

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310
Transfer Application Question 16- Financial Information
RED RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued
Years Ended September 30, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

K. Vacation and Sick Leave

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

An employee earns eight hours of vacation leave on the last day of each month and is entitled to use 96 hours (12 days) of vacation leave each calendar year. Any unused vacation leave up to a maximum of 96 hours is accrued as a liability of the Authority since payment will be made upon termination of the employee.

L. Restricted Assets

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

M. Pensions

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

N. 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.

O. Change in Accounting Policies

In June, 2012 the Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27," and in November 2013, GASB issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an

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

Amendment of GASB No. 68", both effective for fiscal years beginning after June 15, 2014. The Authority has implemented the provisions of the Statements for the year ended September 30, 2015, leading to a prior period adjustment for that year.

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, 2016 and 2015, the carrying amount of the Authority's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$3,316,238 and \$2,587,817, respectively and the bank balance was \$3,386,166 and \$2,712,951, respectively. The Authority's cash deposits at September 30, 2016 and 2015 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.

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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, 2016 and 2015 are shown below:

Investment or Investment Type	2016		2015	
	Weighted Maturity (Months)	Fair Value	Weighted Maturity (Months)	Fair Value
TexPool	1.0	\$ 3,669,126	1.0	\$ 3,558,453
Bank Money Markets	1.0	3,148,139		-
Certificates of Deposit		-	4.0	2,466,048
		<u>\$ 6,817,265</u>		<u>\$ 6,024,501</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. Certificates of deposit and money market accounts are valued using Level 2 inputs.

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Years Ended September 30, 2016 and 2015

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued

Years Ended September 30, 2016 and 2015

2. DEPOSITS AND INVESTMENTS, Continued

D. Investment Accounting Policy

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

E. Public Funds Investment Pools

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

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Years Ended September 30, 2016 and 2015

3. CAPITAL ASSETS

Capital asset activity for the years ended September 30, 2016 and 2015 was as follows:

At September 30, 2016

	<u>Balance October 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30, 2016</u>
Capital assets not being depreciated:				
Land and easements	\$ 359,440	\$ -	\$ -	\$ 359,440
Construction in progress	<u>103,591</u>	<u>739,455</u>	<u>761,443</u>	<u>81,603</u>
Total capital assets not being depreciated	<u>463,031</u>	<u>739,455</u>	<u>761,443</u>	<u>441,043</u>
Capital assets being depreciated:				
Water storage rights	1,222,700	-	-	1,222,700
Water systems	16,582,118	703,119	-	17,285,237
Machinery and equipment	1,113,281	3,352	91,044	1,025,589
Building	968,554	4,800	-	973,354
Furniture and fixtures	385,195	4,114	-	389,309
Motor vehicles	<u>551,225</u>	<u>101,261</u>	<u>59,617</u>	<u>592,869</u>
Total capital assets being depreciated	<u>20,823,073</u>	<u>816,646</u>	<u>150,661</u>	<u>21,489,058</u>
Less accumulated depreciation for:				
Water storage rights	242,218	7,470	-	249,688
Water systems	11,189,406	492,601	-	11,682,007
Machinery and equipment	875,279	60,661	84,256	851,684
Building	291,311	33,941	-	325,252
Furniture and fixtures	326,359	21,830	-	348,189
Motor vehicles	<u>364,810</u>	<u>78,511</u>	<u>58,904</u>	<u>384,417</u>
Total accumulated depreciation	<u>13,289,383</u>	<u>695,014</u>	<u>143,160</u>	<u>13,841,237</u>
Total capital assets being depreciated, net	<u>7,533,690</u>	<u>121,632</u>	<u>7,501</u>	<u>7,647,821</u>
Total capital assets, net	<u>\$ 7,996,721</u>	<u>\$861,087</u>	<u>\$768,944</u>	<u>\$ 8,088,864</u>

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3. CAPITAL ASSETS, Continued

At September 30, 2015

	Balance October 1, 2014	Increases	Decreases	Balance September 30, 2015
Capital assets not being depreciated:				
Land and easements	\$ 359,440	\$ -	\$ -	\$ 359,440
Construction in progress	<u>101,925</u>	<u>503,676</u>	<u>502,010</u>	<u>103,591</u>
Total capital assets not being depreciated	<u>461,365</u>	<u>503,676</u>	<u>502,010</u>	<u>463,031</u>
Capital assets being depreciated:				
Water storage rights	1,222,700	-	-	1,222,700
Water systems	16,301,879	473,239	193,000	16,582,118
Machinery and equipment	1,095,978	17,303	-	1,113,281
Building	968,554	-	-	968,554
Furniture and fixtures	353,809	31,386	-	385,195
Motor vehicles	<u>526,079</u>	<u>98,908</u>	<u>73,762</u>	<u>551,225</u>
Total capital assets being depreciated	<u>20,468,999</u>	<u>620,836</u>	<u>266,762</u>	<u>20,823,073</u>
Less accumulated depreciation for:				
Water storage rights	234,748	7,470	-	242,218
Water systems	10,794,634	492,491	97,719	11,189,406
Machinery and equipment	802,038	73,241	-	875,279
Building	257,530	33,781	-	291,311
Furniture and fixtures	304,343	22,016	-	326,359
Motor vehicles	<u>358,741</u>	<u>79,831</u>	<u>73,762</u>	<u>364,810</u>
Total accumulated depreciation	<u>12,752,034</u>	<u>708,830</u>	<u>171,481</u>	<u>13,289,383</u>
Total capital assets being depreciated, net	<u>7,716,965</u>	<u>(87,994)</u>	<u>95,281</u>	<u>7,533,690</u>
Total capital assets, net	<u>\$ 8,178,330</u>	<u>\$415,682</u>	<u>\$597,291</u>	<u>\$ 7,996,721</u>

In September 2015, the Preston Shores pump station suffered lightning damage. Based on negotiations with the insurance carrier, the Authority recorded a receivable of \$325,000 for their insured loss as of September 30, 2015. The historical depreciated cost of the equipment and certain construction in progress at the time of the lightning strike was determined to be \$116,111. Therefore, a gain on impairment of this equipment of \$208,889 has been reflected on the statement of activities for the year ended September 30, 2015. The claim was subsequently settled in the current fiscal year with the Authority receiving an additional \$48,713.

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4. LONG-TERM DEBT

Bonds payable and transactions for the years ended September 30, 2016 and 2015 are summarized as follows:

At September 30, 2016

	<u>Balance</u> <u>10/1/15</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>9/30/16</u>	<u>Due Within</u> <u>One Year</u>
Water revenue bonds	<u>\$673,667</u>	<u>\$ -</u>	<u>\$38,134</u>	<u>\$635,533</u>	<u>\$38,967</u>

At September 30, 2015

	<u>Balance</u> <u>10/1/14</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>9/30/15</u>	<u>Due Within</u> <u>One Year</u>
Water revenue bonds	<u>\$710,833</u>	<u>\$ -</u>	<u>\$37,166</u>	<u>\$673,667</u>	<u>\$38,134</u>

Water Revenue Bonds

Water revenue bonds are comprised of the following individual issue as of September 30, 2016:

	<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 9/30/16</u>	<u>Outstanding</u> <u>at 9/30/15</u>
Series 2010	1.93%	08-15-30	\$26,600 to \$53,600	\$849,200	<u>\$ 635,533</u>	<u>\$ 673,667</u>

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

The annual requirements to pay principal and interest on the long-term obligation outstanding as of September 30, 2016 are as follows:

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4. LONG-TERM DEBT, Continued

<u>Year Ending September 30,</u>	<u>Bond</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 38,967	\$ 12,372
2018	39,800	12,068
2019	40,800	11,672
2020	41,800	11,188
2021	43,000	10,584
2022 – 2026	231,200	40,422
2027 – 2030	<u>199,966</u>	<u>12,876</u>
Totals	<u>\$635,533</u>	<u>\$111,182</u>

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, 2016:

	<u>Debt Outstanding October 1, 2015</u>	<u>New Obligations Issued</u>	<u>Obligations Retired or Refunded</u>	<u>Debt Outstanding September 30, 2016</u>
Bonds issued under direct financing arrangements	<u>\$95,750,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$95,750,000</u>

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5. DIRECT FINANCING ARRANGEMENT DEBT, continued

Direct financing bonds payable at September 30, 2016, comprise the following individual issuances:

	Range of Interest Rates	Final Maturity Date	Annual Serial Payments	Bonds Authorized	Debt Outstanding September 30, 2016
<u>Pollution Control Revenue Bonds –</u>					
Celanese Corporation – Series 2002A	6.45%	11-01-30	\$ 4,990,000*	\$ 4,990,000	\$ 4,990,000
Celanese Corporation – Series 2002B	6.70%	11-01-30	27,460,000*	27,460,000	27,460,000
AEP Texas North Company, Public Service Company of Oklahoma and AEP Texas Central Company-Series 2007	4.45%	06-01-20	63,300,000*	63,300,000	63,300,000
Total direct financing bonds				<u>\$ 95,750,000</u>	<u>\$ 95,750,000</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, 2016, 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.

