



RED RIVER AUTHORITY OF TEXAS



A G E N D A

EXECUTIVE COMMITTEE AND INVESTMENT COMMITTEE MEETING TUESDAY, JANUARY 14, 2025 2:00 P.M.

In compliance with the Texas Open Meetings Act, Chapter 551, Texas Government Code, the Red River Authority of Texas issues this public notice. On Tuesday, January 14, 2025, the Executive Committee and Investment Committee of the Board of Directors of the Red River Authority of Texas (Authority) will meet. The public meeting will be held in the Board Room of the Authority's headquarters located at 3000 Hammon Road, Wichita Falls, Wichita County, Texas at 2:00 p.m.

The meeting will be held in person and can be accessed remotely. General public wishing to attend remotely, can do so by going to the Zoom Website at the following link:

<https://us02web.zoom.us/j/81791040650?pwd=D3qdUnPNqtfShEAQGn1wPoPen7JA9p.1>

and entering both the **Meeting ID: 817 9104 0650** and **Passcode: 817715**, when prompted.

General public attending in person and wishing to address the Committees must complete a registration form that indicates the agenda item or other topic on which they wish to comment, the speaker's name, address, and other relevant information. Prior to the Call to Order, provide the registration form to the Executive Assistant. Please wait until acknowledged by the Board President or Presiding Officer to speak. Discussion about items not on the agenda will be allowed a three-minute time frame. The Committees cannot comment on items not on the agenda or take action other than to place a topic on a future agenda.

If necessary, the Committees may convene into Executive Session under Chapter 551 of the Texas Government Code regarding any item on this agenda. The Committees may take final action on any of the executive session matters upon reconvening in open session pursuant to Chapter 551 of the Texas Government Code.

Item One: Evaluation of the *Annual Comprehensive Financial Report for the Fiscal Year Ended September 30, 2024 and 2023*, and Consider Recommendation for Approval at the Board of Directors Meeting on Wednesday, January 15, 2025 (See Board Book Item Four).

Item Two: Evaluation of the Investment Activity Report for the Period Ended September 30, 2024 and a Resolution Adopting the Authority's Investment Policy and Investment Strategy, for the Ensuing Calendar Year and Consider Recommendation for Approval at the Board of Directors Meeting on Wednesday, January 15, 2025 (See Board Book Item Five).

- Item Three: Evaluation of the Indirect Cost Accounting Plan for Calendar Year 2025 and Consider Recommendation for Approval at the Board of Directors Meeting on Wednesday, January 15, 2025 (See Board Book Item Six).
- Item Four: Conduct an Executive Session of the Board of Directors Pursuant to Government Code Sections §551.072 and §551.074:
- a. Conduct a Review of the General Manager and Receive Recommendations from the Executive Committee
- Item Five: Consider Recommendations from the Executive Session to the Board of Directors at the Meeting on January 15, 2024.
- Item Six: Other Business as the Committee May Deem Appropriate.
- Item Seven: Adjourn

In compliance with the Americans with Disabilities Act, Red River Authority of Texas (Authority) will provide for reasonable accommodations for persons attending Authority's events.

Please provide any accommodations requests at least 24 business hours prior to the event.



RED RIVER AUTHORITY OF TEXAS



A G E N D A

REGULAR BOARD OF DIRECTORS MEETING WEDNESDAY, JANUARY 15, 2025 9:00 A.M.

In compliance with the Texas Open Meetings Act, Chapter 551, Texas Government Code, the Red River Authority of Texas issues this public notice. On Wednesday, January 15, 2025, the Board of Directors of the Red River Authority of Texas (Authority) will meet. The public meeting will be held in the Board Room of the Authority's headquarters located at 3000 Hammon Road, Wichita Falls, Wichita County, Texas at 9:00 a.m. All interested parties are encouraged to attend.

The meeting will be held in person and can be accessed remotely. General public wishing to attend remotely can do so by going to the Zoom Website at the following link:

<https://us02web.zoom.us/j/85756300255?pwd=e31Es16coUj7AaYvUvrbA90HBvLYo6.1>

and entering both the **Meeting ID: 857 5630 0255** and **Passcode: 277923**, when prompted.

General public attending the meeting in person and wishing to address the Board must complete a registration form that indicates the agenda item or other topic on which they wish to comment, the speaker's name, address, and other relevant information. Prior to the Call to Order, provide the registration form to the Administration Manager. Please wait until acknowledged by the Board President or Presiding Officer to speak. Discussion about items not on the agenda will be allowed a three-minute time limit. The Board cannot comment on items not on the agenda, or take action other than to place a topic on a future agenda.

If necessary, the Board of Directors may convene into Executive Session under Chapter 551 of the Texas Government Code regarding any item on this agenda. The Board may take final action on any of the executive session matters upon reconvening in open session, pursuant to Chapter 551 of the Texas Government Code.

Item One: Call the Meeting to Order, Roll Call, Pledge of Allegiance to the Texas and U.S. Flags and Invocation

Item Two: Public Comments to the Board of Directors.

Item Three:

CONSENT AGENDA

Items on the consent agenda will be considered and acted on in one motion.

- a. Approval of the Minutes of the Board of Directors Meeting Held on September 18, 2024.
- b. Approval of the Minutes of the Executive and Investment Committees Meeting Held on Tuesday, January 14, 2025.

REGULAR AGENDA

Item Four: Consider Approval of the *Annual Comprehensive Financial Report for the Fiscal Years Ended September 30, 2024, and 2023*, Presented by the Authority's Auditor, and as Recommended by the Executive Committee for Audit Evaluation and Execution of the State Filing Affidavit, and Take Any Other Action Deemed Necessary.

Item Five: Consider Approval of the Investment Activity Report for the Period Ended September 30, 2024, and Resolution #2025-001 Adopting the Authority's Investment Policy, Investment Strategy, and the Investment Officers for Calendar Year 2025, as Recommended by the Executive and Investment Committees, and Take Any Other Action Deemed Necessary.

Item Six: Consider Approval of Resolution #2025-002 Adopting the Indirect Cost Accounting Plan for Calendar Year 2025, as Recommended by the Executive Committee, and Take Any Other Action Deemed Necessary.

Item Seven: Consider Approval of the Purchase of Vehicles for the Utility Division through the Texas Buy Board Purchasing Cooperative, as Specified in the Fiscal Year 2024-2025 Consolidated Annual Operating Budget, and Take Any Other Action Deemed Necessary.

Item Eight: Consider Commissioning, Under Article 820-228, VATCS Section 14, Employee Barry Hines as Special Investigator for the Authority, and Take Any Other Action Deemed Necessary.

Item Nine: Consider the Bids Received and Awarding of the Contract for the Preston Shores Water System Ground Storage Tanks Project, and Take Any Other Action Deemed Necessary.

Item Ten: Consider Authorizing the Advertisement for Request for Qualifications for Auditing Services, and Take Any Action Deemed Necessary.

- Item Eleven: Consider Authorizing the General Manager to Execute Contracts for the Purchase of Treated Wholesale Water with the City of Childress and with the City of Wellington, and Take any other Action Deemed Necessary.
- Item Twelve: Review and Discussion of the 2025-2030 Strategic Plan Draft, and Take Any Other Action Deemed Necessary.
- Item Thirteen: Discussion on the President's or General Manager's Authority to Execute Contracts According to the Bylaws of Red River Authority of Texas, Section 19.
- Item Fourteen: Conduct an Executive Session of the Board of Directors Pursuant to Government Code Sections §551.072 and §551.074:
- a. Conduct a Review of the General Manager and Receive Recommendations from the Executive Committee.
- Item Fifteen: Consider Taking Any Action Deemed Necessary from the Executive Session.
- Item Sixteen: Consider Approval of Directors' Expenses, and Take Any Other Action Deemed Necessary.
- Item Seventeen: Other Business as the Board May Deem Appropriate:
- a. Board Committee Reports
 - b. General Manager's Report
 - c. Assistant General Manager's Report
 - d. Administration Manager's Report
 - e. Controller's Report
- Item Eighteen: Comments from the Directors or Suggestions for Future Agenda Items.
- Item Nineteen: Adjourn Meeting.

In compliance with the Americans with Disabilities Act, the Red River Authority of Texas (Authority) will provide for reasonable accommodations for persons attending Authority's events.
Please provide any accommodations requests at least 24 business hours prior to the event.



RED RIVER AUTHORITY OF TEXAS
BOARD OF DIRECTORS MEETING
JANUARY 15, 2025

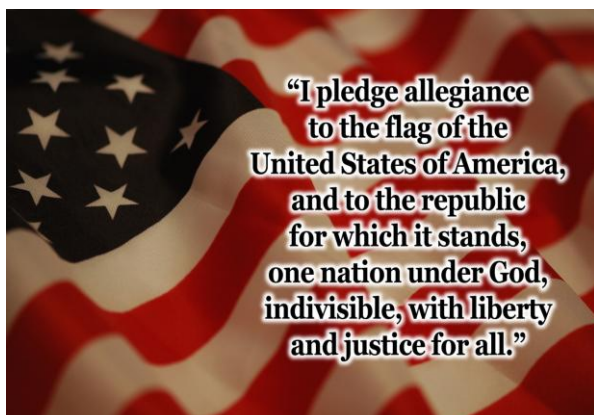


ITEM 1

**Call the Meeting to Order, Roll Call, Pledge of Allegiance to the
Texas and U.S. Flags, and Invocation**

Director Name and Region Representing	In person Attendance Confirmed	Video & Audio Attendance Confirmed	Absent
Jerry Bob Daniel, President – Region 2			
Conrad J. Masterson, Vice President – Region 2			
Mary Lou Bradley, Secretary/Treasurer – Region 2			
Tonya D. Detten, Assistant Secretary – Region 1			
Jerry Dan Davis, Director – Region 1			
Michael R. Sandefur, Director – Region 3			
Stephen Thornhill, Director – Region 3			
Joe Ward, Director – Region 3			
Vacant - Region 1			

Quorum? ☐ Yes ☐ No





**RED RIVER AUTHORITY OF TEXAS
BOARD OF DIRECTORS MEETING
JANUARY 15, 2025**



ITEM 2

Public Comments to the Board of Directors

General public attending the meeting in person and wishing to address the Board must complete a registration form that indicates the agenda item or other topic on which they wish to comment, the speaker's name, address, and other relevant information. Prior to the Call to Order, provide the registration form to the Administration Manager. Please wait until acknowledged by the Board President or Presiding Officer to speak. Discussion about items not on the agenda will be allowed a three-minute time limit. The Board cannot comment on items not on the agenda, or take action other than to place a topic on a future agenda.



RED RIVER AUTHORITY OF TEXAS
BOARD OF DIRECTORS MEETING
JANUARY 15, 2025



ITEM 3

CONSENT AGENDA

Items on the consent agenda will be considered and acted on in one motion.

- a. Approval of the Minutes of the Regularly Scheduled Board of Directors Meeting Held on September 18, 2024, and Take Any Other Action Deemed Necessary.
- b. Approval of the Minutes of the Executive and Investment Committees Meeting Held on Tuesday, January 14, 2025.

Sample Motion:

I move the Board approve the items on the Consent Agenda, as presented.

Second _____

Vote for _____ against _____.

RED RIVER AUTHORITY OF TEXAS
Regular Board of Directors Meeting
Meeting Minutes
September 18, 2024

The Red River Authority of Texas Board of Directors held a regularly scheduled meeting on Wednesday, September 18, 2024 at 9:00 a.m. The meeting was held at the Authority's Administrative Offices located at 3000 Hammon Road, Wichita Falls, Texas.

The meeting was open to the public, and the agenda was publicly posted in accordance with Open Meetings Act requirements.

The following directors, staff, and guests were present:

Directors: Mr. Jerry Bob Daniel, President, Truscott
 Mr. Conrad J. Masterson, Jr., Vice President, Cee Vee
 Mr. Michael R. Sandefur, Secretary/Treasurer, Texarkana – *Via Zoom*
 Ms. Mary Lou Bradley, Assistant Secretary, Memphis
 Mr. Jerry Dan Davis, Wellington
 Ms. Tonya D. Detten, Panhandle
 Mr. Stephen A. Thornhill, Denison – *Via Zoom*
 Mr. Joe L. Ward, Telephone

Staff: Mr. Fabian A. Heaney, General Manager
 Mr. Bryan Schaffner, Assistant General Manager
 Ms. Danna P. Bales, Executive Assistant
 Ms. Lana Hefton, Controller
 Mr. Glen Hite, IT Systems Administrator

Guests: Cara Clark

Item One: Call the Meeting to Order, Roll Call, Pledge of Allegiance to the Texas and U.S. Flags and Invocation.

Mr. Daniel called the meeting to order at 9:02 a.m. Ms. Bales performed roll call and announced that a quorum of the Board was present. Pledges of allegiance to the United States and Texas Flags were said by all. Mr. Daniel then provided the invocation.

Item Two: Public Comments to the Board of Directors.

There were no public comments to the Board of Directors.

Item Three:

CONSENT AGENDA

Items on the consent agenda will be considered and acted on in one motion.

- a. Approval of the Minutes of the Regularly Scheduled Board of Directors Meeting Held on July 17, 2024, and Take Any Other Action Deemed Necessary.
- b. Consider Approval of Directors' Expenses, and Take Any Other Action Deemed Necessary.

Following review of the consent agenda items, Ms. Detten made a motion that the items on the consent agenda be approved, as presented. Mr. Davis seconded the motion, which passed unanimously by a vote of **7 For** and **0 Against**.

REGULAR AGENDA

Item Four: Consider Approval of a Ranked List of General Legal, Special Legal, and Financial Advisory Professional Services Firms to be Utilized for a Period of Five Years from October 1, 2024 – September 30, 2029, and Take Any Other Action Deemed Necessary.

Mr. Heaney provided a brief overview of the Request for Qualifications for General Legal Services, Special Legal Services, and Financial Advisory Services. He presented the scoring and ranking for each professional firm. Mr. Heaney recommended the approval of Bickerstaff, Heath, Delgado, Acosta for both General Legal Services and Special Legal Services, as well as Hilltop Securities for Financial Advisory Services. Mr. Sandefur a made motion to approve the recommended firms for the next five years. Mr. Thornhill seconded the motion, which passed unanimously by a vote of **8 For** and **0 Against**.

Mr. Daniel noted that Mr. Masterson arrived at 9:08 AM for an additional director vote.

Item Five: Election and Appointment of Officers for Fiscal Year 2024-2025, and Take Any Other Action Deemed Necessary.

- a. **Election of Vice President, Secretary/Treasurer, and Assistant Secretary**

Ms. Detten made the motion to nominate Conrad Masterson as Vice President. Mr. Sandefur seconded the motion, and the motion was passed unanimously by a vote of **8 For** and **0 Against**.

Mr. Heaney recommended that Mr. Sandefur step down as Secretary-Treasurer due to his unavailability to sign documents. He suggested Ms. Bradley, the current Assistant Secretary, be appointed as Secretary-Treasurer. Mr. Sandefur made the motion, Ms. Detten seconded the motion, and the motion was passed unanimously by a vote of **8 For** and **0 Against**.

Mr. Thornhill initially nominated Mr. Sandefur for the position of Assistant Secretary but later retracted the nomination due to Mr. Sandefur's inability to attend meetings in person. Subsequently, Mr. Thornhill nominated Ms. Detten as Assistant Secretary. Mr. Davis seconded this nomination, and the motion passed unanimously with a vote of **8 For** and **0 Against**.

b. Appointment of the General Manager and General Counsel by the Board of Directors

Mr. Sandefur made a motion to appoint Mr. Heaney as General Manager. His motion was seconded by Ms. Detten, and the motion passed unanimously by a vote of **8 For** and **0 Against**.

Ms. Detten made a motion to appoint Ms. Emily W. Rogers, with Bickerstaff, Heath, Delgado, Acosta LLP. Ms. Bradley seconded the motion, and the motion passed unanimously by a vote of **8 For** and **0 Against**.

c. Appointment of the Executive Committee by the President. Current Executive Committee Members

Mr. Daniel reappointed the same members for the Executive Committee (Ms. Bradley, Mr. Daniel, Mr. Masterson, and Mr. Sandefur).

d. Reappointment of the Asset Management/Customer Service, Governmental/Regulatory, and Finance Committees by the President.

Mr. Daniel reappointed the same Directors for Asset Management/Customer Service, Governmental/Regulatory, and Finance Committees, and updated staff contacts.

Asset Management Committee/Customer Service Committee

Mary Lou Bradley
Jerry Bob Daniel
Conrad J. Masterson
Bryan Schaffner – Staff Contact

Regulation/Governmental Committee

Jerry Bob Daniel
Joe Larry Ward
Tonya D. Detten
Fabian Heaney – Staff Contact

Finance Committee

Jerry Dan Davis
Stephen A. Thornhill
Michael R. Sandefur
Lana Hefton – Staff Contact

Item Six: Receive Presentation from Controller, Lana Hefton, on the Consolidated Annual Operating Budget for Fiscal Year 2024-2025, and Take Any Other Action Deemed Necessary.

Ms. Hefton presented an overview of the Consolidated Annual Operating Budget for Fiscal Year 2024-2025. She reported a projected revenue increase of \$1.06 million, while expenses are expected to rise by \$1.3 million.

Additionally, Ms. Hefton mentioned an increase of \$96,000 in the budget allocated for Short-Term Capital Expenditures by Division. This funding will be used to replace all master meters with Advanced Metering Infrastructure (AMI) systems, enabling the meters to sync with the Harmony reading system. There was no action taken for this item.

Item Seven: Receive a Recommendation from the Finance Committee and Consider Approval of Resolution No. 2024-009, Adopting the Consolidated Annual Operating Budget for Fiscal Year 2024-2025, Including the Fee Schedules, Calendar, and Take Any Other Action Deemed Necessary.

Mr. Sandefur presented two changes approved by the Finance Committee concerning the updates to our short-term expenses and interest rates. He emphasized that the budget process has shown remarkable improvement over the years, resulting in the Environmental Services Division being on track to break even this year. Mr. Sandefur recommended that the Board approve the 2024-2025 Budget and adopt Resolution No. 2024-009.

In response to a query from Ms. Detten about the adequacy of the interest rates, Mr. Sandefur clarified that last year's rates were only partially realized; this year, however, we anticipate having full-year income rates. He pointed out that while expenses are fixed, revenue is contingent on weather conditions. Thanks to the proactive strategies implemented by Mr. Heaney and Mr. Schaffner, including system upgrades and diligent grant-seeking efforts, we can confirm that the interest rates are sufficient.

Mr. Heaney detailed the EPA Community grant of \$1.4 million allocated for the Lockett and Carey-Northfield areas. He went on to outline our submitted Federal budget requests, which are earmarked for a substantial \$2.4 million for Truscott-Gilliland, Foard County, and Farmers Valley. Additionally, Mr. Heaney highlighted our approval for over \$2 million from the TWDB Water Fund allocation for the Rural Water Assistance Program for Lockett, with plans to apply for funding for Ringgold and Preston Shores next year. This approach positions the Authority well for future success and sustainability.

Mr. Masterson made a motion to endorse the Consolidated Annual Operating Budget for Fiscal Year 2024-2025, which Ms. Bradley seconded. The motion passed unanimously by a vote of **8 For** and **0 Against**.

Item Eight: Consider the Bids Received for the Preston Shores Water System Ground Storage Tanks Project, and Take Any Other Action Deemed Necessary.

Mr. Heaney explained that we received only one bid for the project. He recommended that the Board reject this bid due to high cost and authorize a re-bid with modified project plans and scope of work.

Ms. Detten made a motion to reject the current bid received for the Preston Shores Water System Ground Storage Tanks Project, and authorize the re-bid of the project, with modified project plans and scope of work to included two new ground storage tanks, and no tank rehabilitation. Her motion was seconded by Mr. Masterson, and the motion passed unanimously by a vote of **8 For** and **0 Against**.

Item Nine: Receive an Update on Utility Division Enforcements, and Take Any Action Deemed Necessary.

Mr. Heaney provided a brief overview of the water system inspection process and the potential for enforcement actions. There was a discussion about the inconsistencies in how violations are addressed across different TCEQ regions. Mr. Heaney also mentioned that systems currently under an agreed order now have the opportunity to apply for a Supplemental Environmental Project (SEP). Moving forward, any system that needs upgrades to meet standards will be eligible to apply for a SEP. No action was taken regarding this item.

President Daniel called for a five-minute break from 10:01 a. m. to 10:06 a. m.

Item Ten: Conduct an Executive Session of the Board of Directors, Pursuant to Government Code Section 551.072, Deliberation Regarding Real Property.

The Board went into Executive Session at 10:06 a. m. and reconvened at 10:47 a. m.

Item Eleven: Take Any Action Deemed Necessary from the Executive Session, Pursuant to Government Code Section 551.072.

Mr. Heaney recommended authorizing the purchase of the property for Lockett. Mr. Davis made a motion for approval, and Mr. Masterson seconded it. The motion passed unanimously with a vote of **8 For** and **0 Against**.

Item Twelve: Consider Member Designations and Approval of the Proxy Form for the Nortex Regional Planning Commission, and Take Any Other Action Deemed Necessary.

Nortex requested Board approval of a designation of a representative and proxy from the Red River Authority. Ms. Detten made the motion to designate Mr. Heaney, as the representative with Mr. Schaffner as his proxy. Mr. Sandefur seconded the motion, which passed unanimously by a vote of **8 For** and **0 Against**.

Item Thirteen: Consider Resolution No. 2024-010: Application Filing and Authorized Representative Resolution, Accepting Texas Water Development Board Rural Assistance Program Funding for the Authority's Lockett Water System, and Take Any Other Action Deemed Necessary.

Mr. Sandefur made a motion to authorize the acceptance of grant funding for the Lockett Water System under the Rural Assistance Program. Mr. Thornhill seconded the motion, and the motion passed unanimously by a vote of **8 For** and **0 Against**.

Item Fourteen: Consider Resolution No 2024-011, Authorizing the Execution of a Water Purchase Agreement between Red River Authority of Texas and Janalou Gatewood Longfellow and Suzanne Gatewood Logan for the Farmer's Valley Water System, and Take Any Other Action Deemed Necessary.

Mr. Heaney explained that the Farmers Valley contract had expired, and he had successfully renegotiated a new ten-year contract with the current heirs of the wells. Mr. Davis then made a motion

to approve the contract, which was seconded by Mr. Masterson. The motion was unanimously approved with a vote of **8 For** and **0 Against**.

Item Fifteen: Discussion of the 2025 - 2030 Strategic Plan.

The 2025-2030 Strategic Plan was discussed. Mr. Heaney requested that the Board review the core values and suggest any changes they believe are necessary.

Mr. Heaney concluded the discussion by encouraging the Board to consider the question, "Why does the Authority exist?" as well as to reflect on their personal goals for the Red River Authority. He stated the needs have changed over the years so this exercise encourages the Authority to refocus energy for today, while keeping a pulse on the future, and where we want to go. No action was needed.

Item Sixteen: Other Business as the Board May Deem Appropriate:

a. Board Committee Reports

Board Committee updates were provided.

b. General Manager's Report

Mr. Heaney provided updates on the following items:

1. November Rate Analysis
2. Environmental Services Division
3. EPA Nitrate Enforcement
4. Preston Shores TTHM
5. Texas Water Development Board
6. Federal Funding
7. Navigation
8. TWCA
9. Texas Rural River Authority Coalition
10. Regional Flood Planning Group

Mr. Thornhill left meeting at 11:20 a. m.

c. Assistant General Manager's Report

Mr. Schaffner provided updates on the following items:

1. Preston Shores Water System
2. Truscott Gilliland System Repairs
3. Customer Awareness
4. SCADA
5. Asset Management
6. Regulatory
7. Utility Division.

d. Executive Assistant's Report

Ms. Bales provided an Administration update.

e. Controller's Report

Ms. Hefton provided a financial update.

Item Seventeen: Comments from the Directors and Suggestions for Future Agenda Items.

No suggestions or comments.

Item Eighteen: Adjourn Meeting.

Mr. Daniel made a motion to adjourn the meeting at 11:47 a. m. His motion was seconded by Ms. Detten, and the motion passed unanimously by a vote of **8 For** and **0 Against**.

Jerry Bob Daniel
President

Mary Lou Bradley
Assistant Secretary



RED RIVER AUTHORITY OF TEXAS
BOARD OF DIRECTORS MEETING
JANUARY 15, 2025



REGULAR AGENDA

ITEM 4

**Consider Approval of the *Annual Comprehensive Financial Report*
for the Fiscal Years Ended September 30, 2024 and 2023, Presented by the Authority's Auditor,
and as Recommended by the Executive Committee for Audit Evaluation and
Execution of the State Filing Affidavit, and Take Any Other Action Deemed Necessary.**

The Authority's external auditor, Mr. David Parkman, CPA, with Edgin, Parkman, Fleming and Fleming, P.C. will provide a presentation of the Authority's *Annual Comprehensive Financial Report for the Fiscal Years Ended September 30, 2024 and 2023 (ACFR)*. The ACFR was presented to the Executive Committee on Tuesday, January 14, 2025. The Board will receive recommendation from the Executive Committee, and consider approval of the report.

Sample motion:

I move the Board approve the *Annual Comprehensive Financial Report for the Fiscal Years Ended September 30, 2024 and 2023 and execute the State Filing Affidavit*, as recommended by the Executive Committee, as presented _____.

Second _____

Vote for _____ against _____.



EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

1401 HOLLIDAY ST., SUITE 216 • P.O. Box 750
WICHITA FALLS, TEXAS 76307-0750
PH. (940) 766-5550 • FAX (940) 766-5778

MICHAEL D. EDGIN, CPA
DAVID L. PARKMAN, CPA
A. PAUL FLEMING, CPA
JOSHUA R. HARMAN, CPA

January 10, 2025

Members of the Board of Directors
Red River Authority of Texas
P. O. Box 240
Wichita Falls, Texas 76307-0240

Members of the Board of Directors:

In planning and performing our audit of the financial statements of Red River Authority of Texas (Authority) for the year ended September 30, 2024, we considered the Authority's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated January 10, 2025, on the financial statements of the Authority.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Authority personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized by first addressing the status of those made in the prior year and then those noted in the current year.

Prior Year Comments

Inventory and Job Order Costing

Comment: It was noted in the prior year audit that the perpetual inventory system procedures needed adjustments as the number of electronic meters in inventory did not agree to the actual number of meters on-hand.

Status: During the current year audit, it was noted that the counts for almost all items on-hand needed to be adjusted after the year-end inventory count. Also, there were items that did not reflect the average cost of the product and an audit entry totaling \$60,853 was necessary to correct the ending inventory balance. We continue to recommend that the inventory procedures be reviewed and amended so that all inventory is properly tracked and recorded at the appropriate average cost.

Management Letter

Board of Directors
Red River Authority of Texas

Page Two

Current Year Comments

Bank Reconciliations

Comment: During our interim audit procedures, it was noted that the May 2024 bank reconciliation for the Operating account was out of balance by \$5,338,815. A trial balance report as of May 31, 2024 was requested, and it showed a balance of \$5,633,463 in accounts payable. These differences were discussed with the Controller, and it was discovered that there was an issue with how the bank account was set up in the accounting software so that the checks being written were not posting in the cash accounts or accounts payable.

During our year-end audit procedures we observed that the accounts payable accounts agreed to the account payable detail, however, the September 2024 bank reconciliation for the Operating account still showed a difference of \$65,015, with the general ledger (financial statements) showing less cash than the reconciliation.

Recommendation: We recommend that the bank reconciliations for the Operating account be reviewed and reperformed if necessary, so that the difference as of September 30, 2024 can be found and corrected. It is also recommended that management generate a comparative balance sheet report each month to be reviewed and provided to the Board, so that any large or unusual fluctuations can be investigated.

Closing Comments

We wish to thank management and all of those with whom we worked for their support and assistance during our audit.

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

Very truly yours,



EDGIN, PARKMAN, FLEMING & FLEMING, PC
Certified Public Accountants

Management Letter



EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

1401 HOLLIDAY ST., SUITE 216 • P.O. Box 750
WICHITA FALLS, TEXAS 76307-0750
PH. (940) 766-5550 • FAX (940) 766-5778

MICHAEL D. EDGIN, CPA
DAVID L. PARKMAN, CPA
A. PAUL FLEMING, CPA
JOSHUA R. HARMAN, CPA

January 10, 2025

Members of the Board of Directors
Red River Authority of Texas
P. O. Box 240
Wichita Falls, Texas 76307-0240

We have audited the financial statements of Red River Authority of Texas (Authority) for the year ended September 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 26, 2024. Professional standards also require that we communicate to you the following information related to your audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year 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 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 estimates affecting the Authority's financial statements were:

- Management's estimate of unbilled accounts receivable related to September sales not billed until the October billing cycle.
- Management's estimate of useful lives of capital assets used for recording depreciation expense is based on the general knowledge and history of the individual capital assets.
- Management's estimate of net pension assets and other post-employment benefit (OPEB) related liabilities, and related deferred inflows and outflows of resources.

We evaluated the key factors and assumptions used to develop the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

AU-C 260 Letter

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Note 1 – Summary of Significant Accounting Policies,
- Note 2 – Deposits and Investments,
- Note 4 – Long-term Debt,
- Note 5 – Commitments and Contingent Liabilities, and
- Note 6 – Defined Benefit Pension Plan

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and 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 summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. None of the misstatements detected as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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 10, 2025.

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 governmental unit'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 Audit Findings or Issues

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 governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Board of Directors
Red River Authority of Texas

Page Three

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, the Schedule of Changes in Net Pension Liability and Related Ratios – Texas County and District Retirement System, the Schedule of Employer Pension Contributions – Texas County and District Retirement System and Schedule of Changes in Net OPEB Liability and Related Ratios – Texas County and District Retirement System, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the other supplementary information (C Exhibits) which accompany the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section or the statistical section, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

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

Sincerely,

Edgin, Parkman, Fleming & Fleming, PC

EDGIN, PARKMAN, FLEMING & FLEMING, PC
Certified Public Accountants

Red River Authority of Texas
Summary of Uncorrected Misstatements
September 30, 2024

	Increase (Decrease)				
	Assets	Liabilities	Equity	Revenues	Expenses
Prior Year:					
None	-	-	-	-	-
Current Year:					
Adjustments found during search for unrecorded liabilities.	-	(16,671)	-	-	(16,671)
Total Government-Wide	<u>-</u>	<u>(16,671)</u>	<u>-</u>	<u>-</u>	<u>(16,671)</u>

**ANNUAL
COMPREHENSIVE
FINANCIAL REPORT**



for the years ended September 30, 2024 and 2023

Red River Authority of Texas

Annual Comprehensive Financial Report

**For the Fiscal Years Ended
September 30, 2024 and 2023**

Prepared By:

Fiscal Administration,
Executive Administration
and General Services Branches

Lana R. Hefton, Controller

RED RIVER AUTHORITY OF TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
for the years ended September 30, 2024 and 2023

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
<u>INTRODUCTORY SECTION</u>		
Annual Filing Affidavit.....		i
Board Members, Key Personnel and Consultants.....		ii-iv
Government Finance Officers Association (GFOA) Certificate of Achievement		v
Letter of Transmittal and Management's Executive Summary Report		vi-xii
<u>FINANCIAL SECTION</u>		
Independent Auditor's Report		1-3
Management's Discussion and Analysis (Required Supplementary Information)		4-10
<u>BASIC FINANCIAL STATEMENTS</u>		
Statements of Net Position..... A-1		11
Statements of Revenues, Expenses, and Changes in Net Position..... A-2		12
Statements of Cash Flows	A-3	13-14
Notes to the Basic Financial Statements		15-50
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>		
Schedule of Changes in Net Pension Liability and Related Ratios – Texas County and District Retirement System	B-1	51
Schedule of Employer Contributions – Texas County and District Retirement System	B-2	52
Schedule of Changes in Total OPEB Liability and Related Ratios – Texas County and District Retirement System	B-3	53
Notes to Required Supplementary Information		54
<u>OTHER SUPPLEMENTARY INFORMATION</u>		
Combining Schedule of Net Position.....	C-1	55-56
Combining Schedule of Revenues, Expenditures, and Changes in Net Position.....	C-2	57-58
Combining Schedule of Cash Flows	C-3	59-62
Comparative Schedule of Revenues and Expenses – Enterprise Funds – Budget and Actual	C-4	63
Comparative Schedule of Revenues and Expenses – Internal Service Funds – Budget and Actual	C-5	64
Services and Rates	C-6	65
Schedule of Proprietary Fund Expenditures	C-7	66
Schedule of Temporary Investments.....	C-8	67
Taxes Levied and Receivable	C-9	68
Bonded Debt and Interest Maturities – Water Revenue Bonds	C-10	69
Debt Service Coverage – Water Revenue Bonds.....	C-11	70
Contract Revenue Bonds – Series 2010.....	C-12	71

RED RIVER AUTHORITY OF TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
for the years ended September 30, 2024 and 2023

	<u>Exhibit</u>	<u>Page</u>
<u>OTHER SUPPLEMENTARY INFORMATION (CONT'D.)</u>		
Contract Revenue Bonds – Series 2017	C-13	72
Analysis of Changes in Bonded Debt	C-14	73
Comparative Schedule of Revenue and Expenditures -		
Proprietary Fund	C-15	74-75
Enterprise Funds – Capital Assets.....	C-16	76
Internal Service Funds – Capital Assets.....	C-17	77
Utility Division Regional Water Supply – Service Area Map	C-18	78
Schedule of Clean Rivers Program Expenditures	C-19	79
Indirect Rate Factor	C-20	80

STATISTICAL SECTION

Statistical Narrative		81
Net Position by Component – Last Ten Fiscal Years	D-1	82-83
Changes in Net Position – Last Ten Fiscal Years	D-2	84-85
Schedule of Revenues – Last Ten Fiscal Years	D-3	86
Utility Division Water Sales – Last Ten Fiscal Years	D-4	87
Utility Division Water Sales Characteristics – Last Ten Fiscal Years.....	D-5	88
Districts Within the Utility Division	D-6	89
Top Ten Utility Customers.....	D-7	90
Schedule of Water Revenue Bond Coverage – Last Ten Fiscal Years	D-8	91
Schedule of Expenses.....	D-9	92
Red River Basin General Information	D-10	93
Population, Demographic, and Economic Data	D-11	94-95
Significant Reservoirs in the Red River Basin.....	D-12	96
Water Sales Trend Analysis	D-13	97
Red River Chloride Control Project.....	D-14	98
Chloride Control Project Vicinity Map.....	D-15	99
Insurance Coverage	D-16	100-101

OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	102-103
Schedule of Findings and Responses	104-105
Corrective Action Plan	106
Summary Schedule of Prior Audit Findings	107

INTRODUCTORY SECTION

ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS §

COUNTY OF WICHITA §

I, **Jerry Bob Daniel, President**
(Name of Duly Authorized District Representative)

of the **Red River Authority of Texas**
(Name of District)

hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the 15th day of January, 2025 its annual audit report for the fiscal period ended September 30, 2024 and that copies of the annual audit report have been filed in the District's office, located at 3000 Hammon Road, Wichita Falls, Texas 76310.

This filing affidavit and the attached copy of the annual audit report will be submitted to the Texas Commission on Environmental Quality to satisfy the annual filing requirements of Texas Water Code Section 49.194.

Date: January 15, 2025

(Signature of District Representative)

Jerry Bob Daniel, President
(Typed Name & Title of above District Representative)

Sworn to and subscribed to before me this 15th day of January, 2025.

(Seal)

(Signature of Notary)

My Commission Expires on: 08-29-2027
Notary Public in and for the State of Texas.

RED RIVER AUTHORITY OF TEXAS
Board Members, Key Personnel, and Consultants
for the year ended September 30, 2024

Complete District Mailing Address:

P. O. Box 240
Wichita Falls, Texas 76307

Authority Business Telephone Number:

(940) 723-8697

Names and Addresses	Term of Office Elected and Expired or Date Hired	Fees and Expense Reimbursements September 30, 2024	Title at Year End	Resident of District
Board Members:				
Jerry Bob Daniel 4911 FM 1756 West Truscott, Texas 79227	06-02-08 – 08-11-27	\$1,717	President	Yes
Conrad J. Masterson, Jr. 1062 County Road 188 Cee Vee, Texas 79223	10-25-21 – 8-11-27	1,643	Vice President	Yes
Michael R. Sandefur 3402 Texas Boulevard Texarkana, Texas 75503	07-26-18 – 08-11-23	1,200	Secretary Treasurer	Yes
Mary Lou Bradley P.O. Box 307 Childress, Texas 79201	12-06-19 – 08-11-25	0	Assistant Secretary	Yes
Stephen A. Thornhill 2425 West Crawford Denison, Texas 75020	09-05-14 – 08-11-25	1,200	Director	Yes
Joe L. Ward 1626 CR 2315 Telephone, Texas 75488	07-26-18 – 08-11-23	1,323	Director	Yes
Jerry Dan Davis 1704 Ellison Street Wellington, Texas 79095	12-06-19 – 08-11-23	1,365	Director	Yes
Tonya D. Detten 15602 State Highway 136 Panhandle, Texas 79068	05-03-22 – 8-11-25	1,971	Director	Yes

RED RIVER AUTHORITY OF TEXAS
Board Members, Key Personnel, and Consultants
for the year ended September 30, 2024

Names and Addresses	Term of Office Elected and Expired or Date Hired	Fees and Expense Reimbursements September 30, 2024	Title at Year End
Key Administrative Personnel:			
Fabian Heaney 8439 Cooper Road Wichita Falls, Texas 76305	09-24-2023	\$0	General Manager
Engineering and Professional Consultants:			
Biggs and Mathews, Inc. 2500 Brook Avenue Wichita Falls, Texas 76301		30,646	Consultant
Freese and Nichols, Inc. 4055 International Plaza, Ste 200 Fort Worth, Texas 76109		51,881	Consultant
Plummer 6300 La Calma, Suite 400 Austin, Texas 78752-3825		0	Consultant
Legal Consultants:			
Sara Thornton Lloyd Gosselink, Rochelle, & Townsend, PC 816 Congress Ave, Ste 1900 Austin, Texas 78701		7,189	General Counsel
Doug Caroom Bickerstaff, Heath, Delgado, Acosta, LLP 3711 S Mo-Pac Expressway Building One, Suite 300 Austin, Texas 78746		6,810	Special Counsel
Leroy Grawunder McCall, Parkhurst and Horton 717 N Harwood, Suite 900 Dallas, Texas 75201		0	Bond Counsel

RED RIVER AUTHORITY OF TEXAS
Board Members, Key Personnel, and Consultants
for the year ended September 30, 2024

Names and Addresses	Term of Office Elected and Expired or Date Hired	Fees and Expense Reimbursements September 30, 2024	Title at Year End
---------------------	---	--	-------------------

Financial Consultants:

David Medanich Hilltop Securities 777 Main Street, Suite 1200 Fort Worth, Texas 76102	0	Financial Advisor
--	---	-------------------

Depositories:

First National Bank of Wichita Falls
P.O. Box 94905
Wichita Falls, Texas 76310

TexPool – Comptroller of Public Accounts
P. O. Box 12608
Austin, Texas 78711

TexSTAR Participant Services
717 N Harwood St., Suite 3400
Dallas, Texas 75201



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

Red River Authority of Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2023

Christopher P. Morill

Executive Director/CEO



Red River Authority of Texas

JERRY BOB DANIEL, President, Truscott
CONRAD J. MASTERSON, JR. Vice President, Cee Vee
MARY LOU BRADLEY, Secretary/Treasurer, Memphis
TONYA D. DETTEN, Assistant Secretary, Panhandle
JERRY DAN DAVIS, Wellington
MICHAEL R. SANDEFUR, Texarkana
STEPHEN A. THORNHILL, Denison
JOE L. WARD, Telephone
VACANCY

FABIAN A. HEANEY, General Manager
BRYAN D. SCHAFFNER, Assistant General Manager
LANA R. HEFTON, Controller
CARA A. CLARK, Administration Manager

January 10, 2025

To: Board of Directors of the Red River Authority of Texas,
Red River Authority of Texas Customers, and
Stakeholders and Citizens of the Red River Basin in Texas

The Annual Comprehensive Financial Report of the Red River Authority of Texas for the fiscal year ended September 30, 2024 is submitted herewith. Responsibility for both the accuracy of the presented data, and the completeness and fairness of the presentation, including all disclosures, rests with the Authority.

We trust the data contained herein is accurate in all material respects, that it clearly discloses the financial position and results of operations of the Authority as measured by the financial activity of its various divisions, and that all information necessary to enable the reader to gain the maximum benefit and understanding of the Authority's fiscal year activities and related costs are presented on a fund basis in the enclosed financial statements.

REPORTING ENTITY

The Red River Authority of Texas (Authority) is a water conservation and reclamation district in the State of Texas, originally created under the provisions of the 56th Legislature, Article 8280-228 VATCS and Article XVI, Section 59 of the Texas Constitution. In 2019, following review by the Texas Sunset Advisory Commission, and with the passage of Senate Bill 627, the Authority's legislation was amended by the 86th Legislature, effective September 1, 2019. On April 1, 2023, by acts of the 87th Legislature, the Authority was codified under the Special District Local Laws Code, Title 6, Water and Wastewater, Subtitle G, River Authorities, with Chapter 8510, Subchapter A. <https://statutes.capitol.texas.gov/Docs/SD/htm/SD.8510.htm#8510>

The Authority's mission remains: *The orderly conservation, reclamation, protection, and development of the water resources throughout the Red River Basin for the benefit of the public.*

The Authority's territorial jurisdiction encompasses all of forty-three Texas counties lying within, and adjacent to, the watershed of the Red River and its tributaries upstream from the northeast corner of Bowie County. In 1981, the Legislature divided the Authority's territorial jurisdiction into three geographical regions based on population, with gubernatorial appointment of three directors to serve from each region. Refer to the **Jurisdictional Map** for details.

The Red River Industrial Development Authority was authorized by the Board of Directors in July 1979 under the terms of the Texas Development Corporation Act of 1979. The Red River Industrial Development Authority is a subsidiary entity of the Red River Authority of Texas, and is authorized to act on behalf of the Authority for the specific purpose of promoting economic

P.O. Box 240 · Wichita Falls, Texas 76307-0240
Telephone: (940) 723-8697

3000 Hammon Road · Wichita Falls, Texas 76310-7500
E-Mail: info@rra.texas.gov

Fax: (940) 723-8531

development of commercial, industrial, and manufacturing enterprises for public welfare within the geographical confines of the Red River Basin in Texas. Financial information concerning the Red River Industrial Development Authority can be found in the Notes to the Financial Statements and the combining schedules.

