

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**



**for the years ended September 30, 2020 and 2019**



# **Red River Authority of Texas**

## **Comprehensive Annual Financial Report**

**For the Fiscal Years Ended  
September 30, 2020 and 2019**

Prepared By:

Fiscal Administration,  
Executive Administration  
and General Services Branches

Lana R. Hefton, Controller



RED RIVER AUTHORITY OF TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
for the years ended September 30, 2020 and 2019

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
<u>INTRODUCTORY SECTION</u>		
Annual Filing Affidavit.....		i
Board Members, Key Personnel and Consultants.....		ii-iv
Government Finance Officers Association (GFOA) Certificate of Achievement		v
Letter of Transmittal and Management's Executive Summary Report.....		vi-xii
<u>FINANCIAL SECTION</u>		
Independent Auditor's Report .....		1-3
Management's Discussion and Analysis (Required Supplementary Information)		4-10
<u>BASIC FINANCIAL STATEMENTS</u>		
Statements of Net Position.....	A-1	11
Statements of Revenues, Expenses, and Changes in Net Position.....	A-2	12
Statements of Cash Flows .....	A-3	13-14
Notes to the Basic Financial Statements .....		15-51
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>		
Schedule of Changes in Net Pension Liability and Related Ratios – Texas County and District Retirement System .....	B-1	52
Schedule of Employer Contributions – Texas County and District Retirement System .....	B-2	53
Schedule of Changes in Total OPEB Liability and Related Ratios – Texas County and District Retirement System .....	B-3	54
Notes to Required Supplementary Information .....		55
<u>OTHER SUPPLEMENTARY INFORMATION</u>		
Combining Schedule of Net Position.....	C-1	56-57
Combining Schedule of Revenues, Expenditures, and Changes in Net Position.....	C-2	58-59
Combining Schedule of Cash Flows .....	C-3	60-63
Comparative Schedule of Revenues and Expenses – Enterprise Funds – Budget and Actual .....	C-4	64
Comparative Schedule of Revenues and Expenses – Internal Service Funds – Budget and Actual .....	C-5	65-66
Services and Rates .....	C-6	67
Schedule of Proprietary Fund Expenditures .....	C-7	68
Schedule of Temporary Investments.....	C-8	69
Taxes Levied and Receivable .....	C-9	70
Bonded Debt and Interest Maturities – Water Revenue Bonds .....	C-10	71
Debt Service Coverage – Water Revenue Bonds.....	C-11	72
Contract Revenue Bonds – Series 2010 .....	C-12	73

**RED RIVER AUTHORITY OF TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**for the years ended September 30, 2020 and 2019**

<u>OTHER SUPPLEMENTARY INFORMATION (CONT'D.)</u>	<u>Exhibit</u>	<u>Page</u>
Contract Revenue Bonds – Series 2017 .....	C-13	74
Analysis of Changes in Bonded Debt .....	C-14	75
Comparative Schedule of Revenue and Expenditures - Proprietary Fund .....	C-15	76-77
Enterprise Funds – Capital Assets.....	C-16	78
Internal Service Funds – Capital Assets.....	C-17	79-80
Utility Division Regional Water Supply – Service Area Map .....	C-18	81
Schedule of Clean Rivers Program Expenditures .....	C-19	82
Indirect Rate Factor .....	C-20	83

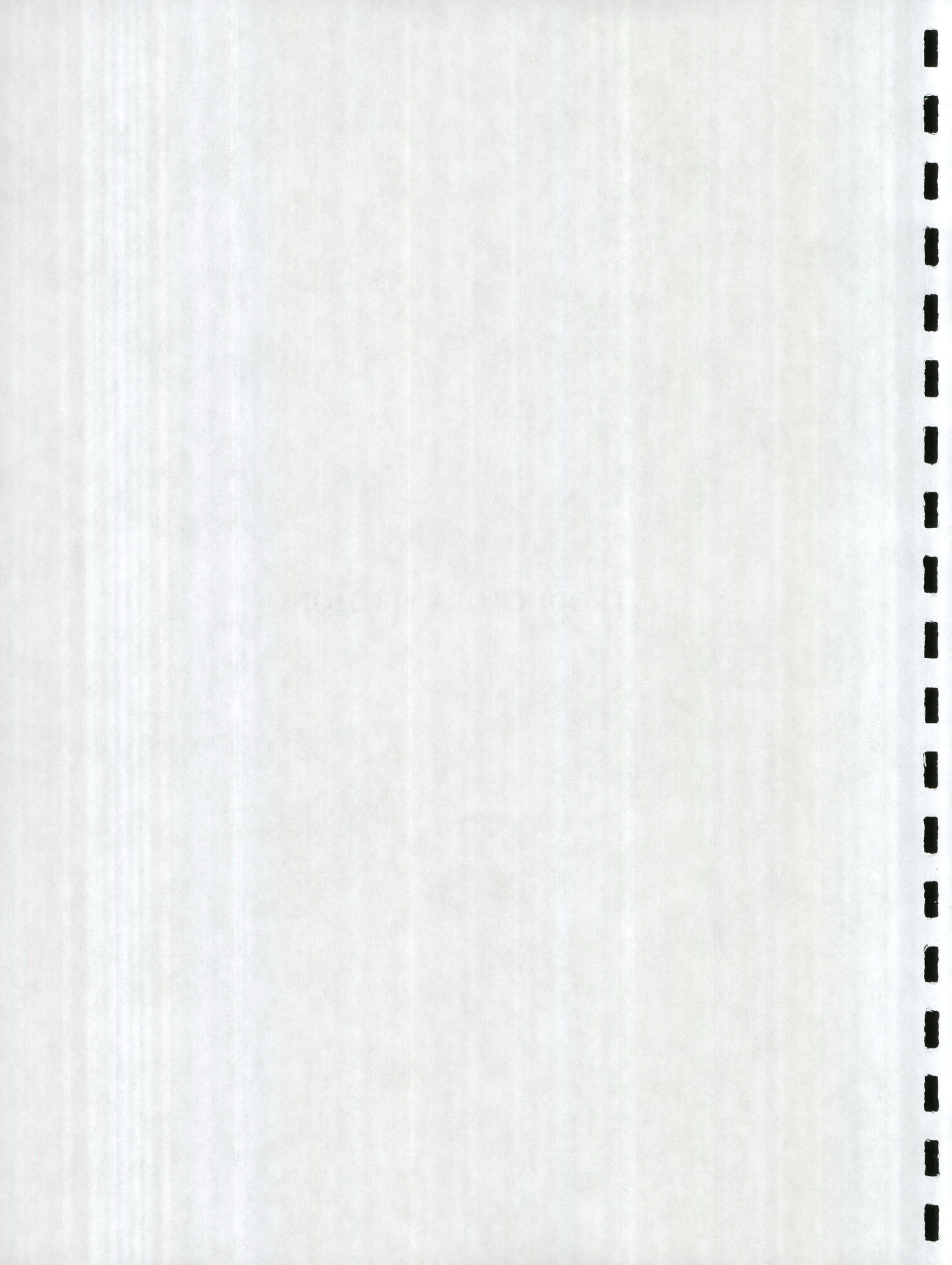
STATISTICAL SECTION

Statistical Narrative.....		84
Net Position by Component – Last Ten Fiscal Years .....	D-1	85-86
Changes in Net Position – Last Ten Fiscal Years .....	D-2	87-88
Schedule of Revenues – Last Ten Fiscal Years .....	D-3	89
Utility Division Water Sales – Last Ten Fiscal Years .....	D-4	90
Utility Division Water Sales Characteristics – Last Ten Fiscal Years.....	D-5	91
Districts Within the Utility Division.....	D-6	92
Top Ten Utility Customers.....	D-7	93
Schedule of Water Revenue Bond Coverage – Last Ten Fiscal Years .....	D-8	94
Schedule of Expenses.....	D-9	95
Red River Basin General Information .....	D-10	96
Population, Demographic, and Economic Data .....	D-11	97-98
Significant Reservoirs in the Red River Basin.....	D-12	99
Water Sales Trend Analysis.....	D-13	100
Red River Chloride Control Project.....	D-14	101
Chloride Control Project Vicinity Map.....	D-15	102
Insurance Coverage.....	D-16	103-104

OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....		105-106
Schedule of Findings and Responses .....		107-108
Corrective Action Plan.....		109
Summary Schedule of Prior Audit Findings .....		110

**INTRODUCTORY SECTION**





ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS §

COUNTY OF WICHITA §

I, Todd W. Boykin, President  
(Name of Duly Authorized District Representative)

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

hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the 20th day of January, 2021 its annual audit report for the fiscal period ended September 30, 2020 and that copies of the annual audit report have been filed in the District's office, located at 3000 Hammon Road, Wichita Falls, Texas 76310.

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

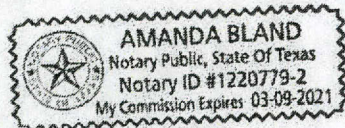
Date: 1-21-2021

[Signature]  
(Signature of District Representative)

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

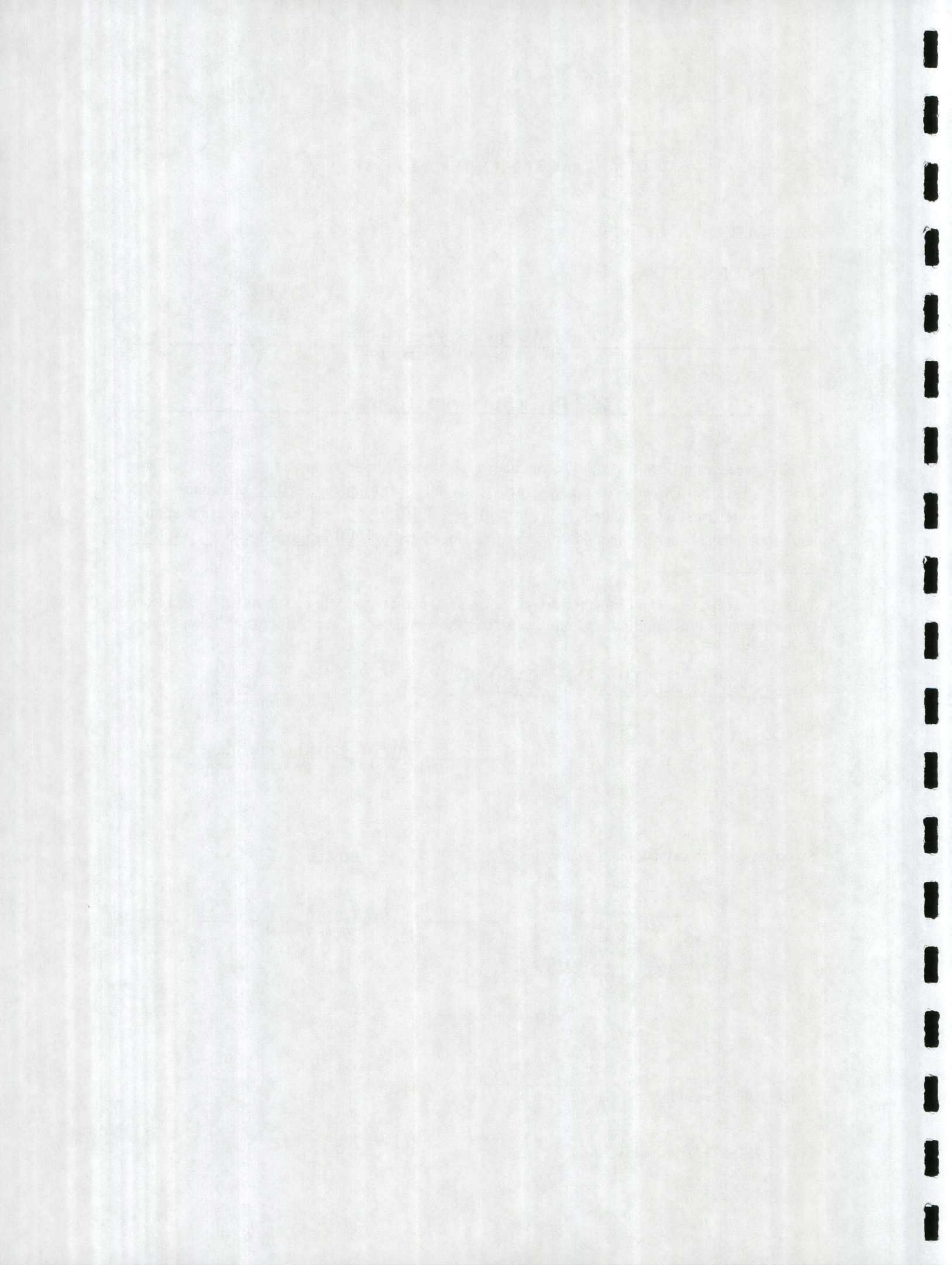
Sworn to and subscribed to before me this 21<sup>st</sup> day of January, 2021.

(Seal)



[Signature]  
(Signature of Notary)

My Commission Expires on: 03-09-2021  
Notary Public in and for the State of Texas.



# RED RIVER AUTHORITY OF TEXAS

## BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS for the year ended September 30, 2020

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, 2020	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 – 08-11-21	\$2,085	President	Yes
Jerry Bob Daniel 4911 FM 1756 West Truscott, Texas 79227	06-02-08 – 08-11-21	1,431	Vice President	Yes
Michael R. Sandefur 3402 Texas Boulevard Texarkana, Texas 75503	07-26-18 – 08-11-23	2,072	Secretary Treasurer	Yes
Stephen A. Thornhill 2470 West Crawford Denison, Texas 75020	09-05-14 – 08-11-25	1,958	Assistant Secretary	Yes
G. Wilson Scaling, II 450 Rhat Road Henrietta, Texas 76365	06-02-08 – 08-11-21	981	Director	Yes
Zackary K. Smith 7701 Autumn Dr Canyon, Texas 79015	11-14-18 – 08-11-25	1,907	Director	Yes
Joe L. Ward 1626 CR 2315 Telephone, Texas 75488	07-26-18 – 08-11-23	2,085	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	1,505	Director	Yes

**RED RIVER AUTHORITY OF TEXAS**

**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
for the year ended September 30, 2020**

<b>Names and Addresses</b>	<b>Term of Office Elected and Expired or Date Hired</b>	<b>Fees and Expense Reimbursements September 30, 2020</b>	<b>Title at Year End</b>
<b>Key Administrative Personnel:</b>			
Randall W. Whiteman 3308 Cumberland Avenue Wichita Falls, Texas 76309	03-01-2018	\$0	General Manager
<b>Engineering and Professional Consultants:</b>			
Biggs and Mathews, Inc. 2500 Brook Avenue Wichita Falls, Texas 76301		224,907	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
<b>Legal Consultants:</b>			
Sara Thornton Lloyd Gosselink, Rochelle, & Townsend, PC 816 Congress Avenue, Ste 1900 Austin, Texas 78701	11-01-19	18,633	General Counsel

**RED RIVER AUTHORITY OF TEXAS**

**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
for the year ended September 30, 2020**

Names and Addresses	Term of Office Elected and Expired or Date Hired	Fees and Expense Reimbursements September 30, 2020	Title at Year End
<b>Legal Consultants, Continued</b>			
Todd Davenport Sherrill and Gibson, PLLC 3711 Maplewood Avenue Suite 200 Wichita Falls, Texas 76308	10-31-19	\$500	General Counsel
Doug Caroom Bickerstaff, Heath, Delgado, Acosta, LLP 3711 S Mo-Pac Expressway Building One, Suite 300 Austin, Texas 78746		0	Special Counsel
Leroy Grawunder M <sup>c</sup> Call, Parkhurst and Horton 717 N Harwood, Suite 900 Dallas, Texas 75201		0	Bond Counsel
<b>Financial Consultants:</b>			
David Medanich Hilltop Securities 777 Main Street, Suite 1200 Fort Worth, Texas 76102		0	Financial Advisor
<b>Depositories:</b>			
American National Bank P. O. Box 4476 Wichita Falls, Texas 76308		First National Bank of Wichita Falls P.O. Box 94905 Wichita Falls, Texas 76310	
TexPool – Comptroller of Public Accounts P. O. Box 12608 Austin, Texas 78711			

**THIS PAGE IS INTENTIONALLY LEFT BLANK**



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

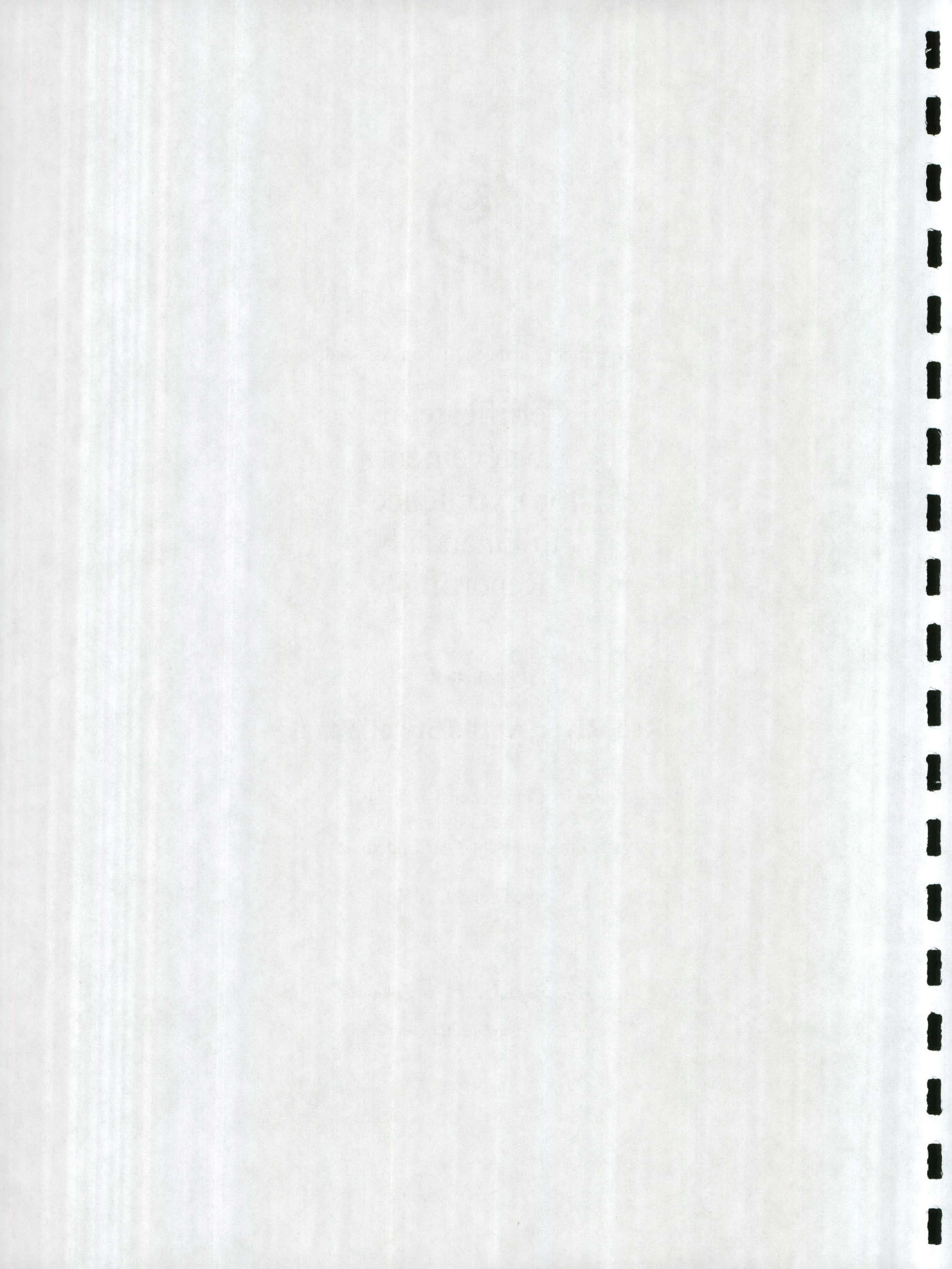
**Red River Authority of Texas**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

September 30, 2019

*Christopher P. Morill*

Executive Director/CEO







# 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  
GEORGE WILSON SCALING, II, Henrietta  
ZACKARY K. SMITH, Canyon  
JOE L. WARD, Telephone

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

January 12, 2021

**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 (Authority) for the fiscal year ended September 30, 2020 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 Authority is a water conservation and reclamation district in the State of Texas, originally created under the provisions of the 56th Legislature, Article 8280-228 VATCS and Article XVI, Section 59 of the Texas Constitution. In 2019, following review by the Texas Sunset Advisory Commission, and with the passage of Senate Bill 627, the Authority's legislation was amended by the 86th Legislature, effective September 1, 2019. Additionally, the Authority has been charged by acts of the 86th Legislature with House Bill 4166 to submit a feasibility study on increasing navigation on the Red River between Texarkana and Denison to the Legislature by January 1, 2021. The Authority's mission remains, the orderly conservation, reclamation, protection, and development of the water resources throughout the Red River Basin for the benefit of the public.

