# ANNUAL COMPREHENSIVE FINANCIAL REPORT



for the years ended September 30, 2021 and 2020

Market In accompany

## **Red River Authority of Texas**

### **Comprehensive Annual Financial Report**

For the Fiscal Years Ended September 30, 2021 and 2020

Prepared By:

Fiscal Administration, Executive Administration and General Services Branches

Lana R. Hefton, Controller

# COMPREHENSIVE ANNUAL FINANCIAL REPORT for the years ended September 30, 2021 and 2020

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INTRODUCTORY SECTION

#### ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS	§
COUNTY OF WICHITA	§
Ι,	Todd W. Boykin, President (Name of Duly Authorized District Representative)
of the	Red River Authority of Texas (Name of District)
District's Board of Directors for the fiscal period ended _	t the District above has reviewed and approved at a meeting of the on the 19th day of January, 2022 its annual audit report September 30, 2021 and that copies of the annual audit District's office, located at 3000 Hammon Road, Wichita
	attached copy of the annual audit report will be submitted to the Texas atal Quality to satisfy the annual filing requirements of Texas Water  (Signature of District Representative)
	Todd W. Boykin, President (Typed Name & Title of above District Representative)
Sworn to and subscribed to b	pefore me this 19th day of January ,2022.
DANNA P Notary Public, Comm. Expire Notary ID	State of Texas (Signature of Notary) s 08-29-2023
My Commission Expires on: ONO Notary Public in and for the Sta	

Form TCEQ-0723 (Revised 10/2003)

## BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS for the year ended September 30, 2021

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, 2021	Title at Year End	Resident of District
<b>Board Members:</b>				
Todd W. Boykin 701 S Taylor, Suite 440 Amarillo, Texas 79101	12-20-16 – 08-11-27	\$2,486	President	Yes
Jerry Bob Daniel 4911 FM 1756 West Truscott, Texas 79227	06-02-08 - 08-11-27	936	Vice President	Yes
Michael R. Sandefur 3402 Texas Boulevard Texarkana, Texas 75503	07-26-18 - 08-11-23	1,050	Secretary Treasurer	Yes
Stephen A. Thornhill 2470 West Crawford Denison, Texas 75020	09-05-14 - 08-11-25	1,050	Assistant Secretary	Yes
Joe L. Ward 1626 CR 2315 Telephone, Texas 75488	07-26-18 - 08-11-23	1,290	Director	Yes
Mary Lou Bradley P.O. Box 307 Childress, Texas 79201	12-06-19 - 08-11-25	0	Director	Yes
Jerry Dan Davis 1704 Ellison Street Wellington, Texas 79095	12-06-19 - 08-11-25	606	Director	Yes
G. Wilson Scaling, II 450 Rhat Road Henrietta, Texas 76365 (Term Ended 08-11-2021)	06-02-08 - 08-11-21	797	Prior Director	Yes
Zackary K. Smith 1506 Fort Worth Highway Weatherford, Texas 76086 (Resigned 07-15-2021)	11-14-18 - 07-15-21	300	Prior Director	No

# BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS for the year ended September 30, 2021

Names and Addresses	Term of Office Elected and Expired or Date Hired	Fees and Expense Reimbursements September 30, 2021	Title at Year End
Key Administrative Personnel	•		
Randall W. Whiteman 3308 Cumberland Avenue Wichita Falls, Texas 76309	03-01-2018	\$0	General Manager
Engineering and Professional G Biggs and Mathews, Inc. 2500 Brook Avenue Wichita Falls, Texas 76301	Consultants:	88,366	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
Legal Consultants: Sara Thornton Lloyd Gosselink, Rochelle, & Townsend, PC 816 Congress Ave, Ste 1900 Austin, Texas 78701		29,537	General Counsel
Doug Caroom Bickerstaff, Heath, Delgado, Acosta, LLP 3711 S Mo-Pac Expressway Building One, Suite 300 Austin, Texas 78746		0	Special Counsel

## BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS for the year ended September 30, 2021

Names and Addresses	Term of Office Elected and Expired or Date Hired	Fees and Expense Reimbursements September 30, 2021	Title at Year End
Legal Consultants, Continued			
Leroy Grawunder M°Call, Parkhurst and Horton 717 N Harwood, Suite 900 Dallas, Texas 75201		0	Bond Counsel
Financial Consultants:  David Medanich Hilltop Securities			
777 Main Street, Suite 1200 Fort Worth, Texas 76102		0	Financial Advisor

#### Depositories:

American National Bank P. O. Box 4476 Wichita Falls, Texas 76308

TexPool – Comptroller of Public Accounts P. O. Box 12608 Austin, Texas 78711 First National Bank of Wichita Falls P.O. Box 94905 Wichita Falls, Texas 76310



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, 2019

Executive Director/CEO

Christopher P. Morrill

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## Red River Authority of Texas

TODD W. BOYKIN, President, Amarillo JERRY BOB DANIEL, VIce President, Truscott MICHAEL R. SANDEFUR, Secretary-Treasurer, Texarkana STEPHEN A. THORNHILL, Assistant Secretary, Denison MARY LOU BRADLEY, Memphis JERRY DAN DAVIS, Wellington CONRAD J. MASTERSON, JR. Cee Vee JOE L. WARD. Telephone

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

January 13, 2022

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, 2021 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 was 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

P.O. Box 240 · Wichita Falls, Texas 76307-0240

3000 Hammon Road · Wichita Falls, Texas 76310-7500

 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.

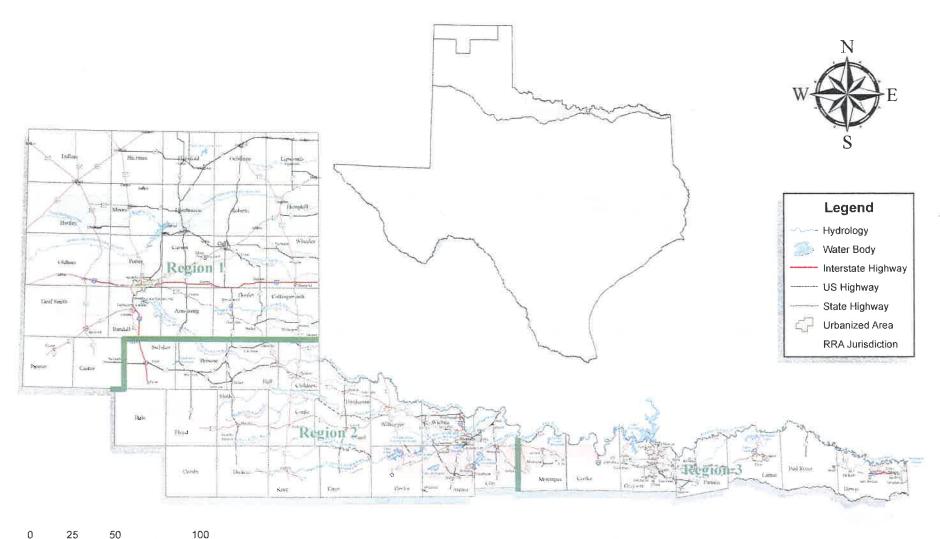
#### **ADMINISTRATION**

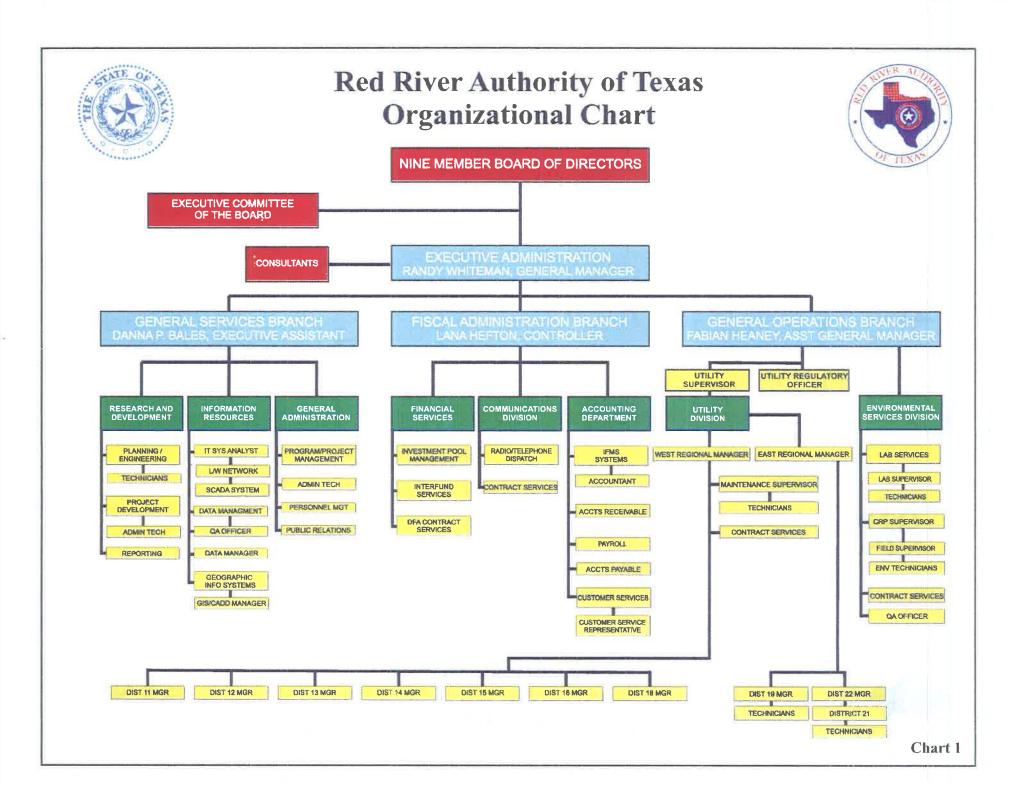
All fiscal and administrative functions are conducted from the general offices, located at 3000 Hammon Road, Wichita Falls, Texas. The General Manager is assisted by a professional staff of employees and consultants in the accomplishment of his duties, and is solely responsible to the Board of Directors 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 34 full-time classified employees on the Authority's payroll on September 30, 2021. Refer to the Organizational Chart for details.



# Red River Authority of Texas Jurisdictional Map







#### **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 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.

The Wichita Falls Metropolitan Statistical Area (MSA) houses a robust manufacturing sector, with many companies having employment in excess of 100 persons. The MSA is a metropolitan area in North Texas, which covers three counties, Archer, Clay, and Wichita. The Total Gross Domestic Product of the Wichita Falls, TX MSA expanded to a record-breaking total of \$6,711,314,000, following a record low of \$4,152,988,000 in January of 2001. In total, the GDP of the Wichita Falls, TX MSA increased by 3.4% in 2019. The largest portion of the MSA production includes Health and Social Services and Manufacturing. (Source of Information: City of Wichita Falls 2020 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 2021 is 4.4%, lower than the state and national averages of 5.6% and 4.7% respectfully.

Year	ear Period Labor Employmen		riod		Unemployment Rate	
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	3.0	
2020	Sep	65,243	63,652	4,591	7.0	
2021	Sep	65,255	62,358	2,897	4.4	

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, 2019. 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,

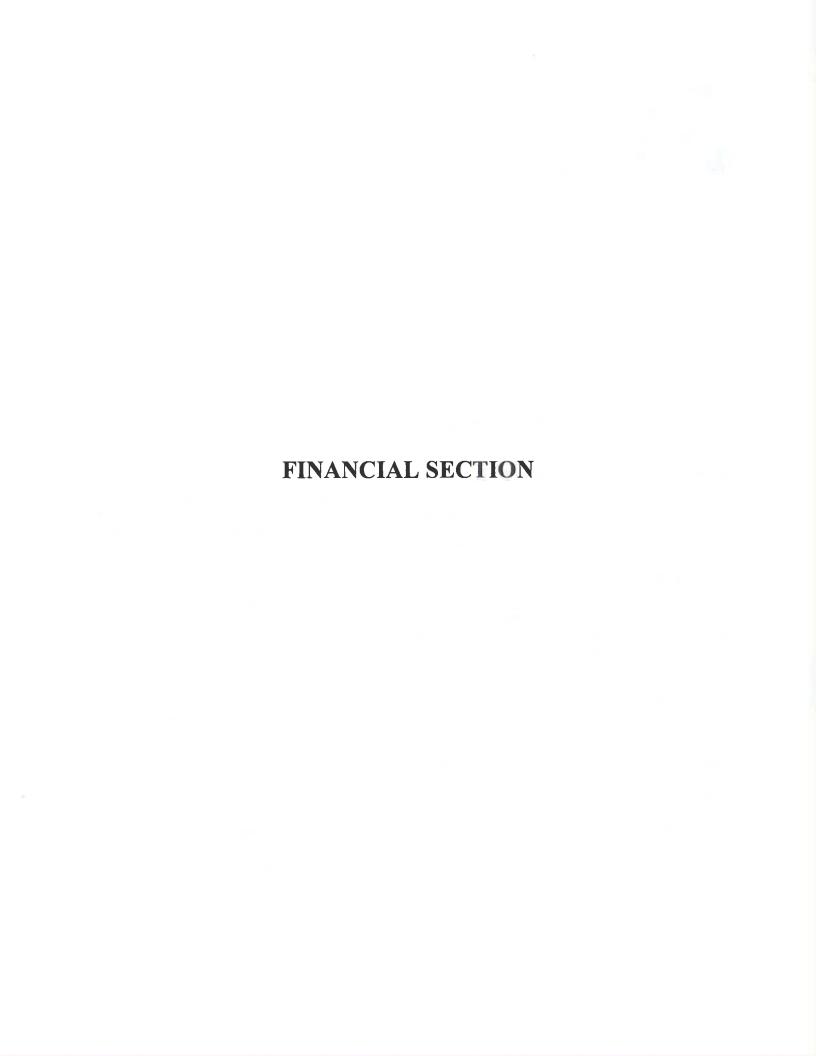
Lana R. Hefton

Controller

Randall W. Whiteman

General Manager

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#### EDGIN, PARKMAN, FLEMING & FLEMING, PC

**CERTIFIED PUBLIC ACCOUNTANTS** 

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

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

#### 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, 2021 and 2020, 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, 2021 and 2020, 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-20 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 13, 2022, 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, Parkun, Flering: Flering, PC

Edgin, Parkman, Fleming & Fleming, PC

January 13, 2022



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, 2021. 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 \$19,911,582 (net position). Of this amount, \$12,177,278 (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 \$651,173;
- 3. The Authority expended over \$3.4 million towards improvements to its water systems to address EPA violations in the current year.

#### Overview of the Financial Statements

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

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

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

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

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 \$19,911,582 at the close of the most recent fiscal year.

	2021	2020	2019
Assets:			
Current assets	\$11,752,716	\$11,112,815	\$10,793,399
Restricted assets	5,877,405	9,409,413	11,577,363
Capital assets	16,284,319	13,350,208	11,106,150
Noncurrent assets	1,168,386	1,176,666	282,070
Total assets	35,082,826	35,049,102	33,758,982
Deferred outflows of resources	492,845	138,791	686,145
Liabilities:			
Current liabilities	957,899	970,185	778,951
Noncurrent liabilities	14,098,433	14,464,434	15,011,158
Total liabilities	15,056,332	15,434,619	15,790,109
Deferred inflows of resources	607,757	492,865	187,480
Net position:			
Net investment in capital assets	7,551,392	7,789,703	7,368,622
Restricted net position	182,912	177,834	169,276
Unrestricted net position	12,177,278	11,292,872	10,929,640
Total net position	\$19,911,582	\$19,260,409	\$18,467,538

In fiscal year 2021, 37.9% 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.

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 \$12,177,278 (61.2%) 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 \$651,173. This increase represents consistent operating revenues and a conservative approach to managing expenses.

In fiscal year 2020, 40.4% of the Authority's net position reflect its investment in capital assets (e.g., land, building, machinery, equipment, and water rights), less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide services to customers; consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Authority's net position (0.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$11,292,872 (58.7%) may be used to meet the Authority's ongoing obligations to constituents and creditors. At the end of fiscal year 2020, the Authority is able to report positive balances in all categories of net position with an increase in net position of \$792,871. This increase represents consistent operating revenues and a conservative approach to managing expenses.