GOVERNING BODY

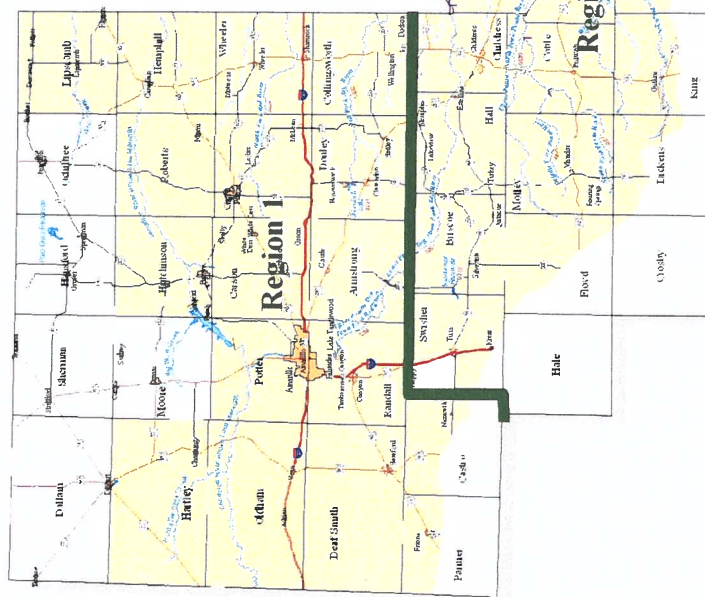
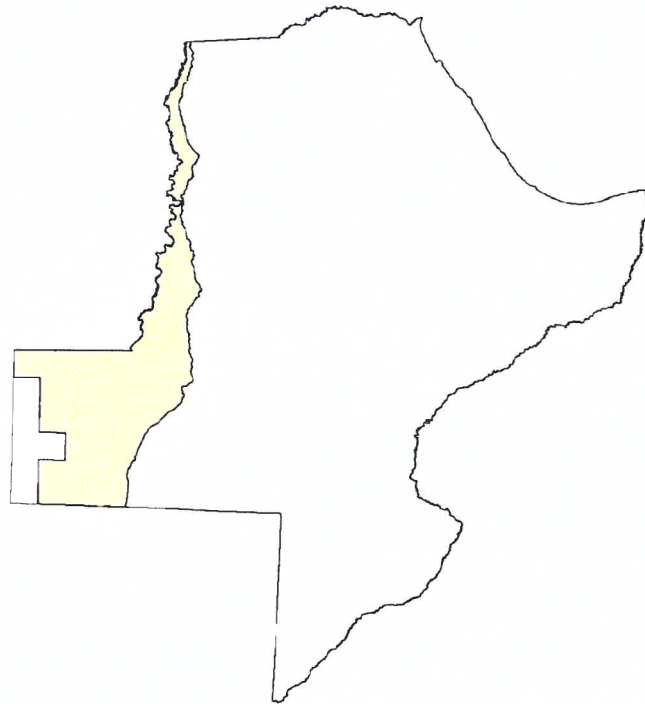
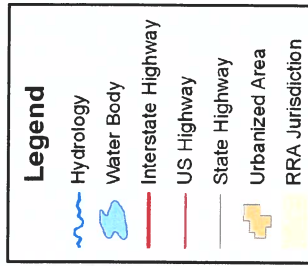
The Authority's governing body is composed of a nine-member Board of Directors, with three members each representing the three regional divisions of the Authority's jurisdictional area. All members of the Board are appointed by the Texas Governor, and are confirmed by the Texas Senate. Each Director must be a legal voter, a property taxpayer, and a resident of their respective region in the Authority's jurisdictional area. Each Director serves a six-year term. The Directors are organized by a President, appointed by the Governor, and then elect from their membership a Vice-President, Secretary/Treasurer, and Assistant Secretary. The President appoints from the membership three Directors to serve with the President on the Executive Committee. These appointments are confirmed by the Board. The Executive Committee functions as a policy, administrative, and fiscal oversight committee for all agency-related activities. The Board of Directors administers all affairs of the Authority through a Board-adopted Administrative Policy, and a Board-appointed chief executive officer in the position of General Manager.

ADMINISTRATION

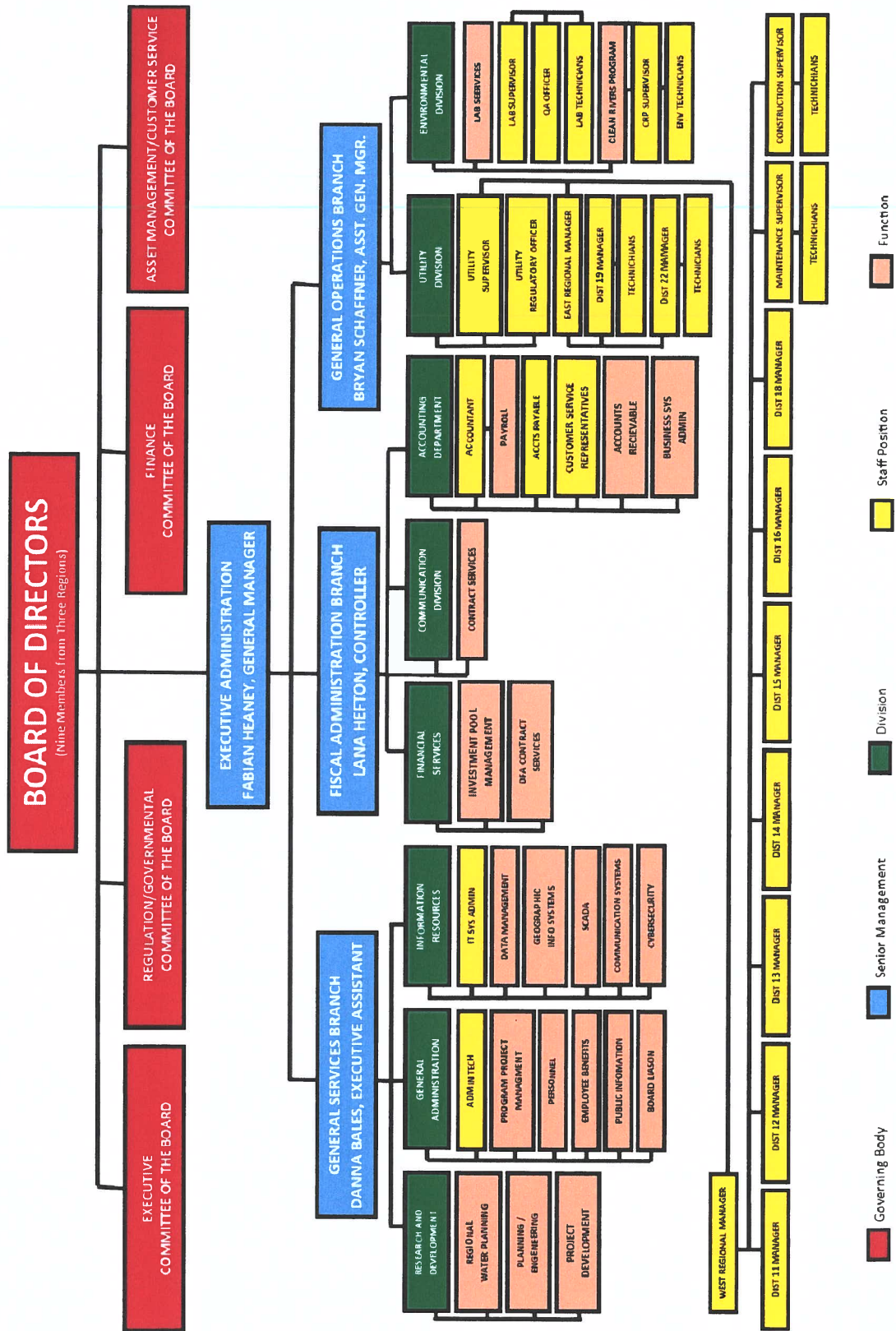
All fiscal and administrative functions are conducted from the general offices, located at 3000 Hammon Road, Wichita Falls, Texas. The General Manager is assisted by a professional staff of employees and consultants to accomplish all duties, and is solely responsible to the Board of Directors for the proper implementation of all policies and the successful administration of the Authority. The Executive Administration is the upper-level management team that consists of three interactive branches of administration for the orderly conduct of all facets of the Authority's activities. The branches are the General Division Branch, Fiscal Services Branch, and General Operations Branch. Each branch is responsible for providing team leadership, administrative, and technical services to each division or department of the Authority. The Executive Staff administers Board Policy, and carries out the Authority's mission under a Board-approved Strategic Management Plan. There were 37 full-time classified employees on the Authority's payroll on September 30, 2024. **Refer to the Organizational Structure Chart** for details.



Red River Authority of Texas Jurisdictional Map



Red River Authority of Texas Organization Structure



INTERNAL CONTROLS

The Board of Directors and the Executive Administration of the Authority have placed an emphasis on the accuracy of its accounting system through the implementation of stringent internal accounting controls. Internal accounting controls are designed to provide reasonable, assurances regarding the safeguard of assets against loss and unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets, as well as those entrusted with its care. The concept of reasonable assurance recognizes that the cost of control should not exceed the expected benefits to be derived, and the evaluation of cost and benefits requires estimates and judgments on the part of management. All internal control evaluations occur within the described framework. Therefore, management is provided reasonable assurance that the Authority's internal controls adequately safeguard the assets, and provide proper recording of all financial transactions, thereby producing an effective tool to manage the conduct of the Authority's business activities.

SIGNIFICANT POLICY IMPACTS

The Authority was brought under Sunset review in 2018, and the recommendations of the Sunset Commission brought about policy changes in 2019. The Authority adopted changes in its website to bolster transparency and to increase the ability to search and find relevant data. The Authority included changes to its Board agendas to increase the opportunity for public participation. The Authority adopted a policy to ensure that all Professional Services Contracts are reviewed every five years, and that a qualified list will be made available for Professional contracts over \$25,000.

LONG-TERM FINANCIAL PLANNING

The Authority utilizes a Five-Year Strategic Plan and a Five-Year Asset Management Plan to guide the Authority in Long Term Financial Planning. These planning tools are instrumental in determining the long term needs of the Authority, and how to address those needs in the most cost-effective way for the Authority and its customers.

BUDGETARY CONTROLS

An integral component in the establishment of the Authority's goals and priorities is the compilation and adoption of an Annual Consolidated Operating Budget. The budget includes all Authority activities, and is presented to the Board for their consideration and approval each year. The budget does not constitute appropriations; rather, it is a tool to forecast and control spending over a fiscal year. In the Authority's model, the budget presents projected revenues and expenditures as compared to actual revenues and expenditures from the previous year to assist in this forecast.

LOCAL ECONOMY

The size of the Authority's vast basin makes it hard to identify a true local economy, as the basin stretches over 43 counties from the state of Arkansas to the state of New Mexico. The basin is primarily agrarian in nature, with large cattle ranches and cotton farms in the west, and large poultry, grain farms, and timber production in the east. Both the east and west regions have large energy industries with traditional oil and gas production, and recent increases in green energy in the form of wind and solar production. The robust energy market has allowed the economy to stay

strong, and the lack of severe weather has contributed to sustained agriculture production. The western region has not experienced much population growth, but has remained steady in recent years. The eastern region has experienced high growth as the DFW Metroplex population migrates further north toward the Red River.

The Authority's main office is located in Wichita Falls, Texas. Wichita Falls has a diverse economy that includes manufacturing, Sheppard Air Force base, a regional college, medical services, retail, and service-related commerce.

The Wichita Falls Metropolitan Statistical Area (MSA) houses a robust manufacturing sector with many companies having employment in excess of 100 persons. The MSA covers three North Texas counties of Archer, Clay, and Wichita. The largest portion of the MSA production includes Health, Social Services, and Manufacturing. The total population of the MSA is 149,947. The Total Gross Domestic Product (GDP) of the Wichita Falls MSA totaled \$7,590,310 in 2022 which was a 10.3% increase from 2021. After leveling off in 2020 due to the pandemic, the local economy has experienced significant growth in recent years. The unemployment rate for the Wichita Falls MSA was 3.7% in October of 2023. This is down from a high of 10.2% in April of 2020. The area's largest employers include Sheppard Air Force Base, United Regional Health Care System, Wichita Falls ISD, Midwestern State University, and North Texas State Hospital.

(Source of Information: City of Wichita Falls 2023 ACFR)

The City of Wichita Falls can also call itself home to numerous retirees and can boast that though the labor force numbers have dropped over the last ten years, the labor force increased in the last 12-months and unemployment has continued to drop as well. Wichita Falls current unemployment rate as of September 2024 is 3.9%, lower than the state and national average of 4.1%.

Year	Period	Labor Force	Employment	Unemployment	Unemployment Rate
2014	Sep	65,692	62,586	3,106	4.7
2015	Sep	63,991	61,170	2,821	4.4
2016	Sep	63,842	60,958	2,884	4.5
2017	Sep	64,949	62,762	2,187	3.4
2018	Sep	65,396	63,281	2,115	3.2
2019	Sep	65,560	63,611	1,949	3.0
2020	Sep	65,243	63,652	4,591	7.0
2021	Sep	65,255	62,358	2,897	4.4
2022	Sep	63,865	61,602	2,263	3.5
2023	Sep	65,139	62,508	2,631	4.0
2024	Sep	66,188	63,621	2,567	3.9

Source of Information: United States Bureau of Labor

AWARDS

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Red River Authority of Texas for its annual comprehensive financial report for the fiscal year ended September 30, 2023. This was the twelfth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Authority trusts that its current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and will submit it to GFOA to determine its eligibility for another certificate.

AUDIT REQUIREMENTS

The Enabling Legislation (Article 8280-228, Section 9, VATCS) requires an annual audit of the Authority's records by a certified public accountant, as selected by the Board of Directors, within 135 days after the fiscal year ending. This requirement has been complied with, and the Auditor's opinion is included in this report.

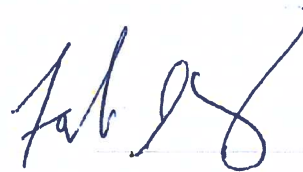
ACKNOWLEDGEMENTS

We would like to express our appreciation to the Board for their contributions and guidance in the successful operation of the Authority. We would also like to thank the staff members who contributed to the preparation of this report.

Respectfully submitted,



Lana R. Hefton
Controller



Fabian A. Heaney
General Manager

FINANCIAL SECTION



EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

1401 HOLLIDAY ST., SUITE 216 ▪ P.O. Box 750
WICHITA FALLS, TEXAS 76307-0750
PH. (940) 766-5550 ▪ FAX (940) 766-5778

MICHAEL D. EDGIN, CPA
DAVID L. PARKMAN, CPA
A. PAUL FLEMING, CPA
JOSHUA R. HARMAN, CPA

Independent Auditor's Report on Financial Statements

Board of Directors
Red River Authority of Texas

Members of the Board of Directors:

Opinion

We have audited the accompanying financial statements of Red River Authority of Texas (Authority) as of and for the years ended September 30, 2024 and 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Red River Authority of Texas as of September 30, 2024 and 2023, and the changes in financial position and cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and the Schedule of Changes in Net Pension Liability and Related Ratios – Texas County and District Retirement System, the Schedule of Employer Contributions – Texas County and District Retirement System, and the Schedule of Changes in Total OPEB Liability and Related Ratios – Texas County and District Retirement System identified in the table of contents as required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The other supplementary information in Exhibits C-1 through C-20 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2025, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Respectfully submitted,



Edgin, Parkman, Fleming & Fleming, PC

January 10, 2025

MANAGEMENT’S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Red River Authority of Texas, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on **page vi** of this report.

Financial Highlights

1. The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$24,104,211 (net position). Of this amount, \$11,807,870 (unrestricted net position) may be used to meet the Authority's ongoing obligations to citizens and creditors.
2. The Authority's total net position increased by \$2,827,926.
3. The Authority expended over \$2.3 million towards improvements to its water systems to address EPA violations in the current year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise two components: government-wide financial statements and notes to the financial statements. This report also contains required supplementary information and other government-wide information, in addition to the basic financial statements themselves.

Authority-Wide Statements. The financial statement presentation is mandated by Government Accounting Standards Board Statement No. 34. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. However, all of the funds of the Authority can be put into one category – proprietary funds. As such, the Red River Authority of Texas is considered a special purpose government engaged only in business-type activities. No fund level information is presented as part of the Authority's basic financial statements.

Proprietary Funds. For internal reporting and control purposes, the Authority maintains two different types of proprietary funds. One is enterprise funds, which are used to report the same functions presented in the Authority-wide basic financial statements. The Authority uses enterprise funds to account for its distinct and separate business activities, the Utility Division, the Environmental Services Division, and the Industrial Development Authority. The other proprietary funds are the internal service funds, which provide goods and services to the enterprise funds, as well as each other. There are two internal service funds employed by the Authority. They include the General Division and Communications Division.

Revenues are derived through charges to the funds which receive the services provided and from contract services provided to outside entities. For government-wide presentation, all interfund charges are eliminated. These internal fees are evaluated annually and adjusted as necessary to maintain equity in the charges for each type of service performed. The external fees are adjusted every one (1) to five (5) years, based on the results of various types of rate analyses conducted.

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the Authority-wide statements. The notes to the basic financial statements can be found on **pages 15-50** of this report.

Authority-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Authority's financial position. In the case of the Authority, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$24,104,211 at the close of the most recent fiscal year.

	2024	2023	2022
Assets:			
Current assets	\$13,368,762	\$12,557,133	\$11,550,121
Restricted assets	1,832,028	2,395,338	4,707,521
Capital assets	20,425,616	19,075,320	17,245,457
Noncurrent assets	3,500,100	1,783,398	2,916,757
Total assets	39,126,506	35,811,189	36,419,856
Deferred outflows of resources	249,810	480,260	393,198
Liabilities:			
Current liabilities	1,031,101	1,119,672	1,134,965
Noncurrent liabilities	12,904,437	13,325,737	13,760,786
Total liabilities	13,935,538	14,445,409	14,895,751
Deferred inflows of resources	1,336,567	569,755	1,824,599
Net position:			
Net investment in capital assets	8,722,330	7,545,644	7,652,261
Restricted net position	3,574,011	1,748,604	1,741,344
Unrestricted net position	11,807,870	11,982,037	10,699,099
Total net position	<u>\$24,104,211</u>	<u>\$21,276,285</u>	<u>\$20,092,704</u>

In fiscal year 2024, 36.2% of the Authority's net position reflect its investment in capital assets (e.g., land, building, machinery, equipment, and water rights), less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide services to customers; consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Authority's net position (14.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$11,807,870 (49.0%) may be used to meet the Authority's ongoing obligations to constituents and creditors. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net position with an increase in net position of \$2,827,926. This increase represents an increase in operating revenues and a conservative approach to managing expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

In fiscal year 2023, 35.5% of the Authority's net position reflect its investment in capital assets (e.g., land, building, machinery, equipment, and water rights), less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide services to customers; consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Authority's net position (8.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$11,982,037 (56.3%) may be used to meet the Authority's ongoing obligations to constituents and creditors. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net position with an increase in net position of \$1,183,581. This increase represents consistent operating revenues and a conservative approach to managing expenses.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	2024	2023	2022
Operating revenues:			
Water and sewer sales	\$ 7,728,389	\$ 7,011,224	\$ 5,742,657
Charges for materials and services	729,886	728,552	595,397
Other	1,302,608	708,772	641,868
Total operating revenues	<u>9,760,883</u>	<u>8,448,548</u>	<u>6,979,922</u>
Operating expenses:			
Water purchases	1,355,804	1,290,029	1,312,922
Personnel services	2,351,914	2,563,719	2,091,898
Administrative costs	293,671	274,332	223,338
Utilities, supplies, and maintenance	1,822,759	1,414,005	1,388,362
Insurance	144,011	119,972	116,556
Automobile and travel	448,184	441,986	375,679
Professional and directors fees	75,331	68,154	77,857
Research expense	49,325	91,528	10,890
Total operating expenses	<u>6,540,999</u>	<u>6,263,725</u>	<u>5,597,502</u>
Operating income before depreciation and amortization	3,219,884	2,184,823	1,382,420
Depreciation and amortization	<u>(1,041,201)</u>	<u>(996,106)</u>	<u>(870,245)</u>
Operating income	<u>2,178,683</u>	<u>1,188,717</u>	<u>512,175</u>
Nonoperating revenues (expenses):			
Interest income	694,733	586,737	167,451
Gain (loss) on disposal of assets	(65,914)	(99,110)	4,800
Donation of capital assets	498,027	-	-
Interest expense	<u>(477,603)</u>	<u>(492,763)</u>	<u>(503,304)</u>
Total nonoperating revenues (expenses)	<u>649,243</u>	<u>(5,136)</u>	<u>(331,053)</u>
Change in net position	<u>2,827,926</u>	<u>1,183,581</u>	<u>181,122</u>
Net position, beginning	<u>21,276,285</u>	<u>20,092,704</u>	<u>19,911,582</u>
Net position, ending	<u>\$24,104,211</u>	<u>\$21,276,285</u>	<u>\$20,092,704</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

Some of the major variances from fiscal year 2023 to fiscal year 2024 include a \$717,165 increase in water and sewer sales. This increase is mainly due to a full year of the higher base and incremental water rates charged and a slight increase in consumption. Other operating revenues increased \$593,836 due to grant proceeds from the Bureau of Reclamation received in the current year for meter replacement. Utilities, supplies and maintenance expenses increased \$408,754 between years mainly due to meter installation, water leak repairs, and inventory price adjustments. Donation of capital assets increased \$498,027 due to a donation of construction materials in the current year.

Some of the major variances from fiscal year 2022 to fiscal year 2023 include a \$1,268,567 increase in water and sewer sales. This increase is mainly due to an increase to the base and incremental water rates charged in the year, offset by a slight decrease in consumption. Personnel services expenses increased \$471,821 between years mainly due to a decrease in the GASB 68 adjustment for changes in actuarial assumptions. The adjustment reduced expenses by \$511,823 in the prior year, and only \$261,706 in the current fiscal year. The other part of the increase is due to less turnover in the current year, raises, and additional compensation for on-call duties. Interest income increased \$419,286 due to better interest rates on investments during the year.

Capital Asset and Debt Administration

Capital Assets. The Authority's investment in capital assets funds as of September 30, 2024 amounts to \$20,425,616, (net of accumulated depreciation). This investment in capital assets includes land, water systems, water rights, transportation equipment and other equipment, right-to-use leased assets, as well as construction in progress. The total increase in the Authority's investment in capital assets for the current fiscal year was 7%.

Major capital asset events during the current fiscal year included the following:

- Construction and engineering fees on Miscellaneous Pump Station and Tank Renovations
- Construction and engineering fees on Hinds-Wildcat Water System
- Construction and engineering fees on Preston Shores Water System
- Construction and engineering fees on Lockett Water System
- Meter replacements

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

CAPITAL ASSETS

(Net of Depreciation)

Asset	Value September 30, 2023	Additions / Completions	Deletions	Value September 30, 2024	Accumulated Depreciation	Net Value
Land and easements	\$ 1,120,608	\$ -	\$ -	\$ 1,120,608	\$ -	\$ 1,120,608
Construction in progress	3,412,704	2,072,896	4,538,546	947,054	-	947,054
Building	1,083,271	-	-	1,083,271	629,299	453,972
Water storage rights	1,222,700	-	-	1,222,700	308,514	914,186
Water systems	27,532,742	4,492,036	-	32,024,778	15,757,309	16,267,469
Machinery and equipment	947,632	146,871	-	1,094,503	781,479	313,024
Furniture and fixtures	112,423	-	-	112,423	109,383	3,040
Motor vehicles	945,296	218,240	-	1,163,536	791,609	371,927
Right-to-use leased assets	62,429	-	-	62,429	28,093	34,336
Totals	<u>\$36,439,805</u>	<u>\$6,930,043</u>	<u>\$4,538,546</u>	<u>\$38,831,302</u>	<u>\$18,405,686</u>	<u>\$20,425,616</u>

Additional information on the Authority's capital assets can be found in **Note 3** on **pages 23-24** of this report.

Long-Term Debt. At the end of the current fiscal year, the Authority had total bonded debt outstanding of \$13,074,734. All of the debt is backed by the full faith and credit of the Authority and is secured solely by specified revenue sources (i.e., revenue bonds).

Bonds payable and transactions for the year ended September 30, 2024 are summarized as follows:

	Average Interest Rates	Final Maturity Date	Annual Serial Payments	Bonds Authorized	Bonds Outstanding September 30, 2023	Additions Issuances (Sales) (Retirements)	Bonds Outstanding September 30, 2023
Water Revenue Bonds							
Series 2010	1.93%	08/15/2030	\$26,600 to \$53,600	<u>\$ 849,200</u>	<u>\$ 341,134</u>	<u>\$ (46,400)</u>	<u>\$ 294,734</u>
Series 2017	3.57%	04/01/2047	\$300,000 to \$800,000	<u>\$15,130,000</u>	<u>\$13,130,000</u>	<u>\$ (350,000)</u>	<u>\$12,780,000</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

The Authority's bonded debt decreased by \$396,400 (2.9%) during the current fiscal year as a result of scheduled payments.

In fiscal year 2010, the Authority entered into a contract with the Greater Texoma Utility Authority (GTUA) to be a part of a bond issue to acquire an additional 2,000 acre-feet of water storage in Lake Texoma. The Authority will pay \$849,200 plus interest and maintenance fees to GTUA over the next 20 years for the 2,000 acre-feet.

In fiscal year 2017, the Authority issued \$15,130,000 in new revenue bonds. Approximately eight million dollars of the bond proceeds will fund the remediation of the Environmental Protection Agency's (EPA) Administrative Enforcement Orders for being in violation of the United States EPA's Safe Drinking Water Act (SDWA) regulations, for exceeding the maximum contaminate level for nitrates. The remainder of the proceeds will be funding improvements to the Authority's infrastructure. The bond issue was insured by National Public Finance Corporation which at the time of issuance had a AA- rating by Standard & Poors. The purchase of bond insurance alleviated the Authority from having to maintain a bond reserve account.

In fiscal year 2022, the Authority entered into a lease agreement for a backhoe. This resulted in a right-to-use leased asset and a right-to-use lease payable of \$62,430. The asset and related accumulated depreciation are shown in the note above. The right-to-use leased asset payable and transactions are summarized as follows:

	Balance 10/1/23	Issued	Retired	Balance 9/30/24
Right-to-use lease payable	\$48,181	\$ -	\$12,023	\$36,158

Additional information on the Authority's long-term debt can be found in **Note 4** on **pages 25-27** of this report.

Economic Factors and Next Year's Budgets and Rates

- Capital expenditures in the Utility Division – Several systems within the utility division are proposed to receive capital expenditures for component repair and replacements of certain facilities during the ensuing fiscal year which are financed through the \$15,000,000 bond issued in 2017. Major projects are as follows:
 - Preston Shores System improvements and SCADA (completion 2025) for approximately \$948,000
 - Ringgold System improvements (completion 2025) for approximately \$300,000
- Carey Northfield System improvements (completion 2026) through a Federal grant, along with Authority funds for approximately \$596,000

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

- Lockett System improvements (completion 2027) through a Federal and State grant, along with Authority funds for approximately \$3,914,000
- Increased efforts to reduce water purchases and decrease water loss

All of these factors were considered in preparing the Authority's budget for the 2025 fiscal year. The proposed budget for 2024-25 reflects an increase in projected revenue and expenditures, over the prior year's budget, of approximately \$1.06 million and \$1.33 million, respectively. As a result, the Authority has projected an increase of \$151,136 in net position for the 2025 fiscal year, a decrease from the prior year's budget expected excess of \$423,790.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Red River Authority of Texas, P. O. Box 240, Wichita Falls, Texas, 76307-0240 or info@rra.texas.gov.

BASIC FINANCIAL STATEMENTS

RED RIVER AUTHORITY OF TEXAS
STATEMENTS OF NET POSITION
September 30, 2024 and 2023

	2024	2023
ASSETS		
Current assets:		
Cash and short-term investments	\$ 11,188,650	\$ 10,334,122
Receivables:		
Trade and contracts	1,876,686	1,860,721
Right-to-use leases receivable, current	83,450	79,665
Prepaid expenses	32,199	33,607
Inventory	187,777	249,018
Restricted assets:		
Cash and short-term investments	1,832,028	2,395,338
Total current assets	<u>15,200,790</u>	<u>14,952,471</u>
Long-term assets:		
Net pension asset	3,336,914	1,536,763
Right-to-use leases receivable, noncurrent	163,186	246,635
Capital assets not being depreciated	2,067,662	4,533,312
Capital assets being depreciated (net)	18,357,954	14,542,008
Total long-term assets	<u>23,925,716</u>	<u>20,858,718</u>
Total assets	<u>39,126,506</u>	<u>35,811,189</u>
Deferred outflows of resources:		
Pension related	237,709	467,656
OPEB related	12,101	12,604
Total deferred outflows of resources	<u>249,810</u>	<u>480,260</u>
LIABILITIES		
Current liabilities:		
Accounts payable - trade	509,118	619,429
Accrued payroll and related taxes	65,994	56,611
Unearned revenue	35,983	35,409
Right-to-use lease payable, current maturities	12,606	12,023
Bonds payable, current maturities	407,400	396,200
Total current liabilities	<u>1,031,101</u>	<u>1,119,672</u>
Long-term liabilities:		
Right-to-use lease payable, less current maturities	23,552	36,159
Bonds payable, less current maturities	12,815,909	13,230,041
Total OPEB liability	64,976	59,537
Total long-term liabilities	<u>12,904,437</u>	<u>13,325,737</u>
Total liabilities	<u>13,935,538</u>	<u>14,445,409</u>
Deferred inflows of resources:		
Pension related	1,045,304	190,717
OPEB related	18,825	23,624
Right-to-use lease related	272,438	355,414
Total deferred inflows of resources	<u>1,336,567</u>	<u>569,755</u>
Net position:		
Net investment in capital assets	8,722,330	7,545,644
Restricted:		
Debt service	237,097	211,841
Net pension asset	3,336,914	1,536,763
Unrestricted	11,807,870	11,982,037
Total net position	<u>\$ 24,104,211</u>	<u>\$ 21,276,285</u>

The accompanying notes are an integral part of this statement.

RED RIVER AUTHORITY OF TEXAS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
for the years ended September 30, 2024 and 2023

	2024	2023
Operating revenues:		
Water and sewer sales	\$ 7,728,389	\$ 7,011,224
Charges for materials and services	729,886	728,552
Other	1,302,608	708,772
Total operating revenues	<u>9,760,883</u>	<u>8,448,548</u>
Operating expenses:		
Water purchases	1,355,804	1,290,029
Personnel services	2,351,914	2,563,719
Administrative costs	293,671	274,332
Utilities, supplies, and maintenance	1,822,759	1,414,005
Insurance	144,011	119,972
Automobile and travel	448,184	441,986
Professional and directors fees	75,331	68,154
Research expense	49,325	91,528
Total operating expenses	<u>6,540,999</u>	<u>6,263,725</u>
Operating income before depreciation and amortization	3,219,884	2,184,823
Depreciation and amortization	<u>(1,041,201)</u>	<u>(996,106)</u>
Operating income	<u>2,178,683</u>	<u>1,188,717</u>
Nonoperating revenues (expenses):		
Interest income	694,733	586,737
Gain (loss) on disposal of capital assets	(65,914)	(99,110)
Donation of capital assets	498,027	-
Interest expense	<u>(477,603)</u>	<u>(492,763)</u>
Total nonoperating revenues (expenses)	<u>649,243</u>	<u>(5,136)</u>
Change in net position	2,827,926	1,183,581
Net position, beginning	<u>21,276,285</u>	<u>20,092,704</u>
Net position, ending	<u>\$ 24,104,211</u>	<u>\$ 21,276,285</u>

The accompanying notes are an integral part of this statement.

RED RIVER AUTHORITY OF TEXAS
STATEMENTS OF CASH FLOWS
for the years ended September 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Cash received from customers and users	\$ 9,825,156	\$ 7,641,740
Cash payments to suppliers for goods and services	(4,227,364)	(3,826,613)
Cash payments to employees for services	(3,149,364)	(2,695,008)
Net cash provided by operating activities	<u>2,448,428</u>	<u>1,120,119</u>
Cash flows from capital and related financing activities:		
Principal paid on right-to-use lease payable	(12,024)	(11,466)
Interest paid on right-to-use lease payable	(2,029)	(2,585)
Principal paid on revenue bonds	(402,932)	(386,730)
Interest paid on revenue bonds	(475,574)	(490,178)
Acquisition of capital assets	(1,961,184)	(2,925,079)
Proceeds from sale of capital assets	1,800	-
Net cash used in capital and related financing activities	<u>(2,851,943)</u>	<u>(3,816,038)</u>
Cash flows from investing activities:		
Interest received on right-to-use leases receivable	15,499	9,243
Interest received on investments	679,234	577,494
Net cash provided by investing activities	<u>694,733</u>	<u>586,737</u>
 Net increase (decrease) in cash and cash equivalents	 291,218	 (2,109,182)
 Cash and cash equivalents, beginning	 <u>12,729,460</u>	 <u>14,838,642</u>
 Cash and cash equivalents, ending	 <u><u>\$ 13,020,678</u></u>	 <u><u>\$ 12,729,460</u></u>
 Displayed as:		
Current Assets:		
Cash and short-term investments	\$ 11,188,650	\$ 10,334,122
Restricted Assets:		
Cash and short-term investments	<u>1,832,028</u>	<u>2,395,338</u>
	<u><u>\$ 13,020,678</u></u>	<u><u>\$ 12,729,460</u></u>

The accompanying notes are an integral part of this statement.

RED RIVER AUTHORITY OF TEXAS
STATEMENTS OF CASH FLOWS, Continued
for the years ended September 30, 2024 and 2023

	2024	2023
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	<u>\$ 2,178,683</u>	<u>\$ 1,188,717</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,041,201	996,106
Change in assets and liabilities:		
(Increase) decrease in trade receivables	(15,965)	(675,669)
(Increase) decrease in right-to-use leases receivable	79,664	(131,702)
(Increase) decrease in prepaid expenses	1,408	1,409
(Increase) decrease in inventory	61,241	(95,403)
(Increase) decrease in net pension asset	(1,800,151)	1,230,713
(Increase) decrease in deferred outflows	230,450	(87,062)
Increase (decrease) in trade accounts payable	(110,311)	(31,383)
Increase (decrease) in accrued liabilities	9,383	(1,230)
Increase (decrease) in unearned revenues	574	563
Increase (decrease) in total OPEB liability	5,439	(20,096)
Increase (decrease) in deferred inflows	766,812	(1,254,844)
Total adjustments	<u>269,745</u>	<u>(68,598)</u>
Net cash provided by operating activities	<u>\$ 2,448,428</u>	<u>\$ 1,120,119</u>
Noncash capital and financing activities:		
Capital assets received by donation	<u>\$ 498,027</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

Years Ended September 30, 2024 and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following summary of the Red River Authority of Texas' (the Authority) more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the accompanying financial statements.

A. Reporting Entity

The Red River Authority of Texas (Authority) is a water conservation and reclamation district in the State of Texas, originally created under the provisions of the 56th Legislature, Article 8280-228 VATCS and Article XVI, Section 59 of the Texas Constitution. In 2019, following review by the Texas Sunset Advisory Commission, and with the passage of Senate Bill 627, the Authority's legislation was amended by the 86th Legislature, effective September 1, 2019. On April 1, 2023, by acts of the 87th Legislature, the Authority was codified under the Special District Local Laws Code, Title 6, Water and Wastewater, Subtitle G, River Authorities, with Chapter 8510, Subchapter A. The Authority is governed by a Board of Directors who are appointed by the Governor of the State of Texas to serve a six-year staggered term.

The Authority is charged by state legislative mandate with three functions, which include maintenance of a Master Plan for basin wide development, serving as local sponsor for federal water projects, and providing services authorized by the Texas Legislature within the defined territory of the Authority, which encompasses all or part of forty-three Texas counties. The Authority also serves as a conduit for tax-exempt financing for municipal water and wastewater facilities and industrial pollution control facilities.

The Authority has two main and distinct business lines. The Utility Division provides water and sewer services to approximately 10,000 people in a 15-county area of the Red River Basin. The Environmental Services Division evaluates, monitors, and develops management strategies to improve the natural resources within the Red River Basin. The division also supports a full service National Environmental Laboratory Accreditation Program accredited water quality laboratory to provide analytical services.

As required by Governmental Accounting Standards Board (GASB) Statements No. 39 and 61, these financial statements present the Authority and its component units, entities for which the Authority is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the Authority's operations and data from these units are combined with data presented by the Authority. The Authority has one blended component unit, the Red River Industrial Development Authority. A discretely presented component unit is reported in a separate column in the financial statements. The Authority has no discretely presented component units.

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The Red River Industrial Development Authority was authorized by the Board of Directors in July 1979, under terms of the Texas Development Corporation Act of 1979. The Red River Industrial Development Authority is a separate entity from the Red River Authority of Texas. It is authorized to act on behalf of the Authority for the specific purpose of promotion and development of commercial, industrial, and manufacturing enterprises to encourage employment and public welfare within the geographical confines of the Red River Basin in Texas.

The Red River Industrial Development Authority was evaluated by management for inclusion in the reporting entity's basic financial statements using the GASB criteria. The Red River Industrial Development Authority is governed by the Board of the Red River Authority and the Board has control over the net position of the Red River Industrial Development Authority. Therefore, the Red River Industrial Development Authority has been included in the financial reporting entity as a blended component unit. The Red River Industrial Development Authority does not issue separate financial statements.

B. Basis of Presentation

The Authority's accounting system consists solely of five proprietary funds, which are further divided into two major enterprise funds, one minor enterprise fund, and two internal service funds. For presentation purposes, all funds are presented as a single entity. Interfund activity is eliminated.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accompanying basic financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting as prescribed by the GASB.

The Statement of Revenues, Expenses, and Changes in Net Position distinguishes operating revenues and expenses from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with the principal ongoing operations. The principal operating revenues, such as charges for services, result from exchange transactions in which each party receives and gives up essentially equal values. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues or expenses. These include operating subsidies, investment earnings, intergovernmental grants, interest expense, and transactions that result from non-exchange transactions or ancillary services.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Budgetary Accounting

An integral component in the establishment of the Authority's goals and priorities is the compilation and adoption of an Annual Consolidated Operating Budget. The budget includes all Authority activities and is presented to the Board for their consideration and approval each year. The budget does not constitute appropriations; rather, it is a tool to forecast and control spending over a fiscal year. In the Authority's model, the budget presents projected revenues and expenditures as compared to actual revenue and expenditures from the previous year to assist in this forecast. Therefore, statements of expenses compared to budget are not included within the basic financial statements.

E. Cash and Short-Term Investments

For purposes of the statement of cash flows, the Authority considers all highly liquid investments (including restricted assets) which are readily convertible to cash, to be cash equivalents. Investments are stated at cost, which approximates market, and comprise short-term investments backed by agencies of the State of Texas or the United States Government.

F. Accounts Receivable

The Authority considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operating expenses when that determination is made.

G. Leases Receivable

The Authority is the lessor for multiple agreements giving others the right to use communication towers owned by the Authority. These agreements have 5-year terms and an interest rate of 4.75%. The Authority received \$95,165 of lease payments in the current year, including \$15,499 of interest. The balance of leases receivable at September 30, 2024 totaled \$246,636.

H. Inventory

Inventory consists of supplies and various materials used for the maintenance of capital assets. The "consumption" method is used to account for this inventory. Under this method, inventory acquisitions are recorded in inventory accounts initially and charged to expense when used. Inventories are stated at weighted average cost.

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Capital Assets and Depreciation

Capital assets are recorded at their historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

Capital assets are defined as assets with an initial individual cost of more than \$5,000 and an estimated useful life greater than one year.

Depreciation of purchased capital assets is charged as an expense against operations. Depreciation is recorded on the straight-line basis over the estimated useful life of the capital assets. The estimated useful lives are as follows:

Water and sewer systems	5-50 years
Buildings	10-30 years
Machinery and equipment	4-20 years
Furniture and fixtures	4-7 years
Motor vehicles	3-10 years
Right-to-use leased assets	5 years

Water rights, purchased from the United States Army Corps of Engineers, are amortized on a straight-line basis over the 50-year life of the contract between the Authority and the Corps of Engineers.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to one or more future periods and so will not be recognized as an outflow of resources (expense) until then. The Authority reports amounts in this category for certain items related to the Authority's participation in the Texas County and District Retirement System (TCDRS).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of financial resources, represents an acquisition of net assets that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Authority reports amounts in this category for certain items related to the Authority's participation in the TCDRS and right-to-use leased assets.

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued **Years Ended September 30, 2024 and 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

K. Vacation and Sick Leave

The Authority does not recognize an accrual for non-vesting sick leave or personal days pursuant to GASB Statement 16, since the obligation for payment is contingent on an employee's future service.

An employee earns eight hours of vacation leave on the last day of each month and is entitled to use 120 hours (15 days) of vacation leave each calendar year. Any unused vacation leave up to a maximum of 120 hours is accrued as a liability of the Authority since payment will be made upon termination of the employee.

L. Restricted Assets

Contractually restricted cash, investments, and receivables are reported in a separate assets section of the statement of net position. Such amounts are physically segregated from other assets pursuant to certain restrictions of bond indentures and Board requirements.

M. Pensions

The fiduciary net position of the TCDRS has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension (asset) liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TCDRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Other Post-Employment Benefits

The fiduciary net position of the TCDRS has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TCDRS's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go-plan and all cash is held in a cash account. The OPEB plan consists of life insurance benefits for retirees.

O. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

2. DEPOSITS AND INVESTMENTS

The Authority's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the Authority's agent bank approved pledged securities sufficient to protect Authority funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

A. Cash Deposits

The Authority shall utilize as depositories only federal and state-chartered banking institutions within the territorial jurisdiction of the Authority. At September 30, 2024 and 2023, the carrying amount of the Authority's deposits (cash, money markets, and interest-bearing savings accounts included in temporary investments) was \$8,811,410 and \$9,707,866, respectively, and the bank balance was \$9,037,279 and \$9,845,818, respectively. The Authority's cash deposits at September 30, 2024 and 2023 were adequately covered by FDIC insurance or by pledged collateral held by the Authority's agent bank in the Authority's name in accordance with Chapter 2257, Texas Government Code (Collateral for Public Funds Act).

B. Investments

The Authority is required by Government Code Chapter 2256 under the Public Funds Investment Act (Act) to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity or portfolio investments, (7) investment staff quality and capabilities, and (8) bid solicitation preferences for certificates of deposit.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the Authority adhered to the requirements of the Act. Additionally, investment practices of the Authority were in accordance with local policies.

The Act determines the types of investments which are allowable for the Authority. These include with certain restrictions: (1) United States treasuries and securities guaranteed by the United States Government, (2) obligations of the United States Government, its agencies and instrumentalities, and government sponsoring enterprises, (3) fully insured or collateralized certificates of deposits, (4) repurchase agreements and reverse repurchase agreements, (5) no-load SEC regulated money market funds, and (6) Texas local governmental investment liquidity pools. Items 1 through 4 are limited to 50% of the Authority's average monthly cash balance. Items 5 and 6 are limited to 80% of the Authority's average monthly cash balance with a dollar weighted average portfolio maturity of 90 days or less. With limited exception, investment purchases shall have remaining maturities at time of purchase less than or equal to three years.