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

The Red River Industrial Development Authority was authorized by the Board of Directors in July 1979 under the terms of the Texas Development Corporation Act of 1979. The Red River Industrial Development Authority is a separate entity of the Red River Authority of Texas and is

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

### GOVERNING BODY

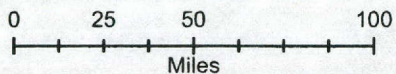
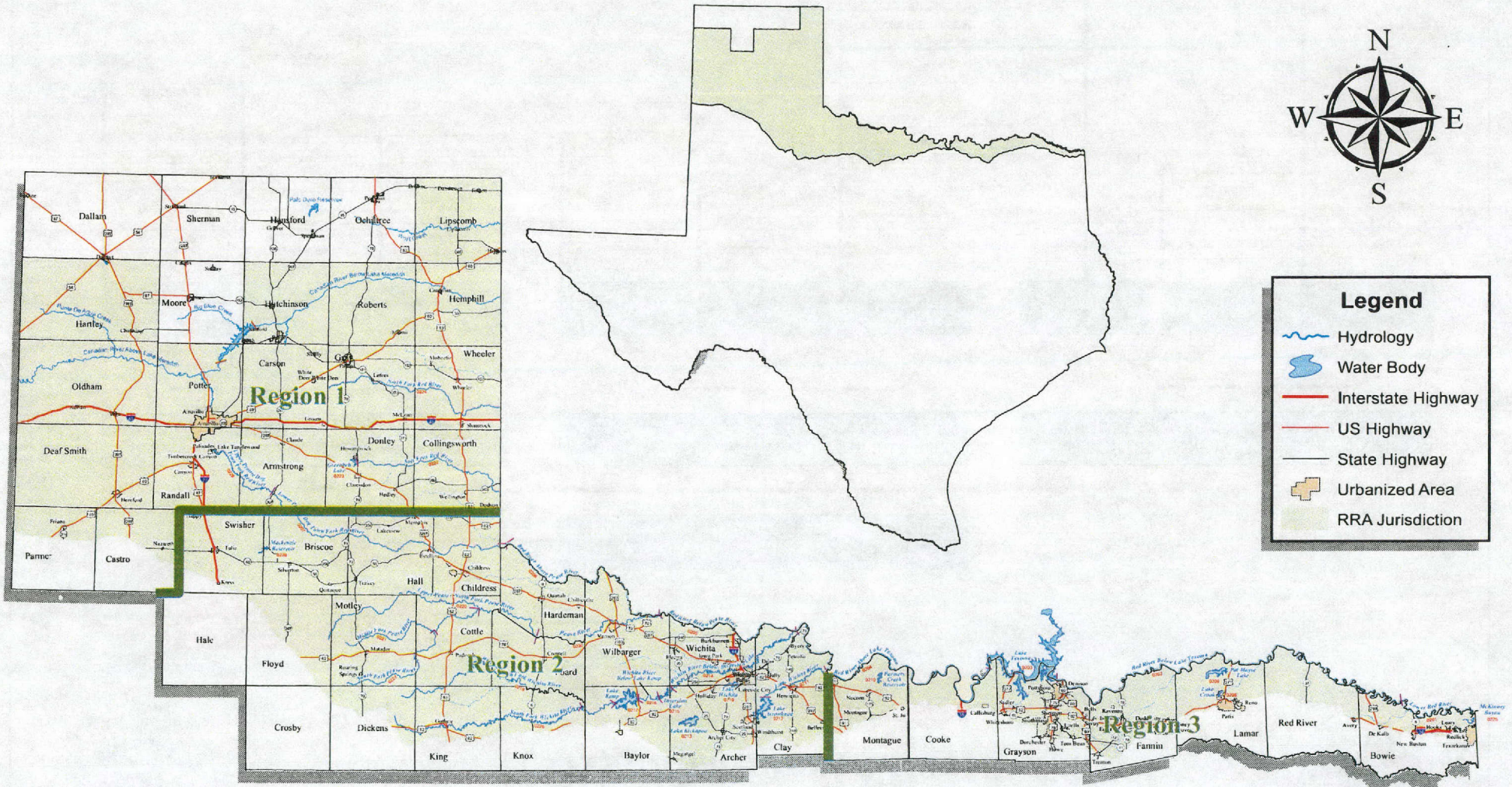
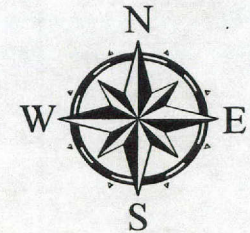
The Authority's governing body is composed of a nine-member Board of Directors, all of whom are appointed by the Governor, confirmed by the Senate, a legal voter, a property taxpayer, and reside in the Authority's jurisdictional area. Each Director serves a six-year staggered term. The Directors are organized by a President, appointed by the Governor, and electing from their membership a Vice-President, Secretary, and Assistant Secretary. The President appoints from their membership, and confirmed by the Directors, three Directors to serve with the President on the Executive Committee. The Executive Committee functions as a policy, administrative and fiscal oversight committee for all agency related activities. The Board of Directors administers all affairs of the Authority through a Board-adopted Administrative Policy and a Board-appointed chief executive officer in the position of General Manager.

### ADMINISTRATION

All fiscal and administrative functions are conducted from the general offices, located at 3000 Hammon Road, Wichita Falls, Texas. The General Manager is assisted by a professional staff of employees and consultants in the accomplishment of his duties, and is solely responsible to the Board of Directors for the proper implementation of all policies and the successful administration of the Authority. The Executive Administration is the upper-level management team that consists of three interactive branches of administration for the orderly conduct of all facets of the Authority's activities. The branches are the General Division Branch, Fiscal Services Branch, and General Operations Branch. Each branch is responsible for providing team leadership, administrative, and technical services to each division or department of the Authority. The Executive Staff administers Board Policy and carries out the Authority's mission under a Board-approved Strategic Management Plan. There were 32 full-time classified employees on the Authority's payroll on September 30, 2020. **Refer to the Organizational Chart** for details.



# Red River Authority of Texas Jurisdictional Map





# Red River Authority of Texas Organizational Chart

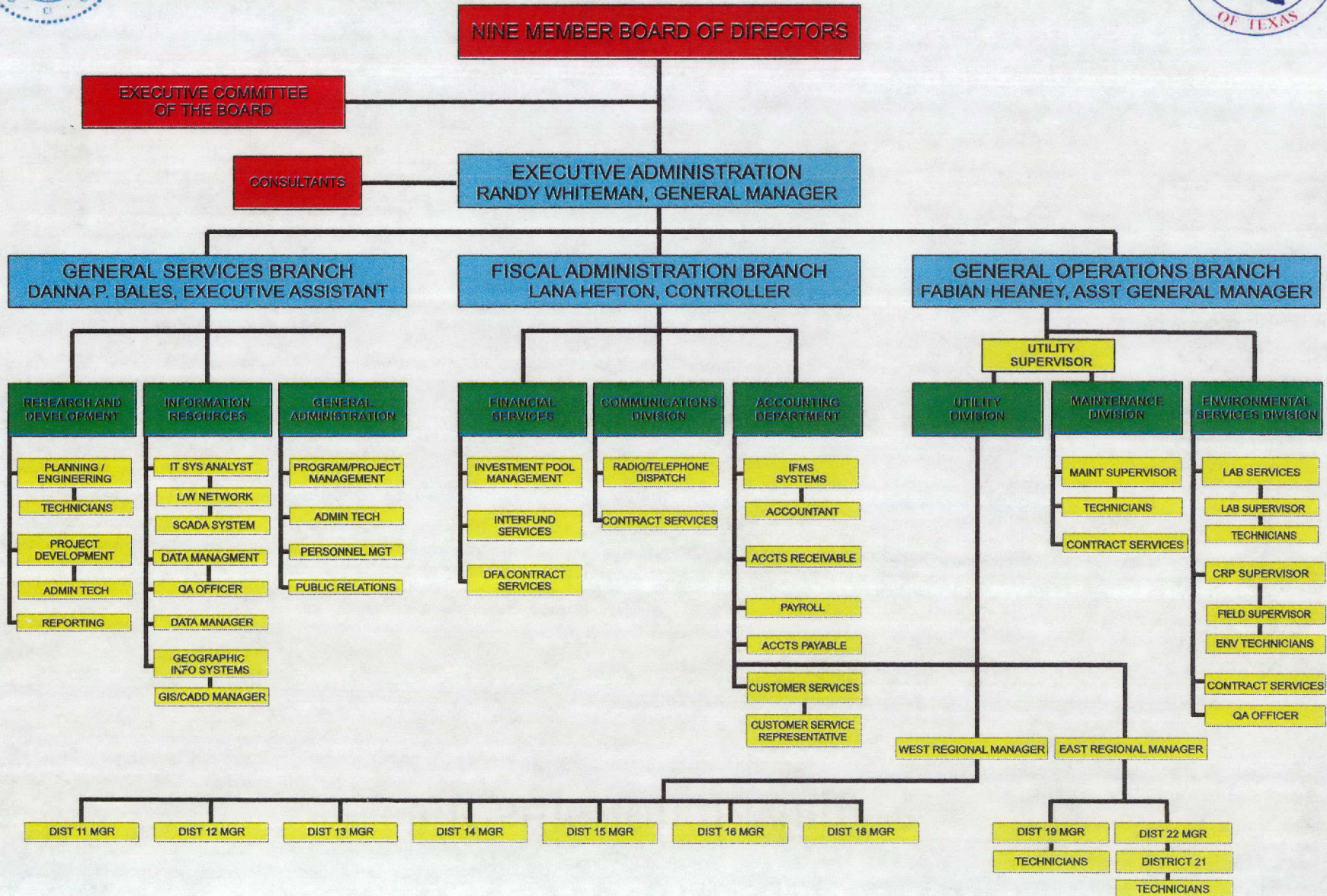


Chart 1

XI

## **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 completed work on a 5 Year Asset Management Plan to address infrastructure needs and to assess cost estimates. The Authority also has an adopted 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. Both of these current tools were adopted in July 2020 and set for review every five years, or sooner if needed. These planning tools are instrumental in determining the long term needs of the Authority and how to address those needs in the most effective but least burdensome way on our customers.

## **BUDGETARY CONTROLS**

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

## **LOCAL ECONOMY**

The size of the Authority's vast basin makes it hard to identify a true local economy as the basin stretches over 43 counties from the state of Arkansas to the state of New Mexico. The basin is primarily agrarian in nature with large cattle ranches and cotton farms in the west and large poultry

and farms and timber production in the east. Both the east and west regions have large energy industries with traditional oil and gas production and recent increase in green energy in the form of wind and solar production. The robust energy market has allowed the economy to stay strong and the lack of severe weather has contributed to sustained agriculture production. The western region has not experienced much population growth but has remained steady in recent years. The eastern region has experienced some growth as the DFW Motorplex population growth migrates further north toward the Red River.

The Authority's main office is located in Wichita Falls, Texas. Wichita Falls has a diverse economy that includes manufacturing, government, medical services, retail and service related commerce.

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

The City of Wichita Falls can also call itself home to numerous retirees and can boast that though the labor force numbers have dropped over the last ten years, unemployment has continued to drop as well. Wichita Falls current unemployment rate as of September 2020 is 7%, lower than the state and national averages of 8.2% and 7.7% respectfully.

<b>Year</b>	<b>Period</b>	<b>Labor Force</b>	<b>Employment</b>	<b>Unemployment</b>	<b>Unemployment Rate</b>
2010	Sep	69,833	64,718	5,115	7.3
2011	Sep	68,793	64,044	4,749	6.9
2012	Sep	67,682	63,756	3,926	5.8
2013	Sep	66,347	62,596	3,751	5.7
2014	Sep	65,692	62,586	3,106	4.7
2015	Sep	63,991	61,170	2,821	4.4
2016	Sep	63,842	60,958	2,884	4.5
2017	Sep	64,949	62,762	2,187	3.4
2018	Sep	65,396	63,281	2,115	3.2
2019	Sep	65,560	63,611	1,949	3
2020	Sep	65,243	60,652	4,591	7

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.

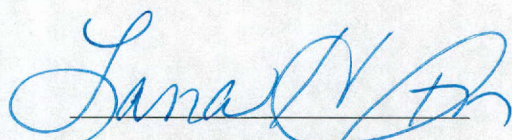
## AUDIT REQUIREMENTS

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

**THIS PAGE IS INTENTIONALLY LEFT BLANK**



**FINANCIAL SECTION**





# EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

4110 KELL BLVD., SECOND FLOOR • P.O. Box 750  
WICHITA FALLS, TEXAS 76307-0750  
PH. (940) 766-5550 • FAX (940) 766-5778

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

## Independent Auditor's Report on Financial Statements

Board of Directors  
Red River Authority of Texas

Members of the Board of Directors:

We have audited the accompanying financial statements of Red River Authority of Texas (Authority) as of and for the years ended September 30, 2020 and 2019, 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, 2020 and 2019, 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 12, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Respectfully submitted,

*Edgin, Parkman, Fleming & Fleming, PC*

Edgin, Parkman, Fleming & Fleming, PC

January 12, 2021

**THIS PAGE IS INTENTIONALLY LEFT BLANK**

**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, 2020. 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 \$19,260,409 (net position). Of this amount, \$11,292,872 (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 \$792,871;
3. The Authority expended over \$2.5 million towards improvements to its water systems to address EPA violations which are capitalized as construction in progress at year end.

### **Overview of the Financial Statements**

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

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

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

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

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

**Notes to the Basic Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the Authority-wide statements. The notes to the basic financial statements can be found on **pages 15-51** of this report.

**Authority-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of the Authority's financial position. In the case of the Authority, assets exceeded liabilities by \$19,260,409 at the close of the most recent fiscal year.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Assets:</b>			
Current assets	\$11,112,815	\$10,793,399	\$10,205,617
Restricted assets	9,409,413	11,577,363	12,811,444
Capital assets	13,350,208	11,106,150	10,156,198
Noncurrent assets	1,176,666	282,070	869,005
Total assets	<u>35,049,102</u>	<u>33,758,982</u>	<u>34,042,264</u>
<b>Deferred outflows of resources</b>	<u>138,791</u>	<u>686,145</u>	<u>189,261</u>
<b>Liabilities:</b>			
Current liabilities	970,185	778,951	951,612
Noncurrent liabilities	14,464,434	15,011,158	15,366,704
Total liabilities	<u>15,434,619</u>	<u>15,790,109</u>	<u>16,318,316</u>
<b>Deferred inflows of resources</b>	<u>492,865</u>	<u>187,480</u>	<u>142,461</u>
<b>Net position:</b>			
Net investment in capital assets	7,789,703	7,368,622	7,314,700
Restricted net position	177,834	169,276	159,829
Unrestricted net position	11,292,872	10,929,640	10,296,219
<b>Total net position</b>	<u>\$19,260,409</u>	<u>\$18,467,538</u>	<u>\$17,770,748</u>

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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

An additional portion of the Authority's net position (0.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$11,292,872 (58.7%) 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 \$792,871. This increase represents consistent operating revenues and a conservative approach to managing expenses.

In fiscal year 2019, 39.9% of the Authority's net position reflected its investment in capital assets (e.g., land, building, machinery, equipment, and water rights), less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide services to customers; consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Authority's net position (0.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$10,929,640 (59.2%) may be used to meet the Authority's ongoing obligations to constituents and creditors. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net position with an increase in net position of \$696,790. This increase represents consistent operating revenues and a conservative approach to managing expenses.

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Operating revenues:</b>			
Water and sewer sales	\$ 5,414,765	\$ 5,227,066	\$ 5,426,272
Charges for materials and services	974,705	724,521	589,486
Other	485,041	457,340	413,221
Total operating revenues	<u>6,874,511</u>	<u>6,408,927</u>	<u>6,428,979</u>
<b>Operating expenses:</b>			
Water purchases	928,966	859,289	807,778
Personnel services	2,344,243	2,419,517	2,119,759
Administrative costs	176,001	179,918	160,376
Utilities, supplies, and maintenance	1,034,624	922,859	1,027,401
Insurance	76,717	76,115	61,172
Automobile and travel	191,407	240,714	219,284
Professional and directors fees	319,136	169,575	155,743
Research expense	( 75)	41,500	27,810
Total operating expenses	<u>5,071,019</u>	<u>4,909,487</u>	<u>4,579,323</u>
Operating income before depreciation and amortization	1,803,492	1,499,440	1,849,656
Depreciation and amortization	(746,499)	(746,350)	(705,274)
Operating income	<u>1,056,993</u>	<u>753,090</u>	<u>1,144,382</u>
<b>Nonoperating revenues (expenses):</b>			
Interest income	235,912	471,208	316,142
Gain on disposal of assets	41,735	5,000	35,007
Interest expense	(541,769)	(532,508)	(539,686)
Total nonoperating revenues (expenses)	<u>(264,122)</u>	<u>( 56,300)</u>	<u>(188,537)</u>
Change in net position	<u>792,871</u>	<u>696,790</u>	<u>955,845</u>
Net position, beginning, as originally stated	18,467,538	17,770,748	16,866,948
Prior period adjustment (GASB 75)	<u>-</u>	<u>-</u>	<u>(52,045)</u>
Net position, beginning, as restated	<u>18,467,538</u>	<u>17,770,748</u>	<u>16,814,903</u>
Net position, ending	<u>\$19,260,409</u>	<u>\$18,467,538</u>	<u>\$17,770,748</u>

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.

Some of the major variances from fiscal year 2018 to fiscal year 2019 include a \$199,206 decrease in water and sewer sales. This decrease is the result of a 11.32% decrease in water consumption between years due to weather conditions and other factors. The Authority also incurred \$51,511 more in water purchases primarily due to the effort to blend purchased water

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

with well water to combat the nitrate levels in the Truscott-Gilliland system. Personnel services increased \$299,758 mainly due to the addition of a management position and the effects of GASB 68 and 75 adjustments.

**Capital Asset and Debt Administration**

**Capital Assets.** The Authority's investment in capital assets funds as of September 30, 2020 amounts to \$13,350,208, (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 20%.

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 project.
- Replacement of 4 work trucks.

**CAPITAL ASSETS**  
(Net of Depreciation)

Asset	Value September 30, 2019	Additions / Completions	Deletions	Value September 30, 2020	Accumulated Depreciation	Net Value
Land and easements	\$ 459,441	\$ -	\$ -	\$ 459,441	\$ -	\$ 459,441
Construction in progress	1,102,770	2,772,214	167,850	3,707,134	-	3,707,134
Building	1,028,368	-	-	1,028,368	472,382	555,986
Water storage rights	1,222,700	-	-	1,222,700	279,572	943,128
Water systems	20,415,977	172,034	-	20,588,011	13,336,840	7,251,171
Machinery and equipment	992,069	43,107	-	1,035,176	898,111	137,065
Furniture and fixtures	217,150	22,962	-	240,112	217,549	22,563
Motor vehicles	710,742	148,090	110,096	748,736	475,016	273,720
<b>Totals</b>	<b>\$26,149,217</b>	<b>\$3,158,407</b>	<b>\$277,946</b>	<b>\$29,029,678</b>	<b>\$15,679,470</b>	<b>\$13,350,208</b>

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

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

**Long-Term Debt.** At the end of the current fiscal year, the Authority had total bonded debt outstanding of \$14,578,634. All of the debt is backed by the full faith and credit of the Authority and is secured solely by specified revenue sources (i.e., revenue bonds).

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

	Average Interest Rates	Final Maturity Date	Annual Serial Payments	Bonds Authorized	Bonds Outstanding September 30, 2019	Additions Issuances (Sales) (Retirements)	Bonds Outstanding September 30, 2020
Water Revenue Bonds							
Series 2010	1.93%	08/15/2030	\$26,600 to \$53,600	<u>\$ 849,200</u>	<u>\$ 515,634</u>	<u>\$ 42,000</u>	<u>\$ 473,634</u>
Series 2017	3.57%	04/01/2047	\$300,000 to \$800,000	<u>\$15,130,000</u>	<u>\$14,410,000</u>	<u>\$305,000</u>	<u>\$14,105,000</u>

The Authority's bonded debt decreased by \$347,000 (2.3%) during the current fiscal year as a result of scheduled payments.

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

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

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

- Capital expenditures in the Utility Division – several systems within the utility division are proposed to receive capital expenditures for component repair and/or replacements of certain facilities during the ensuing fiscal year which are financed through the \$15,000,000 bond issued in 2017. Major projects are as follows:
  - Hinds-Wildcat new water source (completion in 2021) for \$2,100,000
  - Guthrie-Dumont new water source (completion 2021) for \$3,250,000
  - Preston Shores Water Plant Chloride Dioxide Injection System (completion 2021) for \$1,250,000
  - Lake Arrowhead new water source (completion 2021) for \$2,000,000
- Increased effort to reduce water purchases and decrease water loss
- Five-year review of water rates versus expenses
- Inflationary trends in the region compare favorably to national indices

All of these factors were considered in preparing the Authority's budget for the 2021 fiscal year. The proposed budget for 2020-21 reflects a decrease in projected revenue of approximately \$50,000. Expenditures are projected to increase approximately \$166,000. As a result, the Authority has projected a decrease of \$212,969 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](mailto:info@rra.texas.gov).

**THIS PAGE IS INTENTIONALLY LEFT BLANK**



**BASIC FINANCIAL STATEMENTS**

**RED RIVER AUTHORITY OF TEXAS**  
**STATEMENTS OF NET POSITION**  
September 30, 2020 and 2019

	2020	2019
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and short-term investments	\$ 9,765,975	\$ 9,519,194
Receivables:		
Trade and contracts	1,189,273	1,152,887
Prepaid expenses	71,946	54,409
Inventory	85,621	66,909
Restricted assets:		
Cash and short-term investments	9,409,413	11,577,363
Total current assets	<u>20,522,228</u>	<u>22,370,762</u>
<b>Long-term assets:</b>		
Net pension assets	1,176,666	282,070
Capital assets not being depreciated	4,166,575	1,562,211
Capital assets being depreciated (net)	9,183,633	9,543,939
Total long-term assets	<u>14,526,874</u>	<u>11,388,220</u>
Total assets	<u>35,049,102</u>	<u>33,758,982</u>
<b>Deferred outflows of resources:</b>		
Pension related	123,802	682,757
OPEB related	14,989	3,388
Total deferred outflows of resources	<u>138,791</u>	<u>686,145</u>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable - trade	479,401	327,118
Interest payable	22,963	7,200
Accrued payroll and related taxes	62,801	47,322
Unearned revenue	46,887	50,344
Bonds payable, current maturities	358,133	346,967
Total current liabilities	<u>970,185</u>	<u>778,951</u>
<b>Long-term liabilities:</b>		
Bonds payable, less current maturities	14,395,201	14,759,898
Total OPEB liability	69,233	53,030
Deposits	-	198,230
Total long-term liabilities	<u>14,464,434</u>	<u>15,011,158</u>
Total liabilities	<u>15,434,619</u>	<u>15,790,109</u>
<b>Deferred inflows of resources:</b>		
Pension related	486,706	180,186
OPEB related	6,159	7,294
Total deferred inflows of resources	<u>492,865</u>	<u>187,480</u>
<b>Net position:</b>		
Net investment in capital assets	7,789,703	7,368,622
Restricted:		
Debt service	177,834	169,276
Unrestricted	11,292,872	10,929,640
Total net position	<u>\$ 19,260,409</u>	<u>\$ 18,467,538</u>

The accompanying notes are an integral part of this statement.

**RED RIVER AUTHORITY OF TEXAS**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
for the years ended September 30, 2020 and 2019

	2020	2019
<b>Operating revenues:</b>		
Water and sewer sales	\$ 5,414,765	\$ 5,227,066
Charges for materials and services	974,705	724,521
Other	485,041	457,340
Total operating revenues	<u>6,874,511</u>	<u>6,408,927</u>
<b>Operating expenses:</b>		
Water purchases	928,966	859,289
Personnel services	2,344,243	2,419,517
Administrative costs	176,001	179,918
Utilities, supplies, and maintenance	1,034,624	922,859
Insurance	76,717	76,115
Automobile and travel	191,407	240,714
Professional and directors fees	319,136	169,575
Research expense	(75)	41,500
Total operating expenses	<u>5,071,019</u>	<u>4,909,487</u>
Operating income before depreciation and amortization	1,803,492	1,499,440
Depreciation and amortization	(746,499)	(746,350)
Operating income	<u>1,056,993</u>	<u>753,090</u>
<b>Nonoperating revenues (expenses):</b>		
Interest income	235,912	471,208
Gain on disposal of assets	41,735	5,000
Interest expense	(541,769)	(532,508)
Total nonoperating revenues (expenses)	<u>(264,122)</u>	<u>(56,300)</u>
Change in net position	792,871	696,790
Net position, beginning	<u>18,467,538</u>	<u>17,770,748</u>
Net position, ending	<u>\$ 19,260,409</u>	<u>\$ 18,467,538</u>

The accompanying notes are an integral part of this statement.