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

	2021	2020	2019
Operating revenues:	ft 5 502 (46	\$ 5,414,765	\$ 5,227,066
Water and sewer sales	\$ 5,503,646	974,705	724,521
Charges for materials and services	564,656	485,041	457,340
Other	1,008,969		6,408,927
Total operating revenues	7,077,271	6,874,511	0,408,927
Operating expenses:			
Water purchases	1,168,773	928,966	859,289
Personnel services	2,188,250	2,344,243	2,419,517
Administrative costs	192,793	176,001	179,918
Utilities, supplies, and maintenance	1,093,587	1,034,624	922,859
Insurance	81,310	76,717	76,115
Automobile and travel	222,147	191,407	240,714
Professional and directors fees	78,227	319,136	169,575
Research expense	225,696	( 75)	41,500
Total operating expenses	5,250,783	5,071,019	4,909,487
Operating income before depreciation and amortization	1,826,488	1,803,492	1,499,440
Depreciation and amortization	(785,201)	(746,499)	(746,350)
Operating income	1,041,287	1,056,993	753,090
Nonoperating revenues (expenses):			
Interest income	99,834	235,912	471,208
Gain on disposal of assets	14	41,735	5,000
Interest expense	(489,948)	(541,769)	(532,508)
Total nonoperating revenues (expenses)	(390,114)	(264,122)	( 56,300)
Change in net position	651,173	792,871	696,790
Net position, beginning	19,260,409	18,467,538	17,770,748
Net position, ending	\$19,911,582	\$19,260,409	\$18,467,538

Some of the major variances from fiscal year 2020 to fiscal year 2021 include a \$410,049 decrease in charges for materials and services. This decrease is due to fewer Regional Water Planning Group grant billings in the current year and fewer lab tests needed for the Clean Rivers Program. Other revenues increased \$523,928 between years due to grant proceeds for the Red River Navigation Study and the AMI Meter Project, as well as additional grant expenses for the Clean Rivers Program in the current year.

Some of the major variances from fiscal year 2019 to fiscal year 2020 include a \$187,699 increase in water and sewer sales. This increase is the result of a 12.72% increase in water consumption between years due to weather conditions and other factors. Charges for services increased \$250,184 between years due to additional work on the Regional Water Planning Group grant project in fiscal year 2020.

#### Capital Asset and Debt Administration

Capital Assets. The Authority's investment in capital assets funds as of September 30, 2021 amounts to \$16,284,319, (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 22%.

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

- Construction and engineering fees on Preston Shores Raw Water Line and Disinfection system project.
- Construction and engineering fees on Lake Arrowhead Water Line project.
- Construction and engineering fees on Guthrie-Dumont McAdoo Water Well, Elevated Tank, and Pipeline projects.
- Construction and engineering fees on Howardwick Janny Well Replacement project.

## CAPITAL ASSETS (Net of Depreciation)

Asset	Value September 30, 2020	Additions / Completions	Deletions	Value September 30, 2021	Accumulated Depreciation	Net Value
Land and easements	\$ 1,120,608	\$	\$ -	\$ 1,120,608	\$ -	\$ 1,120,608
Construction in progress	3,707,134	3,485,552	2,348,533	4,844,153	5	4,844,153
Building	1,028,368	28,353	:₩	1,056,721	512,385	544,336
Water storage rights	1,222,700			1,222,700	287,043	935,657
Water systems	19,926,845	2,341,626	2,200	22,266,271	13,886,794	8,379,477
Machinery and equipment	1,035,176	107,379	2,231	1,140,324	943,516	196,808
Furniture and fixtures	240,112	8,685	13,440	235,357	213,084	22,273
Motor vehicles	748,736	96,251		844,987	603,980	241,007
Totals	\$29,029,679	\$6,067,846	\$2,366,404	\$32,731,121	\$16,446,802	\$16,284,319

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

**Long-Term Debt.** At the end of the current fiscal year, the Authority had total bonded debt outstanding of \$14,220,501. 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, 2021 are summarized as follows:

	Average Interest Rates	Final Maturity Date	Annual Serial Payments	Bonds Authorized	Bonds Outstanding September 30, 2020	Additions Issuances (Sales) (Retirements)	Bonds Outstanding September 30, 2021
Water Re	venue Bonds						
Series 2010	1.93%	08/15/2030	\$26,600 to \$53,600	\$ 849,200	<u>\$ 473,634</u>	<u>\$ 43,133</u>	<u>\$ 430,501</u>
Series 2017	3.57%	04/01/2047	\$300,000 to \$800,000	<u>\$15,130,000</u>	<u>\$14,105,000</u>	<u>\$315,000</u>	<u>\$13,790,000</u>

The Authority's bonded debt decreased by \$358,133 (2.5%) 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 24-26 of this report.

#### **Economic Factors and Next Year's Budgets and Rates**

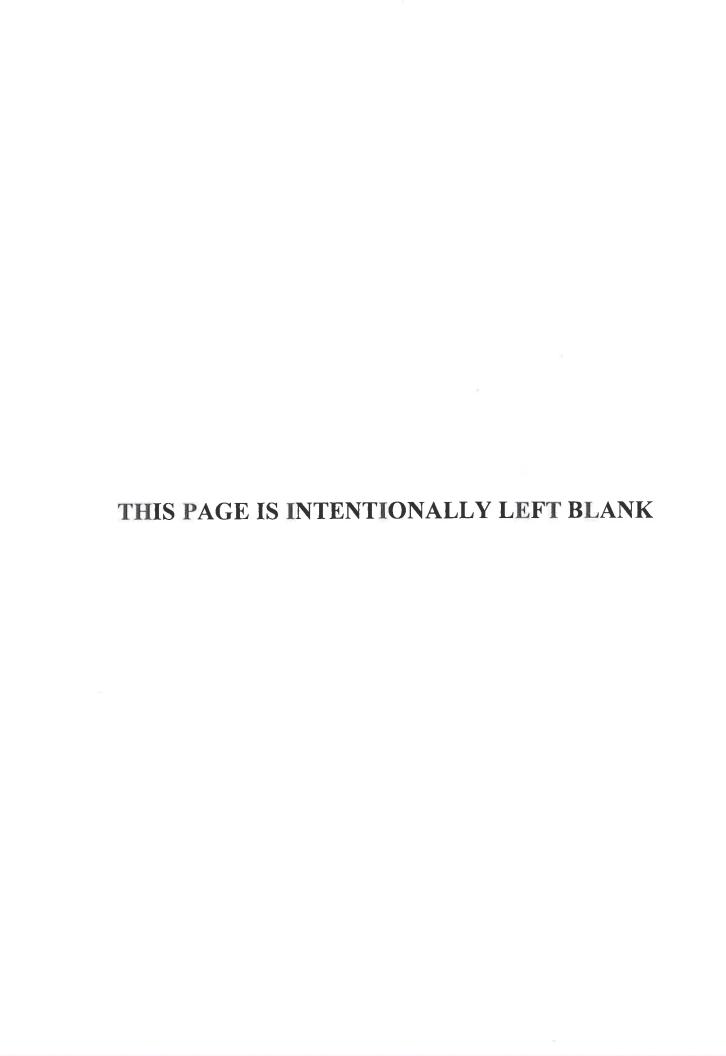
- Capital expenditures in the Utility Division several systems within the utility division are proposed to receive capital expenditures for component repair and/or replacements of certain facilities during the ensuing fiscal year which are financed through the \$15,000,000 bond issued in 2017. Major projects are as follows:
  - Hinds-Wildcat new water source (completion in 2023) for \$2,100,000
  - Guthrie-Dumont new water source (completion 2022) for \$3,250,000
  - Various pump station improvements package one (completion 2022) for \$754,145
  - Various pump station improvements package two (completion 2023) for approximately \$1,014,000
  - Preston Shores new lake pumps, cables, and controls (completion 2022) for approximately \$800,000
- Increased effort to reduce water purchases and decrease water loss
- Completion of rate study in 2022

All of these factors were considered in preparing the Authority's budget for the 2021 fiscal year. The budget for 2020-21 reflects a decrease in projected revenue of approximately \$452,000. Expenditures are projected to decrease approximately \$264,000. As a result, the Authority has projected an increase of \$82,256 in net position for the 2021 fiscal year from the prior year's 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.



**BASIC FINANCIAL STATEMENTS** 

## RED RIVER AUTHORITY OF TEXAS STATEMENTS OF NET POSITION

September 30, 2021 and 2020

	2021	2020	
ASSETS			
Current assets:			
Cash and short-term investments	\$ 10,305,383	\$ 9,765,975	
Receivables:			
Trade and contracts	1,265,085	1,189,273	
Prepaid expenses	36,425	71,946	
Inventory	145,823	85,621	
Restricted assets:			
Cash and short-term investments	5,877,405	9,409,413	
Total current assets	17,630,121	20,522,228	
Long-term assets:			
Net pension assets	1,168,386	1,176,666	
Capital assets not being depreciated	5,964,761	4,827,742	
Capital assets being depreciated (net)	10,319,558	8,522,465	
Total long-term assets	17,452,705	14,526,873	
Total assets	35,082,826	35,049,101	
Deferred outflows of resources:			
Pension related	473,319	123,802	
OPEB related	19,526	14,989	
Total deferred outflows of resources	492,845	138,791	
LIABILITIES			
Current liabilities:			
Accounts payable - trade	460,676	479,400	
Interest payable	Ħ N	22,963	
Accrued payroll and related taxes	57,973	62,801	
Unearned revenue	70,250	46,887	
Bonds payable, current maturities	369,000	358,133	
Total current liabilities	957,899	970,184	
Long-term liabilities:			
Bonds payable, less current maturities	14,019,670	14,395,201	
Total OPEB liability	78,763	69,233	
Total long-term liabilities	14,098,433	14,464,434	
Total liabilities	15,056,332	15,434,618	
Deferred inflows of resources:	(01.522	486,706	
Pension related	601,532	,	
OPEB related  Total deferred inflows of resources	6,225	6,159 492,865	
Net position:  Net investment in capital assets	7,551,392	7,789,703	
	, ,		
Restricted:  Debt service	182,912	177,834	
Unrestricted	12,177,278	11,292,872	
	\$ 19,911,582	\$ 19,260,409	
Total net position	ψ 17,711,302		

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, 2021 and 2020

	2021		2020	
Operating revenues:				
Water and sewer sales	\$	5,503,646	\$	5,414,765
Charges for materials and services		564,656		974,705
Other		1,008,969		485,041
Total operating revenues	-	7,077,271		6,874,511
Operating expenses:				
Water purchases		1,168,773		928,966
Personnel services		2,188,250		2,344,243
Administrative costs		192,793		176,001
Utilities, supplies, and maintenance		1,093,587		1,034,624
Insurance		81,310		76,717
Automobile and travel		222,147		191,407
Professional and directors fees		78,227		319,136
Research expense		225,696		(75)
Total operating expenses		5,250,783		5,071,019
Operating income before depreciation and amortization	8	1,826,488		1,803,492
Depreciation and amortization		(785,201)		(746,499)
Operating income		1,041,287		1,056,993
Nonoperating revenues (expenses):				
Interest income		99,834		235,912
Gain on disposal of capital assets		02		41,735
Interest expense		(489,948)		(541,769)
Total nonoperating revenues (expenses)		(390,114)		(264,122)
Change in net position		651,173		792,871
Net position, beginning		19,260,409		18,467,538
Net position, ending	\$	19,911,582	\$	19,260,409

# RED RIVER AUTHORITY OF TEXAS STATEMENTS OF CASH FLOWS

for the years ended September 30, 2021 and 2020

	2021		2020	
Cash flows from operating activities:				
Cash received from customers and users		7,024,822	\$	6,636,438
Cash payments to suppliers for goods and services		(3,110,767)		(2,595,263)
Cash payments to employees for services		(2,409,602)		(2,369,897)
Net cash provided by operating activities		1,504,453		1,671,278
Cash flows from capital and related financing activities:				
Principal paid on revenue bonds		(358,133)		(347,000)
Interest paid on revenue bonds		(519,442)		(532,537)
Acquisition of capital assets	(	(3,719,312)		(2,990,557)
Proceeds from sale of capital assets		=		41,735
Net cash used in capital and related financing activities		(4,596,887)		(3,828,359)
Cash flows from investing activities:				
Interest received on investments		99,834		235,912
Net cash provided by investing activities		99,834	-	235,912
Net decrease in cash and cash equivalents		(2,992,600)		(1,921,169)
Cash and cash equivalents, beginning	-	9,175,388		21,096,557
Cash and cash equivalents, ending	\$ 1	6,182,788	\$	19,175,388
Displayed as:				
Current Assets:	<b>\$</b> 1	0,305,383	\$	9,765,975
Cash and short-term investments	<b>3</b> 1	10,303,383	Ф	9,703,973
Restricted Assets:		5,877,405		9,409,413
Cash and short-term investments	/=	3,011,403	-	7,407,413
	\$ 1	6,182,788	\$	19,175,388

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, 2021 and 2020

Reconciliation of operating income to net cash provided by operating activities:	2021	2020
Operating income	\$ 1,041,287	\$ 1,056,993
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	785,201	746,499
Change in assets and liabilities:		
(Increase) decrease in trade receivables	(75,812)	(36,386)
(Increase) decrease in prepaid expenses	35,521	(17,537)
(Increase) decrease in inventory	(60,202)	(18,712)
(Increase) decrease in net pension assets	8,280	(894,596)
(Increase) decrease in deferred outflows	(354,054)	547,354
Increase (decrease) in trade accounts payable	(18,725)	152,283
Increase (decrease) in accrued liabilities	(4,828)	15,479
Increase (decrease) in unearned revenues	23,363	(3,457)
Increase (decrease) in total OPEB liability	9,530	16,203
Increase (decrease) in deposits	á	(198,230)
Increase (decrease) in deferred inflows	114,892	305,385
Total adjustments	463,166	614,285
Net cash provided by operating activities	\$ 1,504,453	\$ 1,671,278

## NOTES TO THE BASIC FINANCIAL STATEMENTS Years Ended September 30, 2021 and 2020

### 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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

### 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 six proprietary funds, which are further divided into two major enterprise funds, two minor enterprise funds, and two internal service funds. For presentation purposes, all funds are presented as a single entity. Interfund activity is eliminated.

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

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

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

# NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

## 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 weighted average 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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

### 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. Vacation and Sick Leave

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

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

#### K. 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.

#### L. 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.

### M. 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.

#### N. 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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

#### 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, 2021 and 2020, the carrying amount of the Authority's deposits (cash, money markets, and interest-bearing savings accounts included in temporary investments) was \$14,287,846 and \$17,286,373, respectively and the bank balance was \$14,328,935 and \$17,372,669, respectively. The Authority's cash deposits at September 30, 2021 and 2020 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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

### 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, 2021 and 2020 are shown below:

	20	021	2020		
Investment or Investment Type	Weighted Maturity (Months)	Fair Value	Weighted Maturity (Months)	Fair Value	
TexPool	1.0	\$ 1,894,942	1.0	\$ 1,889,015	
Bank Money Markets	1.0	3,299,592	1.0	3,511,128	
Insured Cash Sweep	1.0	10,873,111	1.0	13,749,888	
		\$16,067,645		\$19,150,031	

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, 2021 or 2020.

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

### 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:

<u>Credit Risk</u> – 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.

<u>Custodial Credit Risk</u> – 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.

<u>Concentration of Credit Risk</u> – 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.

<u>Interest Rate Risk</u> – 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.