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

2. DEPOSITS AND INVESTMENTS, Continued

The Authority's investments at September 30, 2024 and 2023 are shown below:

Investment or Investment Type	2024		2023	
	Weighted Maturity (Months)	Fair Value	Weighted Maturity (Months)	Fair Value
TexPool	1.0	\$ 3,200,389	1.0	\$ 3,021,596
Bank Money Markets	1.0	285,060	1.0	1,402,307
TexSTAR	1.0	1,008,879	-	-
Insured Cash Sweep	1.0	8,563,037	1.0	8,220,245
		<u>\$13,057,365</u>		<u>\$12,644,148</u>

The Authority categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Authority's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability. The Authority values its TexPool and TexSTAR balances at net asset value per unit/share. Money market and insured cash sweep accounts are valued using Level 2 inputs, which are values provided by the Authority's depositories. There were no changes in valuation technique for the years ended September 30, 2024 or 2023.

C. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination of whether the Authority was exposed to the following specific deposit and investment risks and, if so, the reporting of certain related disclosures:

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the Authority was not significantly exposed to credit risk.

Custodial Credit Risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the Authority's name.

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

2. DEPOSITS AND INVESTMENTS, Continued

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name.

At year end, the Authority was not exposed to custodial credit risk.

Concentration of Credit Risk – This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the Authority was not exposed to significant concentration of credit risk.

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the Authority was not exposed to interest rate risk.

Foreign Currency Risk – This is the risk that exchange rates will adversely affect the fair value of an instrument. At year end, the Authority was not exposed to foreign currency risk.

D. Investment Accounting Policy

The Authority's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists, which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Non-negotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

E. Public Funds Investment Pools

The TexPool Investment Pool (TexPool) is a local government investment pool organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

2. DEPOSITS AND INVESTMENTS, Continued

to advise in respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAm by Standard & Poor's. All investments are stated at amortized cost, which usually approximates the fair value of the securities. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttstc.org.

The TexSTAR is a local government investment pool organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. TexSTAR is administered by Hilltop Securities and J.P. Asset Management, Inc., a subsidiary of JPMorgan Chase & Co. J.P. Morgan Asset Management provides investment management, fund accounting, transfer agency and custodial services for the pool with Standish and American Beacon Advisors managing the investment and reinvestment of the pool and Hilltop Securities, Inc. provides administrative, marketing and participant services. TexSTAR is overseen by a governing board consisting of individuals from participating government entities in the pool. TexSTAR fund is rated AAAm by Standard and Poor's and seeks to maintain a net asset value of \$1.00 per unit.

3. CAPITAL ASSETS

Capital asset activity for the years ended September 30, 2024 and 2023 was as follows:

At September 30, 2024

	Balance October 1, 2023	Increases	Decreases	Balance September 30, 2024
Capital assets not being depreciated:				
Land and easements	\$ 1,120,608	\$ -	\$ -	\$ 1,120,608
Construction in progress	<u>3,412,704</u>	<u>2,072,896</u>	<u>4,538,546</u>	<u>947,054</u>
Total capital assets not being depreciated	<u>4,533,312</u>	<u>2,072,896</u>	<u>4,538,546</u>	<u>2,067,662</u>
Capital assets being depreciated:				
Water storage rights	1,222,700	-	-	1,222,700
Water systems	27,532,742	4,492,036	-	32,024,778
Machinery and equipment	947,632	146,871	-	1,094,503
Building	1,083,271	-	-	1,083,271
Furniture and fixtures	112,423	-	-	112,423
Motor vehicles	945,296	218,240	-	1,163,536
Right-to-use leased assets	<u>62,429</u>	<u>-</u>	<u>-</u>	<u>62,429</u>
Total capital assets being depreciated	<u>31,906,493</u>	<u>4,857,147</u>	<u>-</u>	<u>36,763,640</u>

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

3. CAPITAL ASSETS, Continued

Less accumulated depreciation for:

Water storage rights	301,226	7,288	-	308,514
Water systems	14,916,694	840,615	-	15,757,309
Machinery and equipment	737,541	43,938	-	781,479
Building	589,336	39,963	-	629,299
Furniture and fixtures	105,791	3,592	-	109,383
Motor vehicles	698,290	93,319	-	791,609
Right-to-use leased assets	15,607	12,486	-	28,093
Total accumulated depreciation	17,364,485	1,041,201	-	18,405,686
Total capital assets being depreciated, net	14,542,008	3,815,946	-	18,357,954
Total capital assets, net	\$19,075,320	\$5,888,842	\$4,538,546	\$20,425,616

At September 30, 2023

	Balance October 1, 2022	Increases	Decreases	Balance September 30, 2023
Capital assets not being depreciated:				
Land and easements	\$ 1,120,608	\$ -	\$ -	\$ 1,120,608
Construction in progress	1,360,935	2,685,365	633,596	3,412,704
Total capital assets not being depreciated	2,481,543	2,685,365	633,596	4,533,312
Capital assets being depreciated:				
Water storage rights	1,222,700	-	-	1,222,700
Water systems	27,334,034	683,250	484,542	27,532,742
Machinery and equipment	1,271,738	-	324,106	947,632
Building	1,090,886	-	7,615	1,083,271
Furniture and fixtures	240,994	-	128,571	112,423
Motor vehicles	844,987	190,060	89,751	945,296
Right-to-use leased assets	62,429	-	-	62,429
Total capital assets being depreciated	32,067,768	873,310	1,034,585	31,906,493
Less accumulated depreciation for:				
Water storage rights	293,938	7,288	-	301,226
Water systems	14,547,625	783,411	414,342	14,916,694
Machinery and equipment	988,438	52,513	303,410	737,541
Building	552,271	40,960	3,895	589,336
Furniture and fixtures	222,093	7,774	124,076	105,791
Motor vehicles	696,368	91,674	89,752	698,290
Right-to-use leased assets	3,121	12,486	-	15,607
Total accumulated depreciation	17,303,854	996,106	935,475	17,364,485
Total capital assets being depreciated, net	14,763,914	(122,796)	99,110	14,542,008
Total capital assets, net	\$17,245,457	\$2,562,569	\$ 732,706	\$19,075,320

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

4. LONG-TERM DEBT

Bonds and leases payable and transactions for the years ended September 30, 2024 and 2023 are summarized as follows:

At September 30, 2024

	Balance 10/1/23	Issued	Retired	Balance 9/30/24	Due Within One Year
Water revenue bonds	\$13,471,134	\$ -	\$396,400	\$13,074,734	\$407,400
Premium on bonds	155,108	-	6,533	148,575	-
Right-to-use lease payable	48,181	-	12,023	36,158	12,606
Totals	<u>\$13,674,423</u>	<u>\$ -</u>	<u>\$414,956</u>	<u>\$13,259,467</u>	<u>\$420,006</u>

At September 30, 2023

	Balance 10/1/22	Issued	Retired	Balance 9/30/23	Due Within One Year
Water revenue bonds	\$13,851,334	\$ -	\$380,200	\$13,471,134	\$396,200
Premium on bonds	161,638	-	6,530	155,108	-
Right-to-use lease payable	59,647	-	11,466	48,181	12,023
Totals	<u>\$14,072,619</u>	<u>\$ -</u>	<u>\$398,196</u>	<u>\$13,674,423</u>	<u>\$408,223</u>

Water Revenue Bonds

Water revenue bonds are comprised of the following individual issues as of September 30, 2024:

	Interest Rates	Final Maturity Date	Annual Serial Payments	Bonds Authorized	Outstanding at 9/30/24	Outstanding at 9/30/23
Series 2010	1.93%	08-15-30	\$26,600 to \$53,600	\$ 849,200	<u>\$ 294,734</u>	<u>\$ 341,134</u>
Series 2017	3.57%	04-01-47	\$300,000 to \$800,000	\$15,130,000	<u>\$12,780,000</u>	<u>\$13,130,000</u>

In August 2010, the Authority entered into a contract with Greater Texoma Utility Authority (GTUA) to purchase an additional two thousand (2,000) acre-feet of water in Lake Texoma. This was part of a total of 50,000 acre-feet of water storage purchased by GTUA, which was financed by issuing \$22,000,000 in contract revenue bonds to the Texas Water Development Board. The Authority's portion of the bonds was \$849,200 with the annual principal payments due August 15 of each year for a term of 20 years. The interest rate varies from a rate of 0.075% to 2.480% over the life of the bonds. GTUA bills the Authority monthly for 1/12th of the annual principal and interest payments.

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

4. LONG-TERM DEBT, Continued

In June 2017, the Authority issued Utility System Revenue Bonds in the amount of fifteen million one hundred thirty thousand dollars (\$15,130,000). This issue is to be used as a means of financing the required corrections of the EPA violations and needed infrastructure repairs. The bond interest payments are due October 1 with principal and interest payments due April 1 for a term of 30 years. The interest rate varies from a rate of 2.00% to 5.00% over the life of the bonds.

The net premium amount on issuance associated with the new issuance of \$15,130,000 of Water System Revenue Bonds is being amortized over the life of the new issue using the effective interest method. The unamortized amount at September 30, 2024 and 2023 is \$148,575 and \$155,108, respectively, and is included in the bond payable balance on the Statements of Net Position.

The annual requirements to pay principal and interest on the long-term water revenue bond obligations outstanding as of September 30, 2024 are as follows:

Year Ending September 30,	Bond	
	Principal	Interest
2025	\$ 407,400	\$ 473,045
2026	428,600	454,006
2027	449,800	433,897
2028	466,000	416,720
2029	482,200	398,878
2030 – 2034	2,415,734	1,775,079
2035 – 2039	2,785,000	1,350,311
2040 – 2044	3,330,000	811,882
2045 – 2047	<u>2,310,000</u>	<u>175,500</u>
Totals	<u>\$13,074,734</u>	<u>\$6,289,318</u>

The net revenue of the Authority is pledged as collateral for the revenue bonds outstanding. \$237,097 is available in the interest and sinking fund at September 30, 2024 to service the bonds.

Bond reserve provisions as specified in the bond ordinances do not require bond reserve deposits due to the bond insurance purchased by the Authority at the time of issue. The Authority is in compliance with all significant provisions contained in the bond ordinances.

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

4. LONG-TERM DEBT, Continued

Right-to-Use Lease Payable

The Authority entered into a lease agreement for the purchase of a backhoe in July 2022. The original amount of the lease was \$62,430. The interest rate on the lease is 4.75%.

The gross amount of the backhoe recorded in capital assets is \$62,429. As of September 30, 2024, accumulated amortization on the backhoe is \$28,093. Therefore, the net value of capital assets acquired under right-to-use lease is \$34,336.

The annual requirements to pay principal and interest on the long-term right-to-use lease payable obligation outstanding as of September 30, 2024 are as follows:

<u>Year Ending September 30,</u>	<u>Right-to-Use Lease Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$12,606	\$1,445
2026	13,218	833
2027	<u>10,334</u>	<u>205</u>
Totals	<u>\$36,158</u>	<u>\$2,483</u>

The aggregate annual requirements to pay principal and interest on all debt obligations outstanding as of September 30, 2024 are as follows:

<u>Year Ending September 30,</u>	<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 420,006	\$ 474,490
2025	441,818	454,839
2026	460,134	434,102
2027	466,000	416,720
2028	482,200	398,878
2029 – 2033	2,415,734	1,775,079
2034 – 2038	2,785,000	1,350,311
2039 – 2043	3,330,000	811,882
2044 – 2047	<u>2,310,000</u>	<u>175,500</u>
Totals	<u>\$13,110,892</u>	<u>\$6,291,801</u>

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

5. COMMITMENTS AND CONTINGENT LIABILITIES

In the normal course of business, the Authority is subject to certain contingent liabilities and unasserted claims. These contingencies are evaluated in light of their probability of being asserted and the estimability of the claims. Those claims that are probable and estimable have been accrued in the accompanying financial statements. Claims that are possible and/or not estimable are disclosed herein. Remote claims are monitored until such time as they are resolved, disclosed, or accrued.

Three of the Authority's water systems (Truscott-Gilliland, Guthrie-Dumont, and the Hinds-Wildcat Water Systems) have been issued Administrative Enforcement Orders by the Environmental Protection Agency (EPA) for being in violation of the United States Environmental Protection Agency's (EPA) Safe Drinking Water Act (SDWA) regulations for exceeding the maximum contaminate level for nitrates. High nitrate levels are a common problem with water systems utilizing ground water not only in Texas, but across the nation. Currently, the Authority is in compliance with EPA regulations, and is awaiting the removal of the enforcement order only for the Hinds-Wildcat System.

In April 2016, the Authority was issued Administrative Complaints on these systems by the EPA with fines totaling \$55,000. In response, the Authority has developed major capital improvement plans for each system and has negotiated Consent Agreements for each system with the EPA, reducing the Administrative Fines paid to \$49,000. The Authority has developed capital improvement projects to bring the systems into compliance and issued bonds in 2017 for construction of the capital improvement projects, and construction for the projects is complete.

The first project for remediation of the nitrate was for the RRA Truscott-Gilliland Water System. The project scope built a transmission line from Greenbelt Municipal and Industrial Water Authority to the Gilliland Pump Station to provide treated water for the Truscott-Gilliland Water System for blending purposes. The second project was for the RRA Guthrie-Dumont Water System. The Authority constructed a new well field in Dickens County and a pipeline of 23 miles of transmission line to bring low nitrate water from the Ogallala Aquifer to blend with the high nitrate water in the existing Dumont wells. The third project was for the RRA Hinds-Wildcat Water System. The Authority brought treated, low-nitrate water from the City of Vernon to a new Hinds pump station.

In 2004, the Authority was notified by Texas Commission on Environmental Quality (TCEQ) that two water systems were in violation of the SDWA's maximum contaminant level for Total Trihalomethane (TTHM). The systems are RRA Lake Arrowhead and RRA Preston Shores Water Systems. The Authority was notified that the same two water systems are also in violation of the SDWA's maximum contaminant level for Haloacetic Acid (HAA5). Currently, the Authority is in compliance with EPA regulations for both systems.

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

5. COMMITMENTS AND CONTINGENT LIABILITIES, continued

The Authority has developed capital improvement projects to bring the systems into compliance and issued bonds in 2017 for construction of the capital improvement projects.

For the RRA Preston Shores Water System, the Authority awarded a construction contract to construct a new raw water line with a chloride dioxide injection, allowing the pretreatment of the raw water to alleviate the TTHM and HAA5 issues. The new line is in place, and the system is in operation. For the RRA Lake Arrowhead Water System, the Authority installed a 12" water line from the City of Wichita Falls Municipal Water System to bring treated water to the system, allowing the Authority to close the water treatment plant. Both systems are in compliance with TCEQ.

For the RRA Lake Arrowhead Water System, the Authority has installed a 12" water line from the City of Wichita Falls Municipal Water System to the Lake Arrowhead Water System. The new line and treated water purchase agreement allowed the Authority to close the water treatment plant. The Authority completed the installation of the new water line and necessary pumping improvements in early 2021. The use of treated water from Wichita Falls has been in operation since March 2021, and there have been no exceedances of the MCL for TTHM or HAA5 since then. The system is in compliance with TCEQ.

At September 30, 2024, the Authority had a total of \$97,989 in remaining contractual commitments related to the ongoing bond projects discussed above.

The Authority was issued an Administrative Enforcement in December of 2023 by TCEQ for the Foard County Water System for failure to comply with the MCL of 0.08 mg/L for TTHM, based on the locational running annual average. The penalty of \$2,500 was paid by the Authority in 2024. The Authority is working with TCEQ on compliance, as the TTHM is already in the received water from Greenbelt Municipal and Industrial Authority.

The Authority learned in July of 2024 that as an agency of the State supplying public water, that the Authority is eligible to offset any TCEQ-issued enforcement penalty with a supplemental environmental project (SEP), where the Authority can offset the penalty amount with any costs of the repairs the Authority spends fixing its deficiencies. These include grant funded projects.

The Authority was issued an Administrative Enforcement in April of 2024 by TCEQ for the Lockett Water System for failure to provide total storage capacity of 200 gallons per connection, to provide a pressure tank capacity of 20 gallons per connection, and to provide two or more pumps that have a total storage capacity of 2.0 gpm per connection. The penalty of \$11,998 will be offset by an SEP through a Federal EPA community grant to upgrade the system as authorized in 2024.

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

5. COMMITMENTS AND CONTINGENT LIABILITIES, continued

The Authority was issued an Administrative Enforcement in July of 2024 by TCEQ for the Truscott Gilliland Water System for failure to provide an elevated storage capacity of 100 gallons per connection or a pressure tank capacity of 20 gallons per connection, and to have the water treatment plant and all pumping units located in a well-drained area that is not subject to flooding. The penalty of \$20,840 will be offset by an SEP through a Federal EPA community grant to upgrade the system to be authorized in 2025.

The Authority was issued an Administrative Enforcement in September of 2024 by TCEQ for the Foard County Water System for failure to maintain system drawings, to operate the system under a licensed operator, and ground storage tank issue. The penalty of \$6,716 will be offset by an SEP through a Federal EPA community grant to repair the system to be authorized in 2025

6. DEFINED BENEFIT PENSION PLAN

Plan Description

The Authority provides retirement, disability, and death benefits for all of its full-time employees through an agent multiple-employer defined benefit pension plan in the statewide TCDRS. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 780 nontraditional defined benefit pension plans in 2019. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service or with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 10 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefits Provided

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and the employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

6. DEFINED BENEFIT PENSION PLAN, continued

Membership Information

<u>Members</u>	<u>December 31, 2022</u>	<u>December 31, 2023</u>
Number of inactive employees entitled to but not yet receiving benefits:	30	34
Number of active employees:	37	37
Average monthly salary *:	\$4,252	\$4,653
Average age *:	40.00	40.62
Average length of service in years *:	6.62	7.10
Inactive Employees (or their Beneficiaries)		
<u>Receiving Benefits</u>		
Number of benefit recipients:	21	22
Average monthly benefit:	\$2,114	\$1,752

* Averages reported for all active employees. Average service includes all proportionate service.

Funding Policy

The employer has elected the annually determined contribution rate (variable rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members.

Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually.

The employer's regular contribution rate was 7% for 2022, 2023 and 2024, which was in excess of the Authority's compliant rates of 3.65%, 2.31% and 2.06% for those respective years. The deposit rate payable by the employee members for the years 2022, 2023 and 2024 was the rate of 7% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Contributions to the Plan in 2022 and 2023 were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2023</u>
Members (Employees)	\$138,969	\$148,790
Employer (Authority)	<u>138,969</u>	<u>148,790</u>
Total contributions	<u>\$277,938</u>	<u>\$297,580</u>

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

6. DEFINED BENEFIT PENSION PLAN, continued

Net Pension Liability / (Asset)

<u>Net Pension Liability / (Asset)</u>	<u>December 31, 2022</u>	<u>December 31, 2023</u>
Total Pension Liability	\$ 9,128,844	\$ 8,257,847
Fiduciary Net Position	10,665,607	11,594,761
Net Pension Liability (Asset)	(1,536,763)	(3,336,914)
Fiduciary Net Position as a % of Total Pension Liability	116.83%	140.41%
Covered Payroll ⁽¹⁾	\$ 1,985,264	\$ 2,125,570
Net Pension Liability as a % of Covered Payroll	(77.41%)	(156.99%)

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below.

Note: Rounding differences may exist above or in other tables within this note.

⁽¹⁾ Payroll is calculated based on contributions as reported to TCDRS.

Discount Rate

Discount rate ⁽²⁾	7.60%	7.60%
Long-term expected rate of return, net of investment expense ⁽²⁾	7.60%	7.60%
Municipal bond rate ⁽³⁾	Does not apply	Does not apply

⁽²⁾ This rate reflects the long-term rate of return funding valuation assumption of 7.50%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68.

⁽³⁾ The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply.

Actuarial Methods and Assumptions Used for GASB Calculations:

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Remaining Amortization Method	Level percent of payroll, closed
Recognition of economic/demographic gains or losses	Straight-line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-line amortization over Expected Working Life
Asset Valuation Method:	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

6. DEFINED BENEFIT PENSION PLAN, continued

Inflation	2.50%
Salary Increases	Varies by age and service, 4.7% average over career including inflation
Investment Rate of Return	7.60% (Gross of administrative expenses)
Cost-of-Living Adjustments	Cost-of-living adjustments are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefits based on age. The average age for recent employees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Actuarial Methods and Assumptions Used for Funding Valuation:

Following is a description of the assumptions used in the December 31, 2023 actuarial valuation analysis for Red River Authority:

Economic Assumptions

TCDRS system-wide economic assumptions:

Real rate of return	5.00%
Inflation	2.50%
Long-term investment return	7.50%

The assumed long-term investment return of 7.50% is net after investment and administrative expenses. It is assumed returns will equal the nominal annual rate of 7.50% for calculating the actuarial accrued liability and the normal cost contribution rate for the retirement plan of each participating employer.

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.50% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.7% per year for a career employee.

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

6. DEFINED BENEFIT PENSION PLAN, continued

Employer-specific economic assumptions:

Growth in membership	0.00%
Payroll growth for funding calculations	2.25%

The payroll growth assumption is for the aggregate covered payroll of an employer.

Demographic Assumptions

TCDRS system-wide demographic assumptions:

Replacement of Terminated Members – New employees are assumed to replace any terminated members and have similar entry ages.

Disability – The rates of disability used in this valuation range from 0.001% for 25-year-old employee and decreases to 0.0% at age 60 for work related causes and 0.00% to .198% for all other causes. Members who become disabled are eligible to commence benefit payments regardless of age. Rates of disability are in a custom table based on TCDRS experience.

Mortality -

Depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Family Composition - For current retirees, beneficiary information is supplied by TCDRS. For purposes of calculating the Survivor Benefit for current depositing and non-depositing members, male members are assumed to have a female beneficiary who is three years younger. Female members are assumed to have a male beneficiary who is three years older.

Service Retirement - Members eligible for service retirement are assumed to retire at a range of 5.3% to 8.8% for someone 40-49 years old depending on service years. This rate escalates with age and service years until over the age of 69, which ranges from 20.7% to 25.3%. For all eligible members ages 75 and later, retirement is assumed to occur immediately.

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

6. DEFINED BENEFIT PENSION PLAN, continued

Employer-specific demographic assumptions:

Other Terminations of Employment - The rate of assumed future termination from active participation in the plan for reasons other than death, disability or retirement vary by length of service, entry-age group (age at hire) and gender. No termination after eligibility for retirement is assumed.

Withdrawals - Members who terminate may either elect to leave their account with TCDRS or withdraw their funds. The probability that a member elects a withdrawal varies by length of service and vesting schedule. Rates applied to the plan range from 100% with zero years of experience to 16% for someone with 29 years of experience. For non-depositing members who are not vested, 100% are assumed to elect a withdrawal.

Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2024 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in this assessment.

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

6. DEFINED BENEFIT PENSION PLAN, continued

<u>Asset Class</u>	<u>Benchmark</u>	<u>Target Allocation ⁽¹⁾</u>	<u>Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾</u>
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.75%
Global Equities	MSCI World (net) Index	2.50%	4.75%
International Equities – Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.75%
International Equities – Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.35%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.65%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	7.25%
Distressed Debt	Cambridge Associates Distressed Securities ⁽³⁾	4.00%	6.90%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.10%
Master Limited Partnerships	Alerian MLP Index	2.00%	5.20%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	7.75%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	3.25%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.60%

⁽¹⁾ Target asset allocation adopted at the March 2024 TCDRS Board Meeting.

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.2%, per Cliffwater's 2024 capital market assumptions.

⁽³⁾ Includes vintage years 2005 – present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2006 – present of Quarter Pooled Horizon IRRs.

Depletion of Plan Assets / GASB Discount Rate

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

6. DEFINED BENEFIT PENSION PLAN, continued

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments.

The funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act are such that a depletion is not projected to occur. To illustrate this, a projection of the Fiduciary Net Position was shown for 2024 to 2103.

Since the fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the long-term assumed rate of return on investments. For GASB 68 this long-term assumed rate of return is net of investment expenses, but gross of administrative expenses. Therefore, we have used a discount rate of 7.60% which reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

6. DEFINED BENEFIT PENSION PLAN, continued

Changes in Net Pension Liability / (Asset) at December 31, 2023 is as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) – (b)
Balances as of December 31, 2022	\$9,128,844	\$10,665,607	(\$1,536,763)
Changes for the year:			
Service cost	238,771	-	238,771
Interest on total pension liability ⁽¹⁾	692,348	-	692,348
Effect of plan changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or losses	(1,276,950)	-	(1,276,950)
Effect of assumption changes or inputs	-	-	-
Refund of contributions	(49,859)	(49,859)	-
Benefit payments	(475,307)	(475,307)	-
Administrative expenses	-	(6,054)	6,054
Member contributions	-	148,790	(148,790)
Net investment income	-	1,169,910	(1,169,910)
Employer contributions	-	148,790	(148,790)
Other ⁽³⁾	-	(7,116)	7,116
Balances as of December 31, 2023	<u>\$8,257,847</u>	<u>\$11,594,761</u>	<u>(\$3,336,914)</u>

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

⁽²⁾ No plan changes valued.

⁽³⁾ Relates to allocation of system-wide items.

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

6. DEFINED BENEFIT PENSION PLAN, continued

Changes in Net Pension Liability / (Asset) at December 31, 2022 is as follows:

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability / (Asset)
	(a)	(b)	(a) – (b)
Balances as of December 31, 2021	\$8,827,449	\$11,594,925	(\$2,767,476)
Changes for the year:			
Service cost	221,494	-	221,494
Interest on total pension liability ⁽¹⁾	668,408	-	668,408
Effect of plan changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or losses	(70,833)	-	(70,833)
Effect of assumption changes or inputs	-	-	-
Refund of contributions	(19,138)	(19,138)	-
Benefit payments	(498,536)	(498,536)	-
Administrative expenses	-	(6,250)	6,250
Member contributions	-	138,969	(138,969)
Net investment income	-	(659,269)	659,269
Employer contributions	-	138,969	(138,969)
Other ⁽³⁾	-	(24,063)	24,063
Balances as of December 31, 2022	<u>\$9,128,844</u>	<u>\$10,665,607</u>	<u>(\$1,536,763)</u>

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

⁽²⁾ No plan changes valued.

⁽³⁾ Relates to allocation of system-wide items.

Sensitivity Analysis at December 31, 2023 is as follows:

The following presents the net pension liability (asset) of the Authority, calculated using the discount rate of 7.60%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	\$ 9,246,769	\$ 8,257,847	\$ 7,419,469
Fiduciary net position	<u>11,594,761</u>	<u>11,594,761</u>	<u>11,594,761</u>
Net pension liability / (asset)	<u>(\$ 2,347,992)</u>	<u>(\$ 3,336,914)</u>	<u>(\$ 4,175,292)</u>

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

6. DEFINED BENEFIT PENSION PLAN, continued

Sensitivity Analysis at December 31, 2022 is as follows:

The following presents the net pension liability (asset) of the Authority, calculated using the discount rate of 7.60%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	1% Decrease <u>6.60%</u>	Current Discount Rate <u>7.60%</u>	1% Increase <u>8.60%</u>
Total pension liability	\$10,180,914	\$ 9,128,844	\$ 8,232,185
Fiduciary net position	<u>10,665,607</u>	<u>10,665,607</u>	<u>10,665,607</u>
Net pension liability / (asset)	<u>(\$ 484,693)</u>	<u>(\$ 1,536,763)</u>	<u>(\$ 2,433,422)</u>

Pension Expense / (Income)

	January 1, 2022 to <u>December 31, 2022</u>	January 1, 2023 to <u>December 31, 2023</u>
Service cost	\$221,494	\$238,771
Interest on total pension liability ⁽¹⁾	668,408	692,348
Effect of plan changes	-	-
Administrative expenses	6,250	6,054
Member contributions	(138,969)	(148,790)
Expected investment return net of investment expenses	(871,140)	(801,605)
Recognition of deferred inflows/outflows of resources:		
Recognition of economic/demographic gains or losses	(124,445)	(411,309)
Recognition of assumption changes or inputs	79,656	79,656
Recognition of investment gains or losses	18,315	(221,672)
Other ⁽²⁾	<u>24,063</u>	<u>7,116</u>
Pension expense	<u>(\$116,368)</u>	<u>(\$559,431)</u>

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

⁽²⁾ Relates to allocation of system-wide items.

Deferred Outflows / Inflows of Resources as of September 30, 2024:

As of September 30, 2024 the deferred outflows and inflows of resources are as follows:

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

6. DEFINED BENEFIT PENSION PLAN, continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$1,034,249
Changes of assumptions	90,712	11,055
Net difference between projected and actual earnings	29,453	-
Contributions made subsequent to measurement date	<u>117,544</u>	<u>-</u>
Total	<u>\$237,709</u>	<u>\$1,045,304</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

<u>Plan Year Ended December 31:</u>	
2024	(\$383,918)
2025	(380,743)
2026	(86,817)
2027	(73,661)

For the year ended December 31, 2023, there were no changes to the Plan relative to assumptions and benefit terms.

As of September 30, 2023 the deferred outflows and inflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$168,608
Changes of assumptions	181,422	22,109
Net difference between projected and actual earnings	176,086	-
Contributions made subsequent to measurement date	<u>110,148</u>	<u>-</u>
Total	<u>\$467,656</u>	<u>\$190,717</u>

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

7. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN

Plan Description

A description of the OPEB plan pursuant to Paragraph 50 of GASB Statement No. 75 is as follows:

1. The Authority participates in the retiree Group Term Life (GTL) program for the TCDRS which is a statewide, agent multiple-employer, public employee retirement system.
2. A brief description of benefit terms:
 - a) All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year and are eligible for the TCDRS pension plan. Only employers that have elected participation in the retiree GTL program are included in the OPEB plan.
 - b) The plan provides a \$5,000 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the retiree GTL program.
 - c) The OPEB benefit is a fixed \$5,000 lump-sum benefit.
 - d) No future increases are assumed in the \$5,000 benefit amount.
 - e) Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of January 1 each year.
3. Membership information is shown in the chart below.
4. Contributions made to the retiree GTL Program are held in the GTL Fund. The GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB 75, the assets are not accumulated in a GASB-compliant trust, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan.
5. Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of January 1 each year. The Authority's contribution rate for the retiree GTL program is calculated annually on an actuarial basis and is equal to the cost of providing a one-year death benefit equal to \$5,000.

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

7. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN, Continued

Membership Information

<u>Members</u>	<u>12/31/22</u>	<u>12/31/23</u>
Number of inactive employees entitled to but not yet receiving benefits ⁽¹⁾	1	1
Number of active employees	37	37
Average age of active employees	40.00	40.62
Average length of service in years for active employees	6.62	7.10
<u>Inactive Employees Receiving Benefits</u> ⁽¹⁾		
Number of benefit recipients ⁽¹⁾	15	16

⁽¹⁾ "Receiving benefits" indicates the member is retired and receiving monthly pension benefits, and his or her beneficiary is eligible for the \$5,000 lump sum upon the retiree's death.

Total OPEB Liability

	<u>December 31, 2022</u>	<u>December 31, 2023</u>
Total OPEB liability	<u>\$59,537</u>	<u>\$64,976</u>

The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below.

Discount Rate

	<u>December 31, 2022</u>	<u>December 31, 2023</u>
Discount rate ⁽¹⁾	3.72%	3.26%
Long-term expected rate of return, net of investment expense ⁽¹⁾	Does not apply	Does not apply
Municipal bond rate ⁽¹⁾	3.72%	3.26%

⁽¹⁾ The OPEB plan has been determined to be an unfunded OPEB plan; therefore, only the municipal bond rate applies.

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

7. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN, Continued

Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2023 were based on the results of an actuarial experience study for the period January 1, 2017 – December 31, 2020, except where required to be different by GASB 75.

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Level Percent of Salary
Amortization Method:	
Recognition of economic/ demographic gains or losses	Straight-line amortization over expected working life
Recognition of assumptions changes or inputs	Straight-line amortization over expected working life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary Increases	Range on table from .4% to 5.25% depending on entry age and service years. Note that salary increases do not affect benefits but are used in the allocation of costs under the actuarial cost method.
Investment Rate of Return (Discount Rate)	3.26% (20-year Bond GO Index published by bondbuyer.com as of 12/28/23)
Cost-of-Living Adjustment	Does not apply
Disability	The rates of disability range from .000% to .001% for work-related disability and .000% to .198% for all other causes depending on age.

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

7. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN, Continued

Mortality:

Depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Retirement	Members eligible for service retirement range from 5.3% to 25.3% for both male and females depending on age and service years.
Other Termination of Employment	Annual rates for termination range from 0.0% to 33.0% for both males and females depending on entry age and years of service.

Changes in total OPEB liability for the years ended December 31, 2022 and 2023:

	2022 Changes in Total OPEB Liability	2023 Changes in Total OPEB Liability
Balances as of January 1	\$79,633	\$59,537
Changes for the year:		
Service cost	2,495	1,558
Interest on total OPEB liability ⁽¹⁾	1,674	2,245
Changes of benefit terms ⁽²⁾	-	-
Effect of economic/demographic experience	(3,294)	(1,555)
Effect of assumptions changes or inputs ⁽³⁾	(19,184)	4,679
Benefit payments	(1,787)	(1,488)
Other	-	-
Balance as of December 31	<u>\$59,537</u>	<u>\$64,976</u>

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

⁽²⁾ No plan changes valued.

⁽³⁾ Reflects change in discount rate.

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued
Years Ended September 30, 2024 and 2023

7. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN, Continued

Sensitivity analysis at December 31, 2023 is as follows:

The following presents the total OPEB liability of the Authority, calculated using the discount rate of 3.26%, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.26%) or 1 percentage point higher (4.26%) than the current rate. Note that the healthcare cost trend rate does not affect the total OPEB liability, so sensitivity to the healthcare cost trend rate is not shown.

	1% Decrease <u>2.26%</u>	Current Discount Rate <u>3.26%</u>	1% Increase <u>4.26%</u>
Total OPEB liability	<u>\$77,069</u>	<u>\$64,976</u>	<u>\$55,397</u>

Sensitivity analysis at December 31, 2022 is as follows:

The following presents the total OPEB liability of the Authority, calculated using the discount rate of 3.72%, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.72%) or 1 percentage point higher (4.72%) than the current rate. Note that the healthcare cost trend rate does not affect the total OPEB liability, so sensitivity to the healthcare cost trend rate is not shown.

	1% Decrease <u>2.72%</u>	Current Discount Rate <u>3.72%</u>	1% Increase <u>4.72%</u>
Total OPEB liability	<u>\$70,189</u>	<u>\$59,537</u>	<u>\$51,048</u>

2022 and 2023 Employer OPEB Contributions and Benefit Payments

The following shows a breakdown of the Authority's contributions to the GTL program for the calendar years 2022 and 2023. The contributions for retiree GTL coverage are assigned to the OPEB plan under GASB 75 and are used to determine the benefit payments shown below. The contributions for active coverage are not considered an OPEB benefit under GASB 75, so these contributions are not reflected as part of the OPEB plan but are paid by the Authority.

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

7. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN, Continued

<u>Coverage Type</u>	2022 GTL		<u>Financial Reporting</u>
	<u>Rate</u>	<u>Amount</u>	
Active Member GTL Benefit	0.18%	\$3,573	No change from prior year
Retiree GTL Benefit	0.09%	1,787	GASB 75

<u>Coverage Type</u>	2023 GTL		<u>Financial Reporting</u>
	<u>Rate</u>	<u>Amount</u>	
Active Member GTL Benefit	0.14%	\$2,976	No change from prior year
Retiree GTL Benefit	0.07%	1,488	GASB 75

OPEB Expense

	<u>January 1, 2022 to December 31, 2022</u>	<u>January 1, 2023 to December 31, 2023</u>
Service cost	\$2,495	\$1,558
Interest on total pension liability ⁽¹⁾	1,674	2,245
Effect of plan changes	-	-
Recognition of deferred inflows/outflows of resources:		
Recognition of economic/demographic gains or losses	(1,726)	(1,986)
Recognition of assumption changes or inputs	91	872
Other	<u>-</u>	<u>-</u>
OPEB expense	<u>\$2,534</u>	<u>\$2,689</u>

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

Deferred Outflows / Inflows of Resources

As of September 30, 2024, the deferred outflows and inflows of resources are as follows:

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

7. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN, Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,035
Changes of assumptions	10,926	12,790
Contributions made subsequent to measurement date	<u>1,175</u>	<u>-</u>
Total	<u>\$12,101</u>	<u>\$18,825</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB benefits, excluding contributions made subsequent to the measurement date, will be recognized in OPEB expense as follows:

Plan Year Ended December 31:

2024	(\$ 167)
2025	(2,509)
2026	(2,515)
2027	(3,227)
2028	519
Thereafter	-

As of September 30, 2023, the deferred outflows and inflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 107	\$ 6,573
Changes of assumptions	11,380	17,051
Contributions made subsequent to measurement date	<u>1,117</u>	<u>-</u>
Total	<u>\$12,604</u>	<u>\$23,624</u>

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

8. PUBLIC ENTITY RISK POOL

The Authority is exposed to various risks of loss related to injuries to employees, theft of, damage to, and destruction of assets, natural disasters, and errors and omissions. The Authority participates in the Texas Municipal League Intergovernmental Risk Pool (TMLIRP), a risk pool for political subdivisions in Texas. The Authority pays annual premiums to the Risk Pool for worker's compensation, property, and liability coverage. The Risk Pool provides that they will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$5 million for workers' compensation, \$7 million for property, and ranging from \$1 million to \$5 million for liability, based on limits purchased by the member. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past five fiscal years. The Authority continues to carry insurance for employee health coverage through the Texas Municipal League MultiState Intergovernmental Employee Benefits Pool.

A publicly available financial report from TMLIRP that includes financial statements and required supplementary financial information can be obtained from Texas Municipal League Intergovernmental Risk Pool, P. O. Box 149194, Austin, Texas 78714-9194.

9. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Significant financial data for identifiable activities included as part of the government-wide presentation are as follows at September 30, 2024:

	Utility Division	Environmental Services Division	Other Enterprise Funds
Condensed Statement of Net Position			
Assets:			
Current assets	\$ 4,684,293	\$232,910	\$ -
Restricted assets	1,793,278	-	38,750
Capital assets	19,683,982	123,173	-
Total assets	26,161,553	356,083	38,750
Liabilities:			
Current liabilities	909,590	56,247	-
Noncurrent liabilities	12,839,461	-	-
Total liabilities	13,749,051	56,247	-
Net position:			
Net investment in capital assets	7,980,696	123,173	-
Restricted net position	237,097	-	-
Unrestricted net position	4,194,709	176,663	38,750
Total net position	\$ 12,412,502	\$299,836	\$38,750

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2024 and 2023

9. SEGMENT INFORMATION FOR ENTERPRISE FUNDS, Continued

	Utility Division	Environmental Services Division	Other Enterprise Funds
Condensed Statement of Revenue, Expenses, and Changes in Net Position			
Operating revenues	\$8,587,516	\$1,115,097	\$ -
Operating expenses	6,152,890	1,030,222	-
Operating income	2,434,626	84,875	-
Nonoperating revenues (expenses)	267,134	935	-
Change in net position	2,701,760	85,810	-
Beginning net position	9,710,742	214,026	38,750
Ending net position	\$12,412,502	\$ 299,836	\$38,750
Condensed Statement of Cash Flows			
Operating activities	\$3,493,022	\$167,406	\$ -
Capital and related financing activities	(2,845,577)	(6,366)	-
Investing activities	312,624	935	-
Net increase (decrease)	960,069	161,975	-
Beginning cash and cash equivalents	3,904,221	(195,367)	38,750
Ending cash and cash equivalents	\$4,864,290	(\$ 33,392)	\$38,750

10. NEW PRONOUNCEMENTS

GASB has new pronouncements below that will become effective during the following year and affect the Authority, although the financial impact is not known at this time:

Statement No. 101 – Compensated Absences, is effective for fiscal years beginning after December 15, 2023. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

REQUIRED SUPPLEMENTARY INFORMATION

RED RIVER AUTHORITY OF TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

	Year Ended December 31									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 238,771	\$ 221,494	\$ 217,748	\$ 206,721	\$ 192,538	\$ 186,368	\$ 170,704	\$ 189,043	\$ 177,653	\$ 179,324
Interest on total pension liability	692,348	668,408	649,721	634,587	620,792	608,914	571,650	540,261	500,695	459,093
Effect of plan changes	-	-	-	-	-	-	-	-	(33,872)	-
Effect of assumption changes or inputs	-	-	(44,217)	453,552	-	-	24,458	-	58,664	-
Effect of economic/demographic (gains) or losses	(1,276,950)	(70,833)	(67,492)	(121,243)	(166,197)	(161,881)	55,906	(126,702)	20,889	44,989
Benefit payments/refunds of contributions	(525,166)	(517,674)	(509,715)	(431,392)	(548,349)	(439,633)	(319,382)	(267,816)	(191,663)	(171,004)
Net change in total pension liability	(870,997)	301,395	246,045	742,225	98,784	193,768	503,336	334,786	532,366	512,402
Total pension liability, beginning	9,128,844	8,827,449	8,581,404	7,839,179	7,740,395	7,546,627	7,043,291	6,708,505	6,176,139	5,663,736
Total pension liability, ending (a)	<u>\$ 8,257,847</u>	<u>\$ 9,128,844</u>	<u>\$ 8,827,449</u>	<u>\$ 8,581,404</u>	<u>\$ 7,839,179</u>	<u>\$ 7,740,395</u>	<u>\$ 7,546,627</u>	<u>\$ 7,043,291</u>	<u>\$ 6,708,506</u>	<u>\$ 6,176,139</u>
Fiduciary Net Position										
Employer contributions	\$ 148,790	\$ 138,969	\$ 126,792	\$ 123,022	\$ 120,067	\$ 108,963	\$ 103,611	\$ 99,671	\$ 99,794	\$ 96,084
Member contributions	148,790	138,969	126,792	123,022	120,067	108,963	103,611	99,671	99,794	96,084
Investment income net of investment expenses	1,169,910	(659,269)	2,112,110	931,019	1,317,762	(159,258)	1,085,548	518,631	(109,237)	444,841
Benefit payments/refunds of contributions	(525,166)	(517,674)	(509,715)	(431,392)	(548,349)	(439,633)	(319,381)	(267,816)	(191,663)	(171,004)
Administrative expenses	(6,054)	(6,250)	(6,273)	(7,134)	(6,870)	(6,444)	(5,597)	(5,633)	(5,073)	(5,286)
Other	(7,116)	(24,063)	(4,571)	(4,592)	(9,297)	(5,758)	(1,556)	1,306	11,611	9,359
Net change in fiduciary net position	929,154	(929,318)	1,845,135	733,945	993,380	(393,167)	966,236	445,830	(94,774)	470,078
Fiduciary net position, beginning	10,665,607	11,594,925	9,749,790	9,015,845	8,022,465	8,415,632	7,449,396	7,003,566	7,098,339	6,628,261
Fiduciary net position, ending (b)	<u>\$ 11,594,761</u>	<u>\$ 10,665,607</u>	<u>\$ 11,594,925</u>	<u>\$ 9,749,790</u>	<u>\$ 9,015,845</u>	<u>\$ 8,022,465</u>	<u>\$ 8,415,632</u>	<u>\$ 7,449,396</u>	<u>\$ 7,003,565</u>	<u>\$ 7,098,339</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ (3,336,914)</u>	<u>\$ (1,536,763)</u>	<u>\$ (2,767,476)</u>	<u>\$ (1,168,386)</u>	<u>\$ (1,176,666)</u>	<u>\$ (282,070)</u>	<u>\$ (869,005)</u>	<u>\$ (406,105)</u>	<u>\$ (295,059)</u>	<u>\$ (922,200)</u>
Fiduciary net position as a % of total pension liability	140.41%	116.83%	131.35%	113.62%	115.01%	103.64%	111.52%	105.77%	104.40%	114.93%
Covered payroll	\$ 2,125,570	\$ 1,985,264	\$ 1,811,320	\$ 1,757,452	\$ 1,715,248	\$ 1,556,621	\$ 1,480,157	\$ 1,423,868	\$ 1,425,630	\$ 1,372,634
Net pension liability as a % of covered payroll	<u>-156.99%</u>	<u>-77.41%</u>	<u>-152.79%</u>	<u>-66.48%</u>	<u>-68.60%</u>	<u>-18.12%</u>	<u>-58.71%</u>	<u>-28.52%</u>	<u>-20.70%</u>	<u>-67.18%</u>

RED RIVER AUTHORITY OF TEXAS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

Year Ending September 30	Actuarially Determined Contribution ⁽¹⁾	Actual Employer Contribution ⁽¹⁾	Contribution Deficiency (Excess)	Covered Payroll ⁽²⁾	Actual Contribution as a % of Covered Payroll
2015	\$ 48,166	\$ 98,584	\$ (50,419)	\$ 1,408,348	7.0%
2016	44,664	100,529	(55,865)	1,436,126	7.0%
2017	48,225	100,468	(52,243)	1,435,259	7.0%
2018	49,134	108,498	(59,364)	1,549,976	7.0%
2019	54,506	117,760	(63,254)	1,682,281	7.0%
2020	55,847	122,549	(66,702)	1,750,696	7.0%
2021	44,918	125,769	(80,852)	1,796,706	7.0%
2022	64,387	136,166	(71,779)	1,945,227	7.0%
2023	55,021	145,339	(90,318)	2,076,273	7.0%
2024	47,302	156,185	(108,884)	2,231,221	7.0%

⁽¹⁾ TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.