**RED RIVER AUTHORITY OF TEXAS**  
**STATEMENTS OF CASH FLOWS**  
for the years ended September 30, 2020 and 2019

	2020	2019
<b>Cash flows from operating activities:</b>		
Cash received from customers and users	\$ 6,636,438	\$ 6,401,714
Cash payments to suppliers for goods and services	(2,595,263)	(2,684,673)
Cash payments to employees for services	(2,369,897)	(2,290,444)
Net cash provided by operating activities	<u>1,671,278</u>	<u>1,426,597</u>
<b>Cash flows from capital and related financing activities:</b>		
Principal paid on revenue bonds	(347,000)	(340,967)
Interest paid on revenue bonds	(532,537)	(536,039)
Acquisition of capital assets	(2,990,557)	(1,696,302)
Proceeds from sale of capital assets	41,735	5,000
Net cash used in capital and related financing activities	<u>(3,828,359)</u>	<u>(2,568,308)</u>
<b>Cash flows from investing activities:</b>		
Interest received on investments	235,912	471,208
Net cash provided by investing activities	<u>235,912</u>	<u>471,208</u>
Net decrease in cash and cash equivalents	(1,921,169)	(670,503)
Cash and cash equivalents, beginning	<u>21,096,557</u>	<u>21,767,060</u>
Cash and cash equivalents, ending	<u>\$ 19,175,388</u>	<u>\$ 21,096,557</u>
Displayed as:		
Current Assets:		
Cash and short-term investments	\$ 9,765,975	\$ 9,519,194
Restricted Assets:		
Cash and short-term investments	<u>9,409,413</u>	<u>11,577,363</u>
	<u>\$ 19,175,388</u>	<u>\$ 21,096,557</u>

The accompanying notes are an integral part of this statement.

**RED RIVER AUTHORITY OF TEXAS**  
**STATEMENTS OF CASH FLOWS, Continued**  
for the years ended September 30, 2020 and 2019

	2020	2019
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
<b>Operating income</b>	<u>\$ 1,056,993</u>	<u>\$ 753,090</u>
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>		
Depreciation and amortization	746,499	746,350
Change in assets and liabilities:		
(Increase) decrease in trade receivables	(36,386)	(12,610)
(Increase) decrease in prepaid expenses	(17,537)	(750)
(Increase) decrease in inventory	(18,712)	(10,844)
(Increase) decrease in net pension assets	(894,596)	586,935
(Increase) decrease in deferred outflows	547,354	(496,884)
Increase (decrease) in trade accounts payable	152,283	(193,692)
Increase (decrease) in accrued liabilities	15,479	10,583
Increase (decrease) in unearned revenues	(3,457)	1,448
Increase (decrease) in total OPEB liability	16,203	(5,997)
Increase (decrease) in deposits	(198,230)	3,949
Increase (decrease) in deferred inflows	<u>305,385</u>	<u>45,019</u>
Total adjustments	<u>614,285</u>	<u>673,507</u>
Net cash provided by operating activities	<u><u>\$ 1,671,278</u></u>	<u><u>\$ 1,426,597</u></u>

The accompanying notes are an integral part of this statement.

# RED RIVER AUTHORITY OF TEXAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

Years Ended September 30, 2020 and 2019

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. Reporting Entity

The Red River Authority of Texas was created in 1959 by Acts of the 56<sup>th</sup> Texas Legislature as a political subdivision of the State, a body politic and corporate under Article XVI, Section 59 of the Texas Constitution. The Authority's Enabling Legislation, Article 8280-228 of Vernon's Annotated Texas Civil Statutes (VATCS), enumerates the primary powers granted under the General and Special Laws of the State to fulfill its purpose as a water conservation and reclamation district. Additionally, the Authority functions under the applicable provisions of the Texas Water Code, Chapter 30. The Authority is governed by a Board of Directors who are appointed by the Governor of the State of Texas to serve a six-year staggered term.

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

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

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

## RED RIVER AUTHORITY OF TEXAS

### NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2020 and 2019

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

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

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

#### B. Basis of Presentation

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

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

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

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

# RED RIVER AUTHORITY OF TEXAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2020 and 2019

### 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.



## RED RIVER AUTHORITY OF TEXAS

### NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2020 and 2019

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

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

Water and sewer systems	5-50 years
Machinery and equipment	4-20 years
Motor vehicles	4 years

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

#### I. Deferred Outflows/Inflows of Resources

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

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

#### J. Direct Financing Arrangements

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

**RED RIVER AUTHORITY OF TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued**  
**Years Ended September 30, 2020 and 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

K. Vacation and Sick Leave

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

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

L. Restricted Assets

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

M. Pensions

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

N. Other Post-Employment Benefits

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

## RED RIVER AUTHORITY OF TEXAS

### NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2020 and 2019

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

##### O. Estimates

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

#### 2. DEPOSITS AND INVESTMENTS

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

##### A. Cash Deposits

The Authority shall utilize as depositories only federal and state chartered banking institutions within the territorial jurisdiction of the Authority. At September 30, 2020 and 2019, the carrying amount of the Authority's deposits (cash, money markets, and interest-bearing savings accounts included in temporary investments) was \$17,286,373 and \$3,561,664, respectively and the bank balance was \$17,372,669 and \$3,614,387, respectively. The Authority's cash deposits at September 30, 2020 and 2019 were adequately covered by FDIC insurance or by pledged collateral held by the Authority's agent bank in the Authority's name in accordance with Chapter 2257, Texas Government Code (Collateral for Public Funds Act).

##### B. Investments

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

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

**RED RIVER AUTHORITY OF TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued**  
**Years Ended September 30, 2020 and 2019**

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, 2020 and 2019 are shown below:

Investment or Investment Type	2020		2019	
	Weighted Maturity (Months)	Fair Value	Weighted Maturity (Months)	Fair Value
TexPool	1.0	\$ 1,889,015	1.0	\$ 17,534,893
Bank Money Markets	1.0	3,511,128	1.0	3,442,040
Insured Cash Sweep	1.0	13,749,888	N/A	-
		<u>\$ 19,150,031</u>		<u>\$ 20,976,933</u>

The Authority categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Authority's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability. The Authority values its TexPool balances at net asset value per unit/share. Money market accounts are valued using Level 2 inputs, which are values provided by the Authority's depositories. There were no changes in valuation technique for the years ended September 30, 2020 or 2019.

## RED RIVER AUTHORITY OF TEXAS

### NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2020 and 2019

#### 2. DEPOSITS AND INVESTMENTS, Continued

##### C. Analysis of Specific Deposit and Investment Risks

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

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

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

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

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

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

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

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

##### D. Investment Accounting Policy

The Authority's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of

## RED RIVER AUTHORITY OF TEXAS

### NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2020 and 2019

#### 2. DEPOSITS AND INVESTMENTS, Continued

the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists, which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Non-negotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

##### E. Public Funds Investment Pools

The TexPool investment Pool (TexPool) is a local government investment pool organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard & Poor's. All investments are stated at amortized cost, which usually approximates the fair value of the securities. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at [www.ttstc.org](http://www.ttstc.org).

**RED RIVER AUTHORITY OF TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued**  
**Years Ended September 30, 2020 and 2019**

3. CAPITAL ASSETS

Capital asset activity for the years ended September 30, 2020 and 2019 was as follows:

At September 30, 2020

	Balance October 1, <u>2019</u>	Increases	Decreases	Balance September 30, <u>2020</u>
Capital assets not being depreciated:				
Land and easements	\$ 459,441	\$ -	\$ -	\$ 459,441
Construction in progress	<u>1,102,770</u>	<u>2,772,214</u>	<u>167,850</u>	<u>3,707,134</u>
Total capital assets not being depreciated	<u>1,562,211</u>	<u>2,772,214</u>	<u>167,850</u>	<u>4,166,575</u>
Capital assets being depreciated:				
Water storage rights	1,222,700	-	-	1,222,700
Water systems	20,415,977	172,034	-	20,588,011
Machinery and equipment	992,069	43,107	-	1,035,176
Building	1,028,368	-	-	1,028,368
Furniture and fixtures	217,150	22,962	-	240,112
Motor vehicles	<u>710,742</u>	<u>148,090</u>	<u>110,096</u>	<u>748,736</u>
Total capital assets being depreciated	<u>24,587,006</u>	<u>386,193</u>	<u>110,096</u>	<u>24,863,103</u>
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	-	898,111
Building	434,620	37,762	-	472,382
Furniture and fixtures	207,662	9,887	-	217,549
Motor vehicles	<u>466,488</u>	<u>118,624</u>	<u>110,096</u>	<u>475,016</u>
Total accumulated depreciation	<u>15,043,067</u>	<u>746,499</u>	<u>110,096</u>	<u>15,679,470</u>
Total capital assets being depreciated, net	<u>9,543,939</u>	( <u>360,306</u> )	<u>-</u>	<u>9,183,633</u>
Total capital assets, net	<u>\$11,106,150</u>	<u>\$2,411,908</u>	<u>\$167,850</u>	<u>\$13,350,208</u>

**RED RIVER AUTHORITY OF TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued**  
**Years Ended September 30, 2020 and 2019**

3. CAPITAL ASSETS, Continued

At September 30, 2019

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

4. LONG-TERM DEBT

Bonds payable and transactions for the years ended September 30, 2020 and 2019 are summarized as follows:

At September 30, 2020

	Balance 10/1/19	Issued	Retired	Balance 9/30/20	Due Within One Year
Water revenue bonds	\$14,925,634	\$ -	\$347,000	\$14,578,634	\$358,133
Premium on bonds	<u>181,231</u>	<u>-</u>	<u>6,531</u>	<u>174,700</u>	<u>-</u>
Totals	<u>\$15,106,865</u>	<u>\$ -</u>	<u>\$353,531</u>	<u>\$14,753,334</u>	<u>\$358,133</u>



**RED RIVER AUTHORITY OF TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued**  
**Years Ended September 30, 2020 and 2019**

4. LONG-TERM DEBT, Continued

At September 30, 2019

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

Water Revenue Bonds

Water revenue bonds are comprised of the following individual issues as of September 30, 2020:

	<u>Interest</u> <u>Rates</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>	<u>Annual</u> <u>Serial</u> <u>Payments</u>	<u>Bonds</u> <u>Authorized</u>	<u>Outstanding</u> <u>at 9/30/20</u>	<u>Outstanding</u> <u>at 9/30/19</u>
Series 2010	1.93%	08-15-30	\$26,600 to \$53,600	\$ 849,200	<u>\$ 473,634</u>	<u>\$ 515,634</u>
Series 2017	3.57%	04-01-47	\$300,000 to \$800,000	\$15,130,000	<u>\$14,105,000</u>	<u>\$14,410,000</u>

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

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

The net premium amount on issuance associated with the new issuance of \$15,130,000 of Water System Revenue Bonds is being amortized over the life of the new issue using the effective interest method and is reported as a separate line item on the face of the financial statements.

**RED RIVER AUTHORITY OF TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued**  
**Years Ended September 30, 2020 and 2019**

4. LONG-TERM DEBT, Continued

The annual requirements to pay principal and interest on the long-term obligations outstanding as of September 30, 2020 are as follows:

Year Ending September 30,	Bond	
	Principal	Interest
2021	\$ 358,133	\$ 523,034
2022	369,000	512,858
2023	380,000	502,302
2024	396,200	488,011
2025	407,400	473,045
2026 – 2030	2,317,901	2,088,182
2031 – 2035	2,445,000	1,697,781
2036 – 2040	2,885,000	1,252,024
2041 – 2045	3,450,000	689,413
2046 – 2047	<u>1,570,000</u>	<u>88,875</u>
Totals	<u>\$14,578,634</u>	<u>\$8,315,525</u>

The net revenue of the Authority is pledged as collateral for the revenue bonds outstanding. \$177,834 is available in the interest and sinking fund at September 30, 2020 to service the bonds.

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

5. DIRECT FINANCING ARRANGEMENT DEBT

The bonds issued under direct financing arrangements represent, in substance, obligations of those entities on whose behalf they were issued and are not reflected on the Authority's financial statements. The following is a summary of changes in the direct financing arrangement obligations for the year ended September 30, 2020:

	Debt Outstanding October 1, 2019	New Obligations Issued	Obligations Retired or Refunded	Debt Outstanding September 30, 2020
Bonds issued under direct financing arrangements	<u>\$63,300,000</u>	<u>\$ -</u>	<u>\$63,300,000</u>	<u>\$ -</u>

**RED RIVER AUTHORITY OF TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued**  
**Years Ended September 30, 2020 and 2019**

5. DIRECT FINANCING ARRANGEMENT DEBT, continued

Direct financing bonds payable at September 30, 2020, comprise the following individual issuances:

	Range of Interest Rates	Final Maturity Date	Annual Serial Payments	Bonds Authorized	Debt Outstanding September 30, 2020
<u>Pollution Control Revenue Bonds</u> –					
AEP Texas North Company, Public Service Company of Oklahoma and AEP Texas Central Company-Series 2007	4.45%	06-01-20	\$63,300,000*	\$63,300,000	\$ -
Total direct financing bonds				<u>\$63,300,000</u>	<u>\$ -</u>

\* Term payment at maturity

In January 2010, the Authority was notified by the Internal Revenue Service (IRS) that it had selected the \$50,000,000 Red River Authority of Texas Solid Waste Disposal Revenue Bonds (Panda Hereford Ethanol, L.P. Project) Series 2006, for a routine examination to determine compliance with federal tax requirements. The responsibility for submitting the information requested by the IRS would normally fall on the entity for which the bonds were issued. However, since Panda Hereford declared bankruptcy in April 2009, the IRS determined the responsibility for providing the requested information and completing the arbitrage calculation lay with the Authority. The Authority employed its bond counsel and financial consultant to prepare the arbitrage rebate report and respond to the IRS. The arbitrage rebate report reflected that there was no liability to the IRS related to this bond issue, therefore, since no liability exists, under the reporting rules there was no requirement to file documents with the IRS. As of September 30, 2020, the IRS has not responded to any of the information submitted.

6. COMMITMENTS AND CONTINGENT LIABILITIES

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

Three of the Authority's water systems (Truscott-Gilliland, Guthrie-Dumont, and the Hinds-Wildcat Water Systems) have been issued Administrative Enforcement Orders by the Environmental Protection Agency (EPA) for being in violation of the United States Environmental Protection Agency's (EPA) Safe Drinking Water Act (SDWA) regulations,

## RED RIVER AUTHORITY OF TEXAS

### NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2020 and 2019

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

for exceeding the maximum contaminate level for nitrates. High nitrate levels are a common problem with water systems utilizing ground water not only in Texas, but across the nation. Currently, the Authority is complying with the EPA's noncompliance requirements of notifying the customers by letter on a quarterly basis, furnishing affected customers with bottled water reimbursement, and developing economically feasible compliance plans for each system affected. In April of 2016, the Authority was issued Administrative Complaints on these systems by the EPA with fines totaling \$55,000. In response, the Authority has developed major capital improvement plans for each system and has negotiated Consent Agreements for each system with the EPA, reducing the Administrative Fines paid to \$49,000. The Authority has developed capital improvement projects to bring the systems into compliance and issued bonds in 2017 for construction of the capital improvement projects and engineering and permitting for the projects has commenced. The first project for remediation of the nitrate was on the Truscott-Gilliland Water System to build a transmission line from Greenbelt Municipal and Industrial Water Authority to the Gilliland Pump Station to provide treated water for this system. The line was completed and placed in service in September 2018. On the second project, the Authority purchased 480 acres in Dickens County to tap in to the Ogallala Aquifer in an effort to find low nitrate wells to blend with the high nitrate wells utilized by the Dumont System. The Authority drilled a test well and found favorable water quality. The Authority requested from TCEQ a permit to drill up to four additional wells. The four wells have been drilled and sufficient water is now available. In 2020 the Authority awarded two construction contracts and is 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 in compliance. Completion of the two projects is projected for Fall of 2021.

On the third project, the Hinds Wildcat system, the Authority has engineered the line to bring treated water from the City of Vernon to the Hinds pump station, however, acquiring necessary easements has been fruitless. Originally, the Authority tried to partner with the City of Vernon to acquire the easements but the cost estimates for the larger easement caused the City to withdraw from the partnership. The Authority revised the engineering and easement size and resolicited for the easements. The Authority was able to acquire four of the six easements but has had to resort to pursuing Eminent Domain for the two remaining easements.

In 2004, the Authority was notified that two water systems were in violation of the SDWA's maximum contaminant level for total trihalomethanes (TTHMs); the Lake Arrowhead and Preston Shores Water Systems. The Authority has also been notified that the same two water systems are also in violation of the SDWA's maximum contaminant level for Haloacetic Acids (HAA5s). These violations were brought about by the EPA lowering the maximum contaminant level effective January 1, 2004 and are not associated

## RED RIVER AUTHORITY OF TEXAS

### NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2020 and 2019

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

with operational treatment techniques. In compliance with agreed enforcement orders between the TCEQ and the Authority, the Authority sends Notice of Violation letters to each customer on these systems quarterly and will continue to do so until released by the TCEQ. The Authority has developed capital improvement projects to bring the systems into compliance and issued bonds in 2017 for construction of the capital improvement 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 has been laid and we are awaiting delivery of the Chloride Dioxide Injection Pumps.

The other system not in compliance with TTHM an 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 entire system will be served once the Lake Arrowhead Water plant is converted to a pump station in the Spring of 2021.

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 the tie-in of the new well should be completed in early 2021. As of September 30, 2020, the Authority had a total of \$738,650 in remaining contractual commitments related to the ongoing bond projects.

#### 7. DEFINED BENEFIT PENSION PLAN

##### Plan Description

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

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service or with 30 years of service regardless

**RED RIVER AUTHORITY OF TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued**  
**Years Ended September 30, 2020 and 2019**

7. DEFINED BENEFIT PENSION PLAN, continued

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

<u>Members</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>
Number of inactive employees entitled to but not yet receiving benefits:	17	17
Number of active employees:	32	32
Average monthly salary *:	\$4,112	\$4,378
Average age *:	46.17	46.84
Average length of service in years *:	8.27	8.31
Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients:	15	16
Average monthly benefit:	\$2,116	\$1,995

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

Funding Policy

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

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

The employer's regular contribution rate was 7% for 2018, 2019 and 2020, which was in excess of the Authority's compliant rates of 3.07%, 3.30% and 3.15% for those respective years. The deposit rate payable by the employee members for the years 2018, 2019 and 2020 was the rate of 7% as adopted by the governing body of the employer. The employee

**RED RIVER AUTHORITY OF TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued**  
**Years Ended September 30, 2020 and 2019**

7. DEFINED BENEFIT PENSION PLAN, continued

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 2018 and 2019 were as follows:

	<u>December 31, 2018</u>	<u>December 31, 2019</u>
Members (Employees)	\$108,963	\$120,067
Employer (Authority)	<u>108,963</u>	<u>120,067</u>
 Total contributions	 <u>\$217,926</u>	 <u>\$240,134</u>

Net Pension Liability / (Asset)

<u>Net Pension Liability / (Asset)</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>
Total Pension Liability	\$7,740,395	\$7,839,179
Fiduciary Net Position	8,022,464	9,015,845
Net Pension Liability (Asset)	(282,070)	(1,176,666)
Fiduciary Net Position as a % of Total Pension Liability	103.64%	115.01%
Pensionable Covered Payroll <sup>(1)</sup>	1,556,621	1,715,248
Net Pension Liability as a % of Covered Payroll	(18.12%)	(68.60%)

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

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

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

Discount Rate

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

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

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

**RED RIVER AUTHORITY OF TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued**  
**Years Ended September 30, 2020 and 2019**

7. DEFINED BENEFIT PENSION PLAN, continued

Actuarial Methods and Assumptions Used for GASB Calculations:

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Remaining Amortization Method	Level percent of payroll, closed
Recognition of economic/demographic gains or losses	Straight-line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-line amortization over Expected Working Life
Asset Valuation Method:	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.75%
Salary Increases	Varies by age and service, 4.9% average over career including inflation
Investment Rate of Return	8.10% (gross of administrative expenses)
Cost-of-Living Adjustments	Cost-of-living adjustments are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefits based on age. The average age for recent employees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Actuarial Methods and Assumptions Used for Funding Valuation:

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

Economic Assumptions

TCDRS system-wide economic assumptions:

Real rate of return	5.25%
Inflation	2.75%



**RED RIVER AUTHORITY OF TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued**  
**Years Ended September 30, 2020 and 2019**

7. DEFINED BENEFIT PENSION PLAN, continued

Long-term investment return	8.00%
-----------------------------	-------

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

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.25% (made up of 2.75% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee.

Employer-specific economic assumptions:

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

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

Demographic Assumptions

TCDRS system-wide demographic assumptions:

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

**Disability** – The rates of disability used in this valuation range from 0.0% for 25 year old employee and increases to .018% at age 59 for work related causes and 0.00% to .27% for all other causes. Members who become disabled are eligible to commence benefit payments regardless of age. Rates of disability are in a custom table based on TCDRS experience.

**Mortality -**

Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued  
Years Ended September 30, 2020 and 2019

7. DEFINED BENEFIT PENSION PLAN, continued

**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 2019 information for a 10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2013 – December 31, 2016 for more details.

## RED RIVER AUTHORITY OF TEXAS

### NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2020 and 2019

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

<u>Asset Class</u>	<u>Benchmark</u>	<u>Target Allocation <sup>(1)</sup></u>	<u>Geometric Real Rate of Return (Expected minus Inflation) <sup>(2)</sup></u>
US Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.20%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(3)</sup>	20.00%	8.20%
Global Equities	MSCI World (net) Index	2.50%	5.50%
International Equities – Developed Markets	MSCI World Ex USA (net) Index	7.00%	5.20%
International Equities – Emerging Markets	MSCI Emerging Markets (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.20%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	3.14%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.16%
Distressed Debt	Cambridge Associates Distressed Securities <sup>(4)</sup>	4.00%	6.90%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	3.00%	4.50%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	8.40%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(5)</sup>	6.00%	5.50%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	8.00%	2.30%

<sup>(1)</sup> Target asset allocation adopted at the June 2020 TCDRS Board Meeting.

<sup>(2)</sup> Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.80%, per Cliffwater's 2020 capital market assumptions.

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

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

<sup>(5)</sup> Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.