<u>Foreign Currency Risk</u> – 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

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

## 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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

## 3. CAPITAL ASSETS

Capital asset activity for the years ended September 30, 2021 and 2020 was as follows:

## At September 30, 2021

	Balance October 1, 2020	Increases	Decreases	Balance September 30, 2021
Capital assets not being depreciated:				
Land and easements	\$ 1,120,608	\$	\$ -	\$ 1,120,608
Construction in progress	3,707,134	3,485,552	2,348,533	4,844,153
Total capital assets not being				
depreciated	4,827,742	3,485,552	2,348,533	5,964,761
Capital assets being depreciated:				1,1
Water storage rights	1,222,700	(2)	¥	1,222,700
Water systems	19,926,845	2,341,626	2,200	22,266,271
Machinery and equipment	1,035,176	107,379	2,231	1,140,324
Building	1,028,368	28,353		1,056,721
Furniture and fixtures	240,112	8,685	13,440	235,357
Motor vehicles	748,736	96,251	a	844,987
Total capital assets being depreciated	24,201,937	2,582,294	17,871	26,766,360
	4			
Less accumulated depreciation for:				1.7
Water storage rights	279,572	7,471	₹.	287,043
Water systems	13,336,840	552,154	2,200	13,886,794
Machinery and equipment	898,111	47,636	2,231	943,516
Building	472,384	40,001	-	512,385
Furniture and fixtures	217,549	8,975	13,440	213,084
Motor vehicles	475,016	128,964		603,980
Total accumulated depreciation	15,679,472	<u>785,201</u>	17,871	16,446,802
Total capital assets being				
depreciated, net	8,522,465	1,797,093	· ·	10,319,558
Total capital assets, net	<u>\$13,350,207</u>	<u>\$5,282,645</u>	<u>\$2,348,533</u>	<u>\$16,284,319</u>

# NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

## 3. CAPITAL ASSETS, Continued

## At September 30, 2020

	Balance October 1, 2019	Increases	Decreases	Balance September 30, 2020
Capital assets not being depreciated:				
Land and easements	\$ 1,120,608	\$ -	\$ -	\$ 1,120,608
Construction in progress	1,102,770	2,772,214	167,850	3,707,134
Total capital assets not being				
depreciated	2,223,378	2,772,214	<u>167,850</u>	4,827,742
Capital assets being depreciated:				
Water storage rights	1,222,700	-	¥	1,222,700
Water systems	19,754,811	172,034	8	19,926,845
Machinery and equipment	992,069	43,107	=	1,035,176
Building	1,028,368	#I	*	1,028,368
Furniture and fixtures	217,150	22,962	*	240,112
Motor vehicles	710,742	148,090	110,096	748,736
Total capital assets being depreciated	23,925,840	386,193	110,096	24,201,937
Less accumulated depreciation for:				
Water storage rights	272,101	7,471		279,572
Water systems	12,801,949	534,891	*	13,336,840
Machinery and equipment	860,247	37,864	21 €	898,111
Building	434,622	37,762	2	472,384
Furniture and fixtures	207,662	9,887	<u>~</u>	217,549
Motor vehicles	466,488	118,624	110,096	475,016
Total accumulated depreciation	15,043,069	<u>746,499</u>	110,096	15,679,472
Total capital assets being depreciated, net	8,882,771	(360,306)	<u> </u>	8,522,465
Total capital assets, net	<u>\$11,106,149</u>	\$2,411,908	<u>\$167,850</u>	<u>\$13,350,207</u>

### 4. LONG-TERM DEBT

Bonds payable and transactions for the years ended September 30, 2021 and 2020 are summarized as follows:

## At September 30, 2021

	Balance 10/1/20	Issued	Retired	Balance 9/30/21	Due Within One Year
Water revenue bonds Premium on bonds	\$14,578,634 <u>174,700</u>	\$ -	\$358,133 6,531	\$14,220,501 168,169	\$369,000
Totals	<u>\$14,753,334</u>	<u>\$</u>	\$364,664	<u>\$14,388,670</u>	<u>\$369,000</u>

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

### 4. LONG-TERM DEBT, Continued

#### At September 30, 2020

	Balance 10/1/19	Issued	Retired	Balance 9/30/20	Due Within One Year
Water revenue bonds Premium on bonds	\$14,925,634 	\$ -	\$347,000 6,531	\$14,578,634 174,700	\$358,133
Totals	<u>\$15,106,865</u>	<u>\$ -</u>	<u>\$353,531</u>	<u>\$14,753,334</u>	<u>\$358,133</u>

#### Water Revenue Bonds

Water revenue bonds are comprised of the following individual issues as of September 30, 2021:

	Interest Rates	Final Maturity Date	Annual Serial Payments	Bonds Authorized	Outstanding at 9/30/21	Outstanding at 9/30/20
Series 2010	1.93%	08-15-30	\$26,600 to \$53,600	\$ 849,200	<u>\$ 430,501</u>	<u>\$ 473,634</u>
Series 2017	3.57%	04-01-47	\$300,000 to \$800,000	\$15,130,000	<u>\$13,790,000</u>	<u>\$14,105,000</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  $1/12^{th}$  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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

## 4. LONG-TERM DEBT, Continued

The annual requirements to pay principal and interest on the long-term obligations outstanding as of September 30, 2021 are as follows:

Year Ending		Bond			
September 30,	_ P	rincipal		Interest	
2022	\$	369,000	\$	512,858	
2023		380,000		502,302	
2024		396,200		488,011	
2025		407,400		473,045	
2026		428,600		454,006	
2027 – 2031		2,349,301	2	2,004,176	
2032 - 2036	75	2,525,000	1	,617,612	
2037 - 2041		2,985,000	1	,148,812	
2042 - 2046		3,580,000		561,669	
2047	_	800,000		30,000	
Totals	<u>\$1</u>	4,220,501	\$7	<u>,792,491</u>	

The net revenue of the Authority is pledged as collateral for the revenue bonds outstanding. \$182,912 is available in the interest and sinking fund at September 30, 2021 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. 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,

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

### 5. 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 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 to build a transmission line from Greenbelt Municipal and Industrial Water Authority to the Gilliland Pump Station to provide treated water for the Truscott-Gilliland Water System. The line was completed and placed into service in September 2018. In March 2019, the Authority received notification from the EPA that the violation on the Truscott-Gilliland Water System was closed.

For 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 Guthrie-Dumont Water System. The Authority drilled a test well and found favorable water quality. The Authority requested a permit from TCEQ to drill up to four additional wells. The four wells have been drilled and sufficient water is now available. In 2020, the Authority awarded two construction contracts and is currently working with engineers relating to these contracts. The current projects under construction are the Guthrie-Dumont Water Line Project and the Guthrie Dumont McAdoo Elevated Tank Project. The new water source will be blended with the existing wells to bring the nitrate threshold into compliance. The two projects have had delays due to COVID-19 and the projected completion date has been extended to fall of 2022.

For the third project, the Hinds-Wildcat System, the Authority has engineered a line to bring treated water from the City of Vernon to the Hinds pump station. However, acquiring necessary easements was difficult. Originally, the Authority tried to partner with the City of Vernon to acquire the easements, but the cost estimates for the combined easement caused the City to withdraw from the partnership. The Authority revised the engineering and easement size and resolicited for the easements. The Authority was able to acquire four of the six easements and was pursuing eminent domain for the two remaining easements. The Authority obtained all 6 easements prior the petition for eminent domain being filed. The plans were drawn and approved, and all permits were obtained, but the project could

# NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

## 5. COMMITMENTS AND CONTINGENT LIABILITIES, continued

not be bid until 2022 due to pipe supply constraints. Bids are set to be opened in January 2022, and the project will be awarded on January 18, 2022.

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. 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 projects.

For the Preston Shores Water System, the Authority awarded a construction contract to construct a new raw water line with a chloride dioxide injection point. The new larger line and injection point will allow the needed contact time to alleviate the TTHM an HAA5 issues. The new line is in place, and the system is in operation with the last payment issued in August 2021. Once four quarters of clean samples can be drawn, the Authority will notify the TCEQ and get the violation lifted.

The other system not in compliance with TTHM and HAA5, is the Lake Arrowhead Water System. To alleviate the problem, the Authority has installed a 12" water line from the City of Wichita Falls Municipal Water System to the Lake Arrowhead Water System. The new line and treated water purchase agreement allows the Authority to close the water treatment plant. This will eliminate the TTHM and HAA5's that were contaminating the water as a byproduct of the treatment process. The Authority completed the installation of the new water line and necessary pumping improvements in early 2021, and as of March 2021 the entire system began being served with treated water from the City of Wichita Falls. Once four quarters of clean samples can be drawn, the Authority will notify the TCEQ and get the violation lifted.

In 2019 a pressure problem was identified in the Howardwick Water System. The Authority converted the existing standpipe system to a pressure system but still needed additional well water production to fully alleviate the problem. A contract was awarded to drill a replacement well to raise well production. The well is completed and tied-in, and the pressure problem is resolved. As of September 30, 2021, the Authority had a total of \$549,999 in remaining contractual commitments related to the ongoing bond projects.

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

#### 6. DEFINED BENEFIT PENSION PLAN

#### Plan Description

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

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

#### Benefits Provided

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

## Membership Information

Members	December 31, 2019	December 31, 2020
Number of inactive employees entitled to		
but not yet receiving benefits:	17	18
Number of active employees:	32	31
Average monthly salary *:	\$4,378	\$4,448
Average age *:	46.84	43.32
Average length of service in years *:	8.31	7.24
Inactive Employees (or their Beneficiaries) Receiv	ing Benefits	
Number of benefit recipients:	16	17
Average monthly benefit:	\$1,995	\$2,125

<sup>\*</sup> Averages reported for all active employees. Average service includes all proportionate service.

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## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

## 6. DEFINED BENEFIT PENSION PLAN, continued

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 2019, 2020 and 2021, which was in excess of the Authority's compliant rates of 3.30%, 3.15% and 2.28% for those respective years. The deposit rate payable by the employee members for the years 2019, 2020 and 2021 was the rate of 7% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Contributions to the Plan in 2019 and 2020 were as follows:

	December 31, 2019	December 31, 2020
Members (Employees) Employer (Authority)	\$120,067 	\$123,022 
Total contributions	<u>\$240,134</u>	\$246,044
Net Pension Liability / (Asset)		
Net Pension Liability / (Asset)	December 31, 2019	December 31, 202

Net Pension Liability / (Asset)	December 31, 2019	December 31, 2020
Total Pension Liability	\$7,839,179	\$8,581,404
Fiduciary Net Position	9,015,845	9,749,789
Net Pension Liability (Asset)	(1,176,666)	(1,168,386)
Fiduciary Net Position as a % of Total		
Pension Liability	115.01%	113.62%
Pensionable Covered Payroll (1)	1,715,248	\$1,757,452
Net Pension Liability as a % of Covered Payroll	(68.60%)	(66.48%)

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

Note: Rounding differences may exist above or in other tables within this note.
(1) Payroll is calculated based on contributions as reported to TCDRS.

#### Discount Rate

Discount rate <sup>(2)</sup> Long-term expected rate of return, net of investment expense <sup>(2)</sup> Municipal bond rate <sup>(3)</sup>	8.10% 8.10% Does not apply	7.60% 7.60% Does not apply
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## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

## 6. DEFINED BENEFIT PENSION PLAN, continued

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

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

### Actuarial Methods and Assumptions Used for GASB Calculations:

Valuation Timing Actuarially determined contribution rates are calculated on a calendar

year basis as of December 31, two years prior to the end of the fiscal

year in which the contributions are reported.

Actuarial Cost Method Entry Age Normal

Remaining Amortization Method Level percent of payroll, closed

Recognition of economic/demographic Straight-line amortization over Expected Working Life gains or losses

Recognition of assumptions changes Straight-line amortization over Expected Working Life

or inputs

Asset Valuation Method:

Smoothing period 5 years
Recognition method Non-asymptotic
Corridor None

Inflation 2.50%

Investment Rate of Return 7.50%, net of administrative and investment expenses, including

inflation

Salary Increases

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

Varies by age and service, 4.6% average over career including inflation

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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

### 6. DEFINED BENEFIT PENSION PLAN, continued

Actuarial Methods and Assumptions Used for Funding Valuation:

Following is a description of the assumptions used in the December 31, 2019 actuarial valuation analysis for Red River Authority:

**Economic Assumptions** 

TCDRS system-wide economic assumptions:

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

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

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.50% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% 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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

### 6. DEFINED BENEFIT PENSION PLAN, continued

#### 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 nondepositing 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.

**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 2021 information for a 10 year time horizon.

# NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

## 6. DEFINED BENEFIT PENSION PLAN, continued

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.

	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected minus Inflation) (2)
Asset Class	Deficientals		
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.25%
Global Equities	MSCI World (net) Index	2.50%	4.55%
International Equities – Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.25%
International Equities – Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	2.11%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.70%
Distressed Debt	Cambridge Associates Distressed Securities (3)	4.00%	5.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.45%
Master Limited	Alerian MLP Index	2.00%	5.10%
Partnerships	a **		
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (4)	6.00%	4.90%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (5)	25.00%	7.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.85%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-0.70%

<sup>(1)</sup> Target asset allocation adopted at the March 2021 TCDRS Board Meeting.

<sup>(2)</sup> Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.00%, per Cliffwater's 2021 capital market assumptions.

<sup>(3)</sup> Includes vintage years 2005 - present of Quarter Pooled Horizon IRRs.

<sup>(4)</sup> Includes vintage years 2007 - present of Quarter Pooled Horizon IRRs.

<sup>(5)</sup> Includes vintage years 2006 - present of Quarter Pooled Horizon IRRs.

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

## 6. DEFINED BENEFIT PENSION PLAN, continued

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:

- 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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

## 6. DEFINED BENEFIT PENSION PLAN, continued

- 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.

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 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

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").

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

## 6. DEFINED BENEFIT PENSION PLAN, continued

Changes in Net Pension Liability / (Asset) at December 31, 2020 is as follows:

	Increase (Decrease)				
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) – (b)		
Balances as of December 31, 2019 Changes for the year:	\$7,839,179	\$9,015,845	(\$1,176,666)		
Service cost	206,722	.ev	206,722		
Interest on total pension liability (1)	634,587	120	634,587		
Effect of plan changes (2)	·	200	-		
Effect of economic/demographic gains or losses	( 121,243)	(a)	( 121,243)		
Effect of assumption changes or inputs	453,552	er 1	453,552		
Refund of contributions	( 13,836)	( 13,836)			
Benefit payments	( 417,556)	( 417,556)			
Administrative expenses	748	( 7,134)	7,134		
Member contributions	120	123,022	( 123,022)		
Net investment income	343	931,019	( 931,019)		
Employer contributions	2	123,022	(123,022)		
Other (3)		(4,591)	4,591		
D A					
Balances as of December 31, 2020	<u>\$8,581,405</u>	<u>\$9,749,791</u>	( <u>\$1,168,386</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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

### 6. DEFINED BENEFIT PENSION PLAN, continued

Changes in Net Pension Liability / (Asset) at December 31, 2019 is as follows:

	Increase (Decrease)			
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) – (b)	
Balances as of December 31, 2018 Changes for the year:	\$7,740,395	\$8,022,465	(\$282,070)	
Service cost	192,538	7.25	192,538	
Interest on total pension liability (1)	620,792	(#)	620,792	
Effect of plan changes (2)	<u> </u>	12	•	
Effect of economic/demographic gains or losses	( 166,197)	(#)	( 166,197)	
Effect of assumption changes or inputs	#	52)	2	
Refund of contributions	( 166,031)	( 166,031)		
Benefit payments	( 382,318)	( 382,318)	ш	
Administrative expenses	€	( 6,870)	6,870	
Member contributions	-	120,067	( 120,067)	
Net investment income	3	1,317,762	( 1,317,762)	
Employer contributions	* 1	120,067	( 120,067)	
Other (3)	70	(9,297)	9,297	
Balances as of December 31, 2019	<u>\$7,839,179</u>	\$9,015,845	(\$1,176,666)	

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

Sensitivity Analysis at December 31, 2020 is as follows:

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

	1% Decrease <u>6.60%</u>	Current Discount Rate 7.60%	1% Increase <u>8.60%</u>
Total pension liability	\$9,619,136	\$8,581,404	\$7,702,610
Fiduciary net position	9,749,789	9,749,789	9,749,789
Net pension liability / (asset)	( <u>\$ 130,653</u> )	( <u>\$1,168,385</u> )	( <u>\$2,047,179</u> )

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

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

## 6. DEFINED BENEFIT PENSION PLAN, continued

Sensitivity Analysis at December 31, 2019 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 <u>7.10%</u>	e D	Current Discount Rate 8.10%	1% te Increase <u>9.10%</u>
Total pension liability	\$8,761,059	9 !	\$7,839,179	\$7,051,428
Fiduciary net position	9,015,84		9,015,845	9,015,845
Net pension liability / (asset)	(\$ 254,780	$\underline{\tilde{0}}$ ) ( $\underline{\tilde{v}}$	\$1,176,666)	( <u>\$1,964,417</u> )
Pension Expense / (Income)				
			l, 2019 to	January 1, 2020 to
		December	r 31, 2019	December 31, 2020
Service cost		\$192	2,538	\$206,722
Interest on total pension liability (1)			),792	634,587
Effect of plan changes				
Administrative expenses		6	5,870	7,134
Member contributions			,067)	(123,022)
Expected investment return net of investment ex	penses	( 636	5,938)	(722,457)
Recognition of deferred inflows/outflows of reso				` ' '
Recognition of economic/demographic gains of	or losses	( 75	5,597)	(104,024)
Recognition of assumption changes or inputs		16	,625	95,602
Recognition of investment gains or losses		79	,908	( 99,773)
Other (2)		9	,286	4,591
Pension expense		<u>\$ 93</u>	<u>,417</u>	(\$100,640)

<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, 2020:

As of December 31, 2020, the deferred outflows and inflows of resources are as follows:

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

### 6. DEFINED BENEFIT PENSION PLAN, continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience Changes of assumptions Net difference between projected and actual earnings Contributions made subsequent to measurement date	\$ 11,181 367,732 - 94,406	\$261,466 340,066
Total	<u>\$473,319</u>	<u>\$601,532</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:

Year Ended December 31:	
2021	(\$ 92,010)
2022	(10,705)
2023	(144,656)
2024	24,752

For the year ended December 31, 2020, there were no changes to the Plan relative to assumptions and benefit terms.