⁽²⁾ Payroll is calculated based on contributions reported to TCDRS.

RED RIVER AUTHORITY OF TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
 TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB Liability										
Service cost	\$ 1,558	\$ 2,495	\$ 2,087	\$ 2,105	\$ 1,332	\$ 1,620	\$ 1,350	N/A	N/A	N/A
Interest on total OPEB liability	2,245	1,674	1,699	1,938	2,201	2,070	2,035	N/A	N/A	N/A
Effect of plan changes	-	-	-	-	-	-	-	N/A	N/A	N/A
Effect of assumption changes or inputs	4,679	(19,184)	1,900	8,572	14,431	(6,394)	2,848	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	(1,555)	(3,294)	(3,367)	(1,855)	(389)	(2,359)	749	N/A	N/A	N/A
Benefit payments	(1,488)	(1,787)	(1,449)	(1,230)	(1,372)	(934)	(888)	N/A	N/A	N/A
Net change in total OPEB liability	5,439	(20,096)	870	9,530	16,203	(5,997)	6,094	N/A	N/A	N/A
Total OPEB liability, beginning	59,537	79,633	78,763	69,233	53,030	59,027	52,933	N/A	N/A	N/A
Total OPEB liability, ending (a)	<u>\$ 64,976</u>	<u>\$ 59,537</u>	<u>\$ 79,633</u>	<u>\$ 78,763</u>	<u>\$ 69,233</u>	<u>\$ 53,030</u>	<u>\$ 59,027</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered-employee payroll	\$ 2,125,570	\$ 1,985,264	\$ 1,811,320	\$ 1,757,452	\$ 1,715,248	\$ 1,556,621	\$ 1,480,157	N/A	N/A	N/A
Net OPEB liability as a % of covered-employee payroll	<u>3.06%</u>	<u>3.00%</u>	<u>4.40%</u>	<u>4.48%</u>	<u>4.04%</u>	<u>3.41%</u>	<u>3.99%</u>	N/A	N/A	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 74/75, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

RED RIVER AUTHORITY OF TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED SEPTEMBER 30, 2024

A. DEFINED BENEFIT PENSION PLAN

Changes of benefit terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes of assumptions

There were no changes in the actuarial assumptions that affected measurement of the total pension liability during the measurement period.

B. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN

Changes of benefit terms

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

Changes of assumptions

There were no changes in the actuarial assumptions that affected the measurement of the total OPEB liability during the measurement period, except for a decrease in the discount rate from 3.72% to 3.26%.

No assets are accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

OTHER SUPPLEMENTARY INFORMATION

RED RIVER AUTHORITY OF TEXAS
COMBINING SCHEDULE OF NET POSITION
September 30, 2024

	Enterprise Funds		
	Utility Division Fund	Environmental Services Division Fund	Industrial Development Authority Fund
ASSETS			
Current assets:			
Cash and short-term investments	\$ 3,071,012	\$ -	\$ -
Receivables:			
Trade and contracts	1,393,305	232,910	-
Right-to-use leases receivable, current	-	-	-
Prepaid expenses	32,199	-	-
Inventory	187,777	-	-
Restricted assets:			
Cash and short-term investments	1,793,278	-	38,750
Total current assets	<u>6,477,571</u>	<u>232,910</u>	<u>38,750</u>
Long-term assets:			
Net pension asset	-	-	-
Right-to-use leases receivable, noncurrent	-	-	-
Capital assets not being depreciated	1,884,330	-	-
Capital assets being depreciated (net)	17,799,652	123,173	-
Total long-term assets	<u>19,683,982</u>	<u>123,173</u>	<u>-</u>
Total assets	<u>26,161,553</u>	<u>356,083</u>	<u>38,750</u>
Deferred outflows of resources:			
Pension and OPEB related	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Current liabilities:			
Bank overdraft	-	33,392	-
Accounts payable - trade	434,855	18,661	-
Accrued payroll and related taxes	48,006	4,194	-
Unearned revenue	6,723	-	-
Lease payable, current maturities	12,606	-	-
Bonds payable, current maturities	407,400	-	-
Total current liabilities	<u>909,590</u>	<u>56,247</u>	<u>-</u>
Long-term liabilities:			
Lease payable, less current maturities	23,552	-	-
Bonds payable, less current maturities	12,815,909	-	-
Total OPEB liability	-	-	-
Total long-term liabilities	<u>12,839,461</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>13,749,051</u>	<u>56,247</u>	<u>-</u>
Deferred inflows of resources:			
Pension and OPEB related	-	-	-
Right-to-use lease related	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Net position:			
Net investment in capital assets	7,980,696	123,173	-
Restricted:			
Debt service	237,097	-	-
Net pension asset	-	-	-
Unrestricted	4,194,709	176,663	38,750
Total net position	<u>\$ 12,412,502</u>	<u>\$ 299,836</u>	<u>\$ 38,750</u>

Internal Service Funds			
General Division Fund	Communications Division Fund	Eliminations	Totals
\$ 6,627,804	\$ 1,523,226	\$ (33,392)	\$ 11,188,650
250,471	-	-	1,876,686
-	83,450	-	83,450
-	-	-	32,199
-	-	-	187,777
-	-	-	1,832,028
<u>6,878,275</u>	<u>1,606,676</u>	<u>(33,392)</u>	<u>15,200,790</u>
3,336,914	-	-	3,336,914
-	163,186	-	163,186
183,332	-	-	2,067,662
426,089	9,040	-	18,357,954
<u>3,946,335</u>	<u>172,226</u>	<u>-</u>	<u>23,925,716</u>
<u>10,824,610</u>	<u>1,778,902</u>	<u>(33,392)</u>	<u>39,126,506</u>
249,810	-	-	249,810
-	-	(33,392)	-
55,116	486	-	509,118
13,794	-	-	65,994
-	29,260	-	35,983
-	-	-	12,606
-	-	-	407,400
<u>68,910</u>	<u>29,746</u>	<u>(33,392)</u>	<u>1,031,101</u>
-	-	-	23,552
-	-	-	12,815,909
64,976	-	-	64,976
<u>64,976</u>	<u>-</u>	<u>-</u>	<u>12,904,437</u>
<u>133,886</u>	<u>29,746</u>	<u>(33,392)</u>	<u>13,935,538</u>
1,064,129	-	-	1,064,129
-	272,438	-	272,438
<u>1,064,129</u>	<u>272,438</u>	<u>-</u>	<u>1,336,567</u>
609,421	9,040	-	8,722,330
-	-	-	237,097
3,336,914	-	-	3,336,914
<u>5,930,070</u>	<u>1,467,678</u>	<u>-</u>	<u>11,807,870</u>
<u>\$ 9,876,405</u>	<u>\$ 1,476,718</u>	<u>\$ -</u>	<u>\$ 24,104,211</u>

RED RIVER AUTHORITY OF TEXAS
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
for the year ended September 30, 2024

	Enterprise Funds		
	Utility Division Fund	Environmental Services Division Fund	Industrial Development Authority Fund
Operating revenues:			
Water and sewer sales	\$ 7,728,389	\$ -	\$ -
Charges for materials and services	-	671,616	-
Other	859,127	443,481	-
Total operating revenues	<u>8,587,516</u>	<u>1,115,097</u>	<u>-</u>
Operating expenses:			
Water purchases	1,355,804	-	-
Personnel services	1,781,503	428,722	-
Administrative costs	177,653	74,279	-
Utilities, supplies, and maintenance	1,315,016	483,826	-
Insurance	111,841	9,633	-
Automobile and travel	414,683	15,851	-
Professional and directors fees	-	-	-
Research expense	15,000	-	-
Total operating expenses	<u>5,171,500</u>	<u>1,012,311</u>	<u>-</u>
Operating income (loss) before depreciation and amortization	3,416,016	102,786	-
Depreciation and amortization	<u>(981,390)</u>	<u>(17,911)</u>	<u>-</u>
Operating income (loss)	<u>2,434,626</u>	<u>84,875</u>	<u>-</u>
Nonoperating revenues (expenses):			
Interest income	312,624	935	-
Gain (loss) on disposal of assets	(65,914)	-	-
Donation of capital assets	498,027	-	-
Interest expense	<u>(477,603)</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>267,134</u>	<u>935</u>	<u>-</u>
Change in net position	2,701,760	85,810	-
Net position, beginning	<u>9,710,742</u>	<u>214,026</u>	<u>38,750</u>
Net position, ending	<u><u>\$ 12,412,502</u></u>	<u><u>\$ 299,836</u></u>	<u><u>\$ 38,750</u></u>

Internal Service Funds			
General Division Fund	Communications Division Fund	Eliminations	Totals
\$ -	\$ -	\$ -	\$ 7,728,389
176,337	86,630	(204,697)	729,886
-	-	-	1,302,608
176,337	86,630	(204,697)	9,760,883
-	-	-	1,355,804
141,689	-	-	2,351,914
41,726	13	-	293,671
208,099	20,515	(204,697)	1,822,759
21,747	790	-	144,011
17,650	-	-	448,184
75,331	-	-	75,331
34,325	-	-	49,325
540,567	21,318	(204,697)	6,540,999
(364,230)	65,312	-	3,219,884
(40,054)	(1,846)	-	(1,041,201)
(404,284)	63,466	-	2,178,683
310,293	70,881	-	694,733
-	-	-	(65,914)
-	-	-	498,027
-	-	-	(477,603)
310,293	70,881	-	649,243
(93,991)	134,347	-	2,827,926
9,970,396	1,342,371	-	21,276,285
\$ 9,876,405	\$ 1,476,718	\$ -	\$ 24,104,211

RED RIVER AUTHORITY OF TEXAS
COMBINING SCHEDULE OF CASH FLOWS
for the year ended September 30, 2024

	Enterprise Funds		
	Utility Division Fund	Environmental Services Division Fund	Industrial Development Authority Fund
Increase (decrease) in cash and cash equivalents:			
Cash flows from operating activities:			
Cash received from customers and users	\$ 8,642,935	\$ 1,188,594	\$ -
Cash payments to suppliers for goods and services	(3,378,446)	(592,377)	-
Cash payments to employees for services	(1,771,467)	(428,811)	-
Net cash provided by (used in) operating activities	<u>3,493,022</u>	<u>167,406</u>	<u>-</u>
Cash flows from capital and related financing activities:			
Principal paid on right-to-use lease payable	(12,024)	-	-
Interest paid on right-to-use lease payable	(2,029)	-	-
Principal paid on revenue bonds and notes	(402,932)	-	-
Interest paid on revenue bonds and notes	(475,574)	-	-
Acquisition of capital assets	(1,954,818)	(6,366)	-
Proceeds from sale of equipment	1,800	-	-
Net cash provided by (used in) capital and related financing activities	<u>(2,845,577)</u>	<u>(6,366)</u>	<u>-</u>
Cash flows from investing activities:			
Interest received on right-to-use leases receivable	-	-	-
Interest received on investments	312,624	935	-
Net cash provided by (used in) investing activities	<u>312,624</u>	<u>935</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	960,069	161,975	-
Cash and cash equivalents (deficit), beginning	<u>3,904,221</u>	<u>(195,367)</u>	<u>38,750</u>
Cash and cash equivalents (deficit), ending	<u>\$ 4,864,290</u>	<u>\$ (33,392)</u>	<u>\$ 38,750</u>

Internal Service Funds			
General Division Fund	Communications Division Fund	Eliminations	Totals
\$ 31,456	\$ 83,892	\$ (121,721)	\$ 9,825,156
(449,585)	(21,036)	214,080	(4,227,364)
(856,727)	-	(92,359)	(3,149,364)
<u>(1,274,856)</u>	<u>62,856</u>	<u>-</u>	<u>2,448,428</u>
-	-	-	(12,024)
-	-	-	(2,029)
-	-	-	(402,932)
-	-	-	(475,574)
-	-	-	(1,961,184)
-	-	-	1,800
<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,851,943)</u>
-	15,499	-	15,499
310,293	55,382	-	679,234
<u>310,293</u>	<u>70,881</u>	<u>-</u>	<u>694,733</u>
(964,563)	133,737	-	291,218
<u>7,592,367</u>	<u>1,389,489</u>	<u>-</u>	<u>12,729,460</u>
<u>\$ 6,627,804</u>	<u>\$ 1,523,226</u>	<u>\$ -</u>	<u>\$ 13,020,678</u>

RED RIVER AUTHORITY OF TEXAS
COMBINING SCHEDULE OF CASH FLOWS, Continued
for the year ended September 30, 2024

	Enterprise Funds		
	Utility Division Fund	Environmental Services Division Fund	Industrial Development Authority Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 2,434,626	\$ 84,875	\$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	981,390	17,911	-
Change in assets and liabilities:			
(Increase) decrease in trade receivables	55,419	73,497	-
(Increase) decrease in right-to-use leases receivable	-	-	-
(Increase) decrease in prepaid expenses	1,408	-	-
(Increase) decrease in inventory	61,241	-	-
(Increase) decrease in net pension assets	-	-	-
(Increase) decrease in deferred outflows	-	-	-
Increase (decrease) in trade accounts payable	(51,098)	(8,788)	-
Increase (decrease) in accrued payroll and related liabilities	10,036	(89)	-
Increase (decrease) in unearned revenues	-	-	-
Increase (decrease) in total OPEB liability	-	-	-
Increase (decrease) in deferred inflows	-	-	-
Total adjustments	1,058,396	82,531	-
Net cash provided by (used in) operating activities	\$ 3,493,022	\$ 167,406	\$ -
Noncash capital and financing activities:			
Capital assets received by donation	\$ 498,027	\$ -	\$ -

<u>Internal Service Funds</u>			
<u>General Division Fund</u>	<u>Communications Division Fund</u>	<u>Eliminations</u>	<u>Totals</u>
\$ (404,284)	\$ 63,466	\$ -	\$ 2,178,683
40,054	1,846	-	1,041,201
(144,881)	-	-	(15,965)
-	79,664	-	79,664
-	-	-	1,408
-	-	-	61,241
(1,800,151)	-	-	(1,800,151)
230,450	-	-	230,450
(50,707)	282	-	(110,311)
(564)	-	-	9,383
-	574	-	574
5,439	-	-	5,439
849,788	(82,976)	-	766,812
(870,572)	(610)	-	269,745
<u>\$ (1,274,856)</u>	<u>\$ 62,856</u>	<u>\$ -</u>	<u>\$ 2,448,428</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 498,027</u>

RED RIVER AUTHORITY OF TEXAS
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
ENTERPRISE FUNDS
BUDGET AND ACTUAL
for the year ended September 30, 2024

Exhibit C-4

	Utility Division Fund			Environmental Services Fund		
	Original and Final Budget	Actual	Variance Positive Negative	Original and Final Budget	Actual	Variance Positive Negative
Operating revenues:						
Water and sewer sales	\$ 7,255,981	\$ 7,728,389	\$ 472,408	\$ -	\$ -	\$ -
Charges for materials and services	283,110	-	(283,110)	846,587	671,616	(174,971)
Other	203,764	859,127	655,363	392,590	443,481	50,891
Total operating revenues	7,742,855	8,587,516	844,661	1,239,177	1,115,097	(124,080)
Operating expenses:						
Water purchases	1,497,700	1,355,804	141,896	-	-	-
Personnel services	1,905,091	1,781,503	123,588	469,083	428,722	40,361
Administrative costs	206,887	177,653	29,234	23,672	74,279	(50,607)
Utilities, supplies, and maintenance	1,138,595	1,315,016	(176,421)	472,431	483,826	(11,395)
Insurance	117,868	111,841	6,027	7,657	9,633	(1,976)
Automobile and travel	467,844	414,683	53,161	18,713	15,851	2,862
Professional and directors fees	1,108	-	1,108	43,066	-	43,066
Research expense	-	15,000	(15,000)	-	-	-
Bad debt	28,074	-	28,074	-	-	-
Total operating expenses	5,363,167	5,171,500	191,667	1,034,622	1,012,311	22,311
Operating income (loss) before depreciation and amortization	2,379,688	3,416,016	1,036,328	204,555	102,786	(101,769)
Depreciation and amortization	(991,950)	(981,390)	10,560	(22,545)	(17,911)	4,634
Operating income (loss)	1,387,738	2,434,626	1,046,888	182,010	84,875	(97,135)
Nonoperating revenues (expenses):						
Interest income	240,347	312,624	72,277	-	935	935
Gain (loss) on disposal of capital asset	-	(65,914)	(65,914)	-	-	-
Donation of capital assets	-	498,027	498,027	-	-	-
Interest expense	(488,011)	(477,603)	10,408	-	-	-
Total nonoperating revenues (expenses)	(247,664)	267,134	514,798	-	935	935
Change in net position	\$ 1,140,074	2,701,760	\$ 1,561,686	\$ 182,010	85,810	\$ (96,200)
Net position, beginning		9,710,742			214,026	
Net position, ending		\$ 12,412,502			\$ 299,836	

RED RIVER AUTHORITY OF TEXAS
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
INTERNAL SERVICE FUNDS
BUDGET AND ACTUAL
for the year ended September 30, 2024

Exhibit C-5

	General Division Fund			Communications Division Fund		
	Original and Final Budget	Actual	Variance Positive (Negative)	Original and Final Budget	Actual	Variance Positive (Negative)
Operating revenues:						
Charges for materials and services	\$ -	\$ 176,337	\$ 176,337	\$ 94,668	\$ 86,630	\$ (8,038)
Other	130,000	-	(130,000)	-	-	-
Total operating revenues	130,000	176,337	46,337	94,668	86,630	(8,038)
Operating expenses:						
Personnel services	846,950	141,689	705,261	-	-	-
Administrative costs	55,327	41,726	13,601	-	13	(13)
Utilities, supplies, and maintenance	163,236	208,099	(44,863)	6,108	20,515	(14,407)
Insurance	9,602	21,747	(12,145)	518	790	(272)
Automobile and travel	15,927	17,650	(1,723)	-	-	-
Professional and directors fees	209,225	75,331	133,894	-	-	-
Research expense	-	34,325	(34,325)	-	-	-
Total operating expenses	1,300,267	540,567	759,700	6,626	21,318	(14,692)
Operating income (loss) before depreciation	(1,170,267)	(364,230)	806,037	88,042	65,312	(22,730)
Depreciation	(43,500)	(40,054)	3,446	(1,846)	(1,846)	-
Operating income (loss)	(1,213,767)	(404,284)	809,483	86,196	63,466	(22,730)
Nonoperating revenues (expenses):						
Interest income	200,098	310,293	110,195	29,179	70,881	41,702
Total nonoperating revenues (expenses)	200,098	310,293	110,195	29,179	70,881	41,702
Change in net position	<u>\$ (1,013,669)</u>	(93,991)	<u>\$ 919,678</u>	<u>\$ 115,375</u>	134,347	<u>\$ 18,972</u>
Net position, beginning		9,970,396			1,342,371	
Net position, ending		<u>\$ 9,876,405</u>			<u>\$ 1,476,718</u>	

RED RIVER AUTHORITY OF TEXAS
Service and Rates
Fiscal Year Ending September 30, 2024
(unaudited)

Current rates are based on all water and/or sewer systems combined within the Utility Division in order to maintain adequate bond coverage ratios. The treated water and sewer rates are as follows:

RESIDENTIAL

Minimum Monthly Charge - \$103.00 and includes 2,000 gallons
Meter Size: 5/8" Base Equivalency

<u>Tier</u>	<u>Volume</u>				<u>Charge</u>
Tier 1	2,001	to	10,000	gals.	\$ 7.00 / 1000 gals.
Tier 2	10,001	to	20,000	gals.	\$ 9.00 / 1000 gals.
Tier 3	20,001	to	30,000	gals.	\$ 11.00 / 1000 gals.
Tier 4	30,001	to	50,000	gals.	\$ 13.00 / 1000 gals.
Tier 5	50,001	to	Infinity	gals.	\$ 15.00 / 1000 gals.

COMMERCIAL

Minimum Monthly Charge - \$114.50 and includes zero gallons
Meter Size: 3/4" Base Equivalency

<u>Tier</u>	<u>Volume</u>				<u>Charge</u>
Tier 1	0	to	2,000	gals.	\$ 8.00 / 1000 gals.
Tier 2	2,001	to	10,000	gals.	\$ 9.00 / 1000 gals.
Tier 3	10,001	to	20,000	gals.	\$ 11.00 / 1000 gals.
Tier 4	20,001	to	30,000	gals.	\$ 13.00 / 1000 gals.
Tier 5	30,001	to	50,000	gals.	\$ 15.00 / 1000 gals.
Tier 6	50,001	to	Infinity	gals.	\$ 17.00 / 1000 gals.

Sewer Monthly Rate: \$59.75 (only for those with sewer services)

Raw, wholesale, and transient rates are contracted individually.

The Authority had four thousand eighty-four (4,084) metered connections as of September 30, 2024. During the fiscal year, 610.44 million gallons of treated water was produced, with 333.63 million gallons being sold. The total anticipated debt service for the Utility Division in fiscal year 2025 is eight hundred eighty thousand four hundred forty-five dollars (\$880,445).

The rates are designed to provide the revenues needed to recover the cost of operating and pay the debt service. They are based on the Utility Division Rate Analysis approved by the Board of Directors in November 2022, and became effective with the February 2023 utility billing.

RED RIVER AUTHORITY OF TEXAS

SCHEDULE OF PROPRIETARY FUND EXPENSES

(Before Intrafund Eliminations)

for the year ended September 30, 2024

Personnel (including benefits and GASB 68/75 adjustments)	\$ 2,351,914
Professional fees:	
Accounting and audit	41,600
Legal	18,802
Purchased services for resale:	
Bulk water and wastewater service purchases	1,355,804
Utilities	211,087
Repairs and maintenance	1,099,387
Administrative expenditures:	
Directors fees	12,389
Office supplies	215,732
Insurance	21,747
Other administrative expenses	43,803
Regulatory fees	60,355
Other expenditures	<u>2,831,880</u>
TOTAL EXPENSES	<u><u>\$ 8,264,500</u></u>
Number of persons employed by the Authority:	<u>39</u>

RED RIVER AUTHORITY OF TEXAS
SCHEDULE OF TEMPORARY INVESTMENTS
for the year ended September 30, 2024

Exhibit C-8

<u>Investment</u>	<u>Account Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>
Insured Cash Sweep	98841117	5.79%	N/A	\$ 5,616,060
Insured Cash Sweep	98841091	5.79%	N/A	2,280,481
Money Market	98841091	0.10%	N/A	285,060
Insured Cash Sweep	98841158	5.79%	N/A	666,496
TexSTAR	2430175380	4.93%	N/A	1,008,879
TexPool	2431400001	4.98%	N/A	800,125
TexPool	2431400002	4.98%	N/A	1,273,482
TexPool	2431400004	4.98%	N/A	889,685
TexPool	2431400005	4.98%	N/A	<u>237,097</u>
Total Temporary Investments				<u><u>\$ 13,057,365</u></u>

RED RIVER AUTHORITY OF TEXAS
TAXES LEVIED AND RECEIVABLE
for the year ended September 30, 2024

Exhibit C-9

The Red River Authority of Texas does not levy taxes.

RED RIVER AUTHORITY OF TEXAS
BONDED DEBT AND INTEREST MATURITIES

Exhibit C-10

September 30, 2024

Fiscal Year	Annual Requirements for all Series		
	Bond Maturities	Interest on Bonds	Annual Requirements
24-25	\$ 407,400	\$ 473,045	\$ 880,445
25-26	428,600	454,006	882,606
26-27	449,800	433,897	883,697
27-28	466,000	416,720	882,720
28-29	482,200	398,878	881,078
29-30	490,734	384,679	875,413
30-31	460,000	370,000	830,000
31-32	470,000	355,625	825,625
32-33	490,000	340,350	830,350
33-34	505,000	324,425	829,425
34-35	520,000	307,381	827,381
35-36	540,000	289,831	829,831
36-37	555,000	270,931	825,931
37-38	575,000	251,506	826,506
38-39	595,000	230,662	825,662
39-40	620,000	209,094	829,094
40-41	640,000	186,619	826,619
41-42	665,000	163,419	828,419
42-43	690,000	139,312	829,312
43-44	715,000	113,438	828,438
44-45	740,000	86,625	826,625
45-46	770,000	58,875	828,875
46-47	800,000	30,000	830,000
	<u>\$ 13,074,734</u>	<u>\$ 6,289,318</u>	<u>\$ 19,364,052</u>

**RED RIVER AUTHORITY OF TEXAS
DEBT SERVICE COVERAGE
WATER REVENUE BONDS**

Exhibit C-11

September 30, 2024

Water Revenue Bonds

Net income (loss) utility division (Exhibit C – 2)		\$ 2,701,760
Add:		
Revenue bond interest expense	\$ 475,574	
Depreciation and amortization, net	<u>981,390</u>	
		<u>1,456,964</u>
Net earnings for determining debt service coverage		<u><u>\$ 4,158,724</u></u>
Total principal and interest requirements		\$ 19,364,052
Number of years remaining to pay bonds		<u>÷23</u>
Average annual principal and interest requirement		<u><u>\$ 841,915</u></u>
Average annual debt service coverage		<u><u>4.94</u></u>
Maximum principal and interest requirement		<u><u>\$ 883,697</u></u>
Maximum debt service coverage		<u><u>4.71</u></u>
Interest and Sinking Fund as of September 30, 2024		\$ 237,097
Bond Reserve Fund as of September 30, 2024		\$ -

**RED RIVER AUTHORITY OF TEXAS
CONTRACT REVENUE BONDS - SERIES 2010
DATED AUGUST 5, 2010**

Exhibit C-12

TOTAL BOND ISSUE: \$849,200

<u>Year</u>	<u>Bond</u>		<u>Interest Due 1.93%</u>		<u>Total Annual Requirement</u>	<u>Bonds</u>
	<u>Principal Due</u>		<u>February 15</u>	<u>August 15</u>		<u>Outstanding</u>
	<u>August 15</u>					<u>September 30</u>
23-24						\$ 294,734
24-25	\$ 47,400	\$ 3,597	\$ 3,598	\$ 54,595		247,334
25-26	48,600	3,078	3,078	54,756		198,734
26-27	49,800	2,523	2,524	54,847		148,934
27-28	51,000	1,935	1,935	54,870		97,934
28-29	52,200	1,314	1,314	54,828		45,734
29-30	45,734	665	664	47,063		-
	<u>\$ 294,734</u>	<u>\$ 13,112</u>	<u>\$ 13,113</u>	<u>\$ 320,959</u>		

Redemption of Bonds: The Authority has the right, at its option, to redeem bonds.

RED RIVER AUTHORITY OF TEXAS

Exhibit C-13

**CONTRACT REVENUE BONDS - SERIES 2017
DATED JUNE 1, 2017**

TOTAL BOND ISSUE: \$15,130,000

<u>Year</u>	<u>Bond Principal Due April 30</u>	<u>Interest Due 3.57%</u>		<u>Total Annual Requirement</u>	<u>Bonds Outstanding September 30</u>
		<u>October 1</u>	<u>April 30</u>		
23-24					\$ 12,780,000
24-25	\$ 360,000	\$ 232,925	\$ 232,925	\$ 825,850	12,420,000
25-26	380,000	223,925	223,925	827,850	12,040,000
26-27	400,000	214,425	214,425	828,850	11,640,000
27-28	415,000	206,425	206,425	827,850	11,225,000
28-29	430,000	198,125	198,125	826,250	10,795,000
29-30	445,000	191,675	191,675	828,350	10,350,000
30-31	460,000	185,000	185,000	830,000	9,890,000
31-32	470,000	177,813	177,812	825,625	9,420,000
32-33	490,000	170,175	170,175	830,350	8,930,000
33-34	505,000	162,213	162,212	829,425	8,425,000
34-35	520,000	153,691	153,690	827,381	7,905,000
35-36	540,000	144,916	144,915	829,831	7,365,000
36-37	555,000	135,466	135,465	825,931	6,810,000
37-38	575,000	125,753	125,753	826,506	6,235,000
38-39	595,000	115,331	115,331	825,662	5,640,000
39-40	620,000	104,547	104,547	829,094	5,020,000
40-41	640,000	93,310	93,309	826,619	4,380,000
41-42	665,000	81,710	81,709	828,419	3,715,000
42-43	690,000	69,656	69,656	829,312	3,025,000
43-44	715,000	56,719	56,719	828,438	2,310,000
44-45	740,000	43,313	43,312	826,625	1,570,000
45-46	770,000	29,438	29,437	828,875	800,000
46-47	800,000	15,000	15,000	830,000	-
	<u>\$ 12,780,000</u>	<u>\$ 3,131,551</u>	<u>\$ 3,131,542</u>	<u>\$ 19,043,093</u>	

Redemption of Bonds: The Authority has the right, at its option, to redeem bonds.

RED RIVER AUTHORITY OF TEXAS
ANALYSIS OF CHANGES IN BONDED DEBT
for the year ended September 30, 2024

Exhibit C-14

	Series 2010	Series 2017	Totals
Interest Rate	1.93%	3.57%	
Dates Interest Payable	2/15; 8/15	10/1; 4/1	
Maturity Dates	8/15/2030	4/1/2047	
Bonds Outstanding, Beginning of Current Year	\$ 341,134	\$ 13,130,000	\$ 13,471,134
Principal Retirements	46,200	350,000	396,200
Bonds Outstanding, End of Year	294,934	12,780,000	13,074,934
Interest payments	8,161	472,850	481,011
Paying Agent's Name and Address			
Greater Texoma Utility Authority			
5100 Airport Drive			
Denison, TX 75020 - (Series 2010)			
BOKF, NA			
5956 Sherry Lane, Suite 1201			
Dallas, TX 75225 - (Series 2017)			
Bond Authority:			
Amount Issued	\$ -	Other Bonds \$ 15,792,000	Refunding Bonds \$ -
Remaining to be Issued	\$ -	\$ -	\$ -

RED RIVER AUTHORITY OF TEXAS
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
PROPRIETARY FUND (Before Intrafund eliminations)
LAST FIVE YEARS

	AMOUNTS				
	2024	2023	2022	2021	2020
Operating revenues:					
Water service	\$ 7,620,625	\$ 6,913,538	\$ 5,655,333	\$ 5,418,108	\$ 5,328,297
Sewer service	107,764	97,686	87,324	85,538	86,468
Tap connection fees	56,336	58,520	75,964	97,488	64,843
Other	2,180,855	1,564,572	2,572,590	2,794,202	3,211,820
Total operating revenues	9,965,580	8,634,316	8,391,211	8,395,336	8,691,428
Operating expenses:					
Water purchases	1,355,804	1,290,029	1,312,922	1,168,773	928,966
Personnel services less NPO	2,351,914	2,563,719	2,091,898	2,188,250	2,344,243
Administrative costs	293,671	274,332	1,562,554	1,389,245	1,367,604
Utilities, supplies, and maintenance	2,027,456	1,599,773	1,460,435	1,215,200	1,659,938
Insurance	144,011	119,972	116,556	81,310	76,717
Automobile and travel	448,184	441,986	375,679	222,147	191,407
Professional and directors fees	75,331	68,154	77,857	78,227	319,136
Research expense	49,325	91,528	10,890	225,696	(75)
Depreciation and amortization	1,041,201	996,106	870,245	785,201	746,499
Total operating expenses	7,786,897	7,445,599	7,879,036	7,354,049	7,634,435
Operating income	2,178,683	1,188,717	512,175	1,041,287	1,056,993
Nonoperating revenues (expenses)					
Interest	694,733	586,737	167,451	99,834	235,912
Gain (loss) on disposal of assets	(65,914)	(99,110)	4,800	-	41,735
Donation of capital assets	498,027	-	-	-	-
Interest expense and fiscal fees	(477,603)	(492,763)	(503,304)	(489,948)	(541,769)
Total nonoperating revenues (expenses)	649,243	(5,136)	(331,053)	(390,114)	(264,122)
Change in net position	\$ 2,827,926	\$ 1,183,581	\$ 181,122	\$ 651,173	\$ 792,871

PERCENT OF FUND TOTAL REVENUES

2024	2023	2022	2021	2020
76.5%	80.1%	67.4%	64.5%	61.3%
1.1%	1.1%	1.0%	1.0%	1.0%
0.6%	0.7%	0.9%	1.2%	0.7%
21.9%	18.1%	30.7%	33.3%	37.0%
100.0%	100.0%	100.0%	100.0%	100.0%
13.6%	14.9%	15.6%	13.9%	10.7%
23.6%	29.7%	24.9%	26.1%	27.0%
2.9%	3.2%	18.6%	16.5%	15.7%
20.3%	18.5%	17.4%	14.5%	19.1%
1.4%	1.4%	1.4%	1.0%	0.9%
4.5%	5.1%	4.5%	2.6%	2.2%
0.8%	0.8%	0.9%	0.9%	3.7%
0.5%	1.1%	0.1%	2.7%	0.0%
10.4%	11.5%	10.4%	9.4%	8.6%
78.1%	86.2%	93.9%	87.6%	87.8%
21.9%	13.8%	6.1%	12.4%	12.2%
7.0%	6.8%	2.0%	1.2%	2.7%
-0.7%	-1.1%	0.1%	0.0%	0.5%
5.0%	0.0%	0.0%	0.0%	0.0%
-4.8%	-5.7%	-6.0%	-5.8%	-6.2%
6.5%	-0.1%	-3.9%	-4.6%	-3.0%
28.4%	13.7%	2.2%	7.8%	9.1%

RED RIVER AUTHORITY OF TEXAS
ENTERPRISE FUNDS
CAPITAL ASSETS
for the year ended September 30, 2024

Exhibit C-16

	Balance October 1, 2023	Additions / Completions	Deletions / Adjustments	Balance September 30, 2024
UTILITY DIVISION FUND				
Capital assets not being depreciated:				
Land and easements	\$ 937,276	\$ -	\$ -	\$ 937,276
Construction in progress	3,412,704	2,072,896	(4,538,546)	947,054
Total capital assets not being depreciated	4,349,980	2,072,896	(4,538,546)	1,884,330
Capital assets, being depreciated and amortized:				
Building	55,014	-	-	55,014
Machinery and equipment	174,865	140,505	-	315,370
Motor vehicles	852,026	218,240	-	1,070,266
Right-to-use leased assets	62,429	-	-	62,429
Water storage rights	1,222,700	-	-	1,222,700
Water and sewer systems	27,532,742	4,492,036	-	32,024,778
Total capital assets being depreciated and amortized	29,899,776	4,850,781	-	34,750,557
Less accumulated depreciation and amortization for:				
Building	(20,590)	(3,501)	-	(24,091)
Machinery and equipment	(110,378)	(24,181)	-	(134,559)
Motor vehicles	(605,020)	(93,319)	-	(698,339)
Right-to-use leased assets	(15,607)	(12,486)	-	(28,093)
Water storage rights	(301,226)	(7,288)	-	(308,514)
Water and sewer systems	(14,916,694)	(840,615)	-	(15,757,309)
Total accumulated depreciation and amortization	(15,969,515)	(981,390)	-	(16,950,905)
Total capital assets being depreciated and amortized, net	13,930,261	3,869,391	-	17,799,652
Total capital assets, net	\$ 18,280,241	\$ 5,942,287	\$ (4,538,546)	\$ 19,683,982
ENVIRONMENTAL SERVICES DIVISION FUND				
Capital assets being depreciated:				
Machinery and equipment	\$ 524,385	\$ 6,366	\$ -	\$ 530,751
Motor vehicles	34,340	-	-	34,340
Total capital assets being depreciated	558,725	6,366	-	565,091
Less accumulated depreciation for:				
Machinery and equipment	(389,667)	(17,911)	-	(407,578)
Motor vehicles	(34,340)	-	-	(34,340)
Total accumulated depreciation	(424,007)	(17,911)	-	(441,918)
Total capital assets being depreciated, net	134,718	(11,545)	-	123,173
Total capital assets, net	\$ 134,718	\$ (11,545)	\$ -	\$ 123,173

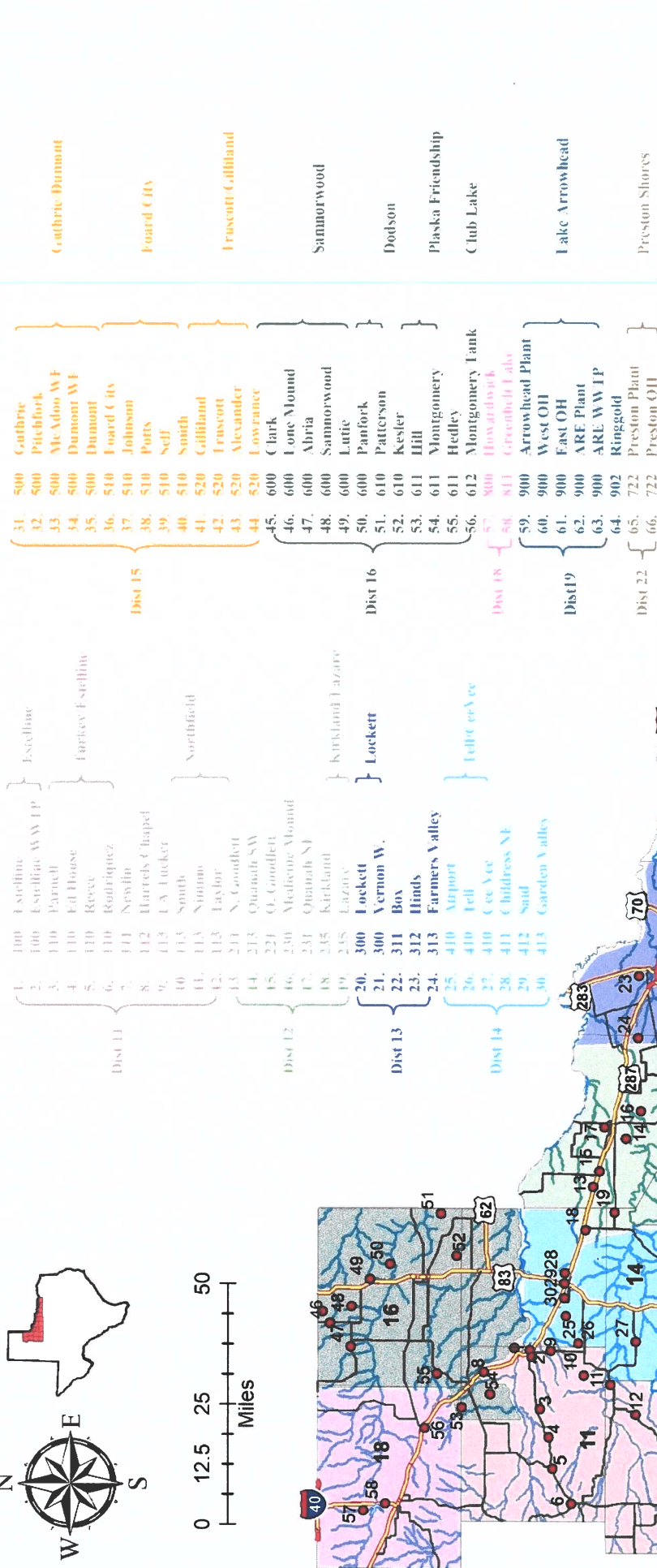
RED RIVER AUTHORITY OF TEXAS
INTERNAL SERVICE FUNDS
CAPITAL ASSETS
for the year ended September 30, 2024

Exhibit C-17

	Balance October 1, 2023	Additions / Completions	Deletions / Adjustments	Balance September 30, 2024
GENERAL DIVISION FUND				
Capital assets not being depreciated:				
Land and easements	\$ 183,332	\$ -	\$ -	\$ 183,332
Total capital assets not being depreciated	183,332	-	-	183,332
Capital assets, being depreciated:				
Furniture and fixtures	112,423	-	-	112,423
Building	1,028,257	-	-	1,028,257
Motor vehicles	58,930	-	-	58,930
Total capital assets being depreciated	1,199,610	-	-	1,199,610
Less accumulated depreciation for:				
Furniture and fixtures	(105,791)	(3,592)	-	(109,383)
Building	(568,746)	(36,462)	-	(605,208)
Motor vehicles	(58,930)	-	-	(58,930)
Total accumulated depreciation	(733,467)	(40,054)	-	(773,521)
Total capital assets being depreciated, net	466,143	(40,054)	-	426,089
Total capital assets, net	\$ 649,475	\$ (40,054)	\$ -	\$ 609,421
COMMUNICATIONS DIVISION FUND				
Capital assets, being depreciated:				
Machinery and equipment	\$ 248,382	\$ -	\$ -	\$ 248,382
Total capital assets, being depreciated	248,382	-	-	248,382
Less accumulated depreciation for:				
Machinery and equipment	(237,496)	(1,846)	-	(239,342)
Total accumulated depreciation	(237,496)	(1,846)	-	(239,342)
Total capital assets being depreciated, net	10,886	(1,846)	-	9,040
Total capital assets, net	\$ 10,886	\$ (1,846)	\$ -	\$ 9,040



Red River Authority of Texas Regional Water Supply Facilities



RED RIVER AUTHORITY OF TEXAS

SCHEDULE OF CLEAN RIVERS PROGRAM EXPENSES for the year ended September 30, 2024

State Agency
Texas Commission on Environmental Quality

Contract Number	582-24-50123		Total
	Year 1	Year 2	
Contract Amount			\$ 740,896
Total Receipts and Billings	\$ 435,655	\$ -	\$ 435,655
Disbursements/Expenditures			
Personnel/Salaries	79,411	5,258	84,669
Fringe Benefits	21,488	1,854	23,342
Travel	20,878	1,677	22,555
Supplies	3,162	188	3,350
Equipment	-	-	-
Contractual	43,000	8,750	51,750
Other	256,215	28,108	284,323
Indirect Costs	11,501	584	12,085
	<u>\$ 435,655</u>	<u>\$ 46,419</u>	<u>\$ 482,074</u>
Accrued Revenue at 09-30	<u>\$ 40,360</u>	<u>\$ 46,419</u>	

RED RIVER AUTHORITY OF TEXAS
INDIRECT RATE FACTOR
for the years ended September 30, 2024 and 2023

Exhibit C-20

Direct Salary Cost	FY 2024	FY 2023
Regular Salaries	\$ 1,815,855	\$ 1,671,130
Overtime Salaries	237,905	245,612
Total Salaries	2,053,760	1,916,742
Fringe Benefit Pool		
FICA / Medicare	165,744	152,896
Retirement System Contribution	(556,166)	(110,690)
Health / Life Insurance Plan	491,437	440,054
Workers Compensation Insurance	32,915	28,881
Vacation / Holiday Leave	191,642	164,283
Unemployment Insurance	5,497	434
Total Fringe Benefits	331,069	675,858
Total Personnel Cost	\$ 2,384,829	\$ 2,592,600
Reconciliation of Total Personnel Cost		
Total Personnel Cost per Exhibit A-2	\$ 2,351,914	\$ 2,563,719
Add: Workers Compensation Paid	32,915	28,881
Total Reconciled Personnel Cost	\$ 2,384,829	\$ 2,592,600
Fringe Benefit Rate	16.12%	35.26%
General Overhead		
General Division Operating Expense	\$ 219,607	\$ 203,202
General Insurance	15,164	9,811
Total General Overhead	\$ 234,771	\$ 213,013
General Overhead Rate	11.43%	11.11%

STATISTICAL SECTION

STATISTICAL DISCUSSION

This part of the Red River Authority of Texas' (Authority) annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

Contents	Page
Financial Trends	84-85
<i>These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.</i>	
Revenue Capacity	86
<i>This schedule contains information to help the reader assess the Authority's most significant local revenue source, water sales.</i>	
Debt Capacity	91
<i>This schedule presents information intended to help the reader understand the Authority's current levels of outstanding debt.</i>	
Operating Information	92
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.</i>	
Demographic and Economic Information	94-95
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.</i>	

RED RIVER AUTHORITY OF TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)

	Fiscal Year			
	2014-15	2015-16	2016-17	2017-18
Net investment in capital assets	\$ 7,323,054	\$ 7,453,330	\$ 6,572,305	\$ 7,314,700
Restricted	88,380	88,380	274,937	159,829
Unrestricted	8,247,298	8,473,689	10,019,706	10,296,219
Total net position	<u>\$ 15,658,732</u>	<u>\$ 16,015,399</u>	<u>\$ 16,866,948</u>	<u>\$ 17,770,748</u>

Note: OPEB obligations are not reflected in this exhibit for years 2014-15 through 2016-17.

