

RED RIVER GROUNDWATER CONSERVATION DISTRICT

BOARD MEETING

Join by computer, tablet or smartphone at the following link:

<https://global.gotomeeting.com/join/184986813>

or

Join by phone 224-501-3412 with access code: 184-986-813

**THURSDAY
JUNE 18, 2020**

**NOTICE OF PUBLIC MEETING
OF THE
BOARD OF DIRECTORS OF THE
RED RIVER GROUNDWATER CONSERVATION DISTRICT**

Join by computer, tablet or smartphone at the following link:
<https://global.gotomeeting.com/join/184986813>

or

Join by phone 224-501-3412 with access code: 184-986-813

Thursday, June 18, 2020 – 10:00 a.m.

Notice is hereby given that, in accordance with Governor Abbott's March 16, 2020, action to temporarily suspend certain provisions of the Texas Open Meetings Act, a quorum of the Board of Directors of the Red River Groundwater Conservation District ("District") will hold a permit hearing and Board meeting via telephone and video conference call beginning at 10:00 a.m. on Thursday, June 18, 2020. Any member of the public who wishes to participate remotely may do so through the remote access options provided above.

Board Meeting

The Board Meeting will begin at 10 a.m.

Notice is hereby given that the Board of Directors of the Red River Groundwater Conservation District ("District") may discuss, consider, and take all necessary action, including expenditure of funds, regarding each of the agenda items below:

Agenda:

1. Call to order, establish quorum; declare meeting open to the public.
2. Public Comment.
3. Consider and act upon approval of Minutes of April 16, 2020, Board Meeting.
4. Consider and act upon 2019 Audit.
5. Review and approval of monthly invoices.
6. Receive monthly financial information.
7. Appointment of a Budget Committee.
8. Receive Quarterly Investment Report.
9. Consider and act upon updating the District's investment strategy

10. Update and possible action regarding the process for the development of Desired Future Conditions (DFC).
 - a. Consider and act upon authorizing the District's GMA 8 representative to approve participation in Groundwater Availability Model Run 11.
 11. General Manager's report: The General Manager will update the Board on operational, educational and other activities of the District.
 - a. Well Registration Summary
 - b. Update on Injection/Disposal Well Monitoring Program
 12. Consider and act upon compliance and enforcement activities for violations of District Rules.
 - a. C. Miller Drilling
 - b. Porter Green
 - c. Bassett Drilling
 13. Open forum / discussion of new business for future meeting agendas.
 14. Adjourn.
-

¹The Board may vote and/or act upon each of the items listed in this agenda.

²At any time during the meeting or work session and in compliance with the Texas Open Meetings Act, Chapter 551, Government Code, Vernon's Texas Codes, Annotated, the Red River Groundwater Conservation District Board may meet in executive session on any of the above agenda items or other lawful items for consultation concerning attorney-client matters (§551.071); deliberation regarding real property (§551.072); deliberation regarding prospective gifts (§551.073); personnel matters (§551.074); and deliberation regarding security devices (§551.076). Any subject discussed in executive session may be subject to action during an open meeting.

³Persons with disabilities who plan to attend this meeting, and who may need assistance, are requested to contact Velma Starks at (800) 256-0935 two (2) working days prior to the meeting, so that appropriate arrangements can be made.

⁴For questions regarding this notice, please contact Velma Starks at (800) 256-0935, at rrgcd@redrivergcd.org or at 5100 Airport Drive, Denison, TX 75020.

ATTACHMENT 3

**MINUTES OF THE BOARD OF DIRECTORS' BOARD MEETING
RED RIVER GROUNDWATER CONSERVATION DISTRICT**

THURSDAY, APRIL 16, 2020

Join by computer, tablet or smartphone at the following link:
<https://global.gotomeeting.com/join/835577365>

or

Join by phone 669-224-3412 with access code: 835-577-365

Thursday, April 16, 2020 – 10:00 a.m.

Notice is hereby given that, in accordance with Governor Abbott's March 16, 2020, action to temporarily suspend certain provisions of the Texas Open Meetings Act, a quorum of the Board of Directors of the Red River Groundwater Conservation District ("District") will hold a permit hearing and Board meeting via telephone and video conference call beginning at 10:00 a.m. on Thursday, April 16, 2020. Any member of the public who wishes to participate remotely may do so through the remote access options provided above.

Members Present:	Chuck Dodd, David Gattis, Harold Latham, Mark Patterson, Mark Newhouse, and Billy Stephens
Members Absent:	Mark Gibson
Staff:	Drew Satterwhite, Allen Burks, Paul Sigle, Theda Anderson, Carolyn Bennett, and Velma Starks
Visitors:	Kristen Fancher, Fancher Legal James Beach WSP Ryan Hamilton, Garden Design Inc. Michelle Carte, Upper Trinity Regional Water District

Permit Hearing

Agenda:

1. Call to Order; establish quorum; declare hearing open to the public; introduction of Board.

Board President Mark Patterson informed the Board that due to the meeting being held in this manner General Manager Drew Satterwhite would preside over the meeting rather than the Board President. The hearing was called to order at 10:03 a.m., established that a quorum was present; declared hearing open to the public; and introduction of Board.

2. Review the Production Permit Application of:

Applicant: Garden Design, Inc., 1925 Valley View Lane, Farmers Branch, Texas 75234

Location of Well: 544 Waldon Lane, Collinsville, Texas 76233; West Well: Latitude: 33.584167°N

Longitude: 96.893727°W; about 1/3 mile east and ¼ mile north of the Old Town Road and Waldon Lane intersection; East Well: Latitude: 33.581883°N Longitude: 96.888907°W; about 0.6 mile east and 400 feet north of the Old Town Road and Waldon Lane intersection

Purpose of Use: Agriculture/Sod Production

Requested Amount of Use: 117,000,000 gallons per year

Production Capacity of Well: West Well: 500 gallons per minute; East Well: 350 gallons per minute

Aquifer: Woodbine Aquifer

General Manager Drew Satterwhite reviewed the Garden Design Inc. permit with the Board. General Manager Drew Satterwhite informed the Board that the District is looking for third party model for irrigation, agriculture, and landscape usage. Board discussed and added that use only what is needed and no run off as a condition of this permit.