As of December 31, 2019, the deferred outflows and inflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience Changes of assumptions Net difference between projected and actual earnings Contributions made subsequent to measurement date	\$ 22,362 9,782 	\$255,428 231,278
Total	<u>\$123,802</u>	<u>\$486,706</u>

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

#### 7. 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. The death benefit paid from the GTL program is an OPEB benefit. The OPEB program is treated as an unfunded trust, because the GTL Trust covers both activities and retirees and is not segregated.
- 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. The TCDRS Group Term Life program has been determined to be an unfunded OPEB plan as the GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB 75, because the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan. For GASB 75 purposes, the OPEB plan is not a cost sharing plan, so the annual benefit payments are treated as being equal to the employer's actual retiree GTL contributions for the year.
- 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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

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

## Membership Information

Members	12/31/19	12/31/20
Number of inactive employees entitled to but not yet receiving benefits (1)	3 32	3 31
Number of active employees  Average age of active employees	46.84	43.32
Average length of service in years for active employees	8.31	7.24
Inactive Employees Receiving Benefits (1) Number of benefit recipients (1)	12	14

<sup>(1) &</sup>quot;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**

71	December 31, 2019	December 31, 2020
Total OPEB liability	\$69,233	<u>\$78,763</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

	December 31, 2019	December 31, 2020
Discount rate (1)	2.74%	2.12%
Long-term expected rate of return, net of investment expense (1)  Municipal bond rate (1)	Does not apply 2.74%	Does not apply 2.12%

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

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

Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2020 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

Recognition of assumptions

changes or inputs

Straight-line amortization over expected

working life

Straight-line amortization over expected

working life

Asset Valuation Method Does not apply

Inflation Does not apply

Salary Increases Does not apply

(Discount Rate)

Investment Rate of Return

2.12% (20-year Bond GO Index published

by bondbuyer.com as of 12/31/20)

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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

## 7. 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 33.4% for males and 0.0% to 36.2% for females depending on entry dates and

years of service.

## Changes in total OPEB liability for the years ended December 31, 2020 and 2019:

	2019 Changes in Total OPEB Liability	2020 Changes in Total OPEB Liability
Balances as of January 1	\$53,030	\$69,233
Changes for the year: Service cost	1,332	2,105
Interest on total OPEB liability (1)	2,201	1,938
Changes of benefit terms (2)	( 000)	( 1.055)
Effect of economic/demographic experience	( 389)	( 1,855)
Effect of assumptions changes or inputs (3)	14,431	8,572
Benefit payments	(1,372)	( 1,230)
Other	( <del></del>	, <u> </u>
Balance as of December 31	<u>\$69,233</u>	<u>\$78,763</u>

- (1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.
- (2) No plan changes valued.
- (3) Reflects change in discount rate.

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

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

### Sensitivity analysis at December 31, 2020 is as follows:

The following presents the total OPEB liability of the Authority, calculated using the discount rate of 2.12%, 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 (1.12%) or 1 percentage point higher (3.12%) 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%	Current	1%
	Decrease	Discount Rate	Increase
	1.12%	2.12%	3.12%
,			
Total OPEB liability	\$95,856	\$78,763	\$65,564

#### Sensitivity analysis at December 31, 2019 is as follows:

The following presents the total OPEB liability of the Authority, calculated using the discount rate of 2.74%, 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 (1.74%) or 1 percentage point higher (3.74%) 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%	Current	1%
	Decrease 1.74%	Discount Rate 2.74%	Increase 3.74%
Total OPEB liability	\$83,405	\$69,233	\$58,17 <u>6</u>

#### 2019 and 2020 Employer OPEB Contributions and Benefit Payments

The following shows a breakdown of the Authority's contributions to the GTL program for the calendar years 2019 and 2020. 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.

### NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

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

Coverage Type	2019 GTL Rate	Amount	Fina	ncial Reporting
Active Member GTL Benefit Retiree GTL Benefit	0.22% 0.08%	\$3,774 1,372	No cha GASB	inge from prior year 75
Coverage Type	2020 GTL Rate	Amount	Finar	ncial Reporting
Active Member GTL Benefit Retiree GTL Benefit	0.19% 0.07%	\$3,339 1,230	No cha GASB	ange from prior year 75
OPEB Expense		January 1, 2		January 1, 2020 to December 31, 2020
Service cost Interest on total pension liability (1)		\$1,33 2,20		\$2,105 1,938
Effect of plan changes Recognition of deferred inflows/outfl of resources:		( 26	115	-
Recognition of economic/demograp gains or losses Recognition of assumption changes		1,74	51) 16	( 616) 2,971
Other		9-11-11		( <u>m. 18</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

OPEB expense

As of December 31, 2020, the deferred outflows and inflows of resources are as follows:

\$4,928

\$6,398

### NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience Changes of assumptions Contributions made subsequent to	\$ 321 18,188	\$3,029 3,196
measurement date	1,017	
Total	<u>\$19,526</u>	<u>\$6,225</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:	
2021	\$2,355
2022	2,355
2023	2,355
2024	3,302
2025	960
Thereafter	957

As of December 31, 2019, the deferred outflows and inflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience Changes of assumptions Contributions made subsequent to	\$ 428 13,653	\$1,897 -4,262
measurement date	908 \$14 989	\$6.159
Total	<u>\$14,989</u>	<u>\$6,159</u>

### NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

#### 8. PUBLIC ENTITY RISK POOL

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

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

#### 9. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Significant financial data for identifiable activities included as part of the government-wide presentation are as follows at September 30, 2021:

	Utility Division	Environmental Services Division	Other Enterprise Funds
Condensed Statement of Net Position		<del></del>	
Assets:			
Current assets	\$2,322,395	\$245,683	\$
Restricted assets	5,838,655	易	38,750
Capital assets	15,404,201	147,169	5#2
Total assets	23,565,251	392,852	38,750
Liabilities:			
Current liabilities	857,384	198,203	:=:
Noncurrent liabilities	14,019,670	<u> </u>	1 <b>2</b> 3
Total liabilities	14,877,054	198,203	143
Net position:			
Net investment in capital assets	6,671,274	147,169	30
Restricted net position	182,912	2	¥
Unrestricted net position	1,834,011	47,480	38,750
Total net position	\$8,688,197	\$194,649	\$38,750

#### NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

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

Condensed Statement of Revenue,	Utility Division	Environmental Services Division	Other Enterprise Funds
Expenses, and Changes in Net Position	A	****	
Operating revenues	\$5,959,622	\$921,952	\$
Operating expense	5,356,552	876,469	
Operating income	603,070	45,483	
Nonoperating revenues (expenses)	( 425,580)		
Transfers	398,147	(*)	( 3,500)
Change in net position	575,637	45,483	( 3,500)
Beginning net position	8,112,560	149,166	42,250
Ending net position	\$8,688,197	\$194,649	\$38,750
Condensed Statement of Cash Flows	Utility Division	Environmental Services Division	Other Enterprise Funds
Operating activities	<b>41.100.50</b>	(4)	
	\$1,168,767	(\$ 9,588)	\$ 875
Noncapital financing activities  Capital and related financing activities	152,072	( 00 005)	( 4,375)
Investing activities	(4,447,970)	( 99,235)	
	64,368		<u> </u>
Net increase (decrease)	(3,062,763)	( 108,823)	( 3,500)
Beginning cash and cash equivalents	10,033,441	( 71,750)	42,250
Ending cash and cash equivalents	\$6,970,678	(\$180,573)	\$38,750

#### 10. NEW PRONOUNCEMENTS

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

Statement No. 87 – Leases, is effective for reporting periods beginning after June 15, 2021. 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

### NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2021 and 2020

#### 10. NEW PRONOUNCEMENTS, Continued

or outflows of resources based on the payment provisions of the contract. It establishes 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.

Statement No. 89 – Accounting for Interest Cost Incurred Before the End of a Construction Period, is effective for reporting periods beginning after December 15, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

Statement No. 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 12, is effective for reporting periods beginning after June 15, 2021. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

These pronouncements are not expected to have any significant impact on the Authority when effective.

REQUIRED SUPPLEMENTARY INFORMATION

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

							Year Ended	Decen	nber 31					
	2020	2019	2	018	2017		2016		2015		2014	2013	2012	2011
Total Pension Liability Service cost Interest on total pension liability Effect of plan changes Effect of assumption changes or inputs Effect of economic/demographic (gains) or	\$ 206,721 634,587 453,552 (121,243)	\$ 192,538 620,792		186,368 608,914 (161,881)	\$ 170,70 571,65 24,45 55,90	0	189,043 540,261 (126,702)	\$	177,653 500,695 (33,872) 58,664 20,889	5	179,324 459,093 44,989	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
losses Benefit payments/refunds of contributions Net change in total pension liability	(431,392) 742,225		)	(439,633) 193,768	(319,38		(267,816) 334,786	_	(191,663) 532,366	_	(171,004) 512,402	N/A N/A	N/A N/A	N/A N/A
Total pension liability, beginning Total pension liability, ending (a)	7,839,179 \$ 8,581,404			7,546,627 7,740,395	7,043,2 \$ 7,546,6		6,708,505 7,043,291	<u>_s</u>	6,176,139 6,708,505	ŝ	5,663,736 6,176,139	N/A N/A N/A	N/A N/A N/A N/A	N/A N/A N/A N/A
Fiduciary Net Position Employer contributions Member contributions Investment income net of investment expenses Benefit payments/refunds of contributions Administrative expenses Other Net change in fiduciary net position Fiduciary net position, beginning Fiduciary net position, ending (b)	\$ 123,022 123,022 931,019 (431,392 (7,134 (4,592 733,945 8,015,845 \$ 9,749,790	120,06 1,317,76; ) (548,34' ) (6,87' ) (9,29 993,38 8,022,46	9) 9) 0) 7) 5	108,963 108,963 (159,258) (439,633) (6,444) (5,758) (393,167) 8,415,632 8,022,465	\$ 103,6 103,6 1,085,5 (319,3 (5,5) (1,5) 966,2 7,449,3 \$ 8,415,6	11 48 81) 97) 56) —	99,671 99,671 518,631 (267,816) (5,633) 1,306 445,830 7,003,566 7,449,396	\$	99,794 99,794 (109,237) (191,663) (5,073) 11,611 (94,773) 7,098,339 7,003,566	\$	96,084 96,084 444,841 (171,004) (5,286) 9,359 470,078 6,628,261 7,098,339	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 N/A N/A	N/A N/A N/A N/A N/A N/A N/A N/A
Net pension liability / (asset), ending = (a) - (b)	\$ (1,168,386	s (1,176,66	6) \$	(282,070)	\$ (869,0	05) 5	(406,105)		(295,062)	-5	(922,200)	N/A	N/A	N/A
Fiduciary net position as a % of total pension liability	113,629	/6 115.01	%	103 64%	111.5	2% =	105,77%	=	104 40%	-	114 93%	N/A	N/A	N/A
Covered payroll	\$ 1,757,452	\$ 1,715,24	8 <u>S</u>	1,556,621	\$ 1,480,	57 _	1,423,868	-\$	1,425,630	<u>S</u>	1,372,634	N/A	N/A	N/A
Net pension liability as a % of covered payroll	+66,48	<u>√68.60</u>	<u> </u>	-18,12%	-58,	71%	-28.52%	-	-20 70%	-	-67 18%	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.

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

Year Ending September 30	Det	tuarially ermined ribution <sup>(1)</sup>	Е	Actual mployer tribution <sup>(1)</sup>	D	ntribution eficiency Excess)	Covered Payroll <sup>(2)</sup>	Actual ontribution as % of Covered Payroll
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%
2020		55,847		122,549		(66,702)	1,750,696	7.0%
2021		44,918		125,769		(80,852)	1,796,706	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.

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

		****					Year Ended December 31							
		2020	2019		20	018		2017	2016	2015	2014	2013	2012	2011
Total OPEB Liability	2									2144	27/4	31/4	N/A	N/A
Service cost	5	2,105	-	1,332	\$	1,620	\$	1,350	N/A	N/A	N/A	N/A		N/A
Interest on total OPEB liability		1,938	2	2,201		2,070		2,035	N/A	N/A	N/A	N/A	N/A	
Effect of plan changes		- 52		12				-	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs		8,572	14	4,431		(6,394)		2,848	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses		(1,855)		(389)		(2,359)		749	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments		(1,230)	(	1,372)		(934)		(888)	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability		9,530		6,203		(5,997)		6,094	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, beginning		69,233	5	3,030		59,027		52,933	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, ending (a)	-	78,763		9,233	\$	53,030	2	59,027	N/A	N/A	N/A	N/A	N/A	N/A
Total OFED Hability, ending (a)	-	-,74,155							N/A	N/A	N/A	N/A	N/A	N/A
Covered payroll	2	1,757,452	\$ 1,71	5,248	<u>\$ 1</u>	,556,621	\$_	1,480,157	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB liability as a % of covered payroll		4.48%		4.04%		3.41%	10	3.99%	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.

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED SEPTEMBER 30, 2021

#### A. DEFINED BENEFIT PENSION PLAN

Changes of benefit terms

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

Changes of assumptions

There were no changes in the actuarial assumptions that affected measurement of the total pension liability during the measurement period, except for a decrease in the discount rate from 8.10% to 7.60%.

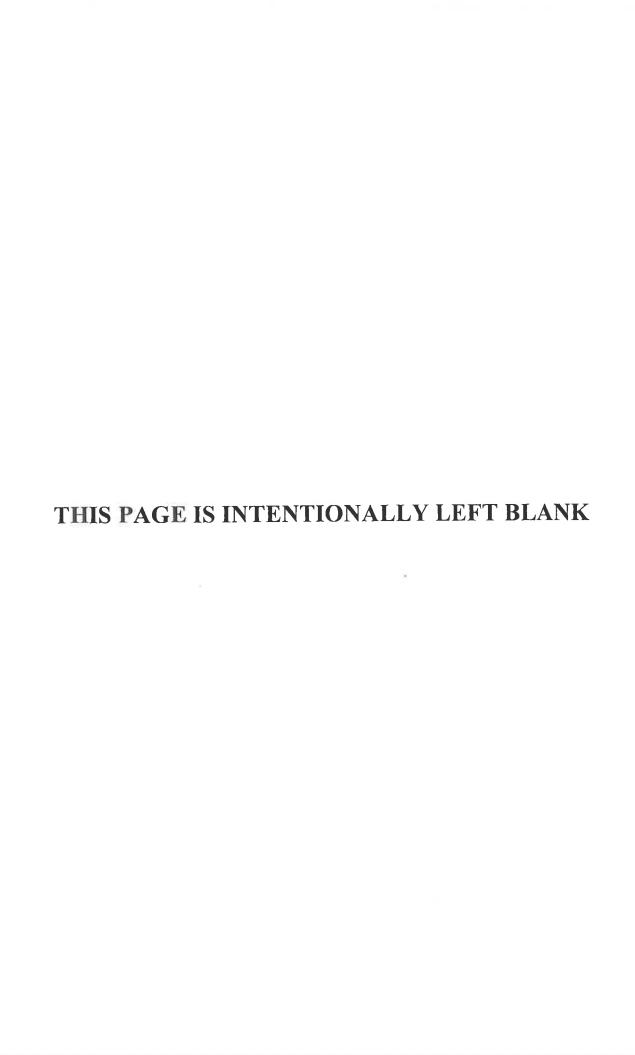
#### B. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN

Changes of benefit terms

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

Changes of assumptions

There were no changes in the actuarial assumptions that affected the measurement of the total OPEB liability during the measurement period, except for a decrease in the discount rate from 2.74% to 2.12%.