Exhibit D-1

Fiscal Year					
2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
\$ 7,368,622	\$ 7,789,703	\$ 7,551,392	\$ 7,652,261	\$ 7,545,644	\$ 8,722,330
169,276	177,834	182,912	1,741,344	1,748,604	3,574,011
10,929,640	11,292,872	12,177,278	10,699,099	11,982,037	11,807,870
<u>\$ 18,467,538</u>	<u>\$ 19,260,409</u>	<u>\$ 19,911,582</u>	<u>\$ 20,092,704</u>	<u>\$ 21,276,285</u>	<u>\$ 24,104,211</u>

RED RIVER AUTHORITY OF TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)

	Fiscal Year			
	2014-2015	2015-2016	2016-2017	2017-2018
Operating revenues:				
Water and sewer sales	\$ 4,066,063	\$ 4,104,905	\$ 5,188,070	\$ 5,426,272
Charges for materials and services	896,461	597,030	634,741	589,486
Other	325,801	379,887	351,803	413,221
Total operating revenues	<u>5,288,325</u>	<u>5,081,822</u>	<u>6,174,614</u>	<u>6,428,979</u>
Operating expenses:				
Water purchases	628,527	661,675	714,756	807,778
Personnel services	1,797,435	1,960,880	2,051,454	2,119,759
Administrative costs	163,638	155,203	157,838	160,376
Utilities, supplies and maintenance	734,127	933,240	957,427	1,027,401
Insurance	50,822	53,398	61,470	61,172
Automobile and travel	189,622	178,101	170,987	219,284
Professional and directors fees	321,222	84,145	376,864	155,743
Research expense	-	23,710	78,710	27,810
Depreciation and amortization	708,830	693,032	699,233	705,274
Total operating expenses	<u>4,594,223</u>	<u>4,743,384</u>	<u>5,268,739</u>	<u>5,284,597</u>
Operating income	<u>694,102</u>	<u>338,438</u>	<u>905,875</u>	<u>1,144,382</u>
Nonoperating revenues (expenses)				
Interest income	5,712	25,385	97,697	316,142
Gain (loss) on disposal of assets	225,268	5,217	100	35,007
Donation of capital assets	-	-	-	-
Interest expense	(12,426)	(12,373)	(152,123)	(539,686)
Total nonoperating revenues (expenses)	<u>218,554</u>	<u>18,229</u>	<u>(54,326)</u>	<u>(188,537)</u>
Change in net position	<u>\$ 912,656</u>	<u>\$ 356,667</u>	<u>\$ 851,549</u>	<u>\$ 955,845</u>

Exhibit D-2

Fiscal Year					
2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
\$ 5,227,066	\$ 5,414,765	\$ 5,503,646	\$ 5,742,657	\$ 7,011,224	\$ 7,728,389
724,521	974,705	564,656	595,397	728,552	729,886
457,340	485,041	1,008,969	641,868	708,772	1,302,608
6,408,927	6,874,511	7,077,271	6,979,922	8,448,548	9,760,883
859,289	928,966	1,168,773	1,312,922	1,290,029	1,355,804
2,419,517	2,344,243	2,188,250	2,091,898	2,563,719	2,351,914
179,918	176,001	192,793	223,338	274,332	293,671
922,859	1,034,624	1,093,587	1,388,362	1,414,005	1,822,759
76,115	76,717	81,310	116,556	119,972	144,011
240,714	191,407	222,147	375,679	441,986	448,184
169,575	319,136	78,227	77,857	68,154	75,331
41,500	(75)	225,696	10,890	91,528	49,325
746,350	746,499	785,201	870,245	996,106	1,041,201
5,655,837	5,817,518	6,035,984	6,467,747	7,259,831	7,582,200
753,090	1,056,993	1,041,287	512,175	1,188,717	2,178,683
471,208	235,912	99,834	167,451	586,737	694,733
5,000	41,735	-	4,800	(99,110)	(65,914)
-	-	-	-	-	498,027
(532,508)	(541,769)	(489,948)	(503,304)	(492,763)	(477,603)
(56,300)	(264,122)	(390,114)	(331,053)	(5,136)	649,243
\$ 696,790	\$ 792,871	\$ 651,173	\$ 181,122	\$ 1,183,581	\$ 2,827,926

RED RIVER AUTHORITY OF TEXAS
SCHEDULE OF REVENUES
LAST TEN FISCAL YEARS
(Unaudited)

Exhibit D-3

<u>Fiscal Year</u>	<u>Water and Sewer Systems</u>	<u>Environmental Services</u>	<u>Administrative and Mgmt Fees</u>	<u>Interest Income</u>	<u>Other</u>	<u>Total</u>
2014-15	\$ 4,303,566	\$ 733,559	\$ 817,907	\$ 5,712	\$ 476,465	\$6,337,209
2015-16	4,215,926	841,070	943,745	25,835	591,725	6,618,301
2016-17	5,259,835	858,442	1,047,268	97,697	595,617	7,858,859
2017-18	5,546,076	827,827	1,155,951	426,396	693,583	8,649,833
2018-19	5,310,228	1,043,056	1,190,673	561,942	791,529	8,897,428
2019-20	5,618,277	907,065	1,191,603	235,912	974,483	8,927,340
2020-21	5,959,622	921,952	1,196,452	99,834	317,310	8,495,170
2021-22	6,079,065	850,298	1,339,216	167,451	122,632	8,558,662
2022-23	7,375,061	1,063,337	-	586,737	195,918	9,221,053
2023-24	8,587,516	1,115,097	-	694,733	262,967	10,660,313

RED RIVER AUTHORITY OF TEXAS
UTILITY DIVISION WATER SALES
LAST TEN FISCAL YEARS
(Unaudited)

Exhibit D-4

<u>Fiscal Year</u>	<u>Metered Connections</u>	<u>Water Sales</u>	<u>Average Monthly Bill</u>	<u>Type of Service</u>		
				<u>Domestic</u>	<u>Commercial</u>	<u>Wholesale</u>
2014-15	3,921	\$ 3,849,876	\$ 81.82	89.17%	6.67%	4.09%
2015-16	3,923	3,945,951	83.82	91.96%	7.17%	3.30%
2016-17	3,863	5,050,499	108.95	91.37%	5.06%	3.57%
2017-18	3,873	5,251,916	113.00	91.30%	4.88%	3.82%
2018-19	3,944	5,079,033	107.32	92.55%	4.48%	2.97%
2019-20	3,990	5,283,710	110.35	81.13%	5.21%	13.66%
2020-21	4,051	5,371,032	110.49	83.85%	5.11%	11.04%
2021-22	4,113	5,612,486	113.71	91.58%	5.17%	3.25%
2022-23	4,099	6,865,622	139.58	80.14%	5.56%	14.30%
2023-24	4,084	7,590,279	154.88	91.93%	4.85%	3.22%

RED RIVER AUTHORITY OF TEXAS
UTILITY DIVISION WATER SALES CHARACTERISTICS
LAST TEN FISCAL YEARS
(Unaudited)

Exhibit D-5

Fiscal Year	Treated Water in Million Gallons					Peak Month	Monthly Average	Daily Average
	Domestic	Commercial	Treated Wholesale	Raw Wholesale	Total			
2014-15	202.96	21.70	57.06	4.37	286.09	34.70	23.84	0.78
2015-16	209.90	19.04	56.46	0.01	285.41	33.57	23.78	0.78
2016-17	210.38	20.04	56.30	17.90	304.62	36.01	25.38	0.83
2017-18	235.63	20.07	65.98	35.38	357.06	50.44	29.76	0.99
2018-19	215.73	21.70	52.92	22.36	312.71	44.77	26.06	0.86
2019-20	242.03	19.21	53.89	41.62	356.75	72.88	29.73	0.99
2020-21	256.40	19.02	39.38	56.79	371.59	66.17	30.97	1.03
2021-22	290.90	21.57	39.87	3.85	356.19	44.86	29.68	0.96
2022-23	267.65	18.56	44.31	3.43	333.95	45.89	27.83	0.91
2023-24	275.53	18.23	32.34	7.52	333.62	43.39	27.80	0.91

RED RIVER AUTHORITY OF TEXAS
DISTRICTS WITHIN THE UTILITY DIVISION
(Unaudited)

Exhibit D-6

<u>Utility District</u>	<u>Square Miles</u>	<u>Service Area Counties</u>	<u>Number of Meters</u>	<u>Total Water Use - MG</u>	<u>Population Served</u>	<u>Water Source</u>
D-11	1,285	Hall / Childress / Motley	272	32.37	680	G/S
D-12	1,160	Hardeman / Childress / Foard	412	31.39	1,030	S
D-13	947	Wilbarger	450	37.06	1,125	G/S
D-14	802	Childress / Cottle	411	38.99	1,028	S
D-15	2,111	King / Knox / Foard	339	32.20	848	G/S
D-16	1,405	Collingsworth / Hall / Childress	252	28.79	630	G/S
D-18	929	Donley	395	19.67	988	G/S
D-19	2,013	Clay / Montague	801	37.78	2,003	G/S
D-22	934	Grayson	752	70.10	1,880	S

RED RIVER AUTHORITY OF TEXAS
TOP TEN UTILITY CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO
SEPTEMBER 30, 2023
(Unaudited)

Exhibit D-7

Taxpayer	Location	2023-24			2014-15		
		Rank	Average Bill	Average Use (gals)	Rank	Average Bill	Average Use (gals)
Southwest Water Company	Grayson	1	\$ 14,539	186,120	1	\$ 6,783	189,247
City of Chillicothe	Hardeman	2	3,845	74,664	2	3,667	125,235
Cornerstone Marine Group LP	Grayson	3	2,909	16,472	4	1,132	20,179
Vest Ranch	Collingsworth	4	2,444	15,250	-	-	-
Vest Ranch	Collingsworth	5	2,063	14,521	7		200,223
J & J Bolton Land and Cattle	Wilbarger	6	1,795	12,755	-	-	-
Texas Dept. of Transportation	Haredeman	7	2,041	12,383	9	1,099	10,762
Burnett Ranches, LLC	King	8	1,500	11,641	-	-	-
Vest Ranch	Hall	9	1,450	10,749	5	1,160	17,262
Bradley 3 Ranches, Ltd	Hall	10	1,449	10,392	-	-	191,643
Tanglewood Operators, Inc	Grayson	-	-	-	3	475	24,016
Guthrie School	King	-	-	-	6	936	11,123
Texas Dept. of Transportation	Donley	-	-	-	7	1,084	11,060
Texas Dept. of Transportation	Donley	-	-	-	8	959	10,802
Texas Dept. of Transportation	Haredeman	-	-	-	10	814	9,276

RED RIVER AUTHORITY OF TEXAS
SCHEDULE OF WATER REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS
(Unaudited)

Exhibit D-8

<u>Fiscal Year</u>	<u>Bonded Debt *</u> <u>Outstanding</u>	<u>Net Income</u> <u>Available for</u> <u>Debt Service</u>	<u>Average Annual</u> <u>Principal and</u> <u>Interest</u>	<u>Average</u> <u>Annual Times</u> <u>Covered</u>	<u>Maximum</u> <u>Principal and</u> <u>Interest</u>	<u>Maximum</u> <u>Times</u> <u>Covered</u>
2014-15	\$ 673,667	\$ 1,261,991	\$ 53,160	23.74	\$ 54,930	22.97
2015-16	635,533	660,741	53,337	12.39	54,930	12.03
2016-17	15,726,567	1,297,006	851,139	1.52	883,698	1.47
2017-18	15,266,601	1,723,329	850,144	2.03	884,211	1.95
2018-19	14,925,634	1,665,530	849,070	1.96	884,211	1.88
2019-20	14,578,634	1,882,609	847,932	2.22	884,211	2.13
2020-21	14,220,501	1,768,288	846,654	2.09	884,211	2.00
2021-22	13,851,334	744,163	845,239	0.88	884,211	0.84
2022-23	13,471,134	2,977,344	843,686	3.53	884,211	3.37
2023-24	13,074,934	4,158,724	841,924	4.94	883,697	4.71

* Does not include bond premiums

RED RIVER AUTHORITY OF TEXAS
SCHEDULE OF EXPENSES
LAST TEN FISCAL YEARS
(Unaudited)

Exhibit D-9

<u>Fiscal Year</u>	<u>Water and Sewer Systems</u>	<u>Environmental Services</u>	<u>General</u>	<u>Maintenance</u>	<u>Other</u>	<u>Total</u>
2014-15	\$ 3,764,592	\$ 794,496	\$ 1,052,077	\$ 202,913	\$ 241,780	\$6,055,858
2015-16	4,073,720	864,504	978,821	211,998	226,450	6,355,493
2016-17	4,675,606	823,122	1,103,731	275,104	229,653	7,107,216
2017-18	5,099,767	919,296	1,057,107	382,850	269,975	7,728,995
2018-19	5,124,908	1,026,849	1,300,404	490,925	262,552	8,205,638
2019-20	5,370,429	903,651	1,335,856	547,041	19,227	8,176,204
2020-21	5,846,500	876,469	1,091,172	-	29,856	7,843,997
2021-22	6,715,457	949,832	700,205	-	16,846	8,382,340
2022-23	5,999,895	932,679	994,468	-	11,320	7,938,362
2023-24	6,630,493	1,030,222	580,621	-	23,164	8,264,500

Note: OPEB obligations are not reflected in this exhibit for years 2014-15 through 2016-17.

RED RIVER AUTHORITY OF TEXAS

Exhibit D-10

Red River Basin General Information

September 30, 2024

(unaudited)

Counties: Archer, Armstrong, Baylor, Bowie, Briscoe, Carson, Castro, Childress, Clay, Collingsworth, Cooke, Cottle, Crosby, Deaf Smith, Dickens, Donley, Fannin, Floyd, Foard, Gray, Grayson, Hale, Hall, Hardeman, Hartley, Hemphill, Hutchinson, King, Knox, Lamar, Lipscomb, Montague, Motley, Oldham, Parmer, Potter, Randall, Red River, Roberts, Swisher, Wheeler, Wichita, and Wilbarger

Region: The Red River flows from eastern New Mexico across the Texas Panhandle and becomes the Texas-Oklahoma boundary, then flows into southwest Arkansas, to Louisiana and the Mississippi River. Average annual flow of the river near the Texas-Arkansas state line is 11,490 cubic feet per second (CFS) or 8.3 million acre-feet per year.

Drainage Area: Approximately 94,450 square miles, 24,463 square miles in Texas

Principal Cities (including 2020 population ranges):

100,000 — 500,000 Amarillo, Wichita Falls

10,000 — 50,000 Burkburnett, Canyon, Denison, Gainesville, Hereford, Pampa, Paris, Plainview, Sherman, Texarkana, Vernon

Principal Tributaries: North Fork, Salt Fork, and Prairie Dog Town Fork of the Red River, Pease River, and Wichita River

Principal Aquifers: Ogallala, Seymour, Trinity, Carrizo-Wilcox, Blaine-Gypsum, Woodbine, Blossom Sand, Nacatoch Sand

Regional Economies: Oil and gas production, agriculture, ranching, manufacturing, and tourism

Major Lakes and Reservoirs: There are 32 significant reservoirs which occupy 138,144 surface acres and contain 3,543,863 acre-feet. Refer to **Exhibit D-12**.

Major Eco-Regions: High Plains, North-Central Plains, Coastal Plains

General Topography: Nearly level tablelands in west through rugged canyons and ridges to rolling plain, prairie, and woods in the east

Average Annual Rainfall: 15 inches near the Texas-New Mexico border to 55 inches near the Texas-Arkansas border.

Sources of Information: United States Geological Survey, United States Census Bureau, Texas Water Development Board, Texas Natural Resource Information System, Texas Commission on Environmental Quality, National Weather Service

RED RIVER AUTHORITY OF TEXAS

POPULATION DATA (Unaudited)

County Name	Region	ID	Square Miles	Population				
				1980	1990	2000	2010	2020
Archer	3	5	903	7,266	7,973	8,854	9,054	8,560
Armstrong	1	6	909	1,994	2,021	2,148	1,901	1,848
Baylor	3	12	868	4,919	4,385	4,093	3,726	3,465
Bowie	5	19	885	75,301	81,665	89,306	92,565	92,893
Briscoe	1	23	900	2,579	1,971	1,790	1,637	1,435
Carson	1	33	920	6,672	6,576	6,516	6,182	5,807
Castro	1	35	894	10,556	9,070	8,285	8,062	7,371
* Childress	1	38	696	6,950	5,953	7,688	7,041	6,664
* Clay	3	39	1,089	9,582	10,024	11,006	10,752	10,218
* Collingsworth	1	44	918	4,648	3,573	3,206	3,057	2,652
Cooke	4	49	875	27,656	30,777	36,363	38,437	41,668
* Cottle	3	51	901	2,947	2,247	1,904	1,505	1,380
Crosby	2	54	900	8,859	7,304	7,072	6,059	5,133
Deaf Smith	1	59	1,497	21,165	19,153	18,561	19,372	18,583
* Dickens	2	63	902	3,539	2,571	2,762	2,444	1,770
* Donley	1	65	927	4,075	3,696	3,828	3,677	3,258
Fannin	4	74	891	24,285	24,804	31,242	33,915	35,662
Floyd	2	77	992	9,834	8,497	7,771	6,446	5,402
* Foard	3	78	704	2,158	1,794	1,622	1,336	1,095
Gray	1	90	926	26,386	23,967	22,744	22,535	21,227
* Grayson	4	91	933	89,796	95,021	110,595	120,877	135,543
Hale	2	95	1,005	37,592	34,671	36,602	36,273	32,522
* Hall	1	96	883	5,594	3,905	3,782	3,353	2,825
* Hardeman	3	99	695	6,368	5,283	4,724	4,139	3,549
Hartley	1	103	1,462	3,987	3,634	5,537	6,062	5,382
Hemphill	1	106	906	5,304	3,720	3,351	3,807	3,382
Hutchinson	1	117	887	26,304	25,689	23,857	22,150	20,617
* King	2	135	911	425	354	356	286	265
* Knox	3	138	851	5,329	4,837	4,253	3,719	3,353
Lamar	5	139	907	42,156	43,949	48,499	49,793	50,088
Lipscomb	1	148	932	3,766	3,143	3,057	3,302	3,059
* Montague	3	169	931	17,410	17,274	19,117	19,719	19,965
Motley	2	173	990	1,950	1,532	1,426	1,210	1,063
Oldham	1	180	1,501	2,283	2,278	2,185	2,052	1,758
Parmer	1	185	881	11,038	9,863	10,016	10,269	9,869
Potter	1	188	908	98,637	97,874	113,546	121,073	118,525
Randall	1	191	912	75,062	89,673	104,312	120,725	140,753
Red River	5	194	1,037	16,101	14,317	14,314	12,860	11,587
Roberts	1	197	927	1,187	1,025	887	929	827
Swisher	1	219	890	9,723	8,133	8,378	7,854	6,971
Wheeler	1	242	915	7,137	5,879	5,284	5,410	4,990
Wichita	3	243	628	121,082	122,378	131,664	131,500	129,350
* Wilbarger	3	244	971	15,931	15,121	14,676	13,535	12,887
Totals for Counties in Basin			40,360	865,533	867,574	947,179	980,600	995,221
* Utility Division Service Area			12,312	174,752	171,653	189,519	195,440	205,424

Source of Information: United States Census Bureau

RED RIVER AUTHORITY OF TEXAS

Demographic and Economic Information (Unaudited)

County Name	Total Personal Income 2023	Median Household Income 2022	Per Capita Personal Income 2023	Unemployment Rate at 9/30/2024	Median Age 2023 est.	Government Employees 2023
Archer	\$ 610,121	\$ 72,062	\$ 67,573	3.70%	42.3	2,405
Armstrong	130,726	67,548	71,357	2.90%	44.4	133
Baylor	218,044	49,059	62,964	2.50%	42.5	258
Bowie	4,688,158	52,460	51,132	4.30%	38.4	9,222
Briscoe	90,901	53,208	62,907	3.30%	45.2	133
Carson	362,054	71,902	61,595	2.90%	41.6	422
Castro	783,981	59,958	108,479	3.10%	34.4	650
* Childress	300,607	49,200	44,285	2.80%	34.6	1,005
* Clay	613,083	66,085	57,095	3.50%	46.1	594
* Collingsworth	150,556	52,093	58,742	3.80%	39.6	216
Cooke	2,719,986	66,466	62,126	3.50%	40.3	2,951
* Cottle	138,309	45,351	106,885	2.20%	47.1	120
Crosby	270,855	46,457	55,085	4.10%	38.5	410
Deaf Smith	1,386,093	55,565	75,549	3.10%	31.3	1,278
* Dickens	96,331	47,074	56,301	6.30%	49.2	11
* Donley	170,036	44,866	52,905	4.30%	43.7	406
Fannin	1,855,254	60,595	49,380	3.10%	40.7	2,633
Floyd	263,812	45,784	51,829	4.20%	38.7	506
* Foard	70,551	47,657	65,386	3.50%	47.2	114
Gray	1,119,163	50,648	53,508	4.60%	37.7	1,445
* Grayson	8,218,836	66,141	55,946	3.70%	39.1	7,856
Hale	1,432,521	49,571	45,103	4.80%	34.6	2,393
* Hall	140,377	40,677	49,814	5.40%	44.1	273
* Hardeman	210,769	49,539	60,392	3.80%	42.6	457
Hartley	550,583	84,165	107,013	2.20%	39.4	440
Hemphill	289,318	73,212	90,724	4.10%	39.2	481
Hutchinson	1,053,663	65,019	52,596	4.70%	39.2	1,514
* King	30,342	87,856	139,825	1.10%	46.5	3
* Knox	174,340	47,207	52,798	3.70%	39.8	488
Lamar	2,655,332	62,620	51,936	3.90%	37.1	2,925
Lipscomb	411,814	70,236	141,712	3.30%	40.8	364
* Montague	1,085,325	57,076	50,251	3.90%	42.7	1,265
Motley	56,289	46,320	55,185	3.60%	49.1	106
Oldham	159,165	66,411	89,268	3.10%	42.1	317
Parmer	740,570	57,786	77,006	2.60%	35.5	802
Potter	6,756,493	51,028	58,933	3.10%	35.1	14,120
Randall	8,984,899	77,066	60,604	2.90%	37.0	5,319
Red River	646,996	47,081	55,403	4.60%	46.3	729
Roberts	54,400	70,814	64,762	4.30%	41.8	107
Swisher	591,432	52,148	85,037	4.00%	36.4	795
Wheeler	359,740	55,713	55,278	4.10%	40.7	553
Wichita	7,196,055	56,634	67,115	3.90%	35.2	10,724
* Wilbarger	840,409	52,983	35,832	4.70%	40.2	2,486
Average for Counties in Basin	\$ 1,364,611	\$ 57,938	\$ 66,921	3.66%	40.7	1,847
* Utility Division Service Area	\$ 874,277	\$ 53,843	\$ 63,318	3.76%	43.0	1,092

Source of Information: fred.stlouisfed.org

Source of Information: txcip.org

Source of Information: United States Bureau of Economic Analysis

Source of Information: United States Bureau of Labor Statistics

RED RIVER AUTHORITY OF TEXAS
SIGNIFICANT RESERVOIRS IN THE RED RIVER BASIN
SEPTEMBER 30, 2023
(Unaudited)

Exhibit D-12

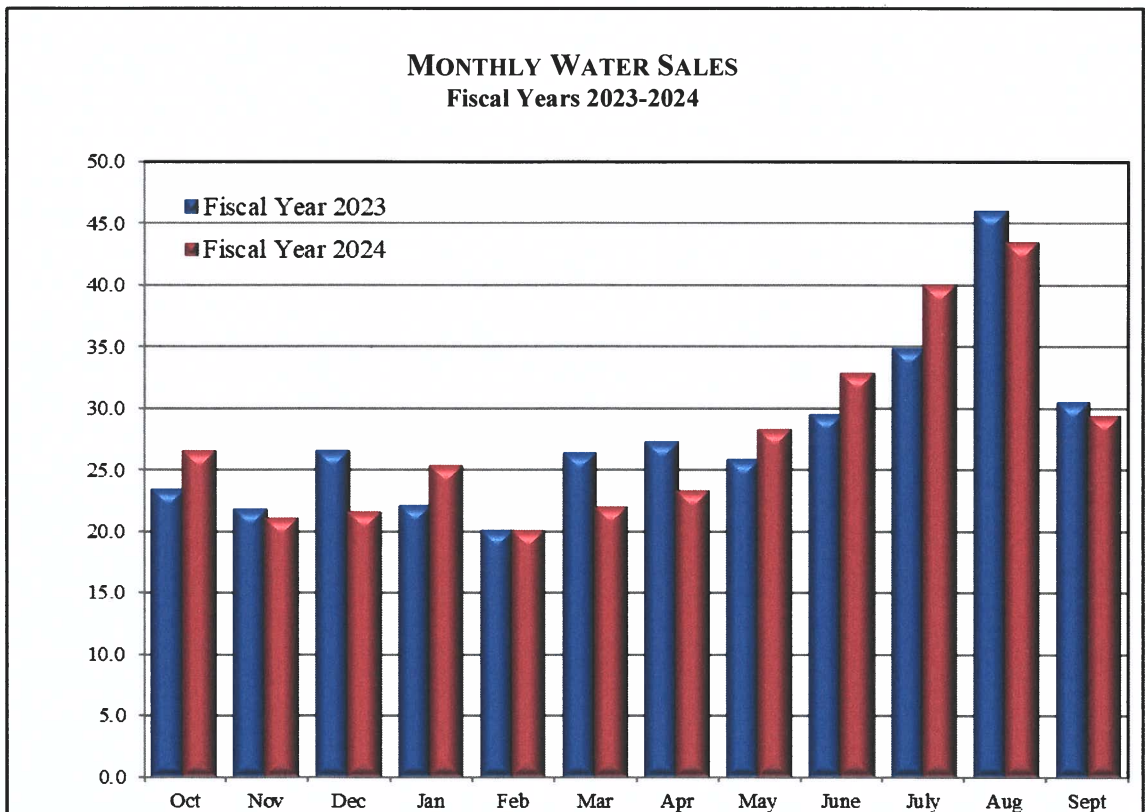
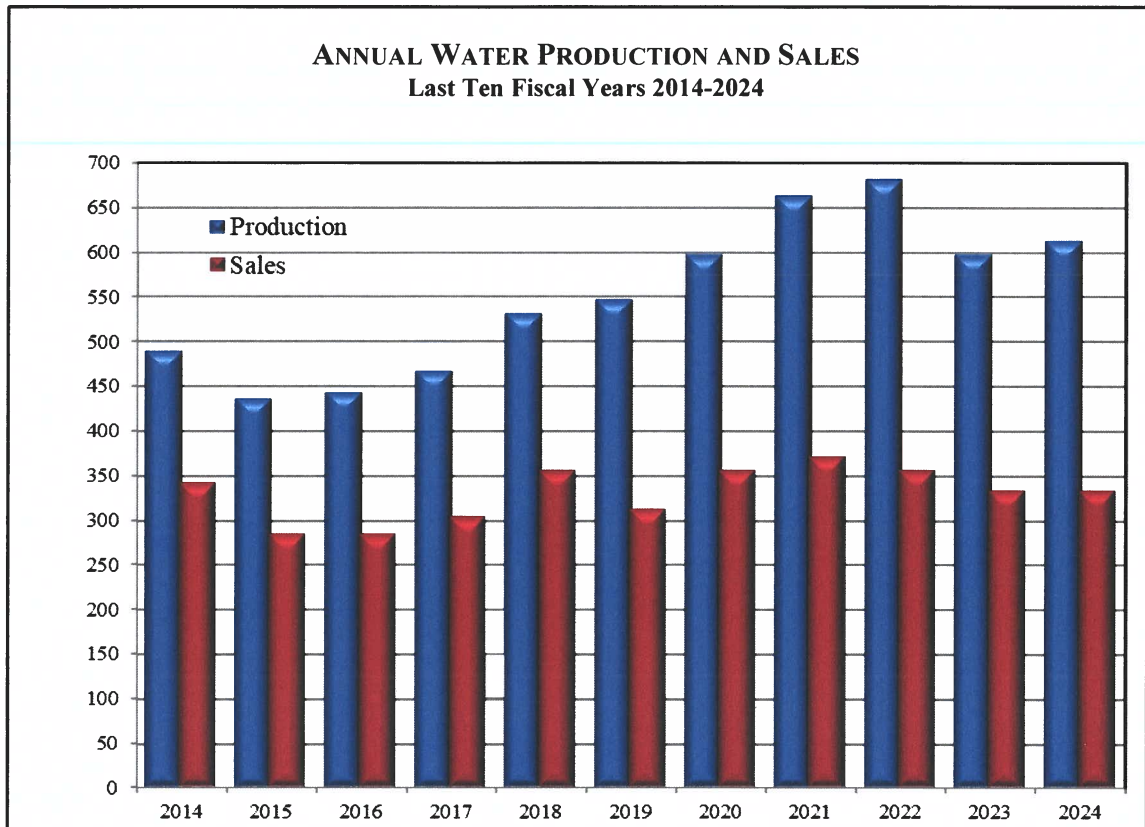
Reservoir Name	County	Elevation Ft AMSL	Surface Acres	Capacity Acre-Feet	Diversion ACF/YR	Type Uses
Archer City Lake	Archer	1,023	90	396	2,500	M/R
Lake Kickapoo	Archer	1,045	5,864	86,345	40,000	M
Scotland Lake	Archer	934	70	364	-	R
Lake Cooper	Archer	1,155	432	4,546	810	M/R
Lake Diversion	Archer/Baylor	1,052	3,397	35,324	-	M/I/F/R/Ir/Mi
Lake Kemp	Baylor	1,144	15,357	245,434	-	M/Ir/F
Mackenzie Reservoir	Briscoe/Swisher	3,100	910	47,151	5,200	M/I
Baylor Lake	Childress	1,820	610	9,220	-	M/R
Lake Arrowhead	Clay/Archer	926	14,506	230,359	45,000	M/R
Hubert H. Moss Lake	Cooke	715	1,140	24,155	7,000	M/I
Greenbelt Reservoir	Donley	2,664	1,990	59,800	-	M/I/Mi
Lake Bonham	Fannin	565	1,012	11,038	5,340	M/R
Coffee Mill Lake	Fannin	496	650	8,000	-	R
Lake Crocket	Fannin	502	375	3,900	-	R
Valley Lake	Fannin/Grayson	611	1,080	16,400	-	P
Lake McClellan	Grayson	2,291	550	5,000	-	R
Randell Lake	Grayson	622	311	5,900	-	M
Lake Texoma	Grayson/Cooke	640	74,686	2,516,232	-	P/F/M/R
Lake Pauline	Hardeman	1,486	640	5,000	275	P
Lake Crook	Lamar	476	1,060	9,210	12,000	M
Pat Mayse Reservoir	Lamar	451	5,638	117,844	61,610	M/F/I/R
Lake Nocona	Montague	828	1,362	21,749	1,080	M/I/Mi
Bivins Lake	Randall	3,635	379	5,120	-	M
Buffalo Lake	Randall	3,643	1,900	18,150	-	R
Palo Duro Club Lake	Randall	3,450	60	460	460	R
Lake Tanglewood	Randall	3,388	191	4,897	4,897	R
North Fork Buffalo Creek	Wichita	1,048	1,500	15,400	-	M/R
Lake Iowa Park	Wichita	1,036	355	2,565	500	M
Lake Wichita	Wichita/Archer	981	2,200	14,000	-	Ir/F
Santa Rosa Lake	Wilbarger	1,167	1,500	11,570	-	Ir
Lake Electra	Wilbarger	1,111	660	8,730	600	M/F
Total Reservoirs: 31			140,475	3,544,259	187,272	

M = Municipal I = Industrial Ir = Irrigation R = Recreation P = Power F = Flood Control Mi = Mining

Source of Information: Texas Water Development Board

Red River Authority of Texas
Water Sales Trend Analysis
(Unaudited)

Exhibit D-13



RED RIVER AUTHORITY OF TEXAS
Environmental Services Division
Red River Chloride Control Project Area VIII
(unaudited)

Exhibit D-14

Project Description: Brine is collected at the low flow collection dam on the South Fork Wichita River and pumped via a pipeline to a brine storage and evaporation reservoir near Truscott, Texas. The project was completed and placed into service on May 16, 1987.

The Truscott Brine Reservoir, when active, receives brine for disposal that is diverted from the Bateman Pump Station (Area VIII) located on the South Fork of the Wichita River in King County. The Alexander Pump Station (Area X), located on the Middle Fork of the Wichita River in Cottle County, is physically complete but was not in service.

Authority: Flood Control Acts of 1966 and 1970 and the Water Resources Development Act of 1976. Construction of Area VIII authorized by Water Resources Development Act of 1974.

Cost: \$69,430,000, as stated in the *2021 Region B Regional Water Plan*

Current Status: On February 1, 2022, Congressman Ronny Jackson's Office sent out a press release stating that the Red River Chloride Control Project (RRCCP) had received \$1,600,000 in funding to resume the project. Shortly after the reinstatement of funding, the United States Army Corps of Engineers (USACE) suspended the RRCCP Disposition Study. The RRCCP project resumed full operation in August 1, 2022. The 2023 President's Budget included \$1.4 Million in operations and maintenance funding. The 2024 President's Budget again included \$1.4 Million in O&M funding.

TECHNICAL DESCRIPTION

Truscott Brine Reservoir

Location:	2 miles northwest of Truscott in Knox County, TX on Bluff Creek
Dam Length:	14,800 feet
Dam Height:	100 feet above stream bed
Surface Area:	Brine storage pool = 2,980 acres Flood control pool = 3,090 acres
Total Capacity:	116,200 acre-feet

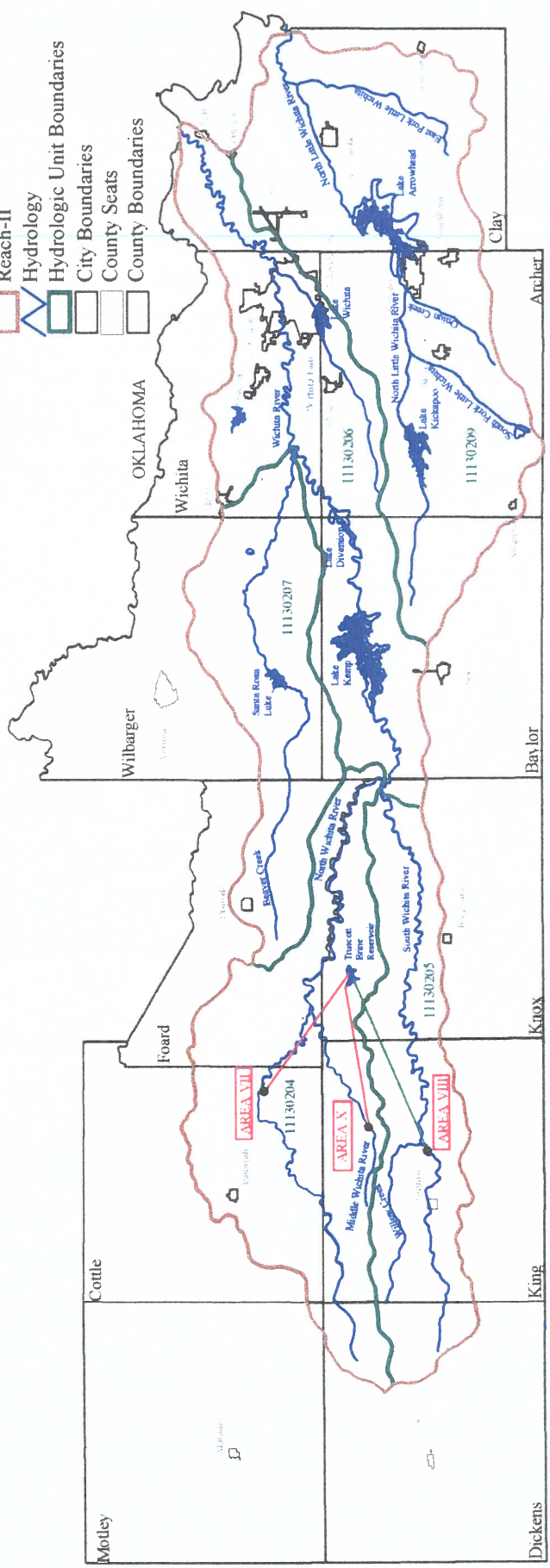
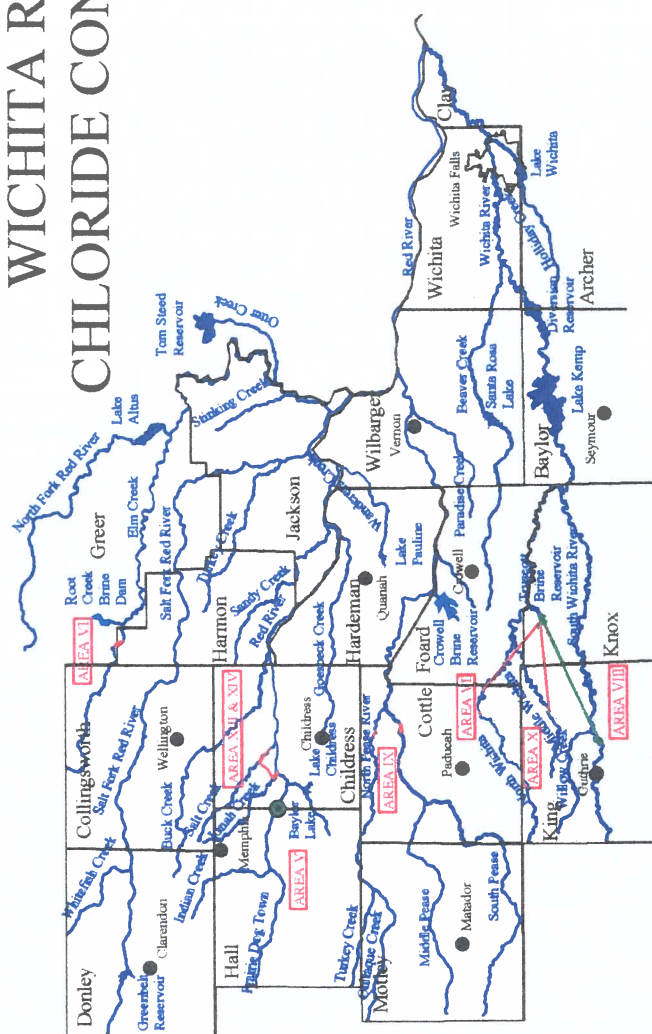
Bateman Pump Station

Location:	River mile 74.9 of the South Fork Wichita River in King County, Texas
Type of Dam:	Pneumatic (Inflatable)
Dam Length:	40 feet
Dam Height:	5 feet
Surface Area:	3 acres with the dam inflated

WICHITA RIVER BASIN CHLORIDE CONTROL PROJECT



- Identified Chloride Sources
- Operational Control Facilities
- Proposed Diversion Facilities
- Lakes
- Reach-II
- Hydrology
- Hydrologic Unit Boundaries
- City Boundaries
- County Seats
- County Boundaries



RED RIVER AUTHORITY OF TEXAS
Insurance Coverage
Texas Municipal League Intergovernmental Risk Pool
September 30, 2024
(unaudited)

Exhibit D-16
Page 1 of 2

Policy:	Workers Compensation
Policy Period:	10-01-23 to 09-30-24
Perils:	Losses under Workers' Compensation Laws
Coverage:	Statutory
Premium:	\$32,915
Policy:	General Liability
Policy Period:	10-01-23 to 09-30-24
Perils:	Bodily injury, property damage, advertising injury, completed operations, and products hazard
Coverage:	\$1,000,000 per occurrence and annual aggregate
Premium:	\$3,436
Policy:	Automobile Liability
Policy Period:	10-01-23 to 09-30-24
Perils:	Liability
Coverage:	\$1,000,000 per occurrence
Premium:	\$6,648
Policy:	Errors and Omissions Liability
Policy Period:	10-01-23 to 09-30-24
Perils:	Liability, errors, and omissions
Coverage:	\$1,000,000 per claim and annual aggregate
Premium:	\$4,773
Policy:	Property Coverage
Policy Period:	10-01-23 to 09-30-24
Perils:	Risk of direct physical loss of or damage to property
Coverage:	Replacement cost Including boiler and machinery
Premium:	\$75,523
Policy:	Automobile Physical Damage Coverage
Policy Period:	10-01-23 to 09-30-24
Perils:	Physical damage
Coverage:	Actual cash value
Premium:	\$8,375

RED RIVER AUTHORITY OF TEXAS
Insurance Coverage
Texas Municipal League Intergovernmental Risk Pool
September 30, 2024
(unaudited)

Exhibit D-16
Page 2 of 2

Policy:	Crime Policy
Policy Period:	10-01-23 to 09-30-24
Perils:	Public employee dishonesty, forgery or alteration, and computer fraud
Coverage:	\$200,000 per employee – Public Employee Dishonesty \$100,000 – Forgery or Alteration \$100,000 – Computer Fraud
Premium:	\$870
Policy:	Mobile Equipment
Policy Period:	10-01-23 to 09-30-24
Perils:	Physical damage
Coverage:	Replacement cost
Premium:	\$1,709
Policy:	Cyber Liability and Data Breach Response Coverage
Policy Period:	10-01-23 to 09-30-24
Perils:	Information security and privacy liability, Website media content liability, Privacy breach response services, Regulatory defense and penalties, Payment card industry fines, expenses and costs, Cyber extortion, First party data protection, First party network business interruption
Coverage:	\$1,000,000
Premium:	\$343

**OVERALL COMPLIANCE
AND
INTERNAL CONTROL SECTION**



EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

1401 HOLLIDAY ST., SUITE 216 ▪ P.O. Box 750
WICHITA FALLS, TEXAS 76307-0750
PH. (940) 766-5550 ▪ FAX (940) 766-5778

MICHAEL D. EDGIN, CPA
DAVID L. PARKMAN, CPA
A. PAUL FLEMING, CPA
JOSHUA R. HARMAN, CPA

Independent Auditor's Report

Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed In Accordance with Government Auditing Standards

To the Board of Directors
Red River Authority of Texas

Members of the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Red River Authority of Texas (Authority) as of and for the year ended September 30, 2024, and the related notes to the financial statements and have issued our report thereon dated January 10, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as Finding 2024-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Authority's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "Edgin, Parkman, Fleming & Fleming, PC". The signature is written in a cursive, flowing style.