#### Depletion of Plan Assets / GASB Discount Rate

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

## RED RIVER AUTHORITY OF TEXAS

### NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2020 and 2019

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

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

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

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

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

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

**RED RIVER AUTHORITY OF TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued**  
**Years Ended September 30, 2020 and 2019**

7. DEFINED BENEFIT PENSION PLAN, continued

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

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

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

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

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

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

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

**RED RIVER AUTHORITY OF TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued**  
**Years Ended September 30, 2020 and 2019**

7. DEFINED BENEFIT PENSION PLAN, continued

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

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2017	\$7,546,628	\$8,415,633	(\$869,005)
Changes for the year:			
Service cost	186,368	-	186,368
Interest on total pension liability <sup>(1)</sup>	608,914	-	608,914
Effect of plan changes <sup>(2)</sup>	-	-	-
Effect of economic/demographic gains or losses	( 161,881)	-	( 161,881)
Effect of assumption changes or inputs	-	-	-
Refund of contributions	( 68,425)	( 68,425)	-
Benefit payments	( 371,209)	( 371,209)	-
Administrative expenses	-	( 6,444)	6,444
Member contributions	-	108,963	( 108,963)
Net investment income	-	( 159,258)	159,258
Employer contributions	-	108,963	( 108,963)
Other <sup>(3)</sup>	-	( 5,758)	5,758
Balances as of December 31, 2018	<u>\$7,740,395</u>	<u>\$8,022,465</u>	<u>(\$282,070)</u>

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

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

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

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>	Current Discount Rate <u>8.10%</u>	1% Increase <u>9.10%</u>
Total pension liability	\$ 8,761,059	\$7,839,179	\$7,051,428
Fiduciary net position	<u>9,015,845</u>	<u>9,015,845</u>	<u>9,015,845</u>
Net pension liability / (asset)	<u>(\$ 254,786)</u>	<u>(\$1,176,666)</u>	<u>(\$1,964,417)</u>

**RED RIVER AUTHORITY OF TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued**  
**Years Ended September 30, 2020 and 2019**

7. DEFINED BENEFIT PENSION PLAN, continued

Sensitivity Analysis at December 31, 2018 is as follows:

The following presents the net pension liability (asset) of the Authority, calculated using the discount rate of 8.10%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

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

Pension Expense / (Income)

	<u>January 1, 2018 to December 31, 2018</u>	<u>January 1, 2019 to December 31, 2019</u>
Service cost	\$186,368	\$192,538
Interest on total pension liability <sup>(1)</sup>	608,914	620,792
Effect of plan changes	-	-
Administrative expenses	6,444	6,870
Member contributions	( 108,963)	( 120,067)
Expected investment return net of investment expenses	( 672,377)	( 636,938)
Recognition of deferred inflows/outflows of resources:		
Recognition of economic/demographic gains or losses	( 33,359)	( 75,597)
Recognition of assumption changes or inputs	16,625	16,625
Recognition of investment gains or losses	235,740	79,908
Other <sup>(2)</sup>	<u>5,759</u>	<u>9,286</u>
Pension expense	<u>\$245,151</u>	<u>\$ 93,417</u>

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

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

Deferred Outflows / Inflows of Resources as of December 31, 2019:

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

**RED RIVER AUTHORITY OF TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued**  
**Years Ended September 30, 2020 and 2019**

7. DEFINED BENEFIT PENSION PLAN, continued

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$22,362	\$255,428
Changes of assumptions	9,782	-
Net difference between projected and actual earnings		231,278
Contributions made subsequent to measurement date	<u>91,658</u>	<u>-</u>
Total	<u>\$123,802</u>	<u>\$486,706</u>

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

<u>Year Ended December 31:</u>	
2020	(\$132,944)
2021	( 116,759)
2022	( 35,454)
2023	( 169,405)

For the year ended December 31, 2019, there were no changes to the Plan relative to assumptions and benefit terms.

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

As of December 31, 2018, the deferred outflows and inflows of resources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 37,720	\$180,186
Changes of assumptions	26,407	-
Net difference between projected and actual earnings	529,454	-
Contributions made subsequent to measurement date	<u>89,176</u>	<u>-</u>
Total	<u>\$682,757</u>	<u>\$180,186</u>



## RED RIVER AUTHORITY OF TEXAS

### NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued Years Ended September 30, 2020 and 2019

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

##### Plan Description

A description of the OPEB plan pursuant to Paragraph 40 of GASB Statement No. 75 is as follows:

1. The Authority participates in the retiree Group Term Life (GTL) program for the TCDRS which is a statewide, agent multiple-employer, public employee retirement system. 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.

**RED RIVER AUTHORITY OF TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued**  
**Years Ended September 30, 2020 and 2019**

8. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN, Continued

Membership Information

<u>Members</u>	<u>12/31/18</u>	<u>12/31/19</u>
Number of inactive employees entitled to but not yet receiving benefits <sup>(1)</sup>	4	3
Number of active employees	32	32
Average age of active employees	46.17	46.84
Average length of service in years for active employees	8.27	8.31
<u>Inactive Employees Receiving Benefits <sup>(1)</sup></u>		
Number of benefit recipients <sup>(1)</sup>	11	12

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

Total OPEB Liability

	<u>December 31, 2018</u>	<u>December 31, 2019</u>
Total OPEB liability	<u>\$53,030</u>	<u>\$69,233</u>

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

Discount Rate

	<u>December 31, 2018</u>	<u>December 31, 2019</u>
Discount rate <sup>(1)</sup>	4.10%	2.74%
Long-term expected rate of return, net of investment expense <sup>(1)</sup>	Does not apply	Does not apply
Municipal bond rate <sup>(1)</sup>	4.10%	2.74%

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

**RED RIVER AUTHORITY OF TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued**  
**Years Ended September 30, 2020 and 2019**

8. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN, Continued

Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2018 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 75.

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method: Recognition of economic/ demographic gains or losses 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
Investment Rate of Return (Discount Rate)	2.74% (20-year Bond GO Index published by bondbuyer.com as of 12/26/19)
Cost-of-Living Adjustment	Does not apply
Disability	The rates of disability range from .000% to .018% for work-related disability and .000% to .27% for all other causes depending on age.
Mortality: Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP- 2014 Ultimate scale after 2014.

**RED RIVER AUTHORITY OF TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued**  
**Years Ended September 30, 2020 and 2019**

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

Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Retirement	Members eligible for service retirement range from 4.5% to 22% for both male and females depending on age.
Other Termination of Employment	Annual rates for termination range from 0.0% to 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, 2019 and 2018:

	2018 Changes in Total <u>OPEB Liability</u>	2019 Changes in Total <u>OPEB Liability</u>
Balances as of January 1	\$59,027	\$53,030
Changes for the year:		
Service cost	1,620	1,332
Interest on total OPEB liability <sup>(1)</sup>	2,070	2,201
Changes of benefit terms <sup>(2)</sup>	-	-
Effect of economic/demographic experience	( 2,359)	( 389)
Effect of assumptions changes or inputs <sup>(3)</sup>	( 6,394)	14,431
Benefit payments	( 934)	( 1,372)
Other	-	-
	\$53,030	\$69,233
Balance as of December 31		

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

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

<sup>(3)</sup> Reflects change in discount rate.

**RED RIVER AUTHORITY OF TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued**  
**Years Ended September 30, 2020 and 2019**

8. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN, Continued

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% Decrease <u>1.74%</u>	Current Discount Rate <u>2.74%</u>	1% Increase <u>3.74%</u>
Total OPEB liability	<u>\$83,405</u>	<u>\$69,233</u>	<u>\$58,176</u>

Sensitivity analysis at December 31, 2018 is as follows:

The following presents the total OPEB liability of the Authority, calculated using the discount rate of 4.10%, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.10%) or 1 percentage point higher (5.10%) than the current rate. Note that the healthcare cost trend rate does not affect the total OPEB liability, so sensitivity to the healthcare cost trend rate is not shown.

	1% Decrease <u>3.10%</u>	Current Discount Rate <u>4.10%</u>	1% Increase <u>5.10%</u>
Total OPEB liability	<u>\$63,141</u>	<u>\$53,030</u>	<u>\$45,059</u>

2018 and 2019 Employer OPEB Contributions and Benefit Payments

The following shows a breakdown of the Authority's contributions to the GTL program for the calendar years 2018 and 2019. The contributions for retiree GTL coverage are assigned to the OPEB plan under GASB 75 and are used to determine the benefit payments shown below. The contributions for active coverage are not considered an OPEB benefit under GASB 75, so these contributions are not reflected as part of the OPEB plan but are paid by the Authority.

**RED RIVER AUTHORITY OF TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued**  
**Years Ended September 30, 2020 and 2019**

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

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

<u>Coverage Type</u>	2019 GTL <u>Rate</u>	<u>Amount</u>	<u>Financial Reporting</u>
Active Member GTL Benefit	0.22%	\$3,774	No change from prior year
Retiree GTL Benefit	0.08%	1,372	GASB 75

OPEB Expense

	<u>January 1, 2018 to December 31, 2018</u>	<u>January 1, 2019 to December 31, 2019</u>
Service cost	\$1,620	\$1,332
Interest on total pension liability <sup>(1)</sup>	2,070	2,201
Effect of plan changes	-	-
Recognition of deferred inflows/outflows of resources:		
Recognition of economic/demographic gains or losses	( 286)	( 351)
Recognition of assumption changes or inputs	( 659)	1,746
Other	-	-
OPEB expense	<u>\$2,745</u>	<u>\$4,928</u>

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

Deferred Outflows / Inflows of Resources

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

**RED RIVER AUTHORITY OF TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued**  
**Years Ended September 30, 2020 and 2019**

8. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN, Continued

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

2020	\$1,395
2021	1,395
2022	1,395
2023	1,395
2024	2,342

As of December 31, 2018, the deferred outflows and inflows of resources are as follows:

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

**RED RIVER AUTHORITY OF TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued**  
**Years Ended September 30, 2020 and 2019**

9. PUBLIC ENTITY RISK POOL

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

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

10. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Significant financial data for identifiable activities included as part of the government-wide presentation are as follows at September 30, 2020:

	Utility Division	Environmental Services Division	Other Enterprise Funds
<b>Condensed Statement of Net Position</b>			
Assets:			
Current assets	\$ 1,674,478	\$161,500	\$ 4,375
Restricted assets	9,370,663	-	38,750
Capital assets	12,290,434	68,869	-
Total assets	23,335,575	230,369	43,125
Liabilities:			
Current liabilities	827,814	81,203	875
Noncurrent liabilities	14,395,201	-	-
Total liabilities	15,223,015	81,203	875
Net position:			
Net investment in capital assets	6,729,929	68,869	-
Restricted net position	177,834	-	-
Unrestricted net position	1,204,797	80,297	42,250
Total net position	\$ 8,112,560	\$149,166	\$42,250



**RED RIVER AUTHORITY OF TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued**  
**Years Ended September 30, 2020 and 2019**

10. SEGMENT INFORMATION FOR ENTERPRISE FUNDS, Continued

	Utility Division	Environmental Services Division	Other Enterprise Funds
<b>Condensed Statement of Revenue, Expenses, and Changes in Net Position</b>			
Operating revenues	\$ 5,618,277	\$907,065	\$ -
Operating expense	4,828,660	903,651	184
Operating income	789,617	3,414	( 184)
Nonoperating revenues (expenses)	(322,238)	4,855	184
Transfers	248,591	-	-
Change in net position	715,970	8,269	-
Beginning net position	7,396,590	140,897	42,250
Ending net position	\$ 8,112,560	\$149,166	\$42,250
<b>Condensed Statement of Cash Flows</b>			
Operating activities	\$ 1,376,877	\$16,574	(\$ 184)
Noncapital financing activities	266,755	-	-
Capital and related financing activities	(4,339,031)	( 20,583)	-
Investing activities	192,621	30	184
Net increase (decrease)	(2,502,778)	( 3,979)	-
Beginning cash and cash equivalents	12,536,219	( 67,771)	42,250
Ending cash and cash equivalents	\$ 10,033,441	(\$71,750)	\$42,250

11. 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

**RED RIVER AUTHORITY OF TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued**  
**Years Ended September 30, 2020 and 2019**

11. 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. 90 – Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61, is effective for reporting periods beginning after December 15, 2019. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

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

	Year Ended December 31									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Total Pension Liability</b>										
Service cost	\$ 192,538	\$ 186,368	\$ 170,704	\$ 189,043	\$ 177,653	\$ 179,324	N/A	N/A	N/A	N/A
Interest on total pension liability	620,792	608,914	571,650	540,261	500,695	459,093	N/A	N/A	N/A	N/A
Effect of plan changes	-	-	-	-	(33,872)	-	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	-	-	24,458	-	58,664	-	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	(166,197)	(161,881)	55,906	(126,702)	20,889	44,989	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(548,349)	(439,633)	(319,382)	(267,816)	(191,663)	(171,004)	N/A	N/A	N/A	N/A
Net change in total pension liability	98,784	193,768	503,336	334,786	532,366	512,402	N/A	N/A	N/A	N/A
Total pension liability, beginning	7,740,395	7,546,627	7,043,291	6,708,505	6,176,139	5,663,736	N/A	N/A	N/A	N/A
Total pension liability, ending (a)	<u>\$ 7,839,179</u>	<u>\$ 7,740,395</u>	<u>\$ 7,546,627</u>	<u>\$ 7,043,291</u>	<u>\$ 6,708,505</u>	<u>\$ 6,176,139</u>	N/A	N/A	N/A	N/A
<b>Fiduciary Net Position</b>										
Employer contributions	\$ 120,067	\$ 108,963	\$ 103,611	\$ 99,671	\$ 99,794	\$ 96,084	N/A	N/A	N/A	N/A
Member contributions	120,067	108,963	103,611	99,671	99,794	96,084	N/A	N/A	N/A	N/A
Investment income net of investment expenses	1,317,762	(159,258)	1,085,548	518,631	(109,237)	444,841	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(548,349)	(439,633)	(319,381)	(267,816)	(191,663)	(171,004)	N/A	N/A	N/A	N/A
Administrative expenses	(6,870)	(6,444)	(5,597)	(5,633)	(5,073)	(5,286)	N/A	N/A	N/A	N/A
Other	(9,297)	(5,758)	(1,556)	1,306	11,611	9,359	N/A	N/A	N/A	N/A
Net change in fiduciary net position	993,380	(393,167)	966,236	445,830	(94,773)	470,078	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	8,022,465	8,415,632	7,449,396	7,003,566	7,098,339	6,628,261	N/A	N/A	N/A	N/A
Fiduciary net position, ending (b)	<u>\$ 9,015,845</u>	<u>\$ 8,022,465</u>	<u>\$ 8,415,632</u>	<u>\$ 7,449,396</u>	<u>\$ 7,003,566</u>	<u>\$ 7,098,339</u>	N/A	N/A	N/A	N/A
Net pension liability / (asset), ending = (a) - (b)	<u>\$ (1,176,666)</u>	<u>\$ (282,070)</u>	<u>\$ (869,005)</u>	<u>\$ (406,105)</u>	<u>\$ (295,062)</u>	<u>\$ (922,200)</u>	N/A	N/A	N/A	N/A
Fiduciary net position as a % of total pension liability	115.01%	103.64%	111.52%	105.77%	104.40%	114.93%	N/A	N/A	N/A	N/A
Covered payroll	<u>\$ 1,715,248</u>	<u>\$ 1,556,621</u>	<u>\$ 1,480,157</u>	<u>\$ 1,423,868</u>	<u>\$ 1,425,630</u>	<u>\$ 1,372,634</u>	N/A	N/A	N/A	N/A
Net pension liability as a % of covered payroll	-68.60%	-18.12%	-58.71%	-28.52%	-20.70%	-67.18%	N/A	N/A	N/A	N/A

*This schedule is presented to illustrate the requirement to show information for 10 years. However recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.*

52

**RED RIVER AUTHORITY OF TEXAS**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**

<u>Year Ending September 30</u>	<u>Actuarially Determined Contribution <sup>(1)</sup></u>	<u>Actual Employer Contribution <sup>(1)</sup></u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll <sup>(2)</sup></u>	<u>Actual Contribution as a % of Covered Payroll</u>
2011	\$ 33,499	\$ 87,499	\$ (53,999)	\$ 1,249,980	7.0%
2012	35,421	91,494	(56,073)	1,307,056	7.0%
2013	39,960	93,551	(53,591)	1,336,446	7.0%
2014	48,923	96,467	(47,545)	1,378,105	7.0%
2015	48,166	98,584	(50,419)	1,408,348	7.0%
2016	44,664	100,529	(55,865)	1,436,126	7.0%
2017	48,225	100,468	(52,243)	1,435,259	7.0%
2018	49,134	108,498	(59,364)	1,549,976	7.0%
2019	54,506	117,760	(63,254)	1,682,281	7.0%
2020	55,847	122,549	(66,702)	1,750,696	7.0%

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

<sup>(2)</sup> Payroll is calculated based on contributions reported to TCDRS.

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

	Year Ended December 31									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Total OPEB Liability</b>										
Service cost	\$ 1,332	\$ 1,620	\$ 1,350	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total OPEB liability	2,201	2,070	2,035	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	14,431	(6,394)	2,848	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	(389)	(2,359)	749	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(1,372)	(934)	(888)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	16,203	(5,997)	6,094	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, beginning	53,030	59,027	52,933	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability, ending (a)	<u>\$ 69,233</u>	<u>\$ 53,030</u>	<u>\$ 59,027</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered payroll	<u>\$ 1,715,248</u>	<u>\$ 1,556,621</u>	<u>\$ 1,480,157</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB liability as a % of covered payroll	<u>4.04%</u>	<u>3.41%</u>	<u>3.99%</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

**RED RIVER AUTHORITY OF TEXAS**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED SEPTEMBER 30, 2020**

A. DEFINED BENEFIT PENSION PLAN

Changes of benefit terms

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

Changes of assumptions

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

B. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN

Changes of benefit terms

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

Changes of assumptions

There were no changes in the actuarial assumptions that affected the measurement of the total OPEB liability during the measurement period, except for a decrease in the discount rate from 4.10% to 2.74%.

**THIS PAGE IS INTENTIONALLY LEFT BLANK**



**OTHER SUPPLEMENTARY INFORMATION**

**RED RIVER AUTHORITY OF TEXAS**  
**COMBINING SCHEDULE OF NET POSITION**  
September 30, 2020

	Enterprise Funds			
	Utility Division Fund	Environmental Services Division Fund	Direct Financing Arrangements Fund	Industrial Development Authority Fund
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and short-term investments	\$ 662,778	\$ -	\$ 3,500	\$ -
Receivables:				
Trade and contracts	974,017	161,500	875	-
Due from other funds	-	-	-	-
Prepaid expenses	37,683	-	-	-
Inventory	-	-	-	-
Restricted assets:				
Cash and short-term investments	9,370,663	-	-	38,750
Total current assets	<u>11,045,141</u>	<u>161,500</u>	<u>4,375</u>	<u>38,750</u>
<b>Long-term assets:</b>				
Net pension assets	-	-	-	-
Capital assets not being depreciated	3,848,932	30,000	-	-
Capital assets being depreciated (net)	8,441,502	38,869	-	-
Total long-term assets	<u>12,290,434</u>	<u>68,869</u>	<u>-</u>	<u>-</u>
Total assets	<u>23,335,575</u>	<u>230,369</u>	<u>4,375</u>	<u>38,750</u>
<b>Deferred outflows of resources:</b>				
Pension and OPEB related	-	-	-	-
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Bank overdraft	-	71,750	-	-
Accounts payable - trade	398,038	8,382	-	-
Interest payable	22,963	-	-	-
Due to other Authority funds	-	-	875	-
Accrued payroll and related taxes	33,813	1,071	-	-
Unearned revenue	14,867	-	-	-
Bonds payable, current maturities	358,133	-	-	-
Total current liabilities	<u>827,814</u>	<u>81,203</u>	<u>875</u>	<u>-</u>
<b>Long-term liabilities:</b>				
Bonds payable, less current maturities	14,395,201	-	-	-
Total OPEB liability	-	-	-	-
Total long-term liabilities	<u>14,395,201</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>15,223,015</u>	<u>81,203</u>	<u>875</u>	<u>-</u>
<b>Deferred inflows of resources:</b>				
Pension and OPEB related	-	-	-	-
<b>Net position:</b>				
Net investment in capital assets	6,729,929	68,869	-	-
Restricted:				
Debt service	177,834	-	-	-
Unrestricted	1,204,797	80,297	3,500	38,750
Total net position	<u>\$ 8,112,560</u>	<u>\$ 149,166</u>	<u>\$ 3,500</u>	<u>\$ 38,750</u>

Internal Service Funds						
General Division Fund	Interfund Loan Fund	Maintenance Division Fund	Communications Division Fund	Motor Vehicle Pool Fund	Eliminations	Totals
\$ 2,886,917	\$ 5,091,629	\$ 78,131	\$ 1,114,770	\$ -	\$ (71,750)	\$ 9,765,975
49,791	-	9,005	(5,915)	-	-	1,189,273
875	-	-	-	-	(875)	-
34,113	-	150	-	-	-	71,946
-	-	85,621	-	-	-	85,621
-	-	-	-	-	-	9,409,413
<u>2,971,696</u>	<u>5,091,629</u>	<u>172,907</u>	<u>1,108,855</u>	<u>-</u>	<u>(72,625)</u>	<u>20,522,228</u>
1,176,666	-	-	-	-	-	1,176,666
183,331	-	104,312	-	-	-	4,166,575
545,138	-	141,763	16,361	-	-	9,183,633
<u>1,905,135</u>	<u>-</u>	<u>246,075</u>	<u>16,361</u>	<u>-</u>	<u>-</u>	<u>14,526,874</u>
<u>4,876,831</u>	<u>5,091,629</u>	<u>418,982</u>	<u>1,125,216</u>	<u>-</u>	<u>(72,625)</u>	<u>35,049,102</u>
138,791	-	-	-	-	-	138,791
-	-	-	-	-	(71,750)	-
60,389	-	10,878	1,714	-	-	479,401
-	-	-	-	-	-	22,963
-	-	-	-	-	(875)	-
17,960	-	9,957	-	-	-	62,801
-	-	-	32,020	-	-	46,887
-	-	-	-	-	-	358,133
<u>78,349</u>	<u>-</u>	<u>20,835</u>	<u>33,734</u>	<u>-</u>	<u>(72,625)</u>	<u>970,185</u>
-	-	-	-	-	-	14,395,201
<u>69,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,233</u>
<u>69,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,464,434</u>
<u>147,582</u>	<u>-</u>	<u>20,835</u>	<u>33,734</u>	<u>-</u>	<u>(72,625)</u>	<u>15,434,619</u>
492,865	-	-	-	-	-	492,865
728,469	-	246,075	16,361	-	-	7,789,703
-	-	-	-	-	-	177,834
<u>3,646,706</u>	<u>5,091,629</u>	<u>152,072</u>	<u>1,075,121</u>	<u>-</u>	<u>-</u>	<u>11,292,872</u>
<u>\$ 4,375,175</u>	<u>\$ 5,091,629</u>	<u>\$ 398,147</u>	<u>\$ 1,091,482</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,260,409</u>

