

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**



**for the years ended September 30, 2019 and 2018**



# **Red River Authority of Texas**

## **Comprehensive Annual Financial Report**

**For the Fiscal Years Ended  
September 30, 2019 and 2018**

Prepared By:

Fiscal Administration,  
Executive Administration  
and General Services Branches

Lana R. Hefton, Controller



**RED RIVER AUTHORITY OF TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**for the years ended September 30, 2019 and 2018**

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## RED RIVER AUTHORITY OF TEXAS

### COMPREHENSIVE ANNUAL FINANCIAL REPORT for the years ended September 30, 2019 and 2018

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## **INTRODUCTORY SECTION**





## ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS     §

COUNTY OF WICHITA     §

I, Todd W. Boykin, 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, 2020 its annual audit report for the fiscal period ended September 30, 2019 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, 2020 \_\_\_\_\_  
(Signature of District Representative)

Todd W. Boykin, President  
(Typed Name & Title of above District Representative)

Sworn to and subscribed to before me this 15<sup>th</sup> day of January, 2020.

(Seal)

\_\_\_\_\_  
(Signature of Notary)

My Commission Expires on: 08-29-2023  
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, 2019

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, 2019	Title at Year End	Resident of District
<b>Board Members:</b>				
Jerry Bob Daniel 4911 FM 1756 West Truscott, Texas 79227	08-11-09 – 08-11-21	\$1,891	President	Yes
Todd W. Boykin 701 S Taylor, Suite 440 Amarillo, Texas 79101	10-20-16 – 08-11-21	2,192	Vice President	Yes
Michael R. Sandefur 3402 Texas Boulevard Texarkana, Texas 75503	07-26-18 – 08-11-23	3,825	Secretary Treasurer	Yes
Stephen A. Thornhill 2470 West Crawford Denison, Texas 75020	09-05-14 – 08-11-19	1,274	Assistant Secretary	Yes
G. Wilson Scaling, II 450 Rhat Road Henrietta, Texas 76365	08-11-09 – 08-11-21	701	Director	Yes
Zackary K. Smith 7701 Autumn Dr Canyon, Texas 79015	11-14-18 – 08-11-19	2,838	Director	Yes
Joe L. Ward 1626 CR 2315 Telephone, Texas 75488	07-26-18 – 08-11-23	2,842	Director	Yes
Penny C. Carpenter 1899 CR 12 Silverton, Texas 79257	07-28-08 – 08-11-19	964	Director	Yes
W. Wade Porter 410 S. Taylor Amarillo, Texas 79101	07-26-18 – 08-11-23	473	Resigned 03-12-2019	Yes

# RED RIVER AUTHORITY OF TEXAS

## BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS for the year ended September 30, 2019

Names and Addresses	Term of Office Elected and Expired or Date Hired	Fees and Expense Reimbursements September 30, 2019	Title at Year End
<b>Key Administrative Personnel:</b>			
Randall W. Whiteman 3308 Cumberland Avenue Wichita Falls, Texas 76309	03-01-2018	\$990	General Manager
<b>Engineering and Professional Consultants:</b>			
Biggs and Mathews, Inc. 2500 Brook Avenue Wichita Falls, Texas 76301		90,816	Consultant
Freese and Nichols, Inc. 4055 International Plaza, Ste 200 Fort Worth, Texas 76109		0	Consultant
Plummer 6300 La Calma, Suite 400 Austin, Texas 78752-3825		0	Consultant
Water Monitoring Solutions 205 Jefferson Street E Sulphur Springs, Texas 75482		40,000	Consultant
<b>Legal Consultants:</b>			
Todd Davenport Sherrill and Gibson, PLLC 3711 Maplewood Avenue Suite 200 Wichita Falls, Texas 76308		7,805	General Counsel

# RED RIVER AUTHORITY OF TEXAS

## BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS for the year ended September 30, 2019

Names and Addresses	Term of Office Elected and Expired or Date Hired	Fees and Expense Reimbursements September 30, 2019	Title at Year End
<b>Legal Consultants, Continued</b>			
Doug Caroom Bickerstaff, Heath, Delgado, Acosta, LLP 3711 S Mo-Pac Expressway Building One, Suite 300 Austin, Texas 78746		\$2,013	Special Counsel
Leroy Grawunder M <sup>c</sup> Call, Parkhurst and Horton 717 N Harwood, Suite 900 Dallas, Texas 75201		0	Bond Counsel
<b>Financial Consultants:</b>			
David Medanich Hilltop Securities 777 Main Street, Suite 1200 Fort Worth, Texas 76102		0	Financial Advisor
<b>Advisory Consultants:</b>			
Curtis W. Campbell 903 East Wichita Street Henrietta, Texas 76365		1,500	Consultant
<b>Depositories:</b>			
American National Bank P. O. Box 4476 Wichita Falls, Texas 76308			
TexPool – Comptroller of Public Accounts P. O. Box 12608 Austin, Texas 78711			

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Government Finance Officers Association

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

Presented to

**Red River Authority of Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2018**

*Christopher P. Morill*

Executive Director/CEO







# Red River Authority of Texas

TODD W. BOYKIN, President, Amarillo  
MICHAEL R. SANDEFUR, Secretary-Treasurer, Texarkana  
STEPHEN A. THORNHILL, Assistant Secretary, Denison  
JERRY BOB DANIEL, President, Truscott  
GEORGE WILSON SCALING, II, Henrietta  
ZACKARY K. SMITH, Canyon  
JOE L. WARD, Telephone

RANDALL W. WHITEMAN, General Manager  
FABIAN A. HEANEY, Assistant General Manager  
DANNA P. BALES, Executive Assistant  
LANA HEFTON, Controller

January 7, 2020

## **The Honorable President and Members of the Board of Directors Red River Authority of Texas**

Board Members:

The Comprehensive Annual Financial Report of the Red River Authority of Texas for the fiscal year ended September 30, 2019 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 believe the data contained herein are 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. Additionally, the Authority has been charged by acts of the 86th Legislature with House Bill 4166 to submit a feasibility study on increasing navigation on the Red River between Texarkana and Denison to the Legislature by January 1, 2021. 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 **Red River Authority of Texas 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 separate 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 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, all of whom are appointed by the Governor, confirmed by the Senate, a legal voter, a property taxpayer, and reside in the Authority's jurisdictional area. Each Director serves a six-year staggered term. The Directors are organized by a President, appointed by the Governor, and electing from their membership a Vice-President, Secretary, and Assistant Secretary. The President appoints from their membership, and confirmed by the Directors, three Directors to serve with the President on the Executive Committee. 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.

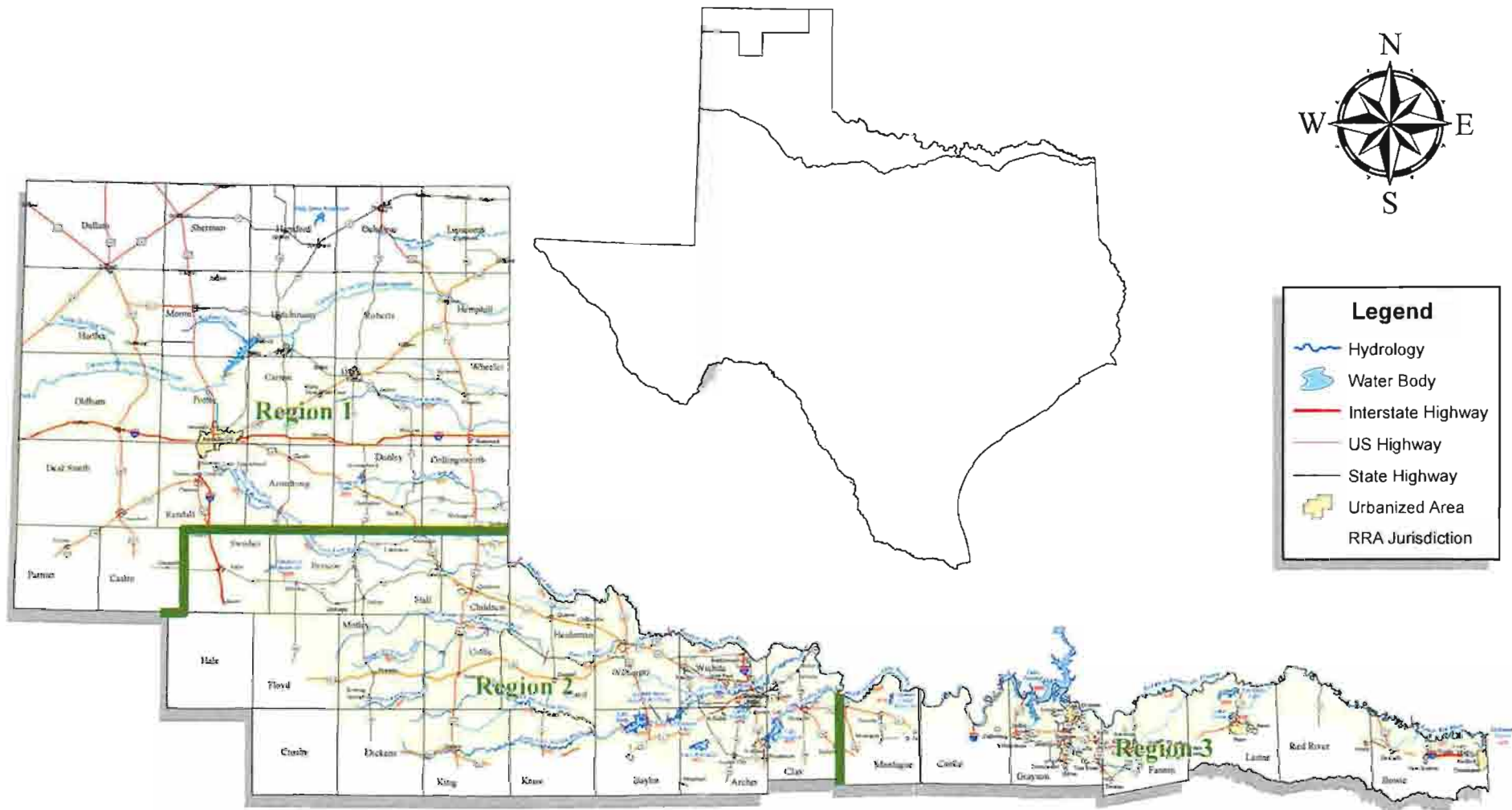
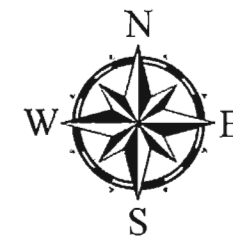
### **ADMINISTRATION**

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 in the accomplishment of his 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 32 full-time classified employees on the Authority's payroll on September 30, 2019. **Refer to the Organizational Chart** for details.



# Red River Authority of Texas

## Jurisdictional Map



0 25 50 100  
Miles



# Red River Authority of Texas Organizational Chart

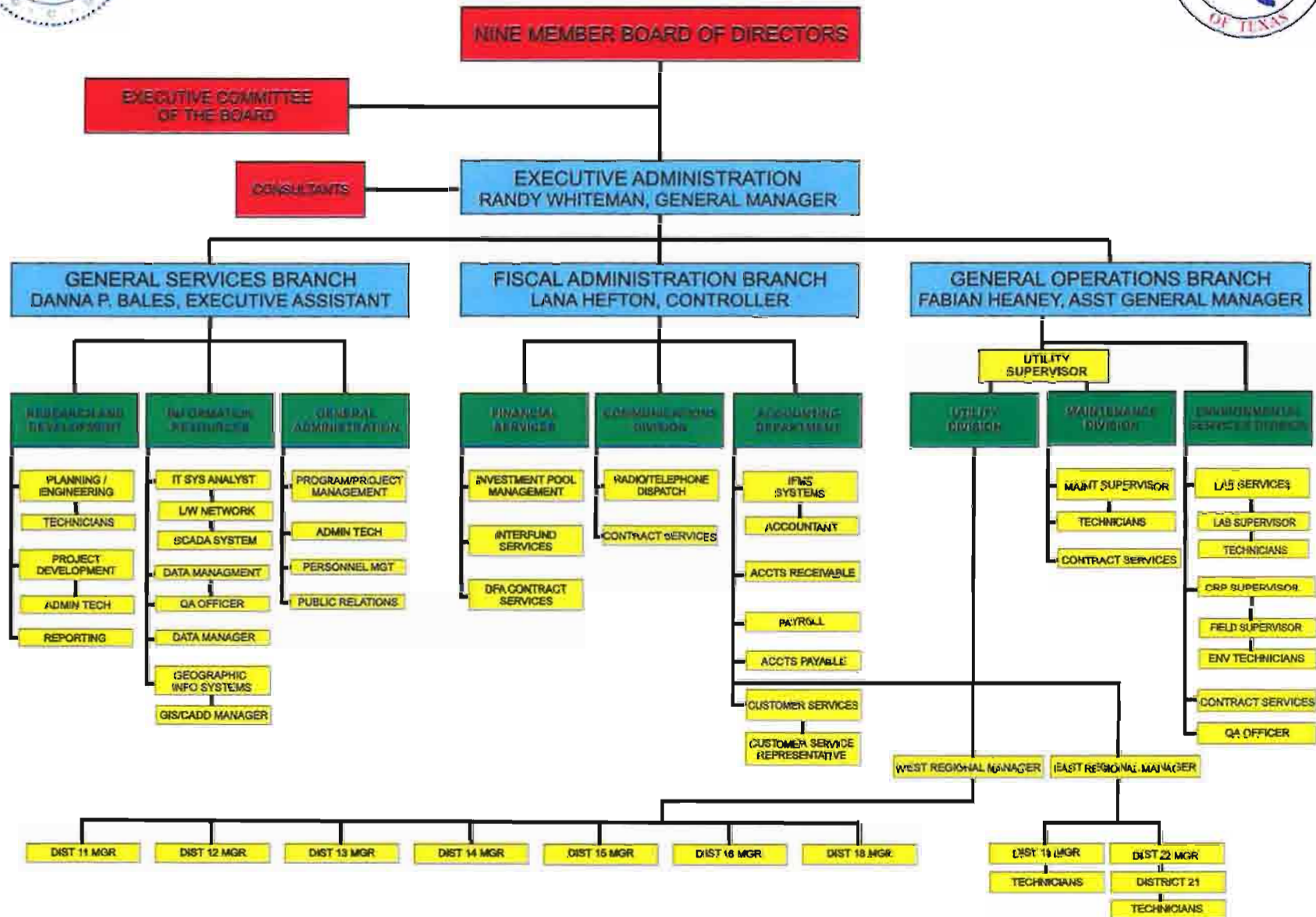


Chart 1



## **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, but not absolute, 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 of the opinion that the Authority's internal controls adequately safeguard the assets and provide reasonable assurance of proper recording of all financial transactions, thereby producing an effective management tool for 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 began work on a 5 Year Asset Management Plan to address infrastructure needs and to assess cost estimates. The Authority adopted a policy to ensure 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 5 Year Strategic Plan and a 5 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 effective but least burdensome way on our customers.

## **BUDGETARY CONTROLS**

The Authority is not required under its Enabling Legislation to adopt an annual budget. However, as a prudent management tool, an annual budget for each division is prepared on a per fund basis and approved by the Authority's Board of Directors. These budgets do not constitute appropriations, but represent the projected revenues and expenditures as compared to actual of the previous year.

## **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 and 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 increase 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 some growth as the DFW Motorplex population growth 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, government, medical services, retail and service related commerce.

*Wichita Falls houses a manufacturing sector, with many companies that employ in excess of 100 persons. Principal manufacturers within the area include metal fabrication, industrial and commercial equipment, engine components, flexible packaging, and assorted plastic, glass and fiberglass. This sector of the economy generates almost \$304 million in annual payroll, representing approximately 9% of total employment within the city, and accounts for more than \$1.5 billion in gross sales annually. The city has an economic reach of a 60-mile radius trade area, populated by an estimated 437,417 people. Of the population, an estimated 194,517 are currently in the workforce and look to Wichita Falls for employment. The outlying areas also look to Wichita Falls for shopping, entertainment, educational, cultural and health care needs. Being the largest community within 100 miles, Wichita Falls boasts a larger retail trade than any community its size would normally enjoy. Wichita Falls is also a proud partner of Shepard Air Force Base, one of the area's largest employers. (Source of Information: City of Wichita Falls 2018 CAFR)*

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, unemployment has continued to drop as well. Wichita Falls current unemployment rate as of September 2019 is 3%, lower than the state and national averages of 3.4% and 3.5% respectfully.

Year	Period	Labor Force	Employment	Unemployment	Unemployment Rate
2009	Sep	72,356	66,496	5,860	8.1
2010	Sep	69,833	64,718	5,115	7.3
2011	Sep	68,793	64,044	4,749	6.9
2012	Sep	67,682	63,756	3,926	5.8
2013	Sep	66,347	62,596	3,751	5.7
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

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 comprehensive annual financial report for the fiscal year ended September 30, 2018. This was the sixth 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 comprehensive annual 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. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting 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 to 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



**Randall W. Whiteman**  
General Manager

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## **FINANCIAL SECTION**





## EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

4110 KELL BLVD., SECOND FLOOR • 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

### **Independent Auditor's Report on Financial Statements**

Board of Directors  
Red River Authority of Texas

Members of the Board of Directors:

We have audited the accompanying financial statements of Red River Authority of Texas (Authority) as of and for the years ended September 30, 2019 and 2018, and the related notes to the financial statements, as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Red River Authority of Texas as of September 30, 2019 and 2018, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and the Schedules 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, 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.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Authority. The introductory section, other supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information in Exhibits C-1 through C-21 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 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.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2020, 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 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*

Edgin, Parkman, Fleming & Fleming, PC

January 7, 2020

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## **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, 2019. 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 \$18,467,538 (net position). Of this amount, \$10,929,640 (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 \$696,790;
3. The Authority expended over \$1.1 million towards improvements to its water systems to address EPA violations which are capitalized as construction in progress at year end.

### **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, Direct Financing Arrangements 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 five internal service funds employed by the Authority. They include the General Division, Interfund Loan Program, Maintenance Division, Communications Division, and Motor Pool.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**, Continued

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.

**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 15-51** 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 exceeded liabilities by \$18,467,538 at the close of the most recent fiscal year.

	2019	2018	2017
<b>Assets:</b>			
Current assets	\$10,793,399	\$10,205,617	\$ 9,459,426
Restricted assets	11,577,363	12,811,444	15,183,827
Capital assets	11,106,150	10,156,198	7,624,658
Noncurrent assets	282,070	869,005	406,105
Total assets	<u>33,758,982</u>	<u>34,042,264</u>	<u>32,674,016</u>
<b>Deferred outflows of resources</b>	<u>686,145</u>	<u>189,261</u>	<u>634,098</u>
<b>Liabilities:</b>			
Current liabilities	778,951	951,612	684,730
Noncurrent liabilities	15,011,158	15,366,704	15,655,074
Total liabilities	<u>15,790,109</u>	<u>16,318,316</u>	<u>16,339,804</u>
<b>Deferred inflows of resources</b>	<u>187,480</u>	<u>142,461</u>	<u>101,362</u>
<b>Net position:</b>			
Net investment in capital assets	7,368,622	7,314,700	6,572,305
Restricted net position	169,276	159,829	274,937
Unrestricted net position	10,929,640	10,296,219	10,019,706
<b>Total net position</b>	<u>\$18,467,538</u>	<u>\$17,770,748</u>	<u>\$16,866,948</u>

In fiscal year 2019, 39.9% 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.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**, Continued

An additional portion of the Authority's net position (0.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$10,929,640 (59.2%) 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 \$696,790. This increase represents consistent operating revenues and a conservative approach to managing expenses.