Edgin, Parkman, Fleming & Fleming, PC

January 10, 2025

RED RIVER AUTHORITY OF TEXAS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ Yes	___X___ No
Significant deficiencies identified that are not considered to be material weaknesses?	___X___ Yes	_____ None reported
Noncompliance material to the financial statements noted?	_____ Yes	___X___ No

2. Federal and State Awards

A Single Audit was not required for the year ended September 30, 2024.

B. Financial Statement Findings

Finding 2024-001 – Significant Deficiency in Internal Control over Financial Reporting – Bank Reconciliation Discrepancy

Criteria

The Authority's internal control over financial reporting should ensure accurate reporting in the District's financial statements.

Condition

During the audit, the auditor noted the bank reconciliation for the Authority's Operating bank account showed a difference of \$65,015 between the reconciled bank balance and the financial statement balance as of September 30, 2024.

Cause

The Authority failed to correctly record all of the cash transactions to reconcile the Operating bank account to the financial statements without exception.

Effect

The bank reconciliation discrepancy caused the Authority's cash balances to be underreported in the financial statements by \$65,015.

RED RIVER AUTHORITY OF TEXAS

SCHEDULE OF FINDINGS AND RESPONSES (CONT'D) FOR THE YEAR ENDED SEPTEMBER 30, 2024

Recommendation

We recommend that the Authority review the bank activity and identify the unrecorded transactions so that the Operating bank account can be reconciled without exception.

C. Federal and State Award Findings and Questioned Costs

No Single Audit was required for 2023-24.



Red River Authority of Texas

JERRY BOB DANIEL, President, Truscott
CONRAD J. MASTERSON, JR. Vice President, Cee Vee
MARY LOU BRADLEY, Secretary/Treasurer, Memphis
TONYA D. DETTEN, Assistant Secretary, Panhandle
JERRY DAN DAVIS, Wellington
MICHAEL R. SANDEFUR, Texarkana
STEPHEN A. THORNHILL, Denison
JOE L. WARD, Telephone
VACANCY

FABIAN A. HEANEY, General Manager
BRYAN D. SCHAFFNER, Assistant General Manager
LANA R. HEFTON, Controller
CARA A. CLARK, Administration Manager

CORRECTIVE ACTION PLAN YEAR ENDED SEPTEMBER 30, 2024

Finding 2024-001

The Authority will ensure that all bank transactions are correctly recorded and that the bank accounts are reconciled with the financial statement balances with no differences.

The contact person for this corrective action plan is Fabian Heaney, General Manager.

RED RIVER AUTHORITY OF TEXAS

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2024**

There were no findings in the prior year.



**RED RIVER AUTHORITY OF TEXAS
BOARD OF DIRECTORS MEETING
JANUARY 15, 2025**



ITEM 5

Consider Approval of the Investment Activity Report for the Period Ended September 30, 2024 and Resolution #2025-001, Adopting the Authority's, Investment Policy, Investment Strategy, and the Investment Officers for Calendar Year 2025, as Recommended by the Executive and Investment Committees, and Take Any Other Action Deemed Necessary.

Ms. Lana Hefton, Controller, will present the Investment Policy, which names the Investment Officers, the Investment Strategy, and the Investment Activity Report for the Period Ended September 30, 2024. All of this information has been previously presented to the Executive and Investment Committees at the meeting held Tuesday, January 14, 2025, and the Board will receive recommendation from them to consider approval and adoption of the Resolution.

Sample motion:

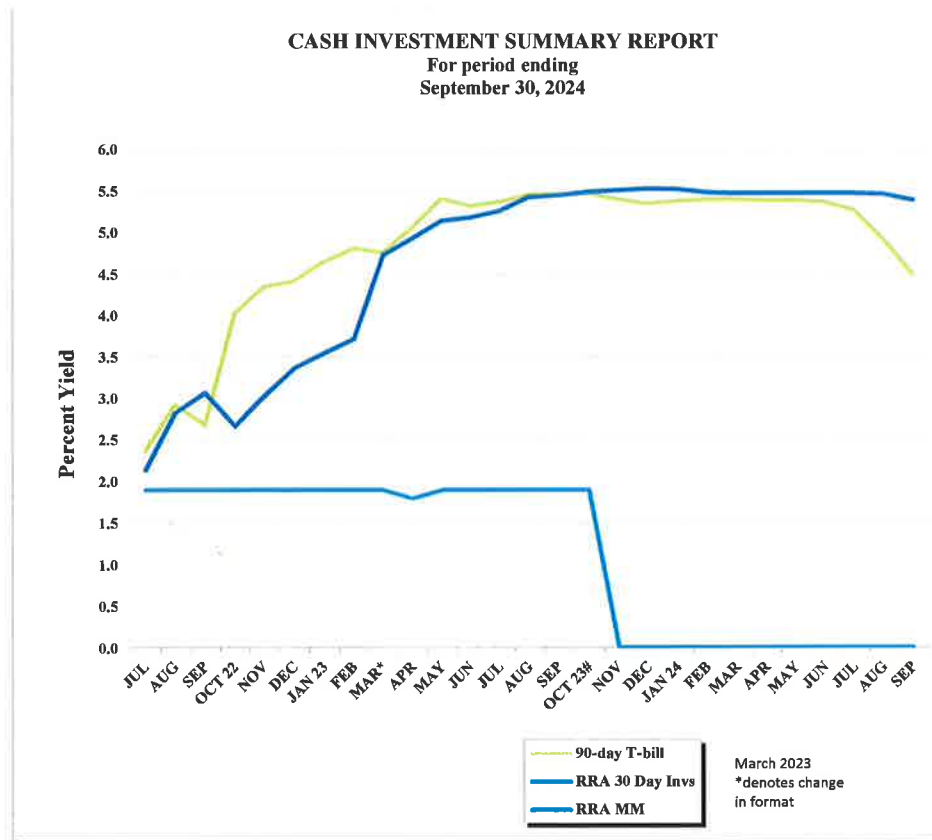
I move the Board approve the Investment Activity Report for the Period Ended September 30, 2024 and Resolution #2025-001, and adopt the Authority's Investment Policy, Investment Strategy, and approve the Investment Officers for Calendar Year 2025, as recommended by the Executive Committee, as presented _____.

Second _____

Vote for _____ against _____.

RED RIVER AUTHORITY OF TEXAS
Cash Portfolio Summary Report
for the period October 01, 2023 - September 30, 2024

Beginning Cash Investment Value	\$14,818,938
Beginning Cash Investment Value	\$14,818,938
Weighted Average Maturity (at beginning)	24
Ending Cash Investment Value	\$ 13,057,365
Ending Cash Investment Value	\$ 13,057,365
Weighted Average Maturity (at ending)	26
Unrealized Gain (or Loss)	\$ -
Deposits/Transfers	\$ (2,440,807)
Earnings for Period	\$ 679,233
Change in Cash Value	\$ (1,761,574)
Average Yield to Maturity for 30-Day Investments	5.39%
Average Yield to Maturity for Money Market	1.90%
Average Benchmark Yield for Period	3.41%



RED RIVER AUTHORITY OF TEXAS

Cash Investment Summary Report
for the period October 01, 2023 - September 30, 2024

MARKET SECTOR TYPE	ACCT/ CUSP	MATURITY DATE	BEGINNING CASH VALUE	ENDING CASH VALUE	EARNINGS FOR YEAR	YIELD AT MATURITY	DAYS TO MATURITY	% OF PORT
LOCAL GOVERNMENT POOLS								
TexPool Special Operating	2431400002	Open	\$ 1,207,499	\$ 1,273,482	\$ 65,983			9.75%
TexPool Interfund Loan	2431400001	Open	\$ 758,668	\$ 800,125	\$ 41,457	5.16%	31	6.13%
TexPool Construction	2431400004	Open	\$ 843,588	\$ 889,685	\$ 46,097			6.81%
TexPool Interest & Sinking	2431400005	Open	\$ 211,841	\$ 237,097	\$ 18,056			1.82%
TexStar TXS Investment	2430175380	Open	\$ -	\$ 1,008,879	\$ 8,879	5.13%	26	7.73%
TOTALS			\$ 3,021,596	\$ 4,209,268	\$ 180,472	5.15%	29	32.24%
INSURED CASH SWEEPS								
AMERICAN NATIONAL BANK	1053043	Open	\$ 6,919,086	\$ -	\$ 5,258			0.00%
First National Bank - Bnd Const.	98841158	Open	\$ 1,301,160	\$ 666,496	\$ 53,368	5.63%	1	5.10%
First National Bank - Daily	98841091	Open	\$ -	\$ 2,565,541	\$ 92,434	5.63%	1	19.65%
First National Bank - Invest.	98841117	Open	\$ -	\$ 5,616,060	\$ 347,701	5.63%	1	43.01%
TOTALS			\$ 8,220,245	\$ 8,848,097	\$ 498,761	5.63%	3	67.76%
TOTAL CASH INVESTMENTS			\$ 11,241,841	\$ 13,057,365	\$ 679,233	5.39%	11	100.00%
MONEY MARKET ACCOUNT								
AMERICAN NATIONAL BANK	5067677	Open	\$ 1,402,307	\$ -	\$ -	0.00%	0	0.00%
TOTALS			\$ 1,402,307	\$ -	\$ -	0.00%	0	0.00%
TOTAL MONEY MARKET			\$ 1,402,307	\$ -	\$ -	0.00%	0	0.00%
TOTAL CASH PORTFOLIO			\$ 12,644,147	\$ 13,057,365	\$ 679,233	5.39%	11	100.00%

RED RIVER AUTHORITY OF TEXAS
Cash Investment Purchases, Sales, and Maturities Annual Summary Report
for the period October 01, 2023 - September 30, 2024

PURCHASES

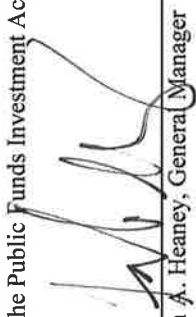
TRANSACTION DATE	SECURITY TYPE	MATURITY DATE	COUPON	PAR	PRICE	PRINCIPAL	TRANS FEE	ACCRUED INTEREST	TOTAL SETTLEMENT

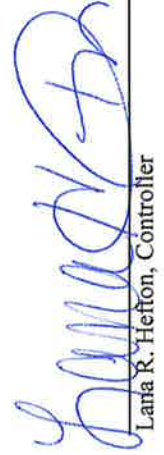
RED RIVER AUTHORITY OF TEXAS
Cash Investment Annual Transactions Summary Report
for the period October 01, 2023 - September 30, 2024

TRANSACTIONS

	ACCT/ CUST	BEGINNING VALUE	DEPOSITS	INTEREST	TRANSFERS	WITHDRAWS	ENDING VALUE
TexPool Special Operating	2431400002	\$ 1,207,499		\$ 65,983	\$ -		\$ 1,273,482
American National Bank & Trust	5067677	1,402,307				(1,402,307)	-
ANB Insured Cash Sweep	1053043	6,919,086		5,258		(6,924,344)	-
FNB Insured Cash Sweep - Daily	98841091	-	4,678,307	92,434	(2,205,200)		2,565,540.50
FNB Insured Cash Sweep - Invest.	98841117	-	6,924,344	347,701		(1,655,984)	5,616,059.95
TexStar TXS Investment	2430175380	-	1,000,000	8,879			1,008,879
Designated Funds							
TexPool Interfund Loan	2431400001	758,668		41,457			800,125
TexPool Construction	2431400004	843,588		46,097	-		889,685
TexPool Interest & Sinking	2431400005	211,841	830,400	18,056		(823,200)	237,097
FNB Insured Cash Sweep - Bnd Const.	98841158	1,301,160		53,368		(688,031)	666,496
TOTALS		\$ 12,644,147	\$13,433,050	\$ 679,233	\$ (2,205,200)	\$ (11,493,866)	\$ 13,057,365

This Cash Investment Portfolio Summary Report is in compliance with the Investment Strategy adopted by the Board of Directors and is also in compliance with the Public Funds Investment Act, Government Code Chapter 2256 of the State of Texas.


Fabian A. Heaney, General Manager


Lana R. Hefton, Controller

RED RIVER AUTHORITY OF TEXAS

INVESTMENT STRATEGY

January 15, 2025

1.0 ABSTRACT

- 1.1 The Authority shall establish an investment strategy for the ensuing fiscal year which achieves full compliance with a Board adopted Investment Policy, Chapter 2256 (the Public Funds Investment Act) and Chapter 2257 (the Collateral for Public Funds Act) of the Texas Government Code, as amended. These strategies describe the investment objective for each fund type under its control and shall be reviewed and approved annually by the Investment Committee and the Board of Directors prior to continued use.
- 1.2 The investment officers shall establish and maintain a ladder type maturity structure of its overall portfolio with a maximum stated maturity of three-years or less for any single security instrument, except funds set aside in the Debt Service Reserve Fund, Fund 4, may be extended to a maximum maturity of six-years or less under the ladder type maturity structure.
- 1.3 The investment officers shall acquire an adequate understanding of the suitability of each investment to meet the financial requirements of the Authority in order that the following objectives may be met:
 - **Safety of principal,**
 - **Liquidity,**
 - **Diversification, and**
 - **Yield.**

- 1.4 The following fund categories have been established with an individual investment strategy applied to each to adequately segregate and track daily all invested funds by type of investment and funds eligible for investment purposes:

2.0 COMMINGLED OPERATING FUNDS (Fund 1)

- 2.1 The Authority may pool all operating cash from its proprietary funds and invest those funds in accordance with the adopted Investment Policy. The investments chosen for this market sector type shall be the highest credit quality and marketability supporting the Authority's objectives of safety and liquidity.
- 2.2 Investment strategies of operating funds pooled for investment purposes shall be to assure that anticipated cash flows are matched with adequate liquidity to meet the requirements of the Authority's routine operating obligations. Because the operating funds are pooled for investment purposes, the portfolio will address the varying needs of all funds in the pool, recognizing liquidity needs, as well as the desire to achieve a reasonable return on core funds in the pool.
- 2.3 A laddered maturity structure may be utilized to accomplish this objective as follows:
- Investing in an approved SEC-regulated money market fund having a weighted average maturity of 60 days,
 - Purchasing quality short-term securities and investing in an approved local government investment pool having a dollar weighted average maturity of 180 days or less,
 - Purchasing quality short-term securities to complement each other in a laddered maturity structure having a dollar weighted average maturity of 365 days or less.

3.0 SPECIAL RESERVE FUNDS (Fund 2)

- 3.1 Special reserve funds consist of issuance fees earned through conduit financing for third parties by the Authority and the Red River Industrial Development Authority. These funds have been dedicated by the Board with the provision that all funds not in use are invested in accordance with the Investment Policy.

- 3.2 Investment strategies for special reserve funds shall have as their primary objective the ability to generate a dependable revenue stream that will experience the minimum degree of risk and volatility during economic cycles.
- 3.3 This objective shall be accomplished by purchasing high quality securities which complement each other in a laddered maturity structure having a dollar weighted average maturity of 650 days or less. Maximum stated maturity shall not exceed three years of any single security instrument.

4.0 DEBT SERVICE FUNDS (Fund 3)

- 4.1 Debt service funds consist of restricted cash set aside as an interest and sinking fund to pay principal and interest on debt obligations of the Authority as they become due.
- 4.2 Investment strategies for debt service funds shall have as the primary objective the assurance of investment liquidity adequate to cover the debt service obligation on the required due date. Invested funds shall not have a stated maturity date which exceeds the next debt service payment date.
- 4.3 These funds shall be maintained in a money market account within the designated depository or an approved local government liquidity pool that can be made available within 24 hours.

5.0 DEBT SERVICE RESERVE FUNDS (Fund 4)

- 5.1 Investment strategies for all debt service reserve funds shall have as their primary objective the ability to generate a dependable revenue stream from investments with the lowest degree of volatility.
- 5.2 Except as may be required by specific bond ordinances, the purchase of securities shall be of the highest quality and having laddered maturities not to exceed six years or less.
- 5.3 Volatility shall be further controlled through the purchase of securities carrying the highest coupon (net yield) available within the desired quality and maturity range without paying premiums, if at all possible.

6.0 SPECIAL PURPOSE FUNDS (Fund 5)

- 6.1 Special purpose funds consist of proceeds from the sale of bonds and funds set aside in construction accounts established to fund capital improvement projects.
- 6.2 Investment strategies for all special purpose funds shall have as their primary objective the assurance that anticipated cash flow requirements are matched with investment liquidity.
- 6.3 These investments shall include at least 25% in highly liquid securities to permit maximum flexibility and unexpected cash outlays during construction. Funds may be placed in an approved local government investment pool having a dollar weighted average maturity of 60 days, or invested in short-term U.S. Treasuries and securities guaranteed by the U.S. Government not to exceed the estimated project completion date.

RED RIVER AUTHORITY OF TEXAS

INVESTMENT POLICY

January 15, 2025

7.3 INVESTMENT POLICY

7.3.1 General Investment Policy

The investment policy of the Authority shall be to provide for the proper administration of its funds and the prudent investment of those funds to ensure that the highest public trust is maintained.

Investments shall be made and monitored in a manner which will provide maximum security and preservation of principal invested through limitations and diversification while meeting the daily cash flow requirements of the Authority.

The receipt of a reasonable market rate of return on invested funds shall be secondary to the objective of safety and liquidity. It shall be the intent of the Authority to maintain full compliance with the Public Funds Investment Act, Chapter 2256 and the Collateral for Public Funds Act, Chapter 2257 of the Texas Government Code, and provisions of bond ordinances or resolutions concerning the authorized investment of debt service funds.

7.3.2 Investment Officer(s)

The investment officer(s) of the Authority shall be the General Manager and the Controller. It shall be the responsibility of the Authority's investment officer(s) to invest, reinvest, and monitor all invested funds of the Authority in accordance with this policy in an asserted effort to meet the fiscal requirements of the Authority. The Authority's investment officer(s) shall attend Public Funds Investment Act training not less than once every two years from an approved independent source. The Authority uses the University of North Texas Center for Public Management as its approved independent source for its training.

The investment officer(s) shall be responsible for all transactions undertaken and shall establish a system of internal controls to ensure that no officer or staff may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Board of Directors. Internal controls shall be designed to prevent loss of public funds due to fraud, employee error, misrepresentation by third parties, unanticipated market changes, or imprudent actions by the officer(s) and staff. The internal controls shall be reviewed annually by the Authority's independent auditor to ensure compliance and adequacy.

7.3.3 Investment Committee

The Investment Committee shall consist of the Executive Committee of the Board of Directors, General Manager, and Controller. The Investment Committee may elect to include the Authority's Financial Advisor and external auditor, or other members of the staff or consultants as deemed necessary to achieve the best professional judgment for administration of the Investment Portfolio. The Investment Committee shall review and approve the Investment Policy, Investment Strategy, and annual Investment Activity Reports prior to submittal to the Board of Directors for final approval and implementation.

7.3.4 Investment Objectives

The Authority's Investment Portfolio shall be designed, managed, and monitored in a manner consistent with the Authority's responsibilities as a steward of public trust. In addition, the Portfolio shall be managed in accordance with Texas Government Code, Chapter 2256 (the Public Funds Investment Act) and the Collateral for Public Funds Act, Chapter 2257, and any procedures set forth in bond resolutions or orders, and resolutions of the governing board. It shall be the policy of the Authority that all funds shall be managed and invested with four primary objectives, listed in order of their priority:

- a. **Safety and preservation of principal:** Safety of principal shall be the foremost objective of the Authority. Investments of the Authority shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To obtain and maintain this objective, diversification is required in the Portfolio's composition. The suitability of each investment decision shall be made on the basis of this objective;
- b. **Liquidity:** The Authority shall maintain sufficient liquidity to provide for adequate and timely availability of funds necessary to pay all debt obligations as they become due and meet all operating requirements which might be reasonably anticipated;
- c. **Diversification:** Diversification of the Portfolio shall be accomplished by segregating categories of maturity and market sector and shall include the use of more than one but less no more than ten broker/dealers or depositories for diversification and market coverage; and
- d. **Yield:** The Authority's Portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the Authority's risk constraints and cash flow of the portfolio. A baseline market rate of return shall be defined as the average yield of the current three-month United States Treasury Bill or such other index that more closely matches the average maturity of the Portfolio.

Effective cash management is recognized as essential to good fiscal management. Cash management shall be defined as the process of managing monies in order to ensure maximum cash availability. The Authority shall maintain a comprehensive cash management program which includes collection of accounts receivable, prudent investment of idle cash, disbursement of payments in accordance with invoice terms, and the management and oversight of banking services.

7.3.4 Investment Objectives (continued)

To the extent that the principal is protected, the Authority's funds shall be invested to yield the highest possible rate of return, taking into consideration the strength of the financial institution, and any Internal Revenue Code regulations and procedures set forth in any bond resolutions or orders requiring yield restrictions.

The Authority's investments shall be made with the exercise of good judgment and standards of care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital, as well as the probable income to be derived. The investment officer(s) shall ensure that reasonable internal controls are established and maintained to protect the Portfolio from unauthorized or erroneous transactions.

7.3.5 Types of Authorized Investments

Authorized investments under this Policy shall be limited to the selection of instruments meeting Portfolio qualifications as listed below. The investments shall be chosen in a manner which promotes diversity of market sector and conservative maturity. The choice of only high-grade government securities and high-grade money market funds is designed to assure optimum marketability of those investments should liquidity needs arise.

Authority funds shall be invested and reinvested by the Authority's investment officer(s) only in the following types of investment securities:

- a. United States Treasuries and securities guaranteed by the United States Government not to exceed three years to stated maturity and with an investment limitation of up to 50% of the Authority's average monthly cash balance;
- b. Obligations of the United States Government, its agencies and instrumentalities, and government sponsoring enterprises as defined in the Public Funds Investment Act, Chapter 2256.009 not to exceed three years to stated maturity and with an investment limitation of up to 50% of the Authority's monthly average cash balance;
- c. Fully insured or collateralized certificates of deposits from a bank that has its main or branch office in the State of Texas and under the terms of a written depository agreement with that bank having a maturity not to exceed the term of the depository agreement (three years) and up to 50% of the Authority's average monthly cash balance. Certificate of deposit rate solicitation shall be done by calling or emailing banks within the jurisdiction of the Authority, with a minimum of three rate requests being made. When certificates of deposit are renewed, redeemed or moved to another institution, written documentation shall be maintained for tracking of funds;

7.3.5 Types of Authorized Investments (continued)

- d. Repurchase agreements and reverse repurchase agreements as defined in the Public Funds Investment Act, Chapter 2656.011 not to exceed 90 days to stated maturity and fully collateralized by obligations of the United States Government or its principalities with an investment limitation of up to 50% of the Authority's average monthly cash balance;
- e. No-load SEC regulated money market funds having a dollar-weighted average portfolio maturity of 60 days with an investment limitation of up to 80% of the Authority's monthly average cash balance. The current approved money market fund is Hilltop Securities, Inc.; and
- f. Texas local government investment liquidity pools as defined by the Public Funds Investment Act, Chapter 2256.016, having a dollar-weighted average maturity of 60 days with an investment limitation of up to 80% of the Authority's average monthly cash balance. The current approved primary investment pool is TexPool, whose primary oversight is provided by the Texas State Comptroller's Office. Emergency approved investment pool is TexSTAR administered by Hilltop Securities, Inc. and JPMorgan Asset Management, Inc.

Investment instruments purchased by the investment officer(s) shall have remaining maturities at time of purchase, less than or equal to three years, except funds restricted to the Debt Service Reserve Fund, which may be extended to a maximum maturity of six-years or less and not to exceed the fund limit as set by resolution.

It shall be the policy of the Authority that all funds not invested in eligible securities as described in this section shall be deposited in an account or placed in certificates of deposit that are insured by the FDIC, or by collateral pledged to, and at all times having a minimum market value equivalent to 102% of the principal amount not insured.

There shall be no sharing, splitting, or co-tenancy of collateral with other parties or entities. The investment officer(s) shall ensure that the custodian of the collateral shall be an independent third party Texas financial institution that the collateral shall be pledged only to the Authority, and shall obtain safekeeping receipts from the financial institution clearly identifying that the collateral is held in the name of and in behalf of the Authority.

7.3.6 Performance Evaluation and Reporting

The Controller shall monitor all invested funds by sector and type at least monthly with prevailing market conditions monitored on a daily basis. A written report shall be submitted to the Board of Directors quarterly and annually concerning the Authority's investment transactions for the preceding periods and containing sufficient information to permit the reader to be informed and evaluate the performance of the investment activities. The investment activity report shall contain, as a minimum:

- a. Describe in detail the investment position of the Authority on the date of the report;
- b. Contain a Summary Statement for each fund group that states:
 - i. Beginning market value for the reporting period;
 - ii. Ending market value for the reporting period; and
 - iii. Accrued interest for the reporting period;
- c. States the book value and market value of each investment at the end of the reporting period;
- d. State the maturity date for each investment that has a maturity date;
- e. Include a statement of compliance with investment strategy and the Public Funds Investment Act; and
- f. be prepared and signed by the Investment Officer(s).

A monthly investment summary report shall be prepared by the Controller and provided as a subsidiary statement to be included with the Authority's monthly financial statements to the Board of Directors containing, as a minimum:

- a. Contain a Summary Statement for each fund group that states:
 - i. Beginning market value for the reporting period;
 - ii. Ending market value for the reporting period; and
 - iii. Accrued interest for the reporting period;
- b. Yield at maturity by market sector type;
- c. Percent of portfolio by market sector type;
- d. A graphic trend analysis of monthly average yields of the portfolio, as compared to the previous twelve months;
- e. A graphic comparative analysis between the average monthly yield of the portfolio to a representative baseline market index;

7.3.6 Performance Evaluation and Reporting (continued)

- f. A monthly transactions report detailing the purchases and sales by settle date, cusip number, security type, par, coupon, maturity date, purchase price, purchase yield, purchase principal, settlement total, and gain or loss;
- g. Include a statement of compliance with investment strategy and the Public Funds Investment Act; and
- h. be signed by the Investment Officer(s).

7.3.7 Authorized Financial Dealers and Institutions

Funds of the Authority shall be invested by the Authority's investment officer(s) in strict accordance with this policy. All investments made by the Authority will be conducted through either the Authority's depository bank, a primary dealer, or the Authority's Financial Advisor.

The Authority shall establish and maintain a list of no more than ten financial institutions which are authorized to provide investment services. The Authority shall conduct an evaluation of the institution's creditworthiness at least annually or more often as deemed necessary.

Each financial institution with whom the Authority transacts business will be provided a copy of this policy to ensure that a clear understanding of the goals and objectives of the Authority's investment program is obtained. Each participating institution, including brokers or dealers, will be required to return an affidavit acknowledging receipt of the policy, their review and general understanding, and their implementation and use of adequate internal controls.

7.3.8 Safekeeping and Collateralization

Chapter 2257, Texas Government Code, (Collateral for Public Funds Act) and prudent fiscal management requires that all purchased securities be bought on a delivery versus payment basis and held in safekeeping an eligible independent third party financial institution, or the Authority's designated depository.

All safekeeping arrangements shall be designated by the investment officer(s) and an agreement of the terms executed in writing. Eligible third party custodians shall be required to issue safekeeping receipts to the Authority listing each specific security, rating, description, maturity date, cusip number, and other pertinent information. Each safekeeping receipt will be clearly marked that the security is held for the Authority or pledged to the Authority.

7.3.8 Safekeeping and Collateralization (continued)

All securities pledged to the Authority for certificates of deposit or demand deposits shall be held by an independent third-party bank that has its main or branch office in the State of Texas. The safekeeping bank may be within the same holding company as the bank from which the securities are pledged.

Collateralization shall be required on two types of investments:

- a. Certificates of deposits over the FDIC insurance coverage of \$250,000; and
- b. Repurchase agreements.

In order to anticipate market changes and provide a reasonable level of additional security for all funds, the collateralization level required shall be 102% of the market value of the principal and accrued interest.

7.4 DEPOSITORY RESTRICTIONS AND SECURITY OF FUNDS

7.4.1 Statutory Obligations

In accordance with Article 8280-228, §23, VATCS, all funds of the Authority, except that of petty cash, shall be deposited within 24-hours of receipt to the credit of the Authority in banks as the Board may from time to time designate, and upon such terms and conditions as shall be fixed by the Board or the Executive Committee of the Board, unless otherwise stipulated by resolutions authorizing the issuance of the Authority's bonds or notes.

7.4.2. Types of Depository

The Authority shall utilize as depositories only federal or state chartered banking institutions within the territorial jurisdiction of the Authority (Article 8280-228-§23, VATCS). The only exception shall be those depositories utilized for paying agent purposes.

- a. All funds held by the depository shall be collateralized at all times in accordance with Chapter 2257, Texas Government Code (Collateral for Public Funds Act) either by investment securities which have been approved by the Board of Directors to the extent not covered by the FDIC. Investment securities pledged as collateral shall at all times be equal in market value to the amount of funds on deposit plus interest accrued and to accrue thereon, to the extent not covered by the FDIC. The Board of Directors annually approves a list of financial institutions, which may be utilized for investment purposes throughout the ensuing year, and can be found on page 10 of this policy.

7.4.2. Types of Depository (continued)

- b. The Authority solicits bids every three years for the general depository for operating funds. Depository requests for proposals shall be sent out to local banks in the City of Wichita Falls by certified mail, return receipt requested. The Board of Directors shall approve the depository based on the recommendation of the Investment Officer(s) of the Authority.

7.4.3 Disbursement of Funds

All checks, drafts, vouchers, or other orders for payment of funds shall be disbursed in numerical order, and bear two signatures and authorizations by designated employees as approved by the Board of Directors.

7.4.4 Personnel Surety Bonds

Each officer or employee who bears the responsibility of disbursing the Authority's funds shall be bonded by a reputable surety company in an amount not less than one hundred thousand dollars (\$100,000).

7.5 FINANCIAL STATEMENTS

7.5.1 Period of Reporting

Financial statements shall be generated from the Tyler Technologies Incode program to produce an accurate disclosure of all transactions performed during each accounting period. The accounting period shall be scheduled on an end-of-month basis within forty-five working days after the close of books to each period for submission to the General Manager and presentation to the Board of Directors.

7.5.2 Type of Statements Presented

- a. Combined income and expense;
- b. A combined balance sheet;
- c. Cash receipts and disbursements;
- d. A comparative statement of cash as reconciled to the depository; and
- e. A summary statement of all invested funds.

7.5.3 Certification of Statements

All financial statements, subsidiary ledgers, journals, or work papers shall be compiled and certified by the Controller on a monthly basis subject to the approval and acceptance of the General Manager prior to the release of any documents.

RED RIVER AUTHORITY OF TEXAS

Authorized Financial Dealers and Institutions

The Authority shall establish and maintain a list of no more than ten financial institutions which are authorized to provide investment services. The Authority shall conduct an evaluation of the institution's creditworthiness at least annually or more often as deemed necessary.

Current Authorized Financial Institutions

First National Bank of Wichita Falls
The Authority's Contracted Depository

TexPool

TexSTAR

Hilltop Securities, Inc.

American National Bank and Trust

First Capital Bank

Pilgrim Bank

Prosperity Bank

Waggoner National Bank



RED RIVER AUTHORITY OF TEXAS



RESOLUTION

No. 2025-001

STATE OF TEXAS

§

COUNTY OF WICHITA

§

A RESOLUTION OF THE BOARD OF DIRECTORS authorizing the General Manager and the Controller as the Authority's Investment Officers to invest and reinvest funds of the Authority in accordance with the Investment Policy and Strategy, as amended.

WHEREAS, the Investment Committee has reviewed the current Investment Policy and submitted a favorable recommendation to the Board as to its primary objectives of safeguarding the Authority's cash assets, while achieving a reasonable return on invested funds with minimum risk to principal; and,

WHEREAS, the Investment Committee has reviewed the proposed Investment Strategy for the ensuing fiscal year and submitted a favorable recommendation to the Board of Directors for its continued employment; and,

WHEREAS, the Authority's Investment Officers shall at all times maintain full compliance with the provisions of the Public Funds Investment Act, Chapter 2256 and the Collateral for Public Funds Act, Chapter 2257, of the Texas Government Code concerning the investment and safeguard of public funds,

NOW, THEREFORE BE IT RESOLVED by the Board of Directors that:

1. The General Manager and Controller shall be designated as the Authority's Investment Officers.
2. The proposed Investment Strategy be approved as the stated strategy for investing and reinvesting eligible funds of the Authority.
3. Chapter 7.3 *Investment Policy* of the Administrative Policy and Procedure Manual be amended to reflect the updated Investment Policy.
4. The Investment Officers are authorized to manage the investment portfolio in accordance with the terms and limitations set forth in the Investment Policy, Strategy, Public Funds Investment Act, and any applicable bond ordinances.

PASSED AND APPROVED this the 15th day of January, 2025 at a regular meeting of the Board of Directors by a vote of ____ **FOR** and ____ **AGAINST**.

Jerry Bob Daniel, President

Mary Lou Bradley, Secretary/Treasurer



**RED RIVER AUTHORITY OF TEXAS
BOARD OF DIRECTORS MEETING
JANUARY 15, 2025**



ITEM 6

**Consider Approval of Resolution #2025-002 Adopting the Indirect Cost Accounting Plan
for Calendar Year 2025, as Recommended by the Executive Committee,
and Take Any Other Action Deemed Necessary**

David Parkman, the Authority's contracted auditor, will present his review of the Indirect Cost Accounting Plan for Calendar Year 2025, as well as the results from the TCEQ required Auditor's Agreed Upon Procedures. This has been previously presented to the Executive Committee and the Board will receive the recommendation from the Executive Committee and vote to approve the report.

Sample motion:

I move the Board approve Resolution #2025-002, adopting the Indirect Cost Accounting Plan for Calendar Year 2025, as recommended by the Executive Committee, as presented _____.

Second _____

Vote for _____ against _____.

RED RIVER AUTHORITY OF TEXAS

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

SEPTEMBER 30, 2024

RED RIVER AUTHORITY OF TEXAS

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

SEPTEMBER 30, 2024

TABLE OF CONTENTS

	<u>Page</u>
Independent Accountants' Report	1
Procedures and Findings	2-3



EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

1401 HOLLIDAY ST., SUITE 216 • P.O. Box 750
WICHITA FALLS, TEXAS 76307-0750
PH. (940) 766-5550 • FAX (940) 766-5778

MICHAEL D. EDGIN, CPA
DAVID L. PARKMAN, CPA
A. PAUL FLEMING, CPA
JOSHUA R. HARMAN, CPA

Independent Accountant's Report

Members of the Board of Directors
Red River Authority of Texas and
The Texas Commission on Environmental Quality

We have performed the procedures enumerated in Attachment A on the Indirect Cost Plan of the Red River Authority of Texas (Authority) for the year ended September 30, 2024. The Authority's management is responsible for the Indirect Cost Plan included in the September 30, 2024 Annual Comprehensive Financial Report. The Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose which is to assist the Authority and the Texas Commission on Environmental Quality (TCEQ) in determining whether the Indirect Cost Plan included in the September 30, 2024 Annual Comprehensive Financial Report is in compliance with Texas Grant Management Standards (TxGMS). Additionally, TCEQ has agreed to and acknowledged that the procedures performed are appropriate for its purposes. 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.

The procedures and findings are listed in Attachment A.

We were engaged by the Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an audit or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance and on the effectiveness of internal control over compliance. 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 the Authority and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Authority and TCEQ, and is not intended to be and should not be used by anyone other than those specified parties.

Edgin, Parkman, Fleming & Fleming, PC

EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas
January 10, 2025

RED RIVER AUTHORITY OF TEXAS

Attachment A Agreed-Upon Procedures and Findings Relative to the Authority's Indirect Cost Accounting Plan

Indirect Cost Accounting Plan, dated September 30, 2024, effective as of January 1, 2025

1. Obtain the September 30, 2024 indirect cost rate plan (plan) from the Red River Authority of Texas (Authority) and recalculate the mathematical formula used to derive the indicated indirect cost rate and compare to the rate contained in the plan.

We obtained the indirect cost plan from the Authority and recalculated it by dividing their total indirect costs of \$233,637 by the total salaries of \$2,056,547 which is used as the allocation base. We arrived at 11.36% which agreed to the indirect cost rate indicated on their plan. However, after the Authority was informed of the differences noted in step 3 below, the plan was amended to show the correct total indirect costs of \$234,771, total salaries of \$2,053,760, and indirect cost rate of 11.43%.

2. Determine and report on where indirect costs indicated in the plan are charged or accounted for within the general ledger. Determine that the costs are allocable through a simplified allocation procedure as outlined in UGMS Part II, Attachment E, Section C. [Reference TxGMS Cost Principles, Basic Considerations section]

We reviewed the Authority's plan to obtain cost categories of line items included in the indirect cost pool. The cost is either recorded within the Authority's General Division (GD) or is supported by the GD depreciation schedule. More specifically, the Utility cost category is derived from the sum of the postings to the Water, Electricity, and Gas individual general ledger accounts. General Fund Auto Use, Membership Dues, General Fund Postage, Legal Fees, Accounting – General Fund, and Travel – General Fund, are charges to the GD within their individual general ledger accounts which agree to their respective cost category. The Supplies and Maintenance category is derived from posting to its own general ledger account within the GD after taking out copier maintenance type expense. General Insurance is the cost of insurance according to the general ledger account after taking out worker's comp insurance. The Depreciation category costs are derived from the GD depreciation schedule subsidiary as of September 30, 2024 which is posted in summary to the depreciation accounts within the GD ledger. If a GD capital asset reflects no depreciation for the year but is still in use, the Depreciation category also includes a charge of .0667 applied to the historical cost of the asset.

Indicated costs are allocable under TxGMS, successor to UGMS.

3. Using the plan, identify the categories of costs, or descriptions that derive the indirect cost pool. For each line item of expense from the plan, trace the indicated cost into the accounting records. Verify that the costs indicated on the plan are supported by the accounting records as to both amount and classification. Recalculate the total of these costs and compare to the total pool cost represented on the indirect cost schedule.

We traced the individual cost categories on the plan to the corresponding GD general ledger or depreciation summary detail as indicated in step 2 above. The classification noted on the plan agreed without exception in each case to the corresponding GD general ledger or depreciation summaries. The dollar amounts indicated in the plan were agreed to supporting summary detail in the general ledger or depreciation schedule, except for general insurance and travel. In total, these areas differed from the supporting summary detail by \$1,134 due to errors in the Authority's amount used for GD travel and calculation of the amount of general insurance charged to the GD by taking the GD general ledger account and taking out GD worker's comp insurance.

4. Using the cost categories or descriptions from procedure 3, determine if each cost item category meets the basic factors of allowability, including necessary and reasonable, and that they meet the basic guidelines contained in Section II, Attachment A, Section C of UGMS.

We traced all cost categories of the plan to TxGMS, previously UGMS, to determine that they met the basic factors of allowability, including necessary and reasonable. We reviewed TxGMS and determined that all cost categories were allowable.

5. For each broad cost category, obtain the detail to individual transactions and verify totals noted in procedure 3 above. Select one individual transaction from each broad category and review the supporting documentation to determine that the classification of the expense is consistent with the description of the indicated broad category.

We obtained the detail to individual transactions and verified the totals to each broad category as noted in step 3. For each individual transaction selected, the items were consistent with the description of the indicated broad category and the supporting item was properly reflected in the source data – either the General Division general ledger or the depreciation schedule.

6. Using the same items selected in procedure 5, test for the attributes in Section II, Attachment A, Section C, Item 1 of UGMS, specifically determining if the individual expense meets the factors affecting allowability including necessary and reasonable, allocable, authorized, given consistent treatment between federal, state, and other activities of the government, accorded consistent treatment, in accordance with GAAP, not also included as direct cost of another program, and adequately documented, as applicable, and a reasonable cost.

We tested each individual transaction using the attributes outlined in TxGMS, Cost Principles Section. No exceptions were found.

7. Determine whether the allowable base is either total direct cost (excluding capital expenditures and other distorting items) or direct salaries and wages, or another base which results in an equitable distribution. Agree applicable base to associated costs noted in the September 30, 2024 audited financial statements.

We agreed the allowable base (direct salary cost) of \$2,053,760 on the plan to applicable figures on the September 30, 2024 audited financial statements for the Authority without exception.

8. Inquire of management of other state and federal grants administered by the Authority during the year ended September 30, 2024. Review reimbursement requests or other financial reports from each program to verify that the same indirect cost rate used for TCEQ grants during the year ended September 30, 2024 was also used for all other identified state and federal grant awards. For this procedure, the indirect cost rate will be the one derived from a previous reporting period.