3. Public Comment on the Production Permit Applications (verbal comments limited to three (3) minutes each).

There were no public comments on the Production Permit Applications.

4. Consider and act upon the Production Permit Applications, including designation of parties and/or granting or denying the Production Permit Applications in whole or in part, as applicable.

Board Member David Gattis made the motion to approve the permit with the condition that they use only what is needed and there is no run off. Board Member Billy Stephens seconded. The Board was polled individually. The motion passed unanimously.

5. Adjourn or continue permit hearing.

General Manager Drew Satterwhite adjourned the permit hearing at 10:19 a.m.

Board Meeting

1. Call to order, establish quorum; declare meeting open to the public.

General Manager Drew Satterwhite called the meeting to order at 10:20 a.m., established that the quorum was the same as was present in the Public Hearing, and declared the meeting open to the public.

2. Public comment

No public comments.

3. Consider and act upon approval of Minutes of February 20, 2020 Board Meeting.

Board Member Chuck Dodd made a motion to approve the minutes of the February 20, 2020 meeting. The motion was seconded by Board Member David Gattis. The Board was individually polled. Motion passed unanimously.

4. Review and approval of monthly invoices.

General Manager Drew Satterwhite reviewed monthly invoices with the Board. Board Member Billy Stephens made the motion to approve the monthly invoices. Board Member Harold Latham seconded the motion. The Board was individually polled. Motion passed unanimously.

5. Receive monthly financial information.

General Manager Drew Satterwhite reviewed the monthly financial information with the Board. The Board had a brief discussion.

6. Receive Quarterly Report on Management Plan.

General Manager Drew Satterwhite reviewed the Quarterly Report on Management Plan with the Board.

7. Update and possible action regarding the process for the development of Desired Future Conditions (DFC).

General Manager Drew Satterwhite informed the Board that the GMA 8, May 15, meeting will be a web meeting at 10 a.m. One district needs to turn in their initial survey. GMA 8 is getting ready to send out a second inherit survey which are basically things district cannot control such as population growth, average depth of the wells, etc. James Beach, WSP, informed the Board that they are still receiving changes from districts. They plan on having a report in May

8. Presentation and discussion regarding Socioeconomic Impacts, Feasibility of Desired Future Conditions (DFCs), and Other Relevant Information factors as they relate to Desired Future Conditions (DFCs) adoption pursuant to Texas Water Code Section 36.108(d) – presentation by District hydrogeologist, James Beach.

James Beach, WSP, reminded Board of the factors discussed in previous meetings. Upper Trinity changes to pumping results will be discussed in May. James Beach discussed Socioeconomic Impacts. The results from pumping, DFCs, impacts on aquifers, models, and runs selected were covered in the presentation. Feasibility of Achieving the DFC was discussed in the presentation.

9. Discussion and Possible Action on requests for extensions on well applications.

General Manager Drew Satterwhite informed the Board that Luella SUD, a public water supplier, submitted an application before the new rules were in effect. Their first extension expired due to the fact that they had no permanent power and no meter on well. An extension for 365 days is requested. Board Member Chuck Dodd made the motion to approve an extension for 365 days. Board Member Mark Newhouse seconded. The Board was individually polled. Motion passed unanimously.

10. Consider and act upon resolution regarding temporary procedures for disbursements and related suspension of certain provisions of District Bylaws.

General Manager Drew Satterwhite expressed a need for bylaws revision in the future. Typically, 2 of 3 Officers of the Board would sign certain checks at the meeting following the Board's approval of the liabilities resolution. The COVID-19 situation has caused the District to move to remote Board

Meetings until such time that it is deemed safe to return to a physical location. Due to these circumstances, the Board may want to consider temporarily for a 90-day time frame allowing the staff to stamp signatures on checks, or for the General Manager and Finance Officer to sign, only after the Board has approved the liabilities related to such payments. The issue was discussed. A suggestion was made for the General Manager and Finance Officer to sign checks, only after the Board has approved the liabilities related to such payments and that the resolution is amended in such manner to allow the two to sign checks. Also that resolutions and documents be stamped after Board approval of such resolutions and/or documents for the 90-day time frame. If physical meetings are resumed prior to 90-day time frame previous procedures will be reinstated. However, if the situation requires an extension of these special changes, the issue will be brought to the Board to amend the resolution to extend time as needed. Board Member Mark Patterson made the motion to make changes as previously stated. Board Member Mark Newhouse seconded the motion. The Board was individually polled. Motion passed unanimously.

11. Discussion and Possible action regarding a temporary suspension of late fees levied by the District pursuant to District rules.

General Manager Drew Satterwhite informed the Board that The State of Texas has temporarily suspended Investor Owned Water Utilities from charging late fees and disconnecting water meters during the period of time where we are being asked to Shelter in Place. Many Public Water Suppliers, that are not mandated to do so, have followed suit and suspended these practices. The District has automatic penalties for failure to make fee payments (15% of the total amount of water use fees due and owing to the District) and failure to timely submit production reports (\$50.00 per billing account). The District is not required by law to suspend any late fees. Board Member David Gattis made the motion to suspend the 15% late fee (for failure to make fee payments) but not suspend the \$50 fee (for failure to timely submit production reports) for the 1st quarter. Board Member Harold Latham seconded the motion. (To be reevaluated before the next quarter.) The Board was individually polled. Motion passed unanimously.

12. General Manager's Report: The General Manager will update the Board on operational, educational and other activities of the District.