In fiscal year 2018, 41.2% of the Authority's net position reflected 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 (0.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$10,296,219 (57.9%) 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 \$955,845. This increase represents a minimal positive increase in water sales and a conservative approach to managing expenses.

## MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	2019	2018	2017
<b>Operating revenues:</b>			
Water and sewer sales	\$ 5,227,066	\$ 5,426,272	\$ 5,188,070
Charges for materials and services	724,521	589,486	634,741
Other	457,340	413,221	351,803
Total operating revenues	<u>6,408,927</u>	<u>6,428,979</u>	<u>6,174,614</u>
<b>Operating expenses:</b>			
Water purchases	859,289	807,778	714,756
Personnel services	2,419,517	2,119,759	2,051,454
Administrative costs	179,918	160,376	157,838
Utilities, supplies, and maintenance	922,859	1,027,401	957,427
Insurance	76,115	61,172	61,470
Automobile and travel	240,714	219,284	170,987
Professional and directors fees	169,575	155,743	376,864
Research expense	41,500	27,810	78,710
Total operating expenses	<u>4,909,487</u>	<u>4,579,323</u>	<u>4,569,506</u>
Operating income before depreciation and amortization	1,499,440	1,849,656	1,605,108
Depreciation and amortization	<u>(746,350)</u>	<u>(705,274)</u>	<u>(699,233)</u>
Operating income	<u>753,090</u>	<u>1,144,382</u>	<u>905,875</u>
<b>Nonoperating revenues (expenses):</b>			
Interest income	471,208	316,142	97,697
Gain on disposal of assets	5,000	35,007	100
Interest expense	<u>(532,508)</u>	<u>(539,686)</u>	<u>(152,123)</u>
Total nonoperating revenues (expenses)	<u>( 56,300)</u>	<u>(188,537)</u>	<u>( 54,326)</u>
Change in net position	<u>696,790</u>	<u>955,845</u>	<u>851,549</u>
Net position, beginning, as originally stated	17,770,748	16,866,948	16,015,399
Prior period adjustment (GASB 75)	<u>-</u>	<u>(52,045)</u>	<u>-</u>
Net position, beginning, as restated	<u>17,770,748</u>	<u>16,814,903</u>	<u>16,015,399</u>
Net position, ending	<u><u>\$18,467,538</u></u>	<u><u>\$17,770,748</u></u>	<u><u>\$16,866,948</u></u>

Some of the major variances from fiscal year 2018 to fiscal year 2019 include a \$199,206 decrease in water and sewer sales. This decrease is the result of a 11.32% decrease in water consumption between years due to weather conditions and other factors. The Authority also incurred \$51,511 more in water purchases primarily due to the effort to blend purchased water with well water to combat the nitrate levels in the Truscott-Gilliland system. Personnel services increased \$299,758 mainly due to the addition of a management position and the effects of GASB 68 and 75 adjustments.

Some of the major variances from fiscal year 2017 to fiscal year 2018 include a \$238,202 increase in water and sewer sales. This increase is the result of 4.6% increases in sales between years due to carry over of the 2016 price increase, weather conditions, and other factors. The

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**, Continued

Authority also incurred \$93,022 more in water purchases. This increase was due primarily to an increase in water purchases from the various vendors and increased water losses. Professional fees decreased \$221,121 from 2017 due to bond issuance costs but interest expense increased \$387,563 due to the 2017 bond sale.

### **Capital Asset and Debt Administration**

**Capital Assets.** The Authority's investment in capital assets funds as of September 30, 2019 amounts to \$11,106,150, (net of accumulated depreciation). This investment in capital assets includes land, water systems, water rights, transportation equipment and other equipment, as well as construction in progress. The total increase in the Authority's investment in capital assets for the current fiscal year was 9%.

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

- Construction and engineering fees on Truscott-Gilliland water line project which was completed and placed into service during the year
- Construction and completion of the Howardwick Pressure System project
- Replacement of 4 work trucks
- Dickens County land purchase within the Guthrie-Dumont system

### **CAPITAL ASSETS** (Net of Depreciation)

Asset	Value September 30, 2018	Additions / Completions	Deletions	Value September 30, 2019	Accumulated Depreciation	Net Value
Land and easements	\$ 459,441	\$ -	\$ -	\$ 459,441	\$ -	\$ 459,441
Construction in progress	3,067,943	1,178,933	3,144,106	1,102,770	-	1,102,770
Building	1,028,368	-	-	1,028,368	434,620	593,748
Water storage rights	1,222,700	-	-	1,222,700	272,101	950,599
Water systems	16,922,696	3,493,281	-	20,415,977	12,801,949	7,614,028
Machinery and equipment	1,051,175	54,922	114,028	992,069	860,247	131,822
Furniture and fixtures	310,177	2,971	95,998	217,150	207,662	9,488
Motor vehicles	642,344	110,300	41,902	710,742	466,488	244,254
Totals	<u>\$24,704,844</u>	<u>\$4,840,407</u>	<u>\$3,396,034</u>	<u>\$26,149,217</u>	<u>\$15,043,067</u>	<u>\$11,106,150</u>

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**, Continued

Additional information on the Authority's capital assets can be found in **Note 3** on **pages 24-25** of this report.

**Long-Term Debt.** At the end of the current fiscal year, the Authority had total bonded debt outstanding of \$14,925,634. 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, 2019 are summarized as follows:

	Average Interest Rates	Final Maturity Date	Annual Serial Payments	Bonds Authorized	Bonds Outstanding September 30, 2018	Additions Issuances (Sales) (Retirements)	Bonds Outstanding September 30, 2019
Water Revenue Bonds							
Series 2010	1.93%	08/15/2030	\$26,600 to \$53,600	<u>\$ 849,200</u>	<u>\$ 556,601</u>	<u>\$ 40,967</u>	<u>\$ 515,634</u>
Series 2017	3.57%	04/01/2047	\$300,000 to \$800,000	<u>\$15,130,000</u>	<u>\$14,710,000</u>	<u>\$300,000</u>	<u>\$14,410,000</u>

The Authority's bonded debt decreased by \$340,967 (2.2%) 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.

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

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**, Continued

### **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/or 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:
  - Hinds-Wildcat new water source (completion in 2021) for \$2,100,000
  - Guthrie-Dumont new water source (completion 2021) for \$3,250,000
  - Preston Shores Water Plant Chloride Dioxide Injection System (completion 2020) for \$1,250,000
  - Lake Arrowhead new water source (completion 2020) for \$2,000,000
- Increased effort to reduce water purchases
- Three year review of water rates versus expenses
- Inflationary trends in the region compare favorably to national indices
- Motor Pool vehicle rotation purchases

All of these factors were considered in preparing the Authority's budget for the 2020 fiscal year. The proposed budget for 2019-20 reflects an increase in projected revenue of \$674,164. Expenditures are projected to increase \$644,202. As a result, the Authority has projected an increase of \$430,880 in net position for the 2020 fiscal year budget.

### **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](mailto:info@rra.texas.gov).

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## **BASIC FINANCIAL STATEMENTS**

## Exhibit A-1

**RED RIVER AUTHORITY OF TEXAS**  
**STATEMENTS OF NET POSITION**  
September 30, 2019 and 2018

	2019	2018
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and short-term investments	\$ 9,519,194	\$ 8,955,616
Receivables:		
Trade and contracts	1,152,887	1,140,277
Prepaid expenses	54,409	53,659
Inventory	66,909	56,065
Restricted assets:		
Cash and short-term investments	11,577,363	12,811,444
Total current assets	<u>22,370,762</u>	<u>23,017,061</u>
<b>Long-term assets:</b>		
Net pension assets	282,070	869,005
Capital assets not being depreciated	1,562,211	3,527,384
Capital assets being depreciated (net)	9,543,939	6,628,814
Total long-term assets	<u>11,388,220</u>	<u>11,025,203</u>
Total assets	<u>33,758,982</u>	<u>34,042,264</u>
<b>Deferred outflows of resources:</b>		
Pension related	682,757	185,490
OPEB related	3,388	3,771
Total deferred outflows of resources	<u>686,145</u>	<u>189,261</u>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable - trade	327,118	520,810
Interest payable	7,200	4,200
Accrued payroll and related taxes	47,322	36,739
Unearned revenue	50,344	48,896
Bonds payable, current maturities	346,967	340,967
Total current liabilities	<u>778,951</u>	<u>951,612</u>
<b>Long-term liabilities:</b>		
Bonds payable, less current maturities	14,578,667	14,925,634
Unamortized bond premium	181,231	187,762
Total OPEB liability	53,030	59,027
Deposits	198,230	194,281
Total long-term liabilities	<u>15,011,158</u>	<u>15,366,704</u>
Total liabilities	<u>15,790,109</u>	<u>16,318,316</u>
<b>Deferred inflows of resources:</b>		
Pension related	180,186	142,461
OPEB related	7,294	-
Total deferred inflows of resources	<u>187,480</u>	<u>142,461</u>
<b>Net position:</b>		
Net investment in capital assets	7,368,622	7,314,700
Restricted:		
Debt service	169,276	159,829
Unrestricted	10,929,640	10,296,219
Total net position	<u>\$ 18,467,538</u>	<u>\$ 17,770,748</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, 2019 and 2018

	2019	2018
<b>Operating revenues:</b>		
Water and sewer sales	\$ 5,227,066	\$ 5,426,272
Charges for materials and services	724,521	589,486
Other	457,340	413,221
Total operating revenues	<u>6,408,927</u>	<u>6,428,979</u>
<b>Operating expenses:</b>		
Water purchases	859,289	807,778
Personnel services	2,419,517	2,119,759
Administrative costs	179,918	160,376
Utilities, supplies, and maintenance	922,859	1,027,401
Insurance	76,115	61,172
Automobile and travel	240,714	219,284
Professional and directors fees	169,575	155,743
Research expense	41,500	27,810
Total operating expenses	<u>4,909,487</u>	<u>4,579,323</u>
Operating income before depreciation and amortization	1,499,440	1,849,656
Depreciation and amortization	<u>(746,350)</u>	<u>(705,274)</u>
Operating income	<u>753,090</u>	<u>1,144,382</u>
<b>Nonoperating revenues (expenses):</b>		
Interest income	471,208	316,142
Gain on disposal of assets	5,000	35,007
Interest expense	<u>(532,508)</u>	<u>(539,686)</u>
Total nonoperating revenues (expenses)	<u>(56,300)</u>	<u>(188,537)</u>
Change in net position	<u>696,790</u>	<u>955,845</u>
Net position, beginning, as originally stated	17,770,748	16,866,948
Prior period adjustment	<u>-</u>	<u>(52,045)</u>
Net position, beginning, as restated	<u>17,770,748</u>	<u>16,814,903</u>
Net position, ending	<u>\$ 18,467,538</u>	<u>\$ 17,770,748</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, 2019 and 2018

	2019	2018
<b>Cash flows from operating activities:</b>		
Cash received from customers and users	\$ 6,401,714	\$ 6,333,081
Cash payments to suppliers for goods and services	(2,684,673)	(2,080,556)
Cash payments to employees for services	(2,290,444)	(2,089,741)
Net cash provided by operating activities	<u>1,426,597</u>	<u>2,162,784</u>
<b>Cash flows from capital and related financing activities:</b>		
Principal paid on revenue bonds	(340,967)	(459,966)
Interest paid on revenue bonds	(536,039)	(543,650)
Acquisition of capital assets	(1,696,302)	(3,237,776)
Proceeds from sale of capital assets	5,000	35,969
Net cash used in capital and related financing activities	<u>(2,568,308)</u>	<u>(4,205,423)</u>
<b>Cash flows from investing activities:</b>		
Interest received on investments	<u>471,208</u>	<u>316,142</u>
Net cash provided by investing activities	<u>471,208</u>	<u>316,142</u>
Net decrease in cash and cash equivalents	(670,503)	(1,726,497)
Cash and cash equivalents, beginning	<u>21,767,060</u>	<u>23,493,557</u>
Cash and cash equivalents, ending	<u><u>\$ 21,096,557</u></u>	<u><u>\$ 21,767,060</u></u>
<b>Displayed as:</b>		
<b>Current Assets:</b>		
Cash and short-term investments	\$ 9,519,194	\$ 8,955,616
<b>Restricted Assets:</b>		
Cash and short-term investments	<u>11,577,363</u>	<u>12,811,444</u>
	<u><u>\$ 21,096,557</u></u>	<u><u>\$ 21,767,060</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, 2019 and 2018

	2019	2018
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
<b>Operating income</b>	<u>\$ 753,090</u>	<u>\$ 1,144,382</u>
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>		
Depreciation and amortization	746,350	705,274
Change in assets and liabilities:		
(Increase) decrease in trade receivables	(12,610)	(100,650)
(Increase) decrease in prepaid expenses	(750)	(1,681)
(Increase) decrease in inventory	(10,844)	2,026
(Increase) decrease in net pension assets	586,935	(462,900)
(Increase) decrease in deferred outflows	(496,884)	444,837
Increase (decrease) in trade accounts payable	(193,692)	377,545
Increase (decrease) in accrued liabilities	10,583	1,118
Increase (decrease) in unearned revenues	1,448	2,852
Increase (decrease) in total OPEB liability	(5,997)	6,982
Increase (decrease) in deposits	3,949	1,900
Increase (decrease) in deferred inflows	45,019	41,099
Total adjustments	<u>673,507</u>	<u>1,018,402</u>
Net cash provided by operating activities	<u>\$ 1,426,597</u>	<u>\$ 2,162,784</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, 2019 and 2018**

#### **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 was created in 1959 by Acts of the 56<sup>th</sup> Texas Legislature as a political subdivision of the State, a body politic and corporate under Article XVI, Section 59 of the Texas Constitution. The Authority's Enabling Legislation, Article 8280-228 of Vernon's Annotated Texas Civil Statutes (VATCS), enumerates the primary powers granted under the General and Special Laws of the State to fulfill its purpose as a water conservation and reclamation district. Additionally, the Authority functions under the applicable provisions of the Texas Water Code, Chapter 30. 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, 2019 and 2018**

#### **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 nine proprietary funds, which are further divided into two major enterprise funds, two minor enterprise funds, and five 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.

## **RED RIVER AUTHORITY OF TEXAS**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2019 and 2018**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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.

##### **D. Budgetary Accounting**

The Authority maintains control over operating expenses by the establishment of an annual operating budget. The Authority is not required under its enabling act to adopt a budget; 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. 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 cost.

##### **H. 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 \$1,000 and an estimated useful life greater than one year.



## RED RIVER AUTHORITY OF TEXAS

### NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2019 and 2018

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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
Machinery and equipment	4-20 years
Motor vehicles	4 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.

##### I. 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 position 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 position 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.

##### J. Direct Financing Arrangements

The Authority occasionally acts as an agent or intermediary for obtaining tax-exempt financing of water, sewage, or pollution control facilities for third parties. The Authority does not operate or maintain these facilities. The Authority receives issuance fees at the time of issuance and management fees on an annual basis for their assistance in handling the arrangements, which are reported as revenue. Arrangements of this type are accounted for in an enterprise fund as direct financing arrangements. The bonds are payable solely from and secured by a pledge of the revenues derived from the installment sale of the projects to the various entities that operate and maintain the facilities. The bonds are regarded as debts and responsibilities of the third parties on whose behalf they were issued, and the bonded debt, offsetting contract receivable, interest expense, and offsetting contract revenue are not included in the Authority's financial statements. Additional information concerning these conduit bonds is disclosed in **Note 5**.

## **RED RIVER AUTHORITY OF TEXAS**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2019 and 2018**

#### **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 96 hours (12 days) of vacation leave each calendar year. Any unused vacation leave up to a maximum of 96 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.

## **RED RIVER AUTHORITY OF TEXAS**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2019 and 2018**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

##### **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.

#### **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, 2019 and 2018, the carrying amount of the Authority's deposits (cash, money markets, and interest-bearing savings accounts included in temporary investments) was \$3,561,664 and \$4,657,842, respectively and the bank balance was \$3,614,387 and \$4,721,135, respectively. The Authority's cash deposits at September 30, 2019 and 2018 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.

# RED RIVER AUTHORITY OF TEXAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2019 and 2018

### 2. DEPOSITS AND INVESTMENTS, Continued

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.

The Authority's investments at September 30, 2019 and 2018 are shown below:

Investment or Investment Type	2019		2018	
	Weighted Maturity (Months)	Fair Value	Weighted Maturity (Months)	Fair Value
TexPool	1.0	\$ 17,534,893	1.0	\$ 17,109,217
Bank Money Markets	1.0	3,442,040	1.0	4,473,985
		<u>\$ 20,976,933</u>		<u>\$ 21,583,202</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 balances at net asset value per unit/share. Money market 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, 2019 or 2018.

## RED RIVER AUTHORITY OF TEXAS

### NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2019 and 2018

#### 2. DEPOSITS AND INVESTMENTS, Continued

##### 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.

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

## **RED RIVER AUTHORITY OF TEXAS**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2019 and 2018**

#### **2. DEPOSITS AND INVESTMENTS, Continued**

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 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](http://www.ttstc.org).