We inquired of the Authority to determine which state or federal grants they administer allow for the indirect cost rate. The Clean Rivers Project is the only such one. We reviewed the October 2023 through September 2024 reimbursements for the grant and noted that the Authority began using the actual indirect cost rate (11.11% for 2023-2024) in March 2024 (after Board approval of the September 30, 2023 Annual Comprehensive Financial Report). Reports filed for October 2023 through February 2024 used the rate of 17.86% that was agreed to the approved indirect cost plan included in the September 30, 2022 Annual Comprehensive Financial Report. Generally, the Authority implements the new rate in January of each year, however, due to late approval by TCEQ, the new rate was not implemented until March 2024. The difference in the two rates resulted in the Authority claiming \$888 more in indirect costs for reimbursement during the year ended September 30, 2024.

RED RIVER AUTHORITY OF TEXAS

FISCAL ADMINISTRATION POLICY

Section VII

INDIRECT COST ACCOUNTING PLAN

AS AMENDED

January 1, 2025

INDIRECT COST ACCOUNTING PLAN

Table of Contents

- 1.0 Introduction
- 2.0 Interactive Accounting System
- 3.0 Indirect Cost Centers
- 4.0 Authorized Indirect Cost Center Rates
- 5.0 Support Documentation
- 6.0 Appendix

Fiscal Administration

INDIRECT COST ACCOUNTING PLAN

January 1, 2025

1.0 INTRODUCTION

The Red River Authority uses shared indirect cost centers where possible to augment both efficiency and effectiveness in accounting for all services provided, reduce administrative cost, and provide for the full use of the available resources. Uniform fees and charges are established for each indirect cost center for goods or services provided directly to Enterprise Funds, Internal Service Funds, or through contract with outside entities.

This process enables the Authority to effectively share capitalized equipment and supplies essential to successful task performance in an efficient manner. It also permits the full use of project or program management teams working across departmental or divisional boundaries, regardless of position classification, in support of the adopted Strategic Management Plan.

Sharing personnel, equipment, and supplies across divisions, departments, programs, and projects requires the observance of stringent internal controls and performance monitoring. One major component of this process is the establishment of uniform indirect rates or use fees of selected cost centers to recover the cost of capital and routine maintenance associated with their use over time. The Indirect Cost Accounting Plan conforms to Policy Section 7.1.4 and is subject to annual evaluation and update as audited financial data becomes available.

This Indirect Cost Accounting Plan is based on the cost accounting principles enumerated in OMB Circular A-87 guidelines and the Uniform Grant and Contracts Management Standards as administered through the State of Texas Auditor's Office and Governor's Office of Budget and Planning.

2.0 INTERACTIVE ACCOUNTING SYSTEM

The Red River Authority of Texas accounting department is set in accordance with the guidelines established by the Governmental Accounting Standards Board to properly govern and manage each segment of its various activities. The Authority is divided into three enterprise funds and two internal service funds. These five governmental fund types comprise the Authority's Interactive Fund Management System and undergo a comprehensive external audit each fiscal year ending September 30 to validate the system's accuracy and guard against impropriety in the management and use of public funds.

Enterprise Funds account for activities that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services on a continuing basis be recovered primarily through user fees and charges exclusive of a profit margin. The three enterprise funds are the Utility Division, Environmental Services Division and Direct Financing Arrangements.

Internal Service Funds provide goods and services to the Enterprise Funds, outside contracts for services and each other. There are two Internal Service Funds employed by the Authority. They include: the General Services Division and Communications Division.

Internal Accounting Controls are designed to provide reasonable assurances that safeguard assets against loss and unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining maximum accountability in the management of all assets, as well as those entrusted with their care. The Authority places a major emphasis on the accuracy of its accounting system through the implementation and observation of effective internal accounting controls.

The concept of reasonable assurance recognizes that **the cost of control should not exceed the expected benefits to be derived**, and the evaluation of cost and benefits requires estimates and judgments on the part of management based on actual experience. All internal control processes occur within the described framework. Internal controls also provide reasonable assurance of proper recording of all financial transactions, thereby producing an effective management tool for measuring the performance outcome of budget, personnel and overall cost of providing services.

3.0 INDIRECT COST CENTERS

Use fees and event charges have been established for each indirect cost center to closely approximate the cost of providing goods or services directly to an Enterprise Fund, an Internal Service Fund or through a contract with outside entities.

The indirect cost centers are divided into two basic segments. The first segment represents cost centers that are used consistently throughout the Authority's operations, such as fringe benefits and general overhead, and is keyed directly to labor. The second segment represents commonly shared cost centers that are used as needed within the Authority for all program or project activities, and is related to capital items. Indirect cost centers consisting of Authority owned assets are amortized over their useful life to arrive at an average annual recurring operating expense.

Calculation of indirect rates relies on audited historical financial data for each cost center category, and are adjusted only for known changes that are expected to occur for the ensuing fiscal year or a particular contract period. Otherwise, the established indirect rates will remain constant throughout a budget cycle or agreed contracted period.

A fee or event charge is established for each indirect cost center based on time utilized, and are evaluated annually for adjustment as may be necessary to maintain equity in the charges for each type of service provided. Shared cost centers currently used by the Authority are categorized as follows:

- ▶ Fringe Benefit Pool — Percentage Rate
Formula: Sum of all scheduled benefits divided by total base salaries
Direct labor categories
- ▶ General Overhead — Percentage Rate
Formula: Sum of selected overhead items divided by total base salaries
General Division Expenses
- ▶ Selected Capital Equipment — Use Fee or Event Charge
Formula: Capital cost amortized over useful life plus average maintenance cost divided by average annual use expectancy until fully depreciated, then use cost of 6.67% annually per UGMS, i.e.:
 - Computer Network Systems (Hardware, Software, and Peripherals)
 - Water Quality Monitoring Equipment
 - Internet/Intranet Services
 - Audio/Visual Aids Center
 - Copy and Duplication Equipment
 - Computerized Telephone System
 - Facsimile System
- ▶ Shared Office Supplies Per Listed Inventory Items
Formula: Item count utilized on a first in, last out basis
- ▶ Transportation Expense — Travel, Meals and Lodging Cost
Formula: Current Approved State Rates

4.0 AUTHORIZED INDIRECT COST CENTER RATES

The following table depicts established cost centers and their approved rates that may be shared among divisions, departments, programs, or projects. The indirect rate or event charge for each cost center category is maintained within $\pm 2\%$ of the actual cost reflected in the Annual Comprehensive Financial Report (ACFR) for the preceding fiscal year ended September 30.

SHARED COST CENTERS			
ITEM DESCRIPTION		RATE	PER
Fringe Benefits as % of Base Salaries	@	16.12%	LS
General Overhead as % of Base Salaries	@	11.43%	LS
Computer Aided Design/Geographic Information System	@	\$3.93	Hour
Word Processing/Database Management (WP/DBMS)	@	12.12	Hour
Internet/Intranet Website	@	161.10	Month
Audio/Visual Aids Center	@	131.38	Event
In-House Copies (A size)	@	0.17	Page
In-House Copies (B size)	@	0.34	Page
In-House Color Printing/Plotting (A-C sizes)	@	1.39	Page
Communications — Telephone System	@	0.17	Minute
Communications — Facsimile System	@	1.44	Event
Transportation — Travel Mileage (Max State Allowed)	@	Max Allowed	Mile
Per Diem — Lodging & Meals Allowance (Max State Allowed)	@	By Location	Day
General Office Supplies	@	LS	Each

General office supplies are purchased and maintained by the General Services Division for use by all departments and divisions of the Authority. Frequently used supplies are requisitioned as needed from the point of use and charged directly to a program or project on an "at cost" basis. With the exception of miscellaneous supplies, all major office supplies are maintained in inventory by the General Services Division. Miscellaneous office supplies consist of minor items such as paper clips, pens, pencils, markers, note pads, adhesive tape, etc., which are estimated as a percentage of the total listed supplies used during a reporting period. The percentage is derived from a cost association of the total miscellaneous supply items divided by the listed common supplies used. The percentage for the ensuing fiscal year is 15% of the total supplies used in each reporting period. Refer to Appendix Schedule 12 for details.

5.0 SUPPORT DOCUMENTATION

As previously described, shared indirect cost centers are computed individually by amortizing the capital cost over the asset's useful life to obtain an average annual cost of service allocation. Normal maintenance cost is estimated based on experience and added to the annualized capital cost, then divided by the expected time or events per year to be used. The result is expressed as a unit cost per hour or flat rate per event.

The direct labor rates are charged by taking the annual salary of the employee performing the task and dividing that salary by two thousand eighty (2,080) hours. These rates are applied to each individual performing work for a division, department, program or project.

The following schedules are provided to document the method of determining a fair and equitable use cost-per-hour or flat rate-per-event by individual cost center category for Authority-owned equipment only. Each supporting schedule correlates with the table on Page 4 and describes the capital items associated with each cost center.

All other costs charged to a division, department, program, or project are considered spot purchases from an approved vendor, and expended directly. All spot purchases are supported by an invoice. Capitalization occurs if a purchased item has a useful life expectancy greater than one year and exceeds a value of \$5,000.

6.0 APPENDIX

- 6.1 Fringe Benefit Pool
- 6.2 General Overhead
- 6.3 Computer Aided Design/Geographic Information System
- 6.4 Word Processing/Database Management System
- 6.5 Internet/Intranet Website
- 6.6 Audio/Visual Aids Center
- 6.7 In-House Copy and Duplication Equipment
- 6.8 Communications - Telephone Equipment
- 6.9 Communications - Facsimile Equipment
- 6.10 Transportation - Travel Mileage
- 6.11 Per Diem - Lodging and Meals
- 6.12 General Office Supplies

**FRINGE BENEFIT AND GENERAL OVERHEAD
INDIRECT RATE COMPUTATION**

SCHEDULES 1 AND 2

AUDITED COST CENTERS			2024 ACTUAL
TOTAL DIRECT LABOR			\$2,053,760
LISTED FRINGE BENEFITS		% DIRECT LABOR	
FICA	@	8.07%	\$165,744
Retirement	@	-27.08%	(556,166)
Health/Life Insurance	@	23.93%	491,437
Workers Comp Insurance	@	1.60%	32,915
Paid Vacation/Holiday Leave	@	9.33%	191,642
Unemployment Insurance	@	0.27%	5,497
TOTAL FRINGE BENEFITS			\$331,070
FRINGE BENEFIT RATE			16.12%
GENERAL OVERHEAD		% DIRECT LABOR	
Facility Operating Expense	@	10.69%	\$219,607
General Insurance	@	0.74%	15,164
TOTAL GENERAL OVERHEAD			\$234,771
GENERAL OVERHEAD RATE			11.43%

**COMPUTER AIDED DESIGN/GEOGRAPHIC INFORMATION SYSTEM
INDIRECT RATE COMPUTATION**

SCHEDULE 3

CAPITAL COST	QTY		COST		TOTAL
Dell Precision 5810 XL XCTO	1	@	2,532		\$2,532
Brother Laser Color Printer HL-L8350CDW	1	@	490		490
Misc. Hardware & Connections					900
TOTAL HARDWARE & PERIPHERAL INVENTORY					3,922
ArcView 3.2 & ArcGis 9.0	1	@	4,550		4,550
AutoCAD 2012	1	@	3,875		3,875
TOTAL SOFTWARE INVENTORY					8,425
Assets Still Being Depreciated					0
Assets Fully Depreciated					12,347
TOTAL HARDWARE & SOFTWARE CAPITAL COST					\$12,347
AVERAGE ANNUAL COST					
User Charge	6.67%				\$824
H & S Upgrade Program		@	10%	Cost	1,235
Routine H & S Maintenance		@	5%	Cost	617
Personnel Training		@	4%	Cost	494
AVERAGE ANNUAL H & S COST					\$3,169
CADD SYSTEM USE CHARGE					
Maximum Hours per Person per Year	8	X	240	1,920	Hours
Number of CADD Technicians	1	X	1,920	1,920	Hours
Percent of CPU I/O Time	42%	X	1,920	806	Hours
HOURLY RATE FOR CADD/GIS CPU TIME					\$3.93

WORD PROCESSING AND DATABASE MANAGEMENT SYSTEM
INDIRECT RATE COMPUTATION

SCHEDULE 4

CAPITAL COST	QTY		COST		TOTAL
Pentium IV Class Work Stations	15	@	\$1,423		\$21,342
Pentium IV Class Work Stations	5	@	764		3,820
Pentium IV Class Work Stations	2	@	1,702		3,404
Dell PowerEdge T620 Server	1	@	3,152		3,152
Dell Backup System	1	@	13,181		13,181
Laser Printers	11	@	400		4,400
Color LaserJet Printers	9	@	500		4,500
Canon Desktop Scanner	2	@	1,150		2,300
HP ScanJet Pro 4500	1	@	300		300
Misc. Hardware & Connections	22	@	252		5,544
TOTAL HARDWARE & PERIPHERAL INVENTORY					68,245
Windows 10 Pro Operating& Utilities	22	@	405		8,913
Itemized Software Listing		LS			35,124
Total Software Inventory					44,037
Assets Still Being Depreciated					0
Assets Fully Depreciated					124,406
TOTAL HARDWARE & SOFTWARE CAPITAL COST					\$124,046
AVERAGE ANNUAL COST					
Debt Service	8%	/	4	Yrs.	0
User Charge	6.67%				8,298
H & S Upgrade Program		@	12.5%	Cost	14,929
Routine H & S Maintenance		@	10%	DS	12,441
Personnel Training (5 da / Yr.)		@	5%	DS	6,220
AVERAGE ANNUAL H & S COST					\$41,888
WP/DBMS USE TIME CHARGE					
Maximum Hours per Person per Year	8	x	240	1,920	Hours
Number of WP/DBMS Technicians	6	x	1,920	11,520	Hours
Percent of CPU I/O Time	30%	x	11,520	3,456	Hours
HOURLY RATE FOR WP/DBMS CPU TIME					\$12.12

**INTERNET/INTRANET WEB SERVER
INDIRECT COST COMPUTATION**

SCHEDULE 5

CAPITAL COST		TOTAL
Pentium IV Web Server		\$2,890
Microsoft 2012 R2 Server Software		750
Cold Fusion Software		495
Access 2003 DBMS Software		595
TOTAL CAPITAL COST		\$4,730
AVERAGE MONTHLY COST		
Use Charge	6.67%	\$315
Spectrum Internet	Avg / Mo	325
Avg Normal Website Maintenance	5hrs / Mo @ 33 / Hr.	165
AVERAGE MONTHLY OPERATING COST		\$805
INTERNET WEBSITE COST ANALYSIS		
Average Monthly Operating Cost		\$805
% Dedicated to Program Activities	20%	
MONTHLY PROGRAM CHARGE		\$161.10

**AUDIO/VISUAL AIDS CENTER
INDIRECT COST COMPUTATION**

SCHEDULE 6

CAPITAL COST		TOTAL
Samsung 85" 4K TV		\$1,248
Kodak Digital Camera		693
Epson PowerLight 1705c/1715c LCD Multimedia Projector		1,021
Zoom Software		550
Projector and Interactive Touch Screen		3,876
Miscellaneous A/V Support Accessories		2,070
TOTAL CAPITAL COST		\$9,458
ANNUAL COST		
Use Charge	6.67%	\$631
Average Annual Maintenance	@ 10% of Cost	946
TOTAL ANNUAL COST		\$1,577
A/V EQUIPMENT EVENT CHARGE		
Maximum Events Per Year	12	\$131.38

**COPY AND DUPLICATION EQUIPMENT
INDIRECT COST COMPUTATION**

SCHEDULE 7

CAPITAL COST		TOTAL
Canon IR-ADV 6275 Copy Machine		\$15,619
Canon IR 5050 Copy Machine		12,455
Canon IR C5250 Copy Machine		10,833
Xerox Altalink C8070 Color Copy Machine		
TOTAL CAPITAL COST		\$38,957
ANNUAL COST		
Use Charge	6.67%	\$2,598
Annual Maintenance Contract	LS	6,467
Consumable Equipment Supplies (B&W Copies)	LS	2,171
Consumable Equipment Supplies (Color Copies)	LS	4,209
TOTAL ANNUAL COST		\$15,445
COPY SYSTEM USE CHARGE		
Maximum Copies Run Per Year	150,000	\$0.103
Average Copies Run Per Year	110,000	\$0.172
COPY CHARGE PER PAGE (8.5 X 11)		\$0.17
COPY CHARGE PER PAGE (11 X 17)		\$0.34
COPY CHARGE PER COLOR PAGE (ALL SIZES)		\$1.39

**COMMUNICATIONS EQUIPMENT
INDIRECT COST COMPUTATION**

SCHEDULE 8

COMPUTERIZED TELEPHONE SYSTEM

CAPITAL COST		TOTAL
1-Avaya Partner ACS7 - 8 Line SMDR (894)		\$8,726
2- MLS-34D PBX Station	438 /unit	876
19-MLS-12 Desk Phones	292 /unit	5,548
1-CPU & Call Tracker Software		3,550
TOTAL CAPITAL COST		\$18,700
ANNUAL COST		
Use Charge	6.67%	\$1,247
Spectrum Service Charge	455 / Mo x 12 Mos	5,465
Average Equipment Maintenance	15%	2,805
TOTAL ANNUAL COST		\$9,517
TELEPHONE SYSTEM USE CHARGE		COST/MIN
Total System Use Time (Minutes/Year)	55,637	\$0.17

**COMMUNICATIONS EQUIPMENT
INDIRECT COST COMPUTATION**

SCHEDULE 9

FACSIMILE SYSTEM

CAPITAL COST	TOTAL
Brother 7820N Fax	\$560
Brother 4450 Fax	826
CPU Interface & Interconnects	279
TOTAL CAPITAL COST	\$1,665
ANNUAL COST	
Use Charge 6.67%	\$111
Dedicated FAX Line (Spectrum 723-8531) 55.00 / Mo	659
8 ½ X 11 20# Paper Stock (Ream) 2 @ 3.99 Ea.	8
Brother Fax Machine Toner (avg cost) 2 @ 48.07 Ea.	96
Brother Fax Machine Drum (avg cost) 2 @ 49.07 Ea.	98
Average Annual Maintenance	250
TOTAL ANNUAL COST	\$1,223
FACSIMILE SYSTEM USE CHARGE PER	EVENT
AVERAGE FAXES PER YEAR 850	\$1.44

TRANSPORTATION COST

SCHEDULES 10 AND 11

AUTHORIZED TRANSPORTATION COST	MAXIMUM
TRAVEL COST	
Standard Vehicle Mileage (Max State Allowed as of September 30, 2024)	\$0.67 / Mile
Common Carrier (Coach Class)	Actual Ticket Cost
PER DIEM COST	
Lodging and Meal Allowance (Max State Allowed)	Varies By Location

**GENERAL OFFICE SUPPLIES
INDIRECT COST COMPUTATION**

SCHEDULE 12

SHARED OFFICE SUPPLIES	
ITEM DESCRIPTION	UNIT COST
32G Thumb Drive (each)	\$ 9.69
Calculator Ribbons (each)	1.48
#10 Regular Letter Envelopes non window (each)	0.09
#10 Regular Letter Envelopes Window (each)	0.17
#10 Regular Letter Envelopes Peel and Stick Window (each)	0.17
#10 Regular Letter Envelopes Peel and Stick non window (each)	0.17
#10 Security Letter Envelopes Window (each)	0.22
#10 Security Letter Envelopes Window Peel and Stick (each)	0.31
#9 Return Envelopes non window (each)	0.10
Manilla 6 x 9 Bubble Mailers (each)	0.90
Manilla 9 x 12 Envelopes (each)	0.27
Manilla 10 x 13 Envelopes (each)	0.29
10 x 13 First Class HD Envelopes	0.47
9 X 12 First Class HD Envelopes	1.00
11 x 17 Paper Stock (ream)	29.99
8½ x 11 Index Dividers - (each)	0.81
3 Ring Binders – 1” (each)	3.50
3 Ring Binders – 2” (each)	12.59
3 Ring Binders – 3” (each)	15.59
3 Ring Binders – 4” (each)	18.59
3 Ring Binders – 5” (each)	30.99
5½ x 4¼ White Post Card - (each)	0.15
2½" Calculator Tape (roll)	1.79
8½ x 11 Letterhead (each)	1.39
8½ x 11 Regular File Folders Letter (each)	0.36
8½ x 14 Regular File Folders Legal (each)	0.25
Expandable File Folders Letter 1 3/4 (each)	2.52

**GENERAL OFFICE SUPPLIES
INDIRECT COST COMPUTATION**

**SCHEDULE 12
(CONTINUED)**

Expandable File Folders Letter 3 1/2 (each)	\$ 2.40
Expandable File Folders Letter 5 1/4 (each)	3.30
Expandable File Folders Legal 3 1/2 (each)	2.48
Expandable File Folders Legal 5 1/4 (each)	5.90
8½ x 11 26 # Report Covers Clear heat bind (avg of 9 sizes)*	0.57
8½ x 11 26 # Report Covers Clear spiral bind (avg of 9 sizes)*	0.57
8½ x 11 26 # Report Covers Linen heat bind (avg of 9 colors)*	0.32
8½ x 11 26 # Report Covers Linen spiral bind (avg of 9 sizes)*	0.30
Spiral Plastic Binders (avg of 9 sizes)*	0.21
laser print labels (5160 or equivalent)	0.02
2½ x 4¼ RRA Mailing Labels (each)	0.24
Packing Tape Roll	2.27
Binder Strip (avg of 3 sizes)*	0.45
AA alkaline battery	0.37
AAA alkaline battery	0.37
9 volt alkaline battery	2.00
C alkaline battery	1.15
D alkaline battery	1.15
Miscellaneous Office Supplies @ 15% of Total Supplies	15%

*Manufacturer recommendation



RED RIVER AUTHORITY OF TEXAS



RESOLUTION

No. 2025-002

STATE OF TEXAS

§

COUNTY OF WICHITA

§

A RESOLUTION OF THE BOARD OF DIRECTORS Adopting the Indirect Cost Accounting Plan (Plan) for Calendar Year 2025, in accordance with the Uniform Grant Management Standards (UGMS) as amended.

WHEREAS, the Authority's Auditor reviewed the plan in accordance with attestation standards established by the American Institute of Certified Accountants and concluded that the indicated costs were allocable under UGMS; and,

WHEREAS, the Authority and the Texas Commission on Environmental Quality (TCEQ) agreed to the procedures enumerated in the Indirect Cost Accounting Plan; and,

WHEREAS, the Authority's Management is responsible for compliance with those procedures in administering the Indirect Cost Accounting Plan for Calendar Year 2025; and,

NOW, THEREFORE BE IT RESOLVED that the Indirect Cost Accounting Plan for Calendar Year 2025 attached to this Resolution as Exhibit A is hereby adopted effective January 15, 2025, by the Red River Authority of Texas Board of Directors.:

PASSED AND APPROVED this the 15th day of January, 2025 at a regular meeting of the Board of Directors by a vote of ____ **FOR** and ____ **AGAINST**.

Jerry Bob Daniel, President

Mary Lou Bradley, Secretary/Treasurer



RED RIVER AUTHORITY OF TEXAS
BOARD OF DIRECTORS MEETING
JANUARY 15, 2025



ITEM 7

Consider Approval of the Purchase of Vehicles for the Utility Division through the Texas Buy Board Purchasing Cooperative, as Specified in the Fiscal Year 2024-2025 Consolidated Annual Operating Budget, and Take Any Other Action Deemed Necessary

As part of the Authority's vehicle replacement program, four vehicles are budgeted for replacement in the FY 2024-2025 Budget, at an authorized total amount of \$272,000.00.

Staff researched pricing, and the best deal is through the Texas Buy Board Purchasing Cooperative (Buy Board), of which the Authority is a member. The base vehicle cost is \$239,990.00. Peripherals will be added after receipt of the vehicles.

Dealer/Location	Year	Units	Make	Model	Delivery Time	Quote Per Vehicle	Total
Caldwell Country Chevrolet Caldwell, TX 77836	2025	1	Chevrolet Silverado 1500	1/2 Ton	Late Summer to Early Fall	\$49,570	\$49,570
Caldwell Country Chevrolet Caldwell, TX 77836	2025	2	Chevrolet Silverado 2500HD	3/4 Ton	Late Summer to Early Fall	\$55,435	\$110,870
Caldwell Country Chevrolet Caldwell, TX 77836	2023	1	Chevrolet Silverado 6500HD	2 Ton	Late Summer to Early Fall	\$79,550	\$79,550

Sample motion:

I move the Board authorize the purchase of replacement vehicles for the Utility Division through the Texas Buy Board Purchasing Cooperative, as approved in the Fiscal Year 2024-2025 Consolidated Annual Operating Budget as presented.

Second _____

Vote for _____ against _____.

QUOTE# 00D1-LZ272111

CONTRACT PRICING WORKSHEET

End User: RED RIVER AUTHORITY OF TX	Contractor: CALDWELL COUNTRY
Contact Name: BRYAN SCHAFFNER	CALDWELL COUNTRY
Email: BRYAN.SCHAFFNER@RRA.TEXAS.GOV	Prepared By: Averyt Knapp
Phone #: 940-723-8697	Email: aknapp@caldwellcountry.com
Fax #:	Phone #: 979-567-6116
Location City: WICHITA FALLS, TX	Fax #: 979-567-4376
Date Prepared: JANUARY 1, 2025	Address: P. O. Box 27, Caldwell, TX 77836
Contract Number: BUY BOARD #724-23	Tax ID # 87-3266036
Product Description: 2025 CHEVROLET 1500 SILVERADO 4X4 CREW CAB CK10743	
A Base Price (\$39,800) & Options (\$9,770):	
\$49,570	

B Fleet Quote Option:

Code	Description	Cost	Code	Description	Cost
	4X4-CREW CAB, 5.3L-V8, 10-SPD AUTOMATIC, LOCKING REAR AXLE DIFFERENTIAL, LT265/70R17 ALL TERRAIN (5), 40-20- 40 VINYL SEATS, FULL RUBBER FLOOR, AIR CONDITION, AMFM- STEREO W/BLUETOOTH, TILT, CRUISE, POWER WINDOWS, POWER LOCKS, POWER MIRRORS, KEYLESS ENTRY, DEEP TINT GLASS W/ELECTRIC REAR WINDOW DEFOGGER, WT SAFETY PACKAGE, FRONT AND REAR PARK ASSIST ULTRASONIC, REAR CROSS TRAFFIC BRAKING, LANE CHANGE ALERT WITH SIDE BLIND ZONE ALERT, REAR PEDESTRIAN ALERT, FRONT & REAR CHROME BUMPERS, 6.5' BED, REAR STEP BUMPER, REAR VISION CAMERA, HD TRAILER TOW PACKAGE W/INTEGRATED TRAILER BRAKE CONTROLLER, 25% FRONT WINDOW TINT-DEALERSHIP INSTALLED, LPO UNDERSEAT STORAGE	INCL			

	GM WARRANTY 5YR/100,000 MILES POWERTRAIN @ N/C	INCL		CALDWELL COUNTRY PO BOX 27 CALDWELL, TEXAS 77836	
	PRICES VALID FOR 30 DAYS BUT SUBJECT TO CHANGE DUE TO SUPPLY CHAIN CHALLENGES			REVERIFY PRICING BEFORE ISSUING PURCHASE ORDER. COMMODITY SURCHARGES MAY APPLY AFTER PO ISSUED	
Subtotal B					INCL
C Unpublished Options					
Code	Description	Cost	Code	Description	Cost
Subtotal C					
D Other Price Adjustments (Installation, Delivery, Etc...)					
Subtotal D					INCL
E Unit Cost Before Fee & Non-Equipment Charges (A+B+C+D)					\$49,570
Quantity Ordered					1
Subtotal E					\$49,570
F Non-Equipment Charges (Trade-In, Warranty, Etc...)					
BUY BOARD FEE					\$400
G. Color of Vehicle: WHITE					
H. Total Purchase Price (E+F)					\$49,970
Estimated Delivery Date:					120-150 DAYS APPX

QUOTE# 00B1

CONTRACT PRICING WORKSHEET

End User: RED RIVER AUTHORITY OF TX	Contractor: CALDWELL COUNTRY
Contact Name: BRYAN SCHAFFNER	CALDWELL COUNTRY
Email: BRYAN.SCHAFFNER@RRA.TEXAS.GOV	Prepared By: Averyt Knapp
Phone #: 940-723-8697	Email: aknapp@caldwellcountry.com
Fax #:	Phone #: 979-567-6116
Location City: WICHITA FALLS, TX	Fax #: 979-567-4376
Date Prepared: JANUARY 1, 2025	Address: P. O. Box 27, Caldwell, TX 77836
Contract Number: BUY BOARD #724-23	Tax ID # 87-3266036
Product Description: 2025 CHEVROLET 2500HD SILVERADO 4X4 DOUBLE CAB LWB CK20953	
A Base Price (\$43,980) & Options (\$11,255):	
\$55,235	

B Fleet Quote Option:

Code	Description	Cost	Code	Description	Cost
	4X4-DOUBLE CAB, 10,500#GVWR, 6.6L-V8 GAS, 6-SPD AUTOMATIC, 3.73 LOCKING REAR AXLE DIFFERENTIAL, LT245/75R17E ALL SEASON (5), 40-20-40 VINYL SEATS, FULL RUBBER FLOOR, AIR CONDITION, AMFM- STEREO INFOTAINMENT 3 SYSTEM W/BLUETOOTH TILT, CRUISE, POWER WINDOWS, POWER LOCKS, POWER TRAILER TOW MIRRORS, KEYLESS ENTRY, WT CONVENIENCE PACKAGE, AUTOTRAC 2-SPD TRANSFER CASE, SKID PLATE SHIELD, DEEP TINT GLASS, ELECTRIC REAR WINDOW DEFOGGER, 220 AMP ALTERNATOR, WT/CX SAFETY PACKAGE, FORWARD COLLISION ALERT, FOLLOWING DISTANCE INDICATOR, REAR CROSS TRAFFIC ALERT, LANE CHANGE ALERT W/SIDE BLIND ZONE ALERT, POWER OUTLET 120V INSTRUMENT PANEL, POWER OUTLET 120V BED MOUNTED, 8' DURABED, REAR STEP BUMPER, REAR VISION	INCL			

	CAMERA, FRONT AND REAR PARK ASSIST, OEM HD TRAILER TOW PACKAGE W/INTEGRATED TRAILER BRAKE CONTROLLER, *MAX* LIMO TINT REAR DOORS & REAR WINDOW, 25% FRONT WINDOW TINT				
	GM WARRANTY 5YR/100,000 MILES POWERTRAIN @ N/C	INCL		CALDWELL COUNTRY PO BOX 27 CALDWELL, TEXAS 77836	
	PRICES VALID FOR 30 DAYS BUT SUBJECT TO CHANGE DUE TO SUPPLY CHAIN CHALLENGES			REVERIFY PRICING BEFORE ISSUING PURCHASE ORDER. COMMODITY SURCHARGES MAY APPLY AFTER PO ISSUED	
Subtotal B					INCL
C Unpublished Options					
Code	Description	Cost	Code	Description	Cost
Subtotal C					
D Other Price Adjustments (Installation, Delivery, Etc...)					
Subtotal D					INCL
E Unit Cost Before Fee & Non-Equipment Charges (A+B+C+D)					\$55,235
Quantity Ordered					2
Subtotal E					\$110,470
F Non-Equipment Charges (Trade-In, Warranty, Etc...)					
BUY BOARD FEE					\$400
G. Color of Vehicle: WHITE					
H. Total Purchase Price (E+F)					\$110,870
Estimated Delivery Date:					Q2-Q3 2025 APPX

QUOTE# 00AA-Q147560-PH406663

CONTRACT PRICING WORKSHEET

End User: RED RIVER AUTHORITY OF TX	Contractor: CALDWELL COUNTRY
Contact Name: BRYAN SCHAFFNER	CALDWELL COUNTRY
Email: BRYAN.SCHAFFNER@RRA.TEXAS.GOV	Prepared By: Averyt Knapp
Phone #: 940-723-8697	Email: aknapp@caldwellcountry.com
Fax #:	Phone #: 979-567-6116
Location City: WICHITA FALLS, TX	Fax #: 979-567-4376
Date Prepared: DECEMBER 30, 2024,	Address: P. O. Box 27, Caldwell, TX 77836
Contract Number: BUY BOARD #723-23	Tax ID # 87-3266036
Product Description: 2023 CHEVROLET 6500HD SILVERADO 4X4 CREW CAB DRW CK56043	
A Base Price (\$63,990) & Options (\$15,560):	
\$79,550	

B Fleet Quote Option:

Code	Description	Cost	Code	Description	Cost
	4X4-CREW CAB, 84"CA, 23,000#GVWR, 6.6L-V8 DURAMAX DIESEL, ALLISON AUTOMATIC, 4.30 LIMITED SLIP REAR AXLE, TRACTION TIRES (7), 40-20-40 VINYL SEATS, FULL RUBBER FLOOR, AIR CONDITION, AMFM-STEREO, TILT, POWER WINDOWS, POWER LOCKS, FRONT TOW HOOKS, 7,500# FRONT AXLE, 15,500# REAR AXLE & SUSPENSION, FRONT STABILIZER BAR, 220 AMP ALTERNATOR, 11' GOOSENECK PAINTED BLACK BODY, 1/8" STEEL TREADPLATE FLOOR W/TRAP DOOR, 3" STRUCTURAL CROSSMEMEBERS, 1/8" DIAMOND TAILSKIRT, ROUNDED HEADBOARD W/LOUVERS AND STOP TURN LIGHTS, OUTSIDE RUBRAIL AND STAKE POCKETS ON SIDES ONLY, STANDARD REAR ICC BUMPER, 2" HD RECEIVER HITCH W/7 WAY PLUG AT GOOSENECK, SPARE TIRE BRACKET ON STREET SIDE HEADBOARD, PLAIN MUDFLAPS IN WIRE	INCL			

	ANTI SAIL BRACKETS, OEM INTEGRATED TRAILER BRAKE CONTROLLER, (NO EXTRA TINT)				
	GM WARRANTY 5YR/100,000 MILES POWERTRAIN @ N/C	INCL		CALDWELL COUNTRY PO BOX 27 CALDWELL, TEXAS 77836	
Subtotal B					INCL
C Unpublished Options					
Code	Description	Cost	Code	Description	Cost
Subtotal C					
D Other Price Adjustments (Installation, Delivery, Etc...)					
Subtotal D					INCL
E Unit Cost Before Fee & Non-Equipment Charges (A+B+C+D)					\$79,550
Quantity Ordered					1
Subtotal E					\$79,550
F Non-Equipment Charges (Trade-In, Warranty, Etc...)					
BUY BOARD FEE					\$400
G. Color of Vehicle: WHITE					
H. Total Purchase Price (E+F)					\$79,950
		Estimated Delivery Date:		UNIT IN STOCK - REF#PH406663 (60 DAY BODY INSTALL APPX)	



**RED RIVER AUTHORITY OF TEXAS
BOARD OF DIRECTORS MEETING
JANUARY 15, 2025**



ITEM 8

Consider, Commissioning Article 8280-228, VATCS Section 14, Employee Barry Hines as Special Investigator for the Authority, and Take Any Other Action Deemed Necessary.

The Authority is empowered by law (Article 8280-228, §14, (a), (c), (d), and (k), VATCS and Sections 12, 16, and 26 of the Texas Water Code) to enforce the general pollution control laws of the state and as such, commission officers as Special Investigators to carry out this purpose under the Enabling Legislation.

Chapter 4, Section 4.1.2 of the Authority's Administrative Policy and Procedure Manual states that "The Authority shall maintain an adequate complement of Special Investigators for the purpose of investigating complaints, performing investigative water quality surveys, and promoting water quality protection of the natural resources within the Red River Basin. Each officer shall be commissioned by the Board of Directors and function under the direct supervision of the General Manager or his designee."

Currently, we have five commissioned Special Investigators:

1. Fabian Heaney, General Manager
2. Bryan Schaffner – Assistant General Manager
3. Daniel Medenwaldt, Clean Rivers Program Supervisor
4. Matthew Tullock – Environmental Services Technician
5. Michael Heckathorn – Western Regional Manager

The Authority wishes to commission the following employee as Special Investigator, Barry Hines, Eastern Regional Manager.

Sample motion:

I motion to commission Barry Hines, Eastern Regional Manager, as a Special Investigator for the Authority.

Second _____

Vote For _____ Against _____.



RED RIVER AUTHORITY OF TEXAS
BOARD OF DIRECTORS MEETING
JANUARY 15, 2025



ITEM 9

Consider the Bids Received and Awarding of the Contract for the Preston Shores Water System Ground Storage Tanks Project, and Take Any Other Action Deemed Necessary.

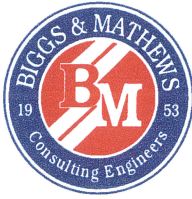
Two bids for the project were received. Our engineer, Biggs & Mathews, Inc. provided their recommendation that the bid be awarded to Haynie Leadership Group, Inc. dba A&V Water for items 1-11 in addition to Additive Alternate Bid Item 2-A for a total project award amount of \$1,209,325.75.

Sample Motion:

I move the Board to accept the current bid from Haynie Leadership Group, Inc. dba A&V Water, and award the contract for the same, for the Preston Shores Water System Ground Storage Tanks Project.

Second _____

Vote for _____ against _____.



BIGGS & MATHEWS INC.

Consulting Engineers

January 08, 2025

Fabian Heaney, General Manager
Red River Authority of Texas
P.O. Box 240
Wichita Falls, Texas 76307-0240

RE: Re-Bid: 2- 130,000 Gallon Ground Storage Tanks
Preston Shores Water System

Dear Mr. Heaney:

As you are aware, competitive bids were solicited on Tuesday, January 7, 2025, for the above referenced project. This project was advertised in the Sherman newspaper in addition to bid documents being sent to ten (10) potential contractors that have performed this type of work in the past. As a result of those efforts, two (2) bids were submitted for this proposed project. (See Attached Bid Tabulation Sheet)

The bids ranged from a low Base Bid of \$1,176,825.72 to a high of \$1,948,176.06. In addition, there were bids for two (2) Additive Alternate Bid Items including 1-A – Demolition & Haul-Off of abandoned Filter Building & Substructure and 2-A - Demolition & Haul-Off of existing 90,000 Gallon Ground Storage Tank.

The low Base Bid was submitted by Haynie Leadership Group, Inc. dba A & V Water, Dallas, Texas, in the amount of **\$1,176,825.72** in addition to Additive Alternate Bid Item 2-A in the amount of **\$32,500**.

Therefore, having evaluated the submitted bids, it is our recommendation that this project be awarded to Haynie Leadership Group dba for Base Bid Items 1-11 in addition to Additive Alternate Bid Item 2-A for a total project award amount of **\$1,209,325.72**.

Please contact me if you have any questions regarding the enclosed information.

Regards,

BIGGS & MATHEWS, INC. (F-834)



Kerry D. Maroney, P.E.

Preston Shores System - 2- 130,000 Gallon Ground Storage Tanks & Site Work				DBA - A & V Water		Incon-Trol Construction, LLC	
Red River Authority of Texas				715 Fort Worth Avenue		410 Interchange St.	
January 7, 2025				Dallas, Texas 75208		McKinney, Texas 75071	
ITEM	QTY	UNITS	DESCRIPTION	\$ PER UNIT	TOTAL	\$ PER UNIT	TOTAL
1	1	LS	Mobilization & Insurance	\$50,000.00	\$50,000.00	\$81,651.44	\$81,651.44
2	6	EA	Inspection/Investigation Excavations	\$6,500.00	\$39,000.00	\$5,256.53	\$31,539.18
3	1	LS	Construct 130,000 Gallon Tank & Foundation	\$474,950.00	\$474,950.00	\$769,367.03	\$769,367.03
4	1	LS	Construct 130,000 Gallon Tank - Existing Foundation	\$391,000.00	\$391,000.00	\$668,363.51	\$668,363.51
5	20	LF	12" Inlet Line & Connection	\$1,203.61	\$24,072.20	\$2,992.04	\$59,840.80
6	85	LF	12" Outlet Line & Connection	\$547.30	\$46,520.50	\$712.06	\$60,525.10
7	4	EA	12" Gate Valve & Box	\$6,743.43	\$26,973.72	\$10,844.99	\$43,379.96
8	1	LS	Excavation & Relocation of Decant Basin Vault	\$28,750.00	\$28,750.00	\$79,837.22	\$79,837.22
9	700	SF	3'-0" Reinforced Concrete Walk	\$22.00	\$15,400.00	\$31.76	\$22,232.00
10	1	LS	Demolition & Haul-Off 130,000 Gal. Bolted Tank	\$32,500.00	\$32,500.00	\$89,193.64	\$89,193.64
11	1	LS	Sample Tap, Post CL2 & Post LAS Injection Pt.	\$47,659.30	\$47,659.30	\$42,246.18	\$42,246.18
TOTAL AMOUNT OF BASE BID					\$1,176,825.72		\$ 1,948,176.06
ADD ALTERNATIVE BID ITEM:							
1-A	1	LS	Demolition & Haul-Off Abandoned Filter Bldg.	\$100,000.00	\$100,000.00	\$17,206.48	\$17,206.48
2-A	1	LS	Demolition & Haul -Off Existing 90,000 Gal. Tank	\$32,500.00	\$32,500.00	\$28,313.35	\$28,313.35
TOTAL AMOUNT OF ALTERNATE BID ITEMS					\$132,500.00		\$45,519.83

2023-043



**RED RIVER AUTHORITY OF TEXAS
BOARD OF DIRECTORS MEETING
JANUARY 15, 2025**



ITEM 10

**Consider Authorizing the Advertisement for Request for Qualifications for Auditing
Services and Take Any Action Deemed Necessary**

In accordance with 30 T.A.C. Section 292.13(4)(B), the Authority must maintain a list of at least three pre-qualified persons or firms for professional services contracts expected to exceed \$25,000. The last time professional services were procured was in 2020. It is time to update the list. Once procured and scored by Management, the list will be provided to the Board for approval.

Sample motion:

I move the Board to authorize the advertisement for Request for Qualification for Statements of Qualifications for Auditing Services, as presented.

Second _____

Vote for _____ against _____.

RED RIVER AUTHORITY OF TEXAS

REQUEST FOR QUALIFICATIONS

AUDIT SERVICES

February, 2025

The Red River Authority of Texas (AUTHORITY) is soliciting Request for Qualifications (RFQ) from interested persons and/or firms for the provision of Audit Services. The AUTHORITY is a governmental entity comprised of multiple departments and enterprise funds and is subject to regulations governing the completion and filing of annual financial audits. In addition, The AUTHORITY provides wholesale and retail water and wastewater services.

The scope of the audit is to be performed under generally accepted auditing standards, as well as governmental auditing standards. The report is to be a Comprehensive Annual Financial Report (CAFR) that is graded annually and the auditor is requested to draft the main statements and combining schedules, as well as some of the other schedules within the CAFR. The AUTHORITY'S staff will prepare schedules, reproduce documents, pull documents, and other such tasks as needed to expedite the audit.

The financial audit should be conducted as early as possible after the fiscal year ending September 30 with the entire CAFR ready for discussion, recommendations, and approval by the AUTHORITY'S Board of Directors at the annual meeting in January of the subsequent year.