**RED RIVER AUTHORITY OF TEXAS**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**for the year ended September 30, 2020**

	Enterprise Funds			
	Utility Division Fund	Environmental Services Division Fund	Direct Financing Arrangements Fund	Industrial Development Authority Fund
<b>Operating revenues:</b>				
Water and sewer sales	\$ 5,414,765	\$ -	\$ -	\$ -
Charges for materials and services	-	625,536	-	-
Administrative fee income	-	-	-	-
Other	203,512	281,529	-	-
Total operating revenues	<u>5,618,277</u>	<u>907,065</u>	<u>-</u>	<u>-</u>
<b>Operating expenses:</b>				
Water purchases	928,966	-	-	-
Personnel services	1,015,134	385,779	-	-
Administrative costs	1,050,069	174,306	-	184
Utilities, supplies, and maintenance	1,110,854	310,913	-	-
Insurance	-	-	-	-
Automobile and travel	89,786	9,014	-	-
Professional and directors fees	-	-	-	-
Research expense	-	-	-	-
Total operating expenses	<u>4,194,809</u>	<u>880,012</u>	<u>-</u>	<u>184</u>
Operating income (loss) before depreciation and amortization	1,423,468	27,053	-	(184)
Depreciation and amortization	(633,851)	(23,639)	-	-
Operating income (loss)	<u>789,617</u>	<u>3,414</u>	<u>-</u>	<u>(184)</u>
<b>Nonoperating revenues (expenses):</b>				
Interest income	192,621	30	-	184
Gain (loss) on disposal of assets	26,910	4,825	-	-
Interest expense	(541,769)	-	-	-
Total nonoperating revenues (expenses)	<u>(322,238)</u>	<u>4,855</u>	<u>-</u>	<u>184</u>
Transfers	248,591	-	-	-
Change in net position	715,970	8,269	-	-
Net position, beginning	<u>7,396,590</u>	<u>140,897</u>	<u>3,500</u>	<u>38,750</u>
Net position, ending	<u>\$ 8,112,560</u>	<u>\$ 149,166</u>	<u>\$ 3,500</u>	<u>\$ 38,750</u>

## Internal Service Funds

General Division Fund	Interfund Loan Fund	Maintenance Division Fund	Communications Division Fund	Motor Vehicle Pool Fund	Eliminations	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,414,765
359,515	-	550,343	64,625	-	(625,314)	974,705
1,191,603	-	-	-	-	(1,191,603)	-
-	-	-	-	-	-	485,041
<u>1,551,118</u>	<u>-</u>	<u>550,343</u>	<u>64,625</u>	<u>-</u>	<u>(1,816,917)</u>	<u>6,874,511</u>
-	-	-	-	-	-	928,966
697,184	-	246,146	-	-	-	2,344,243
64,515	2,401	73,942	2,187	-	(1,191,603)	176,001
114,702	-	115,015	8,454	-	(625,314)	1,034,624
76,717	-	-	-	-	-	76,717
9,657	-	82,950	-	-	-	191,407
319,136	-	-	-	-	-	319,136
(75)	-	-	-	-	-	(75)
<u>1,281,836</u>	<u>2,401</u>	<u>518,053</u>	<u>10,641</u>	<u>-</u>	<u>(1,816,917)</u>	<u>5,071,019</u>
269,282	(2,401)	32,290	53,984	-	-	1,803,492
(54,020)	-	(28,988)	(6,001)	-	-	(746,499)
<u>215,262</u>	<u>(2,401)</u>	<u>3,302</u>	<u>47,983</u>	<u>-</u>	<u>-</u>	<u>1,056,993</u>
13,508	24,015	488	5,066	-	-	235,912
-	-	10,000	-	-	-	41,735
-	-	-	-	-	-	(541,769)
<u>13,508</u>	<u>24,015</u>	<u>10,488</u>	<u>5,066</u>	<u>-</u>	<u>-</u>	<u>(264,122)</u>
-	-	-	-	(248,591)	-	-
228,770	21,614	13,790	53,049	(248,591)	-	792,871
4,146,405	5,070,015	384,357	1,038,433	248,591	-	18,467,538
<u>\$ 4,375,175</u>	<u>\$ 5,091,629</u>	<u>\$ 398,147</u>	<u>\$ 1,091,482</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,260,409</u>

**RED RIVER AUTHORITY OF TEXAS**  
**COMBINING SCHEDULE OF CASH FLOWS**  
for the year ended September 30, 2020

	Enterprise Funds			
	Utility Division Fund	Environmental Services Division Fund	Direct Financing Arrangements Fund	Industrial Development Authority Fund
<b>Increase (decrease) in cash and cash equivalents:</b>				
<b>Cash flows from operating activities:</b>				
Cash received from customers and users	\$ 5,415,946	\$ 920,676	\$ -	\$ -
Cash received from internal services provided	-	-	-	-
Cash payments to suppliers for goods and services	(3,031,762)	(515,091)	-	-
Cash payments to employees for services	(1,007,307)	(389,011)	-	-
Cash payments for internal services used	-	-	-	(184)
Net cash provided by (used in) operating activities	<u>1,376,877</u>	<u>16,574</u>	<u>-</u>	<u>(184)</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfers to other funds	-	-	-	-
Transfers from other funds	266,755	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>266,755</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>				
Principal paid on revenue bonds and notes	(347,000)	-	-	-
Principal paid on interfund loans	(576,917)	-	-	-
Interest paid on revenue bonds and notes	(532,537)	-	-	-
Acquisition of capital assets	(2,909,487)	(25,408)	-	-
Proceeds from sale of equipment	26,910	4,825	-	-
Net cash provided by (used in) capital and related financing activities	<u>(4,339,031)</u>	<u>(20,583)</u>	<u>-</u>	<u>-</u>
<b>Cash flows from investing activities:</b>				
Collections received on interfund loans	-	-	-	-
Interest received on investments	192,621	30	-	184
Net cash provided by (used in) investing activities	<u>192,621</u>	<u>30</u>	<u>-</u>	<u>184</u>
Net increase (decrease) in cash and cash equivalents	(2,502,778)	(3,979)	-	-
Cash and cash equivalents (deficit), beginning	<u>12,536,219</u>	<u>(67,771)</u>	<u>3,500</u>	<u>38,750</u>
Cash and cash equivalents (deficit), ending	<u>\$ 10,033,441</u>	<u>\$ (71,750)</u>	<u>\$ 3,500</u>	<u>\$ 38,750</u>

Internal Service Funds

General Division Fund	Interfund Loan Fund	Maintenance Division Fund	Communications Division Fund	Motor Vehicle Pool Fund	Eliminations	Totals
\$ 318,061	\$ -	\$ 542,535	\$ 64,534	\$ -	\$ (625,314)	\$ 6,636,438
1,191,603	-	-	-	-	(1,191,603)	-
(568,515)	-	(299,861)	(9,845)	-	1,829,811	(2,595,263)
(715,633)	-	(242,467)	-	-	(15,479)	(2,369,897)
-	(2,401)	-	-	-	2,585	-
<u>225,516</u>	<u>(2,401)</u>	<u>207</u>	<u>54,689</u>	<u>-</u>	<u>-</u>	<u>1,671,278</u>
-	-	-	-	(266,755)	-	(266,755)
-	-	-	-	-	-	266,755
-	-	-	-	<u>(266,755)</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	(347,000)
(765,002)	-	(189,225)	(12,981)	-	1,544,125	-
-	-	-	-	-	-	(532,537)
(22,966)	-	(32,696)	-	-	-	(2,990,557)
-	-	10,000	-	-	-	41,735
<u>(787,968)</u>	<u>-</u>	<u>(211,921)</u>	<u>(12,981)</u>	<u>-</u>	<u>1,544,125</u>	<u>(3,828,359)</u>
-	1,544,125	-	-	-	(1,544,125)	-
13,508	24,015	488	5,066	-	-	235,912
<u>13,508</u>	<u>1,568,140</u>	<u>488</u>	<u>5,066</u>	<u>-</u>	<u>(1,544,125)</u>	<u>235,912</u>
(548,944)	1,565,739	(211,226)	46,774	(266,755)	-	(1,921,169)
<u>3,435,861</u>	<u>3,525,890</u>	<u>289,357</u>	<u>1,067,996</u>	<u>266,755</u>	<u>-</u>	<u>21,096,557</u>
<u>\$ 2,886,917</u>	<u>\$ 5,091,629</u>	<u>\$ 78,131</u>	<u>\$ 1,114,770</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,175,388</u>

**RED RIVER AUTHORITY OF TEXAS**  
**COMBINING SCHEDULE OF CASH FLOWS - ENTERPRISE FUNDS, Continued**  
for the year ended September 30, 2020

	Enterprise Funds			
	Utility Division Fund	Environmental Services Division Fund	Direct Financing Arrangements Fund	Industrial Development Authority Fund
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
<b>Operating income (loss)</b>	\$ 789,617	\$ 3,414	\$ -	\$ (184)
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</b>				
Depreciation and amortization	633,851	23,639	-	-
Change in assets and liabilities:				
(Increase) decrease in trade receivables	(10,546)	13,611	-	-
(Increase) decrease in prepaid expenses	4,579	-	-	-
(Increase) decrease in inventory	-	-	-	-
(Increase) decrease in net pension assets	-	-	-	-
(Increase) decrease in deferred outflows	-	-	-	-
Increase (decrease) in trade accounts payable	143,334	(20,858)	-	-
Increase (decrease) in accrued payroll and related liabilities	7,827	(3,232)	-	-
Increase (decrease) in unearned revenues	6,445	-	-	-
Increase (decrease) in total OPEB liability	-	-	-	-
Increase (decrease) in deposits	(198,230)	-	-	-
Increase (decrease) in deferred inflows	-	-	-	-
Total adjustments	587,260	13,160	-	-
Net cash provided by (used in) operating activities	<u>\$ 1,376,877</u>	<u>\$ 16,574</u>	<u>\$ -</u>	<u>\$ (184)</u>



Internal Service Funds

<u>General Division Fund</u>	<u>Interfund Loan Fund</u>	<u>Maintenance Division Fund</u>	<u>Communications Division Fund</u>	<u>Motor Vehicle Pool Fund</u>	<u>Eliminations</u>	<u>Totals</u>
\$ 215,262	\$ (2,401)	\$ 3,302	\$ 47,983	\$ -	\$ -	\$ 1,056,993
54,020	-	28,988	6,001	-	-	746,499
(41,454)	-	(7,808)	9,811	-	-	(36,386)
(22,116)	-	-	-	-	-	(17,537)
-	-	(18,712)	-	-	-	(18,712)
(894,596)	-	-	-	-	-	(894,596)
547,354	-	-	-	-	-	547,354
38,253	-	(9,242)	796	-	-	152,283
7,205	-	3,679	-	-	-	15,479
-	-	-	(9,902)	-	-	(3,457)
16,203	-	-	-	-	-	16,203
-	-	-	-	-	-	(198,230)
305,385	-	-	-	-	-	305,385
10,254	-	(3,095)	6,706	-	-	614,285
<u>\$ 225,516</u>	<u>\$ (2,401)</u>	<u>\$ 207</u>	<u>\$ 54,689</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,671,278</u>

**RED RIVER AUTHORITY OF TEXAS**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES**  
**ENTERPRISE FUNDS**  
**BUDGET AND ACTUAL**  
**for the year ended September 30, 2020**

Exhibit C-4

	Utility Division Fund			Environmental Services Fund		
	Original and Final Budget	Actual	Variance Positive (Negative)	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Operating revenues:</b>						
Water and sewer sales	\$ 4,967,673	\$ 5,414,765	\$ 447,092	\$ -	\$ -	\$ -
Charges for materials and services	-	-	-	630,000	625,536	(4,464)
Other	130,579	203,512	72,933	361,118	281,529	(79,589)
Total operating revenues	<u>5,098,252</u>	<u>5,618,277</u>	<u>520,025</u>	<u>991,118</u>	<u>907,065</u>	<u>(84,053)</u>
<b>Operating expenses:</b>						
Water purchases	938,987	928,966	10,021	-	-	-
Personnel services	1,021,958	1,015,134	6,824	368,997	385,779	(16,782)
Administrative costs	933,962	1,050,069	(116,107)	162,493	174,306	(11,813)
Utilities, supplies, and maintenance	871,011	1,110,854	(239,843)	396,656	310,913	85,743
Insurance	-	-	-	-	-	-
Automobile and travel	289,835	89,786	200,049	16,724	9,014	7,710
Professional and directors fees	1,715	-	1,715	1,000	-	1,000
Research expense	-	-	-	-	-	-
Bad debt	17,589	-	17,589	-	-	-
Total operating expenses	<u>4,075,057</u>	<u>4,194,809</u>	<u>(119,752)</u>	<u>945,870</u>	<u>880,012</u>	<u>65,858</u>
Operating income (loss) before depreciation and amortization	1,023,195	1,423,468	400,273	45,248	27,053	(18,195)
Depreciation and amortization	(520,500)	(633,851)	(113,351)	(29,088)	(23,639)	5,449
Operating income (loss)	<u>502,695</u>	<u>789,617</u>	<u>286,922</u>	<u>16,160</u>	<u>3,414</u>	<u>(12,746)</u>
<b>Nonoperating revenues (expenses):</b>						
Interest income	275,000	192,621	(82,379)	-	30	30
Gain on sale	-	26,910	26,910	-	4,825	4,825
Interest expense	(583,686)	(541,769)	41,917	-	-	-
Total nonoperating revenues (expenses)	<u>(308,686)</u>	<u>(322,238)</u>	<u>(13,552)</u>	<u>-</u>	<u>4,855</u>	<u>4,855</u>
Income (loss) before operating transfers	194,009	467,379	273,370	16,160	8,269	(7,891)
Operating transfers in (out)	-	248,591	248,591	-	-	-
Change in net position	<u>\$ 194,009</u>	<u>715,970</u>	<u>\$ 521,961</u>	<u>\$ 16,160</u>	<u>8,269</u>	<u>\$ (7,891)</u>
Net position, beginning		<u>7,396,590</u>			<u>140,897</u>	
Net position, ending		<u>\$ 8,112,560</u>			<u>\$ 149,166</u>	

**RED RIVER AUTHORITY OF TEXAS**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES**  
**INTERNAL SERVICE FUNDS**  
**BUDGET AND ACTUAL**  
**for the year ended September 30, 2020**

	General Division Fund			Interfund Loan Fund		
	Original and Final Budget	Actual	Variance Positive (Negative)	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Operating revenues:</b>						
Charges for materials and services	\$ 19,074	\$ 359,515	\$ 340,441	\$ -	\$ -	\$ -
Administrative fee income	1,207,445	1,191,603	(15,842)	-	-	-
Other	220,398	-	(220,398)	-	-	-
Total operating revenues	<u>1,446,917</u>	<u>1,551,118</u>	<u>104,201</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Operating expenses:</b>						
Personnel services	742,748	697,184	45,564	-	-	-
Administrative costs	56,470	64,515	(8,045)	13,045	2,401	10,644
Utilities, supplies, and maintenance	99,188	114,702	(15,514)	-	-	-
Insurance	77,913	76,717	1,196	-	-	-
Automobile and travel	13,083	9,657	3,426	-	-	-
Professional and directors fees	302,369	319,136	(16,767)	-	-	-
Research expense	50,000	(75)	50,075	-	-	-
Total operating expenses	<u>1,341,771</u>	<u>1,281,836</u>	<u>59,935</u>	<u>13,045</u>	<u>2,401</u>	<u>10,644</u>
Operating income (loss) before depreciation	105,146	269,282	164,136	(13,045)	(2,401)	10,644
Depreciation	(69,801)	(54,020)	15,781	-	-	-
Operating income (loss)	<u>35,345</u>	<u>215,262</u>	<u>179,917</u>	<u>(13,045)</u>	<u>(2,401)</u>	<u>10,644</u>
<b>Nonoperating revenues (expenses):</b>						
Interest income	27,312	13,508	(13,804)	130,448	24,015	(106,433)
Gain on disposal of asset	-	-	-	-	-	-
Interest expense	(34,113)	-	34,113	-	-	-
Total nonoperating revenues (expenses)	<u>(6,801)</u>	<u>13,508</u>	<u>20,309</u>	<u>130,448</u>	<u>24,015</u>	<u>(106,433)</u>
Income (loss) before operating transfers	28,544	228,770	200,226	117,403	21,614	(95,789)
Operating transfers in (out)	-	-	-	-	-	-
Change in net position	<u>\$ 28,544</u>	<u>228,770</u>	<u>\$ 200,226</u>	<u>\$ 117,403</u>	<u>21,614</u>	<u>\$ (95,789)</u>
Net position, beginning		4,146,405			5,070,015	
Net position, ending		<u>\$ 4,375,175</u>			<u>\$ 5,091,629</u>	

65

**RED RIVER AUTHORITY OF TEXAS**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES**  
**INTERNAL SERVICE FUNDS**  
**BUDGET AND ACTUAL**  
for the year ended September 30, 2020

	Maintenance Division Fund			Communications Division Fund			Motor Vehicle Pool Fund		
	Original and Final Budget	Actual	Variance Positive (Negative)	Original and Final Budget	Actual	Variance Positive (Negative)	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Operating revenues:</b>									
Charges for materials and services	\$ 444,200	\$ 550,343	\$ 106,143	\$ 71,815	\$ 64,625	\$ (7,190)	\$ 282,500	\$ -	\$ (282,500)
<b>Operating expenses:</b>									
Personnel services	204,227	246,146	(41,919)	-	-	-	-	-	-
Administrative costs	55,946	73,942	(17,996)	3,636	2,187	1,449	38,363	-	38,363
Utilities, supplies, and maintenance	96,215	115,015	(18,800)	15,473	8,454	7,019	-	-	-
Automobile and travel	53,842	82,950	(29,108)	-	-	-	138,500	-	138,500
Total operating expenses	410,230	518,053	(107,823)	19,109	10,641	8,468	176,863	-	176,863
Operating income (loss) before depreciation	33,970	32,290	(1,680)	52,706	53,984	1,278	105,637	-	(105,637)
Depreciation	(7,634)	(28,988)	(21,354)	(7,301)	(6,001)	1,300	(104,979)	-	104,979
Operating income (loss)	26,336	3,302	(23,034)	45,405	47,983	2,578	658	-	(658)
<b>Nonoperating revenues (expenses):</b>									
Interest income	2,857	488	(2,369)	8,477	5,066	(3,411)	2,328	-	(2,328)
Gain (loss) on disposal of asset	-	10,000	10,000	-	-	-	10,000	-	(10,000)
Interest expense	(11,058)	-	11,058	(1,465)	-	1,465	(12,275)	-	12,275
Total nonoperating revenues (expenses)	(8,201)	10,488	18,689	7,012	5,066	(1,946)	53	-	(53)
Income (loss) before operating transfers	18,135	13,790	(4,345)	52,417	53,049	632	711	-	(711)
Operating transfers in (out)	-	-	-	-	-	-	-	(248,591)	(248,591)
Change in net position	<u>\$ 18,135</u>	13,790	<u>\$ (4,345)</u>	<u>\$ 52,417</u>	53,049	<u>\$ 632</u>	<u>\$ 711</u>	(248,591)	<u>\$ (249,302)</u>
Net position, beginning		384,357			1,038,433			248,591	
Net position, ending		<u>\$ 398,147</u>			<u>\$ 1,091,482</u>			<u>\$ -</u>	

65

**RED RIVER AUTHORITY OF TEXAS**  
**Service and Rates**  
**Fiscal Year Ending September 30, 2020**  
**(unaudited)**

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

Monthly Minimum: \$73.50 per month with 2,000 gallons

Demand Block 1: \$6.00 per 1,000 gallons for the next 5,000 gallons

Demand Block 2: \$8.75 per 1,000 gallons for all water used over 7,000 gallons

Sewer Monthly Rate: \$46.50 (only for those with sewer services)

The Authority had three thousand nine hundred ninety (3,990) metered connections as of September 30, 2020. During the fiscal year 596.66 million gallons of treated water was produced, with 356.76 million gallons being sold. The total anticipated debt service for the Utility Division in fiscal year 2021 is eight hundred eighty-one thousand one hundred sixty-seven dollars (\$881,167).

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

## RED RIVER AUTHORITY OF TEXAS

## SCHEDULE OF PROPRIETARY FUND EXPENSES

(Before Intrafund Eliminations)

for the year ended September 30, 2020

Personnel (including benefits and GASB 68/75 adjustments)	\$ 2,344,243
Professional fees:	
Auditing	28,750
Legal	19,133
Purchased services for resale:	
Bulk water and wastewater service purchases	928,966
Utilities	165,129
Repairs and maintenance	943,703
Administrative expenditures:	
Directors fees	11,011
Office supplies	98,756
Insurance	76,717
Other administrative expenses	1,181,120
Regulatory fees	43,613
Other expenditures	<u>2,335,063</u>
TOTAL EXPENSES	<u><u>\$ 8,176,204</u></u>

Number of persons employed by the Authority:

32

**RED RIVER AUTHORITY OF TEXAS**  
**SCHEDULE OF TEMPORARY INVESTMENTS**  
for the year ended September 30, 2020

Exhibit C-8

<u>Investment</u>	<u>Account Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>
Money Market	5067677	1.50%	N/A	\$ 3,511,128
Insured Cash Sweep	1053043	0.34%	N/A	5,507,416
Insured Cash Sweep	4047767	0.46%	N/A	8,242,472
TexPool	2431400001	0.15%	N/A	720,604
TexPool	2431400002	0.15%	N/A	176,636
TexPool	2431400004	0.15%	N/A	813,941
TexPool	2431400005	0.15%	N/A	<u>177,834</u>
Total Temporary Investments				<u><u>\$ 19,150,031</u></u>

**RED RIVER AUTHORITY OF TEXAS**  
**TAXES LEVIED AND RECEIVABLE**  
for the year ended September 30, 2020

Exhibit C-9

The Red River Authority of Texas does not levy taxes.