# RED RIVER AUTHORITY OF TEXAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2019 and 2018

### 3. CAPITAL ASSETS

Capital asset activity for the years ended September 30, 2019 and 2018 was as follows:

At September 30, 2019

	Balance October 1, 2018	Increases	Decreases	Balance September 30, 2019
Capital assets not being depreciated:				
Land and easements	\$ 459,441	\$ -	\$ -	\$ 459,441
Construction in progress	<u>3,067,943</u>	<u>1,178,933</u>	<u>3,144,106</u>	<u>1,102,770</u>
Total capital assets not being depreciated	<u>3,527,384</u>	<u>1,178,933</u>	<u>3,144,106</u>	<u>1,562,211</u>
Capital assets being depreciated:				
Water storage rights	1,222,700	-	-	1,222,700
Water systems	16,922,696	3,493,281	-	20,415,977
Machinery and equipment	1,051,175	54,922	114,028	992,069
Building	1,028,368	-	-	1,028,368
Furniture and fixtures	310,177	2,971	95,998	217,150
Motor vehicles	<u>642,344</u>	<u>110,300</u>	<u>41,902</u>	<u>710,742</u>
Total capital assets being depreciated	<u>21,177,460</u>	<u>3,661,474</u>	<u>251,928</u>	<u>24,587,006</u>
Less accumulated depreciation for:				
Water storage rights	264,630	7,471	-	272,101
Water systems	12,255,693	546,256	-	12,801,949
Machinery and equipment	934,450	39,825	114,028	860,247
Building	396,858	37,762	-	434,620
Furniture and fixtures	293,305	10,355	95,998	207,662
Motor vehicles	<u>403,710</u>	<u>104,681</u>	<u>41,902</u>	<u>466,488</u>
Total accumulated depreciation	<u>14,548,646</u>	<u>746,350</u>	<u>251,928</u>	<u>15,043,067</u>
Total capital assets being depreciated, net	<u>6,628,814</u>	<u>2,915,124</u>	<u>-</u>	<u>9,543,939</u>
Total capital assets, net	<u>\$10,156,198</u>	<u>\$4,094,057</u>	<u>\$3,144,106</u>	<u>\$11,106,150</u>

# RED RIVER AUTHORITY OF TEXAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2019 and 2018

### 3. CAPITAL ASSETS, Continued

At September 30, 2018

	Balance October 1, 2017	Increases	Decreases	Balance September 30, 2018
Capital assets not being depreciated:				
Land and easements	\$ 359,441	\$ 100,000	\$ -	\$ 459,441
Construction in progress	<u>253,008</u>	<u>2,871,090</u>	<u>56,155</u>	<u>3,067,943</u>
Total capital assets not being depreciated	<u>612,449</u>	<u>2,971,090</u>	<u>56,155</u>	<u>3,527,384</u>
Capital assets being depreciated:				
Water storage rights	1,222,700	-	-	1,222,700
Water systems	17,312,147	28,140	417,591	16,922,696
Machinery and equipment	1,025,588	33,557	7,970	1,051,175
Building	973,354	55,014	-	1,028,368
Furniture and fixtures	391,442	7,695	88,960	310,177
Motor vehicles	<u>626,177</u>	<u>198,437</u>	<u>182,270</u>	<u>642,344</u>
Total capital assets being depreciated	<u>21,551,408</u>	<u>322,843</u>	<u>696,791</u>	<u>21,177,460</u>
Less accumulated depreciation for:				
Water storage rights	257,159	7,471	-	264,630
Water systems	12,181,677	480,235	406,219	12,255,693
Machinery and equipment	899,898	42,521	7,969	934,450
Building	359,513	37,345	-	396,858
Furniture and fixtures	365,716	16,618	89,029	293,305
Motor vehicles	<u>475,236</u>	<u>105,679</u>	<u>177,205</u>	<u>403,710</u>
Total accumulated depreciation	<u>14,539,199</u>	<u>689,869</u>	<u>680,422</u>	<u>14,548,646</u>
Total capital assets being depreciated, net	<u>7,012,209</u>	<u>( 367,026)</u>	<u>16,369</u>	<u>6,628,814</u>
Total capital assets, net	<u>\$ 7,624,658</u>	<u>\$2,604,064</u>	<u>\$ 72,524</u>	<u>\$10,156,198</u>

### 4. LONG-TERM DEBT

Bonds payable and transactions for the years ended September 30, 2019 and 2018 are summarized as follows:

At September 30, 2019

	Balance 10/1/18	Issued	Retired	Balance 9/30/19	Due Within One Year
Water revenue bonds	\$15,266,601	\$ -	\$340,967	\$14,925,634	\$346,967
Premium on bonds	<u>187,762</u>	<u>-</u>	<u>6,530</u>	<u>181,231</u>	<u>-</u>
Totals	<u>\$15,454,363</u>	<u>\$ -</u>	<u>\$347,497</u>	<u>\$15,106,865</u>	<u>\$346,967</u>



# RED RIVER AUTHORITY OF TEXAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2019 and 2018

### 4. LONG-TERM DEBT, Continued

At September 30, 2018

	Balance 10/1/17	Issued	Retired	Balance 9/30/18	Due Within One Year
Water revenue bonds	\$15,726,565	\$ -	\$459,964	\$15,266,601	\$340,967
Premium on bonds	195,926	-	8,164	187,762	-
Totals	<u>\$15,922,491</u>	<u>\$ -</u>	<u>\$468,128</u>	<u>\$15,454,363</u>	<u>\$340,967</u>

### Water Revenue Bonds

Water revenue bonds are comprised of the following individual issues as of September 30, 2019:

	Interest Rates	Final Maturity Date	Annual Serial Payments	Bonds Authorized	Outstanding at 9/30/19	Outstanding at 9/30/18
Series 2010	1.93%	08-15-30	\$26,600 to \$53,600	\$ 849,200	<u>\$ 515,634</u>	<u>\$ 556,601</u>
Series 2017	3.57%	04-01-47	\$300,000 to \$800,000	\$15,130,000	<u>\$14,410,000</u>	<u>\$14,710,000</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 1/12<sup>th</sup> of the annual principal and interest payments.

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 and is reported as a separate line item on the face of the financial statements.

# RED RIVER AUTHORITY OF TEXAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2019 and 2018

### 4. LONG-TERM DEBT, Continued

The annual requirements to pay principal and interest on the long-term obligations outstanding as of September 30, 2019 are as follows:

Year Ending September 30,	Bond	
	Principal	Interest
2020	\$ 346,967	\$ 532,788
2021	358,000	523,034
2022	369,000	512,858
2023	380,000	502,302
2024	396,200	488,011
2025 – 2029	2,234,000	2,176,547
2030 – 2034	2,416,467	1,775,080
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>\$14,925,634</u>	<u>\$8,848,313</u>

The net revenue of the Authority is pledged as collateral for the revenue bonds outstanding. \$169,276 is available in the interest and sinking fund at September 30, 2019 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.

### 5. DIRECT FINANCING ARRANGEMENT DEBT

The bonds issued under direct financing arrangements represent, in substance, obligations of those entities on whose behalf they were issued and are not reflected on the Authority's financial statements. The following is a summary of changes in the direct financing arrangement obligations for the year ended September 30, 2019:

	Debt Outstanding October 1, 2018	New Obligations Issued	Obligations Retired or Refunded	Debt Outstanding September 30, 2019
Bonds issued under direct financing arrangements	<u>\$63,300,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$63,300,000</u>

# RED RIVER AUTHORITY OF TEXAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2019 and 2018

### 5. DIRECT FINANCING ARRANGEMENT DEBT, continued

Direct financing bonds payable at September 30, 2019, comprise the following individual issuances:

	Range of Interest Rates	Final Maturity Date	Annual Serial Payments	Bonds Authorized	Debt Outstanding September 30, 2019
<u>Pollution Control Revenue Bonds</u> –					
AEP Texas North Company, Public Service Company of Oklahoma and AEP Texas Central Company-Series 2007	4.45%	06-01-20	\$63,300,000*	\$63,300,000	\$63,300,000
Total direct financing bonds				\$63,300,000	\$63,300,000

\* Term payment at maturity

In January 2010, the Authority was notified by the Internal Revenue Service (IRS) that it had selected the \$50,000,000 Red River Authority of Texas Solid Waste Disposal Revenue Bonds (Panda Hereford Ethanol, L.P. Project) Series 2006, for a routine examination to determine compliance with federal tax requirements. The responsibility for submitting the information requested by the IRS would normally fall on the entity for which the bonds were issued. However, since Panda Hereford declared bankruptcy in April 2009, the IRS determined the responsibility for providing the requested information and completing the arbitrage calculation lay with the Authority. The Authority employed its bond counsel and financial consultant to prepare the arbitrage rebate report and respond to the IRS. The arbitrage rebate report reflected that there was no liability to the IRS related to this bond issue, therefore, since no liability exists, under the reporting rules there was no requirement to file documents with the IRS. As of September 30, 2019, the IRS has not responded to any of the information submitted.

### 6. 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,

## **RED RIVER AUTHORITY OF TEXAS**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2019 and 2018**

#### **6. COMMITMENTS AND CONTINGENT LIABILITIES, continued**

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 complying with the EPA's noncompliance requirements of notifying the customers by letter on a quarterly basis, furnishing affected customers with bottled water reimbursement, and developing economically feasible compliance plans for each system affected. In April of 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 engineering and permitting for the projects has commenced. The first project for remediation of the nitrate was on the Truscott-Gilliland Water System to build a transmission line from Greenbelt Municipal and Industrial Water Authority to the Gilliland Pump Station to provide treated water for this system. The line was completed and placed in service in September 2018. On the second project, the Authority purchased 480 acres in Dickens County to tap in to the Ogallala Aquifer in an effort to find low nitrate wells to blend with the high nitrate wells utilized by the Dumont System. The Authority drilled a test well and found favorable water quality. The Authority requested from TCEQ a permit to drill up to four additional wells. The permit was approved and the second well is now being drilled. Once sufficient wells are completed a pump station and transmission line will be built to transfer the water 23 miles to the Dumont Well field for blending. On the third project, the Hinds Wildcat system, the Authority has engineered the line to bring treated water from the City of Vernon to the Hinds pump station, however, acquiring necessary easements has been fruitless. Originally, the Authority tried to partner with the City of Vernon to acquire the easements but the cost estimates for the larger easement caused the City to withdraw from the partnership. The Authority revised the engineering and easement size and resolicited for easements and had no takers. The Authority is in the process of pursuing Eminent Domain for the necessary easements.

In 2004, the Authority was notified that two water systems were in violation of the SDWA's maximum contaminant level for total trihalomethanes (TTHMs); the Lake Arrowhead and Preston Shores Water Systems. The Authority has also been notified that the same two water systems are also in violation of the SDWA's maximum contaminant level for Haloacetic Acids (HAA5s). These violations were brought about by the EPA lowering the maximum contaminant level effective January 1, 2004 and are not associated with operational treatment techniques. In compliance with agreed enforcement orders between the TCEQ and the Authority, the Authority sends Notice of Violation letters to each customer on these systems quarterly and will continue to do so until released by the TCEQ. The Authority has developed capital improvement projects to bring the systems into compliance and issued bonds in 2017 for construction of the capital improvement

## **RED RIVER AUTHORITY OF TEXAS**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2019 and 2018**

#### **6. COMMITMENTS AND CONTINGENT LIABILITIES, continued**

projects. For the Preston Shores Water System, the Authority has submitted engineering plans to install a chlorine dioxide injection system prior to treatment at the Preston Shores Water System to alleviate the TTHM and HAA5 problems and is currently waiting on approval prior from TCEQ to soliciting bids for the project. Additionally, for the Lake Arrowhead Water System, the Authority will consider an MOU at its January 2020 meeting with the City of Wichita Falls for a Treated Water Purchase Agreement to alleviate the TTHM and HAA5 issues at its Lake Arrowhead Water System. Easements have been acquired and the engineering for a water line to connect to City of Wichita Falls Water for the Lake Arrowhead Water System are currently being prepared.

The Authority has signed two construction contracts and is working with engineers relating to these contracts. The current systems under construction are Guthrie-Dumont and the Howardwick systems totaling \$679,826 and has incurred \$354,026 towards these contracts at September 30, 2019 leaving a commitment of \$325,800. The Authority has also incurred \$37,500 engineering fees toward the Preston Shores UV system, which had no other obligations as of September 30, 2019.

#### **7. 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 2018. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR 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.

## RED RIVER AUTHORITY OF TEXAS

### NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2019 and 2018

#### 7. DEFINED BENEFIT PENSION PLAN, continued

##### 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.

##### Membership Information

<u>Members</u>	<u>December 31, 2017</u>	<u>December 31, 2018</u>
Number of inactive employees entitled to but not yet receiving benefits:	16	17
Number of active employees:	31	32
Average monthly salary *:	\$4,111	\$4,112
Average age *:	47.39	46.17
Average length of service in years *:	9.73	8.27
Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients:	14	15
Average monthly benefit:	\$1,598	\$2,116

\* 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 2016, 2017 and 2018, which was in excess of the Authority's compliant rates of 3.07%, 3.30% and 3.15% for those respective years. The deposit rate payable by the employee members for the years 2016, 2017 and 2018 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.

# RED RIVER AUTHORITY OF TEXAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2019 and 2018

### 7. DEFINED BENEFIT PENSION PLAN, continued

Contributions to the Plan in 2017 and 2018 were as follows:

	<u>December 31, 2017</u>	<u>December 31, 2018</u>
Members (Employees)	\$103,611	\$117,760
Employer (Authority)	<u>103,611</u>	<u>117,760</u>
Total contributions	<u>\$207,222</u>	<u>\$235,520</u>

### Net Pension Liability / (Asset)

<u>Net Pension Liability / (Asset)</u>	<u>December 31, 2017</u>	<u>December 31, 2018</u>
Total Pension Liability	\$7,546,627	\$7,740,395
Fiduciary Net Position	8,415,633	8,022,464
Net Pension Liability (Asset)	(869,005)	(282,070)
Fiduciary Net Position as a % of Total		
Pension Liability	111.52%	103.64%
Pensionable Covered Payroll <sup>(1)</sup>	1,480,157	1,556,621
Net Pension Liability as a % of Covered Payroll	(58.71%)	(18.12%)

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.

<sup>(1)</sup> Payroll is calculated based on contributions as reported to TCDRS.

### Discount Rate

Discount rate <sup>(2)</sup>	8.10%	8.10%
Long-term expected rate of return, net of investment expense <sup>(2)</sup>	8.10%	8.10%
Municipal bond rate <sup>(3)</sup>	Does not apply	Does not apply

<sup>(2)</sup> This rate reflects the long-term rate of return funding valuation assumption of 8.00%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68.

<sup>(3)</sup> 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

## RED RIVER AUTHORITY OF TEXAS

### NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2019 and 2018

#### 7. DEFINED BENEFIT PENSION PLAN, continued

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
Inflation	2.75%
Salary Increases	Varies by age and service, 4.9% average over career including inflation
Investment Rate of Return	8.1% (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	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

#### Actuarial Methods and Assumptions Used for Funding Valuation:

Following is a description of the assumptions used in the December 31, 2018 actuarial valuation analysis for Red River Authority:

#### Economic Assumptions

TCDRS system-wide economic assumptions:

Real rate of return	5.25%
Inflation	2.75%
Long-term investment return	8.00%

The assumed long-term investment return of 8% is net after investment and administrative expenses. It is assumed returns will equal the nominal annual rate of 8% for calculating the actuarial accrued liability and the normal cost contribution rate for the retirement plan of each participating employer.



## RED RIVER AUTHORITY OF TEXAS

### NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2019 and 2018

#### 7. DEFINED BENEFIT PENSION PLAN, continued

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 3.25% (made up of 2.75% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee.

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 0.0% for 25 year old employee and increases to .018% at age 59 for work related causes and 0.00% to .27% 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	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

**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.

## RED RIVER AUTHORITY OF TEXAS

### NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2019 and 2018

#### 7. DEFINED BENEFIT PENSION PLAN, continued

**Service Retirement** - Members eligible for service retirement are assumed to retire at escalating rates starting at 4.5% for someone 40 years old to 22% for employees over the age of 67.

**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 12% for someone with 28 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 2019 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 30-year time horizon; the most recent analysis was performed in 2017. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2013 – December 31, 2016 for more details.

## RED RIVER AUTHORITY OF TEXAS

### NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2019 and 2018

#### 7. DEFINED BENEFIT PENSION PLAN, continued

<u>Asset Class</u>	<u>Benchmark</u>	<u>Target Allocation <sup>(1)</sup></u>	<u>Geometric Real Rate of Return (Expected minus Inflation) <sup>(2)</sup></u>
US Equities	Dow Jones U.S. Total Stock Market Index	10.50%	5.40%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(3)</sup>	18.00%	8.40%
Global Equities	MSCI World (net) Index	2.50%	5.70%
International Equities – Developed Markets	MSCI World Ex USA (net) Index	10.00%	5.40%
International Equities – Emerging Markets	MSCI Emerging Markets (net) Index	7.00%	5.90%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	1.60%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	4.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.95%
Distressed Debt	Cambridge Associates Distressed Securities <sup>(4)</sup>	2.00%	7.20%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.35%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(5)</sup>	6.00%	6.30%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	13.00%	3.90%

<sup>(1)</sup> Target asset allocation adopted at the April 2019 TCDRS Board Meeting.

<sup>(2)</sup> Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.70%, per Cliffwater's 2019 capital market assumptions.

<sup>(3)</sup> Includes vintage years 2006 – present of Quarter Pooled Horizon IRRs.

<sup>(4)</sup> Includes vintage years 2005 – present of Quarter Pooled Horizon IRRs.

<sup>(5)</sup> Includes vintage years 2007 – 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, 2019 and 2018

#### 7. 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. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

# RED RIVER AUTHORITY OF TEXAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2019 and 2018

### 7. DEFINED BENEFIT PENSION PLAN, continued

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected 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 total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

As additional documentation for auditing purposes, we have shown the projection of the Fiduciary Net Position in the following exhibit ("Projection of Fiduciary Net Position").

Changes in Net Pension Liability / (Asset) at December 31, 2018 is as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2017	\$7,546,627	\$8,415,633	(\$869,005)
Changes for the year:			
Service cost	186,368	-	186,368
Interest on total pension liability <sup>(1)</sup>	608,914	-	608,914
Effect of plan changes <sup>(2)</sup>	-	-	-
Effect of economic/demographic gains or losses	( 161,881)	-	( 161,881)
Effect of assumption changes or inputs	-	-	-
Refund of contributions	( 68,425)	( 68,425)	-
Benefit payments	( 371,209)	( 371,209)	-
Administrative expenses	-	( 6,444)	6,444
Member contributions	-	108,963	( 108,963)
Net investment income	-	( 159,258)	159,258
Employer contributions	-	108,963	( 108,963)
Other <sup>(3)</sup>	-	( 5,758)	5,758
Balances as of December 31, 2018	<u>\$7,740,394</u>	<u>\$8,022,465</u>	<u>(\$282,070)</u>

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

<sup>(2)</sup> No plan changes valued.

<sup>(3)</sup> Relates to allocation of system-wide items.

# RED RIVER AUTHORITY OF TEXAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2019 and 2018

### 7. DEFINED BENEFIT PENSION PLAN, continued

Changes in Net Pension Liability / (Asset) at December 31, 2017 is as follows:

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability / (Asset)
	(a)	(b)	(a) – (b)
Balances as of December 31, 2016	\$7,043,291	\$7,449,396	(\$406,105)
Changes for the year:			
Service cost	170,704	-	170,704
Interest on total pension liability <sup>(1)</sup>	571,650	-	571,650
Effect of plan changes <sup>(2)</sup>	-	-	-
Effect of economic/demographic gains or losses	55,906	-	55,906
Effect of assumption changes or inputs	24,458	-	24,458
Refund of contributions	( 61,410)	( 61,410)	-
Benefit payments	( 257,970)	( 257,970)	-
Administrative expenses	-	( 5,597)	5,597
Member contributions	-	103,611	( 103,611)
Net investment income	-	1,085,548	( 1,085,548)
Employer contributions	-	103,611	( 103,611)
Other <sup>(3)</sup>	-	( 1,556)	1,556
Balances as of December 31, 2017	<u>\$7,546,627</u>	<u>\$8,415,632</u>	<u>(\$869,005)</u>

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

<sup>(2)</sup> No plan changes valued.

<sup>(3)</sup> Relates to allocation of system-wide items.