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6. COMMITMENTS AND CONTINGENT LIABILITIES, continued

Three of the Authority's water systems have been issued Administrative Enforcement Orders by the Environmental Protection Agency (EPA) for being in violation of the United States Environmental Protection Agency's (EPA) Safe Drinking Water Act (SDWA) regulations, for exceeding the maximum contaminate level for nitrates. High nitrate levels are a common problem with water systems utilizing ground water not only in Texas, but across the nation. Currently, the Authority is 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 is scheduled to issue bonds in 2017 for construction of the capital improvement projects necessary to bring the systems into compliance

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 Authority has also been notified that the same two water systems are also in violation of the SDWA's maximum contaminant level for Halocetic Acids (HAA5s). These violations were brought about by the EPA lowering the maximum contaminant level effective January 1, 2004 and are not associated with operational treatment techniques. In compliance with an agreed enforcement order 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 is developing capital improvement projects to bring the systems into compliance and will issue bonds in 2017 for construction of the capital improvement 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 701 nontraditional defined benefit pension plans in 2015. 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.

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

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

Benefits Provided

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

Membership Information

<u>Members</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Number of inactive employees entitled to but not yet receiving benefits	16	19
Number of active employees:	30	31
Average monthly salary *:	\$3,733	\$3,845
Average age *:	46.65	46.32
Average length of service in years *:	9.00	8.25
 Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients:	10	11
Average monthly benefit:	\$1,403	\$1,617

* Averages reported for all active and inactive 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.

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7. DEFINED BENEFIT PENSION PLAN, continued

The employer's regular contribution rate was 7% for 2013, 2014 and 2015, which was in excess of the Authority's compliant rates of 3.08%, 3.70% and 3.32% for those respective years. The deposit rate payable by the employee members for the years 2013, 2014 and 2015 was the rate of 7% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Contributions to the Plan in 2015 was as follows:

Members (Employees)	\$ 99,794
Employer (Authority)	<u>99,794</u>
Total contributions	<u>\$199,588</u>

Net Pension Liability / (Asset)

<u>Net Pension Liability / (Asset)</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>
Total Pension Liability	\$6,176,139	\$6,708,505
Fiduciary Net Position	7,098,339	7,003,566
Net Pension Liability (Asset)	(922,200)	(295,062)
Fiduciary Net Position as a % of Total		
Pension Liability	114.93%	104.40%
Pensionable Covered Payroll ⁽¹⁾	1,372,634	1,425,630
Net Pension Liability as a % of Covered Payroll	(67.18%)	(20.70%)

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

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

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

Discount Rate

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

⁽²⁾ 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.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued
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7. DEFINED BENEFIT PENSION PLAN, continued

Other Key Actuarial Assumptions

Updated mortality assumptions were adopted in 2015. All other actuarial assumptions that determined the total pension liability as of December 31, 2015 were based on the results of an actuarial experience study for the period January 1, 2009 – December 31, 2012, except where required to be different by GASB 68.

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 ⁽¹⁾
Remaining Amortization Method	0.0 years (based on contribution rate calculated in 12/31/15 valuation)
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	3%
Salary Increases	Same as funding valuation (see below)
Investment Rate of Return	8.10%
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	Same as funding valuation (see below)
Turnover	Same as funding valuation (see below)
Mortality	Same as funding valuation (see below)

⁽¹⁾ Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation.

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

Actuarial Methods and Assumptions Used for Funding Valuation:

Following is a description of the assumptions used in the December 31, 2015 actuarial valuation analysis for Red River Authority:

Economic Assumptions

TCDRS system-wide economic assumptions:

Real rate of return	5.0%
Inflation	3.0%
Long-term investment return	8.0%

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 3.5% (made up of 3.0% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee.

Employer-specific economic assumptions:

Growth in membership	0.0%
Payroll growth for funding calculations	2.5%

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 .0249% at age 59 for work related causes and 0.00% to .337% 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued
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7. **DEFINED BENEFIT PENSION PLAN, continued**

Mortality -

Depositing members	The RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that.
Service retirees, beneficiaries and non-depositing members	The RP-2000 Combined Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with a one-year set-forward for males and no age adjustment for females.
Disabled retirees	RP-2000 Disabled Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with no age adjustment for males and a two- year set-forward for females.

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 experience to 5% 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 2016 information for a 7-10 year time horizon.

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NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued
Years Ended September 30, 2016 and 2015

7. DEFINED BENEFIT PENSION PLAN, continued

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2009 – December 31, 2012 for more details.

<u>Asset Class</u>	<u>Benchmark</u>	<u>Target Allocation</u> ⁽¹⁾	<u>Geometric Real Rate of Return (Expected minus Inflation)</u> ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.45%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	14.00%	8.45%
Global Equities	MSCI World (net) Index	1.50%	5.75%
International Equities – Developed	MSCI World Ex USA (net)	10.00%	5.45%
International Equities – Emerging	MSCI World Ex USA (net)	8.00%	6.45%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	1.00%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	5.10%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.09%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	5.00%	6.40%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	8.10%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	3.00%	4.00%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	6.80%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	5.00%	6.90%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.25%

⁽¹⁾ Target asset allocation adopted at the April 2016 TCDRS Board Meeting.

⁽²⁾ Geometric real rates of return in addition to assumed inflation of 1.6%, per Cliffwater's 2016 capital market assumptions

⁽³⁾ Includes vintage years 2006 – present of Quarter Pooled Horizon IRRs.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued
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7. **DEFINED BENEFIT PENSION PLAN, continued**

Depletion of Plan Assets / GASB Discount Rate

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

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

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued
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7. **DEFINED BENEFIT PENSION PLAN, continued**

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.

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").

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NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued
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7. DEFINED BENEFIT PENSION PLAN, continued

Changes in Net Pension Liability / (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2014	\$6,176,139	\$7,098,339	(\$922,200)
Changes for the year:			
Service cost	177,653	-	177,653
Interest on total pension liability ⁽¹⁾	500,695	-	500,692
Effect of plan changes ⁽²⁾	(33,872)	-	(33,872)
Effect of economic/demographic gains or losses	20,889	-	20,889
Effect of assumption changes or inputs	58,664	-	58,664
Refund of contributions	(4,559)	(4,559)	-
Benefit payments	(187,104)	(187,104)	-
Administrative expenses	-	(5,073)	5,073
Member contributions	-	99,794	(99,794)
Net investment income	-	(109,237)	109,237
Employer contributions	-	99,794	(99,794)
Other ⁽³⁾	-	11,611	(11,611)
Balances as of December 31, 2015	<u>\$6,708,505</u>	<u>\$7,003,566</u>	<u>(\$295,062)</u>

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

⁽²⁾ Reflects new annuity purchase rates applicable to all TCDRS employers effective January 1, 2018.

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

Sensitivity Analysis

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

	1% Decrease <u>7.10%</u>	Current Discount Rate <u>8.10%</u>	1% Increase <u>9.10%</u>
Total pension liability	\$7,567,515	\$6,708,505	\$5,983,539
Fiduciary net position	<u>7,003,566</u>	<u>7,003,566</u>	<u>7,003,566</u>
Net pension (asset) / liability	<u>\$ 563,949</u>	<u>(\$ 295,062)</u>	<u>(\$1,020,027)</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued
Years Ended September 30, 2016 and 2015

7. DEFINED BENEFIT PENSION PLAN, continued

Pension Expense / (Income)

	<u>January 1, 2015 to December 31, 2015</u>
Service cost	\$177,653
Interest on total pension liability ⁽¹⁾	500,695
Effect of plan changes	(33,872)
Administrative expenses	5,073
Member contributions	(99,794)
Expected investment return net of investment expenses	(580,613)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	13,175
Recognition of assumption changes or inputs	11,733
Recognition of investment gains or losses	157,637
Other ⁽²⁾	<u>(11,611)</u>
 Pension expense	 <u>\$140,076</u>

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

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

Deferred Outflows / Inflows of Resources

As of December 31, 2015, 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	\$ 43,704	\$ -
Changes of assumptions	46,931	-
Net difference between projected and actual earnings	610,882	-
Contributions made subsequent to measurement date	<u>78,111</u>	<u>-</u>
 Total	 <u>\$779,628</u>	 <u>\$ -</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>	
2016	\$182,546
2017	182,546
2018	182,546
2019	153,880

For the year ended December 31, 2015, there were no changes to the Plan relative to assumptions and benefit terms.