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

Exhibit C-10

September 30, 2020

<u>Fiscal Year</u>	Annual Requirements for all Series		
	Bond Maturities	Interest on Bonds	Annual Requirements
2020-2021	\$ 358,133	\$ 523,034	\$ 881,167
21-22	369,000	512,858	881,858
22-23	380,000	502,302	882,302
23-24	396,200	488,011	884,211
24-25	407,400	473,045	880,445
25-26	428,600	454,006	882,606
26-27	449,800	433,898	883,698
27-28	466,000	416,720	882,720
28-29	482,200	398,878	881,078
29-30	491,301	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	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
	\$ 14,578,634	\$ 8,315,525	\$ 22,894,159

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

Exhibit C-11

September 30, 2020

Water Revenue Bonds		
Net income utility division (Exhibit C - 2)		\$ 715,970
Add:		
Revenue bond interest expense	\$ 532,788	
Depreciation and amortization, net	<u>633,851</u>	
		<u>1,166,639</u>
Net earnings for determining debt service coverage		<u><u>\$ 1,882,609</u></u>
Total principal and interest requirements		\$ 22,894,159
Number of years remaining to pay bonds		<u>÷27</u>
Average annual principal and interest requirement		<u><u>\$ 847,932</u></u>
<b>Average annual debt service coverage</b>		<u><u>2.22</u></u>
Maximum principal and interest requirement		<u><u>\$ 884,211</u></u>
<b>Maximum debt service coverage</b>		<u><u>2.13</u></u>
Interest and Sinking Fund as of September 30, 2020		\$ 177,834
Bond Reserve Fund as of September 30, 2020		\$ -

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

Exhibit C-12

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

<u>Year</u>	<u>Bond Principal Due August 15</u>	<u>Interest Due 1.93%</u>		<u>Total Annual Requirement</u>	<u>Bonds Outstanding September 30</u>
		<u>February 15</u>	<u>August 15</u>		
2019-20					\$ 473,634
20-21	\$ 43,133	\$ 5,292	\$ 5,292	\$ 53,717	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	-
	<u>\$ 473,634</u>	<u>\$ 31,941</u>	<u>\$ 31,941</u>	<u>\$ 537,516</u>	

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

RED RIVER AUTHORITY OF TEXAS

Exhibit C-13

CONTRACT REVENUE BONDS - SERIES 2017  
DATED JUNE 1, 2017

TOTAL BOND ISSUE: \$15,130,000

Year	Bond Principal Due April 30	Interest Due 3.57%		Total Annual Requirement	Bonds
		October 1	April 30		Outstanding September 30
2019-20					\$ 14,105,000
20-21	\$ 315,000	\$ 256,225	\$ 256,225	\$ 827,450	13,790,000
21-22	325,000	251,500	251,500	828,000	13,465,000
22-23	335,000	246,625	246,625	828,250	13,130,000
23-24	350,000	239,925	239,925	829,850	12,780,000
24-25	360,000	232,925	232,925	825,850	12,420,000
25-26	380,000	223,925	223,925	827,850	12,040,000
26-27	400,000	214,425	214,425	828,850	11,640,000
27-28	415,000	206,425	206,425	827,850	11,225,000
28-29	430,000	198,125	198,125	826,250	10,795,000
29-30	445,000	191,675	191,675	828,350	10,350,000
30-31	460,000	185,000	185,000	830,000	9,890,000
31-32	470,000	177,813	177,812	825,625	9,420,000
32-33	490,000	170,175	170,175	830,350	8,930,000
33-34	505,000	162,213	162,212	829,425	8,425,000
34-35	520,000	153,691	153,690	827,381	7,905,000
35-36	540,000	144,916	144,915	829,831	7,365,000
36-37	555,000	135,466	135,465	825,931	6,810,000
37-38	575,000	125,753	125,753	826,506	6,235,000
38-39	595,000	115,331	115,331	825,662	5,640,000
39-40	620,000	104,547	104,547	829,094	5,020,000
40-41	640,000	93,310	93,309	826,619	4,380,000
41-42	665,000	81,710	81,709	828,419	3,715,000
42-43	690,000	69,656	69,656	829,312	3,025,000
43-44	715,000	56,719	56,719	828,438	2,310,000
44-45	740,000	43,313	43,312	826,625	1,570,000
45-46	770,000	29,438	29,437	828,875	800,000
46-47	800,000	15,000	15,000	830,000	-
	<u>\$ 14,105,000</u>	<u>\$ 4,125,826</u>	<u>\$ 4,125,817</u>	<u>\$ 22,356,643</u>	

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

**RED RIVER AUTHORITY OF TEXAS**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
for the year ended September 30, 2020

Exhibit C-14

	Series 2010	Series 2017	Totals
Interest Rate	1.93%	3.57%	
Dates Interest Payable	2/15; 8/15	10/1; 4/1	
Maturity Dates	8/15/2030	4/1/2047	
Bonds Outstanding, Beginning of Current Year	\$ 515,634	\$14,410,000	\$ 14,925,634
Principal Retirements	42,000	305,000	347,000
Bonds Outstanding, End of Year	473,634	14,105,000	14,578,634
Interest payments	11,188	521,600	532,788

Paying Agent's Name and Address

Greater Texoma Utility Authority  
5100 Airport Drive  
Denison, TX 75020 - (Series 2010)

BOKF, NA  
5956 Sherry Lane , Suite 1201  
Dallas, TX 75225 - (Series 2017)

Bond Authority:

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

75

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

	AMOUNTS				
	2020	2019	2018	2017	2016
<b>Operating revenues:</b>					
Water service	\$ 5,328,297	\$ 5,137,583	\$ 5,352,593	\$ 5,050,499	\$ 3,933,212
Sewer service	86,468	89,483	73,679	88,487	93,912
Issuance fees	-	-	-	-	-
Tap connection fees	64,843	18,680	20,400	15,390	29,830
Other	3,211,820	3,089,740	2,784,929	2,606,786	2,519,737
<b>Total operating revenues</b>	<b>8,691,428</b>	<b>8,335,486</b>	<b>8,231,601</b>	<b>7,761,162</b>	<b>6,576,691</b>
<b>Operating expenses:</b>					
Water purchases	928,966	859,289	807,778	714,756	661,675
Personnel services less NPO	2,344,243	2,419,517	2,119,759	2,051,454	1,960,880
Administrative costs	1,367,604	1,370,591	1,316,327	1,205,106	1,098,948
Utilities, supplies, and maintenance	1,659,938	1,446,165	1,447,930	1,310,092	1,300,199
Insurance	76,717	76,115	61,172	61,470	53,398
Automobile and travel	191,407	453,294	445,426	357,602	362,266
Professional and directors fees	319,136	169,575	155,743	376,864	84,145
Research expense	(75)	41,500	27,810	78,710	23,710
Depreciation and amortization	746,499	746,350	705,274	699,233	693,032
<b>Total operating expenses</b>	<b>7,634,435</b>	<b>7,582,396</b>	<b>7,087,219</b>	<b>6,855,287</b>	<b>6,238,253</b>
<b>Operating income</b>	<b>1,056,993</b>	<b>753,090</b>	<b>1,144,382</b>	<b>905,875</b>	<b>338,438</b>
<b>Nonoperating revenues (expenses)</b>					
Interest	235,912	561,942	418,232	197,503	130,252
Gain on disposal of assets	41,735	5,000	35,007	100	5,217
Interest expense and fiscal fees	(541,769)	(623,242)	(641,776)	(251,929)	(117,240)
<b>Total nonoperating revenues (expenses)</b>	<b>(264,122)</b>	<b>(56,300)</b>	<b>(188,537)</b>	<b>(54,326)</b>	<b>18,229</b>
<b>Change in net position</b>	<b>\$ 792,871</b>	<b>\$ 696,790</b>	<b>\$ 955,845</b>	<b>\$ 851,549</b>	<b>\$ 356,667</b>

PERCENT OF FUND TOTAL REVENUES				
2020	2019	2018	2017	2016
61.3%	61.6%	65.0%	65.1%	59.8%
1.0%	1.1%	0.9%	1.1%	1.4%
0.0%	0.0%	0.0%	0.0%	0.0%
0.7%	0.2%	0.2%	0.2%	0.5%
37.0%	37.1%	33.8%	33.6%	38.3%
100.0%	100.0%	100.0%	100.0%	100.0%
10.7%	10.3%	9.8%	9.2%	10.1%
27.0%	29.0%	25.8%	26.4%	29.8%
15.7%	16.4%	16.0%	15.5%	16.7%
19.1%	17.3%	17.6%	16.9%	19.8%
0.9%	0.9%	0.7%	0.8%	0.8%
2.2%	5.4%	5.4%	4.6%	5.5%
3.7%	2.0%	1.9%	4.9%	1.3%
0.0%	0.5%	0.3%	1.0%	0.4%
8.6%	9.0%	8.6%	9.0%	10.5%
87.8%	91.0%	86.1%	88.3%	94.9%
12.2%	9.0%	13.9%	11.7%	5.1%
2.7%	6.7%	5.1%	2.5%	2.0%
0.5%	0.1%	0.4%	0.0%	0.1%
-6.2%	-7.5%	-7.8%	-3.2%	-1.8%
-3.0%	-0.7%	-2.3%	-0.7%	0.3%
9.1%	8.4%	11.6%	11.0%	5.4%

**RED RIVER AUTHORITY OF TEXAS**  
**ENTERPRISE FUNDS**  
**CAPITAL ASSETS**  
for the year ended September 30, 2020

Exhibit C-16

	<u>Balance</u>			<u>Balance</u>
	October 1, 2019	Additions / Completions	Deletions / Adjustments	September 30, 2020
<b>UTILITY DIVISION FUND</b>				
Capital assets not being depreciated:				
Land and easements	\$ 171,798	\$ -	\$ -	\$ 171,798
Construction in progress	1,087,770	2,757,214	(167,850)	3,677,134
Total capital assets not being depreciated	<u>1,259,568</u>	<u>2,757,214</u>	<u>(167,850)</u>	<u>3,848,932</u>
Capital assets, being depreciated and amortized:				
Motor vehicles	504,914	148,090	(110,096)	542,908
Water storage rights	1,222,700	-	-	1,222,700
Water and sewer systems	20,415,977	172,034	-	20,588,011
Total capital assets being depreciated and amortized	<u>22,143,591</u>	<u>320,124</u>	<u>(110,096)</u>	<u>22,353,619</u>
Less accumulated depreciation and amortization for:				
Motor vehicles	(314,312)	(91,489)	110,096	(295,705)
Water storage rights	(272,101)	(7,471)	-	(279,572)
Water and sewer systems	(12,801,949)	(534,891)	-	(13,336,840)
Total accumulated depreciation and amortization	<u>(13,388,362)</u>	<u>(633,851)</u>	<u>110,096</u>	<u>(13,912,117)</u>
Total capital assets being depreciated and amortized, net	<u>8,755,229</u>	<u>(313,727)</u>	<u>-</u>	<u>8,441,502</u>
Total capital assets, net	<u>\$ 10,014,797</u>	<u>\$ 2,443,487</u>	<u>\$ (167,850)</u>	<u>\$ 12,290,434</u>

**ENVIRONMENTAL SERVICES DIVISION FUND**

Capital assets not being depreciated:				
Construction in progress	\$ 15,000	\$ 15,000	\$ -	\$ 30,000
Capital assets being depreciated:				
Machinery and equipment	533,631	10,409	-	544,040
Motor vehicles	34,340	-	-	34,340
Total capital assets being depreciated	<u>567,971</u>	<u>10,409</u>	<u>-</u>	<u>578,380</u>
Less accumulated depreciation for:				
Machinery and equipment	(486,028)	(19,143)	-	(505,171)
Motor vehicles	(29,844)	(4,496)	-	(34,340)
Total accumulated depreciation	<u>(515,872)</u>	<u>(23,639)</u>	<u>-</u>	<u>(539,511)</u>
Total capital assets being depreciated, net	<u>52,099</u>	<u>(13,230)</u>	<u>-</u>	<u>38,869</u>
Total capital assets, net	<u>\$ 67,099</u>	<u>\$ 1,770</u>	<u>\$ -</u>	<u>\$ 68,869</u>



**RED RIVER AUTHORITY OF TEXAS**  
**INTERNAL SERVICE FUNDS**  
**CAPITAL ASSETS**  
for the year ended September 30, 2020

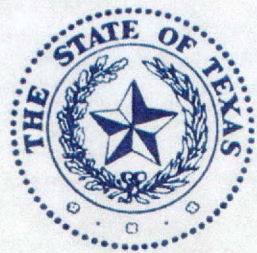
Exhibit C-17  
Page 1 of 2

	Balance October 1, 2019	Additions / Completions	Deletions / Adjustments	Balance September 30, 2020
<b>GENERAL DIVISION FUND</b>				
Capital assets not being depreciated:				
Land and easements	\$ 183,331	\$ -	\$ -	\$ 183,331
Total capital assets not being depreciated	183,331	-	-	183,331
Capital assets, being depreciated:				
Furniture and fixtures	217,150	22,962	-	240,112
Building	973,354	-	-	973,354
Motor vehicles	58,930	-	-	58,930
Total capital assets being depreciated	1,249,434	22,962	-	1,272,396
Less accumulated depreciation for:				
Furniture and fixtures	(207,662)	(9,887)	-	(217,549)
Building	(428,035)	(34,261)	-	(462,296)
Motor vehicles	(37,541)	(9,872)	-	(47,413)
Total accumulated depreciation	(673,238)	(54,020)	-	(727,258)
Total capital assets being depreciated, net	576,196	(31,058)	-	545,138
Total capital assets, net	<u>\$ 759,527</u>	<u>\$ (31,058)</u>	<u>\$ -</u>	<u>\$ 728,469</u>
<b>MAINTENANCE DIVISION FUND</b>				
Capital assets not being depreciated:				
Land easements	\$ 104,312	\$ -	\$ -	\$ 104,312
Total capital assets not being depreciated	104,312	-	-	104,312
Capital assets, being depreciated:				
Building	55,014	-	-	55,014
Machinery and equipment	147,464	32,698	-	180,162
Motor vehicles	112,558	-	-	112,558
Total capital assets being depreciated	315,036	32,698	-	347,734
Less accumulated depreciation for:				
Building	(6,585)	(3,501)	-	(10,086)
Machinery and equipment	(85,607)	(12,720)	-	(98,327)
Motor vehicles	(84,791)	(12,767)	-	(97,558)
Total accumulated depreciation	(176,983)	(28,988)	-	(205,971)
Total capital assets, being depreciated, net	138,053	3,710	-	141,763
Total capital assets, net	<u>\$ 242,365</u>	<u>\$ 3,710</u>	<u>\$ -</u>	<u>\$ 246,075</u>

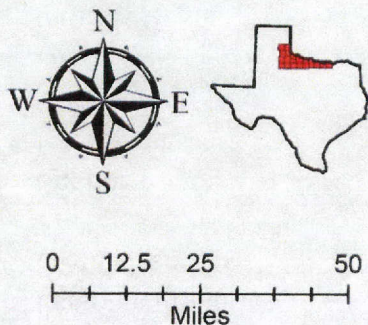
**RED RIVER AUTHORITY OF TEXAS**  
**INTERNAL SERVICE FUNDS**  
**CAPITAL ASSETS**  
for the year ended September 30, 2020

Exhibit C-17  
Page 2 of 2

	<u>Balance October 1, 2019</u>	<u>Additions / Completions</u>	<u>Deletions / Adjustments</u>	<u>Balance September 30, 2020</u>
<b>COMMUNICATIONS DIVISION FUND</b>				
Capital assets, being depreciated:				
Machinery and equipment	\$ 310,974	\$ -	\$ -	\$ 310,974
Total capital assets, being depreciated	<u>310,974</u>	<u>-</u>	<u>-</u>	<u>310,974</u>
Less accumulated depreciation for:				
Machinery and equipment	(288,612)	(6,001)	-	(294,613)
Total accumulated depreciation	<u>(288,612)</u>	<u>(6,001)</u>	<u>-</u>	<u>(294,613)</u>
Total capital assets being depreciated, net	<u>22,362</u>	<u>(6,001)</u>	<u>-</u>	<u>16,361</u>
Total capital assets, net	<u>\$ 22,362</u>	<u>\$ (6,001)</u>	<u>\$ -</u>	<u>\$ 16,361</u>

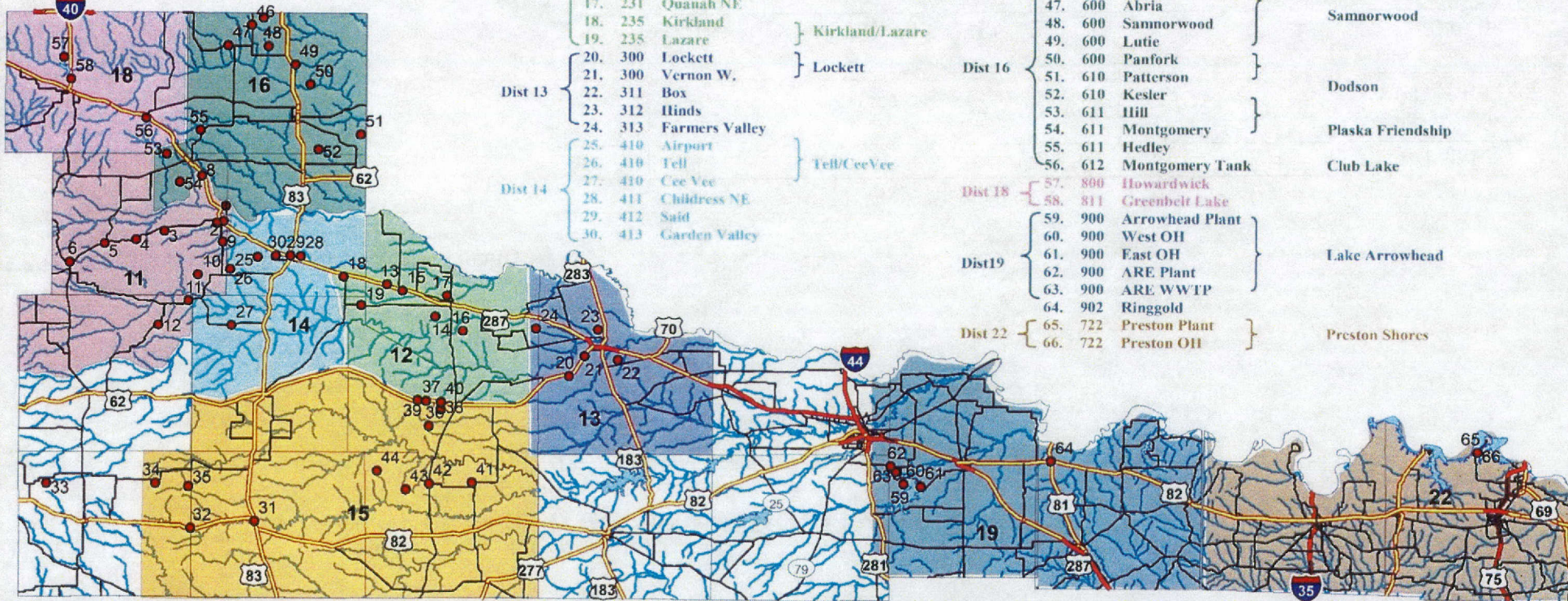


# Red River Authority of Texas Regional Water Supply Facilities



0 12.5 25 50  
Miles

Dist 11	1.	100	Estelline	} Estelline	} <b>Guthrie/Dumont</b>
	2.	100	Estelline WWTP		
	3.	110	Parnell	} Turkey/Estelline	
	4.	110	Ed House		
	5.	110	Reece		
	6.	110	Rodriguez	} <b>Foard City</b>	
	7.	111	Newlin		
	8.	112	Harrels Chapel		
	9.	113	LA Tucker		
	10.	113	Smith		
11.	113	Nimmo	} Northfield		
12.	113	Taylor			
13.	211	N. Goodlett			
Dist 12	14.	213	Quannah SW		} <b>Truscott/Gilliland</b>
	15.	221	O. Goodlett		
	16.	230	Medicine Mound		
	17.	231	Quannah NE		
	18.	235	Kirkland	} Kirkland/Lazare	
19.	235	Lazare			
20.	300	Lockett	} Lockett		
21.	300	Vernon W.			
Dist 13	22.	311	Box	} <b>Samaorwood</b>	
	23.	312	Hinds		
	24.	313	Farmers Valley		
Dist 14	25.	410	Airport	} <b>Dodson</b>	
	26.	410	Tell		
	27.	410	Cee Vee		} Tell/CeeVee
	28.	411	Childress NE		
	29.	412	Said		
	30.	413	Garden Valley		
Dist 15	31.	500	Guthrie	} <b>Plaska Friendship</b>	
	32.	500	Pitchfork		
	33.	500	McAdoo WF		
	34.	500	Dumont WF		
	35.	500	Dumont		
	36.	510	Foard City		} <b>Club Lake</b>
37.	510	Johnson			
38.	510	Potts			
Dist 16	39.	510	Self	} <b>Lake Arrowhead</b>	
	40.	510	Smith		
	41.	520	Gilliland		
Dist 18	42.	520	Truscott	} <b>Preston Shores</b>	
	43.	520	Alexander		
	44.	520	Lowrance		
	45.	600	Clark		
	46.	600	Lone Mound		
Dist 19	47.	600	Abria	} <b>Arrowhead Plant</b>	
	48.	600	Sammorwood		
	49.	600	Lutie		
	50.	600	Panfork		
Dist 22	51.	610	Patterson	} <b>West OH</b>	
	52.	610	Kesler		
Dist 22	53.	611	Hill	} <b>East OH</b>	
	54.	611	Montgomery		
Dist 22	55.	611	Hedley	} <b>ARE Plant</b>	
	56.	612	Montgomery Tank		
Dist 22	57.	800	Howardwick	} <b>ARE WWTP</b>	
	58.	811	Greenbelt Lake		
Dist 22	59.	900	Arrowhead Plant	} <b>Ringgold</b>	
	60.	900	West OH		
Dist 22	61.	900	East OH	} <b>Preston Plant</b>	
	62.	900	ARE Plant		
Dist 22	63.	900	ARE WWTP	} <b>Preston OH</b>	
	64.	902	Ringgold		
Dist 22	65.	722	Preston Plant	} <b>Preston OH</b>	
	66.	722	Preston OH		



**RED RIVER AUTHORITY OF TEXAS**

**SCHEDULE OF CLEAN RIVERS PROGRAM EXPENSES  
for the year ended September 30, 2020**

State Agency

Texas Commission on Environmental Quality

582-18-80215

Contract Number	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Total</u>
Contract Amount					<u>\$ 1,294,472</u>
Total Receipts and Billings	<u>\$ 293,416</u>	<u>\$ 374,178</u>	<u>\$ 281,488</u>	<u>\$ -</u>	<u>949,082</u>
Disbursements/Expenditures					
Personnel/Salaries	76,454	71,229	61,537	-	209,220
Fringe Benefits	33,119	38,414	33,100	-	104,633
Travel	20,548	18,146	13,303	-	51,997
Supplies	4,420	3,394	3,726	-	11,540
Equipment	10,836	-	-	-	10,836
Contractual	13,985	40,000	-	-	53,985
Other	123,096	190,670	159,316	-	473,082
Indirect Costs	10,958	12,325	10,506	-	33,789
	<u>293,416</u>	<u>374,178</u>	<u>281,488</u>	<u>-</u>	<u>949,082</u>
Accrued Revenue at 09-30	<u>\$ 29,519</u>	<u>\$ 34,905</u>	<u>\$ 6,817</u>	<u>\$ -</u>	<u>\$ 71,241</u>

**RED RIVER AUTHORITY OF TEXAS**  
**INDIRECT RATE FACTOR**  
for the years ended September 30, 2020 and 2019

Exhibit C-20

	<u>FY 2020</u>	<u>FY 2019</u>
<b>Direct Salary Cost</b>		
Regular Salaries	\$ 1,485,849	\$ 1,395,390
Overtime Salaries	168,703	177,657
<b>Total Salaries</b>	<u>1,654,552</u>	<u>1,573,047</u>
 <b>Fringe Benefit Pool</b>		
FICA / Medicare	128,384	122,459
Retirement System Contribution	102,432	251,611
Health / Life Insurance Plan	332,508	348,852
Workers Compensation Insurance	25,032	23,831
Vacation / Holiday Leave	121,168	122,981
Unemployment Insurance	5,199	567
<b>Total Fringe Benefits</b>	<u>714,723</u>	<u>870,301</u>
 <b>Total Personnel Cost</b>	<u>\$ 2,369,275</u>	<u>\$ 2,443,348</u>
 <b>Reconciliation of Total Personnel Cost</b>		
Total Personnel Cost per Exhibit A-2	\$ 2,344,243	\$ 2,419,517
Add: Net Pension Obligation	-	-
Add: Workers Compensation Paid	25,032	23,831
<b>Total Reconciled Personnel Cost</b>	<u>\$ 2,369,275</u>	<u>\$ 2,443,348</u>
 <b>Fringe Benefit Rate</b>	<u>43.20%</u>	<u>55.33%</u>
 <b>General Overhead</b>		
General Division Operating Expense	\$ 194,293	\$ 208,760
General Insurance	51,685	51,866
<b>Total General Overhead</b>	<u>\$ 245,978</u>	<u>\$ 260,626</u>
 <b>General Overhead Rate</b>	<u>14.87%</u>	<u>16.57%</u>

**THIS PAGE IS INTENTIONALLY LEFT BLANK**

**STATISTICAL SECTION**





## STATISTICAL DISCUSSION

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

<b>Contents</b>	<b>Page</b>
Financial Trends	85-86
<i>These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.</i>	
Revenue Capacity	90
<i>This schedule contains information to help the reader assess the Authority's most significant local revenue source, water sales.</i>	
Debt Capacity	94
<i>This schedule presents information intended to help the reader understand the Authority's current levels of outstanding debt.</i>	
Demographic and Economic Information	97-98
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.</i>	
Operating Information	95
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.</i>	

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

	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>
Net investment in capital assets	\$ 5,919,946	\$ 5,995,140	\$ 6,124,825	\$ 7,467,500
Restricted	1,001,023	1,158,346	1,223,100	899,564
Unrestricted	6,663,942	6,559,656	6,553,893	6,154,206
Total net position	<u>\$ 13,584,911</u>	<u>\$ 13,713,142</u>	<u>\$ 13,901,818</u>	<u>\$ 14,521,270</u>

Note: The net pension obligation figures have been omitted from this exhibit for years 2010-11.