Sensitivity Analysis at December 31, 2018 is as follows:

The following presents the net pension liability (asset) of the Authority, calculated using the discount rate of 8.10%, 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 (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	\$8,665,255	\$7,740,395	\$6,950,622
Fiduciary net position	<u>8,022,465</u>	<u>8,022,465</u>	<u>8,022,465</u>
Net pension liability / (asset)	<u>\$ 642,790</u>	<u>(\$ 282,070)</u>	<u>(\$1,071,843)</u>

# RED RIVER AUTHORITY OF TEXAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2019 and 2018

### 7. DEFINED BENEFIT PENSION PLAN, continued

Sensitivity Analysis at December 31, 2017 is as follows:

The following presents the net pension liability of the Authority, calculated using the discount rate of 8.10%, 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 (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease <u>7.10%</u>	Current Discount Rate <u>8.10%</u>	1% Increase <u>9.10%</u>
Total pension liability	\$8,487,506	\$7,546,627	\$6,741,501
Fiduciary net position	<u>8,415,633</u>	<u>8,415,633</u>	<u>8,415,633</u>
Net pension liability / (asset)	<u>\$ 71,873</u>	<u>(\$ 869,005)</u>	<u>(\$1,674,132)</u>

### Pension Expense / (Income)

	January 1, 2017 to <u>December 31, 2017</u>	January 1, 2018 to <u>December 31, 2018</u>
Service cost	\$170,704	\$186,368
Interest on total pension liability <sup>(1)</sup>	571,650	608,914
Effect of plan changes	-	-
Administrative expenses	5,597	6,444
Member contributions	( 103,611)	( 108,963)
Expected investment return net of investment expenses	( 598,663)	( 672,377)
Recognition of deferred inflows/outflows of resources:		
Recognition of economic/demographic gains or losses	( 984)	( 33,359)
Recognition of assumption changes or inputs	16,624	16,625
Recognition of investment gains or losses	69,414	235,740
Other <sup>(2)</sup>	<u>1,556</u>	<u>5,759</u>
Pension expense	<u>\$132,287</u>	<u>\$245,151</u>

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

<sup>(2)</sup> Relates to allocation of system-wide items.

### Deferred Outflows / Inflows of Resources as of December 31, 2018:

As of December 31, 2018, 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, 2019 and 2018

### 7. DEFINED BENEFIT PENSION PLAN, continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 37,720	\$180,186
Changes of assumptions	26,407	-
Net difference between projected and actual earnings	529,454	-
Contributions made subsequent to measurement date	<u>89,176</u>	<u>-</u>
Total	<u>\$682,757</u>	<u>\$180,186</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>Year Ended December 31:</u>	
2019	\$190,340
2020	36,460
2021	52,645
2022	133,950

For the year ended December 31, 2018, there were no changes to the Plan relative to assumptions and benefit terms.

Deferred Outflows / Inflows of Resources as of December 31, 2017:

As of December 31, 2017, the deferred outflows and inflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 62,078	\$ 76,021
Changes of assumptions	43,032	-
Net difference between projected and actual earnings	-	66,440
Contributions made subsequent to measurement date	<u>80,380</u>	<u>-</u>
Total	<u>\$185,490</u>	<u>\$142,461</u>



## RED RIVER AUTHORITY OF TEXAS

### NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2019 and 2018

#### 8. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN

##### Plan Description

A description of the OPEB plan pursuant to Paragraph 40 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, 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, 2019 and 2018

### 8. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN, Continued

#### Membership Information

<u>Members</u>	<u>12/31/17</u>	<u>12/31/18</u>
Number of inactive employees entitled to but not yet receiving benefits <sup>(1)</sup>	3	4
Number of active employees	31	32
Average age of active employees	47.39	46.17
Average length of service in years for active employees	9.73	8.27
<u>Inactive Employees Receiving Benefits</u> <sup>(1)</sup>		
Number of benefit recipients <sup>(1)</sup>	11	11

<sup>(1)</sup> "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, 2017</u>	<u>December 31, 2018</u>
Total OPEB liability	<u>\$59,027</u>	<u>\$53,030</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, 2017</u>	<u>December 31, 2018</u>
Discount rate <sup>(1)</sup>	3.44%	4.10%
Long-term expected rate of return, net of investment expense <sup>(1)</sup>	Does not apply	Does not apply
Municipal bond rate <sup>(1)</sup>	3.44%	4.10%

<sup>(1)</sup> 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, 2019 and 2018

#### 8. 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, 2018 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, 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 Normal
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	Does not apply
Investment Rate of Return (Discount Rate)	4.10% (20-year Bond GO Index published by bondbuyer.com as of 12/27/18)
Cost-of-Living Adjustment	Does not apply
Disability	The rates of disability range from .000% to .018% for work-related disability and .000% to .27% for all other causes depending on age.
Mortality:	
Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.

# RED RIVER AUTHORITY OF TEXAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2019 and 2018

### 8. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN, Continued

Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Retirement	Members eligible for service retirement range from 4.5% to 22% for both male and females depending on age.
Other Termination of Employment	Annual rates for termination range from 0.0% to 23.4% for males and 0.0% to 25.3% for females depending on entry dates and years of service.

### Changes in total OPEB liability for the years ended December 31, 2018 and 2017:

	2017 Changes in Total <u>OPEB Liability</u>	2018 Changes in Total <u>OPEB Liability</u>
Balances as of January 1	\$52,933	\$59,027
Changes for the year:		
Service cost	1,350	1,620
Interest on total OPEB liability <sup>(1)</sup>	2,035	2,070
Changes of benefit terms <sup>(2)</sup>	-	-
Effect of economic/demographic experience	749	( 2,359)
Effect of assumptions changes or inputs <sup>(3)</sup>	2,848	( 6,394)
Benefit payments	( 888)	( 934)
Other	-	-
Balance as of December 31	<u>\$59,027</u>	<u>\$53,030</u>

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

<sup>(2)</sup> No plan changes valued.

<sup>(3)</sup> Reflects change in discount rate and the new assumptions adopted based on the January 1, 2013 – December 31, 2016 Investigation of Experience.

# RED RIVER AUTHORITY OF TEXAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2019 and 2018

### 8. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN, Continued

Sensitivity analysis at December 31, 2018 is as follows:

The following presents the total OPEB liability of the Authority, calculated using the discount rate of 4.10%, 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 (3.10%) or 1 percentage point higher (5.10%) 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>3.10%</u>	Current Discount Rate <u>4.10%</u>	1% Increase <u>5.10%</u>
Total OPEB liability	<u>\$63,141</u>	<u>\$53,030</u>	<u>\$45,059</u>

Sensitivity analysis at December 31, 2017 is as follows:

The following presents the total OPEB liability of the Authority, calculated using the discount rate of 3.44%, 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 (2.44%) or 1 percentage point higher (4.44%) 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>2.44%</u>	Current Discount Rate <u>3.44%</u>	1% Increase <u>4.44%</u>
Total OPEB liability	<u>\$70,889</u>	<u>\$59,027</u>	<u>\$49,730</u>

### 2017 and 2018 Employer OPEB Contributions and Benefit Payments

The following shows a breakdown of the Authority's contributions to the GTL program for the calendar years 2017 and 2018. 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, 2019 and 2018

### 8. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN, Continued

<u>Coverage Type</u>	2017 GTL		<u>Financial Reporting</u>
	<u>Rate</u>	<u>Amount</u>	
Active Member GTL Benefit	0.22%	\$3,256	No change from prior year
Retiree GTL Benefit	0.06%	888	GASB 75

<u>Coverage Type</u>	2018 GTL		<u>Financial Reporting</u>
	<u>Rate</u>	<u>Amount</u>	
Active Member GTL Benefit	0.22%	\$3,425	No change from prior year
Retiree GTL Benefit	0.06%	934	GASB 75

### OPEB Expense

	<u>January 1, 2017 to December 31, 2017</u>	<u>January 1, 2018 to December 31, 2018</u>
Service cost	\$ 1,350	\$ 1,620
Interest on total pension liability <sup>(1)</sup>	2,035	2,070
Effect of plan changes	-	-
Recognition of deferred inflows/outflows of resources:		
Recognition of economic/demographic gains or losses	107	( 286)
Recognition of assumption changes or inputs	407	( 659)
Other	<u>-</u>	<u>-</u>
OPEB expense	<u>\$3,899</u>	<u>\$2,745</u>

<sup>(1)</sup> *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 December 31, 2018, 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, 2019 and 2018**

8. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN, Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 535	\$1,966
Changes of assumptions	2,034	5,328
Contributions made subsequent to measurement date	<u>819</u>	<u>-</u>
Total	<u>\$3,388</u>	<u>\$7,294</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:

Year Ended December 31:

2019	(\$945)
2020	(945)
2021	(945)
2022	(945)
2023	(945)

As of December 31, 2017, the deferred outflows and inflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 642	\$ -
Changes of assumptions	2,441	-
Contributions made subsequent to measurement date	<u>688</u>	<u>-</u>
Total	<u>\$3,771</u>	<u>\$ -</u>

# RED RIVER AUTHORITY OF TEXAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2019 and 2018

### 9. 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.

### 10. 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, 2019:

	Utility Division	Environmental Services Division	Other Enterprise Funds
<b>Condensed Statement of Net Position</b>			
<b>Assets:</b>			
Current assets	\$ 2,003,339	\$175,111	\$ 4,375
Restricted assets	11,538,613	-	38,750
Capital assets	9,824,195	67,099	-
Total assets	23,366,147	242,210	43,125
<b>Liabilities:</b>			
Current liabilities	713,812	101,314	875
Noncurrent liabilities	15,255,746	-	-
Total liabilities	15,969,558	101,314	875
<b>Net position:</b>			
Net investment in capital assets	5,710,697	67,099	-
Restricted net position	169,276	-	-
Unrestricted net position	1,516,616	73,797	42,250
Total net position	\$ 7,396,589	\$140,896	\$42,250



# RED RIVER AUTHORITY OF TEXAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2019 and 2018

### 10. SEGMENT INFORMATION FOR ENTERPRISE FUNDS, Continued

	Utility Division	Environmental Services Division	Other Enterprise Funds
<b>Condensed Statement of Revenue, Expenses, and Changes in Net Position</b>			
Operating revenues	\$ 5,310,228	\$1,043,056	\$ 3,500
Operating expense	4,560,125	1,026,849	264
Operating income	750,103	16,207	3,236
Nonoperating revenues (expenses)	(171,572)	-	264
Transfers	-	-	( 3,500)
Change in net position	578,531	16,207	-
Beginning net position	6,818,058	124,689	42,250
Ending net position	\$ 7,396,589	\$140,896	\$42,250
<b>Condensed Statement of Cash Flows</b>			
Operating activities	\$ 1,103,337	(\$ 7,804)	\$ 6,736
Noncapital financing activities	-	-	( 3,500)
Capital and related financing activities	(2,509,941)	( 18,293)	-
Investing activities	393,211	-	264
Net increase (decrease)	(1,013,393)	( 26,097)	3,500
Beginning cash and cash equivalents	13,549,612	( 41,674)	38,750
Ending cash and cash equivalents	\$12,536,219	(\$67,771)	\$42,250

### 11. NEW PRONOUNCEMENT

GASB has the new pronouncement below that will become effective during the following year:

Statement No. 87 – Leases, is effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes

**RED RIVER AUTHORITY OF TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued**  
**Years Ended September 30, 2019 and 2018**

11. NEW PRONOUNCEMENT, Continued

a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

This pronouncement is not expected to have any significant impact on the Authority when effective.

## **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

	2018	2017	2016	2015	Year Ended December 31		2012	2011	2010	2009
					2014	2013				
<b>Total Pension Liability</b>										
Service cost	\$ 186,368	\$ 170,704	\$ 189,043	\$ 177,653	\$ 179,324	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	608,914	571,650	540,261	500,695	459,093	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	-	-	-	(33,872)	-	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	-	24,458	-	58,664	-	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	(161,881)	55,906	(126,702)	20,889	44,989	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(439,633)	(319,382)	(267,816)	(191,663)	(171,004)	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	193,768	503,336	334,786	532,366	512,402	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	<u>7,546,627</u>	<u>7,043,291</u>	<u>6,708,505</u>	<u>6,176,139</u>	<u>5,663,736</u>	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending (a)	<u>\$ 7,740,395</u>	<u>\$ 7,546,627</u>	<u>\$ 7,043,291</u>	<u>\$ 6,708,505</u>	<u>\$ 6,176,139</u>	N/A	N/A	N/A	N/A	N/A
<b>Fiduciary Net Position</b>										
Employer contributions	\$ 108,963	\$ 103,611	\$ 99,671	\$ 99,794	\$ 96,084	N/A	N/A	N/A	N/A	N/A
Member contributions	108,963	103,611	99,671	99,794	96,084	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	(159,258)	1,085,548	518,631	(109,237)	444,841	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(439,633)	(319,381)	(267,816)	(191,663)	(171,004)	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(6,444)	(5,597)	(5,633)	(5,073)	(5,286)	N/A	N/A	N/A	N/A	N/A
Other	(5,758)	(1,556)	1,306	11,611	9,359	N/A	N/A	N/A	N/A	N/A
Net change in fiduciary net position	(393,167)	966,236	445,830	(94,773)	470,078	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	<u>8,415,632</u>	<u>7,449,396</u>	<u>7,003,566</u>	<u>7,098,339</u>	<u>6,628,261</u>	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, ending (b)	<u>\$ 8,022,465</u>	<u>\$ 8,415,632</u>	<u>\$ 7,449,396</u>	<u>\$ 7,003,566</u>	<u>\$ 7,098,339</u>	N/A	N/A	N/A	N/A	N/A
Net pension liability / (asset), ending = (a) - (b)	<u>\$ (282,070)</u>	<u>\$ (869,005)</u>	<u>\$ (406,105)</u>	<u>\$ (295,062)</u>	<u>\$ (922,200)</u>	N/A	N/A	N/A	N/A	N/A
Fiduciary net position as a % of total pension liability	<u>103.64%</u>	<u>111.52%</u>	<u>105.77%</u>	<u>104.40%</u>	<u>114.93%</u>	N/A	N/A	N/A	N/A	N/A
Pensionable covered payroll	<u>\$ 1,556,621</u>	<u>\$ 1,480,157</u>	<u>\$ 1,423,868</u>	<u>\$ 1,425,630</u>	<u>\$ 1,372,634</u>	N/A	N/A	N/A	N/A	N/A
Net pension liability as a % of covered payroll	<u>-18.12%</u>	<u>-58.71%</u>	<u>-28.52%</u>	<u>-20.70%</u>	<u>-67.18%</u>	N/A	N/A	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 67/68, 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

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

<u>Year Ending September 30</u>	<u>Actuarially Determined Contribution <sup>(1)</sup></u>	<u>Actual Employer Contribution <sup>(1)</sup></u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll <sup>(2)</sup></u>	<u>Actual Contribution as a % of Covered Payroll</u>
2010	\$ 47,212	\$ 87,198	\$ (39,987)	\$ 1,245,691	7.0%
2011	33,499	87,499	(53,999)	1,249,980	7.0%
2012	35,421	91,494	(56,073)	1,307,056	7.0%
2013	39,960	93,551	(53,591)	1,336,446	7.0%
2014	48,923	96,467	(47,545)	1,378,105	7.0%
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%

<sup>(1)</sup> 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.

<sup>(2)</sup> 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

	2018	2017	2016	2015	Year Ended December 31		2012	2011	2010	2009
					2014	2013				
<b>Total OPEB Liability</b>										
Service cost	\$ 1,620	\$ 1,350	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total OPEB liability	2,070	2,035	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	(6,394)	2,848	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	(2,359)	749	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(934)	(888)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	(5,997)	6,094	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, beginning	59,027	52,933	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, ending (a)	<u>\$ 53,030</u>	<u>\$ 59,027</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pensionable covered payroll	<u>\$ 1,556,621</u>	<u>\$ 1,480,157</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB liability as a % of covered payroll	<u>3.41%</u>	<u>3.99%</u>	N/A	N/A	N/A	N/A	N/A	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, 2019**

#### **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 of 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 an increase in discount rate from 3.44% to 4.10%.

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## **OTHER SUPPLEMENTARY INFORMATION**

**RED RIVER AUTHORITY OF TEXAS**  
**COMBINING SCHEDULE OF NET POSITION**  
**September 30, 2019**

	Enterprise Funds			
	Utility Division Fund	Environmental Services Division Fund	Direct Financing Arrangements Fund	Industrial Development Authority Fund
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and short-term investments	\$ 997,606	\$ -	\$ 3,500	\$ -
Receivables:				
Trade and contracts	963,471	175,111	875	-
Due from other funds	-	-	-	-
Interfund loans	-	-	-	-
Prepaid expenses	42,262	-	-	-
Inventory	-	-	-	-
Restricted assets:				
Cash and short-term investments	11,538,613	-	-	38,750
Total current assets	13,541,952	175,111	4,375	38,750
<b>Long-term assets:</b>				
Interfund loans, less current portion	-	-	-	-
Net pension assets	-	-	-	-
Capital assets not being depreciated	1,259,568	15,000	-	-
Capital assets being depreciated (net)	8,564,627	52,099	-	-
Total long-term assets	9,824,195	67,099	-	-
Total assets	23,366,147	242,210	4,375	38,750
<b>Deferred outflows of resources:</b>				
Pension and OPEB related	-	-	-	-
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Bank overdraft	-	67,771	-	-
Accounts payable - trade	246,885	29,240	-	-
Interest payable	7,200	-	-	-
Due to other Authority funds	-	-	875	-
Accrued payroll and related taxes	25,986	4,303	-	-
Unearned revenue	8,422	-	-	-
Interfund loans payable, current maturities	78,352	-	-	-
Bonds payable, current maturities	346,967	-	-	-
Total current liabilities	713,812	101,314	875	-
<b>Long-term liabilities:</b>				
Interfund loans payable, less current maturities	297,618	-	-	-
Bonds payable, less current maturities	14,578,667	-	-	-
Deferred bond amortization	181,231	-	-	-
Total OPEB liability	-	-	-	-
Deposits	198,230	-	-	-
Total long-term liabilities	15,255,746	-	-	-
Total liabilities	15,969,558	101,314	875	-
<b>Deferred inflows of resources:</b>				
Pension and OPEB related	-	-	-	-
<b>Net position:</b>				
Net investment in capital assets	5,710,697	67,099	-	-
Restricted:				
Debt service	169,276	-	-	-
Unrestricted	1,516,616	73,797	3,500	38,750
Total net position	\$ 7,396,589	\$ 140,896	\$ 3,500	\$ 38,750