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Years Ended September 30, 2016 and 2015

8. PUBLIC ENTITY RISK POOL

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

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

9. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Significant financial data for identifiable activities included as part of the government-wide presentation are as follows at September 30, 2016:

	Utility Division	Environmental Services Division	Other Enterprise Funds
Condensed Statement of Net Position			
Assets:			
Current assets	\$ 669,876	\$ 132,429	\$ 13,054
Restricted assets	88,380	-	38,750
Capital assets	6,829,642	136,496	-
Total assets	<u>7,587,898</u>	<u>268,925</u>	<u>51,804</u>
Liabilities:			
Current liabilities	804,356	88,253	13,054
Noncurrent liabilities	1,326,734	-	-
Total liabilities	<u>2,131,090</u>	<u>88,253</u>	<u>13,054</u>
Net position:			
Net investment in capital assets	5,497,632	136,496	-
Restricted net position	88,380	-	-
Unrestricted net position	(129,204)	44,176	38,750
Total net position	<u>\$ 5,456,808</u>	<u>\$ 180,672</u>	<u>\$ 38,750</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued
Years Ended September 30, 2016 and 2015

9. SEGMENT INFORMATION FOR ENTERPRISE FUNDS, Continued

	Utility Division	Environmental Services Division	Other Enterprise Funds
Condensed Statement of Revenue, Expenses, and Changes in Net Position			
Operating revenues	\$ 4,215,926	\$ 841,070	\$ 16,225
Operating expense	4,015,341	864,240	88
Operating income (loss)	200,585	(23,170)	16,137
Nonoperating revenues (expenses)	(51,738)	(264)	88
Operating transfers and other credits	-	-	(16,225)
Change in net position	148,847	(23,434)	-
Beginning net position	5,307,961	204,106	38,750
Ending net position	\$ 5,456,808	\$ 180,672	\$ 38,750
Condensed Statement of Cash Flows			
Net cash provided by (used in):			
Operating activities	\$ 1,247,169	\$ 40,059	\$ 16,137
Noncapital financing activities	-	-	(16,225)
Capital and related financing activities	(626,424)	(9,620)	-
Investing activities	846,918	-	18,526
Net increase (decrease)	1,467,663	30,439	18,438
Beginning cash and cash equivalents	(1,812,434)	(100,737)	20,312
Ending cash and cash equivalents	\$ (344,771)	\$ (70,298)	\$ 38,750

10. NEW PRONOUNCEMENTS

GASB has various new pronouncements that will become effective during the following two years including:

Statement No. 73 – Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68, and

An amendment to certain provisions of GASB Statements 67 and 68 which is effective for fiscal years beginning after June 15, 2016.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS, Continued
Years Ended September 30, 2016 and 2015

11. PRIOR PERIOD ADJUSTMENT

In the prior year, the Authority implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27, as that statement is effective for fiscal years beginning on or after June 15, 2014. Implementation of this statement was made to improve accounting and financial reporting by the Authority for pensions provided by the TCDRS as described in Note 7. Implementation required a prior period adjustment to beginning net position as of October 1, 2014. The prior period adjustment to increase beginning unrestricted net position is composed of the following September 30, 2014 amounts:

Net pension asset at 12/31/2013 reporting date	\$964,525
Net of deferred outflows of resources for contributions from 10/1/2013 to 9/30/2014	71,465
Net pension obligation as of 9/30/2014 under GASB 27 for pension contributions in excess of ARC	(811,184)
Prior period adjustment	\$224,806

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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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total Pension Liability										
Service cost	\$ 177,653	\$ 179,324	N/A							
Interest on total pension liability	500,695	459,093	N/A							
Effect of plan changes	(33,872)	-	N/A							
Effect of assumption changes or inputs	58,664	-	N/A							
Effect of economic/demographic (gains) or losses	20,889	44,989	N/A							
Benefit payments/refunds of contributions	(191,663)	(171,004)	N/A							
Net change in total pension liability	532,366	512,402	N/A							
Total pension liability, beginning	6,176,139	5,663,736	N/A							
Total pension liability, ending (a)	<u>\$ 6,708,506</u>	<u>\$ 6,176,139</u>	N/A							
Fiduciary Net Position										
Employer contributions	\$ 99,794	\$ 96,084	N/A							
Member contributions	99,794	96,084	N/A							
Investment income net of investment expenses	(109,237)	444,841	N/A							
Benefit payments/refunds of contributions	(191,663)	(171,004)	N/A							
Administrative expenses	(5,073)	(5,286)	N/A							
Other	11,611	9,359	N/A							
Net change in fiduciary net position	(94,774)	470,078	N/A							
Fiduciary net position, beginning	7,098,339	6,628,261	N/A							
Fiduciary net position, ending (b)	<u>\$ 7,003,565</u>	<u>\$ 7,098,339</u>	N/A							
Net pension liability / (asset), ending = (a) - (b)	<u>\$ (295,059)</u>	<u>\$ (922,200)</u>	N/A							
Fiduciary net position as a % of total pension liability	<u>104.40%</u>	<u>114.93%</u>	N/A							
Pensionable covered payroll	<u>\$ 1,425,630</u>	<u>\$ 1,372,634</u>	N/A							
Net pension liability as a % of covered payroll	<u>-20.70%</u>	<u>-67.18%</u>	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.

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RED RIVER AUTHORITY OF TEXAS

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

<u>Year Ending December 31</u>	<u>Actuarially Determined Contribution ⁽¹⁾</u>	<u>Actual Employer Contribution ⁽¹⁾</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll ⁽²⁾</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2006	\$ 71,506	\$ 71,506	\$ -	\$ 1,021,516	7.0%
2007	76,510	76,510	-	1,093,004	7.0%
2008	77,701	77,701	-	1,110,014	7.0%
2009	85,526	85,526	-	1,221,798	7.0%
2010	33,883	87,198	(53,316)	1,245,691	7.0%
2011	33,249	87,575	(54,326)	1,249,980	7.0%
2012	35,552	91,494	(55,942)	1,307,056	7.0%
2013	41,163	93,551	(52,389)	1,336,446	7.0%
2014	50,787	96,084	(45,297)	1,372,634	7.0%
2015	47,331	99,794	(52,463)	1,425,630	7.0%

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

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

RED RIVER AUTHORITY OF TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2016

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 several changes reflected in this year's valuation that applied to all employers:

- The TCDRS Board of Trustees adopted updated annuity purchase rates which reflect increasing life expectancies. The new rates are effective for deposits in 2018 and later. The Board also adopted new mortality assumptions for use in this valuation which are consistent with the projected increases in life expectancies.
- Legislation enacted in 2015 and effective in 2017 substantively removes the cost-sharing aspects that currently exist for TCDRS employers. Under the law currently in effect, when a member retires, assets are transferred to a system-wide fund and the associated benefit is paid from the system-wide fund. Under the law that will be in effect in 2017, there will be no transfer at retirement, and the payment of the retiree's benefits will remain solely with the employer.
- When determining the actuarial value of assets, rate stabilization techniques were used to offset increases and decreases in liabilities due to changes in assumptions and methods, while staying within the five-year smoothing period established by the Board's funding policy.

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OTHER SUPPLEMENTARY INFORMATION

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310
Transfer Application Question 16- Financial Information

RED RIVER AUTHORITY OF TEXAS
COMBINING SCHEDULE OF NET POSITION
September 30, 2016

	Enterprise Funds			
	Utility Division Fund	Environmental Services Division Fund	Direct Financing Arrangements Fund	Industrial Development Authority Fund
ASSETS				
Current assets:				
Cash and short-term investments	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Receivables:				
Trade and contracts	669,876	132,429	13,054	-
Due from other funds	-	-	-	-
Interfund loans	-	-	-	-
Prepaid expenses	-	-	-	-
Inventory	-	-	-	-
Restricted assets:				
Cash and short-term investments	88,380	-	-	38,750
Investments	-	-	-	-
Total current assets	<u>758,256</u>	<u>132,429</u>	<u>13,054</u>	<u>38,750</u>
Long-term assets:				
Interfund loans, less current portion	-	-	-	-
Net pension obligation	-	-	-	-
Capital assets not being depreciated	253,401	-	-	-
Capital assets being depreciated (net)	6,576,241	136,496	-	-
Total long-term assets	<u>6,829,642</u>	<u>136,496</u>	<u>-</u>	<u>-</u>
Total assets	<u>7,587,898</u>	<u>268,925</u>	<u>13,054</u>	<u>38,750</u>
Deferred outflows of resources:				
Pension related	-	-	-	-
LIABILITIES				
Current liabilities:				
Bank overdraft	433,151	70,298	-	-
Accounts payable - trade	154,398	14,078	-	-
Due to other Authority funds	-	-	13,054	-
Accrued payroll and related taxes	17,245	3,877	-	-
Unearned revenue	-	-	-	-
Interfund loans payable, current maturities	160,595	-	-	-
Bonds payable, current maturities	38,967	-	-	-
Total current liabilities	<u>804,356</u>	<u>88,253</u>	<u>13,054</u>	<u>-</u>
Long-term liabilities:				
Interfund loans payable, less current maturities	535,881	-	-	-
Bonds payable, less current maturities	596,567	-	-	-
Deposits	194,286	-	-	-
Total long-term liabilities	<u>1,326,734</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,131,090</u>	<u>88,253</u>	<u>13,054</u>	<u>-</u>
Net position:				
Net investment in capital assets	5,497,632	136,496	-	-
Restricted:				
Debt service, repair and replacement, and construction	88,380	-	-	-
Unrestricted	(129,204)	44,176	-	38,750
Total net position	<u>\$ 5,456,808</u>	<u>\$ 180,672</u>	<u>\$ -</u>	<u>\$ 38,750</u>