Fiscal Year					
2014-2015	2015-2016	2016-2017	2017-2018	2018-19	2019-20
\$ 7,323,054	\$ 7,453,330	\$ 6,572,305	\$ 7,314,700	\$ 7,368,622	\$ 7,789,703
88,380	88,380	274,937	159,829	169,276	177,834
8,247,298	8,473,689	10,019,706	10,296,219	10,929,640	11,292,872
<u>\$ 15,658,732</u>	<u>\$ 16,015,399</u>	<u>\$ 16,866,948</u>	<u>\$ 17,770,748</u>	<u>\$ 18,467,538</u>	<u>\$ 19,260,409</u>

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

	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>
Operating revenues:				
Water and sewer sales	\$ 4,137,858	\$ 3,665,182	\$ 3,710,743	\$ 4,072,153
Charges for materials and services	509,152	536,472	493,992	592,542
Other	297,949	445,525	397,042	520,952
Total operating revenues	<u>4,944,959</u>	<u>4,647,179</u>	<u>4,601,777</u>	<u>5,185,647</u>
Operating expenses:				
Water purchases	609,118	615,679	625,545	601,222
Personnel services	1,674,131	1,672,025	1,700,020	1,776,013
Administrative costs	83,105	94,985	88,389	86,298
Utilities, supplies and maintenance	781,009	868,088	750,211	835,578
Insurance	50,359	52,824	50,471	52,961
Automobile and travel	222,062	238,380	238,071	229,942
Professional and directors fees	74,239	113,799	102,848	149,930
Research expense	19,745	36,450	39,690	39,690
Depreciation and amortization	691,989	693,154	712,312	727,832
Total operating expenses	<u>4,205,757</u>	<u>4,385,384</u>	<u>4,307,557</u>	<u>4,499,466</u>
Operating income	<u>739,202</u>	<u>261,795</u>	<u>294,220</u>	<u>686,181</u>
Nonoperating revenues (expenses)				
Interest income	38,190	12,319	9,197	7,265
Gain (loss) on disposal of assets	36,787	18,451	17,666	29,658
Grant revenues	186,844	-	-	-
Interest expense	(196,161)	(164,334)	(132,407)	(103,652)
Total nonoperating revenues (expenses)	<u>65,660</u>	<u>(133,564)</u>	<u>(105,544)</u>	<u>(66,729)</u>
Change in net position	<u>\$ 804,862</u>	<u>\$ 128,231</u>	<u>\$ 188,676</u>	<u>\$ 619,452</u>

Exhibit D-2

Fiscal Year					
2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
\$ 4,066,063	\$ 4,104,905	\$ 5,188,070	\$ 5,426,272	\$ 5,227,066	\$ 5,414,765
896,461	597,030	634,741	589,486	724,521	974,705
325,801	379,887	351,803	413,221	457,340	485,041
<u>5,288,325</u>	<u>5,081,822</u>	<u>6,174,614</u>	<u>6,428,979</u>	<u>6,408,927</u>	<u>6,874,511</u>
628,527	661,675	714,756	807,778	859,289	928,966
1,797,435	1,960,880	2,051,454	2,119,759	2,419,517	2,344,243
163,638	155,203	157,838	160,376	179,918	176,001
734,127	933,240	957,427	1,027,401	922,859	1,034,624
50,822	53,398	61,470	61,172	76,115	76,717
189,622	178,101	170,987	219,284	240,714	191,407
321,222	84,145	376,864	155,743	169,575	319,136
-	23,710	78,710	27,810	41,500	(75)
708,830	693,032	699,233	705,274	746,350	746,499
<u>4,594,223</u>	<u>4,743,384</u>	<u>5,268,739</u>	<u>5,284,597</u>	<u>5,655,837</u>	<u>5,817,518</u>
694,102	338,438	905,875	1,144,382	753,090	1,056,993
5,712	25,385	97,697	316,142	471,208	235,912
225,268	5,217	100	35,007	5,000	41,735
-	-	-	-	-	-
(12,426)	(12,373)	(152,123)	(539,686)	(532,508)	(541,769)
<u>218,554</u>	<u>18,229</u>	<u>(54,326)</u>	<u>(188,537)</u>	<u>(56,300)</u>	<u>(264,122)</u>
<u>\$ 912,656</u>	<u>\$ 356,667</u>	<u>\$ 851,549</u>	<u>\$ 955,845</u>	<u>\$ 696,790</u>	<u>\$ 792,871</u>

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

Exhibit D-3

Fiscal Year	Water and Sewer Systems	Environmental Services	Administrative and Mgmt Fees	Interest Income	Other	Total
2010-11	\$ 4,272,709	\$ 822,560	\$ 801,843	\$ 12,323	\$ 649,274	\$6,558,709
2011-12	3,750,335	812,008	850,644	12,319	786,921	6,212,227
2012-13	3,783,275	862,053	858,291	9,197	710,081	6,222,897
2013-14	4,072,153	944,978	855,146	7,265	839,473	6,719,015
2014-15	4,303,566	733,559	817,907	5,712	476,465	6,337,209
2015-16	4,215,926	841,070	943,745	25,835	591,725	6,618,301
2016-17	5,259,835	858,442	1,047,268	97,697	595,617	7,858,859
2017-18	5,546,076	827,827	1,155,951	426,396	693,583	8,649,833
2018-19	5,310,228	1,043,056	1,190,673	561,942	791,529	8,897,428
2019-20	5,618,277	907,065	1,191,603	235,912	974,483	8,927,340

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

Exhibit D-4

<u>Fiscal Year</u>	<u>Metered Connections</u>	<u>Water Sales</u>	<u>Average Monthly Bill</u>	<u>Type of Service</u>		
				<u>Domestic</u>	<u>Commercial</u>	<u>Wholesale</u>
2010-11	4,003	\$4,154,785	\$ 86.49	88.21%	6.49%	5.30%
2011-12	4,002	3,597,232	74.90	89.01%	6.25%	4.74%
2012-13	3,969	3,670,110	77.06	88.79%	6.57%	4.64%
2013-14	3,934	3,959,162	83.87	88.48%	6.83%	4.69%
2014-15	3,921	3,849,876	81.82	89.17%	6.67%	4.09%
2015-16	3,923	3,945,951	83.82	91.96%	7.17%	3.30%
2016-17	3,863	5,050,499	108.95	91.37%	5.06%	3.57%
2017-18	3,873	5,251,916	113.00	91.30%	4.88%	3.82%
2018-19	3,944	5,079,033	107.32	92.55%	4.48%	2.97%
2019-20	3,990	5,283,710	110.35	81.13%	5.21%	13.66%

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

Exhibit D-5

Fiscal Year	Treated Water in Million Gallons							
	Domestic	Commercial	Treated Wholesale	Raw Wholesale	Total	Peak Month	Monthly Average	Daily Average
2010-11	323.42	40.74	120.31	53.33	537.80	91.68	44.82	1.47
2011-12	248.51	34.26	94.25	48.67	425.69	64.18	35.47	1.17
2012-13	230.79	32.17	80.93	9.83	353.72	41.92	29.48	0.97
2013-14	214.71	22.16	60.17	45.24	342.28	40.64	28.52	0.94
2014-15	202.96	21.70	57.06	4.37	286.09	34.70	23.84	0.78
2015-16	209.90	19.04	56.46	0.01	285.41	33.57	23.78	0.78
2016-17	210.38	20.04	56.30	17.90	304.62	36.01	25.38	0.83
2017-18	235.63	20.07	65.98	35.38	357.06	50.44	29.76	0.99
2018-19	215.73	21.70	52.92	22.36	312.71	44.77	26.06	0.86
2019-20	242.03	19.21	53.89	41.62	356.75	72.88	29.73	0.99



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

Exhibit D-6

<u>Utility District</u>	<u>Square Miles</u>	<u>Service Area Counties</u>	<u>Number of Meters</u>	<u>Total Water Use - MG</u>	<u>Population Served</u>	<u>Water Source</u>
D-11	1,285	Hall / Childress / Motley	273	34.69	683	G/S
D-12	1,160	Hardeman / Childress / Foard	406	43.93	1,015	S
D-13	947	Wilbarger	457	33.44	1,143	G/S
D-14	802	Childress / Cottle	410	37.46	1,025	S
D-15	2,111	King / Knox / Foard	350	33.29	875	G/S
D-16	1,405	Collingsworth / Hall / Childress	243	25.06	608	G/S
D-18	929	Donley	387	14.93	968	G/S
D-19	2,013	Clay / Montague	771	34.93	1,928	G/S
D-22	934	Grayson	693	60.58	1,733	S

**RED RIVER AUTHORITY OF TEXAS**  
**TOP TEN UTILITY CUSTOMERS**  
**CURRENT YEAR AND NINE YEARS AGO**  
**SEPTEMBER 30, 2020**  
**(Unaudited)**

Exhibit D-7

Taxpayer	Location	2019-20			2010-11		
		Rank	Average Bill	Average Use (gals)	Rank	Average Bill	Average Use (gals)
Southwest Water Company	Grayson	1	\$ 7,803	1,859,630	2	\$ 6,431	2,923,410
City of Chillicothe	Hardeman	2	3,949	1,421,170	3	2,012	1,511,120
Tanglewood Operators, Inc	Grayson	3	492	762,100	1	703	4,645,970
Vest Ranch	Collingworth	4	1,910	247,015	-	-	-
Dan Owenby	Foard	5	1,735	241,877	-	-	-
Cornerstone Marine Group LP	Grayson	6	1,414	229,430	5	891	269,329
Vest Ranch	Hall	7	1,508	210,759	6	1,084	268,591
AEP - American Electric Power	Hardeman	8	1,474	205,069	4	3,357	683,730
Ben W. Teague	Childress	9	926	133,928	-	-	-
Horwood Ranch Co, Inc	Hall	10	999	132,546	-	-	-
Rickey L. Smith Ranches, LTD	Hall	-	-	-	7	661	194,125
Texas Dept. of Transportation	Donley	-	-	-	8	756	159,360
Panfork Baptist Church	Collingsworth	-	-	-	9	701	139,622
Texas Dept. of Transportation	Donley	-	-	-	10	598	132,740

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

Exhibit D-8

<u>Fiscal Year</u>	<u>Bonded Debt Outstanding</u>	<u>Net Income Available for Debt Service</u>	<u>Average Annual Principal and Interest</u>	<u>Average Annual Times Covered</u>	<u>Maximum Principal and Interest</u>	<u>Maximum Times Covered</u>
2010-11	\$3,568,600	\$ 1,085,285	\$ 225,768	4.81	\$ 706,161	1.54
2011-12	3,047,200	565,481	199,190	2.84	706,161	0.80
2012-13	2,489,000	685,254	169,853	4.03	706,161	0.97
2013-14	710,833	1,009,334	52,947	19.06	54,930	18.37
2014-15	673,667	1,261,991	53,160	23.74	54,930	22.97
2015-16	635,533	660,741	53,337	12.39	54,930	12.03
2016-17	15,726,567	1,297,006	851,139	1.52	883,698	1.47
2017-18	15,266,601	1,723,329	850,144	2.03	884,211	1.95
2018-19	14,925,634	1,665,530	849,070	1.96	884,211	1.88
2019-20	14,578,634	1,803,492	847,932	2.13	884,211	2.04

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

Exhibit D-9

Fiscal Year	Water and Sewer Systems	Environmental Services	General	Maintenance	Other	Total
2010-11	\$ 3,893,681	\$ 730,699	\$ 804,597	\$ 256,552	\$ 252,747	\$5,938,276
2011-12	3,880,423	831,390	833,043	299,812	329,841	6,174,509
2012-13	3,742,187	927,571	827,230	265,909	336,008	6,098,905
2013-14	3,832,693	971,627	872,883	223,400	261,959	6,162,562
2014-15	3,764,592	794,496	1,052,077	202,913	241,780	6,055,858
2015-16	4,073,720	864,504	978,821	211,998	226,450	6,355,493
2016-17	4,675,606	823,122	1,103,731	275,104	229,653	7,107,216
2017-18	5,099,767	919,296	1,057,107	382,850	269,975	7,728,995
2018-19	5,124,908	1,026,849	1,300,404	490,925	262,552	8,205,638
2019-20	5,370,429	903,651	1,335,856	547,041	19,227	8,176,204

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

**RED RIVER AUTHORITY OF TEXAS**  
**RED RIVER BASIN GENERAL INFORMATION**  
**September 30, 2020**  
**(Unaudited)**

Exhibit D-10

- 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                                                                                  |
| 10,000 — 50,000   | Burkburnett, Canyon, Denison, Gainesville, Hereford, Pampa, Paris, Plainview, Sherman, Texarkana, Vernon |
- Principal Tributaries:* North Fork, Salt Fork, and Prairie Dog Town Fork of the Red River, Pease River, and Wichita River
- Principal Aquifers:* Ogallala, Seymour, Trinity, Carrizo-Wilcox, Blaine-Gypsum, Woodbine, Blossom Sand, Nacatoch Sand
- Regional Economies:* Oil and gas production, agriculture, ranching, manufacturing, and tourism
- Major Lakes and Reservoirs:* There are 32 significant reservoirs which occupy 138,144 surface acres and contain 3,543,863 acre-feet. Refer to **Exhibit D-12**.
- Major Eco-Regions:* High Plains, North-Central Plains, Coastal Plains
- General Topography:* Nearly level tablelands in west through rugged canyons and ridges to rolling plain, prairie, and woods in the east
- 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

RED RIVER AUTHORITY OF TEXAS

POPULATION DATA  
(Unaudited)

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

Source of Information: United States Census Bureau

RED RIVER AUTHORITY OF TEXAS

Demographic and Economic Information  
(Unaudited)

County Name	Total Personal Income 2019	Average Total Personal Income based on 2010 Pop. Data	Per Capita Personal Income 2019	Unemployment Rate 2019	Median Age 2019 est.	Government Employees 2019
Archer	\$ 448,000,000	\$ 49,481	\$ 52,335	2.60%	44.1	1,787
Armstrong	101,000,000	53,130	53,442	2.70%	44.7	390
Baylor	164,000,000	44,015	46,615	2.20%	43.6	1,417
Bowie	3,839,000,000	41,474	41,172	3.80%	38.3	41,808
Briscoe	69,000,000	42,150	44,413	3.10%	46.1	323
Carson	288,000,000	46,587	48,571	2.30%	41.9	5,037
Castro	485,000,000	60,159	64,427	2.30%	35.0	2,517
* Childress	225,000,000	31,956	30,731	2.90%	33.6	2,525
* Clay	464,000,000	43,155	44,295	2.80%	47.4	1,497
* Collingsworth	123,000,000	40,236	42,026	3.30%	38.5	821
Cooke	2,182,000,000	56,768	52,875	2.60%	40.0	14,907
* Cottle	84,000,000	55,814	60,260	4.90%	44.6	415
Crosby	216,000,000	35,649	37,580	3.20%	38.6	1,265
Deaf Smith	971,000,000	50,124	52,368	2.50%	31.4	7,809
* Dickens	75,000,000	30,687	33,843	4.20%	43.4	441
* Donley	149,000,000	40,522	45,531	3.10%	43.2	849
Fannin	1,415,000,000	41,722	39,830	2.40%	41.1	8,525
Floyd	255,000,000	39,559	44,646	3.80%	38.1	1,554
* Foard	52,000,000	38,922	44,895	2.60%	50.2	378
Gray	966,000,000	42,867	44,127	3.50%	37.7	7,749
* Grayson	5,992,000,000	49,571	43,987	2.90%	39.4	47,276
Hale	1,190,000,000	32,807	35,633	4.00%	33.4	11,533
* Hall	98,000,000	29,228	33,095	4.20%	45.2	758
* Hardeman	165,000,000	39,865	42,023	2.60%	43.7	1,333
Hartley	453,000,000	74,728	81,238	1.60%	40.3	2,562
Hemphill	218,000,000	57,263	57,053	2.60%	36.4	1,875
Hutchinson	921,000,000	41,580	43,981	4.50%	38.1	8,014
* King	21,000,000	73,427	78,849	1.70%	41.0	152
* Knox	145,000,000	38,989	39,587	2.90%	39.5	1,073
Lamar	2,147,000,000	43,119	43,063	3.10%	40.2	22,209
Lipscomb	252,000,000	76,317	77,810	2.10%	38.9	1,327
* Montague	837,000,000	42,446	42,230	2.50%	43.9	4,958
Motley	40,000,000	33,058	32,988	3.20%	49.2	326
Oldham	117,000,000	57,018	55,479	2.70%	40.2	973
Parmer	476,000,000	46,353	49,541	2.00%	35.1	5,799
Potter	5,411,000,000	44,692	46,086	2.50%	34.2	77,104
Randall	6,823,000,000	56,517	49,544	2.20%	36.3	32,531
Red River	518,000,000	40,280	43,039	4.40%	47.7	2,682
Roberts	41,000,000	44,133	48,344	2.40%	41.6	260
Swisher	383,000,000	48,765	51,779	3.30%	36.3	1,844
Wheeler	224,000,000	41,405	44,309	2.90%	40.1	1,951
Wichita	5,881,000,000	44,722	44,479	2.90%	34.6	54,774
* Wilbarger	591,000,000	43,665	46,314	3.40%	39.5	5,890
Average for Counties in Basin	\$ 1,058,488,372	\$ 46,161	\$ 47,778	2.96%	40.4	9,052
* Utility Division Service Area	\$ 497,142,857	\$ 44,431	\$ 44,833	3.14%	42.4	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, 2020**  
**(Unaudited)**