Internal Service Funds						
General Division Fund	Interfund Loan Fund	Maintenance Division Fund	Communications Division Fund	Motor Vehicle Pool Fund	Eliminations	Totals
\$ 3,435,861	\$ 3,525,890	\$ 289,357	\$ 1,067,996	\$ 266,755	\$ (67,771)	\$ 9,519,194
8,337	-	1,197	3,896	-	-	1,152,887
875	-	-	-	-	(875)	-
-	233,285	-	-	-	(233,285)	-
11,997	-	150	-	-	-	54,409
-	-	66,909	-	-	-	66,909
-	-	-	-	-	-	11,577,363
3,457,070	3,759,175	357,613	1,071,892	266,755	(301,931)	22,370,762
-	1,310,840	-	-	-	(1,310,840)	-
282,070	-	-	-	-	-	282,070
183,331	-	104,312	-	-	-	1,562,211
576,196	-	138,053	22,362	190,602	-	9,543,939
1,041,597	1,310,840	242,365	22,362	190,602	(1,310,840)	11,388,220
4,498,667	5,070,015	599,978	1,094,254	457,357	(1,612,771)	33,758,982
686,145	-	-	-	-	-	686,145
-	-	-	-	-	(67,771)	-
22,136	-	20,120	918	7,819	-	327,118
-	-	-	-	-	-	7,200
-	-	-	-	-	(875)	-
10,755	-	6,278	-	-	-	47,322
-	-	-	41,922	-	-	50,344
44,351	-	21,308	7,378	80,259	(231,648)	-
-	-	-	-	-	-	346,967
77,242	-	47,706	50,218	88,078	(300,294)	778,951
720,651	-	167,917	5,603	120,688	(1,312,477)	-
-	-	-	-	-	-	14,578,667
-	-	-	-	-	-	181,231
53,030	-	-	-	-	-	53,030
-	-	-	-	-	-	198,230
773,681	-	167,917	5,603	120,688	(1,312,477)	15,011,158
850,923	-	215,623	55,821	208,766	(1,612,771)	15,790,109
187,480	-	-	-	-	-	187,480
(5,475)	-	53,140	9,381	(10,345)	1,544,125	7,368,622
-	-	-	-	-	-	169,276
4,151,884	5,070,015	331,215	1,029,052	258,936	(1,544,125)	10,929,640
\$ 4,146,409	\$ 5,070,015	\$ 384,355	\$ 1,038,433	\$ 248,591	\$ -	\$ 18,467,538

**RED RIVER AUTHORITY OF TEXAS**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**for the year ended September 30, 2019**

	Enterprise Funds			
	Utility Division Fund	Environmental Services Division Fund	Direct Financing Arrangements Fund	Industrial Development Authority Fund
<b>Operating revenues:</b>				
Water and sewer sales	\$ 5,227,066	\$ -	\$ -	\$ -
Charges for materials and services	-	668,878	3,500	-
Administrative fee income	-	-	-	-
Other	83,162	374,178	-	-
Total operating revenues	<u>5,310,228</u>	<u>1,043,056</u>	<u>3,500</u>	<u>-</u>
<b>Operating expenses:</b>				
Water purchases	859,289	-	-	-
Personnel services	1,032,520	362,081	-	-
Administrative costs	1,024,173	197,092	-	264
Utilities, supplies, and maintenance	863,421	385,337	-	-
Insurance	-	-	-	-
Automobile and travel	222,624	15,361	-	-
Professional and directors fees	4,371	291	-	-
Research expense	-	40,000	-	-
Total operating expenses	<u>4,006,398</u>	<u>1,000,162</u>	<u>-</u>	<u>264</u>
Operating income (loss) before depreciation and amortization	1,303,830	42,894	3,500	(264)
Depreciation and amortization	<u>(553,727)</u>	<u>(26,687)</u>	<u>-</u>	<u>-</u>
Operating income (loss)	<u>750,103</u>	<u>16,207</u>	<u>3,500</u>	<u>(264)</u>
<b>Nonoperating revenues (expenses):</b>				
Interest income	393,211	-	-	264
Gain (loss) on disposal of assets	-	-	-	-
Interest expense	<u>(564,783)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(171,572)</u>	<u>-</u>	<u>-</u>	<u>264</u>
Transfers	-	-	(3,500)	-
Change in net position	578,531	16,207	-	-
Net position, beginning	<u>6,818,058</u>	<u>124,689</u>	<u>3,500</u>	<u>38,750</u>
Net position, ending	<u>\$ 7,396,589</u>	<u>\$ 140,896</u>	<u>\$ 3,500</u>	<u>\$ 38,750</u>

Internal Service Funds						
General Division Fund	Interfund Loan Fund	Maintenance Division Fund	Communications Division Fund	Motor Vehicle Pool Fund	Eliminations	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,227,066
88,469	-	422,826	64,154	212,580	(735,886)	724,521
1,190,673	-	-	-	-	(1,190,673)	-
-	-	-	-	-	-	457,340
1,279,142	-	422,826	64,154	212,580	(1,926,559)	6,408,927
-	-	-	-	-	-	859,289
804,549	-	220,367	-	-	-	2,419,517
53,954	12,785	66,096	3,180	13,047	(1,190,673)	179,918
97,866	-	85,827	13,714	-	(523,306)	922,859
76,115	-	-	-	-	-	76,115
13,912	-	75,288	-	126,109	(212,580)	240,714
164,913	-	-	-	-	-	169,575
1,500	-	-	-	-	-	41,500
1,212,809	12,785	447,578	16,894	139,156	(1,926,559)	4,909,487
66,333	(12,785)	(24,752)	47,260	73,424	-	1,499,440
(54,488)	-	(32,680)	(6,127)	(72,641)	-	(746,350)
11,845	(12,785)	(57,432)	41,133	783	-	753,090
27,174	127,847	2,765	8,402	2,279	(90,734)	471,208
5,000	-	-	-	-	-	5,000
(33,107)	-	(10,667)	(1,362)	(13,323)	90,734	(532,508)
(933)	127,847	(7,902)	7,040	(11,044)	-	(56,300)
3,500	-	-	-	-	-	-
14,412	115,062	(65,334)	48,173	(10,261)	-	696,790
4,131,997	4,954,953	449,689	990,260	258,852	-	17,770,748
\$ 4,146,409	\$ 5,070,015	\$ 384,355	\$ 1,038,433	\$ 248,591	\$ -	\$ 18,467,538

**RED RIVER AUTHORITY OF TEXAS**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**for the year ended September 30, 2019**

	Enterprise Funds			
	Utility Division Fund	Environmental Services Division Fund	Direct Financing Arrangements Fund	Industrial Development Authority Fund
<b>Increase (decrease) in cash and cash equivalents:</b>				
<b>Cash flows from operating activities:</b>				
Cash received from customers and users	\$ 5,269,771	\$ 1,027,973	\$ 7,000	\$ -
Cash received from internal services provided	-	-	-	-
Cash payments to suppliers for goods and services	(3,138,398)	(672,402)	-	-
Cash payments to employees for services	(1,028,036)	(363,375)	-	-
Cash payments for internal services used	-	-	-	(264)
Net cash provided by (used in) operating activities	<u>1,103,337</u>	<u>(7,804)</u>	<u>7,000</u>	<u>(264)</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfers to other funds	-	-	(3,500)	-
Transfers from other funds	-	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>(3,500)</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>				
Principal paid on revenue bonds and notes	(340,967)	-	-	-
Proceeds from interfund loans	-	-	-	-
Principal paid on interfund loans	(87,552)	-	-	-
Interest paid on revenue bonds and notes	(536,039)	-	-	-
Interest paid on interfund loans	(32,275)	-	-	-
Acquisition of capital assets	(1,513,108)	(18,293)	-	-
Proceeds from sale of equipment	-	-	-	-
Net cash provided by (used in) capital and related financing activities	<u>(2,509,941)</u>	<u>(18,293)</u>	<u>-</u>	<u>-</u>
<b>Cash flows from investing activities:</b>				
Interfund loan advances	-	-	-	-
Collections received on interfund loans	-	-	-	-
Interest received on interfund loans	-	-	-	-
Proceeds from sales of investments	-	-	-	-
Interest received on investments	<u>393,211</u>	-	-	<u>264</u>
Net cash provided by (used in) investing activities	<u>393,211</u>	<u>-</u>	<u>-</u>	<u>264</u>
Net increase (decrease) in cash and cash equivalents	(1,013,393)	(26,097)	3,500	-
Cash and cash equivalents (deficit), beginning	<u>13,549,612</u>	<u>(41,674)</u>	<u>-</u>	<u>38,750</u>
Cash and cash equivalents (deficit), ending	<u>\$ 12,536,219</u>	<u>\$ (67,771)</u>	<u>\$ 3,500</u>	<u>\$ 38,750</u>

Internal Service Funds						
General Division Fund	Interfund Loan Fund	Maintenance Division Fund	Communications Division Fund	Motor Vehicle Pool Fund	Eliminations	Totals
\$ 111,619	\$ -	\$ 429,217	\$ 79,440	\$ -	\$ (523,306)	\$ 6,401,714
1,190,673	-	-	-	212,580	(1,403,253)	-
(412,266)	-	(225,678)	(16,199)	(143,823)	1,924,093	(2,684,673)
(670,899)	-	(217,551)	-	-	(10,583)	(2,290,444)
-	(12,785)	-	-	-	13,049	-
219,127	(12,785)	(14,012)	63,241	68,757	-	1,426,597
-	-	-	-	-	-	(3,500)
3,500	-	-	-	-	-	3,500
3,500	-	-	-	-	-	-
-	-	-	-	-	-	(340,967)
-	-	-	-	110,300	(110,300)	-
(48,451)	-	(19,146)	(7,432)	(72,703)	235,284	-
-	-	-	-	-	-	(536,039)
(33,107)	-	(10,667)	(1,362)	(13,323)	90,734	-
(2,971)	-	(51,629)	-	(110,301)	-	(1,696,302)
5,000	-	-	-	-	-	5,000
(79,529)	-	(81,442)	(8,794)	(86,027)	215,718	(2,568,308)
-	(110,300)	-	-	-	110,300	-
-	235,284	-	-	-	(235,284)	-
-	90,734	-	-	-	(90,734)	-
-	-	-	-	-	-	-
27,174	37,113	2,765	8,402	2,279	-	471,208
27,174	252,831	2,765	8,402	2,279	(215,718)	471,208
170,272	240,046	(92,689)	62,849	(14,991)	-	(670,503)
3,265,589	3,285,844	382,046	1,005,147	281,746	-	21,767,060
\$ 3,435,861	\$ 3,525,890	\$ 289,357	\$ 1,067,996	\$ 266,755	\$ -	\$ 21,096,557

**RED RIVER AUTHORITY OF TEXAS**  
**COMBINING SCHEDULE OF CASH FLOWS - ENTERPRISE FUNDS, Continued**  
**for the year ended September 30, 2019**

	<b>Enterprise Funds</b>			
	<b>Utility Division Fund</b>	<b>Environmental Services Division Fund</b>	<b>Direct Financing Arrangements Fund</b>	<b>Industrial Development Authority Fund</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
<b>Operating income (loss)</b>	<b>\$ 750,103</b>	<b>\$ 16,207</b>	<b>\$ 3,500</b>	<b>\$ (264)</b>
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</b>				
Depreciation and amortization	553,727	26,687	-	-
Change in assets and liabilities:				
(Increase) decrease in trade receivables	(45,854)	(15,083)	3,500	-
(Increase) decrease in prepaid expenses	-	-	-	-
(Increase) decrease in inventory	-	-	-	-
(Increase) decrease in net pension assets	-	-	-	-
(Increase) decrease in deferred outflows	-	-	-	-
Increase (decrease) in trade accounts payable	(164,520)	(34,321)	-	-
Increase (decrease) in accrued payroll and related liabilities	4,484	(1,294)	-	-
Increase (decrease) in unearned revenues	1,448	-	-	-
Increase (decrease) in total OPEB liability	-	-	-	-
Increase (decrease) in deposits	3,949	-	-	-
Increase (decrease) in deferred inflows	-	-	-	-
Total adjustments	353,234	(24,011)	3,500	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 1,103,337</b>	<b>\$ (7,804)</b>	<b>\$ 7,000</b>	<b>\$ (264)</b>



Internal Service Funds						
General Division Fund	Interfund Loan Fund	Maintenance Division Fund	Communications Division Fund	Motor Vehicle Pool Fund	Eliminations	Totals
\$ 11,845	\$ (12,785)	\$ (57,432)	\$ 41,133	\$ 783	\$ -	\$ 753,090
54,488	-	32,680	6,127	72,641	-	746,350
23,150	-	6,391	15,286	-	-	(12,610)
(750)	-	-	-	-	-	(750)
-	-	(10,844)	-	-	-	(10,844)
586,935	-	-	-	-	-	586,935
(496,884)	-	-	-	-	-	(496,884)
(3,256)	-	12,377	695	(4,667)	-	(193,692)
4,577	-	2,816	-	-	-	10,583
-	-	-	-	-	-	1,448
(5,997)	-	-	-	-	-	(5,997)
-	-	-	-	-	-	3,949
45,019	-	-	-	-	-	45,019
207,282	-	43,420	22,108	67,974	-	673,507
\$ 219,127	\$ (12,785)	\$ (14,012)	\$ 63,241	\$ 68,757	\$ -	\$ 1,426,597

**RED RIVER AUTHORITY OF TEXAS**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES**  
**ENTERPRISE FUNDS**  
**BUDGET AND ACTUAL**  
**for the year ended September 30, 2019**

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)
<b>Operating revenues:</b>						
Water and sewer sales	\$ 5,213,507	\$ 5,227,066	\$ 13,559	\$ -	\$ -	\$ -
Charges for materials and services	-	-	-	297,475	668,878	371,403
Other	75,000	83,162	8,162	527,520	374,178	(153,342)
Total operating revenues	5,288,507	5,310,228	21,721	824,995	1,043,056	218,061
<b>Operating expenses:</b>						
Water purchases	810,031	859,289	(49,258)	-	-	-
Personnel services	1,037,592	1,032,520	5,072	321,689	362,081	(40,392)
Administrative costs	921,085	1,024,173	(103,088)	141,373	197,092	(55,719)
Utilities, supplies, and maintenance	765,000	863,421	(98,421)	322,468	385,337	(62,869)
Insurance	-	-	-	-	-	-
Automobile and travel	218,342	222,624	(4,282)	15,484	15,361	123
Professional and directors fees	111,000	4,371	106,629	10,798	291	10,507
Research expense	-	-	-	12,570	40,000	(27,430)
Bad debt	15,000	-	15,000	-	-	-
Total operating expenses	3,878,050	4,006,398	(128,348)	824,382	1,000,162	(175,780)
Operating income (loss) before depreciation and amortization	1,410,457	1,303,830	(106,627)	613	42,894	42,281
Depreciation and amortization	(654,423)	(553,727)	100,696	(23,289)	(26,687)	(3,398)
Operating income (loss)	756,034	750,103	(5,931)	(22,676)	16,207	38,883
<b>Nonoperating revenues (expenses):</b>						
Interest income	50,000	393,211	343,211	108	-	(108)
Gain on sale	-	-	-	-	-	-
Interest expense	(590,360)	(564,783)	25,577	(568)	-	568
Total nonoperating revenues (expenses)	(540,360)	(171,572)	368,788	(460)	-	460
Change in net position	\$ 215,674	578,531	\$ 362,857	\$ (23,136)	16,207	\$ 39,343
Net position, beginning		6,818,058			124,689	
Net position, ending		\$ 7,396,589			\$ 140,896	

**RED RIVER AUTHORITY OF TEXAS**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES**  
**INTERNAL SERVICE FUNDS**  
**BUDGET AND ACTUAL**  
**for the year ended September 30, 2019**

Exhibit C-5  
Page 1 of 2

	General Division Fund			Interfund Loan Fund		
	Original and Final Budget	Actual	Variance Positive (Negative)	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Operating revenues:</b>						
Charges for materials and services	\$ 23,021	\$ 88,469	\$ 65,448	\$ -	\$ -	\$ -
Administrative fee income	1,130,235	1,190,673	60,438	-	-	-
Other	100	-	(100)	-	-	-
Total operating revenues	<u>1,153,356</u>	<u>1,279,142</u>	<u>125,786</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Operating expenses:</b>						
Personnel services	772,713	804,549	(31,836)	-	-	-
Administrative costs	50,489	53,954	(3,465)	15,416	12,785	2,631
Utilities, supplies, and maintenance	110,000	97,866	12,134	-	-	-
Insurance	65,441	76,115	(10,674)	-	-	-
Automobile and travel	9,500	13,912	(4,412)	-	-	-
Professional and directors fees	11,000	164,913	(153,913)	-	-	-
Research expense	-	1,500	(1,500)	-	-	-
Total operating expenses	<u>1,019,143</u>	<u>1,212,809</u>	<u>(193,666)</u>	<u>15,416</u>	<u>12,785</u>	<u>2,631</u>
Operating income (loss) before depreciation	134,213	66,333	(67,880)	(15,416)	(12,785)	2,631
Depreciation	(57,680)	(54,488)	3,192	-	-	-
Operating income (loss)	<u>76,533</u>	<u>11,845</u>	<u>(64,688)</u>	<u>(15,416)</u>	<u>(12,785)</u>	<u>2,631</u>
<b>Nonoperating revenues (expenses):</b>						
Interest income	15,500	27,174	11,674	154,163	127,847	(26,316)
Gain on disposal of asset	100	5,000	4,900	-	-	-
Interest expense	(39,322)	(33,107)	6,215	-	-	-
Total nonoperating revenues (expenses)	<u>(23,722)</u>	<u>(933)</u>	<u>22,789</u>	<u>154,163</u>	<u>127,847</u>	<u>(26,316)</u>
Income (loss) before operating transfers	52,811	10,912	(41,899)	138,747	115,062	(23,685)
Operating transfers in (out)	-	3,500	3,500	-	-	-
Change in net position	<u>\$ 52,811</u>	<u>14,412</u>	<u>\$ (38,399)</u>	<u>\$ 138,747</u>	<u>115,062</u>	<u>\$ (23,685)</u>
Net position, beginning		<u>4,131,997</u>			<u>4,954,953</u>	
Net position, ending		<u>\$ 4,146,409</u>			<u>\$ 5,070,015</u>	

**RED RIVER AUTHORITY OF TEXAS**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES**  
**INTERNAL SERVICE FUNDS**  
**BUDGET AND ACTUAL**  
for the year ended September 30, 2019

Exhibit C-5  
Page 2 of 2

	Maintenance Division Fund			Communications Division Fund			Motor Vehicle Pool Fund		
	Original and Final Budget	Actual	Variance Positive (Negative)	Original and Final Budget	Actual	Variance Positive (Negative)	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Operating revenues:</b>									
Charges for materials and services	\$ 345,000	\$ 422,826	\$ 77,826	\$ 67,500	\$ 64,154	\$ (3,346)	\$ 195,000	\$ 212,580	\$ 17,580
<b>Operating expenses:</b>									
Personnel services	157,906	220,367	(62,461)	-	-	-	-	-	-
Administrative costs	43,889	66,096	(22,207)	3,780	3,180	600	18,239	13,047	5,192
Utilities, supplies, and maintenance	62,974	85,827	(22,853)	13,555	13,714	(159)	-	-	-
Automobile and travel	42,000	75,288	(33,288)	-	-	-	113,136	126,109	(12,973)
Total operating expenses	306,769	447,578	(140,809)	17,335	16,894	441	131,375	139,156	(7,781)
Operating income (loss) before depreciation	38,231	(24,752)	(62,983)	50,165	47,260	(2,905)	63,625	73,424	9,799
Depreciation	(25,803)	(32,680)	(6,877)	(9,927)	(6,127)	3,800	(103,526)	(72,641)	30,885
Operating income (loss)	12,428	(57,432)	(69,860)	40,238	41,133	895	(39,901)	783	40,684
<b>Nonoperating revenues (expenses):</b>									
Interest income	2,550	2,765	215	7,149	8,402	1,253	2,038	2,279	241
Gain (loss) on disposal of asset	-	-	-	-	-	-	14,595	-	(14,595)
Interest expense	(3,913)	(10,667)	(6,754)	(1,713)	(1,362)	351	(18,070)	(13,323)	4,747
Total nonoperating revenues (expenses)	(1,363)	(7,902)	(6,539)	5,436	7,040	1,604	(1,437)	(11,044)	(9,607)
Change in net position	\$ 11,065	(65,334)	\$ (76,399)	\$ 45,674	48,173	\$ 2,499	\$ (41,338)	(10,261)	\$ 31,077
Net position, beginning		449,689			990,260			258,852	
Net position, ending		\$ 384,355			\$ 1,038,433			\$ 248,591	

**RED RIVER AUTHORITY OF TEXAS**  
**Service and Rates**  
**Fiscal Year Ending September 30, 2019**  
**(unaudited)**

In the past each water system has maintained its own individual rate. The new rates are based on all water and/or sewer systems combined within the Utility Division in order to maintain adequate bond coverage ratios. The residential rates for all water and sewer systems are as follows.