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310
Transfer Application Question 16- Financial Information

Exhibit C-1

Internal Service Funds						
General Division Fund	Interfund Loan Fund	Maintenance Division Fund	Communications Division Fund	Motor Vehicle Pool Fund	Eliminations	Totals
\$ 2,938,984	\$ 2,945,932	\$ 321,058	\$ 908,012	\$ 262,533	\$ (503,449)	\$ 6,873,070
-	-	-	-	-	-	-
4,483	-	1,065	12,759	-	-	833,666
13,054	-	-	-	-	(13,054)	-
-	299,620	-	-	-	(299,620)	-
34,482	-	-	-	-	-	34,482
-	-	65,966	-	-	-	65,966
-	-	-	-	-	-	127,130
-	-	-	-	-	-	-
<u>2,991,003</u>	<u>3,245,552</u>	<u>388,089</u>	<u>920,771</u>	<u>262,533</u>	<u>(816,123)</u>	<u>7,934,314</u>
-	1,491,787	-	-	-	(1,491,787)	-
295,062	-	-	-	-	-	295,062
183,331	-	4,311	-	-	-	441,043
694,893	-	30,760	41,917	167,514	-	7,647,821
<u>1,173,286</u>	<u>1,491,787</u>	<u>35,071</u>	<u>41,917</u>	<u>167,514</u>	<u>(1,491,787)</u>	<u>8,383,926</u>
<u>4,164,289</u>	<u>4,737,339</u>	<u>423,160</u>	<u>962,688</u>	<u>430,047</u>	<u>(2,307,910)</u>	<u>16,318,240</u>
<u>779,628</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>779,628</u>
-	-	-	-	-	(503,449)	-
5,203	-	11,401	353	10,560	-	195,993
-	-	-	-	-	(13,054)	-
6,159	-	1,692	-	-	-	28,973
-	-	-	27,683	-	-	27,683
45,144	-	15,489	6,281	72,111	(299,620)	-
-	-	-	-	-	-	38,967
<u>56,506</u>	<u>-</u>	<u>28,582</u>	<u>34,317</u>	<u>82,671</u>	<u>(816,123)</u>	<u>291,616</u>
823,355	-	-	27,150	105,401	(1,491,787)	-
-	-	-	-	-	-	596,567
-	-	-	-	-	-	194,286
<u>823,355</u>	<u>-</u>	<u>-</u>	<u>27,150</u>	<u>105,401</u>	<u>(1,491,787)</u>	<u>790,853</u>
<u>879,861</u>	<u>-</u>	<u>28,582</u>	<u>61,467</u>	<u>188,072</u>	<u>(2,307,910)</u>	<u>1,082,469</u>
9,725	-	19,582	8,486	(9,998)	1,791,407	7,453,330
-	-	-	-	-	-	88,380
<u>4,054,331</u>	<u>4,737,339</u>	<u>374,996</u>	<u>892,735</u>	<u>251,973</u>	<u>(1,791,407)</u>	<u>8,473,689</u>
<u>\$ 4,064,056</u>	<u>\$ 4,737,339</u>	<u>\$ 394,578</u>	<u>\$ 901,221</u>	<u>\$ 241,975</u>	<u>\$ -</u>	<u>\$ 16,015,399</u>

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310
Transfer Application Question 16- Financial Information

RED RIVER AUTHORITY OF TEXAS
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
for the year ended September 30, 2016

	Enterprise Funds			
	Utility Division Fund	Environmental Services Division Fund	Direct Financing Arrangements Fund	Industrial Development Authority Fund
Operating revenues:				
Water and sewer sales	\$ 4,104,905	\$ -	\$ -	\$ -
Charges for materials and services	22,857	549,439	16,225	-
Administrative fee income	-	-	-	-
Other	88,164	291,631	-	-
Total operating revenues	<u>4,215,926</u>	<u>841,070</u>	<u>16,225</u>	<u>-</u>
Operating expenses:				
Water purchases	661,675	-	-	-
Personnel services	988,189	319,063	-	-
Administrative costs	842,555	155,871	-	88
Utilities, supplies, and maintenance	829,632	319,266	-	-
Insurance	-	-	-	-
Automobile and travel	193,217	18,686	-	-
Professional and directors fees	551	1,186	-	-
Research expense	-	-	-	-
Total operating expenses	<u>3,515,819</u>	<u>814,072</u>	<u>-</u>	<u>88</u>
Operating income (loss) before depreciation and amortization	700,107	26,998	16,225	(88)
Depreciation and amortization	(499,522)	(50,168)	-	-
Operating income (loss)	<u>200,585</u>	<u>(23,170)</u>	<u>16,225</u>	<u>(88)</u>
Nonoperating revenues (expenses):				
Interest income	7,843	-	-	88
Gain (loss) on disposal of assets	(601)	-	-	-
Interest expense	(58,980)	(264)	-	-
Total nonoperating revenues (expenses)	<u>(51,738)</u>	<u>(264)</u>	<u>-</u>	<u>88</u>
Income (loss) before transfers	148,847	(23,434)	16,225	-
Transfers	-	-	(16,225)	-
Change in net position	148,847	(23,434)	-	-
Net position, beginning	5,307,961	204,106	-	38,750
Net position, ending	<u>\$ 5,456,808</u>	<u>\$ 180,672</u>	<u>\$ -</u>	<u>\$ 38,750</u>

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310
Transfer Application Question 16- Financial Information

Exhibit C-2

Internal Service Funds						
General Division Fund	Interfund Loan Fund	Maintenance Division Fund	Communications Division Fund	Motor Vehicle Pool Fund	Eliminations	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,104,905
30,643	-	295,187	49,638	184,165	(551,124)	597,030
943,745	-	-	-	-	(943,745)	-
92	-	-	-	-	-	379,887
<u>974,480</u>	<u>-</u>	<u>295,187</u>	<u>49,638</u>	<u>184,165</u>	<u>(1,494,869)</u>	<u>5,081,822</u>
-	-	-	-	-	-	661,675
567,758	-	85,401	469	-	-	1,960,880
45,241	11,187	27,689	4,654	11,663	(943,745)	155,203
89,383	-	42,696	19,222	-	(366,959)	933,240
53,398	-	-	-	-	-	53,398
16,015	-	35,364	17	98,967	(184,165)	178,101
82,408	-	-	-	-	-	84,145
23,710	-	-	-	-	-	23,710
<u>877,913</u>	<u>11,187</u>	<u>191,150</u>	<u>24,362</u>	<u>110,630</u>	<u>(1,494,869)</u>	<u>4,050,352</u>
96,567	(11,187)	104,037	25,276	73,535	-	1,031,470
(60,632)	-	(12,158)	(8,367)	(62,185)	-	(693,032)
<u>35,935</u>	<u>(11,187)</u>	<u>91,879</u>	<u>16,909</u>	<u>11,350</u>	<u>-</u>	<u>338,438</u>
7,017	111,868	697	2,135	604	(104,867)	25,385
-	-	(6,797)	-	12,615	-	5,217
(40,276)	-	(1,893)	(2,954)	(12,873)	104,867	(12,373)
<u>(33,259)</u>	<u>111,868</u>	<u>(7,993)</u>	<u>(819)</u>	<u>346</u>	<u>-</u>	<u>18,229</u>
2,676	100,681	83,886	16,090	11,696	-	356,667
16,225	-	-	-	-	-	-
18,901	100,681	83,886	16,090	11,696	-	356,667
4,045,155	4,636,658	310,692	885,131	230,279	-	15,658,732
<u>\$ 4,064,056</u>	<u>\$ 4,737,339</u>	<u>\$ 394,578</u>	<u>\$ 901,221</u>	<u>\$ 241,975</u>	<u>\$ -</u>	<u>\$ 16,015,399</u>

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310
Transfer Application Question 16- Financial Information

RED RIVER AUTHORITY OF TEXAS
COMBINING SCHEDULE OF CASH FLOWS
for the year ended September 30, 2016

