



Montemayor Britton Bender PC
CERTIFIED PUBLIC ACCOUNTANTS

28 September 2020

Board of Directors and Management
Texas Alliance of Groundwater Districts
Austin, TX

RE: Agreed-upon Procedures Report

Dear Sirs and/or Mesdames:

This communication is to provide additional background information on the nature of an agreed-upon procedures engagement. Please read our independent accountant's agreed-upon procedures report in conjunction with this letter. As discussed in the first paragraph on page 4 of our report, there are inherent limitations on an agreed-upon procedures report when compared to an audit. Therefore, an agreed-upon procedures report is not intended to serve the same purpose as an audit report, but rather, is intended to provide the Board and management results of specific procedures described in the agreed-upon procedures report.

Respectfully,

Arturo Montemayor III, President & CEO

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Montemayor Britton Bender PC

Board of Directors and Management
Texas Alliance of Groundwater Districts

CERTIFIED PUBLIC ACCOUNTANTS INDEPENDENT ACCOUNTANT'S AGREED-UPON PROCEDURES REPORT

At your request and agreement, we have performed the procedures enumerated below, which were agreed to by the Board of Directors and Management ("specified parties"), solely to assist you in assessing the validity and accuracy of Texas Alliance of Groundwater Districts' (TAGD) financial records and transactions for the two years ended 30 September 2019. The specified parties are responsible for the validity and accuracy of TAGD's financial records and transactions. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

TAGD's management responses to the finding presented in this report (in *italics* below) were not subjected to any testing procedures, and accordingly, we express no assurance on them.

Procedures Performed and Related Findings:

1. Confirm five grantors and/or donations directly with the grantor/donor.

Finding: We did not confirm five grants and/or donations due to the low individual balances of grants and donations.

2. A. We agreed training fees per the general ledger to Amarillo, Beeville, Fort Stockton, Salado and October leadership training fee registration lists prepared by management. We did not perform any procedures on the registration lists other than to calculate the amounts and compare them to the general ledger. We did not attempt to examine invoices or payments relating to these training fees.



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Findings:

Technical training per schedules	\$19,670
Technical training per general ledger	<u>19,420</u>
	<u>\$250</u>

- B. We performed a reasonableness test of membership dues by recalculated an average membership rate, multiplied by the total number of members in each year and compared to the total per the general ledger. Because this is a reasonableness test, users of this report should not expect an exact match between the calculation and the actual amount.

Recalculated membership dues	\$270,478
Membership dues per general ledger	<u>267,303</u>
Difference	<u>\$3,175</u>

- C. We agreed meeting fees to the May 2018, January 2018, October 2018, June 2019, and January 2019 meeting fee reports prepared by management.

Meeting fees per schedules	\$64,945
Meeting fees per general ledger	<u>64,795</u>
Difference	<u>\$150</u>

- D. We agreed PFIA meeting fees to the May 2018 and June 2019 PFIA fee reports prepared by management.

PFIA fees per schedule	\$11,175
PFIA fees per general ledger	<u>11,925</u>
Difference	<u>\$(750)</u>



MANAGEMENT RESPONSE TO ITEM 2:

Items A, C, and D: TAGD utilizes a software platform called Wild Apricot to manage registrations for technical trainings, business meetings, and PFIA trainings. Wild Apricot accepts, but does not require, payments through PayPal. Registrations made through Wild Apricot that are paid online are automatically marked paid and imported into TAGD's QuickBooks account. For registrations that are paid by check, those are entered manually into QuickBooks and will only be reflected in Wild Apricot if TAGD staff manually enters those into Wild Apricot. The schedules that were relied upon for this AUP were directly downloaded from Wild Apricot. While TAGD provided access to Quickbooks, it was not reviewed to confirm individual payments or refunds in performing the AUP. Therefore, it is possible - and likely - that the minor discrepancy reflected above is the result of check payments that were received and recorded by TAGD staff in Quickbooks, but not manually entered into Wild Apricot and/or for refunds that were issued for cancellations that were refunded directly from PayPal and not subsequently updated in the Wild Apricot platform. Greater attention to detail to ensure all transactions (whether payments or refunds) that occur outside of the Wild Apricot registration platform are subsequently entered will correct this issue going forward.

Item B. As indicated above, the review of membership income under this AUP was conducted using averaging of membership rates. This methodology does not recalculate membership dues paid by the actual number of TAGD members in each membership category. Because TAGD does not have an equal number of members in each category, this averaging approach will not reflect dues actually paid. Specifically, TAGD has the most members in the lowest GCD membership category and very few GCD members in the highest category. In addition, the reasonableness approach utilized in the AUP fails to take into account prorated membership dues for members who joined during the two fiscal years under review.

3. Recalculate two bank reconciliations for each account during the two-year period and vouch outstanding transactions to the subsequent bank statement and/or the bank's website.

Findings: Bank reconciliations were not prepared for Wells Fargo CD account, therefore procedures were not performed.

MANAGEMENT RESPONSE TO ITEM 3:

Unlike checking or savings accounts, Wells Fargo does not provide monthly account statements for the CD account held by TAGD. Therefore, statements were not provided to TAGD's bookkeeper to conduct reconciliation. TAGD has begun to download account activity from the Wells Fargo website to allow for our bookkeeper to conduct regular reconciliation of TAGD's CD account going forward.



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4. Vouch a haphazardly selected sample of sixteen expense transactions to the supporting documentation and canceled checks.

Findings: No exceptions.

5. Vouch salaries and pay rates to available documentation for approximately half of the employees, and recalculate payroll taxes and benefits.

Findings: Recalculated one of two total employees (Elizabeth Hood).

Salary recalculated	\$128,435
Salary per general ledger	<u>128,435</u>
Difference	<u>\$0</u>

Payroll taxes recalculated	\$9,890
Payroll taxes per general ledger	<u>9,825</u>
Difference	<u>\$65</u>

Retirement recalculation	\$7,128
Retirement per general ledger	<u>7,170</u>
Difference	<u>\$(42)</u>

MANAGEMENT RESPONSE TO ITEM 5:

With respect to the taxes paid, TAGD has review the taxes paid to this employee reflected on the general ledger and compared those to the the amounts of taxes paid as shown in the monthly payroll reports from our payroll service (Wells Fargo) for months that this employee was paid during FY18 and 19. Our recalculation showed that these amounts were identical. These monthly payroll reports were made available for purposes of this AUP, but were not used in conducting this recalculation. We therefore assume that the identified difference in this report is likely due to the methodology used in this AUP to recalculate taxes by applying a flat percentage over the two years, rather than reviewing tax withholding as reflected by our payroll service used.



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*With respect to the retirement contributions, application of the 6% retirement contribution to the salary paid over these two years, less the December 2017 bonus payment (\$3,000) and February - March 2019 stipend payments (\$6,000 total) for which retirement is not paid, results in a retirement calculation of \$7,166 $((128,435 - 9,000) * 0.06 = 7,166.10)$. This is only \$4 different than what is reflected on the general ledger. We assume difference identified by in this AUP is the result of the method they used to recalculate retirement.*

6. Examine supporting documentation for twelve subsequent deposits in October 2019 and agree to accounts receivable listing, if applicable.

Findings: Only seven transactions in the October 2019 general ledger therefore unable to test twelve transactions. No findings in the seven transactions tested.

7. Examine supporting documentation for twelve subsequent cash disbursements in October 2019 and agree to accounts payable listing, if applicable.

Findings: One invoice out of twelve subsequent cash disbursements in October 2019 lacked supporting documentation.

<u>Date</u>	<u>Vendor</u>	<u>Memo</u>	<u>Amount</u>
10/21/2019	Tx Capitol Parking Meters	Meeting with K Thigpen	\$3.00

MANAGEMENT RESPONSE TO ITEM 7:

Some street parking meters in Austin accept credit cards to put time on the meter, but do not issue receipts. That was the case with this credit card transaction. As a result, TAGD provided a credit card statement that showed the payment recorded in QuickBooks was, in fact, made to "TX Capitol Parking Meters".

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the validity and accuracy of TAGD's financial records and transactions.

Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.



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We are required to be independent of TAGD's financial records and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The report is intended solely for the information and use of the Board of Directors and Management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Montgomery Britton Bender PC

28 September 2020
Austin, Texas



PO Box 90277 * Austin, TX * 78709

September 28, 2020

Montemayor Britton Bender PC
2525 Wallingwood Drive, Building 1, Suite 200
Austin, Texas 78746

Dear Archie:

We are providing this letter in connection with your agreed-upon procedures on Texas Alliance of Groundwater District's financial records and transactions for the year ended 30 September 2019, which we requested you to perform in the engagement letter dated 17 September 2019. We understand the following:

We are responsible for the accuracy and validity of the financial records and transactions and the sufficiency of the agreed-upon procedures to meet our purposes.

We are not aware of matters contradicting the financial records and transactions.

We are not aware of communications from regulatory agencies affecting the financial records and transactions.

We are not aware of any errors relating to the financial statements.

We have made available all records relevant to the financial records and transactions and the agreed –upon procedures.

Thank you for your assistance with this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Leah Martinsson", is written over the printed name.

Leah Martinsson
Executive Director