OTHER SUPPLEMENTARY INFORMATION

#### RED RIVER AUTHORITY OF TEXAS COMBINING SCHEDULE OF NET POSITION September 30, 2021

				Enterpris	se Fund	S		
	Di	tility vision Tund	Sei	onmental rvices on Fund	D Fin: Arran	irect ancing agements und	Deve Au	dustrial elopment ethority Fund
ASSETS								
Current assets:							œ.	
Cash and short-term investments	\$ 1	,132,023	\$	-	\$	·	\$	16:
Receivables:				0.45 (0.3				
Trade and contracts	l	,008,124		245,683		15		1.60
Prepaid expenses		36,425				-		
Inventory		145,823						
Restricted assets:		020 (55						38,750
Cash and short-term investments		,838,655		245,683	-	·		38,750
Total current assets	- 8	,161,050	-	243,063			_	30,730
Long-term assets:						36		
Net pension assets		91		5.5		5-		-
Capital assets not being depreciated		,729,929		51,500				•
Capital assets being depreciated (net)		,674,272	-	95,669			_	
Total long-term assets	15	5,404,201		147,169			-	
Total assets	23	,565,251		392,852			-	38,750
Deferred outflows of resources:								
Pension and OPEB related	-		_	-	-			
LIABILITIES								
Current liabilities:				100 572				_
Bank overdraft		442.022		180,573				3
Accounts payable - trade		443,922		9,720 7,910				8
Accrued payroll and related taxes		37,816 6,646		7,510		8		9
Unearned revenue		369,000		3		9		
Bonds payable, current maturities		857,384	-	198,203	_		-	-
Total current liabilities	-	037,304		170,203	_			
Long-term liabilities:								
Bonds payable, less current maturities	14	4,019,670		€.		*		
Total OPEB liability	==-	-	-		-		-	
Total long-term liabilities	14	4,019,670					_	
Total liabilities	14	4,877,054		198,203		<del>:</del>		
Deferred inflows of resources: Pension and OPEB related		*		3		- 2		-
rension and Ored Iciated	-							
Net position:				147.160				5
Net investment in capital assets		6,671,274		147,169		37		-
Restricted:		102.012		s s		240		
Debt service		182,912						38,750
Unrestricted		1,834,011		47,480				50,750
Total net position	\$	8,688,197	\$	194,649	\$		\$	38,750

Internal Service Fun	ıds	Fu	ervice	S	rnal	e	nt	1
----------------------	-----	----	--------	---	------	---	----	---

General Division Fund	L	rfund oan und	Div	itenance vision `und	Con	nmunications Division Fund	EI	iminations		Totals
\$ 8,192,425	\$	226	\$	(2)	\$	1,161,508	\$	(180,573)	\$	10,305,383
9,963						1,315				1,265,085
9,903		5%				1,515		2		36,425
(a)		329		1/21				¥		145,823
ac						20		*		5,877,405
8,202,388		(*)	-	) <u>*</u>		1,162,823		(180,573)		17,630,121
1,168,386		Car.		191						1,168,386
183,332				*		M		\$		5,964,761
526,828		-				22,789				10,319,558
1,878,546		_ e		(ec		22,789	_	*	_	17,452,705
10,080,934		1.0	-	-		1,185,612		(180,573)	-	35,082,826
492,845	93		<u> </u>	-	-	ч	-		œ	492,845
						s		(180,573)		
6,858		3.40		-		176		(100,575)		460,676
12,247		-		-		=		2		57,973
		127				63,604		¥:		70,250
						-		*:		369,000
19,105		<u> </u>				63,780		(180,573)		957,899
9		20		223		=		.102		14,019,670
78,763				<u>×</u> _				Ψ	_	78,763
78,763	-	12.		-	-			<u></u>		14,098,433
97,868		_ (3)				63,780	-	(180,573)	-	15,056,332
607,757	-	<u> </u>		- 4				165	-	607,757
710,160		3:		٠		22,789		12		7,551,392
9,157,994		er er		»		1,099,043		(%) (70)		182,912 12,177,278
\$ 9,868,154	\$		\$	.es	\$	1,121,832	\$	190	\$	19,911,582

# RED RIVER AUTHORITY OF TEXAS COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION for the year ended September 30, 2021

	Enterprise Funds						
	Utility Division Fund	Environmental Services Division Fund	Direct Financing Arrangements Fund	Industrial Development Authority Fund			
Operating revenues:	D 5 503 646	\$	\$ -	\$ ==			
Water and sewer sales	\$ 5,503,646	-	<b>D</b> =	J S			
Charges for materials and services	*	552,584					
Administrative fee income	455.076	260.269					
Other	455,976	369,368		~ <del></del>			
Total operating revenues	5,959,622	921,952					
Operating expenses:							
Water purchases	1,168,773		₹				
Personnel services	1,312,290	384,066	9	-			
Administrative costs	1,176,336	149,003	2				
Utilities, supplies, and maintenance	791,970	306,647	22	2.60			
Insurance		-	-	(1 <del>1</del> )			
Automobile and travel	199,080	15,818	₹	**			
Professional and directors fees	2	: <del>*</del> :	2				
Research expense	5,400	<u> </u>					
Total operating expenses	4,653,849	855,534					
Operating income (loss) before depreciation and amortization	1,305,773	66,418		.ee			
Depreciation and amortization	(702,703)	(20,935)		- 12			
Operating income (loss)	603,070	45,483	- 30				
Nonoperating revenues (expenses):							
Interest income	64,368	€	526	100			
Interest expense	(489,948)		(4)				
Total nonoperating revenues (expenses)	(425,580)			- 2			
Transfers	398,147		(3,500)	-			
Change in net position	575,637	45,483	(3,500)	¥			
Net position, beginning	8,112,560	149,166	3,500	38,750			
Net position, ending	\$ 8,688,197	\$ 194,649	\$ -	\$ 38,750			

_			Internal	Servi	ce Funds						
	General Division Fund	Interfund Loan Fund		Maintenance Division Fund		Communications Division Fund		Eliminations			Totals
\$	78,943 1,196,452 182,625	\$ = : :: ::		- \$			\$ 54,742		\$ - (121,613) (1,196,452)		5,503,646 564,656 1,008,969
_	1,458,020	-				2	55,742	(1,	,318,065)	-	7,077,271
	¥		×		£		*				1,168,773
	491,894				*:		201		*		2,188,250
	47,119		*		50		16,787	(1,	,196,452)		192,793
	109,730				70		6,853	(	(121,613)		1,093,587
	81,310		8		E		Calif		2		81,310
	7,249		2		20		341		¥		222,147
	78,227		×		=		æ:		*		78,227
	220,296		*		•						225,696
_	1,035,825			_			23,640	(1,	,318,065)	_	5,250,783
	422,195				-		32,102		¥		1,826,488
_	(55,347)			-	1.2		(6,216)				(785,201)
_	366,848		#	_			25,886			_	1,041,287
	31,002		Ē				4,464		2		99,834
	2		<u> </u>		-		4		<u> </u>		(489,948)
	31,002				18		4,464				(390,114)
_	5,095,129	(5,	091,629)		(398,147)	-				_	
	5,492,979	(5,	091,629)		(398,147)		30,350		2		651,173
	4,375,175	5,	091,629		398,147		1,091,482		<u> </u>	·	19,260,409
\$	9.868.154	\$	-	\$	141	\$	1,121,832	\$		\$	19,911,582

### RED RIVER AUTHORITY OF TEXAS COMBINING SCHEDULE OF CASII FLOWS

	Enterprise Funds						
	Utility Divisiou Fuad	Environmental Services Division Fund	Direct Financing Arrangements Fund	Industrial Development Authority Fund			
Increase (decrease) in cash and cash equivalents:  Cash flows from operating activities:  Cash received from customers and users  Cash received from internal services provided  Cash payments to suppliers for goods and services  Cash payments to employees for services  Net cash provided by (used in) operating activities	5,917,294 (3,440,240) (1,308,287) 1,168,767		\$ 875 - - - - - - - - - - - - - - - - - -	\$ -			
Cash flows from noncapital financing activities:  Transfers to other funds  Transfers from other funds  Net cash provided by (used in) noncapital financing activities	152,072 152,072		(4,375)	* * * * * * * * * * * * * * * * * * *			
Cash flows from capital and related financing activities: Principal paid on revenue bonds and notes Interest paid on revenue bonds and notes Acquisition of capital assets Net cash provided by (used in) capital and related financing activities	(358,133) (519,442) (3,570,395) (4,447,970)	(99,235)		5 5 2			
Cash flows from investing activities: Interest received on investments Net cash provided by (used in) investing activities Net increase (decrease) in cash and cash equivalents	64,368 64,368 (3,062,763)		(3,500)				
Cash and cash equivalents (deficit), beginning	10,033,441	(71,750)	3,500	38,750 \$ 38,750			
Cash and cash equivalents (deficit), ending	\$ 6,970,678	\$ (180,573)	<u> </u>	30,750			

_			Internal S	Service I	Funds						
-	General <del>Division</del> Fund	Interfund Loan Fund		Maintenance Division Fund		Communications Division Fund		Eliminations			Totals
\$	301,396 1,196,452 (563,349) (718,959) 215,540	\$	- F	\$	9,005 74,893 (9,957) 73,941	s	80,096 (25,178) 	\$	(121,613) (1,196,452) 1,313,237 4,828	\$	7,024,822 (3,110,767) (2,409,602) 1,504,453
_	5,096,004 5,096,004		5,091,629)	=	(152,072)	4		-	*	=	(5,248,076) 5,248,076
	(37,038)		# # #	-	(%) (%) (%)		(12,644) (12,644)	=	8 8	=	(358,133) (519,442) (3,719,312) (4,596,887)
_	31,002 31,002 5,305,508	(5	5,091,629)	-	(78,131)	_	4,464 4,464 46,738	_		_	99,834 99,834 (2,992,600)
\$	2,886,917 8,192,425	•	5,091,629	\$	78,131	\$	1,114,770		<u> </u>	<u> </u>	19,175,388 16,182,788

### COMBINING SCHEDULE OF CASH FLOWS - ENTERPRISE FUNDS, Continued for the year ended September 30, 2021

	Enterprise Funds							
	1	Utility Division Fund		ironmental Services ision Fund	Fin: Arran	irect ancing agements and	Devel	ustrial lopment hority und
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				63				
Operating income (loss)	\$	603,070	\$	45,483	\$	<u>*</u> _	\$	(#)
Adjustments to reconcile operating income (loss) to net								
cash provided by operating activities:								
Depreciation and amortization		702,703		20,935		*		293
Change in assets and liabilities:						25.5		
(Increase) decrease in trade receivables		(34,107)		(84,183)		875		*
(Increase) decrease in due from other funds		98		•		*		30
(Increase) decrease in prepaid expenses		1,258		==		\$		347
(Increase) decrease in inventory		(145,823)		*		*		170
(Increase) decrease in net pension assets		iii		-		2		(30)
(Increase) decrease in deferred outflows		·		*		2		<b>2</b> 0
Increase (decrease) in trade accounts payable		45,884		1,338		₽:		141
Increase (decrease) in accrued payroll and related liabilities		4,003		6,839		<b>₹</b>		3
Increase (decrease) in unearned revenues		(8,221)		2		₽:		3
Increase (decrease) in total OPEB liability		54		*		*		300
Increase (decrease) in deferred inflows					2	-		
Total adjustments		565,697	-	(55,071)		875		388
Net cash provided by (used in) operating activities	\$	1,168,767	\$	(9,588)	\$	875	\$	

_											
	General Division Fund	Interfund Loan Fund		Maintenance Division Fund		Communications Division Fund		Eliminations		Totals	
\$	366,848	\$	*	\$		\$	25,886	\$		\$ 1,041,287	
	55,347		•		a.		6,216		i.	785,201	
	39,828		(30)		9,005		(7,230)			(75,812)	
			170		3		100		(%)		
	34,113		56		150		:=		7.	35,521	
			12.		85,621		15		0.00	(60,202)	
	8,280		34.5		32		:=		020	8,280	
	(354,054)		3		25		Se		100	(354,054)	
	(53,531)		-		(10,878)		(1,538)		-	(18,725)	
	(5,713)		2.0		(9,957)		÷		-	(4,828)	
	€		12		9		31,584		-	23,363	
	9,530		22		*		*		-	9,530	
	114,892		- 2		¥			-		114,892	
	(151,308)				73,941		29,032			463,166	
\$	215,540	\$		\$	73,941	\$	54,918	S		\$ 1,504,453	

### COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES ENTERPRISE FUNDS

#### BUDGET AND ACTUAL

	U	tility Division Fund	l	Envir	Environmental Services			
	Original and Final Budget	Actual	Variance Positive (Negative)	Original and Final Budget	Actual	Variance Positive (Negative)		
Operating revenues:								
Water and sewer sales	\$ 5,380,053	\$ 5,503,646	\$ 123,593	\$ -	\$ -	\$		
Charges for materials and services		*		602,278	552,584	(49,694)		
Other	252,415	455,976	203,561	361,118	369,368	8,250		
Total operating revenues	5,632,468	5,959,622	327,154	963,396	921,952	(41,444)		
Operating expenses:								
Water purchases	1,197,642	1,168,773	28,869			(02.0(4)		
Personnel services	1,124,627	1,312,290	(187,663)	362,000	384,066	(22,066)		
Administrative costs	1,017,553	1,176,336	(158,783)	163,919	149,003	14,916		
Utilities, supplies, and maintenance	1,005,463	791,970	213,493	347,401	306,647	40,754		
Insurance	5	3€	19	*	:55	7/		
Automobile and travel	121,424	199,080	(77,656)	16,000	15,818	182		
Professional and directors fees	E		19	1,000	989	1,000		
Research expense	8	5,400	(5,400)		720	25		
Bad debt	34,631		34,631					
Total operating expenses	4,501,340	4,653,849	(152,509)	890,320	855,534	34,786		
Operating income (loss) before			7					
depreciation and amortization	1,131,128	1,305,773	174,645	73,076	66,418	(6,658)		
Depreciation and amortization	(629,003)	(702,703)	(73,700)	(33,194)	(20,935)	12,259		
Operating income	502,125	603,070	100,945	39,882	45,483	5,601		
Nonoperating revenues (expenses):								
Interest income	80,000	64,368	(15,632)	-	-			
Gain on disposal of capital asset		×	160		T-1			
Interest expense	(512,450)	(489,948)	22,502					
Total nonoperating revenues (expenses)	(432,450)	(425,580)	6,870					
Income before operating transfers	69,675	177,490	107,815	39,882	45,483	5,601		
Operating transfers in	- 4	398,147	398,147					
Change in net position	\$ 69,675	575,637	\$ 505,962	\$ 39,882	45,483	\$ 5,601		
Net position, beginning		8,112,560			149,166			
Net position, ending		\$ 8,688,197			\$ 194,649			

#### 6.5

# RED RIVER AUTHORITY OF TEXAS COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES INTERNAL SERVICE FUNDS BUDGET AND ACTUAL