	Enterprise Funds			
	Utility Division Fund	Environmental Services Division Fund	Direct Financing Arrangements Fund	Industrial Development Authority Fund
Increase (decrease) in cash and cash equivalents:				
Cash flows from operating activities:				
Cash received from customers and users	\$ 4,696,939	\$ 845,040	\$ 16,225	\$ -
Cash received from internal services provided	-	-	-	-
Cash payments to suppliers for goods and services	(2,465,434)	(486,198)	-	-
Cash payments to employees for services	(987,486)	(318,783)	-	-
Cash payments for internal services used	-	-	-	(88)
Customer deposits received	3,150	-	-	-
Net cash provided by (used in) operating activities	<u>1,247,169</u>	<u>40,059</u>	<u>16,225</u>	<u>(88)</u>
Cash flows from noncapital financing activities:				
Transfers to other funds	-	-	(16,225)	-
Transfers from other funds	-	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>(16,225)</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Principal paid on revenue bonds and notes	(38,134)	-	-	-
Interest paid on revenue bonds and notes	(12,373)	-	-	-
Proceeds from interfund loans	308,543	-	-	-
Principal paid on interfund loans	(156,671)	(6,006)	-	-
Interest paid on interfund loans	(46,607)	(264)	-	-
Acquisition of capital assets	(729,896)	(3,350)	-	-
Proceeds from sale of equipment	48,714	-	-	-
Net cash provided by (used in) capital and related financing activities	<u>(626,424)</u>	<u>(9,620)</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:				
Interfund loan advances	-	-	-	-
Collections received on interfund loans	-	-	-	-
Interest received on interfund loans	-	-	-	-
Proceeds from sales of investments	839,075	-	-	18,438
Interest received on investments	7,843	-	-	88
Net cash provided by (used in) investing activities	<u>846,918</u>	<u>-</u>	<u>-</u>	<u>18,526</u>
Net increase (decrease) in cash and cash equivalents	1,467,663	30,439	-	18,438
Cash and cash equivalents (deficit), beginning	<u>(1,812,434)</u>	<u>(100,737)</u>	<u>-</u>	<u>20,312</u>
Cash and cash equivalents (deficit), ending	<u>\$ (344,771)</u>	<u>\$ (70,298)</u>	<u>\$ -</u>	<u>\$ 38,750</u>

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310
Transfer Application Question 16- Financial Information

Exhibit C-3
Page 1 of 2

Internal Service Funds						
General Division Fund	Interfund Loan Fund	Maintenance Division Fund	Communications Division Fund	Motor Vehicle Pool Fund	Eliminations	Totals
\$ 238,136	\$ -	\$ 73,189	\$ 25,643	\$ -	\$ (125,162)	\$ 5,770,010
943,745	-	225,997	12,650	184,165	(1,366,557)	-
(491,853)	-	(109,216)	(23,700)	(108,203)	1,483,594	(2,201,010)
(533,463)	-	(85,461)	(498)	-	-	(1,925,691)
-	(11,187)	-	-	-	11,275	-
-	-	-	-	-	(3,150)	-
<u>156,565</u>	<u>(11,187)</u>	<u>104,509</u>	<u>14,095</u>	<u>75,962</u>	<u>-</u>	<u>1,643,309</u>
-	-	-	-	-	16,225	-
<u>16,225</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,225)</u>	<u>-</u>
<u>16,225</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	(38,134)
-	-	-	-	-	-	(12,373)
53,410	-	-	-	101,261	(463,214)	-
(99,619)	-	(14,900)	(7,043)	(59,972)	344,211	-
(40,276)	-	(1,893)	(2,954)	(12,873)	104,867	-
(8,916)	-	-	-	(101,261)	-	(843,423)
-	-	-	-	14,750	-	63,464
<u>(95,401)</u>	<u>-</u>	<u>(16,793)</u>	<u>(9,997)</u>	<u>(58,095)</u>	<u>(14,136)</u>	<u>(830,466)</u>
-	(463,214)	-	-	-	463,214	-
-	344,211	-	-	-	(344,211)	-
-	104,867	-	-	-	(104,867)	-
725,368	538,669	59,122	229,164	62,022	-	2,471,858
7,017	7,001	697	2,135	604	-	25,385
<u>732,385</u>	<u>531,534</u>	<u>59,819</u>	<u>231,299</u>	<u>62,626</u>	<u>14,136</u>	<u>2,497,243</u>
809,774	520,347	147,535	235,397	80,493	-	3,310,086
<u>2,129,210</u>	<u>2,425,585</u>	<u>173,523</u>	<u>672,615</u>	<u>182,040</u>	<u>-</u>	<u>3,690,114</u>
<u>\$ 2,938,984</u>	<u>\$ 2,945,932</u>	<u>\$ 321,058</u>	<u>\$ 908,012</u>	<u>\$ 262,533</u>	<u>\$ -</u>	<u>\$ 7,000,200</u>

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310
Transfer Application Question 16- Financial Information

RED RIVER AUTHORITY OF TEXAS
COMBINING SCHEDULE OF CASH FLOWS - ENTERPRISE FUNDS, Continued
for the year ended September 30, 2016

	Enterprise Funds			
	Utility Division Fund	Environmental Services Division Fund	Direct Financing Arrangements Fund	Industrial Development Authority Fund
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 200,585	\$ (23,170)	\$ 16,225	\$ (88)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	499,522	50,168	-	-
Change in assets and liabilities:				
(Increase) decrease in trade receivables	490,414	3,970	-	-
(Increase) decrease in prepaid expenses	-	-	-	-
(Increase) decrease in inventory	-	-	-	-
(Increase) decrease in net pension assets and related deferred outflows	-	-	-	-
Increase (decrease) in trade accounts payable	62,196	8,811	-	-
Increase (decrease) in accrued payroll and related liabilities	703	280	-	-
Increase (decrease) in unearned revenues	(9,401)	-	-	-
Increase (decrease) in deposits	3,150	-	-	-
Total adjustments	<u>1,046,584</u>	<u>63,229</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ 1,247,169</u>	<u>\$ 40,059</u>	<u>\$ 16,225</u>	<u>\$ (88)</u>

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310
Transfer Application Question 16- Financial Information

Exhibit C-3
Page 2 of 2

<u>Internal Service Funds</u>						
<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>
<u>\$ 35,935</u>	<u>\$ (11,187)</u>	<u>\$ 91,879</u>	<u>\$ 16,909</u>	<u>\$ 11,350</u>	<u>\$ -</u>	<u>\$ 338,438</u>
60,632	-	12,158	8,367	62,185	-	693,032
207,401	-	3,999	144	-	-	705,928
(28,251)	-	-	-	-	-	(28,251)
-	-	(11,579)	-	-	-	(11,579)
36,133	-	-	-	-	-	36,133
(153,447)	-	8,112	193	2,427	-	(71,708)
(1,838)	-	(60)	(29)	-	-	(944)
-	-	-	(11,489)	-	-	(20,890)
-	-	-	-	-	-	3,150
<u>120,630</u>	<u>-</u>	<u>12,630</u>	<u>(2,814)</u>	<u>64,612</u>	<u>-</u>	<u>1,304,871</u>
<u>\$ 156,565</u>	<u>\$ (11,187)</u>	<u>\$ 104,509</u>	<u>\$ 14,095</u>	<u>\$ 75,962</u>	<u>\$ -</u>	<u>\$ 1,643,309</u>

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310

**Transfer Application Question 16- Financial Information
RED RIVER AUTHORITY OF TEXAS**

Exhibit C-4

**COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
ENTERPRISE FUNDS
BUDGET AND ACTUAL
for the year ended September 30, 2016**