Monthly Minimum: \$73.50 per month with 2,000 gallons  
Demand Block 1: \$6.00 per 1,000 gallons for the next 5,000 gallons  
Demand Block 2: \$8.75 per 1,000 gallons for all water used over 7,000 gallons  
Sewer Monthly Rate: \$46.50 (only for those with sewer services)

The Authority had three thousand nine hundred forty-four (3,944) metered connections as of September 30, 2019. During the fiscal year 544.85 million gallons of treated water was produced, with 312.71 million gallons being sold. The total anticipated debt service for the Utility Division in fiscal year 2019 is eight hundred seventy-nine thousand five hundred eighty-eight dollars (\$879,588).

The rates are designed to provide the revenues needed to recover the cost of operating and pay the debt service. It is based on fiscal year 2016 historical financial and consumptive data without a margin for profit or return on investment.

## RED RIVER AUTHORITY OF TEXAS

## SCHEDULE OF PROPRIETARY FUND EXPENSES

(Before Intrafund Eliminations)

for the year ended September 30, 2019

Personnel (including benefits and GASB 68/75 adjustments)	\$ 2,419,517
Professional fees:	
Auditing	37,400
Legal	10,334
Purchased services for resale:	
Bulk water and wastewater service purchases	859,289
Utilities	149,096
Repairs and maintenance	658,324
Administrative expenditures:	
Directors fees	19,753
Office supplies	86,618
Insurance	76,115
Other administrative expenses	1,188,105
Regulatory fees	46,081
Other expenditures	2,655,006
	<hr/>
TOTAL EXPENSES	\$ 8,205,638
	<hr/>

Number of persons employed by the Authority:	<hr/> 33 <hr/>
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**RED RIVER AUTHORITY OF TEXAS**  
**SCHEDULE OF TEMPORARY INVESTMENTS**  
for the year ended September 30, 2019

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>
Money Market	5067677	2.10%	N/A	\$ 3,442,040
TexPool	2431400001	2.16%	N/A	714,097
TexPool	2431400002	2.16%	N/A	5,282,183
TexPool	2431400004	2.16%	N/A	11,369,337
TexPool	2431400005	2.16%	N/A	<u>169,276</u>
Total Temporary Investments				<u><u>\$ 20,976,933</u></u>

**RED RIVER AUTHORITY OF TEXAS**  
**TAXES LEVIED AND RECEIVABLE**  
for the year ended September 30, 2019

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, 2019

Fiscal Year	Annual Requirements for all Series		
	Bond Maturities	Interest on Bonds	Annual Requirements
2019-2020	\$ 346,967	\$ 532,788	\$ 879,755
20-21	358,000	523,034	881,034
21-22	369,000	512,858	881,858
22-23	380,000	502,302	882,302
23-24	396,200	488,011	884,211
24-25	407,400	473,045	880,445
25-26	428,600	454,006	882,606
26-27	449,800	433,898	883,698
27-28	466,000	416,720	882,720
28-29	482,200	398,878	881,078
29-30	491,467	384,680	876,147
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>\$ 14,925,634</u>	<u>\$ 8,848,313</u>	<u>\$ 23,773,947</u>

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

Exhibit C-11

September 30, 2019

Water Revenue Bonds

Net income utility division (Exhibit C – 2)		\$ 578,531
Add:		
Revenue bond interest expense	\$ 533,272	
Depreciation and amortization, net	<u>553,727</u>	
		<u>1,086,999</u>
Net earnings for determining debt service coverage		<u>\$ 1,665,530</u>
Total principal and interest requirements		\$ 23,773,947
Number of years remaining to pay bonds		<u>÷28</u>
Average annual principal and interest requirement		<u>\$ 849,070</u>
Average annual debt service coverage		<u>1.96</u>
Maximum principal and interest requirement		<u>\$ 884,211</u>
Maximum debt service coverage		<u>1.88</u>
Interest and Sinking Fund as of September 30, 2019		\$ 169,276
Bond Reserve Fund as of September 30, 2019		\$ -

**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 Principal Due August 15</u>	<u>Interest Due 1.93% February 15</u>	<u>August 15</u>	<u>Total Annual Requirement</u>	<u>Bonds Outstanding September 30</u>
2018-19					\$ 515,634
19-20	\$ 41,967	\$ 5,594	\$ 5,594	\$ 53,155	473,667
20-21	43,000	5,292	5,292	53,584	430,667
21-22	44,000	4,929	4,929	53,858	386,667
22-23	45,000	4,526	4,526	54,052	341,667
23-24	46,200	4,081	4,081	54,362	295,467
24-25	47,400	3,597	3,597	54,594	248,067
25-26	48,600	3,078	3,078	54,756	199,467
26-27	49,800	2,524	2,524	54,848	149,667
27-28	51,000	1,935	1,935	54,870	98,667
28-29	52,200	1,314	1,314	54,828	46,467
29-30	<u>46,467</u>	<u>665</u>	<u>665</u>	<u>47,797</u>	-
	<u>\$ 515,634</u>	<u>\$ 37,535</u>	<u>\$ 37,535</u>	<u>\$ 590,704</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>		
2018-19					\$ 14,410,000
19-20	\$ 305,000	\$ 260,800	\$ 260,800	\$ 826,600	14,105,000
20-21	315,000	256,225	256,225	827,450	13,790,000
21-22	325,000	251,500	251,500	828,000	13,465,000
22-23	335,000	246,625	246,625	828,250	13,130,000
23-24	350,000	239,925	239,925	829,850	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>\$ 14,410,000</u>	<u>\$ 4,386,626</u>	<u>\$ 4,386,617</u>	<u>\$ 23,183,243</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, 2019

Exhibit C-14

	<u>Series 2010</u>	<u>Series 2017</u>	<u>Totals</u>
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	\$ 556,601	\$14,710,000	\$ 15,266,601
Principal Retirements	40,967	300,000	340,967
Bonds Outstanding, End of Year	515,634	14,410,000	14,925,634
Interest payments	11,672	521,600	533,272

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:

	<u>Tax Bonds</u>	<u>Other Bonds</u>	<u>Refunding Bonds</u>
Amount Issued	\$ -	\$ 15,792,000	\$ -
Remaining to be Issued	\$ -	\$ -	\$ -

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

	AMOUNTS				
	2019	2018	2017	2016	2015
<b>Operating revenues:</b>					
Water service	\$ 5,137,583	\$ 5,352,593	\$ 5,050,499	\$ 3,933,212	\$ 3,903,169
Sewer service	89,483	73,679	88,487	93,912	94,633
Issuance fees	-	-	-	-	-
Tap connection fees	18,680	20,400	15,390	29,830	27,364
Other	3,089,740	2,784,929	2,606,786	2,519,737	2,612,816
<b>Total operating revenues</b>	<b>8,335,486</b>	<b>8,231,601</b>	<b>7,761,162</b>	<b>6,576,691</b>	<b>6,637,982</b>
<b>Operating expenses:</b>					
Water purchases	859,289	807,778	714,756	661,675	628,527
Personnel services less NPO	2,419,517	2,119,759	2,051,454	1,960,880	1,797,435
Administrative costs	1,370,591	1,316,327	1,205,106	1,098,948	981,545
Utilities, supplies, and maintenance	1,446,165	1,447,930	1,310,092	1,300,199	1,054,579
Insurance	76,115	61,172	61,470	53,398	50,822
Automobile and travel	453,294	445,426	357,602	362,266	400,920
Professional and directors fees	169,575	155,743	376,864	84,145	321,222
Research expense	41,500	27,810	78,710	23,710	-
Depreciation and amortization	746,350	705,274	699,233	693,032	708,830
<b>Total operating expenses</b>	<b>7,582,396</b>	<b>7,087,219</b>	<b>6,855,287</b>	<b>6,238,253</b>	<b>5,943,880</b>
<b>Operating income</b>	<b>753,090</b>	<b>1,144,382</b>	<b>905,875</b>	<b>338,438</b>	<b>694,102</b>
<b>Nonoperating revenues (expenses)</b>					
Interest	561,942	418,232	197,503	130,252	105,263
Gain on disposal of assets	5,000	35,007	100	5,217	225,268
Interest expense and fiscal fees	(623,242)	(641,776)	(251,929)	(117,240)	(111,977)
<b>Total nonoperating revenues (expenses)</b>	<b>(56,300)</b>	<b>(188,537)</b>	<b>(54,326)</b>	<b>18,229</b>	<b>218,554</b>
<b>Change in net position</b>	<b>\$ 696,790</b>	<b>\$ 955,845</b>	<b>\$ 851,549</b>	<b>\$ 356,667</b>	<b>\$ 912,656</b>

PERCENT OF FUND TOTAL REVENUES				
2019	2018	2017	2016	2015
61.6%	65.0%	65.1%	59.8%	58.8%
1.1%	0.9%	1.1%	1.4%	1.4%
0.0%	0.0%	0.0%	0.0%	0.0%
0.2%	0.2%	0.2%	0.5%	0.4%
37.1%	33.8%	33.6%	38.3%	39.4%
100.0%	100.0%	100.0%	100.0%	100.0%
10.3%	9.8%	9.2%	10.1%	9.5%
29.0%	25.8%	26.4%	29.8%	27.1%
16.4%	16.0%	15.5%	16.7%	14.8%
17.3%	17.6%	16.9%	19.8%	15.9%
0.9%	0.7%	0.8%	0.8%	0.8%
5.4%	5.4%	4.6%	5.5%	6.0%
2.0%	1.9%	4.9%	1.3%	4.8%
0.5%	0.3%	1.0%	0.4%	0.0%
9.0%	8.6%	9.0%	10.5%	10.7%
91.0%	86.1%	88.3%	94.9%	89.5%
9.0%	13.9%	11.7%	5.1%	10.5%
6.7%	5.1%	2.5%	2.0%	1.6%
0.1%	0.4%	0.0%	0.1%	3.4%
-7.5%	-7.8%	-3.2%	-1.8%	-1.7%
-0.7%	-2.3%	-0.7%	0.3%	3.3%
8.4%	11.6%	11.0%	5.4%	13.7%

**RED RIVER AUTHORITY OF TEXAS**  
**ENTERPRISE FUNDS**  
**CAPITAL ASSETS**  
for the year ended September 30, 2019

Exhibit C-16

	Balance October 1, 2018	Additions / Completions	Deletions / Adjustments	Balance September 30, 2019
<b>UTILITY DIVISION FUND</b>				
Capital assets not being depreciated:				
Land and easements	\$ 171,798	\$ -	\$ -	\$ 171,798
Construction in progress	3,067,943	1,163,933	(3,144,106)	1,087,770
Total capital assets not being depreciated	3,239,741	1,163,933	(3,144,106)	1,259,568
Capital assets, being depreciated and amortized:				
Water storage rights	1,222,700	-	-	1,222,700
Water and sewer systems	16,922,696	3,493,281	-	20,415,977
Total capital assets being depreciated and amortized	18,145,396	3,493,281	-	21,638,677
Less accumulated depreciation and amortization for:				
Water storage rights	(264,630)	(7,471)	-	(272,101)
Water and sewer systems	(12,255,693)	(546,256)	-	(12,801,949)
Total accumulated depreciation and amortization	(12,520,323)	(553,727)	-	(13,074,050)
Total capital assets being depreciated and amortized, net	5,625,073	2,939,554	-	8,564,627
Total capital assets, net	\$ 8,864,814	\$ 4,103,487	\$ (3,144,106)	\$ 9,824,195

**ENVIRONMENTAL SERVICES DIVISION FUND**

Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 15,000	\$ -	\$ 15,000
Capital assets being depreciated:				
Machinery and equipment	632,964	3,293	(102,626)	533,631
Motor vehicles	34,340	-	-	34,340
Total capital assets being depreciated	667,304	3,293	(102,626)	567,971
Less accumulated depreciation for:				
Machinery and equipment	(566,873)	(21,781)	102,626	(486,028)
Motor vehicles	(24,938)	(4,906)	-	(29,844)
Total accumulated depreciation	(591,811)	(26,687)	102,626	(515,872)
Total capital assets being depreciated and amortized, net	75,493	(23,394)	-	52,099
Total capital assets, net	\$ 75,493	\$ (8,394)	\$ -	\$ 67,099



**RED RIVER AUTHORITY OF TEXAS**  
**INTERNAL SERVICE FUNDS**  
**CAPITAL ASSETS**  
for the year ended September 30, 2019

**Exhibit C-17**  
**Page 1 of 2**

	Balance October 1, 2018	Additions / Completions	Deletions / Adjustments	Balance September 30, 2019
<b>GENERAL DIVISION FUND</b>				
Capital assets not being depreciated:				
Land and easements	\$ 183,331	\$ -	\$ -	\$ 183,331
Total capital assets not being depreciated	183,331	-	-	183,331
Capital assets, being depreciated:				
Furniture and fixtures	310,177	2,971	(95,998)	217,150
Building	973,354	-	-	973,354
Motor vehicles	83,744	-	(24,814)	58,930
Total capital assets being depreciated	1,367,275	2,971	(120,812)	1,249,434
Less accumulated depreciation for:				
Furniture and fixtures	(293,305)	(10,355)	95,998	(207,662)
Building	(393,774)	(34,261)	-	(428,035)
Motor vehicles	(52,483)	(9,872)	24,814	(37,541)
Total accumulated depreciation	(739,562)	(54,488)	120,812	(673,238)
Total capital assets being depreciated, net	627,713	(51,517)	-	576,196
Total capital assets, net	\$ 811,044	\$ (51,517)	\$ -	\$ 759,527
<b>MAINTENANCE DIVISION FUND</b>				
Capital assets not being depreciated:				
Land easements	\$ 104,312	\$ -	\$ -	\$ 104,312
Total capital assets not being depreciated	104,312	-	-	104,312
Capital assets, being depreciated:				
Building	55,014	-	-	55,014
Machinery and equipment	97,485	51,629	(1,650)	147,464
Motor vehicles	112,558	-	-	112,558
Total capital assets being depreciated	265,057	51,629	(1,650)	315,036
Less accumulated depreciation for:				
Building	(3,084)	(3,501)	-	(6,585)
Machinery and equipment	(75,340)	(11,917)	1,650	(85,607)
Motor vehicles	(67,529)	(17,262)	-	(84,791)
Total accumulated depreciation	(145,953)	(32,680)	1,650	(176,983)
Total capital assets, being depreciated, net	119,104	18,949	-	138,053
Total capital assets, net	\$ 223,416	\$ 18,949	\$ -	\$ 242,365

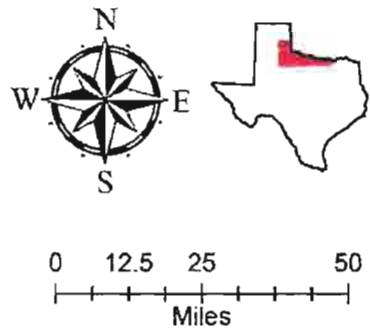
**RED RIVER AUTHORITY OF TEXAS**  
**INTERNAL SERVICE FUNDS**  
**CAPITAL ASSETS**  
for the year ended September 30, 2019

Exhibit C-17  
Page 2 of 2

	Balance October 1, 2018	Additions / Completions	Deletions / Adjustments	Balance September 30, 2019
<b>COMMUNICATIONS DIVISION FUND</b>				
Capital assets, being depreciated:				
Machinery and equipment	\$ 320,726	\$ -	\$ (9,752)	\$ 310,974
Total capital assets, being depreciated	320,726	-	(9,752)	310,974
Less accumulated depreciation for:				
Machinery and equipment	(292,237)	(6,127)	9,752	(288,612)
Total accumulated depreciation	(292,237)	(6,127)	9,752	(288,612)
Total capital assets being depreciated, net	28,489	(6,127)	-	22,362
Total capital assets, net	<u>\$ 28,489</u>	<u>\$ (6,127)</u>	<u>\$ -</u>	<u>\$ 22,362</u>
<b>MOTOR VEHICLE POOL FUND</b>				
Capital assets being depreciated:				
Motor vehicles	\$ 411,702	110,300	(17,088)	\$ 504,914
Total capital assets being depreciated	411,702	110,300	(17,088)	504,914
Less accumulated depreciation for:				
Motor vehicles	(258,759)	(72,641)	17,088	(314,312)
Total accumulated depreciation	(258,759)	(72,641)	17,088	(314,312)
Total capital assets, being depreciated, net	152,943	37,659	-	190,602
Total capital assets, net	<u>\$ 152,943</u>	<u>\$ 37,659</u>	<u>\$ -</u>	<u>\$ 190,602</u>



# 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, 2019

State Agency

Texas Commission on Environmental Quality

Contract Number	582-18-80215				Total
	Year 1	Year 2	Year 3	Year 4	
Contract Amount					\$ 1,294,472
Total Receipts and Billings	\$ 293,416	\$ 374,178	\$ -	\$ -	667,594
Disbursements/Expenditures					
Personnel/Salaries	76,454	71,229	-	-	147,683
Fringe Benefits	33,119	38,414	-	-	71,533
Travel	20,548	18,146	-	-	38,694
Supplies	4,420	3,394	-	-	7,814
Equipment	10,836	-	-	-	10,836
Contractual	13,985	40,000	-	-	53,985
Other	123,096	190,670	-	-	313,766
Indirect Costs	10,958	12,325	-	-	23,283
	293,416	374,178	-	-	667,594
Accrued Revenue at 09-30	\$ 29,519	\$ 34,905	\$ -	\$ -	\$ 64,424

**RED RIVER AUTHORITY OF TEXAS**  
**INDIRECT RATE FACTOR**  
for the years ended September 30, 2019 and 2018

Exhibit C-20

<b>Direct Salary Cost</b>	<b>FY 2019</b>	<b>FY 2018</b>
Regular Salaries	\$ 1,395,390	\$ 1,301,377
Overtime Salaries	177,657	128,884
<b>Total Salaries</b>	<b>1,573,047</b>	<b>1,430,261</b>
<b>Fringe Benefit Pool</b>		
FICA / Medicare	122,459	111,657
Retirement System Contribution	251,611	142,806
Health / Life Insurance Plan	348,852	308,686
Workers Compensation Insurance	23,831	22,625
Vacation / Holiday Leave	122,981	120,833
Unemployment Insurance	567	5,516
<b>Total Fringe Benefits</b>	<b>870,301</b>	<b>712,123</b>
<b>Total Personnel Cost</b>	<b>\$ 2,443,348</b>	<b>\$ 2,142,384</b>
<b>Reconciliation of Total Personnel Cost</b>		
Total Personnel Cost per Exhibit A-2	\$ 2,419,517	\$ 2,119,759
Add: Net Pension Obligation	-	-
Add: Workers Compensation Paid	23,831	22,625
<b>Total Reconciled Personnel Cost</b>	<b>\$ 2,443,348</b>	<b>\$ 2,142,384</b>
<b>Fringe Benefit Rate</b>	<b>55.33%</b>	<b>49.79%</b>
<b>General Overhead</b>		
General Division Operating Expense	\$ 208,760	\$ 207,467
General Insurance	51,866	43,395
<b>Total General Overhead</b>	<b>\$ 260,626</b>	<b>\$ 250,862</b>
<b>General Overhead Rate</b>	<b>16.57%</b>	<b>17.54%</b>