General Manager Drew Satterwhite informed the Board that discussion of the Management Plan and Rules will not be put on the agenda until a later date. Discussion of the Rules in this setting did not seem to be feasible at this time compared to in person meetings.

a. Well Registration Summary

General Manager Drew Satterwhite explained that the new registration numbers are skewed when a well is deleted for not having been drilled or if there is a duplicate and it is removed from the system. Staff will keep manual track of new well registrations.

b. Update on Injection/Disposal Well Monitoring Program

Kristen Fancher, legal counsel, updated the Board that there had been protests on two injection wells that Jetta had filed with the Railroad Commission. Issues were that their injection pressure was too high, higher than the Railroad Commission allows and issues with completion information. The good news is that the issues have been resolved. The applicant amended their application to lower injection pressure and well completed information was consistent with Railroad Commission rules and protects water quality. We have withdrawn those protests.

13. Open forum/discussion of new business for future meeting agendas.

General Manager Drew Satterwhite answered a question regarding the status of the new database. The next meeting, May 21, 2020 is tentatively scheduled; if there is no permit hearing the meeting may be cancelled.

14. Adjourn.

General Manager Drew Satterwhite declared the meeting adjourned at 11:34 a.m.

#####

Recording Secretary

Secretary-Treasurer

ATTACHMENT 4



RED RIVER GROUNDWATER CONSERVATION DISTRICT AGENDA COMMUNICATION



DATE: June 1, 2020

SUBJECT: AGENDA ITEM NO. 4

CONSIDER AND ACT UPON 2019 AUDIT

ISSUE

2019 Audit

BACKGROUND

The Board engaged the services of McClanahan and Holmes, LLP to provide the independent audit of the District's accounting records for the 2019 fiscal year. The auditors will be presenting on their findings at the June meeting.

CONSIDERATIONS

If there are questions or concerns about the audit, the Board will have the opportunity to further discuss them with the auditor.

ATTACHMENTS

2019 Audit

RECOMMENDED BY:

A handwritten signature in blue ink, appearing to read "Drew Satterwhite", is written over a horizontal line.

Drew Satterwhite, P.E., General Manager

**RED RIVER GROUNDWATER
CONSERVATION DISTRICT**

Annual Financial Report

Year Ended December 31, 2019

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Annual Financial Report
Year Ended December 31, 2019

	<u>Page Number</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet – Governmental Fund	9
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund	10
Notes to the Basic Financial Statements	11
Required Supplementary Information:	
Budgetary Comparison Schedule	16
Independent Auditors' 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>	17

McClanahan and Holmes, LLP
CERTIFIED PUBLIC ACCOUNTANTS

STEVEN W. MOHUNDRO, CPA
GEORGE H. STRUVE, CPA
ANDREW B. REICH, CPA
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INDEPENDENT AUDITORS' REPORT

Members of the Board
Red River Groundwater Conservation District
Denison, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Red River Groundwater Conservation District (the District), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic 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.

Auditors' 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 from 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 auditors' 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 entity'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 entity'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 account 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Red River Groundwater Conservation District as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Members of the Board
Red River Groundwater Conservation District
Denison, Texas

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-6 and 16 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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 District's internal control over financial reporting and compliance.

McClanahan and Holmes, LLP
Certified Public Accountants

Bonham, Texas
May 6, 2020

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Management's Discussion and Analysis
Year Ended December 31, 2019

The Red River Groundwater Conservation District (District) is pleased to present its financial statements. This required supplementary information presents our discussion and analysis of the District's financial performance during the year ended December 31, 2019. Please read this section in conjunction with the basic financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net position was \$586,051 at December 31, 2019.
- During the year, the District's expenses were \$79,324 less than the \$370,124 generated from groundwater production fees and other revenues.
- The General Fund presents a year end fund balance of \$499,139 at December 31, 2019.

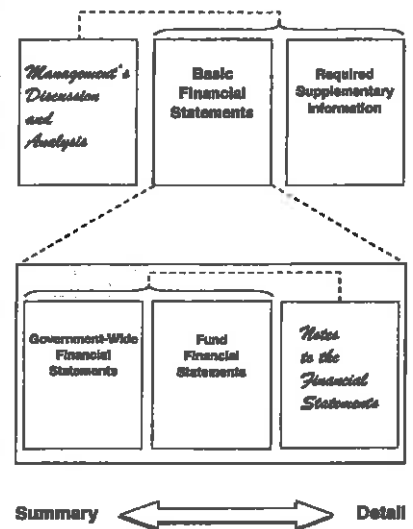
OVERVIEW OF THE FINANCIAL STATEMENTS

In addition to this Management's Discussion and Analysis, this report consists of government-wide financial statements, fund financial statements, and the notes to the financial statements. The first two statements are condensed and present a government-wide view of the District's finances. The government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the District.

Basic Financial Statements

- The Statement of Net Position focuses on resources available for future operations. In simple terms, the statement presents a snapshot of the assets of the District, the liabilities it owes, and the net difference. The net difference is further separated into amounts restricted for specific purposes, if any, and unrestricted amounts. The information presented in this statement is reported on the accrual basis of accounting.
- The Statement of Activities focuses on gross and net costs of the District's programs and the extent to which such programs rely on general revenues. The statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on individual funds, including assets, liabilities and equity. Separate revenues and expenditures analysis are presented for the major fund.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the District's financial condition.

Figure A-1, Required Components of the District's Annual Financial Report



RED RIVER GROUNDWATER CONSERVATION DISTRICT
Management's Discussion and Analysis (Continued)
Year Ended December 31, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's budgetary comparison schedule. Required supplementary information can be found on page 16 of this report.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position may serve over time as a useful indicator of a government's financial position. For the District, the total combined net position was \$586,051 at year end. A comparative condensed summary of the District's statements of net position is presented here:

Red River Groundwater Conservation District's Net Position			Table A-1
	<u>2019</u>	<u>2018</u>	Total Percentage Change 2018-2019
Assets:			
Cash and Cash Equivalents	\$ 414,256	\$ 360,936	14.77%
Receivables and Other Assets	98,216	85,100	15.41%
Capital Assets,			
Net of Accumulated Depreciation	<u>86,912</u>	<u>91,719</u>	-5.24%
Total Assets	<u>599,384</u>	<u>537,755</u>	11.46%
Liabilities:			
Current Liabilities	<u>13,333</u>	<u>31,028</u>	-57.03%
Total Current Liabilities	<u>13,333</u>	<u>31,028</u>	-57.03%
Net Position:			
Unrestricted	<u>586,051</u>	<u>506,727</u>	15.65%
Total Net Position	<u>\$ 586,051</u>	<u>\$ 506,727</u>	15.65%

At year end, 69.1% of the District's total assets were held in cash and cash equivalents, with fees receivable and prepaid expenses representing 16.4%, and fixed assets representing 14.5%.

The District's liabilities consist of accounts payable for items or services received during the year, but not paid out in cash until after year end, as well as deposits to be refunded to drillers.

Unrestricted net position represents amounts available for future spending.

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Management's Discussion and Analysis (Continued)
Year Ended December 31, 2019

CHANGES IN NET POSITION

The District's total revenues were \$357,879 generated from Groundwater Production Fees assessed upon residents of the District and \$12,245 of other revenues.

The total cost of all services was \$290,800, for third party administration of the program and legal services.

A condensed summary of the District's statements of activities and changes in net position for the years ended December 31, 2019 and 2018 is presented here:

Changes in Red River Groundwater Conservation District's Net Position			Table A-2
	<u>2019</u>	<u>2018</u>	Total Percentage Change <u>2018-2019</u>
General Revenues:			
Groundwater Production Fees	\$ 357,879	\$ 351,968	1.68%
Registration and Other Fees	8,231	19,653	-58.12%
Interest Income	<u>4,014</u>	<u>3,195</u>	25.63%
Total Revenues	<u>370,124</u>	<u>374,816</u>	-1.25%
Expenses:			
Administration	263,980	280,247	-5.80%
Legal	<u>26,820</u>	<u>50,307</u>	-46.69%
Total Expenses	<u>290,800</u>	<u>330,554</u>	-12.03%
Increase (Decrease) in Net Position	<u>\$ 79,324</u>	<u>\$ 44,262</u>	79.21%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The governmental funds of the District reported revenues of \$370,124 during the year, with total expenditures of \$285,993.

BUDGETARY HIGHLIGHTS

The District's Board of Directors adopted a final operating budget for the 2019 fiscal year, based on anticipated receipts and expenditures (unaudited), prior to year end. The budget encompasses all the activities of the District, which would normally include both revenues and expenditures. Total revenues were \$45,619 above final budgeted amounts. Total expenditures were below final budgeted amounts by \$61,125.

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Management's Discussion and Analysis (Continued)
Year Ended December 31, 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Capital Assets amounted to \$103,336, net of accumulated depreciation of \$16,424 as of December 31, 2019. This investment in capital assets includes a vehicle and software development in progress.

A summary of capital asset activity is shown in Note I.E of the financial statements.

Debt

As of December 31, 2019, the District has not entered into any debt agreements. The District has no outstanding long-term debt at year end.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District adopted the next year's budget to provide for the developing nature of the services provided by the District, which will increase over the current year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Drew Satterwhite, General Manager for the District.

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Statement of Net Position
December 31, 2019

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 414,256
Accounts Receivable, Net of Allowance for Uncollectibles of \$1,530	96,404
Prepaid Expenses	<u>1,812</u>
Total Current Assets	<u>512,472</u>
Noncurrent Assets	
Capital Assets Not Being Depreciated:	
Software Development in Progress	79,300
Capital Assets, Net of Accumulated Depreciation:	
Vehicle	<u>7,612</u>
Total Noncurrent Assets	<u>86,912</u>
Total Assets	<u>599,384</u>
 LIABILITIES	
Current Liabilities	
Accounts Payable	4,933
Driller Deposits	<u>8,400</u>
Total Current Liabilities	<u>13,333</u>
Total Liabilities	<u>13,333</u>
 NET POSITION	
Unrestricted	<u>586,051</u>
Total Net Position	<u><u>\$ 586,051</u></u>

The notes to financial statements are an integral part of this statement.

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Statement of Activities
Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary Government				
Governmental Activities:				
Administration	\$ 263,980	\$ -	\$ -	\$ (263,980)
Legal	26,820	-	-	(26,820)
Total Governmental Activities	290,800	-	-	(290,800)
Total Primary Government	\$ 290,800	\$ -	\$ -	(290,800)
General Revenues:				
Groundwater Production Fees				357,879
Registration and Other Fees				8,231
Interest Income				4,014
Total General Revenues				370,124
Change in Net Position				79,324
Net Position - Beginning (January 1)				506,727
Net Position - Ending (December 31)				\$ 586,051

The notes to financial statements are an integral part of this statement.

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Balance Sheet - Governmental Fund
December 31, 2019

	<u>General Fund</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 414,256
Accounts Receivable, Net of Allowance for Uncollectibles of \$1,530	96,404
Prepaid Expenses	<u>1,812</u>
Total Current Assets	<u>512,472</u>
Total Assets	<u><u>\$ 512,472</u></u>
 LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 4,933
Driller Deposits	<u>8,400</u>
Total Current Liabilities	<u>13,333</u>
Total Liabilities	<u>13,333</u>
 FUND BALANCE	
Unassigned	<u>499,139</u>
Total Fund Balance	<u>499,139</u>
Total Liabilities and Fund Balance	<u><u>\$ 512,472</u></u>
 Amounts reported for governmental activities in the statement of net position are different because:	
Fund Balance - Total Governmental Fund (above)	\$ 499,139
Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$103,336 and the accumulated depreciation is \$16,424.	<u>86,912</u>
Net Position of Governmental Activities	<u><u>\$ 586,051</u></u>

The notes to financial statements are an integral part of this statement.