	Utility Division Fund			Environmental Services Fund		
	Original and Final Budget	Actual	Variance Positive (Negative)	Original and Final Budget	Actual	Variance Positive (Negative)
Operating revenues:						
Water and sewer sales	\$ 3,925,369	\$ 4,104,905	\$ 179,536	\$ -	\$ -	\$ -
Charges for materials and services	4,371	22,857	18,486	528,661	549,439	20,778
Other	92,475	88,164	(4,311)	311,168	291,631	(19,537)
Total operating revenues	<u>4,022,215</u>	<u>4,215,926</u>	<u>193,711</u>	<u>839,829</u>	<u>841,070</u>	<u>1,241</u>
Operating expenses:						
Water purchases	611,654	661,675	(50,021)	-	-	-
Personnel services	964,918	988,189	(23,271)	319,955	319,063	892
Administrative costs	745,024	842,555	(97,531)	139,059	155,871	(16,812)
Utilities, supplies, and maintenance	666,718	829,632	(162,914)	300,000	319,266	(19,266)
Automobile and travel	238,251	193,217	45,034	15,755	18,686	(2,931)
Professional and directors fees	2,338	551	1,787	1,758	1,186	572
Research expense	-	-	-	-	-	-
Total operating expenses	<u>3,228,903</u>	<u>3,515,819</u>	<u>(286,916)</u>	<u>776,527</u>	<u>814,072</u>	<u>(37,545)</u>
Operating income (loss) before depreciation and amortization	793,312	700,107	(93,205)	63,302	26,998	(36,304)
Depreciation and amortization	<u>(520,965)</u>	<u>(499,522)</u>	<u>21,443</u>	<u>(60,185)</u>	<u>(50,168)</u>	<u>10,017</u>
Operating income (loss)	<u>272,347</u>	<u>200,585</u>	<u>(71,762)</u>	<u>3,117</u>	<u>(23,170)</u>	<u>(26,287)</u>
Nonoperating revenues (expenses):						
Interest income	2,103	7,843	5,740	-	-	-
Gain on sale	-	(601)	(601)	-	-	-
Interest expense	<u>(78,446)</u>	<u>(58,980)</u>	<u>19,466</u>	<u>(1,843)</u>	<u>(264)</u>	<u>1,579</u>
Total nonoperating revenues (expenses)	<u>(76,343)</u>	<u>(51,738)</u>	<u>24,605</u>	<u>(1,843)</u>	<u>(264)</u>	<u>1,579</u>
Change in net position	<u>\$ 196,004</u>	<u>148,847</u>	<u>\$ (47,157)</u>	<u>\$ 1,274</u>	<u>(23,434)</u>	<u>\$ (24,708)</u>
Net position, beginning		<u>5,307,961</u>			<u>204,106</u>	
Net position, ending		<u>\$ 5,456,808</u>			<u>\$ 180,672</u>	

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310

Transfer Application Question 16- Financial Information

RED RIVER AUTHORITY OF TEXAS

Exhibit C-5

Page 1 of 2

COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES

INTERNAL SERVICE FUNDS

BUDGET AND ACTUAL

for the year ended September 30, 2016

	General Division Fund			Interfund Loan Fund		
	Original and Final Budget	Actual	Variance Positive (Negative)	Original and Final Budget	Actual	Variance Positive (Negative)
Operating revenues:						
Charges for materials and services	\$ 48,979	\$ 30,643	\$ (18,336)	\$ -	\$ -	\$ -
Administrative fee income	872,211	943,745	71,534	-	-	-
Other	2,142	92	(2,050)	-	-	-
Total operating revenues	<u>923,332</u>	<u>974,480</u>	<u>51,148</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating expenses:						
Personnel services	539,904	567,758	(27,854)	-	-	-
Administrative costs	42,593	45,241	(2,648)	9,928	11,187	(1,259)
Utilities, supplies, and maintenance	95,785	89,383	6,402	-	-	-
Insurance	51,555	53,398	(1,843)	-	-	-
Automobile and travel	17,234	16,015	1,219	-	-	-
Professional and directors fees	54,807	82,408	(27,601)	-	-	-
Research expense	24,000	23,710	290	-	-	-
Total operating expenses	<u>825,878</u>	<u>877,913</u>	<u>(52,035)</u>	<u>9,928</u>	<u>11,187</u>	<u>(1,259)</u>
Operating income (loss) before depreciation	97,454	96,567	(887)	(9,928)	(11,187)	(1,259)
Depreciation	(60,193)	(60,632)	(439)	-	-	-
Operating income (loss)	<u>37,261</u>	<u>35,935</u>	<u>(1,326)</u>	<u>(9,928)</u>	<u>(11,187)</u>	<u>(1,259)</u>
Nonoperating revenues (expenses):						
Interest income	1,492	7,017	5,525	99,283	111,868	12,585
Gain on disposal of asset	-	-	-	-	-	-
Interest expense	(43,395)	(40,276)	3,119	-	-	-
Total nonoperating revenues (expenses)	<u>(41,903)</u>	<u>(33,259)</u>	<u>8,644</u>	<u>99,283</u>	<u>111,868</u>	<u>12,585</u>
Income (loss) before operating transfers	(4,642)	2,676	7,318	89,355	100,681	11,326
Operating transfers in (out)	<u>19,725</u>	<u>16,225</u>	<u>(3,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>\$ 15,083</u>	<u>18,901</u>	<u>\$ 3,818</u>	<u>\$ 89,355</u>	<u>100,681</u>	<u>\$ 11,326</u>
Net position, beginning, as originally stated		<u>4,045,155</u>			<u>4,636,658</u>	
Net position, ending		<u>\$ 4,064,056</u>			<u>\$ 4,737,339</u>	

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310

Transfer Application Question 16- Financial Information

RED RIVER AUTHORITY OF TEXAS

Exhibit C-5

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COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES

INTERNAL SERVICE FUNDS

BUDGET AND ACTUAL

for the year ended September 30, 2016

	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)
Operating revenues:									
Charges for materials and services	\$ 251,028	\$ 295,187	\$ 44,159	\$ 57,910	\$ 49,638	\$ (8,272)	\$ 231,522	\$ 184,165	\$ (47,357)
Operating expenses:									
Personnel services	88,885	85,401	3,484	28	469	(441)	-	-	-
Administrative costs	27,557	27,689	(132)	3,313	4,654	(1,341)	13,190	11,663	1,527
Utilities, supplies, and maintenance	30,681	42,696	(12,015)	8,868	19,222	(10,354)	-	-	-
Automobile and travel	38,442	35,364	3,078	6	17	(11)	137,984	98,967	39,017
Total operating expenses	185,565	191,150	(5,585)	12,215	24,362	(12,147)	151,174	110,630	40,544
Operating income before depreciation	65,463	104,037	38,574	45,695	25,276	(20,419)	80,348	73,535	(6,813)
Depreciation	(20,562)	(12,158)	8,404	(9,854)	(8,367)	1,487	(74,166)	(62,185)	11,981
Operating income (loss)	44,901	91,879	46,978	35,841	16,909	(18,932)	6,182	11,350	5,168
Nonoperating revenues (expenses):									
Interest income	90	697	607	496	2,135	1,639	124	604	480
Gain (loss) on disposal of asset	-	(6,797)	(6,797)	-	-	-	12,230	12,615	385
Interest expense	(5,146)	(1,893)	3,253	(3,329)	(2,954)	375	(13,765)	(12,873)	892
Total nonoperating revenues (expenses)	(5,056)	(7,993)	(2,937)	(2,833)	(819)	2,014	(1,411)	346	1,757
Change in net position	\$ 39,845	83,886	\$ 44,041	\$ 33,008	16,090	\$ (16,918)	\$ 4,771	11,696	\$ 6,925
Net position, beginning		310,692			885,131			230,279	
Net position, ending		\$ 394,578			\$ 901,221			\$ 241,975	

RED RIVER AUTHORITY OF TEXAS
Service and Rates
Fiscal Year Ending September 30, 2016
(unaudited)

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310
Transfer Application Question 16- Financial Information