**RED RIVER AUTHORITY OF TEXAS**  
**INTERFUND RECEIVABLE AND PAYABLE BALANCES**  
for the year ended September 30, 2019

Exhibit C-21  
Page 1 of 2

**Interfund notes payable to the Interfund Loan Division at September 30, 2019 are:**

Fund	IFL Loan Number	Monthly Payment	Principal	Interest at 8%	Maturity Date	Payable September 30, 2019
General Division	GD0011-11	\$ 4,994	\$ 29,748	\$ 30,183	09/30/2036	\$ 738,372
	GD0011-16	238	2,641	209	02/01/2020	1,164
	GD0011-17	210	2,027	75	07/30/2019	-
	GD0011-19	80	819	138	02/01/2021	1,278
	GD0011-21	304	302	2	10/01/2018	-
	GD0011-22	317	3,545	255	01/18/2020	1,246
	GD0011-23	964	9,324	2,244	11/15/2022	22,942
Maintenance Division	MD0080-07	520	4,966	1,278	01/01/2022	13,250
	MD0080-08	848	4,839	5,341	10/16/2037	130,891
	MD0080-09	280	1,972	1,393	11/15/2025	16,338
	MD0080-10	683	6,604	1,590	11/15/2021	16,250
	MD0080-11	212	1,482	1,065	12/15/2025	12,495
Communications Division	CD0081-03	643	6,433	1,288	06/01/2021	12,570
	CD0081-04	84	933	74	02/01/2020	411
Motor Pool	MP0082-17	2,415	4,765	48	11/18/2018	-
	MP0082-18	2,472	27,308	2,357	03/01/2020	14,492
	MP0082-19	3,198	30,316	8,055	02/28/2022	84,064
	MP0082-20	2,693	7,908	2,863	05/15/2023	102,392

**RED RIVER AUTHORITY OF TEXAS**  
**INTERFUND RECEIVABLE AND PAYABLE BALANCES**  
for the year ended September 30, 2019

Exhibit C-21  
Page 2 of 2

**Interfund notes payable to the Interfund Loan Division at September 30, 2019, continued**

Fund	IFL Loan Number	Monthly Payment	Principal	Interest at 8%	Maturity Date	Payable September 30, 2019
Utility Division Systems:						
100	ES-1002	309	2,197	1,513	04/30/2032	36,637
100	ES-1003	174	1,754	337	05/01/2021	3,253
110	TE-1102	327	3,640	288	02/01/2020	1,604
410	CH-1410-01	170	1,827	211	07/30/2020	1,638
411	CH-1411-01	333	3,583	414	07/30/2020	3,212
510	FC-1510-01	1,191	4,678	78	01/01/2019	-
510	FC-1510-02	313	2,216	1,541	10/28/2025	18,049
600	SNW-1600-01	439	5,040	221	09/01/2019	-
722	PS-1722-04	4,362	34,793	17,548	04/01/2024	200,281
800	HW-800-01	104	1,160	83	01/01/2020	408
800	HW-800-02	2,813	24,139	9,615	05/01/2023	106,958
900	ARR-900-02	245	2,515	424	02/01/2021	3,924
	Totals		<u>\$233,474</u>	<u>\$ 90,731</u>		
Total payable to Interfund Loan Division September 30, 2019						<u><u>\$ 1,544,119</u></u>

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## **STATISTICAL SECTION**



## **STATISTICAL DISCUSSION**

This part of the Red River Authority of Texas' (Authority) comprehensive annual 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.

<b>Contents</b>	<b>Page</b>
Financial Trends	87-88
<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	92
<i>This schedule contains information to help the reader assess the Authority's most significant local revenue source, water sales.</i>	
Debt Capacity	96
<i>This schedule presents information intended to help the reader understand the Authority's current levels of outstanding debt.</i>	
Demographic and Economic Information	99-100
<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>	
Operating Information	100
<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>	

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

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>
Net investment in capital assets	\$ 5,537,508	\$ 5,919,946	\$ 5,995,140	\$ 6,124,825
Restricted	472,206	1,001,023	1,158,346	1,223,100
Unrestricted	6,174,709	6,663,942	6,559,656	6,553,893
Total net position	<u>\$ 12,184,423</u>	<u>\$ 13,584,911</u>	<u>\$ 13,713,142</u>	<u>\$ 13,901,818</u>

Note: The net pension obligation figures have been omitted from this exhibit for years 2009-10.

Fiscal Year					
2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-19
\$ 7,467,500	\$ 7,323,054	\$ 7,453,330	\$ 6,572,305	\$ 7,314,700	\$ 7,368,622
899,564	88,380	88,380	274,937	159,829	169,276
6,154,206	8,247,298	8,473,689	10,019,706	10,296,219	10,929,640
<u>\$ 14,521,270</u>	<u>\$ 15,658,732</u>	<u>\$ 16,015,399</u>	<u>\$ 16,866,948</u>	<u>\$ 17,770,748</u>	<u>\$ 18,467,538</u>

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

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>
Operating revenues:				
Water and sewer sales	\$ 3,262,773	\$ 4,137,858	\$ 3,665,182	\$ 3,710,743
Charges for materials and services	459,009	509,152	536,472	493,992
Other	459,299	297,949	445,525	397,042
Total operating revenues	<u>4,181,081</u>	<u>4,944,959</u>	<u>4,647,179</u>	<u>4,601,777</u>
Operating expenses:				
Water purchases	554,987	609,118	615,679	625,545
Personnel services	1,697,525	1,674,131	1,672,025	1,700,020
Administrative costs	91,394	83,105	94,985	88,389
Utilities, supplies and maintenance	769,199	781,009	868,088	750,211
Insurance	51,666	50,359	52,824	50,471
Automobile and travel	187,155	222,062	238,380	238,071
Professional and directors fees	130,056	74,239	113,799	102,848
Research expense	19,590	19,745	36,450	39,690
Depreciation and amortization	666,589	691,989	693,154	712,312
Total operating expenses	<u>4,168,161</u>	<u>4,205,757</u>	<u>4,385,384</u>	<u>4,307,557</u>
Operating income	<u>12,920</u>	<u>739,202</u>	<u>261,795</u>	<u>294,220</u>
Nonoperating revenues (expenses)				
Interest income	86,887	38,190	12,319	9,197
Gain (loss) on disposal of assets	(112,098)	36,787	18,451	17,666
Grant revenues	-	186,844	-	-
Interest expense	(211,658)	(196,161)	(164,334)	(132,407)
Total nonoperating revenues (expenses)	<u>(236,869)</u>	<u>65,660</u>	<u>(133,564)</u>	<u>(105,544)</u>
Change in net position	<u>\$ (223,949)</u>	<u>\$ 804,862</u>	<u>\$ 128,231</u>	<u>\$ 188,676</u>

Exhibit D-2

Fiscal Year					
2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
\$ 4,072,153	\$ 4,066,063	\$ 4,104,905	\$ 5,188,070	\$ 5,426,272	\$ 5,227,066
592,542	896,461	597,030	634,741	589,486	724,521
520,952	325,801	379,887	351,803	413,221	457,340
5,185,647	5,288,325	5,081,822	6,174,614	6,428,979	6,408,927
601,222	628,527	661,675	714,756	807,778	859,289
1,776,013	1,797,435	1,960,880	2,051,454	2,119,759	2,419,517
86,298	163,638	155,203	157,838	160,376	179,918
835,578	734,127	933,240	957,427	1,027,401	922,859
52,961	50,822	53,398	61,470	61,172	76,115
229,942	189,622	178,101	170,987	219,284	240,714
149,930	321,222	84,145	376,864	155,743	169,575
39,690	-	23,710	78,710	27,810	41,500
727,832	708,830	693,032	699,233	705,274	746,350
4,499,466	4,594,223	4,743,384	5,268,739	5,284,597	5,655,837
686,181	694,102	338,438	905,875	1,144,382	753,090
7,265	5,712	25,385	97,697	316,142	471,208
29,658	225,268	5,217	100	35,007	5,000
-	-	-	-	-	-
(103,652)	(12,426)	(12,373)	(152,123)	(539,686)	(532,508)
(66,729)	218,554	18,229	(54,326)	(188,537)	(56,300)
\$ 619,452	\$ 912,656	\$ 356,667	\$ 851,549	\$ 955,845	\$ 696,790

**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>
2009-10	\$ 3,371,249	\$ 665,632	\$ 825,056	\$ 27,985	\$ 703,012	\$5,592,934
2010-11	4,272,709	822,560	801,843	12,323	649,274	6,558,709
2011-12	3,750,335	812,008	850,644	12,319	786,921	6,212,227
2012-13	3,783,275	862,053	858,291	9,197	710,081	6,222,897
2013-14	4,072,153	944,978	855,146	7,265	839,473	6,719,015
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



**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>
2009-10	3,981	\$3,269,881	\$ 68.45	88.58%	6.58%	4.84%
2010-11	4,003	4,154,785	86.49	88.21%	6.49%	5.30%
2011-12	4,002	3,597,232	74.90	89.01%	6.25%	4.74%
2012-13	3,969	3,670,110	77.06	88.79%	6.57%	4.64%
2013-14	3,934	3,959,162	83.87	88.48%	6.83%	4.69%
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%

**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			
2009-10	249.93	30.91	88.05	46.46	415.35	58.36	34.61	1.14
2010-11	323.42	40.74	120.31	53.33	537.80	91.68	44.82	1.47
2011-12	248.51	34.26	94.25	48.67	425.69	64.18	35.47	1.17
2012-13	230.79	32.17	80.93	9.83	353.72	41.92	29.48	0.97
2013-14	214.71	22.16	60.17	45.24	342.28	40.64	28.52	0.94
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

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

**Exhibit D-6**

Utility District	Square Miles	Service Area Counties	Number of Meters	Total Water Use - MG	Population Served	Water Source
D-11	1,285	Hall / Childress / Motley	277	40.90	693	G/S
D-12	1,160	Hardeman / Childress / Foard	397	42.36	993	S
D-13	947	Wilbarger	458	39.31	1,145	G/S
D-14	802	Childress / Cottle	401	34.12	1,003	S
D-15	2,111	King / Knox / Foard	353	42.69	883	G/S
D-16	1,405	Collingsworth / Hall / Childress	243	28.11	608	G/S
D-18	929	Donley	357	14.21	893	G/S
D-19	2,013	Clay / Montague	766	55.16	1,915	G/S
D-22	934	Grayson	692	71.00	1,730	S

**RED RIVER AUTHORITY OF TEXAS**  
**TOP TEN UTILITY CUSTOMERS**  
**CURRENT YEAR AND NINE YEARS AGO**  
**SEPTEMBER 30, 2019**  
**(Unaudited)**

**Exhibit D-7**

Taxpayer	Location	2018-19			2009-10		
		Rank	Average Bill	Average Use (gals)	Rank	Average Bill	Average Use (gals)
Tanglewood Operators, Inc	Grayson	1	\$ 672	2,236,900	1	\$ -	4,020,200
Southwest Water Company	Grayson	2	8,075	1,931,570	2	3,617	1,740,340
City of Chillicothe	Hardeman	3	3,167	1,025,520	3	1,948	1,370,630
AEP - American Electric Power	Wilbarger	4	2,832	363,670	4	3,780	737,360
Spades Ranches LTD	Hall	5	2,595	335,854	-	-	-
Vest Ranch	Collingsworth	6	2,307	317,942	-	-	-
Texas Dept. of Transportation	Hardeman	7	2,182	281,634	-	-	-
Cornerstone Marine Group LP	Grayson	8	1,427	220,300	5	896	274,701
Dan Owenby	Foard	9	1,538	218,319	-	-	-
Vest Ranch	Hall	10	1,201	168,287	7	744	196,550
Quanah Country Club	Hardeman	-	-	-	6	804	203,181
Rickey L. Smith Ranches, LTD	Hall	-	-	-	8	-	149,093
Texas Dept. of Transportation	Donley	-	-	-	9	808	145,710
Montgomery Ranch	Foard	-	-	-	10	-	138,734

**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 Outstanding</u>	<u>Net Income Available for Debt Service</u>	<u>Average Annual Principal and Interest</u>	<u>Average Annual Times Covered</u>	<u>Maximum Principal and Interest</u>	<u>Maximum Times Covered</u>
2009-10	\$4,057,200	\$ 265,602	\$ 237,527	1.12	\$ 706,161	0.38
2010-11	3,568,600	1,085,285	225,768	4.81	706,161	1.54
2011-12	3,047,200	565,481	199,190	2.84	706,161	0.80
2012-13	2,489,000	685,254	169,853	4.03	706,161	0.97
2013-14	710,833	1,009,334	52,947	19.06	54,930	18.37
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

**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>
2009-10	\$ 3,855,279	\$ 727,532	\$ 838,919	\$ 302,865	\$ 224,376	\$5,948,971
2010-11	3,893,681	730,699	804,597	256,552	252,747	5,938,276
2011-12	3,880,423	831,390	833,043	299,812	329,841	6,174,509
2012-13	3,742,187	927,571	827,230	265,909	336,008	6,098,905
2013-14	3,832,693	971,627	872,883	223,400	261,959	6,162,562
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

Note: The net pension obligation figures have been omitted from this exhibit for 2009-10 through 2010-11.  
Additionally, OPEB obligations are not reflected for 2009-10 through 2016-17.

**RED RIVER AUTHORITY OF TEXAS**  
**RED RIVER BASIN GENERAL INFORMATION**  
**September 30, 2019**  
**(Unaudited)**

**Exhibit D-10**

<i>Counties:</i>	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				
<i>Region:</i>	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.				
<i>Drainage Area:</i>	Approximately 94,450 square miles, 24,463 square miles in Texas				
<i>Principal Cities (including 2010 population ranges):</i>	<table> <tr> <td>100,000 — 500,000</td><td>Amarillo, Wichita Falls</td></tr> <tr> <td>10,000 — 50,000</td><td>Burkburnett, Canyon, Denison, Gainesville, Hereford, Pampa, Paris, Plainview, Sherman, Texarkana, Vernon</td></tr> </table>	100,000 — 500,000	Amarillo, Wichita Falls	10,000 — 50,000	Burkburnett, Canyon, Denison, Gainesville, Hereford, Pampa, Paris, Plainview, Sherman, Texarkana, Vernon
100,000 — 500,000	Amarillo, Wichita Falls				
10,000 — 50,000	Burkburnett, Canyon, Denison, Gainesville, Hereford, Pampa, Paris, Plainview, Sherman, Texarkana, Vernon				
<i>Principal Tributaries:</i>	North Fork, Salt Fork, and Prairie Dog Town Fork of the Red River, Pease River, and Wichita River				
<i>Principal Aquifers:</i>	Ogallala, Seymour, Trinity, Carrizo-Wilcox, Blaine-Gypsum, Woodbine, Blossom Sand, Nacatoch Sand				
<i>Regional Economies:</i>	Oil and gas production, agriculture, ranching, manufacturing, and tourism				
<i>Major Lakes and Reservoirs:</i>	There are 32 significant reservoirs which occupy 138,144 surface acres and contain 3,543,863 acre-feet. Refer to <b>Exhibit D-12</b> .				
<i>Major Eco-Regions:</i>	High Plains, North-Central Plains, Coastal Plains				
<i>General Topography:</i>	Nearly level tablelands in west through rugged canyons and ridges to rolling plain, prairie, and woods in the east				
<i>Wastewater Discharge:</i>	There are 111 wastewater discharge permits within the watershed with a total discharge of 235.9 MGD.				
<i>Average Annual Rainfall:</i>	15 inches near the Texas-New Mexico border to 48 inches near the Texas-Arkansas border. The average runoff in the watershed is about 159 acre-feet per square mile of contributing drainage area.				