		General Division Fu	nd	Interfund Loan Fund				
	Original and Final		Variance Positive	Original and Final		Variance Positive		
0	Budget	Actual	(Negative)	Budget	Actual	(Negative)		
Operating revenues:	E 50.06	5 50040	Φ 20.056	•				
Charges for materials and services Administrative fee income	\$ 58,067	\$ 78,943	\$ 20,876	\$ =	\$ =:	\$		
	1,258,883	1,196,452	(62,431)			**		
Other	115,400	182,625	67,225					
Total operating revenues	1,432,350	1,458,020	25,670		·			
Operating expenses:								
Personnel services	792,000	491,894	300,106		*			
Administrative costs	65,653	47,119	18,534	1,550	•	1,550		
Utilities, supplies, and maintenance	107,493	109,730	(2,237)		*			
Insurance	77,913	81,310	(3,397)	a	*	**		
Automobile and travel	11,688	7,249	4,439		Ħ	·*		
Professional and directors fees	252,413	78,227	174,186		•	* *		
Research expense	15,000	220,296	(205,296)		=			
Total operating expenses	1,322,160	1,035,825	286,335	1,550		1,550		
Operating income (loss) before depreciation	110,190	422,195	312,005	(1,550)	=	1,550		
Depreciation	(57,760)	(55,347)	2,413					
Operating income (loss)	52,430	366,848	314,418	(1,550)		1,550		
Nonoperating revenues:								
Interest income	9,800	31,002	21,202	15,500	-:	(15,500)		
Total nonoperating revenues	9,800	31,002	21,202	15,500		(15,500)		
Income before operating transfers	62,230	397,850	335,620	13,950	*	(13,950)		
Operating transfers in (out)		5,095,129	5,095,129	-	(5,091,629)	(5,091,629)		
Change in net position	\$ 62,230	5,492,979	\$ 5,430,749	\$ 13,950	(5,091,629)	\$ (5,105,579)		
Net position, beginning		4,375,175			5,091,629			
Net position, ending		\$ 9,868,154			<u>\$</u>			

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#### RED RIVER AUTHORITY OF TEXAS

#### COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES

### INTERNAL SERVICE FUNDS BUDGET AND ACTUAL

	Maintenance Division Fund						Communications Division Fund					
	and F	Original Variance and Final Positive Budget Actual (Negative)		Original and Final Budget		Actual		P	ariance ositive egative)			
Operating revenues: Charges for materials and services	\$ 53	34,099	_\$_		\$ (534,099	<u>))</u>	\$	75,650	\$	55,742	\$	(19,908)
Operating expenses:												
Personnel services	24	40,280		•	240,280	)		•		923		*
Administrative costs		68,093			68,093			7,768		16,787		(9,019)
Utilities, supplies, and maintenance		06,310			106,310			45,787		6,853		38,934
Automobile and travel		65,257			65,257			-		72		4
Total operating expenses		79,940			479,940	<u></u>		53,555	-	23,640		29,915
Operating income (loss) before depreciation		54,159		( <b>*</b>	(54,159	9)		22,095		32,102		10,007
Depreciation		42,105)		12	42,10			(6,001)		(6,216)		(215)
Operating income (loss)		12,054			(12,054	4)		16,094	-	25,886		9,792
Nonoperating revenues:												
Interest income		226		=	(22)	6)		3,800		4,464		664_
Total nonoperating revenues		226			(22)	6)		3,800		4,464		664
Income before operating transfers		12,280		¥	(12,28	0)		19,894		30,350		10,456
Operating transfers in (out)			i e	(398,147)	(398,14	<u>7)</u>					:	
Change in net position	\$	12,280		(398,147)	\$ (410,42	<u>7)</u>	_\$	19,894		30,350		10,456
Net position, beginning				398,147						1,091,482		
Net position, ending			\$	3					_\$_	1,121,832		

#### Service and Rates Fiscal Year Ending September 30, 2021 (unaudited)

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

#### Residential:

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)

#### Commercial:

Base Monthly Charge: \$85.00

Demand Block 1:

\$6.75 per 1,000 gallons for the first 30,000 gallons

Demand Block 2:

\$9.00 per 1,000 gallons for all water used over 30,000 gallons

The Authority had three thousand nine hundred ninety (4,051) metered connections as of September 30, 2021. During the fiscal year 661.91 million gallons of treated water was produced, with 371.59 million gallons being sold. The total anticipated debt service for the Utility Division in fiscal year 2022 is eight hundred eighty-one thousand eight hundred fifty-eight dollars (\$881,858).

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.

#### SCHEDULE OF PROPRIETARY FUND EXPENSES

### (Before Intrafund Eliminations) for the year ended September 30, 2021

Personnel (including benefits and GASB 68/75 adjustment	s)	\$	2,188,250
Professional fees:			
Accounting and audit			56,060
Legal			10,804
Purchased services for resale:			
Bulk water and wastewater service purchases			1,168,773
Utilities			178,112
Repairs and maintenance			538,913
Administrative expenditures:			
Directors fees			9,903
Office supplies			99,440
Insurance			81,310
Other administrative expenses			1,198,592
Regulatory fees	.59		47,882
Other expenditures		-	2,265,958
	TOTAL EXPENSES	\$	7,843,997
Number of persons employed by the Authority:	34	_	

#### Exhibit C-8

### RED RIVER AUTHORITY OF TEXAS SCHEDULE OF TEMPORARY INVESTMENTS

Investment	Account Number	Interest Rate	Maturity Date	Balance at End of Year
Money Market	5067677	1.50%	N/A	\$ 3,299,592
Insured Cash Sweep	1053043	0.50%	N/A	6,031,713
Insured Cash Sweep	4047767	0.32%	N/A	4,841,398
TexPool	2431400001	0.02%	N/A	720,962
TexPool	2431400002	0.02%	N/A	176,723
TexPool	2431400004	0.02%	N/A	814,345
TexPool	2431400005	0.02%	N/A	182,912
Total Temporary Inves	tments			\$ 16,067,645

#### Exhibit C-9

### RED RIVER AUTHORITY OF TEXAS TAXES LEVIED AND RECEIVABLE

for the year ended September 30, 2021

The Red River Authority of Texas does not levy taxes.

### RED RIVER AUTHORITY OF TEXAS BONDED DEBT AND INTEREST MATURITIES

September 30, 2021

Annual Requirements for all Series

	-					
*						Annual
Fiscal Year	Bond	Maturities	Inter	est on Bonds	R	equirements
2021-2022	\$	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		491,301		384,680		875,981
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	a a	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
		-				
	\$ 1	14,220,501	\$	7,792,491	\$	22,012,992

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

#### **September 30, 2021**

Water Revenue Bonds	
Net income utility division (Exhibit C – 2) Add:	\$ 575,637
Revenue bond interest expense \$ 489,9 Depreciation and amortization, net	
Net earnings for determining debt service coverage	\$ 1,768,288
Total principal and interest requirements	\$ 22,012,992
Number of years remaining to pay bonds	÷26
Average annual principal and interest requirement	\$ 846,654
Average annual debt service coverage	2.09
Maximum principal and interest requirement	\$ 880,445
Maximum debt service coverage	2.01
Interest and Sinking Fund as of September 30, 2021	\$ 182,912
Bond Reserve Fund as of September 30, 2021	\$

#### Exhibit C-12

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

**TOTAL BOND ISSUE: \$849,200** 

	Prin	Bond cipal Due	Interest Due 1.93%				al Annual	Bonds Outstanding		
Year	Aı	igust 15	Feb	ruary 15	Au	igust 15	Rec	quirement	Sep	tember 30
2020-21									\$	430,501
21-22	\$	44,000	\$	4,929	\$	4,929	\$	53,858		386,501
22-23		45,000		4,526		4,526		54,052		341,501
23-24		46,200		4,081		4,081		54,362		295,301
24-25		47,400		3,597		3,597		54,594		247,901
25-26		48,600		3,078		3,078		54,756		199,301
26-27		49,800		2,524		2,524		54,848		149,501
27-28		51,000		1,935		1,935		54,870		98,501
28-29		52,200		1,314		1,314		54,828		46,301
29-30		46,301		665		665		47,631		-
	\$	430,501	\$	26,649	\$	26,649	\$	483,799		

Redemption of Bonds:

The Authority has the right, at its option, to redeem bonds.

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

**TOTAL BOND ISSUE: \$15,130,000** 

		t D. ' ' 1		Interest D	2 5″	70/	Tota	ıl Annual	0	Bonds utstanding
		l Principal	0						September 30	
Year	Due	April 30		ctober 1	- A	April 30		Requirement		ptember 30
2020-21									\$	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		( <del>=</del> )
	\$	13,790,000	\$	3,869,601	\$	3,869,592	\$ 2	21,529,193		

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

	Series 2010	Series 2017			Totals
Interest Rate	1.93%	3.57%			
Dates Interest Payable	2/15; 8/15	10/1; 4/1			
Maturity Dates	8/15/2030	4/1/2047			
Bonds Outstanding, Beginning of Current Year	\$ 473,634	\$14,105,000			\$ 14,578,634
Principal Retirements	43,133	315,000			358,133
Bonds Outstanding, End of Year	430,501	13,790,000			14,220,501
Interest payments	10,584	512,450			523,034
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)					2
Bond Authority:					
Amount Issued	Tax Bonds		Other Bonds	Refunding Bonds	
Remaining to be Issued	\$ -		\$ 15,792,000 \$ -	\$ \$	

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

	AMOUNTS						
	2021	2020	2019	2018	2017		
Operating revenues:							
Water service	\$ 5,418,108	\$ 5,328,297	\$ 5,137,583	\$ 5,352,593	\$ 5,050,499		
Sewer service	85,538	86,468	89,483	73,679	88,487		
Tap connection fees	97,488	64,843	18,680	20,400	15,390		
Other	2,794,202	3,211,820	3,089,740	2,784,929	2,606,786		
Total operating revenues	8,395,336	8,691,428	8,335,486	8,231,601	7,761,162		
Operating expenses:							
Water purchases	1,168,773	928,966	859,289	807,778	714,756		
Personnel services less NPO	2,188,250	2,344,243	2,419,517	2,119,759	2,051,454		
Administrative costs	1,389,245	1,367,604	1,370,591	1,316,327	1,205,106		
Utilities, supplies, and maintenance	1,215,200	1,659,938	1,446,165	1,447,930	1,310,092		
Insurance	81,310	76,717	76,115	61,172	61,470		
Automobile and travel	222,147	191,407	453,294	445,426	357,602		
Professional and directors fees	78,227	319,136	169,575	155,743	376,864		
Research expense	225,696	(75)	41,500	27,810	78,710		
Depreciation and amortization	785,201	746,499	746,350	705,274	699,233		
Total operating expenses	7,354,049	7,634,435	7,582,396	7,087,219	6,855,287		
Operating income	1,041,287	1,056,993	753,090	1,144,382	905,875		
Nonoperating revenues (expenses)							
Interest	99,834	235,912	561,942	418,232	197,503		
Gain on disposal of assets	-	41,735	5,000	35,007	100		
Interest expense and fiscal fees	(489,948)	(541,769)	(623,242)	(641,776)	(251,929)		
Total nonoperating							
revenues (expenses)	(390,114)	(264,122)	(56,300)	(188,537)	(54,326)		
Change in net position	\$ 651,173	\$ 792,871	\$ 696,790	\$ 955,845	\$ 851,549_		
Change in het postnon	Ψ 051,175	The maybe A	- 0,0,.,0				

PERCENT	OF FUND	TOTAL	REVENUES
---------	---------	-------	----------

2021	2020	2019	2018	2017
64.5%	61.3%	61.6%	65.0%	65.1%
1.0%	1.0%	1.1%	0.9%	1.1%
1.2%	0.7%	0.2%	0.2%	0.2%
33.3%	37.0%	37.1%	33.8%	33.6%
100.0%	100.0%	100.0%	100.0%	100.0%
13.9%	10.7%	10.3%	9.8%	9.2%
26.1%	27.0%	29.0%	25.8%	26.4%
16.5%	15.7%	16.4%	16.0%	15.5%
14.5%	19.1%	17.3%	17.6%	16.9%
1.0%	0.9%	0.9%	0.7%	0.8%
2.6%	2.2%	5.4%	5.4%	4.6%
0.9%	3.7%	2.0%	1.9%	4.9%
2.7%	0.0%	0.5%	0.3%	1.0%
9.4%	8.6%	9.0%	8.6%	9.0%
87.6%	87.8%	91.0%	86.1%	88.3%
12.4%	12.2%	9.0%	13.9%	11.7%
1.2%	2.7%	6.7%	5.1%	2.5%
0.0%	0.5%	0.1%	0.4%	0.0%
-5.8%	-6.2%	-7.5%	-7.8%	-3.2%
-4.6%	-3.0%	-0.7%	-2.3%	-0.7%
7.8%	9.1%	8.4%	11.6%	11.0%

# RED RIVER AUTHORITY OF TEXAS ENTERPRISE FUNDS CAPITAL ASSETS

	Balance October 1,	Additions /	Deletions /	Balance September 30,	
	2020	Completions	Adjustments	2021	
UTILITY DIVISION FUND					
Capital assets not being depreciated:					
Land and easements	\$ 937,276	\$	\$	\$ 937,276	
Construction in progress	3,677,134	3,414,052	(2,298,533)	4,792,653	
Total capital assets not being	( <u></u>				
depreciated	4,614,410	3,414,052	(2,298,533)	5,729,929	
Capital assets, being depreciated and amortized:					
Building	55,014	3.5	<b>:</b>	55,014	
Machinery and equipment	180,162	17,000	9.	197,162	
Motor vehicles	655,466	96,251	<u> </u>	751,717	
Water storage rights	1,222,700	0.		1,222,700	
Water and sewer systems	19,926,845	2,341,626	(2,200)	22,266,271	
Total capital assets being					
depreciated and amortized	22,040,187	2,454,877	(2,200)	24,492,864	
Less accumulated depreciation					
and amortization for:					
Building	(10,087)	(3,501)	<u> </u>	(13,588)	
Machinery and equipment	(98,327)	(20,485)	*	(118,812)	
Motor vehicles	(393,263)	(119,092)	9	(512,355)	
Water storage rights	(279,572)	(7,471)	語	(287,043)	
Water and sewer systems	(13,336,840)	(552,154)	2,200	(13,886,794)	
Total accumulated depreciation and amortization Total capital assets being depreciated	(14,118,089)	(702,703)	2,200	(14,818,592)	
and amortized, net	7,922,098	1,752,174	=	9,674,272	
Total capital assets, net	\$ 12,536,508	\$ 5,166,226	\$ (2,298,533)	\$ 15,404,201	
ENVIRONMENTAL SERVICES	DIVISION FU	ND			
Capital assets not being depreciated:					
Construction in progress	\$ 30,000	\$ 71,500	\$ (50,000)	\$ 51,500	
Capital assets being depreciated:					
Machinery and equipment	544,040	77,735	(2,231)	619,544	
Motor vehicles	34,340	· · · · · · · · · · · · · · · · · · ·		34,340	
Total capital assets being					
depreciated	578,380	77,735	(2,231)	653,884	
Less accumulated depreciation for:				(	
Machinery and equipment	(505,171)	(20,935)	2,231	(523,875)	
Motor vehicles	(34,340)	( <u>25)</u>		(34,340)	
Total accumulated depreciation	(539,511)	(20,935)	2,231	(558,215)	
Total capital assets being depreciated, net	38,869	56,800		95,669	
Total capital assets, net	\$ 68,869	\$ 128,300	\$ (50,000)	\$ 147,169	
total oupital assots, not		<b>—</b> 120,500	- (30,000)		