SYSTEM IDENTIFICATION		SERVICES PROVIDED													EXISTING RATE STRUCTURE			ACTIVE CONNECTIONS					ANTICIPATED FUND SOURCES FOR DEBT SERVICE									
System Name	Fund	RETAIL WATER	RETAIL WASTE WATER	PARKS/RECONCILIATION	SOLID WASTE/CARBAGE	WHOLESALE WATER	WHOLESALE WASTE WTR	FIRE PROTECTION	FLOOD CONTROL	DRAINAGE	IRRIGATION	SECURITY	ROADS	PARTIC JOINT VENTURE	OTHER	5/8" METER	MINIMUM	BLK 1 PER K	BLK 2 PER K	CHARGE/10K GALLONS	K GALLONS PROD	K GALLONS BILLED	SINGLE FAMILY	MULTI-FAMILY	COMMERCIAL	OTHER	TOTAL	WTR/WSTWTR REVENUES	BEG DEBT SERV FUND BAL	INTEREST REVENUES	OTHER FUNDS	TOTAL FUNDS
ESTELLINE/TURKEY	100	Y														Y	59.00/2K	4.50>2K<7K	6.50>7K	\$ 101.00	21,930	15,369	144	0	9	0	153	\$ 15,293	0	0	0	\$ 15,293
CITY OF ESTELLINE			Y														41.50 FLAT RATE			\$ 41.50			53	0	6	0	59	\$	0	0	0	\$
NEWLIN	111	Y														Y	45.25/2K	4.50>2K<7K	6.50>7K	\$ 87.75	10,889	6,793	29	0	1	0	30	\$	0	0	0	\$
HARREL'S CHAPEL	112	Y														Y	49.75/2K	4.50>2K<7K	6.75>7K	\$ 92.50	2,846	2,301	23	0	0	0	23	\$	0	0	0	\$
NORTHFIELD/CAREY	113	Y														Y	63.50/2K	5.00>2K<7K	8.25>7K	\$ 113.25	8,568	7,369	70	0	1	0	71	\$	0	0	0	\$
GB RURAL NO 1	120	Y														Y	30.50/2K	4.25>2K<7K	6.50>7K	\$ 71.25	1,198	1,148	9	0	2	0	11	\$	0	0	0	\$
NEW GOODLETT	211	Y														Y	52.50/2K	4.50>2K<7K	6.50>7K	\$ 94.50	2,156	1,663	29	0	1	0	30	\$	0	0	0	\$
QUANAH/QUANAH SW	212	Y														Y	48.25/2K	4.50>2K<7K	6.50>7K	\$ 90.25	2,386	2,371	46	0	0	0	46	\$	0	0	0	\$
GB RURAL NO 2	220	Y														Y	38.50/2K	4.50>2K<7K	5.75>7K	\$ 78.25	4,445	4,445	57	0	0	0	57	\$	0	0	0	\$
OLD GOODLETT	221	Y														Y	40.50/2K	4.50>2K<7K	6.50>7K	\$ 82.50	1,441	1,432	34	0	5	0	39	\$	0	0	0	\$
MEDICINE MOUND	230	Y				Y										Y	61.50/2K	4.50>2K<7K	6.25>7K	\$ 102.75	20,979	20,554	42	0	4	1	47	\$	0	0	0	\$
QUANAH NORTHEAST	231	Y														Y	50.50/2K	4.50>2K<7K	6.50>7K	\$ 92.50	11,226	7,935	107	0	1	0	108	\$	0	0	0	\$
KIRKLAND LAZARE	235	Y														Y	53.25/2K	4.75>2K<7K	6.75>7K	\$ 97.25	8,525	5,357	71	0	0	0	71	\$	0	0	0	\$
LOCKETT	300	Y														Y	68.00/2K	5.00>2K<7K	8.00>7K	\$ 117.00	23,568	15,204	275	0	7	0	282	\$	0	0	0	\$
BOX	311	Y														Y	36.50/2K	3.75>2K<7K	6.50>7K	\$ 74.75	6,064	5,614	48	0	1	0	49	\$	0	0	0	\$
HINDS	312	Y														Y	61.00/2K	4.50>2K<7K	6.75>7K	\$ 103.75	8,773	3,839	67	0	5	0	72	\$	0	0	0	\$
FARMERS VALLEY	313	Y														Y	45.50/2K	3.50>2K<7K	4.75>7K	\$ 77.25	8,187	4,486	55	0	0	0	55	\$	0	0	0	\$
TELL CEE-VEE	410	Y														Y	53.25/2K	4.50>2K<7K	6.00>7K	\$ 93.75	28,401	15,605	192	0	2	0	194	\$ 2,028	0	0	0	\$ 2,028
CHILDRESS CO NE	411	Y														Y	50.75/2K	4.50>2K<7K	6.50>7K	\$ 92.75	9,277	9,277	121	0	0	0	121	\$ 3,998	0	0	0	\$ 3,998

RED RIVER AUTHORITY OF TEXAS
Service and Rates
Fiscal Year Ending September 30, 2016
(unaudited)

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310
Transfer Application Question 16- Financial Information

SYSTEM IDENTIFICATION		SERVICES PROVIDED														EXISTING RATE STRUCTURE					ACTIVE CONNECTIONS					ANTICIPATED FUND SOURCES FOR DEBT SERVICE						
System Name	Fund	RETAIL WATER	RETAIL WASTE WATER	PARKS/RECONCILIATION	SOLID WASTE/OBARGE	WHOLESALE WATER	WHOLESALE WASTE WTR	FIRE PROTECTION	FLOOD CONTROL	DRAINAGE	IRRIGATION	SECURITY	ROADS	PARTIC JOINT VENTURE	OTHER	6" METER	MINIMUM	BLK 1 PER K	BLK 2 PER K	CHARGE/10K GALLONS	K GALLONS PROD	K GALLONS BILLED	SINGLE FAMILY	MULTI-FAMILY	COMMERCIAL	OTHER	TOTAL	WTR/WSTR REVENUES	BEG DEBT SERV FUND BAL	INTEREST REVENUES	OTHER FUNDS	TOTAL FUNDS
CHILDRESS SAIED	412	Y													Y	40 25/2K	4 00>2K<7K	5 75>7K	\$ 77 50	2,266	1,864	27	0	0	0	27	\$ -	0	0	0	\$ -	
CHILDRESS SAIED			Y													25 0 FLAT RATE			\$ 25 00			27	0	0	0	27	\$ -	0	0	0	\$ -	
GARDEN VALLEY	413	Y													Y	46 00/2K	3 50>2K<7K	5 25>7K	\$ 79 25	5,962	4,772	59	0	1	0	60	\$ -	0	0	0	\$ -	
GB RURAL NO 3	421	Y													Y	30 00/2K	4 25>2K<7K	6 50>7K	\$ 70 75	842	842	11	0	1	0	12	\$ -	0	0	0	\$ -	
GUTHRIE DUMONT	500	Y												Y	Y	46 25/2K	3 75>2K<10K	5 50>10K	\$ 76 25	23,452	13,425	122	0	10	1	133	\$ 21,000	0	0	0	\$ 21,000	
FOARD CO RURAL	510	Y												Y	Y	59 00/2K	4 75>2K<7K	5 75>7K	\$ 100 00	15,537	8,407	121	0	0	0	121	\$ 14,292	0	0	0	\$ 14,292	
TRUSCOTT GILLILAND	520	Y												Y	Y	66 25/2K	5 75>2K<7K	7 50>7K	\$ 117 50	15,182	8,457	95	0	2	0	97	\$ 7,540	0	0	0	\$ 7,540	
SAMNORWOOD	600	Y												Y	Y	64 00/2K	4 75>2K<7K	7 25>7K	\$ 109 50	18,973	6,601	71	0	1	2	74	\$ 5,265	0	0	0	\$ 5,265	
DODSON	610	Y												Y	Y	51 50/2K	4 00>2K<7K	6 50>7K	\$ 91 00	27,012	14,026	110	0	0	0	110	\$ -	0	0	0	\$ -	
PLASKA FRIENDSHIP	611	Y												Y	Y	69 00/2K	4 50>2K<7K	8 00>7K	\$ 115 50	5,103	3,703	16	0	2	0	18	\$ -	0	0	0	\$ -	
CLUB LAKE/MEMPHIS	612	Y												Y	Y	68 25/2K	6 00>2K<7K	8 00>7K	\$ 122 25	2,599	1,185	38	0	0	0	38	\$ -	0	0	0	\$ -	
CITY HOWARDWICK	800	Y												Y	Y	40 75/2K	3 50>2K<7K	5 00>7K	\$ 73 25	8,428	5,280	292	0	2	0	294	\$ 34,998	0	0	0	\$ 34,998	
GREENBELT LAKE	811	Y												Y	Y	41 50/2K	4 25>2K<7K	6 50>7K	\$ 82 25	5,441	2,483	67	0	1	0	68	\$ -	0	0	0	\$ -	
LAKE ARROWHEAD	900	Y												Y	Y	73 50/2K	5 00>2K<7K	7 50>7K	\$ 121 00	79,517	47,346	655	0	4	1	660	\$ 12,986	0	0	0	\$ 12,986	
ARROWHEAD RANCH ES			Y													63 00 FLAT RATE			\$ 63 00			73	0	0	0	73	\$ -	0	0	0	\$ -	
RINGGOLD	902	Y												Y	Y	56 00/2K	4 50>2K<7K	6 25>7K	\$ 97 25	5,788	2,837	66	0	0	0	66	\$ -	0	0	0	\$ -	
LAKE TEXOMA R WTR	721					Y										PER INDIVIDUAL CONTRACT			\$ 380 00	11	11	0	0	0	1	1	\$ -	0	0	0	\$ -	
PRESTON SHORES	722	Y				Y								Y	Y	53 00/2K	4 50>2K<7K	6 75>7K	\$ 95 75	60,390	49,770	653	0	29	2	684	\$ 124,674	0	0	0	\$ 124,674	

Red River Authority of Texas does not:

- Utilize winter averaging for wastewater rates
- Collect or utilize Standby Fees
- Maintain or bill for inactive services

Collect and / or receive tax revenue

- < 6" Meter utilized for Wholesale Raw Water
- Excess revenue of the Red River Authority of Texas will be utilized to cover deficiencies
- Maintain or utilize surplus construction funds

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310

Transfer Application Question 16- Financial Information

RED RIVER AUTHORITY OF TEXAS

Exhibit C-7

SCHEDULE OF PROPRIETARY FUND EXPENSES

(Before Intrafund Eliminations)

for the year ended September 30, 2016

Personnel (including benefits and GASB 68 adjustments)	\$ 1,960,880
Professional fees:	
Auditing	33,850
Legal	13,763
Purchased services for resale:	
Bulk water and wastewater service purchases	661,675
Utilities	134,235
Repairs and maintenance	630,917
Administrative expenditures:	
Directors fees	10,384
Office supplies	59,439
Insurance	53,398
Other administrative expenses	1,039,409
Solid waste disposal	6,160
Other expenditures	<u>1,751,383</u>
TOTAL EXPENSES	<u><u>\$ 6,355,493</u></u>

Number of persons employed by the Authority: 28

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310

Transfer Application Question 16- Financial Information

RED RIVER AUTHORITY OF TEXAS

Exhibit C-8

SCHEDULE OF TEMPORARY INVESTMENTS

for the year ended September 30, 2016

None

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310

Transfer Application Question 16 - Financial Information Exhibit C-9

TAXES LEVIED AND RECEIVABLE

for the year ended September 30, 2016

The Red River Authority of Texas does not levy taxes.