Exhibit D-12

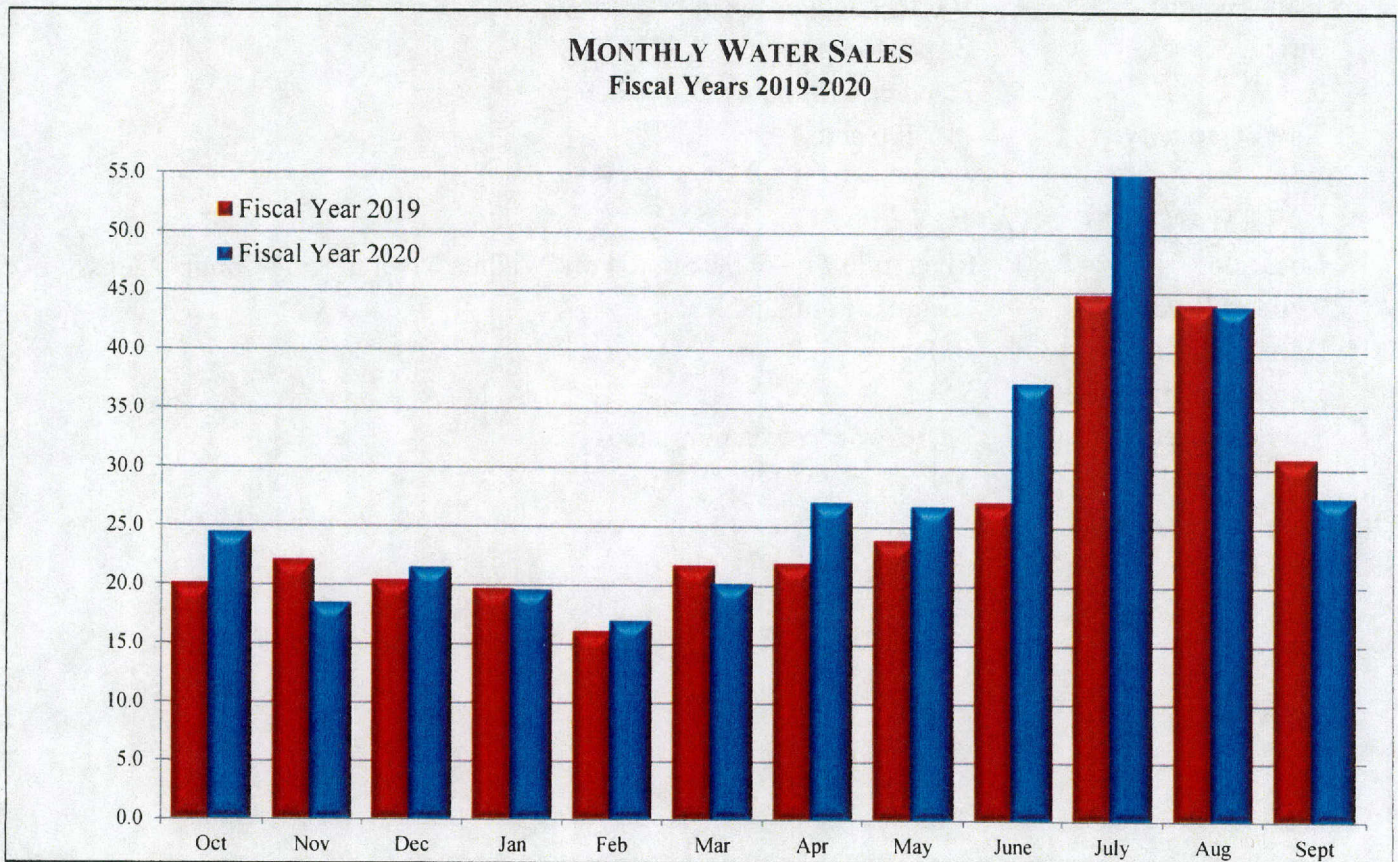
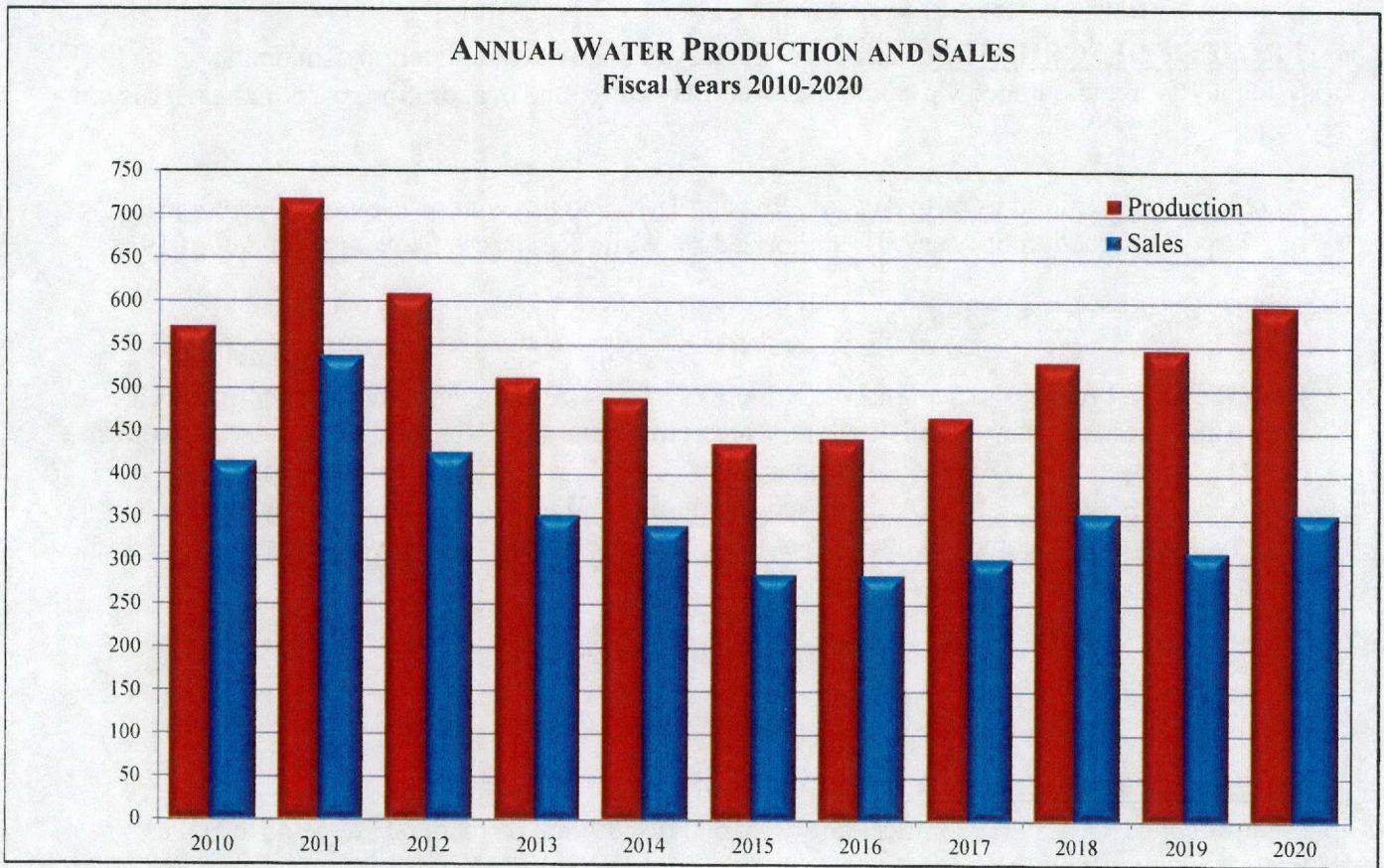
Reservoir Name	County	Elevation Ft AMSL	Surface Acres	Capacity Acre-Feet	Diversion ACF/YR	Type Uses
Archer City Lake	Archer	1,023	90	396	2,500	M/R
Lake Kickapoo	Archer	1,045	5,864	86,345	40,000	M
Scotland Lake	Archer	934	70	364	-	R
Lake Cooper	Archer	1,155	432	4,546	810	M/R
Lake Diversion	Archer/Baylor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

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

Source of Information: Texas Water Development Board



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



**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.

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

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

**CURRENT STATUS:** The Truscott Brine Reservoir was completed and placed in service on May 16, 1987. The reservoir is currently receiving brine for disposal that is diverted from the Bateman Pump Station (Area VIII) located on the South Fork of the Wichita River in King County. The Alexander Pump Station (Area X) located on the Middle Fork of the Wichita River in Cottle County is physically complete but not yet in service. The pump station will transmit brine to the Truscott Reservoir also.

**TECHNICAL DESCRIPTION**

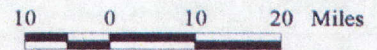
**TRUSCOTT BRINE RESERVOIR**

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

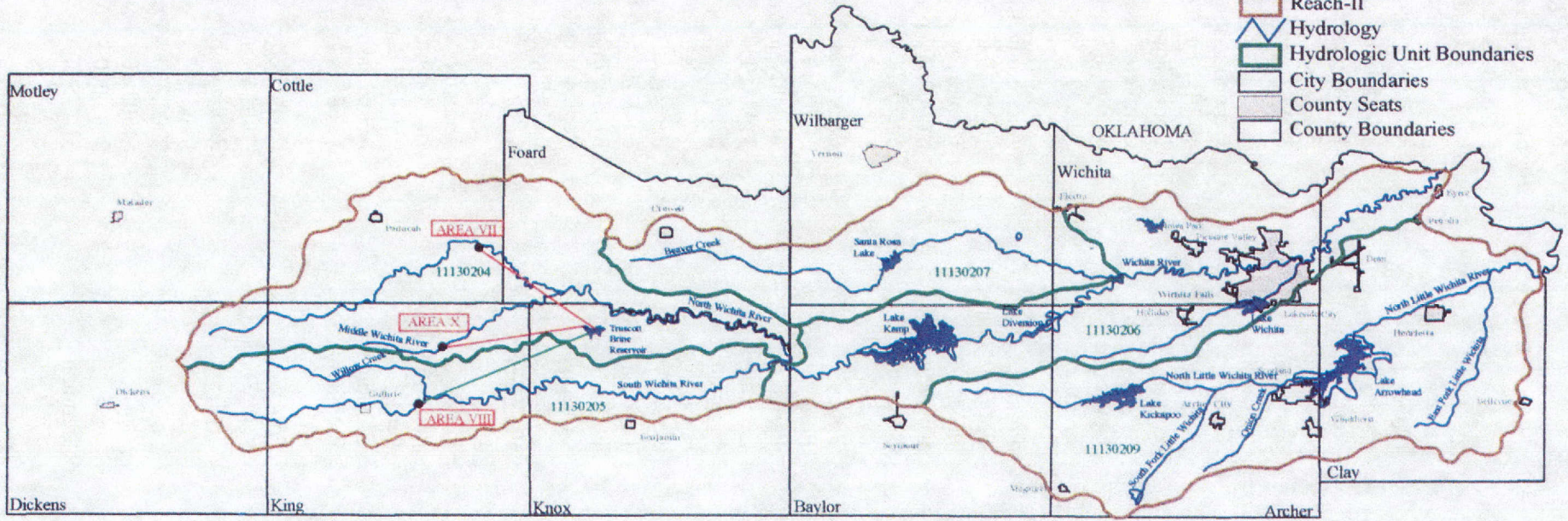
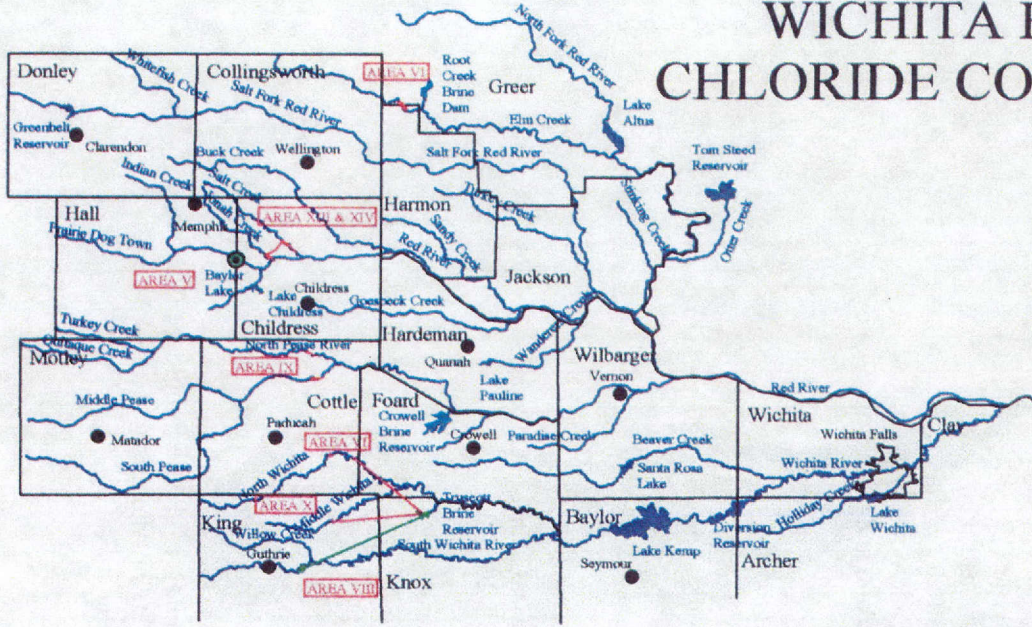
**BATEMAN PUMP STATION**

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

# WICHITA RIVER BASIN CHLORIDE CONTROL PROJECT



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



**INSURANCE COVERAGE**  
**Texas Municipal League Intergovernmental Risk Pool**  
**September 30, 2020**  
**(Unaudited)**

Policy:	Workers Compensation
Policy Period:	10-01-19 to 09-30-20
Perils:	Losses under Workers' Compensation Laws
Coverage:	Statutory
Premium:	\$24,531
Policy:	General Liability
Policy Period:	10-01-19 to 09-30-20
Perils:	Bodily injury, property damage, advertising injury, completed operations, and products hazard
Coverage:	\$1,000,000 per occurrence and annual aggregate
Premium:	\$2,230
Policy:	Automobile Liability
Policy Period:	10-01-19 to 09-30-20
Perils:	Liability
Coverage:	\$1,000,000 per occurrence
Premium:	\$4,705
Policy:	Errors and Omissions Liability
Policy Period:	10-01-19 to 09-30-20
Perils:	Liability, errors, and omissions
Coverage:	\$1,000,000 per claim and annual aggregate
Premium:	\$2,310
Policy:	Property Coverage
Policy Period:	10-01-19 to 09-30-20
Perils:	Risk of direct physical loss of or damage to property
Coverage:	Replacement cost Including boiler and machinery
Premium:	\$33,742
Policy:	Automobile Physical Damage Coverage
Policy Period:	10-01-19 to 09-30-20
Perils:	Physical damage
Coverage:	Actual cash value
Premium:	\$6,685
Policy:	Crime Policy
Policy Period:	10-01-19 to 09-30-20
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:	\$1,275

**RED RIVER AUTHORITY OF TEXAS**

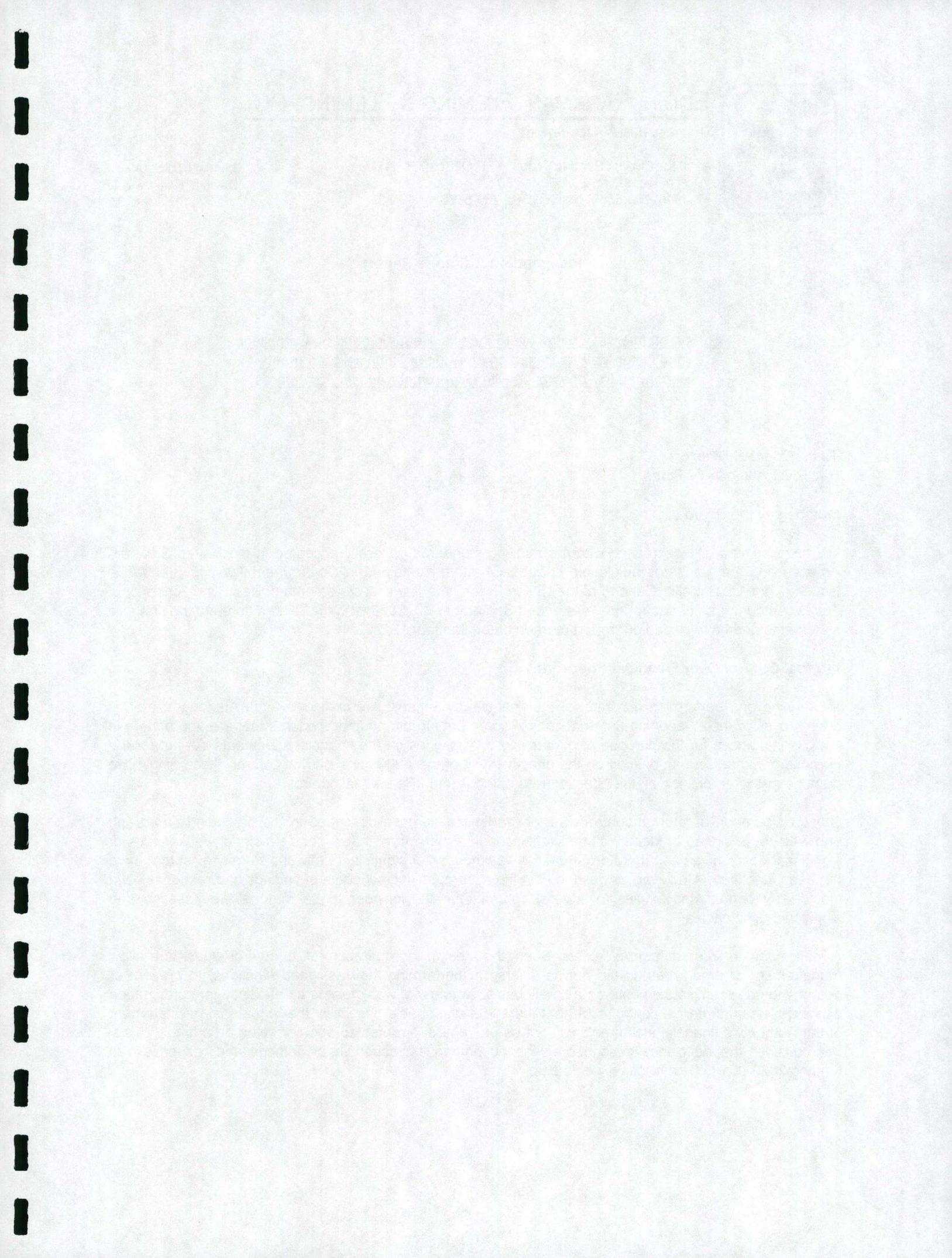
**INSURANCE COVERAGE (CONT'D)**

**Texas Municipal League Intergovernmental Risk Pool  
September 30, 2020  
(Unaudited)**

Policy: Mobile Equipment  
Policy Period: 10-01-19 to 09-30-20  
Perils: Physical damage  
Coverage: Replacement Cost  
Premium: \$985

Policy: Cyber Liability and Data Breach Response Coverage  
Policy Period: 10-01-19 to 09-30-20  
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

**OVERALL COMPLIANCE  
AND  
INTERNAL CONTROL SECTION**





## EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

4110 KELL BLVD., SECOND FLOOR • P.O. Box 750  
WICHITA FALLS, TEXAS 76307-0750  
PH. (940) 766-5550 • FAX (940) 766-5778

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

### **Independent Auditor's Report**

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, 2020, and the related notes to the financial statements and have issued our report thereon dated January 12, 2021.

#### **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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and responses as Finding 2020-001 to be a material weakness.



## **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*.

## **Authority's Response to Findings**

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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*

Edgin, Parkman, Fleming & Fleming, PC

January 12, 2021

# RED RIVER AUTHORITY OF TEXAS

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED SEPTEMBER 30, 2020

### A. Summary of Auditor's Results

#### 1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  X  Yes   No

Significant deficiencies identified that are not considered to be material weaknesses?   Yes  X  None reported

Noncompliance material to the financial statements noted?   Yes  X  No

#### 2. Federal and State Awards

A Single Audit was not required for the year ended September 30, 2020.

### B. Financial Statement Findings

#### Finding 2020-001 – Material Weakness in Internal Control over Financial Reporting – Material Audit Adjustments

##### Criteria

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

##### Condition

The Authority's financial reporting data for the year ended September 30, 2020 included amounts not recorded in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). These errors primarily related to timing differences in both assets and liabilities.

##### Cause

The Authority did not record all transactions in the proper accounting period during the year ended September 30, 2020.

##### Effect

Material audit entries were required for the District's financial statements to be reported in accordance with U.S. GAAP.

# RED RIVER AUTHORITY OF TEXAS

## SCHEDULE OF FINDINGS AND RESPONSES (CONT'D) FOR THE YEAR ENDED SEPTEMBER 30, 2020

### Recommendation

We recommend that the Authority review all invoices received after year-end to ensure all payables are recorded in the proper fiscal year.

### Views of Responsible Officials and Planned Corrective Actions

The Authority agrees with this observation and has taken action to correct future potential deficiencies. See the Authority's planned corrective actions on the next page.

Lana Hefton, Controller, is the person responsible for implementing this plan.

### C. Federal and State Award Findings and Questioned Costs

No Single Audit was required for 2019-20.



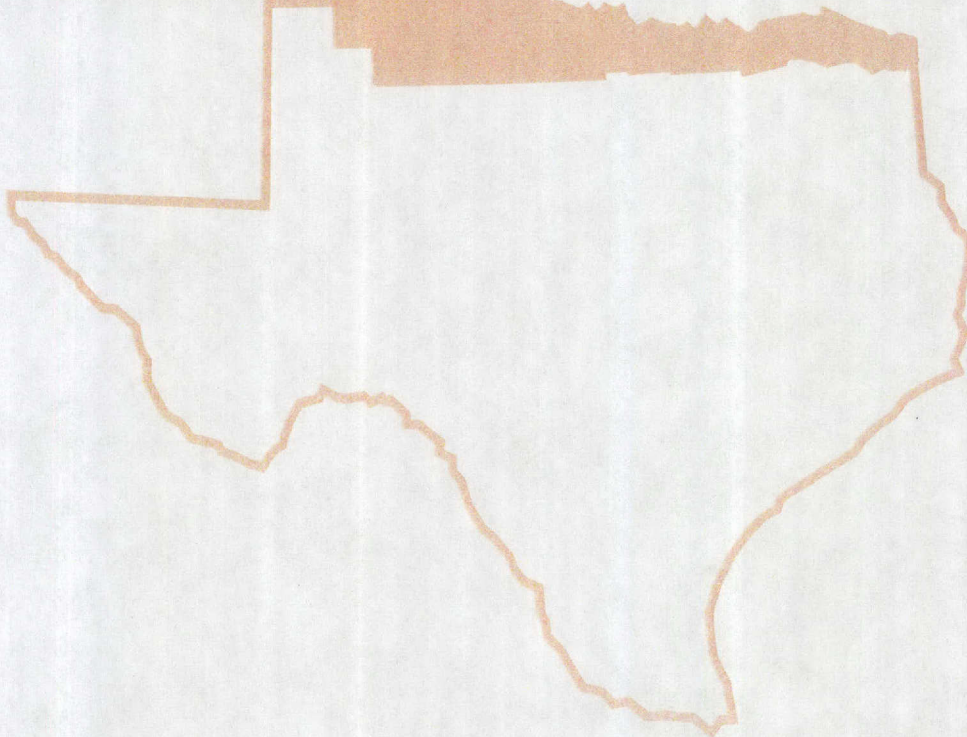
# Red River Authority of Texas

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  
GEORGE WILSON SCALING, II, Henrietta  
ZACKARY K. SMITH, Canyon  
JOE L. WARD, Telephone

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

## CORRECTIVE ACTION PLAN YEAR ENDED SEPTEMBER 30, 2020

Management will continue being an alternative means of oversight by monitoring internal control along with continuing to try and reassign some duties within the accounting department to other staff members. Additionally, there will be a second step of weekly review of all accounts payable and banking transfers implemented to insure proper coding and all work performed in a given month is recorded when work is completed. All invoices received after fiscal year end will be reviewed to insure coding to the proper fiscal year. There will also be training throughout the year to include, but not limited to, online and in-person seminars for areas of additional education and improvement. The General Manager and Board of Directors will continue to monitor the situation and explore cost effective ways to improve this internal control limitation including the possible assistance of outside contractors.



**RED RIVER AUTHORITY OF TEXAS**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED SEPTEMBER 30, 2020**

The Authority had no findings in the prior year:

