



# Montemayor Britton Bender Carey PC

CERTIFIED PUBLIC ACCOUNTANTS

Arturo Montemayor III CPA, President & CEO | Stacy Britton CPA, Shareholder | Sean Bender CPA, Shareholder  
Danielle Guerrero, Shareholder | Sara Carey CPA, Shareholder

Board of Directors and Management  
Texas Alliance of Groundwater Districts

## 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 2025. The specified parties are responsible for the validity and accuracy of TAGD’s financial records and transactions.

TAGD’s Board of Directors and Management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assessing the validity and accuracy of TAGD’s financial records and transactions for the two years ended 30 September 2025. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

An agreed-upon procedures engagement involves the practitioner performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

TAGD’s management responses to the findings 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. Examine supporting documentation for membership dues and income for two meetings, recalculate revenue and compare to recorded revenue for completeness and accuracy.

Findings: No exceptions noted.

2. Recalculate one bank reconciliation for each account during the two-year period and vouch outstanding transactions to the subsequent bank statement and/or the bank’s website.

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Board of Directors and Management  
Texas Alliance of Groundwater Districts  
Independent Accountant's Agreed-Upon Procedures Report  
Page 2

Findings:

The following differences were noted between the general ledger balances reported on the Certificates of Deposit and Wells Fargo Money Market account statements as of 30 June 2025:

	<u>Certificates of Deposit</u>			
	<u>BMO Bank 9.30.25</u>	<u>Charlotte Bank 7.31.25</u>	<u>Bank of America 10.15.25</u>	<u>Bank of Chicago 11.28.25</u>
General ledger balance at 30 June 2025	\$54,000.00	\$42,000.00	\$51,000.00	\$70,000.00
Bank statement balance at 30 June 2025	<u>53,966.52</u>	<u>42,007.98</u>	<u>50,953.08</u>	<u>69,962.90</u>
Difference	<u>\$33.48</u>	<u>(\$7.98)</u>	<u>\$46.92</u>	<u>\$37.10</u>

	<u>Certificates of Deposit</u>		
	<u>Key Bank 12.31.25</u>	<u>Morgan Bank 5.27.26</u>	<u>WF Money Market Cash</u>
General ledger balance at 30 June 2025	\$29,000.00	\$69,000.00	\$627.84
Bank statement balance at 30 June 2025	<u>\$29,004.06</u>	<u>\$69,054.51</u>	<u>\$620.86</u>
Difference	<u>(\$4.06)</u>	<u>(\$54.51)</u>	<u>\$6.98</u>

MANAGEMENT RESPONSE:

*The differences between the general ledger balances and the brokerage statement balances for the CDs as of June 30 are due to the brokerage reporting estimated market values, which fluctuate with changes in interest rates. TAGD holds these investments to maturity and records them in the general ledger at cost. Accordingly, TAGD does not adjust the carrying value of these investments for temporary market fluctuations. Gains or losses would only be recognized if the CDs were liquidated prior to maturity, which TAGD does not do .*

*The \$6.98 difference between the general ledger and the brokerage statement was due to a typographical error by TAGD's bookkeeper. The difference was identified during the subsequent month's reconciliation and corrected through an adjusting journal entry dated 7/31/25 .*



Board of Directors and Management  
Texas Alliance of Groundwater Districts  
Independent Accountant's Agreed-Upon Procedures Report  
Page 3

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

Findings: No exceptions noted.

4. Vouch salaries and pay rates to available documentation for one employee, and recalculate payroll taxes and benefits.

Findings:

Stephanie Keith total wages paid	\$43,466.74
Less salary earned during 90 day probationary period	<u>(16,333.44)</u>
Salary eligible for employer retirement contribution	27,133.30
Retirement employer rate contribution	<u>X 6%</u>
Employer retirement contribution recalculated	1,628.00
Employer retirement contribution per general ledger	<u>1,629.65</u>
Difference	<u><u>\$(1.65)</u></u>

MANAGEMENT RESPONSE:

*The \$2 variance between the recalculated retirement contribution and the amount recorded in the general ledger is attributable to differences in the methodology used to calculate salary during the 90-day probationary period. TAGD's payroll system allocates salary evenly across pay periods to produce consistent compensation, regardless of the number of working days in a given month. Because the employee's probationary period ended mid-month, retirement contributions for that month were prorated based on eligible hours. Specifically, the employee received \$221.65 in retirement contributions for that month, which corresponds to approximately 118.21 eligible hours out of 173.33 total hours. This partial-month eligibility further contributes to minor differences in the calculation of retirement-eligible salary. While we were not able to determine the exact methodology used by Montemayor to derive the \$16,333 probationary period amount, it appears to be based on a different approach than that used by TAGD's payroll system. These differing methodologies result in a slight variance in the retirement contribution. The difference is immaterial and does not have a material impact on payroll expense or employee benefits*

5. Examine supporting documentation for six subsequent deposits in October 2025 and agree to accounts receivable listing, if applicable.

Findings: No exceptions noted.



Board of Directors and Management  
Texas Alliance of Groundwater Districts  
Independent Accountant's Agreed-Upon Procedures Report  
Page 4

6. Examine supporting documentation for six subsequent cash disbursements in October 2025 and agree to accounts payable listing, if applicable.

Findings: No exceptions noted.

We were engaged by the Board of Directors and Management to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the subject matter in paragraph one above. 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.

We are required to be independent of TAGD 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.

*Montemayor Britton Bender Carey PC*

3 April 2026  
Austin, Texas