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Statement of Revenues, Expenditures, and Changes
In Fund Balance - Governmental Fund
Year Ended December 31, 2019

	<u>General Fund</u>
REVENUES	
Groundwater Production Fees	\$ 357,879
Registration and Other Fees	8,231
Interest Income	<u>4,014</u>
Total Revenues	<u>370,124</u>
EXPENDITURES	
Administration	259,173
Legal	<u>26,820</u>
Total Expenditures	<u>285,993</u>
Excess (Deficiency) of Revenues over Expenditures	<u>84,131</u>
Net Change in Fund Balance	84,131
Fund Balance - Beginning (January 1)	<u>415,008</u>
Fund Balance - Ending (December 31)	<u><u>\$ 499,139</u></u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net Change in Fund Balance - Total Governmental Fund (above)	\$ 84,131
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$4,807) exceeds capital outlays (\$ -) in the current year.	<u>(4,807)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 79,324</u></u>

The notes to financial statements are an integral part of this statement.

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Notes to the Basic Financial Statements
December 31, 2019

I. Summary of Significant Accounting Policies

The basic financial statements of the Red River Groundwater Conservation District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The Red River Groundwater Conservation District (District), is a political subdivision of the State of Texas, created under the authority of Article XVI, Section 59, Texas Constitution, and operating pursuant to the provisions of the Texas Water Code, Chapter 36, and Senate Bill 2497, Acts of the 81st Texas Legislature, Regular Session, 2010. The District encompasses the Red River counties of Grayson and Fannin. The Board of Directors (Board), a seven-member group constituting an on-going entity, is the level of government which has governance responsibilities over all activities within the jurisdiction of the District. The Board is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Reporting Standards, since Board members are appointed, have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

As required by accounting principles generally accepted in the United States of America, the basic financial statements of the reporting entity include those of the District (primary government) and its component units. There are no component units included in these basic financial statements.

B. Basis of Presentation – Basis of Accounting

Government-Wide Statements - The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (1) fees, and other charges paid by the recipients of goods or services offered by the programs and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including taxing entities allocations and investments, are presented as general revenues.

Fund Financial Statements – The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Any remaining governmental funds are aggregated and reported as non-major funds.

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Notes to the Basic Financial Statements (Continued)
December 31, 2019

I. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation – Basis of Accounting (continued)

District accounts are organized on the basis of funds, each of which is considered a separate accounting entity. Governmental resources allocated to individual funds are recorded for the purpose of carrying on specific activities in accordance with laws, regulations or other appropriate requirements. The fund types and funds utilized by the District are described below:

Government fund types include the following:

The *General Fund* is used to account for financial resources used for general operating. This is a budgeted fund and any fund balances are considered resources available for current operations. All revenues and expenditures not required to be accounted for in other funds are accounted for in this fund.

C. Measurement Focus – Basis of Accounting

Government-Wide Statements – These financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives), value without directly receiving (or giving) equal value in exchange, including taxing entity allocations. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Fund Financial Statements – These financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers revenues as available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

D. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances. The total accounts receivable balance is expected to be collected within one year.

E. Financial Statement Amounts

Cash and Cash Equivalents

Cash and Cash Equivalents are comprised of deposits in financial institutions, including time deposits and certificates of deposit. Restricted assets and temporary investments are not included.

Capital Assets

Capital assets are reported in the government-wide statement of net position. All capital assets are valued at historical cost. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend asset life are not capitalized.

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Notes to the Basic Financial Statements (Continued)
December 31, 2019

I. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (continued)

Capital Assets (continued)

Assets capitalized have an original cost of more than \$5,000 and useful life in excess of one year. Depreciation has been provided over the estimated useful life using the straight-line method of depreciation. The estimated useful life of the vehicle is five years. Development in progress is not depreciated. Depreciation expense of \$4,807 was charged to Administration in the Statement of Activities for the year ended December 31, 2019.

	Balance 12/31/18	Additions	Retirements	Balance 12/31/19
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Software Development in Progress	\$ 79,300	\$ -	\$ -	\$ 79,300
	<u>79,300</u>	<u>-</u>	<u>-</u>	<u>79,300</u>
Capital Assets being Depreciated:				
Vehicle	24,036	-	-	24,036
	<u>24,036</u>	<u>-</u>	<u>-</u>	<u>24,036</u>
Less Accumulated Depreciation for:				
Vehicle	(11,617)	(4,807)	-	(16,424)
	<u>(11,617)</u>	<u>(4,807)</u>	<u>-</u>	<u>(16,424)</u>
Governmental Activities Capital Assets, Net	<u>\$ 91,719</u>	<u>\$ (4,807)</u>	<u>\$ -</u>	<u>\$ 86,912</u>

Fund Balance

Governmental funds utilize a fund balance presentation for equity. Fund balance is categorized as nonspendable, restricted, committed, assigned, or unassigned.

Nonspendable fund balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal or a permanent fund).

Restricted fund balance – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers. The District does not have any restricted fund balances by enabling legislation.

Committed fund balance – represents amounts that can only be used for specific purposes imposed by a formal action of the District's highest level of decision-making authority, the Board. Committed resources cannot be used for any other purpose unless the Board removes or changes the specific use by taking the same formal action that imposed the constraint originally.

Assigned fund balance – represents amounts the District intends to use for specific purposes as expressed by the Board or an official delegated authority. The Board has delegated the authority to assign fund balances to the Superintendent.

Unassigned fund balances – represents the residual classification for the general fund or deficit balances in other funds.

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Notes to the Basic Financial Statements (Continued)
December 31, 2019

I. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (continued)

Fund Balance (continued)

In circumstances where an expenditure is to be made for the purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance. The District has adopted a policy that sets a minimum fund balance equal to twenty-five percent (25%) of the total general fund expenditures.