At a minimum, RFQs should include:

1. Resumes with the names and relevant experience of the primary client representative and all support staff who are proposed to provide material input into the audit process as part of the proposed engagement.
2. The RFQ should also include the firm's overall experience to include references and contact information.
3. The primary client representative must be a licensed CPA and possess a thorough knowledge of state and federal regulations governing Texas governmental entities, including federal Single Audit Act requirements.
4. Describe any current or potential conflict of interest that may result from the selection of your firm by the Authority. Specify the party with which the conflict exists or might arise, the nature of the conflict, and whether the firm would step aside or resign from that engagement or representation creating the conflict.
5. Provide a copy of the audit services contract proposed by your firm without fee information.

The deadline for submission of RFQs is **4:00 p.m. on Thursday, April 6, 2025.**

RFQs may be submitted marked **CONFIDENTIAL RFQ** to Ms. Cara Clark, Administration Manager by email to cara.clark@rra.texas.gov, by mail to P.O. Box 240, Wichita Falls, Texas 76307, or delivered to 3000 Hammon Road, Wichita Falls, Texas.



**RED RIVER AUTHORITY OF TEXAS
BOARD OF DIRECTORS MEETING
JANUARY 15, 2025**



ITEM 11

Consider Authorizing the General Manager to Execute Contracts for the Purchase of Treated Wholesale Water with the City of Childress and with the City of Wellington, and Take any other Action Deemed Necessary.

The City of Childress is responsible for supplying water to 130 connections within the RRA Northeast Childress Water System. Although our contract with them has expired, we are actively engaged in discussions to establish updated terms that will ensure continued service and reliability.

Similarly, the City of Wellington provides water to 37 connections in the RRA Dodson Water System. Their contract has also expired, but we are eagerly awaiting the City Manager's presentation of the new contract to the City Council for approval.

Sample Motion:

I move the Board to authorize the General Manager to execute the contracts for the purchase of treated wholesale water with the City of Childress and with the City of Wellington.

Second _____

Vote for _____ against _____.

WATER SUPPLY CONTRACT

This water supply contract is made and entered into this the _____ day of _____, 2024, (the **Effective Date**) by and between the **CITY OF CHILDRESS, TEXAS**, hereinafter called **Childress**, and the **RED RIVER AUTHORITY OF TEXAS**, hereinafter called the **Authority**, both hereinafter collectively referred to as **Parties**.

RECITALS:

WHEREAS Childress and the Authority desire to enter into a contract for the purchase and supply of water from Childress to the Authority by executing this Water Supply Contract, and

WHEREAS the Authority and Childress are both organized and established under the provisions of the laws of the State of Texas, and

WHEREAS Childress operates a water supply and distribution system serving water users within Childress County area generally known as City of Childress Water System, and

WHEREAS the Authority operates a water supply and distribution system serving water users within the Childress County area generally known as RRA Northeast Childress System, and will require a supply of water from Childress, and

WHEREAS Childress currently provides treated water from its City of Childress Water System to the Authority for distribution to the RRA Northeast Childress System;

Now, therefore, in consideration of the foregoing, and the mutual covenants hereinafter set forth, Childress and the Authority agree as follows:

1. **Water Supply.** Childress agrees to sell, and the Authority agrees to purchase, treated, potable water, meeting Texas Commission on Environmental Quality (TCEQ) standards, in such quantity as may be required for the Authority's connections, not to exceed 35,000,000 gallons annually from Childress's water supply system.

- a. If Childress is unable or unwilling to supply the Authority with enough water to meet the needs of the Authority's customers (as stated in Section 2 below), then Childress will notify the Authority in writing within 30 days following the Authority's written notice of the need for water. In such event, the Authority may supplement the water supply to those customers with water acquired from any

other water source in accordance with State law.

2. Connections, Flow Rate, and Pressure. Childress will allow the Authority to maintain the current connections to the Childress water supply system as follows:

- a. The connection point will be on the existing Childress water main located at 912 FM 2530 NE (Account 33-2002-00).
- b. Treated water will be supplied at the connection point(s) under Childress's normal operating conditions and normal distribution pressure of 35 psi. Childress will supply water to the connection point(s) at a flow rate from its actual service pump system capacity of at least 2.0 gallons per minute per connection, or provide at least 1,000 gallons per minute and be able to meet peak hourly demands, whichever is less, as required by the TCEQ Rules and Regulations, specifically Texas Administrative Code Title30, § 290.45(f).
- c. After the Effective Date, The Authority will confer with Childress regarding any proposed changes to the size or location of any existing connection points. The parties must make reasonable efforts, undertaken diligently and in good faith, to reach a compromise in the event of any disagreement regarding the size or location of connection points. In the event the parties are unable to agree on the exact size or location of connection points, the connection points will be sized and located in the manner that Childress deems will have the least negative impact on its ability to supply water to the Authority under this contract, subject to the provisions of Section 1 (b) if the Authority cannot, in its sole judgment, provide adequate service using the connection point location and size approved by Childress.
- d. The Authority shall endeavor to provide Childress notice of significant meter changes or additional demands within the Authority system.
- e. The Authority may NOT service new areas with Childress water, but may maintain and add connections on existing lines.
- f. Childress already provides, and will continue to provide, pressure for the existing RRA Northeast Childress System currently connected to Childress.

3. Meters and Rates.

- a. The Authority will furnish, install, operate, and maintain all additional necessary metering equipment at each Childress connection point.

- b. Childress will read the meters by the last business day of each month (excluding holidays). The parties will each have access to read meters daily, if they so desire. Childress will provide the Authority with an itemized statement of the amount of water supplied and sold to the Authority during the preceding month and the resulting charges. The Authority will pay the statement within 30 days after it is received.
- c. The Authority metering equipment will be calibrated when requested, but not more frequently than once every twelve months. A meter registering not more than two percent (2%) above or below the test result of the rated capacity of the meter will be deemed accurate. The previous reading of any meter disclosed by tests to be inaccurate will be corrected for the twelve months preceding such test in accordance with the percentage of inaccuracy found by such test and existing records. Unless otherwise agreed in writing, if any meter fails to register for any period, the amount of water supplied and sold during such period will be deemed to be the amount of water supplied and sold in the corresponding duration immediately prior to the failure based on existing records.
- d. Charges and volumes for treated water will be determined by ordinance of the Childress City Council, subject to review by the Public Utility Commission of Texas pursuant to applicable statutory and regulatory provisions. Childress will give the Authority 30 days' notice of any rate increase to be considered by its City Council, and document the basis for the anticipated increase.

4. Water Use.

- a. Water supplied under this contract is to be used only for normal residential, municipal, or livestock purposes, and for commercial purposes where a business exists solely to support residential and commercial activities in its immediate vicinity, and is of a nature related to retail convenience, local commercial, or local industrial office service.
- b. Unless otherwise agreed in writing, water supplied under this contract will not be used for agricultural irrigation, commercial cattle feed lots, oil or gas operations, or any other process or manufacturing concern that uses water in other than normal residential or commercial quantities.
- c. The Authority is expressly prohibited from selling water supplied under this

contract to any third party for resale by that third party.

5. City Limit and Service Areas.

- a. The Authority is not required to furnish water to any Childress resident. If Childress extends its city limits to include the Authority's service areas, the Authority will continue to provide service to these areas.
- b. If Childress elects to provide water service to any such areas, subject to and conditional upon Childress and the Authority's mutual agreement as to terms, and such agreement shall not be unreasonably withheld by either party to this Water Supply Contract, Childress will purchase all the Authority's facilities, including distribution lines, meters, etc., located in and serving the area, at an appraised market value.

6. Water Supply Shortages.

- a. The parties acknowledge and understand that Childress owes its primary obligation and duty to the citizens of Childress. Childress may place reasonable limitations on the water supplied under this contract in accordance with Childress's Water Conservation and Drought Contingency Plan in effect at the time.
- b. If Childress implements conservation measures or drought stage restrictions from Childress's Water Conservation and Drought Contingency Plan, the Authority will implement similar restrictions on its customers in accord with the Authority's Water Conservation and Drought Contingency Plan.
- c. In the event that the supply of water available to Childress is diminished over an extended period of time, or due to events beyond Childress's control, so that it becomes necessary to ration the water sold to Childress residents, the amount of water supplied to the Authority under this agreement will be reduced or diminished in the same ratio or proportion as the supply to Childress residents is reduced or diminished.
- d. If there is a shortage in water supply, covered by a water conservation plan prepared in compliance with the Texas Commission on Environmental Quality or Texas Water Development Board rules, which results from drought,

accident, or other cause, Childress will divide the water to be distributed among all water users on a pro-rata basis.

7. Term and Termination.

- a. This contract will be valid for a term of forty (40) years from the Effective Date (the **Term**).
- b. At the expiration of the Term, this contract will be automatically renewed and the Term will be extended for an additional 5 years unless either party terminates future extensions in writing not less than 80 days prior to the end of the Term.
- c. This contract may be terminated as follows:
 - i. At the expiration of the Term, if either party cancels future automatic extensions;
 - ii. At any time, by agreement of the parties upon such terms and conditions as the parties may agree;
 - iii. Due to federal or state agency action pursuant to Section 10(d) below; or
 - iv. Due to breach of this contract pursuant to Section 8 below.

8. Default and Remedies. In the event either party breaches any provision of this contract, then the non-breaching party must deliver written notice to the breaching party specifying the breach and the requirements for compliance. If the breach has not been completely cured, or if the breaching party has not commenced to cure the breach, in good faith, by diligently and continuously pursuing the correction, removal, or abatement of the nonperformance by using commercially reasonable best efforts within 60 days after receiving the written notice, the non-breaching party may terminate the contract and pursue all available legal and equitable remedies.

9. Force Majeure. Notwithstanding anything herein to the contrary, neither party hereto shall be under any liability or be deemed in default with respect to its obligations under this Agreement for any failure to perform or for delay in performing such party's obligations hereunder (except for the obligation to pay money), where such failure or delay is due to force majeure, while and to the extent

that such performance is prevented by such cause. The term force majeure means acts of God, fire, storm, flood, war, terrorist activity, riots, sabotage, drought, lack of availability of water due to sedimentation, low inflows of water to, or lack of water supply in the System, strikes or other differences with labor (whether or not within the power of the parties to settle same), decrees or orders of the courts or other governmental authority, or other similar or dissimilar causes not within the reasonable control of such party, and not due to negligence of such party. Each party shall use due diligence to resume performance of any obligation suspended by force majeure at the earliest practicable time.

10. Compliance with Applicable Laws.

- a. This contract is subject to such rules, regulations, and laws as may be applicable to similar contracts in the State of Texas, and the parties will collaborate in obtaining such permits, certificates or the like, as may be required to comply therewith.
- b. The Authority will operate and maintain water treatment facilities and water distribution systems in accordance with the standards of the Texas Commission on Environmental Quality (or successor organizations), and in compliance with Texas Health and Safety Code, Section 341, Subchapter C. As this contract involves the sale of water to be used to serve domestic customers, the Authority will operate its water treatment facilities and distribution system in accordance with current state and federal regulations regarding treatment and provision of water to consumers.
- c. Childress will have the right to suspend delivery of water to Authority for non-compliance only if the non-compliance constitutes a safety or health hazard. Childress will not suspend the delivery of water without first notifying the Authority in writing of such non-compliance, and affording the Authority a reasonable opportunity to correct such non-compliance. In no event will Childress suspend delivery of water to any portion of the Authority's system not necessary in isolating the location of such non-compliance.
- d. Notwithstanding any other provisions of this contract, if any federal or state governmental agency passes, issues, interprets, or promulgates any law, rule, regulation, standard or interpretation at any time while this contract is in effect that prohibits, restricts, limits or in any way materially adversely affects either party's rights or obligations hereunder, either party may give the other

party notice of intent to amend this contract to the satisfaction of the noticing party, to compensate for such prohibition, restriction, limitation, or change. If the parties do not or cannot mutually agree to amend this contract in writing within 30 days after the notice is given, then either party may elect to terminate this contract without further liability to the other party, provided, however, that if the implementation of any such law, rule, regulations, standard, or interpretation is stayed on account of any administrative appeal or any suit filed in a court of competent jurisdiction, the right to amend or terminate as set forth above will be stayed during the period of such stay.

11. Limitation on Liability. Neither party will be held responsible or liable for the proper functioning of the other party's water treatment and distribution system and will hold each other harmless and immune from any and all damages, suits, etc., which may occur as a result of the design, operation, or maintenance of their respective water treatment and distribution systems.

12. Assignability. Neither party may assign this contract without the other party's written approval. However, in the event of any occurrence rendering the Authority incapable of performing under this contract, any successor of the Authority, whether the result of legal process, assignment, or otherwise, will succeed to the rights and obligations of the Authority under this contract.

13. Severability. If a court finds any provision of this Contract to be invalid or unenforceable as to any person or circumstance, such finding will not render that provision invalid or unenforceable as to any other persons or circumstances. If feasible, any such offending provision will be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it will be stricken, and all other provisions of this Contract in all other respects will remain valid and enforceable.

14. Amendment and Modification. The parties may amend or modify this contract at any time in writing by specifically identifying the amendment or modification, and if signed by both parties. This may be accomplished by a Memorandum of Understanding, which becomes part of the Contract.

15. Entire Agreement. This Contract contains the parties' entire agreement on the subject matter provided for herein. This Contract replaces any earlier contracts, agreements, or understandings, whether written or oral, and there are no other

written or oral agreements that have not been fully expressed herein.

16. Counterparts. This Contract may be executed in one or more counterparts, each of which will be deemed an original and all of which will constitute the same document.

The parties hereto, acting under their respective governing bodies, sign and enter into this Contract on the respectively on the date executed below:

CITY OF CHILDRESS

RED RIVER AUTHORITY OF TEXAS

Cary Preston, Mayor

Fabian Heaney, General Manager

D'Linda Dockery, City Secretary

Cara Clark, Administration Manager

Date Executed: _____

Date Executed: _____

Address for written correspondence:

Address for written correspondence:

City of Childress
315 Commerce Street
Childress, Texas 79201

Red River Authority of Texas
P.O. Box 240
Wichita Falls, TX 76307

WATER SUPPLY CONTRACT

This water supply contract is made and entered into this the _____ day of _____, 2024, (the **Effective Date**) by and between the **CITY OF WELLINGTON, TEXAS**, hereinafter called **Wellington**, and the **RED RIVER AUTHORITY OF TEXAS**, hereinafter called the **Authority**, both hereinafter collectively referred to as **Parties**.

RECITALS:

WHEREAS, that certain Water Purchase Contract dated December 15, 1975, by and between Wellington and the Authority (the "Original Agreement") has expired, and the parties desire to enter into a new contract for the purchase and supply of water from Wellington to the Authority by executing this Water Supply Contract, and

WHEREAS the Authority and Wellington are both organized and established under the provisions of the laws of the State of Texas, and

WHEREAS Wellington operates a water supply and distribution system serving water users within Collingsworth County areas generally known as Wellington Municipal Water System, and

WHEREAS the Authority operates a water supply and distribution system serving water users within the Collingsworth County areas generally known as RRA Dodson System, and will require a supply of water from Wellington, and

WHEREAS Wellington currently provides treated water from its Wellington Municipal Water System to the Authority for distribution to the RRA Dodson System;

Now, therefore, in consideration of the foregoing, and the mutual covenants hereinafter set forth, Wellington and the Authority agree as follows:

1. **Water Supply.** Wellington agrees to sell, and the Authority agrees to purchase, treated, potable water, meeting Texas Commission on Environmental Quality (TCEQ) standards, in such quantity as may be required for the Authority's 37 connections, not to exceed 6,000,000 gallons annually from Wellington's water supply system.

- a. If Wellington is unable or unwilling to supply the Authority with enough water to meet the needs of the Authority's customers (as stated in Section 2 below), then Wellington will notify the Authority in writing within 30 days following the Authority's written notice of the need for water. In such event, the Authority may

supplement the water supply to those customers with water acquired from any other water source in accordance with State law.

2. Connections, Flow Rate, and Pressure. Wellington will allow the Authority to maintain the current connections to the Wellington water supply system as follows:

- a. The connection points will be on the existing Wellington water mains located at O.S. Haskell Street (Account 04-1585-00), and at Highway 203 (Account 04-1580-00). The connection at Highway 83 and 1st Street (Account 04-1575-00) will be discontinued.
- b. Treated water will be supplied at the connection point(s) under Wellington's normal operating conditions and normal distribution pressure of 35 psi. Wellington will supply water to the connection point(s) at a flow rate from its actual service pump system capacity of at least 2.0 gallons per minute per connection, or provide at least 1,000 gallons per minute and be able to meet peak hourly demands, whichever is less, as required by the TCEQ Rules and Regulations, specifically Texas Administrative Code Title30, § 290.45(f).
- c. After the Effective Date, The Authority will confer with Wellington regarding any proposed changes to the size or location of any existing connection points. The parties must make reasonable efforts, undertaken diligently and in good faith, to reach a compromise in the event of any disagreement regarding the size or location of connection points. In the event the parties are unable to agree on the exact size or location of connection points, the connection points will be sized and located in the manner that Wellington deems will have the least negative impact on its ability to supply water to the Authority under this contract, subject to the provisions of Section 1 (b) if the Authority cannot, in its sole judgment, provide adequate service using the connection point location and size approved by Wellington.
- d. The Authority shall endeavor to provide Wellington notice of significant meter changes within the Authority system. No additional connections will be allowed over the 37 connections noted in this contract.
- e. The Authority may NOT service new areas with Wellington water, but may maintain connections on existing lines so long as changes in service do not exceed the existing 37 connections.
- f. Wellington already provides, and will continue to provide, pressure for existing portions of the RRA DODSON System currently connected to Wellington.

3. Meters and Rates.

- a. Wellington will furnish, install, operate, and maintain all additional necessary metering equipment at each Wellington connection point. Wellington will bill the Authority for the expenses of installation, operation, maintenance, and testing, and the Authority will pay the expenses on demand.
- b. Wellington will read the meters by the last business day of each month (excluding holidays). The parties will each have access to read meters daily, if they so desire. Wellington will provide the Authority with an itemized statement of the amount of water supplied and sold to the Authority during the preceding month and the resulting charges. The Authority will pay the statement within 30 days after it is received.
- c. Wellington metering equipment will be calibrated when requested, but not more frequently than once every twelve months. A meter registering not more than two percent (2%) above or below the test result of the rated capacity of the meter will be deemed accurate. The previous reading of any meter disclosed by tests to be inaccurate will be corrected for the twelve months preceding such test in accordance with the percentage of inaccuracy found by such test and existing records. Unless otherwise agreed in writing, if any meter fails to register for any period, the amount of water supplied and sold during such period will be deemed to be the amount of water supplied and sold in the corresponding duration immediately prior to the failure based on existing records.
- d. Charges and volumes for treated water will be determined by ordinance of the Wellington City Council, subject to review by the Public Utility Commission of Texas pursuant to applicable statutory and regulatory provisions. Wellington will give the Authority 30 days' notice of any rate increase to be considered by its City Council, and document the basis for the anticipated increase.

4. Water Use.

- a. Water supplied under this contract is to be used only for normal residential, municipal, or livestock purposes, and for commercial purposes where a business exists solely to support residential and commercial activities in its immediate vicinity, and is of a nature related to retail convenience, local commercial, or local industrial office service.

- b. Unless otherwise agreed in writing, water supplied under this contract will not be used for agricultural irrigation, commercial cattle feed lots, oil or gas operations, or any other process or manufacturing concern that uses water in other than normal residential or commercial quantities.
- c. The Authority is expressly prohibited from selling water supplied under this contract to any third party for resale by that third party.

5. City Limit and Service Areas.

- a. The Authority is not required to furnish water to any Wellington resident. If Wellington extends its city limits to include the Authority's service areas, the Authority will continue to provide service to these areas.
- b. If Wellington elects to provide water service to any such areas, subject to and conditional upon Wellington and the Authority's mutual agreement as to terms, and such agreement shall not be unreasonably withheld by either party to this Water Supply Contract, Wellington will purchase all the Authority's facilities, including distribution lines, meters, etc., located in and serving the area, at an appraised market value.

6. Water Supply Shortages.

- a. The parties acknowledge and understand that Wellington owes its primary obligation and duty to the citizens of Wellington. Wellington may place reasonable limitations on the water supplied under this contract in accordance with Wellington's Water Conservation and Drought Contingency Plan in effect at the time.
- b. If Wellington implements conservation measures or drought stage restrictions from Wellington's Water Conservation and Drought Contingency Plan, the Authority will implement similar restrictions on its customers in accord with the Authority's Water Conservation and Drought Contingency Plan.
- c. In the event that the supply of water available to Wellington is diminished over an extended period of time, or due to events beyond Wellington's control, so that it becomes necessary to ration the water sold to Wellington residents, the

amount of water supplied to the Authority under this agreement will be reduced or diminished in the same ratio or proportion as the supply to Wellington residents is reduced or diminished.

- d. If there is a shortage in water supply, covered by a water conservation plan prepared in compliance with the Texas Commission on Environmental Quality or Texas Water Development Board rules, which results from drought, accident, or other cause, Wellington will divide the water to be distributed among all water users on a pro rata basis.

7. Term and Termination.

- a. This contract will be valid for a term of forty (40) years from the Effective Date (the **Term**).
- b. At the expiration of the Term, this contract will be automatically renewed and the Term will be extended for an additional 5 years unless either party terminates future extensions in writing not less than 80 days prior to the end of the Term.
- c. This contract may be terminated as follows:
 - i. At the expiration of the Term, if either party cancels future automatic extensions;
 - ii. At any time, by agreement of the parties upon such terms and conditions as the parties may agree;
 - iii. Due to federal or state agency action pursuant to Section 10(d) below; or
 - iv. Due to breach of this contract pursuant to Section 8 below.

8. Default and Remedies. In the event either party breaches any provision of this contract, then the non-breaching party must deliver written notice to the breaching party specifying the breach and the requirements for compliance. If the breach has not been completely cured, or if the breaching party has not commenced to cure the breach, in good faith, by diligently and continuously pursuing the correction, removal, or abatement of the nonperformance by using commercially reasonable best efforts within 60 days after receiving the written notice, the non-breaching party may

terminate the contract and pursue all available legal and equitable remedies.

9. Force Majeure. Notwithstanding anything herein to the contrary, neither party hereto shall be under any liability or be deemed in default with respect to its obligations under this Agreement for any failure to perform or for delay in performing such party's obligations hereunder (except for the obligation to pay money), where such failure or delay is due to force majeure, while and to the extent that such performance is prevented by such cause. The term force majeure means acts of God, fire, storm, flood, war, terrorist activity, riots, sabotage, drought, lack of availability of water due to sedimentation, low inflows of water to, or lack of water supply in the System, strikes or other differences with labor (whether or not within the power of the parties to settle same), decrees or orders of the courts or other governmental authority, or other similar or dissimilar causes not within the reasonable control of such party, and not due to negligence of such party. Each party shall use due diligence to resume performance of any obligation suspended by force majeure at the earliest practicable time.

10. Compliance with Applicable Laws.

- a. This contract is subject to such rules, regulations, and laws as may be applicable to similar contracts in the State of Texas, and the parties will collaborate in obtaining such permits, certificates or the like, as may be required to comply therewith.
- b. The Authority will operate and maintain water treatment facilities and water distribution systems in accordance with the standards of the Texas Commission on Environmental Quality (or successor organizations), and in compliance with Texas Health and Safety Code, Section 341, Subchapter C. As this contract involves the sale of water to be used to serve domestic customers, the Authority will operate its water treatment facilities and distribution system in accordance with current state and federal regulations regarding treatment and provision of water to consumers.
- c. Wellington will have the right to suspend delivery of water to Authority for non-compliance only if the non-compliance constitutes a safety or health hazard. Wellington will not suspend the delivery of water without first notifying the Authority in writing of such non-compliance, and affording the Authority a reasonable opportunity to correct such non-compliance. In no event will

Wellington suspend delivery of water to any portion of the Authority's system not necessary in isolating the location of such non-compliance.

- d. Notwithstanding any other provisions of this contract, if any federal or state governmental agency passes, issues, interprets, or promulgates any law, rule, regulation, standard or interpretation at any time while this contract is in effect that prohibits, restricts, limits or in any way materially adversely affects either party's rights or obligations hereunder, either party may give the other party notice of intent to amend this contract to the satisfaction of the noticing party, to compensate for such prohibition, restriction, limitation, or change. If the parties do not or cannot mutually agree to amend this contract in writing within 30 days after the notice is given, then either party may elect to terminate this contract without further liability to the other party, provided, however, that if the implementation of any such law, rule, regulations, standard, or interpretation is stayed on account of any administrative appeal or any suit filed in a court of competent jurisdiction, the right to amend or terminate as set forth above will be stayed during the period of such stay.

11. Limitation on Liability. Neither party will be held responsible or liable for the proper functioning of the other party's water treatment and distribution system and will hold each other harmless and immune from any and all damages, suits, etc., which may occur as a result of the design, operation, or maintenance of their respective water treatment and distribution systems.

12. Assignability. Neither party may assign this contract without the other party's written approval. However, in the event of any occurrence rendering the Authority incapable of performing under this contract, any successor of the Authority, whether the result of legal process, assignment, or otherwise, will succeed to the rights and obligations of the Authority under this contract.

13. Severability. If a court finds any provision of this Contract to be invalid or unenforceable as to any person or circumstance, such finding will not render that provision invalid or unenforceable as to any other persons or circumstances. If feasible, any such offending provision will be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it will be stricken, and all other provisions of this Contract in all other respects will remain valid and enforceable.

14. Amendment and Modification. The parties may amend or modify this contract at any time in writing by specifically identifying the amendment or modification, and if signed by both parties. This may be accomplished by a Memorandum of Understanding, which becomes part of the Contract.

15. Entire Agreement. This Contract contains the parties' entire agreement on the subject matter provided for herein. This Contract replaces any earlier contracts, agreements, or understandings, whether written or oral, and there are no other written or oral agreements that have not been fully expressed herein.

16. Counterparts. This Contract may be executed in one or more counterparts, each of which will be deemed an original and all of which will constitute the same document.

The parties hereto, acting under their respective governing bodies, sign and enter into this Contract on the respectively on the date executed below:

CITY OF WELLINGTON

RED RIVER AUTHORITY OF TEXAS

Mayor

General Manager

City Secretary

Administration Manager

Date Executed: _____

Date Executed: _____

Address for written correspondence:

Address for written correspondence:

City of Wellington
P.O. Box 949
Wellington, TX 79095

Red River Authority of Texas
P.O. Box 240
Wichita Falls, TX 76307



RED RIVER AUTHORITY OF TEXAS
BOARD OF DIRECTORS MEETING
JANUARY 15, 2025



ITEM 12

**Consider and Receive an Update on the Strategic Plan from the General Manager,
and Take Any Other Action Deemed Necessary.**

Receive an update on the Strategic Plan from the General Manager.



STRATEGIC PLAN

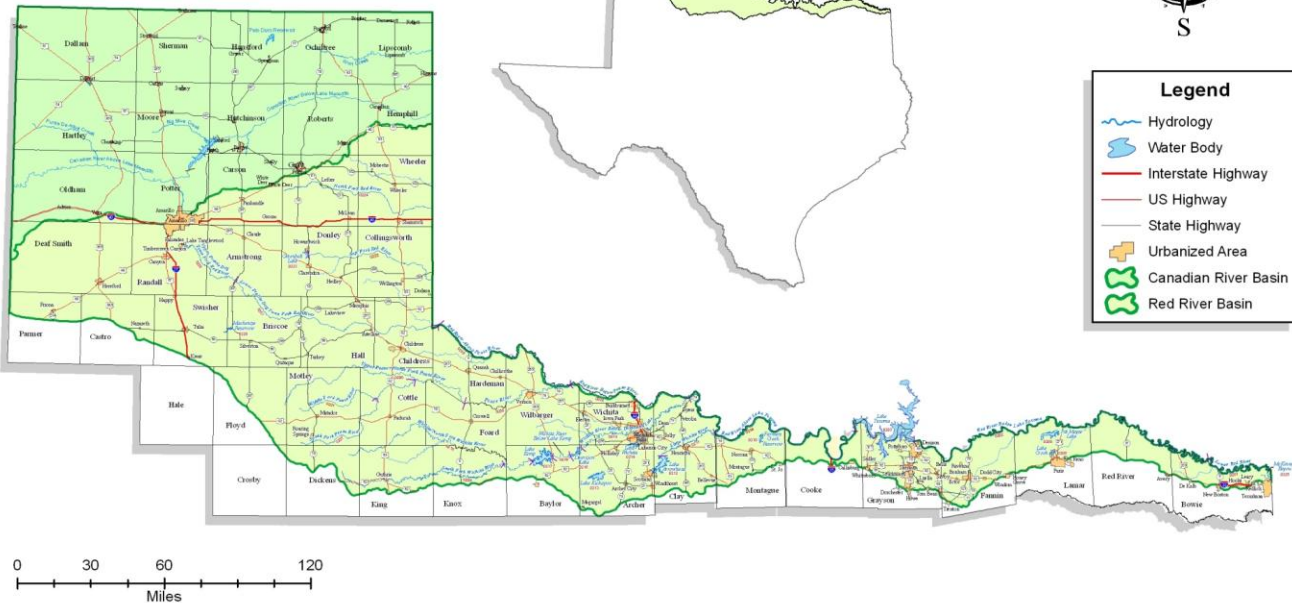


Photo Permission By Sean Fitzgerald Photography ©2019

2025-2030



Red and Canadian River Basins Vicinity Map



OUR MISSION

**THE AUTHORITY'S MISSION IS THE
ORDERLY CONSERVATION,
RECLAMATION, PROTECTION, AND
DEVELOPMENT OF THE WATER
RESOURCES THROUGHOUT THE RED
RIVER BASIN, FOR THE BENEFIT OF THE
PUBLIC.**



2025-2030 PRIORITIES

- **COMPLETE THE RED RIVER NAVIGATION ECONOMIC SURVEY, AND WORK TOWARDS A CONTRACT WITH THE UNITED STATES ARMY CORPS OF ENGINEERS FOR COMPLETION OF A FEASIBILITY STUDY WITH APPROPRIATE STATE FUNDING, WHILE SECURING A MANAGEMENT AND OPERATIONAL ROLE IN THE OVERALL NAVIGATION PROJECT.**
- **NARROW THE GAP BETWEEN WATER PRODUCED AND WATER SOLD BY REDUCING WATER LOSS BY 25% FROM THE AVERAGE OF 44% IN THE CONSERVATION PLAN TO 33% UTILITY-WIDE.**
- **SECURE, IMPLEMENT, AND COMPLETE NEW FEDERAL AND STATE CAPITAL FUNDING GRANTS WITH A GOAL OF \$3 MILLION PER YEAR.**
- **SEEK STATE FUNDING WITH THE RURAL RIVER AUTHORITY COALITION TO DELINEATE AREA PROJECTS BY AN ENGINEERING STUDY, AND IMPLEMENT REGIONAL SOLUTIONS WHERE POSSIBLE.**
- **PREPARE AND COMPLETE A FIVE-YEAR RATE REVIEW PROCESS, AND ENSURE OPPORTUNITIES FOR PUBLIC PARTICIPATION.**



CORE VALUES

RESPONSIBILITY

The Authority will undertake responsible governmental actions in compliance with the law and will work to achieve stakeholder consensus in an open and transparent manner.

CONSERVATION

The Authority will actively support state and regional programs to manage, conserve, and protect our most precious natural resource, the water in the Red River Basin.

CUSTOMER SERVICE

The Authority will provide safe drinking water, compliant wastewater services, and National Environmental Laboratory Accreditation Program (NELAP) laboratory services in a responsive and cost-effective manner to customers.

LEADERSHIP

The Authority will foster a supportive, knowledgeable, and qualified workforce, leadership, and Board of Directors.



RESPONSIBILITY

THE AUTHORITY WILL UNDERTAKE RESPONSIBLE GOVERNMENTAL ACTIONS IN COMPLIANCE WITH THE LAW AND WILL WORK TO ACHIEVE STAKEHOLDER CONSENSUS IN AN OPEN AND TRANSPARENT MANNER.

ASSOCIATED GOALS

- *Secure, Implement, and Complete new Federal and State capital funding Grants with a goal of \$3 Million per year.*
- *Initiate a program to document and implement legislative relations with elected officials and regulatory agency staff through interaction with the Authority's staff and its appointed officials.*
- *Collaborate with partners at the local, state, and national level to develop policy that seeks opportunities and addresses threats facing the Red River Basin, while promoting environmental stewardship and new water sources for the Authority's utility system.*
- *Continue to promote transparency, and work to increase public notification utilizing technology and software, and by updating the Authority's website.*



CONSERVATION

THE AUTHORITY WILL ACTIVELY SUPPORT STATE AND REGIONAL PROGRAMS TO MANAGE, CONSERVE, AND PROTECT OUR MOST PRECIOUS NATURAL RESOURCE - THE WATER IN THE RED RIVER BASIN.

ASSOCIATED GOALS

- *Complete the Red River Navigation Economic Survey, and work towards a Contract with the United States Army Corps of Engineers for completion of a Feasibility Study with appropriate State funding, while securing a management and operational role in the overall navigation project.*
- *Narrow the gap between water produced and water sold by reducing water loss by 25% from the average of 44% in the conservation plan to 33% utility-wide.*
- *Seek State Funding with the Rural River Authority Coalition to delineate area projects by an engineering study, and implement regional solutions where possible.*
- *Continue to provide administration of the Region B Water Planning process for the Texas Water Development Board, and continue involvement in the other regional plans which are located within the boundaries of the Red River Basin.*
- *Continue involvement in Region 1 and 2 of the Flood Planning process for the Texas Water Development Board which are located within the boundaries of the Red River Basin.*
- *Seek to expand the contractual duties of the Texas Clean Rivers Program for the Texas Commission on Environmental Quality.*



CUSTOMER SERVICE

THE AUTHORITY WILL PROVIDE SAFE DRINKING WATER, COMPLIANT WASTEWATER SERVICES, AND NATIONAL ENVIRONMENTAL LABORATORY ACCREDITATION PROGRAM (NELAP) LABORATORY SERVICES IN A RESPONSIVE AND COST-EFFECTIVE MANNER TO CUSTOMERS.

ASSOCIATED GOALS

- *Prepare and complete a five-year rate review process, and ensure opportunities for public participation.*
- *Identify and pursue process improvements, technology, and opportunities for increased efficiency, predictive maintenance, and cost savings. Complete a website redesign that is customer-focused.*
- *Maintain NELAP accreditation, expand external laboratory customer base and ESD revenue by 15%, and improve customer reporting times.*
- *Research and implement programs to utilize Authority assets to increase revenue or create new revenue streams.*
- *Invest in the necessary resources, including technology, equipment, and SCADA, to maintain and extend the life of the Authority's utility infrastructure, and complete TCEQ Compliance Agreements*
- *Complete a new Asset Management Plan, have it approved by the Board, and use it for long-term capital and maintenance budgeting, while updating annually.*
- *Attain Superior Water designations for Authority Systems where possible.*

RED RIVER AUTHORITY OF TEXAS BOARD OF DIRECTORS



Jerry Bob Daniel
President
Truscott



Conrad J. Masterson, Jr.
Vice-President
Cee Vee



Mary Lou Bradley
Secretary/Treasurer
Memphis



Tonya D. Detten
Assistant Secretary
Panhandle



Michael R. Sandefur
Director
Texarkana



Stephen A. Thornhill
Director
Denison



Joe L. Ward
Director
Telephone



Jerry Dan Davis
Director
Wellington

MANAGEMENT TEAM

Fabian A. Heaney, General Manager
Bryan D. Schaffner, Assistant General Manager
Lana R. Hefton, Controller
Cara A. Clark, Administration Manager

LEADERSHIP

THE AUTHORITY WILL FOSTER A SUPPORTIVE, KNOWLEDGEABLE, AND QUALIFIED WORKFORCE, LEADERSHIP, AND BOARD OF DIRECTORS.

ASSOCIATED GOALS

- *Continue to educate the Board throughout the year using monthly email updates, and timely notify Board members of important issues or events as they arise.*
- *Focus on excellence by promoting ethical and collaborative decision-making, seeking continuous improvement, and ensuring a positive work environment for the Board and staff.*
- *Develop tools to measure success by revamping the Standards of Excellence in the Authority's Policy and Procedures Manual, to include annual, measurable goals in performance reviews.*
- *Continue succession planning and development for key staff and middle management through staff training programs.*
- *Foster and encourage staff participation and licensing in professional and organizational programs and associations.*
- *Attain Public Works accreditation.*



RED RIVER AUTHORITY OF TEXAS
BOARD OF DIRECTORS MEETING
JANUARY 15, 2025



ITEM 13

Discussion on the President's or General Manager's Authority to Execute Contracts According to the Bylaws of Red River Authority of Texas, Section 19.

General Discussion on the President's or General Manager's Authority to Execute Contracts According to the Bylaws of Red River Authority of Texas, Section 19.

***Section 19.** All contracts on behalf of the Red River Authority of Texas shall first be authorized by the Board of Directors by an affirmative vote of a majority of those present except where a different number is required by law; provided that the Board may authorize the President and/or General Manager without board approval to make contracts in the name of the Red River Authority of Texas from time to time where the amounts of money involved do not exceed \$100,000.*



**RED RIVER AUTHORITY OF TEXAS
BOARD OF DIRECTORS MEETING
JANUARY 15, 2025**



ITEM 14

**Conduct an Executive Session of the Board of Directors
Pursuant to Government Code Sections §551.072 and §551.074:**

- a. Conduct a Review of the General Manager and Receive Recommendations from the Executive Committee.



**RED RIVER AUTHORITY OF TEXAS
BOARD OF DIRECTORS MEETING
JANUARY 15, 2025**



ITEM 15

Consider Taking Any Action Deemed Necessary from the Executive Session.

Sample motion:

I move the Board _____ as recommended by the Executive Committee.

Second _____

Vote for _____ against _____.



RED RIVER AUTHORITY OF TEXAS
BOARD OF DIRECTORS MEETING
JANUARY 15, 2025



ITEM 16

**Consider Approval of Directors' Expenses,
and Take Any Other Action Deemed Necessary.**

Presented for approval are the Board of Directors Expenses for the following:

- September 18, 2024 Board of Directors Meeting Expenses

Sample Motion:

I move the Board approve the Board Expenses, as presented.

Second _____

Vote for _____ against _____.



RED RIVER AUTHORITY OF TEXAS



Board of Directors Meeting Summarized Statement of Expenses September 18, 2024

			TOTAL
Mary Lou Bradley			
	Lodging		123.05
			<u>123.05</u>
Jerry Bob Daniel			
Director Fees	1 Days @ \$150/Day		150.00
	200 Miles at .67/Mile		134.00
			<u>284.00</u>
Tonya D. Detten			
Director Fees	1 Days @ \$150/Day		150.00
	460 Miles at .67/Mile		308.20
	Lodging		123.05
			<u>581.25</u>
Michael R. Sandefur			
Director Fees	1 Day @ \$150/Day		150.00
			<u>150.00</u>
Stephen A. Thornhill			
Director Fees	1 Day @ \$150/Day		150.00
			<u>150.00</u>
Joe L. Ward			
Director Fees	1 Day @ \$150/Day		150.00
			<u>150.00</u>
TOTAL DIRECTOR EXPENSES			<u><u>1,438.30</u></u>



RED RIVER AUTHORITY OF TEXAS
BOARD OF DIRECTORS MEETING
JANUARY 15, 2025



ITEM 17

Other Business as the Board May Deem Appropriate.

- a. Board Committee Reports
- b. General Manager's Report
- c. Assistant General Manager's Report
- d. Administration Manager's Report
- e. Controller's Report



RED RIVER AUTHORITY OF TEXAS

ASSISTANT GENERAL MANAGER BOARD REPORT

JANUARY 2025

Preston Shores Water System

Both lake pumps are expected to be returned to service by 1/17/2025.

Many things have been done to improve the serviceability of the pumps in the future. Conduit has been laid for the power and control cables. A lake hoist has been designed and manufactured by RRA staff which will significantly reduce the cost and complexity of pump maintenance. One old power wire has been repaired, all other cabling for pump operation has been replaced.

The lake pumps will be load tested at various speeds at the time of installation to verify the pumps are operating within the permissible flow and pressure specifications. One source of the previous pump failure could be the pumps were operating outside of their operational limits. If this is true, we will remove and adjust until both pumps perform optimally.

The SCADA system to operate the plant will be brought online fully by the end of January 2025.

Lockett – 20 mile poly pipe installation project

As of 1/13/2025, two miles of 6" pipe have been laid, an additional two miles of pipe have been laid out, with one of those miles having been fused and prepped for burial. The total project will have fifteen miles of 6" pipe laid and five miles of 4" pipe laid. We anticipate ten miles of 6" to be laid by the end of January 2025.

The remaining ten miles will be laid during the summer months of 2025.

Cellular Customer Water Meters

We are continuing efforts to install cellular water meters. However, we are meeting challenges with having adequate cellular signal strength and with software glitches. We will continue pushing to complete this, but it looks as if it will be late spring 2025 before this will be available to customers.

TRWA Conference 2025

I will be attending this conference in 2025. This will allow me to network, lobby, and to gain knowledge in the industry.

Asset Management

I have begun the documentation and research portion of the process. I have visited Clark PS, Samnorwood PS, Abria PS, Lutie PS, Patterson PS, Kessler Tank, and Panfork Tank. This project is currently on hold and will be picked up in February as my primary focus.

Water Loss

Maintenance employees and District Managers have been focused on repairing water leaks.

The Truscott Gilliland water system is now operating below its average water consumption for the season.

The Newlin water system is up 13% over its average, Donley is estimated at 50% over its average, Plaska-Friendship is up 21% over its average. We will be focusing on looking for sources of loss in these water systems over the coming months.

Scada

We have been committed to improving instrumentation in our pump stations. We are making continuous small steps to add technology to our pump stations. Each implementation has reduced maintenance expense, frequency of failure, and has reduced system down time.

Tire Program

We have begun a tire program with Discount Tire in an effort to reduce our tire expenses going forward. All tires purchased from them carry the manufacturer tread wear warranty, and we are purchasing the road hazard warranty separately.

The manufacturer tread wear warranty is predicted to reduce our cost of new tires by 25% to 50% for tires purchased in the future. For example, tires purchased with a 65,000-mile tread wear warranty have a typical lifespan of 20,000 to 40,000 miles on our vehicles.

Our vehicles are subjected to off-road terrain and the associated damage frequently. The road hazard warranty will replace any ruined tire for approximately \$45.00, down from approximately \$300, without proration.

We are requiring all tire purchases for vehicles to be approved by the AGM or GM at this time. This has reduced unnecessary tire replacement expense significantly. This program has also allowed us to choose one tire and tire size, where applicable, for the company. This improves consistency, stocking levels, and interchangeability. We expect the cost savings to appear over the next 6-months. Seven vehicles are already in the program.



RED RIVER AUTHORITY OF TEXAS
BOARD OF DIRECTORS MEETING
JANUARY 15, 2025



ITEM 18

Comments from the Directors and/or Suggestions for Future Agenda Items.



RED RIVER AUTHORITY OF TEXAS
BOARD OF DIRECTORS MEETING
JANUARY 15, 2025



ITEM 19

Adjourn Meeting.
