts (the Alliance) for the two years ended September 30, 2015, and have issued our report thereon dated 12 January 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated information related to the planned scope and timing of our audit in our engagement letter to you dated 4 July 2015. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibilities Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Alliance are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the two years. We noted no transactions entered into by the Alliance during the two years for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was management's estimate of the functional allocation of

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Texas Alliance of Groundwater Districts
Communications with Those Charged with Governance
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expenses is based on estimates of time spent by staff on various functional activities, as well as general knowledge of specific expense accounts. We evaluated the key factors and assumptions used to develop the estimated functional allocation of expenses in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule of uncorrected misstatements summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 12, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Alliance's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Alliance's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of the Alliance and is not intended to be and should not be used by anyone other than these specified parties.

12 January 2016
Austin, Texas

Montmarayn Britton Bender PC

TEXAS ALLIANCE OF GROUNDWATER DISTRICTS

SEPTEMBER 30, 2015

UNCORRECTED MISSTATEMENTS

Insurance	400	
Professional fees	43	
Office	39	
Business phone	14	
Computer	61	
Conference/travel	390	
Accounts payable		947
Personnel	1,345	
Accrued leave		1,345

Agenda Item I
Discussion and possible action on TAGD Legislative Policy

TEXAS ALLIANCE OF GROUNDWATER DISTRICTS LEGISLATIVE POLICY

1.0 BACKGROUND

The Texas Alliance of Groundwater Districts is a 501(c)(3) organization created exclusively for charitable, educational, or scientific purposes. As such, TAGD's principal goals related to legislation and other policies, such as agency rulemaking and interim charges affecting groundwater conservation districts and the management of groundwater in Texas is to:

1. Serve as an informational resource for State and Federal Legislators and agencies; and
2. Inform TAGD members of relevant legislation and policies that may impact district governance.

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Toward that end, TAGD representatives and employees should endeavor to serve as a premier resource on groundwater management practices in the State and keep the membership up to date on the status of legislation and policies affecting groundwater conservation districts. TAGD believes that such efforts are the best way to positively affect and respond to legislation and other policies related to groundwater conservation districts. In the limited instances where TAGD members deem advocacy in legislative or other policy matters necessary, this Policy will serve as a guide for participation and decision-making. Nothing in this Policy should be construed as limiting a member's ability to pursue lobbying activities on behalf of an employer or client.

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2.0 EMPLOYEE, OFFICER, AND COMMITTEE FUNCTIONS

TAGD's Executive Director should serve the following roles related to legislative issues and other policy information and advocacy:

1. Act as the main point of contact for Legislators, legislative staffers, agencies and the public concerning TAGD positions;
2. Function as a resource for and provide relevant information to public officials as necessary in furtherance of TAGD's mission and this Policy;
3. Inform the membership of developing legislative or agency issues of possible interest to groundwater districts and provide regular updates as provided herein;
4. Notify the membership of Legislative Committee and Subcommittee meetings as necessary; and
5. Report lobbying activities to the Executive Committee on a regular basis and to the Texas Ethics Commission as required by law.

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As maintained in the Bylaws, TAGD's Vice President is the chair of the Legislative Committee. As it relates to this Policy, the Vice President is responsible for:

1. Presiding over meetings of the Legislative Committee;
2. Designating Subcommittees to the Legislative Committee, appointing members, and determining the scope of the Subcommittee;
3. Coordinating with the President in appointing a Chairman to each designated Subcommittee;
4. Facilitating compliance with TAGD's policies related to legislative and other policy advocacy;
5. Working with the Executive Director to respond to inquiries regarding TAGD's legislative and other policy positions; and
6. Coordinating with the Executive Director to serve as resource for public officials as necessary in furtherance of TAGD's mission and this Policy.

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The Legislative Committee is responsible for:

1. Initiating legislative proposals, policies and resolutions for presentation to TAGD's membership;
2. Informing TAGD's membership of pending legislation of possible interest to groundwater districts;
3. Developing a position on legislation of possible interest to groundwater districts that is pertinent to the TAGD; and
4. Acting on legislation with approval from the Executive Committee.

3.0 Legislative Committee Participation

3.1. Membership on the Committee

At the start of each fiscal year, TAGD shall open up membership in the Legislative Committee ("Committee") for a two-week sign up period (the "sign-up period"). Any individual employed by a TAGD-member GCD may serve on the Committee, but voting membership is limited to one representative per TAGD-member GCD. Individuals who qualify and sign up during the sign-up period will make up the standing Committee until the subsequent fiscal year, when the process will be repeated.