The following schedule provides information about the specific fund balance classification by fund:

	<u>General</u>
Unassigned	\$ 499,139
Total	<u>\$ 499,139</u>

II. Stewardship, Compliance, and Accountability

By its nature as a local government unit, the District is subject to various federal, state, and local laws and contractual regulations.

For the year ended December 31, 2019, the District's expenditures did not exceed appropriations at any legal level of control.

III. Deposits, Securities, and Investments

District funds may be invested in obligations of the United States Government, fully insured or collateralized certificates of deposit from any bank doing business in the State of Texas, and certain Texas Local Government Investment Pools. At December 31, 2019, the District has only invested in certificates of deposit.

The District maintains deposits in First United, Sherman, Texas that at times may exceed the insured amount of \$250,000 provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The District has not experienced any losses related to amounts in excess of FDIC limits and it is management's opinion that there is no significant exposure to credit risk. There were deposits exceeding FDIC limits on December 31, 2019 of \$80,778, however, this was collateralized by a pledged FHLB letter of credit.

The District maintains one certificate of deposit at a bank as of December 31, 2019. The District was not exposed to custodial credit risk as its deposits were fully insured with FDIC insurance at year-end.

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Notes to the Basic Financial Statements (Continued)
December 31, 2019

III. Deposits, Securities, and Investments (Continued)

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 District's name.

Investment securities are exposed to custodial 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 District's name.

IV. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2019, the District purchased commercial insurance to cover these liabilities. There were no significant reductions in coverage in the last year, and there were no settlements exceeding insurance coverage in the past year.

V. Concentrations

One customer individually comprised approximately 41% of gross accounts receivable at December 31, 2019. This customer individually comprised approximately 34% of revenue for the year ended December 31, 2019. One vendor comprised approximately 75% of expenses for the year ended December 31, 2019.

VI. Commitments

At December 31, 2019, the District had outstanding contract commitments totaling \$4,200 related to the design and development of a software system, and approximately \$8,900 related to the GMA 8 groundwater planning effort agreement.

RED RIVER GROUNDWATER CONSERVATION DISTRICT
General Fund
Budgetary Comparison Schedule
Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES				
Groundwater Production Fees	\$ 315,000	\$ 315,000	\$ 357,879	\$ 42,879
Registration and Other Fees	7,500	7,500	8,231	731
Interest Income	<u>2,005</u>	<u>2,005</u>	<u>4,014</u>	<u>2,009</u>
Total Revenues	<u>324,505</u>	<u>324,505</u>	<u>370,124</u>	<u>45,619</u>
EXPENDITURES				
Administration	312,118	312,118	259,173	52,945
Legal	<u>35,000</u>	<u>35,000</u>	<u>26,820</u>	<u>8,180</u>
Total Expenditures	<u>347,118</u>	<u>347,118</u>	<u>285,993</u>	<u>61,125</u>
Net Change in Fund Balance	(22,613)	(22,613)	84,131	106,744
Fund Balance - Beginning (January 1)	<u>415,008</u>	<u>415,008</u>	<u>415,008</u>	<u>-</u>
Fund Balance - Ending (December 31)	<u><u>\$ 392,395</u></u>	<u><u>\$ 392,395</u></u>	<u><u>\$ 499,139</u></u>	<u><u>\$ 106,744</u></u>

McClanahan and Holmes, LLP
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Independent Auditors' 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

Members of the Board
Red River Groundwater Conservation District
Denison, Texas

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 the governmental activities and the major fund of the Red River Groundwater Conservation District (the District), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 6, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control that we consider to be significant deficiencies.

Members of the Board
Red River Groundwater Conservation District
Denison, Texas

We consider the following deficiencies to be significant deficiencies in internal control over financial reporting.

Financial Accounting and Reporting:

The District does not prepare the financial statements nor control the period-end financial reporting process, including controls over the selection and application of accounting principles that are in conformity with generally accepted accounting principles; controls over procedures used to analyze transactions comprising general ledger activity; controls over initiating, authorizing, recording, and processing journal entries into the general ledger; and controls over recording recurring and nonrecurring adjustments to the financial statements.

Segregation of Duties:

A critical element in any internal control structure is the characteristic known as segregation of duties. Assigning different personnel the responsibility of authorizing transactions, recording transactions, and maintaining custody of assets achieves this internal control structure attribute. Due to the District's small number of personnel, there is limited segregation of duties in substantially all areas of the accounting system. To the extent possible, every effort should be made to utilize a "best practices" approach when considering controls over cash transactions and preparation of accounting records. We encourage the board to closely monitor its financial activities which may help offset the weaknesses associated with limited segregation of duties.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McClanahan and Holmes, LLP
Certified Public Accountants

Bonham, Texas
May 6, 2020

**RED RIVER GROUNDWATER
CONSERVATION DISTRICT**

**Communication with Those
Charged With Governance**

December 31, 2019

McClanahan and Holmes, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Communication with Those Charged With Governance

Members of the Board
Red River Groundwater Conservation District
Denison, Texas

We have audited the financial statements of the governmental activities and the major fund of the Red River Groundwater Conservation District (the District) for the year ended December 31, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 29, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Auditing Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

Management's estimate of allowance for doubtful accounts. Allowance for doubtful accounts is based on historical consumption and accounts receivable, historical loss levels, and an analysis of the collectability of individual accounts. We evaluated key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of depreciation expense. Depreciation expense is calculated on a straight-line basis, over the estimated useful lives of the District's assets. We evaluated the key factors and assumptions used to develop the depreciation method used and the estimates of useful lives of the assets in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Appendix A summarizes misstatements detected as a result of audit procedures that were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 6, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" or certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

In performing and completing our audit, we encountered difficulties in obtaining appropriate reconciliation of the well driller deposit liability account and related revenue accounts. We recommend that detailed support of deposits on hand be maintained and made available for review. In addition, we recommend providing a detailed rollforward of the liability account from prior year to current year.