*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				
				1970	1980	1990	2000	2010
Archer	3	5	903	5,759	7,266	7,973	8,854	9,054
Armstrong	1	6	909	1,895	1,994	2,021	2,148	1,901
Baylor	3	12	868	5,221	4,919	4,385	4,093	3,726
Bowie	5	19	885	68,909	75,301	81,665	89,306	92,565
Briscoe	1	23	900	2,794	2,579	1,971	1,790	1,637
Carson	1	33	920	6,358	6,672	6,576	6,516	6,182
Castro	1	35	894	10,394	10,556	9,070	8,285	8,062
* Childress	1	38	696	6,605	6,950	5,953	7,688	7,041
* Clay	3	39	1,089	8,079	9,582	10,024	11,006	10,752
* Collingsworth	1	44	918	4,755	4,648	3,573	3,206	3,057
Cooke	4	49	875	23,471	27,656	30,777	36,363	38,437
* Cottle	3	51	901	3,204	2,947	2,247	1,904	1,505
Crosby	2	54	900	9,085	8,859	7,304	7,072	6,059
Deaf Smith	1	59	1,497	18,999	21,165	19,153	18,561	19,372
* Dickens	2	63	902	3,737	3,539	2,571	2,762	2,444
* Donley	1	65	927	3,641	4,075	3,696	3,828	3,677
Fannin	4	74	891	22,705	24,285	24,804	31,242	33,915
Floyd	2	77	992	11,044	9,834	8,497	7,771	6,446
* Foard	3	78	704	2,211	2,158	1,794	1,622	1,336
Gray	1	90	926	26,949	26,386	23,967	22,744	22,535
* Grayson	4	91	933	83,225	89,796	95,021	110,595	120,877
Hale	2	95	1,005	34,137	37,592	34,671	36,602	36,273
* Hall	1	96	883	6,015	5,594	3,905	3,782	3,353
* Hardeman	3	99	695	6,795	6,368	5,283	4,724	4,139
Hartley	1	103	1,462	2,782	3,987	3,634	5,537	6,062
Hemphill	1	106	906	3,084	5,304	3,720	3,351	3,807
Hutchinson	1	117	887	24,443	26,304	25,689	23,857	22,150
* King	2	135	911	464	425	354	356	286
* Knox	3	138	851	5,972	5,329	4,837	4,253	3,719
Lamar	5	139	907	36,062	42,156	43,949	48,499	49,793
Lipscomb	1	148	932	3,486	3,766	3,143	3,057	3,302
* Montague	3	169	931	15,326	17,410	17,274	19,117	19,719
Motley	2	173	990	2,178	1,950	1,532	1,426	1,210
Oldham	1	180	1,501	2,258	2,283	2,278	2,185	2,052
Parmer	1	185	881	10,509	11,038	9,863	10,016	10,269
Potter	1	188	908	90,511	98,637	97,874	113,546	121,073
Randall	1	191	912	53,885	75,062	89,673	104,312	120,725
Red River	5	194	1,037	14,298	16,101	14,317	14,314	12,860
Roberts	1	197	927	967	1,187	1,025	887	929
Swisher	1	219	890	10,373	9,723	8,133	8,378	7,854
Wheeler	1	242	915	6,434	7,137	5,879	5,284	5,410
Wichita	3	243	628	120,563	121,082	122,378	131,664	131,500
* Wilbarger	3	244	971	15,355	15,931	15,121	14,676	13,535
Totals for Counties in Basin			40,360	794,937	865,533	867,574	947,179	980,600
* Utility Division Service Area			12,312	165,384	174,752	171,653	189,519	195,440

Source of Information: United States Census Bureau



## RED RIVER AUTHORITY OF TEXAS

### Demographic and Economic Information (Unaudited)

County Name	Total Personal Income 2018	Average Total Personal Income based on 2010 Pop. Data	Per Capita Personal Income 2018	Unemployment Rate 2018	Median Age 2018 est.	Government Employees 2018
Archer	\$ 442,022,000	\$ 48,821	\$ 50,310	3.10%	44.5	1,703
Armstrong	90,807,000	47,768	47,995	2.80%	46.3	403
Baylor	149,384,000	40,092	41,704	3.30%	47.3	762
Bowie	3,773,940,000	40,771	40,010	4.90%	38.1	26,558
Briscoe	53,429,000	32,638	35,243	3.90%	46.3	373
Carson	278,471,000	45,045	46,373	2.80%	40.3	1,370
Castro	327,951,000	40,679	42,786	2.90%	35.3	1,978
* Childress	219,339,000	31,152	30,084	2.50%	30.9	3,292
* Clay	442,652,000	41,169	42,335	3.20%	46.2	1,698
* Collingsworth	97,861,000	32,012	33,039	3.20%	39.2	702
Cooke	2,198,055,000	57,186	54,174	3.10%	40.4	8,823
* Cottle	79,573,000	52,872	57,288	4.30%	37.9	369
Crosby	177,835,000	29,351	30,773	4.50%	38.1	1,394
Deaf Smith	759,213,000	39,191	40,470	2.80%	32.0	3,973
* Dickens	71,036,000	29,065	31,586	4.20%	43.9	505
* Donley	151,799,000	41,283	45,736	3.40%	41.6	1,265
Fannin	1,326,925,000	39,125	37,605	3.10%	41.9	7,332
Floyd	218,109,000	33,836	37,367	5.20%	36.9	1,679
* Foard	51,545,000	38,582	42,954	2.90%	49.3	222
Gray	963,417,000	42,752	44,002	3.90%	36.6	4,607
* Grayson	5,653,755,000	46,773	42,195	3.20%	39.9	21,346
Hale	1,091,460,000	30,090	32,263	4.80%	33.1	7,324
* Hall	91,385,000	27,255	30,180	4.30%	43.5	806
* Hardeman	149,866,000	36,208	38,212	3.60%	42.4	1,279
Hartley	350,981,000	57,899	62,463	4.40%	39.1	1,548
Hemphill	223,700,000	58,760	58,484	3.00%	35.2	1,496
Hutchinson	880,768,000	39,764	41,550	5.00%	37.3	4,812
* King	15,418,000	53,909	55,661	2.80%	46.5	120
* Knox	140,483,000	37,774	38,457	3.60%	39.5	1,374
Lamar	2,027,045,000	40,709	40,763	3.80%	40.8	9,215
Lipscomb	217,259,000	65,796	64,757	2.70%	34.9	1,140
* Montague	824,484,000	41,812	42,074	3.20%	43.4	3,512
Motley	35,710,000	29,512	28,938	3.60%	38.3	322
Oldham	104,674,000	51,011	49,120	2.60%	29.8	955
Parmer	443,690,000	43,207	44,981	2.30%	33.9	2,595
Potter	5,257,978,000	43,428	43,945	2.90%	33.8	43,492
Randall	6,536,422,000	54,143	47,966	2.60%	35.7	14,097
Red River	494,889,000	38,483	40,648	5.40%	45.6	2,204
Roberts	37,900,000	40,797	41,971	3.00%	38.0	323
Swisher	313,232,000	39,882	41,977	4.30%	35.7	2,327
Wheeler	216,990,000	40,109	41,801	3.20%	39.0	1,831
Wichita	5,701,223,000	43,355	43,170	3.40%	34.3	43,648
* Wilbarger	538,962,000	39,820	42,041	4.10%	37.8	7,522
Average for Counties in Basin	\$ 1,005,154,349	\$ 41,951	\$ 42,917	3.53%	39.3	5,635
* Utility Division Service Area	\$ 463,677,286	\$ 39,597	\$ 40,846	3.46%	41.6	3,144

Source of Information: United States Census Bureau

Source of Information: United States Bureau of Economic Analysis

Source of Information: Texas Workforce Commission

**RED RIVER AUTHORITY OF TEXAS**  
**SIGNIFICANT RESERVOIRS IN THE RED RIVER BASIN**  
**SEPTEMBER 30, 2019**  
**(Unaudited)**

**Exhibit D-12**

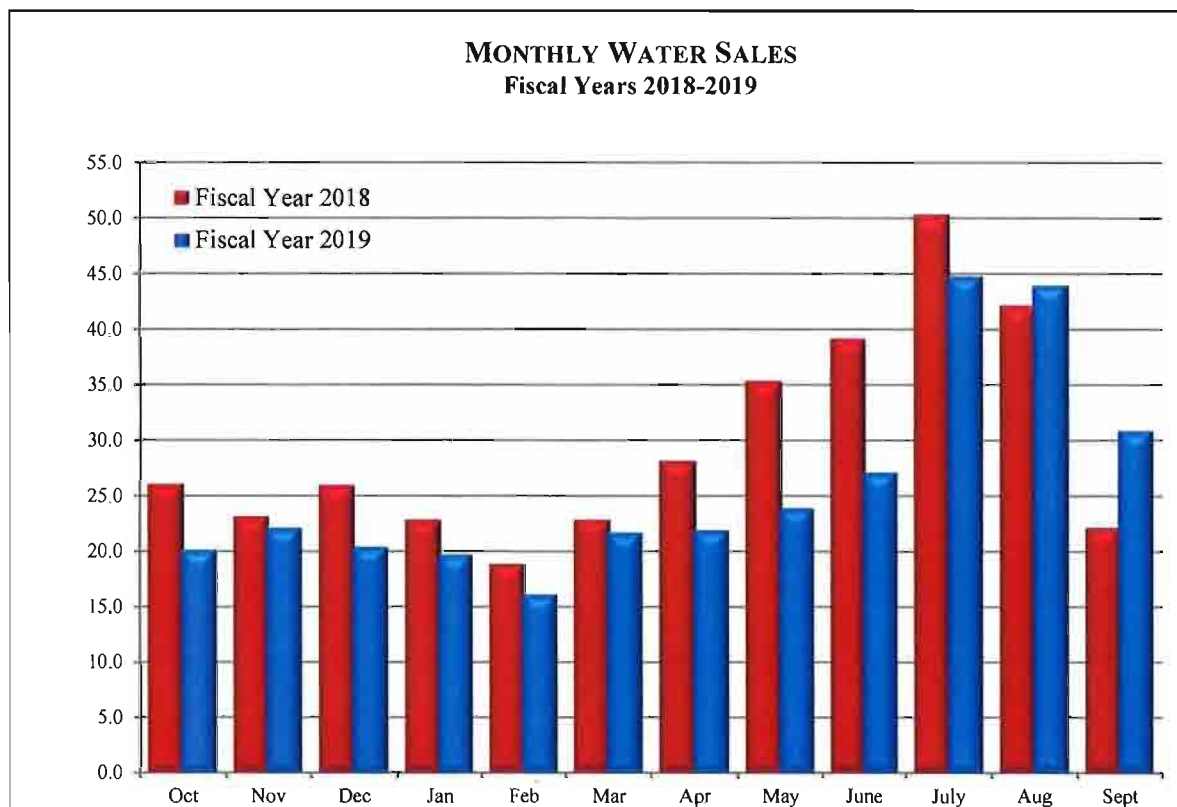
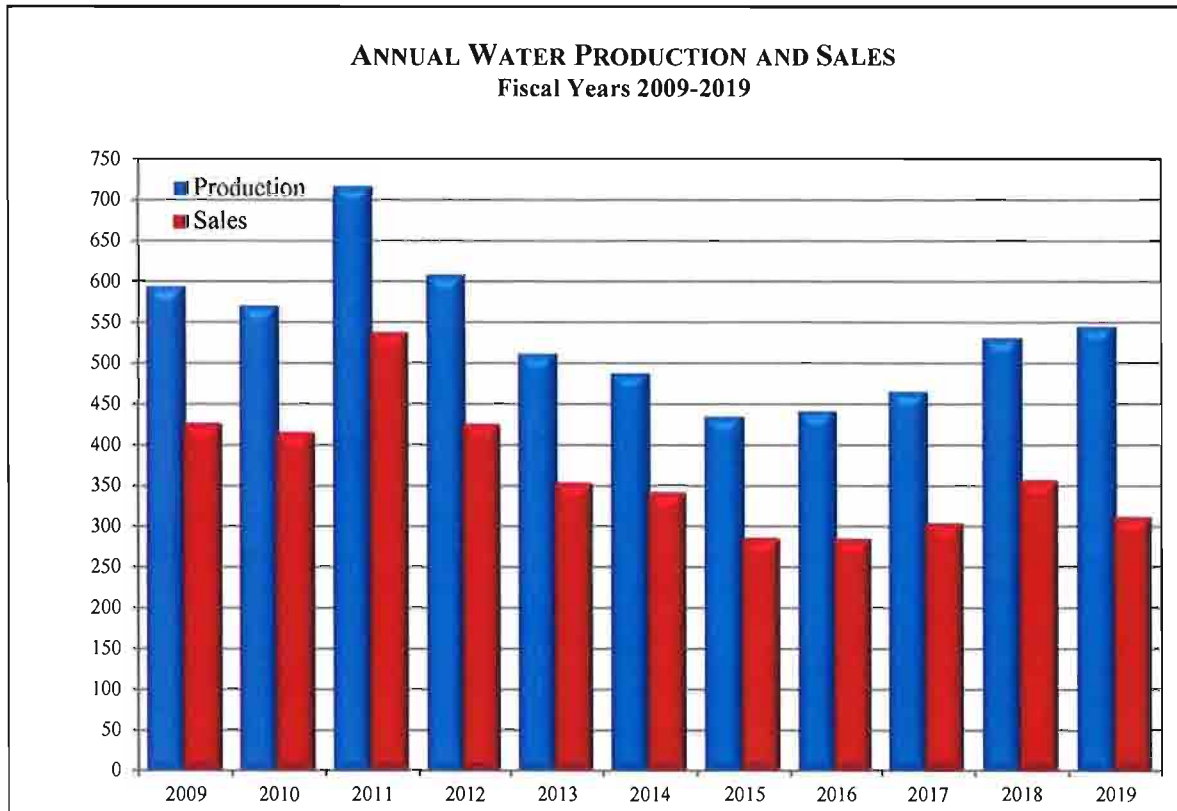
Reservoir Name	County	Elevation Ft AMSL	Surface Acres	Capacity Acre-Feet	Diversion ACF/YR	Type Uses
Archer City Lake	Archer	1,023	90	396	2,500	M/R
Lake Kickapoo	Archer	1,045	5,864	86,345	40,000	M
Scotland Lake	Archer	934	70	364	-	R
Lake Cooper	Archer	1,155	432	4,546	810	M/R
Lake Diversion	Archer/Baylor	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.

**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:** \$51,500,000

**CURRENT STATUS:** The Truscott Brine Reservoir was completed and placed in service on May 16, 1987. The reservoir is currently receiving 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 not yet in service. The pump station will transmit brine to the Truscott Reservoir also.

**TECHNICAL DESCRIPTION**

**TRUSCOTT BRINE RESERVOIR**

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

**BATEMAN PUMP STATION**

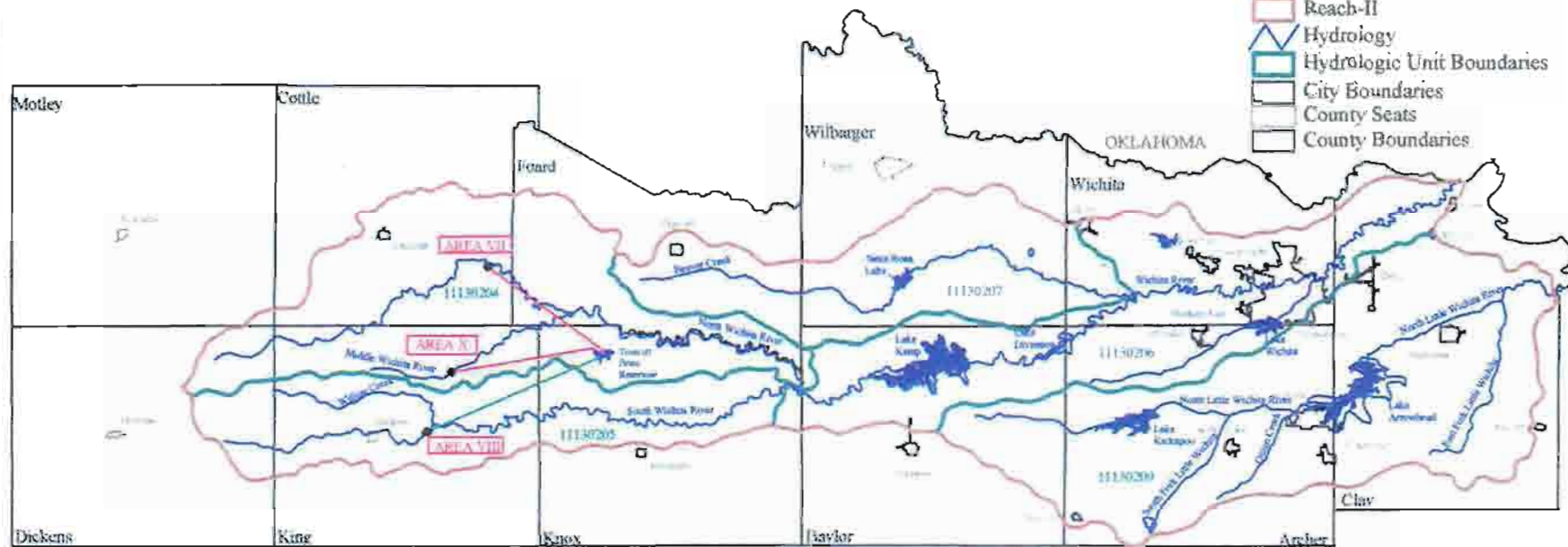
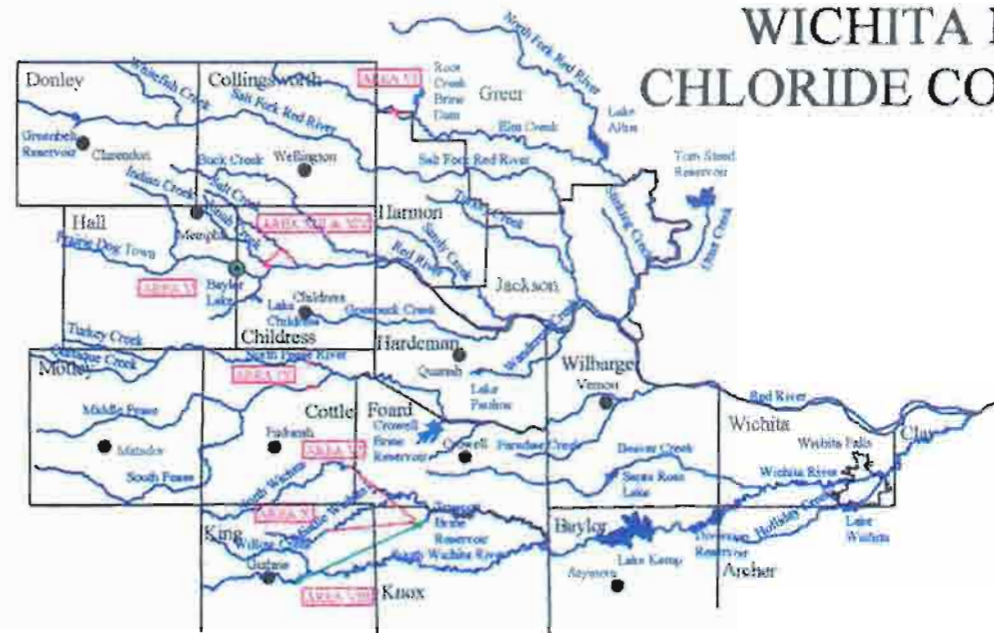
<b>Location:</b>	River mile 74.9 of the South Fork Wichita River in King County, Texas
<b>Type of Dam:</b>	Pneumatic (Inflatable)
<b>Dam Length:</b>	40 feet
<b>Dam Height:</b>	5 feet
<b>Surface Area:</b>	3 acres with the dam inflated

# WICHITA RIVER BASIN CHLORIDE CONTROL PROJECT



10 0 10 20 Miles

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



**INSURANCE COVERAGE**  
**Texas Municipal League Intergovernmental Risk Pool**  
**September 30, 2019**  
**(Unaudited)**

Policy:	Workers Compensation
Policy Period:	10-01-18 to 09-30-19
Perils:	Losses under Workers' Compensation Laws
Coverage:	Statutory
Premium:	\$23,354
Policy:	General Liability
Policy Period:	10-01-18 to 09-30-19
Perils:	Bodily injury, property damage, advertising injury, completed operations, and products hazard
Coverage:	\$1,000,000 per occurrence and annual aggregate
Premium:	\$2,247
Policy:	Automobile Liability
Policy Period:	10-01-18 to 09-30-19
Perils:	Liability
Coverage:	\$1,000,000 per occurrence
Premium:	\$4,957
Policy:	Errors and Omissions Liability
Policy Period:	10-01-18 to 09-30-19
Perils:	Liability, errors, and omissions
Coverage:	\$1,000,000 per claim and annual aggregate
Premium:	\$2,357
Policy:	Property Coverage
Policy Period:	10-01-18 to 09-30-19
Perils:	Risk of direct physical loss of or damage to property
Coverage:	Replacement cost limited to \$8,361,522 – real and personal property, replacement cost limited to \$52,195, mobile equipment coverage – \$856, boiler and machinery comprehensive – \$8,361,522
Premium:	\$33,177
Policy:	Automobile Physical Damage Coverage
Policy Period:	10-01-18 to 09-30-19
Perils:	Physical damage
Coverage:	Actual cash value
Premium:	\$6,792
Policy:	Crime Policy
Policy Period:	10-01-18 to 09-30-19
Perils:	Public employee dishonesty and forgery or alteration
Coverage:	\$200,000 per employee – Public Employee Dishonesty \$100,000 – Forgery or Alteration
Premium:	\$1,957

**OVERALL COMPLIANCE  
AND  
INTERNAL CONTROL SECTION**







## EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

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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

### 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, 2019, and the related notes to the financial statements and have issued our report thereon dated January 7, 2020.

#### 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. However, material weaknesses may exist that have not been identified.

## **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 or other matters that are required to be reported under *Government Auditing Standards*.

### **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 7, 2020