#### Exhibit C-17

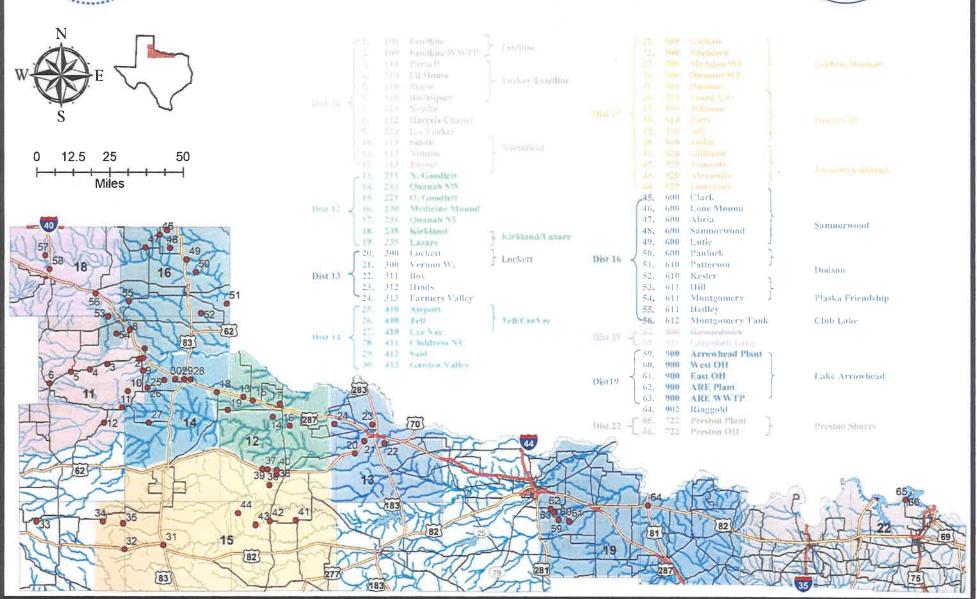
#### RED RIVER AUTHORITY OF TEXAS INTERNAL SERVICE FUNDS CAPITAL ASSETS

CIENTED AT DIVIDION FUND	Balance October 1, 2020	Additions / Completions	Deletions / Adjustments	Balance September 30, 2021
GENERAL DIVISION FUND				
Capital assets not being depreciated:				
Land and easements	\$ 183,332	\$ -	\$ -	\$ 183,332
Total capital assets not being				
depreciated	183,332		1965	183,332
Capital assets, being depreciated:			·	
Furniture and fixtures	240,112	8,685	(13,440)	235,357
Building	973,354	28,353		1,001,707
Motor vehicles	58,930	<del>-</del> /-	:50	58,930
Total capital assets being		1		
depreciated	1,272,396	37,038	(13,440)	1,295,994
Less accumulated depreciation for:				
Furniture and fixtures	(217,549)	(8,975)	13,440	(213,084)
Building	(462,297)	(36,500)	·	(498,797)
Motor vehicles	(47,413)	(9,872)	(#C)	(57,285)
Total accumulated depreciation	(727,259)	(55,347)	13,440	(769,166)
Total capital assets being depreciated, net	545,137	(18,309)	- 15,110	526,828
Total capital assets, net	\$ 728,469	\$ (18,309)	\$ -	\$ 710,160
COMMUNICATIONS DIVISION FUND				
Capital assets, being depreciated:				
Machinery and equipment	\$ 310,974	\$ 12,644	\$ -	\$ 323,618
Total capital assets, being				
depreciated	310,974	12,644	-	323,618
Less accumulated depreciation for:			-	
Machinery and equipment	(294,613)	(6,216)		(300,829)
Total accumulated depreciation	(294,613)	(6,216)	-	(300,829)
Total capital assets being depreciated, net	16,361	6,428		22,789
Total capital assets, net	\$ 16,361	\$ 6,428	\$ -	\$ 22,789



### Red River Authority of Texas Regional Water Supply Facilities





### SCHEDULE OF CLEAN RIVERS PROGRAM EXPENSES for the year ended September 30, 2021

State Agency

Texas Commission on Environmental Quality

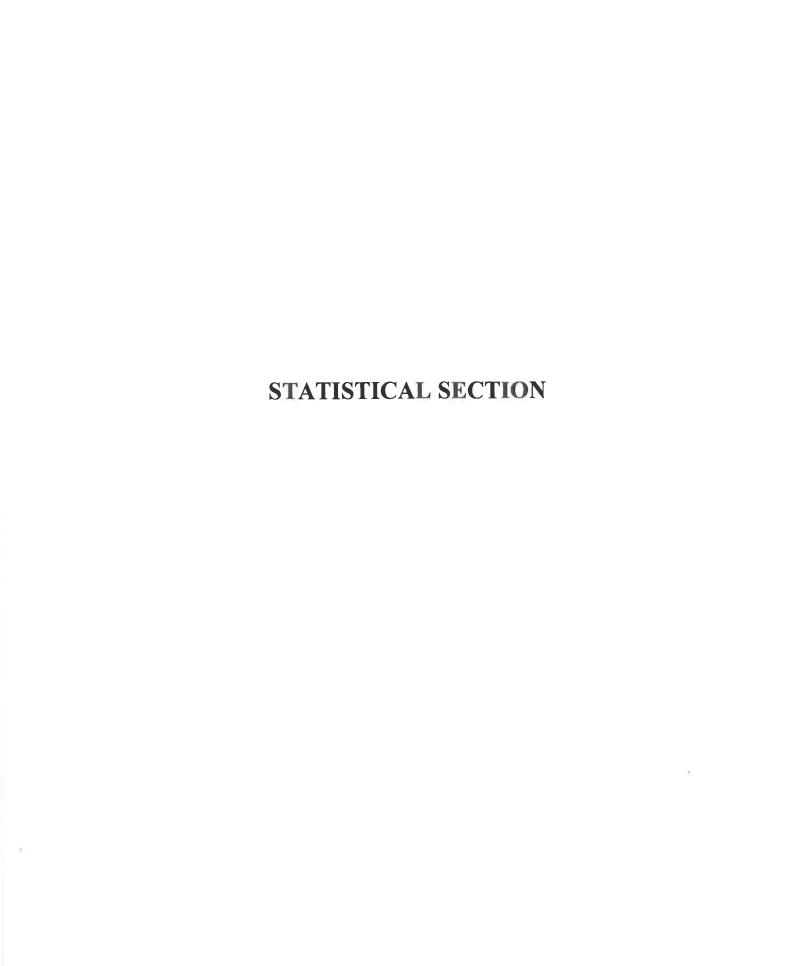
		582-18-80215						
Contract Number	Year 1	Year 2	Year 3	Year 4	Total			
Contract Amount					\$ 1,294,472			
Total Receipts and Billings	\$ 293,416	\$ 374,178	\$ 281,488	\$ 350,754	1,299,836			
Disbursements/Expenditures								
Personnel/Salaries	76,454	71,229	61,537	74,128	283,348			
Fringe Benefits	33,119	38,414	33,100	34,267	138,900			
Travel	20,548	18,146	13,303	17,164	69,161			
Supplies	4,420	3,394	3,726	12,373	23,913			
Equipment	10,836	- E		28,456	39,292			
Contractual	13,985	40,000	=== 1 === 1 === 1	8,635	62,620			
Other	123,096	190,670	159,316	164,394	637,476			
Indirect Costs	10,958	12,325	10,506	11,337	45,126			
	293,416	374,178	281,488	350,754	1,299,836			
Accrued Revenue at 09-30	\$ 29,519	\$ 34,905	\$ 6,817	\$ 23,560	\$ 94,801			

### RED RIVER AUTHORITY OF TEXAS INDIRECT RATE FACTOR

for the years ended September 30, 2021 and 2020

Direct Salary Cost	FY 2021	FY 2020
Regular Salaries	\$ 1,442,294	\$ 1,485,849
Overtime Salaries	199,770	168,703
Total Salaries	1,642,064	1,654,552
Fringe Benefit Pool		
FICA / Medicare	131,957	128,384
Retirement System Contribution	(90,431)	102,432
Health / Life Insurance Plan	344,434	332,508
Workers Compensation Insurance	25,056	25,032
Vacation / Holiday Leave	150,449	121,168
Unemployment Insurance	9,777	5,199
Total Fringe Benefits	571,242	714,723
Total Personnel Cost	\$ 2,213,306	\$ 2,369,275
D Cost		
Reconciliation of Total Personnel Cost	\$ 2,188,250	\$ 2,344,243
Total Personnel Cost per Exhibit A-2 Add: Net Pension Obligation	φ 2,100,250	<b>2,5</b> 1 1,2 12
Add: Workers Compensation Paid	25,056	25,032
Total Reconciled Personnel Cost	\$ 2,213,306	\$ 2,369,275
Fringe Benefit Rate	34.79%	43.20%
General Overhead		24
General Division Operating Expense	\$ 210,675	\$ 194,293
General Insurance	56,254	51,685
Total General Overhead	\$ 266,929	\$ 245,978
General Overhead Rate	16.26%	14.87%

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### 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.

Contents	Page
Financial Trends	84-85
These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.	
Revenue Capacity	89
This schedule contains information to help the reader assess the Authority's most significant local revenue source, water sales.	
Deht Capacity	93
This schedule presents information intended to help the reader understand the Authority's current levels of outstanding debt.	
Demographic and Economic Information	96-97
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.	
Operating Information	94
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.	

### NET POSITION BY COMPONENT LAST TEN FISCAL YEARS

(Unaudited)

	Fiscal Year								
	2011-2012		2012-2013		2013-2014		2014-2015		
Net investment in capital assets	\$	5,995,140	\$	6,124,825	\$	7,467,500	\$	7,323,054	
Restricted		1,158,346		1,223,100		899,564		88,380	
Unrestricted		6,559,656		6,553,893		6,154,206		8,247,298	
Total net position	\$	13,713,142	\$	13,901,818	\$	14,521,270	\$	15,658,732	

Note: OPEB obligations are not reflected in this exhibit for years 2011-12 through 2016-17.

Fiscal Year

	2015-2016	2016-2017	2017-2018	2018-2019		2019-20	2020-21
\$	7,453,330	\$ 6,572,305	\$ 7,314,700	\$ 7,368,622	\$	7,789,703	\$ 7,551,392
-	88,380	274,937	159,829	169,276		177,834	182,912
	8,473,689	10,019,706	10,296,219	10,929,640		11,292,872	 12,177,278
\$	16,015,399	\$ 16,866,948	\$ 17,770,748	\$ 18,467,538	\$	19,260,409	\$ 19,911,582
					_		

### CHANGES IN NET POSITION LAST TEN FISCAL YEARS

	Fiscal Year							
	2	011-2012	2	2012-2013	2	2013-2014	2014-2015	
Operating revenues:	-							
Water and sewer sales	\$	3,665,182	\$	3,710,743	\$	4,072,153	\$	4,066,063
Charges for materials and services		536,472		493,992		592,542		896,461
Other		445,525		397,042		520,952		325,801
Total operating revenues		4,647,179		4,601,777		5,185,647		5,288,325
Operating expenses:								
Water purchases		615,679		625,545		601,222		628,527
Personnel services		1,672,025		1,700,020		1,776,013		1,797,435
Administrative costs		94,985		88,389		86,298		163,638
Utilities, supplies and maintenance		868,088		750,211		835,578		734,127
Insurance		52,824		50,471		52,961		50,822
Automobile and travel		238,380		238,071		229,942		189,622
Professional and directors fees		113,799		102,848		149,930		321,222
Research expense		36,450		39,690		39,690		170
Depreciation and amortization		693,154		712,312		727,832		708,830
Total operating expenses	-	4,385,384		4,307,557		4,499,466		4,594,223
Operating income		261,795	-	294,220	_	686,181		694,102
Nonoperating revenues (expenses)								
Interest income		12,319		9,197		7,265		5,712
Gain (loss) on disposal of assets		18,451		17,666		29,658		225,268
Interest expense		(164,334)		(132,407)		(103,652)		(12,426)
Total nonoperating revenues (expenses)		(133,564)		(105,544)		(66,729)	_	218,554
Change in net position	\$	128,231	\$	188,676	\$	619,452	\$	912,656

iscal	

 2015-2016		2016-2017	2	2017-2018		018-2019	2	2019-2020	2	020-2021
 2013-2010	-	2010 2017	7.	.017 2010	_		-			
\$ 4,104,905	\$	5,188,070	\$	5,426,272	\$	5,227,066	\$	5,414,765	\$	5,503,646
597,030		634,741		589,486		724,521		974,705		564,656
379,887		351,803		413,221		457,340		485,041		1,008,969
5,081,822	*	6,174,614		6,428,979		6,408,927		6,874,511		7,077,271
661,675		714,756		807,778		859,289		928,966		1,168,773
1,960,880		2,051,454		2,119,759		2,419,517		2,344,243		2,188,250
155,203		157,838		160,376		179,918		176,001		192,793
933,240		957,427		1,027,401		922,859		1,034,624		1,093,587
53,398		61,470		61,172		76,115		76,717		81,310
178,101		170,987		219,284		240,714		191,407		222,147
84,145		376,864		155,743		169,575		319,136		78,227
23,710		78,710		27,810		41,500		(75)		225,696
693,032		699,233		705,274		746,350		746,499		785,201
4,743,384		5,268,739		5,284,597		5,655,837	-	5,817,518		6,035,984
338,438		905,875	_	1,144,382		753,090	-	1,056,993		1,041,287
25,385		97,697		316,142		471,208		235,912		99,834
5,217		100		35,007		5,000		41,735		-
(12,373)		(152, 123)		(539,686)		(532,508)		(541,769)		(489,948)
18,229		(54,326)		(188,537)		(56,300)		(264,122)		(390,114)
\$ 356,667	\$	851,549	\$	955,845	\$	696,790	\$	792,871	\$	651,173

### Exhibit D-3

### RED RIVER AUTHORITY OF TEXAS SCHEDULE OF REVENUES LAST TEN FISCAL YEARS

Fiscal Year	Water and Sewer Systems	Environmental Services	Administrative and Mgmt Fees	Interest Income	Other	Total
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
2019-20	5,618,277	907,065	1,191,603	235,912	974,483	8,927,340
2020-21	5,959,622	921,952	1,196,452	99,834	317,310	8,495,170

### RED RIVER AUTHORITY OF TEXAS UTILITY DIVISION WATER SALES LAST TEN FISCAL YEARS

				,	Type of Service	
Fiscal Year	Metered Connections	Water Sales	Average Monthly Bill	Domestic	Commercial	Wholesale
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%
2019-20	3,990	5,283,710	110.35	81.13%	5.21%	13.66%
2020-21	4,051	5,371,032	110.49	83.85%	5.11%	11.04%

### Exhibit D-5

# RED RIVER AUTHORITY OF TEXAS UTILITY DIVISION WATER SALES CHARACTERISTICS LAST TEN FISCAL YEARS

(Unaudited)

Treated Water in Million Gallons

Fiscal	-		Treated	Raw		Peak	Monthly	Daily
Year	Domestic	Commercial	Wholesale	Wholesale	Total	Month	Average	Average
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
2019-20	242.03	19.21	53.89	41.62	356.75	72.88	29.73	0.99
2020-21	256.40	19.02	39.38	56.79	371.59	66.17	30.97	1.03

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

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	280	34.59	700	G/S
D-12	1,160	Hardeman / Childress / Foard	406	45.40	1,015	S
D-13	947	Wilbarger	459	31.21	1,148	G/S
D-14	802	Childress / Cottle	416	38.69	1,040	S
D-15	2,111	King / Knox / Foard	354	32.99	885	G/S
D-16	1,405	Collingsworth / Hall / Childress	247	38.06	618	G/S
D-18	929	Donley	391	17.80	978	G/S
D-19	2,013	Clay / Montague	791	41.85	1,978	G/S
D-22	934	Grayson	707	107.74	1,768	S

### Exhibit D-7

## RED RIVER AUTHORITY OF TEXAS TOP TEN UTILITY CUSTOMERS CURRENT YEAR AND NINE YEARS AGO

SEPTEMBER 30, 2021 (Unaudited)

			2020-21			2011-12	
			Average	Average		Average	Average
Taxpayer	Location	Rank	Bill	_Use (gals)_	Rank	Bill	Use (gals)
Southwest Water Company	Grayson	1	\$ 8,581	2,176,590	1	\$ 4,966	2,332,140
Tanglewood Operators, Inc	Grayson	2	571	2,110,200	æ	328	2
City of Chillicothe	Hardeman	3	3,966	1,374,180	2	2,005	1,301,080
Vest Ranch	Hall	4	3,542	465,301	5	1,067	210,250
Danny Ownbey	Foard	5	1,527	194,852	10	761	135,856
Cornerston Marine Group LP	Grayson	6	1,172	185,040	3	1,256	387,030
Guthrie School	King	7	1,118	150,370	0.77	8	850
Texas Dept. of Transportation	Hardeman	8	927	148,416	:#:	*	66
Rickey L Smith Ranches LTD	Hall	9	1,116	143,519	-	ш	1 <del>2</del> 1
Spade Ranches LTD	Hall	10	1,062	140,050	8	8	2
American Legion Post 231	Grayson		2	٠.	4	1,064	223,757
Bradley 3 Ranches LTD	Hall	3.50		*	6	660	146,175
Texas Dept. of Transportation	Donley	380	×	126	7	533	140,730
Montgomery Ranch	Foard	141	2	<b>₩</b>	8	790	138,446
Pioneer Park	Collingsworth	-	=	÷	9	892	136,012

### RED RIVER AUTHORITY OF TEXAS SCHEDULE OF WATER REVENUE BOND COVERAGE LAST TEN FISCAL YEARS

Fiscal Year	Bonded Debt Outstanding	Net Income Available for Debt Service	Available for Principal and		Maximum Principal and Interest	Maximum Times Covered
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
2019-20	14,578,634	1,882,609	847,932	2.22	884,211	2.13
2020-21	14,220,501	1,801,374	846,654	2.13	884,211	2.04

### Exhibit D-9

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

Fiscal Year	Water and Sewer Systems	Environmental Services	General	Maintenance	Other	Total
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
2019-20	5,370,429	903,651	1,335,856	547,041	19,227	8,176,204
2020-21	5,846,500	876,469	1,091,172	-	29,856	7,843,997

Note: OPEB obligations are not reflected in this exhibit for years 2011-12 through 2016-17.