Other Matters

We applied certain limited procedures to the management's discussion and analysis and the budgetary comparison schedule, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

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

McClanahan and Holmes, LLP
Certified Public Accountants

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Misstatements Corrected by Management
December 31, 2019

Appendix A

Description	Debit	Credit
Accounts Receivable	\$ -	\$ 13,410.54
Deposits to be Refunded	-	200.00
Current Year Excess of Revenue over Expenses	9,420.54	-
Registration Fees	4,100.00	-
Direct Cost	90.00	-
	<u>\$ 13,610.54</u>	<u>\$ 13,610.54</u>

ATTACHMENT 5

RESOLUTION NO. 2020-06-18-01

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE RED RIVER GROUNDWATER
CONSERVATION DISTRICT AUTHORIZING PAYMENT OF ACCRUED LIABILITIES FOR THE
MONTHS APRIL AND MAY

The following liabilities are hereby presented for payment:

<u>Administrative Services</u>	<u>Amount</u>
GTUA - April	19,344.79
GTUA- May	15,148.41
<u>Contract Services</u>	
WSP - Hydro Geo services through March	4,707.00
WSP - Hydro Geo services through April	1,920.00
IT Nexus - May well database maintenance	600.00
IT Nexus - June well database maintenance	600.00
<u>Direct Costs</u>	
NexTraq - April & May GPS Tracking	79.90
NexTraq - June GPS Tracking	39.95
Vadim Municipal Software - e-billing fees Bill #123	0.08
Vadim Municipal Software - e-billing fees Bill #124	0.08
<u>Legal</u>	
Fancher Legal - General Counsel thorough May	2,050.00
<u>Groundwater Production</u>	
William Gronemeier - Driller Deposit Refund	100.00
William Schindler - Driller Deposit Refund	100.00
GRAND TOTAL:	\$ <u>44,690.21</u>

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE RED RIVER
GROUNDWATER CONSERVATION DISTRICT THAT the Secretary-Treasurer is hereby authorized to
make payments in the amounts listed above.

On motion of _____ and seconded by:

_____, the foregoing Resolution was passed and approved on this, the 18th. day of June 2020

by the following vote:

AYE:

NAY:

At a meeting of the Board of Directors of the Red River Groundwater Conservation District.

President

ATTEST:

Secretary/Treasurer

ATTACHMENT 6

RED RIVER GROUNDWATER**Balance Sheet****As of MAY 31, 2020****ASSETS****Current Assets****Checking/Savings**

10001 CASH-First United	278,889.51
10025 A/R CONSUMPTION	4,132.30
10026 A/R Texas Rain Holding Co	2,600.00
10101 ALLOWANCE FOR UNCOLLECT	-1,530.00
10010 INVESTMENTS	200,000.00
10230 PP EXPENSES	302.00

TOTAL ASSETS	<u>484,393.81</u>
---------------------	--------------------------

LIABILITIES & EQUITY**Liabilities****Current Liabilities****Accounts Payable**

23100 ACCOUNTS PAYABLE	18,759.50
23150 DRILLERS DEPOSIT LIAB	11,600.00

Total Other Current Liabilities	<u>30,359.50</u>
--	-------------------------

Total Current Liabilities	<u>30,359.50</u>
----------------------------------	-------------------------

Total Liabilities	<u>30,359.50</u>
--------------------------	-------------------------

Equity

35100 RETAINED EARNINGS	499,139.29
-------------------------	------------

Net Income	<u>-45,104.98</u>
-------------------	--------------------------

Total Equity	<u>454,034.31</u>
---------------------	--------------------------

TOTAL LIABILITIES & EQUITY	<u>484,393.81</u>
---------------------------------------	--------------------------

RED RIVER GROUNDWATER
Profit & Loss Budget vs. Actual
MAY 31, 2020

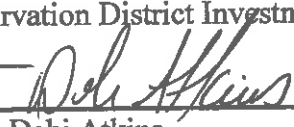
	<u>Current Actual</u>	<u>Current Budget</u>	<u>YTD Actual</u>	<u>Total Budget</u>	<u>% of Budget Remaining</u>
Income					
46002 GW PRODUCTION	0.00	0.00	73,204.20	315,000.00	76.76%
46006 LATE FEES	0.00	0.00	1,450.49		
46016 REGISTRATION FEES	2,100.00	667.00	4,700.00	8,000.00	41.25%
46100 INTEREST INCOME	0.00	0.00	-531.62	2,700.00	119.69%
Total Income	<u>2,100.00</u>	<u>667.00</u>	<u>78,823.07</u>	<u>325,700.00</u>	<u>75.80%</u>
Gross Profit	<u>2,100.00</u>	<u>667.00</u>	<u>78,823.07</u>	<u>325,700.00</u>	
Expense					
77010 ADMINISTRATIVE COST	6,818.50	9,166.67	43,462.75	110,000.00	60.49%
77020 ADVERTISING	0.00	700.00	0.00	700.00	100.00%
77027 AUDITING	0.00	0.00	0.00	4,893.00	100.00%
77031 BANKING FEES	0.00	0.00	12.00	100.00	88.00%
77032 CONTRACT SERVICES	2,518.76	2,650.00	21,895.77	31,800.00	31.15%
77036 FIELD TECH	5,321.50	6,666.67	26,321.50	80,000.00	67.10%
77040 DIRECT COST	215.76	500.00	2,267.41	6,000.00	62.21%
77045 FIELD PERMITTING SPECIAL	2,156.00	2,916.67	10,676.50	35,000.00	68.92%
77450 DUES & SUBSCRIPTIONS	0.00	162.50	358.00	1,950.00	81.64%
77480 EQUIPMENT	0.00	166.67	0.00	2,000.00	100.00%
77500 FEES-GMA&	0.00	458.34	3,073.76	5,500.00	44.11%
77810 INSURANCE AND BONDING	302.00	302.00	1,832.50	3,624.00	49.43%
77855 INTERNET FEES	0.00	375.00	0.00	4,500.00	100.00%
77970 LEGAL	0.00	2,916.67	7,135.75	35,000.00	79.61%
78010 MEETINGS AND CONFEREN	0.00	433.34	769.98	5,200.00	85.19%
78310 RENT	200.00	200.00	1,000.00	2,400.00	58.33%
78600 SOFTWARE MAINTENANCE	63.10	1,250.00	3,164.56	15,000.00	78.90%
78750 TELEPHONE	413.66	208.34	1,121.17	2,500.00	55.15%
78770 - TRANSPORTATION	0.00	291.67	636.42	3,500.00	81.82%
Total Expense	<u>18,009.28</u>	<u>29,364.54</u>	<u>123,928.05</u>	<u>349,667.00</u>	<u>64.56%</u>
Net Income	<u>-15,909.28</u>	<u>-28,697.54</u>	<u>-45,104.98</u>	<u>-23,967.00</u>	