If an individual begins employment with a TAGD-member GCD after the sign-up period, he or she may join the Committee outside of the sign-up period as long as no other employee of that member-GCD is already a member. If an individual otherwise misses the sign-up period but wishes to sign up for the Committee during a fiscal year, they may request to join the Committee by email to the Executive Director. The Committee will then vote to approve or deny the membership request for membership during that fiscal year.

A voting member of the Committee may designate an alternate to attend a Committee meeting and vote in the member's place, provided the member notifies the Executive Director in writing in advance of the meeting. If the alternate is not an employee of the designated TAGD-member GCD or a consultant with no other clients than the

designated TAGD-member GCD, the Committee member must submit a written notice in accordance with section 8.0(B) of the Bylaws.

3.2. Committee Votes

Each GCD-member of the Committee is entitled to one vote on all matters before the Committee. A quorum is made up of the people who come.

3.3. Consensus

At the first meeting of each fiscal year, the Committee shall define the voting standards that will be used for the Committee.

3.4. Committee Meetings

GCD-member representatives who are not formal Committee members as specified herein and associate member representatives may participate as nonvoting members of the Committee. Committee meetings may not be closed to TAGD-member GCD staff.

3.5 Subcommittee(s) and Objectives

Subcommittees are designated by TAGD's Vice President at or directly after the first Legislative Committee meeting of the year, but may also be appointed as the need arises by the Vice President to address specific objectives of the Legislative Committee.

The duties and authority of a Subcommittee shall be determined by TAGD's Vice President. A Subcommittee shall exist for the entirety of its scope and task, including tasks that extend beyond a fiscal year.

Subcommittees shall report to the assembly of the Legislative Committee. Reports will include a proposed schedule for task completion, actions items and review of all work completed. Subcommittee reports must be presented in their entirety, with specific information on how TAGD membership will or will not benefit from the specific issue or task, as well as any anticipated challenges it may have at the State legislature or other affiliated agencies or interest groups.

3.6 Membership of Subcommittee(s)

The membership of a Subcommittee shall not exceed 11 voting members. Eligible Subcommittee members are appointed by the Vice President and are selected from GCD members of the Legislative Committee. The Vice President and President shall jointly designate a Chairman to a Subcommittee. Non-voting and Associate TAGD members may contribute in an advisory capacity to a Subcommittee.

3.7 Subcommittee Quorums

A working quorum shall consist of one-third of the members of the Subcommittee for developing and deliberating on issues. No action may be taken under a working quorum.

A voting quorum shall consist of a majority of the members of the Subcommittee for the purposes of taking action on an item of business.

4.0 LEGISLATIVE TRACKING

During a session of the Texas Legislature, the Executive Director should regularly inform TAGD's membership of pending legislation of possible interest to groundwater

districts. In so doing, the Executive Director should track such legislation and provide updates to the membership as applicable. The Legislative Committee should give an update on prospective and pending legislation, as well as a summary of the positions TAGD has taken on such legislation, if any, at each TAGD meeting that occurs during a session of the Texas Legislature.

5.0 POLICY STATEMENTS

Policy statements drafted prior to each Legislative Session are TAGD's preferred method of legislative advocacy. Beginning in January of each even-numbered year, the Legislative Committee should meet regularly by electronic communication, by conference call, or in person to discuss and attempt to reach consensus on pending issues related to groundwater districts that may be raised during the next session of the Texas Legislature. Any policy statements drafted and approved by the Committee should be presented to the full membership for a vote prior to the beginning of the legislative session, if possible. Approved policy statements may be distributed to groundwater conservation district boards, Legislators and their staff, and any other interested parties. To the extent that a piece of proposed legislation encompasses an approved position statement, TAGD representatives may support and advocate for such legislation, including testifying for bills at Committee hearings. In such testimony, the TAGD representatives should explicitly note whether the applicable position statement was or was not unanimously approved by the TAGD membership.

6.0 OTHER LEGISLATIVE ADVOCACY

Starting in January of each odd-numbered year and running through the end of the Texas Legislative Session, the Committee should meet regularly by electronic communication, by conference call, or in person. The purpose of these meetings should be to determine whether any pending legislation filed or amended since the last meeting warrants action by TAGD and to vote on relevant bills. If the Committee cannot reach a consensus on the bill, as that term is defined by the Committee, it will remain in the neutral category and TAGD should avoid taking a position.

Pursuant to the Bylaws, the Committee may not act on legislation without approval from the Executive Committee. The Legislative Committee should regularly report the status and result of Committee votes on proposed bills to the TAGD Membership and summarize TAGD positions during pending legislation updates at TAGD ~~regularly~~ scheduled meetings as described in section 3.0.

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