### RED RIVER AUTHORITY OF TEXAS RED RIVER BASIN GENERAL INFORMATION

September 30, 2021 (Unaudited)

Counties:

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

Region:

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

Drainage Area:

Approximately 94,450 square miles, 24,463 square miles in Texas

Principal Cities (including 2010 population ranges):

100,000 — 500,000 Amarillo, Wichita Falls

Burkburnett, Canyon, Denison, Gainesville, Hereford, Pampa, Paris, Plainview, Sherman, Texarkana,

10,000 — 50,000

Vernon

Principal Tributaries:

North Fork, Salt Fork, and Prairie Dog Town Fork of the Red River, Pease

River, and Wichita River

Principal Aquifers:

Ogallala, Seymour, Trinity, Carrizo-Wilcox, Blaine-Gypsum, Woodbine,

Blossom Sand, Nacatoch Sand

Regional Economies:

Oil and gas production, agriculture, ranching, manufacturing, and tourism

Major Lakes and Reservoirs:

There are 32 significant reservoirs which occupy 138,144 surface acres

and contain 3,543,863 acre-feet. Refer to Exhibit D-12.

Major Eco-Regions:

High Plains, North-Central Plains, Coastal Plains

General Topography:

Nearly level tablelands in west through rugged canyons and ridges to

rolling plain, prairie, and woods in the east

Wastewater Discharge:

There are 111 wastewater discharge permits within the watershed with a

total discharge of 235.9 MGD.

Average Annual Rainfall:

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

### POPULATION DATA (Unaudited)

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

Source of Information: United States Census Bureau

### Demographic and Economic Information (Unaudited)

County Name	Total Personal Income 2020	Average Total Personal Income based on 2020 Pop. Data	Per Capita Personal Income 2020	Unemployment Rate at 9/30/2021	Median Age 2020	Government Employees 2021
Archer	\$ 482,681,000	\$ 63,835	\$ 34,617	3,60%	44.1	1,787
Armstrong	112,575,000	72,500	31,749	2.80%	43.4	390
Baylor	189,914,000	40,739	22,987	3.30%	43.6	1,417
Bowie	4,127,429,000	50,164	27,095	5.10%	38,3	41,808
Briscoe	68,042,000	40,227	23,933	4.90%	46.8	323
Carson	281,114,000	74,872	34,708	3.60%	42.1	5,037
Castro	529,642,000	50,142	21,884	3.20%	35.0	2,517
* Childress	243,063,000	43,181	21,233	3.40%	33.3	2,525
* Clay	506,805,000	55,989	29,159	4.20%	47.0	1,497
* Collingsworth	129,186,000	39,120	25,681	3.90%	38.5	821
Cooke	2,266,650,000	60,202	30,704	5.50%	40.3	14,907
* Cottle	93,049,000	32,305	19,797	4.10%	46.3	415
Crosby	229,059,000	40,759	19,443	4.90%	38.9	1,265
Deaf Smith	1,004,319,000	49,701	21,616	3.50%	31.5	7,809
* Dickens	82,882,000	42,540	25,025	4.70%	44.0	441
* Donley	149,971,000	42,961	25,534	3.90%	43.3	849
Fannin	1,528,540,000	54,648	27,112	3.60%	41.1	8,525
Floyd	241,783,000	50,580	23,617	5.20%	38.8	1,554
* Foard	59,735,000	43,625	27,573	3.50%	50.6	378
Gray	976,573,000	47,952	24,686	6.20%	38.1	7,749
* Grayson	6,507,177,000	54,815	28,011	4.10%	39.7	47,276
Hale	1,266,731,000	48,384	20,986	5.80%	33.5	11,533
* Hall	104,089,000	34,673	21,907	5.10%	46.6	758
* Hardeman	183,955,000	41,859	24,078	4.00%	43.0	1,333
Hartley	413,696,000	58,298	20,563	2.30%	39.9	2,562
Hemphill	231,682,000	70,625	31,530	4.30%	36.5	1,875
Hutchinson	968,916,000	52,524	24,434	5.50%	38.7	8,014
* King	230,076,000	52,083	26,199	0.90%	40.9	152
* Knox	157,842,000	48,798	23,146	4.50%	39.6	1,073
Lamar	2,322,461,000	45,117	25,038	5.20%	40.1	22,209
Lipscomb	260,251,000	59,091	28,131	3.60%	39.7	1,327
* Montague	894,088,000	51,765	28,096	5.00%	43.8	4,958
Motley	46,814,000	43,859	29,071	5.30%	49.4	326
Oldham	119,630,000	64,545	26,408	3.40%	40.9	973
Parmer	544,062,000	55,359	26,859	2.50%	35.5	5,799
Potter	5,741,919,000	42,528	22,568	3.70%	34.6	77,104
Randall	7,329,407,000	68,261	34,293	3.20%	36.3	32,531
Red River	572,905,000	39,142	22,689	5.50%	48.1	2,682
Roberts	42,930,000	68,750	30,955	4.20%	41.3	260
Swisher	394,408,000	39,771	19,697	4.80%	36.9	1,844
Wheeler	240,826,000	49,315	27,093	5.50%	40.5	1,951
Wichita	6,170,359,000	48,650	24,872	4.50%	34.7	54,774
* Wilbarger	621,794,000	45,302	23,696	5.80%	39.4	5,890
Average for Counties in Basin	\$ 1,131,837,907	\$ 50,687	\$ 25,778	4.23%	40.6	9,052
* Utility Division Service Area	\$ 537,955,643	\$ 47,936	\$ 24,938	4.08%	42.6	4,883

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, 2021** 

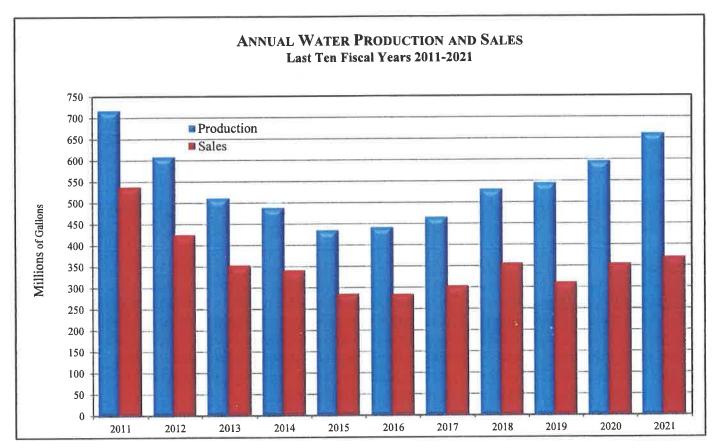
(Unaudited)

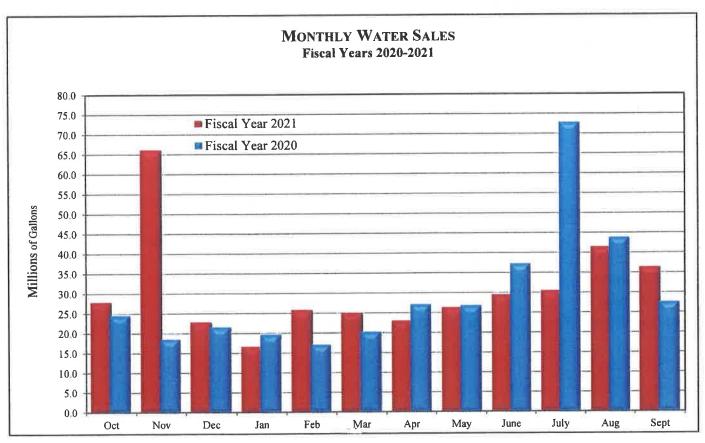
		Elevation	Surface	Capacity	Diversion	Туре
Reservoir Name	County	Ft AMSL	Acres	Acre-Feet	ACF/YR	Uses
Archer City Lake	Archer	1,023	90	396	2,500	M/R
Lake Kickapoo	Archer	1,045	5,864	86,345	40,000	M
Scotland Lake	Archer	934	70	364	<b>22</b> 0	R
Lake Cooper	Archer	1,155	432	4,546	810	M/R
Lake Diversion	Archer/Baylor	1,052	3,397	35,324	941	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	3	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	4	R
Randell Lake	Grayson	622	311	5,900	Ti.	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	12	M
Buffalo Lake	Randall	3,643	1,900	18,150	(500)	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	395	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	

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

Source of Information: Texas Water Development Board

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





### RED RIVER AUTHORITY OF TEXAS ENVIRONMENTAL SERVICES DIVISION RED RIVER CHLORIDE CONTROL PROJECT AREA VIII

(Unaudited)

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

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

**<u>AUTHORITY</u>**: 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

<u>CURRENT STATUS</u>: On July 6, 2021, the United States Army Corps of Engineers (USACE) shut down the Red River Chloride Project and began a Disposition Study to determine the fate of the project. USACE sighted lack of congressional funding for operations and maintenance as the basis for the shutdown. Local Stakeholders including the City of Wichita falls, Wichita County Water Improvement District No. 2, and the Authority, as the Non-Federal Sponsor, are working with U.S. and Texas Legislatures in an effort to get funding restored.

#### **TECHNICAL DESCRIPTION**

#### TRUSCOTT BRINE RESERVOIR

Location:

2 miles northwest of Truscott in Knox County, TX on Bluff Creek

Dam Length:

14,800 feet

Dam Height:

100 feet above stream bed

Surface Area:

Brine storage pool = 2.980 acres

Flood control pool = 3,090 acres

**Total Capacity:** 

116,200 acre-feet

#### **BATEMAN PUMP STATION**

Location:

River mile 74.9 of the South Fork Wichita River in King County, Texas

Type of Dam:

Pneumatic (Inflatable)

Dam Length:

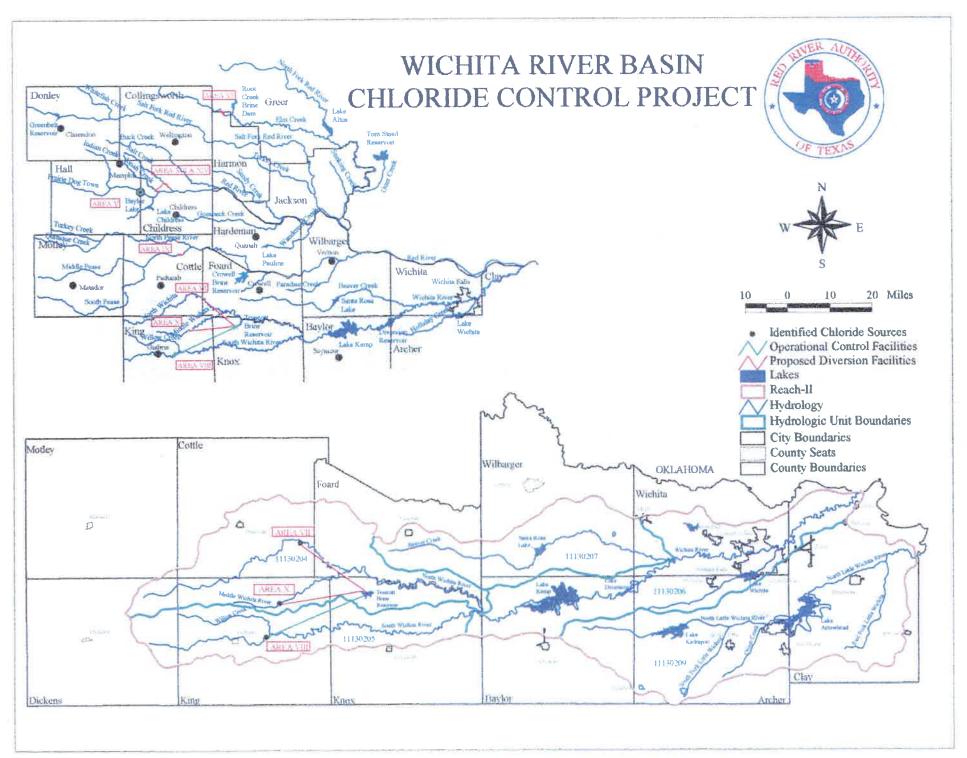
40 feet

Dam Height:

5 feet

Surface Area:

3 acres with the dam inflated



#### **INSURANCE COVERAGE**

### Texas Municipal League Intergovernmental Risk Pool September 30, 2021

(Unaudited)

Policy: Policy Period: Workers Compensation 10-01-20 to 09-30-21

Perils:

Losses under Workers' Compensation Laws

Coverage:

Statutory

Premium:

\$23,048

Policy: Policy Period: General Liability 10-01-20 to 09-30-21

Perils:

Bodily injury, property damage, advertising injury,

completed operations, and products hazard

Coverage:

\$1,000,000 per occurrence and annual aggregate

Premium:

\$2,275

Policy:

Automobile Liability 10-01-20 to 09-30-21

Policy Period:

Liability

Perils: Coverage:

\$1,000,000 per occurrence

Premium:

\$5,615

Policy:

Errors and Omissions Liability

Policy Period:

Policy Period

10-01-20 to 09-30-21

Perils:

Liability, errors, and omissions

Coverage:

\$1,000,000 per claim and annual aggregate

Premium:

\$2,514

Policy:

Property Coverage 10-01-20 to 09-30-21

Perils:

Risk of direct physical loss of or damage to property

Coverage:

Replacement cost

Including boiler and machinery

Premium:

\$36,086

Policy:

Automobile Physical Damage Coverage

Policy Period:

10-01-20 to 09-30-21 Physical damage

Perils: Coverage:

Actual cash value

Premium:

\$7,992

Policy:

Crime Policy

Policy Period:

10-01-20 to 09-30-21

Perils:

Public employee dishonesty, forgery or alteration, and computer

fraud

Coverage:

\$200,000 per employee – Public Employee Dishonesty

\$100,000 - Forgery or Alteration

\$100,000 - Computer Fraud

Premium:

\$1,301

# INSURANCE COVERAGE (CONT'D) Texas Municipal League Intergovernmental Risk Pool September 30, 2021

(Unaudited)

Policy:

Mobile Equipment

Policy Period:

10-01-20 to 09-30-21

Perils:

Physical damage

Coverage:

Replacement Cost

Premium:

\$1,005

Policy:

Cyber Liability and Data Breach Response Coverage

Policy Period:

10-01-20 to 09-30-21

Perils:

Information security and privacy liability, Website media content liability, Privacy breach response services, Regulatory defense and

penalties, Payment card industry fines, expenses and costs, Cyber extortion, First party data protection, First party network

business interruption

Coverage:

\$1,000,000

Premium:

\$0.00, included in coverage

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# OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION

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### EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2021, and the related notes to the financial statements and have issued our report thereon dated January 13, 2022.

#### 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,

Edgin, Parkman, Fleming & Fleming, PC

January 13, 2022

### SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED SEPTEMBER 30, 2021

A.	Su	mmary of Auditor's Results		
-	1.	Financial Statements		
		Type of auditor's report issued:	Unmodified	
		Internal control over financial reporting:		
		Material weakness(es) identified?	Yes	XNo
		Significant deficiencies identified that are not considered to be material weaknesses?	Yes	XNone reported
		Noncompliance material to the financial statements noted?	Yes	XNo
	2.	Federal and State Awards		
		A Single Audit was not required for the year ended Sep	tember 30, 2021.	
B.	<u>Fin</u>	ancial Statement Findings		
	No	ne		
C.	Fed	deral and State Award Findings and Questioned Costs		

No Single Audit was required for 2020-21.

### CORRECTIVE ACTION PLAN YEAR ENDED SEPTEMBER 30, 2021

There were no findings in the current year.

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED SEPTEMBER 30, 2021

<u>Finding 2020-001 - Material Weakness in Internal Control over Financial Reporting - Material Audit Adjustments</u>

In the prior year, material adjustments were required to adjust the Authority's financial reporting data to be in accordance with generally accepted accounting principles. No material audit adjustments were required for the year ended September 30, 2021.