ATTACHMENT 8

Red River Groundwater Conservation District
Quarterly Investment Report
For the Quarter Ended
April 30, 2020

The investment portfolio of the Red River Groundwater Conservation District is in compliance with the Public Funds Investment Act and the Investment Policy and Strategies.

Presented by Red River Groundwater Conservation District Investment Officers:

	
Drew Satterwhite General Manager	Debi Atkins Finance Officer

Book/Market Value Comparison

Description	Coupon/ Discount	Maturity Date	December 31, 2019			April 30, 2020		
			Face Amount/ Par Value	Book/Market Value	Purchases/ Adjustments	Sales/Adjust/ Call Maturity	Face Amount/ Par Value	Book/Market Value
First United (DDA)	0.00%	5/1/2020	\$ 314,255.61	\$ 314,255.61	109,966.18	208,042.29	\$ 216,179.50	\$ 216,179.50
East West	1.60%	2/15/2021	-	-	100,000.00		100,000.00	100,000.00
East West	1.98%	6/24/2020	100,000.00	100,000.00			100,000.00	100,000.00
			<u>\$ 414,255.61</u>	<u>\$ 414,255.61</u>	<u>\$ 209,966.18</u>	<u>\$ 208,042.29</u>	<u>\$ 416,179.50</u>	<u>\$ 416,179.50</u>

Investment Holdings
4/30/2020

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Face Amount/Par Value	Book Value	Market Price	Market Value	Life (Day)	Yield
First United (DDA)		0.00%	1/1/2020	12/31/2019	\$ 216,179.50	\$ 216,179.50	1.00	\$ 216,179.50	1	0.00%
East West		1.60%	2/15/2021	2/14/2020	\$ 100,000.00	\$ 100,000.00	100.00	\$ 100,000.00	291	1.61%
East West		1.98%	6/24/2020	9/24/2019	\$ 100,000.00	\$ 100,000.00	100.00	\$ 100,000.00	55	2.00%
					<u>\$ 416,179.50</u>	<u>\$ 416,179.50</u>		<u>\$ 416,179.50</u>	<u>84</u>	

(1)

(1) Weighted average life - For purposes of calculating weighted average life, bank accounts, pools and money market funds are assumed to have an one day maturity.

ATTACHMENT 9



RED RIVER GROUNDWATER CONSERVATION DISTRICT AGENDA COMMUNICATION



DATE: June 1, 2020

SUBJECT: AGENDA ITEM NO. 9

CONSIDER AND ACT UPON UPDATING THE DISTRICT'S INVESTMENT STRATEGY

ISSUE

Consider and act upon modifying the current investment strategy.

BACKGROUND

The District currently has Checking account with First United Bank. Previously, the Board has directed the staff to invest \$200,000 into two equal CD's laddered at approximately 6-month increments.

Considerations

Below is a possible strategy that staff believes would be a conservative investment strategy that could help us yield more interest income than we were earning currently.

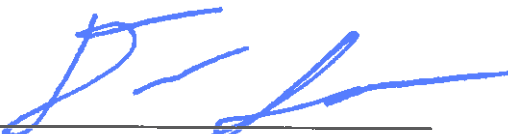
Strive to maintain the checking account balance of at least \$90,000 (approximately 3 months of expenditures). Place the remainder of District funds into FDIC insured or collateralized CDs. Strive to keep CD balances laddered in no longer than 12-month investments.

It should be noted that this strategy would be consistent with the District's Investment Policy.

STAFF RECOMMENDATIONS

The staff recommends the amendments to the strategy outlined in the considerations section of this memo.

PREPARED AND SUBMITTED BY:



Drew Satterwhite, General Manager

SUBMITTED BY:



Debi Atkins, Finance Officer

ATTACHMENT 11 a.

Red River Groundwater Conservation District

Well Registration Summary As of April 30, 2020

Well Type	Total Registered		Total RRGCD	New Registrations
	Fannin County	Grayson County		
Domestic	170	312	482	5
Agriculture	16	25	41	0
Oil/Gas	0	21	21	0
Surface Impoundments	6	14	20	0
Commercial	11	18	29	0
Golf Course	0	15	15	0
Livestock	17	25	42	0
Irrigation	0	9	7	0
Public Water	59	215	274	0
Monitoring	12	5	17	0
Total	291	659	948	5

Red River Groundwater Conservation District

Well Registration Summary As of May 31, 2020

Well Type	Total		Total RRGCD	New Registrations
	Total Registered Fannin County	Total Registered Grayson County		
Domestic	173	313	486	4
Agriculture	16	25	41	0
Oil/Gas	0	21	21	0
Surface Impoundments	6	14	20	0
Commercial	11	18	29	0
Golf Course	0	15	15	0
Livestock	17	25	42	0
Irrigation	0	9	7	0
Public Water	60	215	275	1
Monitoring	12	5	17	0
Total	295	660	953	5

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