BONDED DEBT AND INTEREST MATURITIES

September 30, 2016

<u>Fiscal Year</u>	<u>Annual Requirements for all Series</u>		
	<u>Bond Maturities</u>	<u>Interest on Bonds</u>	<u>Annual Requirements</u>
2016-2017	\$ 38,967	\$ 12,372	\$ 51,339
17-18	39,800	12,068	51,868
18-19	40,800	11,672	52,472
19-20	41,800	11,188	52,988
20-21	43,000	10,584	53,584
21-22	44,000	9,858	53,858
22-23	45,000	9,052	54,052
23-24	46,200	8,161	54,361
24-25	47,400	7,195	54,595
25-26	48,600	6,156	54,756
26-27	49,800	5,048	54,848
27-28	51,000	3,870	54,870
28-29	52,200	2,628	54,828
29-30	46,966	1,330	48,296
	<u>\$ 635,533</u>	<u>\$ 111,182</u>	<u>\$ 746,715</u>

DEBT SERVICE COVERAGE

WATER REVENUE BONDS

September 30, 2016

Water Revenue Bonds

Net income utility division (Exhibit C – 2)		\$ 148,847
Add:		
Revenue bond interest expense	\$ 12,372	
Depreciation and amortization, net	<u>499,522</u>	
		<u>511,894</u>
Net earnings for determining debt service coverage		<u>\$ 660,741</u>
Total principal and interest requirements		\$ 746,715
Number of years remaining to pay bonds		<u>÷14</u>
Average annual principal and interest requirement		<u>\$ 53,337</u>
Average annual debt service coverage		<u>12.39</u>
Maximum principal and interest requirement		<u>\$ 54,930</u>
Maximum debt service coverage		<u>12.03</u>
Interest and Sinking Fund as of September 30, 2016		\$ -
Bond Reserve Fund as of September 30, 2016		\$ -

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310

Transfer Application Question 16- Financial Information

RED RIVER AUTHORITY OF TEXAS

Exhibit C-12

CONTRACT REVENUE BONDS - SERIES 2010

DATED AUGUST 5, 2010

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>		
2015-16					\$ 635,533
16-17	\$ 38,967	\$ 6,186	\$ 6,186	\$ 51,339	596,566
17-18	39,800	6,034	6,034	51,868	556,766
18-19	40,800	5,836	5,836	52,472	515,966
19-20	41,800	5,594	5,594	52,988	474,166
20-21	43,000	5,292	5,292	53,584	431,166
21-22	44,000	4,929	4,929	53,858	387,166
22-23	45,000	4,526	4,526	54,052	342,166
23-24	46,200	4,081	4,081	54,362	295,966
24-25	47,400	3,597	3,597	54,594	248,566
25-26	48,600	3,078	3,078	54,756	199,966
26-27	49,800	2,524	2,524	54,848	150,166
27-28	51,000	1,935	1,935	54,870	99,166
28-29	52,200	1,314	1,314	54,828	46,966
29-30	46,966	665	665	48,296	-
	<u>\$ 635,533</u>	<u>\$ 55,591</u>	<u>\$ 55,591</u>	<u>\$ 746,715</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, 2016

Exhibit C-13

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310
Transfer Application Question 16- Financial Information

	<u>Series 2010</u>				<u>Totals</u>
Interest Rate	1.93%				
Dates Interest Payable	2/15; 8/15				
Maturity Dates	08/15/2030				
Bonds Outstanding, Beginning of Current Year	\$ 673,667				\$ 673,667
Principal Retirements	38,134				38,134
Bonds Outstanding, End of Year	635,533				635,533
Interest payments	12,372				12,372
Paying Agent's Name and Address					
Greater Texoma Utility Authority					
5100 Airport Drive					
Denison, TX 75020 - (Series 2010)					
Bond Authority:					
	<u>Tax Bonds</u>		<u>Other Bonds</u>		<u>Refunding Bonds</u>
Amount Issued	\$ -		\$ 849,200		\$ -
Remaining to be Issued	\$ -		\$ -		\$ -

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310
Transfer Application Question 16- Financial Information

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

	AMOUNTS				
	2016	2015	2014	2013	2012
Operating revenues:					
Water service	\$ 3,933,212	\$ 3,903,169	\$ 3,683,626	\$ 3,629,505	\$ 3,585,000
Sewer service	93,912	94,633	96,169	81,239	80,182
Issuance fees	-	-	-	-	-
Tap connection fees	29,830	27,364	26,740	32,959	28,260
Other	2,519,737	2,612,816	2,843,222	2,353,184	2,371,565
Total operating revenues	6,576,691	6,637,982	6,649,757	6,096,887	6,065,007
Operating expenses:					
Water purchases	661,675	628,527	601,222	625,545	615,678
Personnel services less NPO	1,960,880	1,797,435	1,776,013	1,700,020	1,738,346
Administrative costs	1,098,948	981,545	941,444	928,296	945,629
Utilities, supplies, and maintenance	1,300,199	1,054,579	1,211,570	1,157,919	1,212,200
Insurance	53,398	50,822	52,961	50,471	52,824
Automobile and travel	362,266	400,920	462,914	485,566	461,452
Professional and directors fees	84,145	321,222	149,930	102,848	113,799
Research expense	23,710	-	39,690	39,690	36,450
Depreciation and amortization	693,032	708,830	727,832	712,312	693,154
Total operating expenses	6,238,253	5,943,880	5,963,576	5,802,667	5,869,532
Operating income	338,438	694,102	686,181	294,220	195,475
Nonoperating revenues (expenses)					
Interest	130,252	105,263	102,599	108,344	116,538
Gain on disposal of assets	5,217	225,268	29,658	17,666	18,451
Interest expense and fiscal fees	(117,240)	(111,977)	(198,986)	(231,554)	(292,746)
Total nonoperating revenues (expenses)	18,229	218,554	(66,729)	(105,544)	(157,757)
Change in net position	\$ 356,667	\$ 912,656	\$ 619,452	\$ 188,676	\$ 37,718

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310
Transfer Application Question 16- Financial Information

Exhibit C-14

PERCENT OF FUND TOTAL REVENUES				
2016	2015	2014	2013	2012
59.8%	58.8%	55.4%	59.5%	59.1%
1.4%	1.4%	1.4%	1.3%	1.3%
0.0%	0.0%	0.0%	0.0%	0.0%
0.5%	0.4%	0.4%	0.5%	0.5%
<u>38.3%</u>	<u>39.4%</u>	<u>42.8%</u>	<u>38.6%</u>	<u>39.1%</u>
<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
10.1%	9.5%	9.0%	10.3%	10.2%
29.8%	27.1%	26.7%	27.9%	28.7%
16.7%	14.8%	14.2%	15.2%	15.6%
19.8%	15.9%	18.2%	19.0%	20.0%
0.8%	0.8%	0.8%	0.8%	0.9%
5.5%	6.0%	7.0%	8.0%	7.6%
1.3%	4.8%	2.3%	1.7%	1.9%
0.4%	0.0%	0.6%	0.7%	0.6%
<u>10.5%</u>	<u>10.7%</u>	<u>10.9%</u>	<u>11.7%</u>	<u>11.4%</u>
<u>94.9%</u>	<u>89.5%</u>	<u>89.7%</u>	<u>95.2%</u>	<u>96.8%</u>
<u>5.1%</u>	<u>10.5%</u>	<u>10.3%</u>	<u>4.8%</u>	<u>3.2%</u>
2.0%	1.6%	1.5%	1.8%	1.9%
0.1%	3.4%	0.4%	0.3%	0.3%
<u>-1.8%</u>	<u>-1.7%</u>	<u>-3.0%</u>	<u>-3.8%</u>	<u>-4.8%</u>
<u>0.3%</u>	<u>3.3%</u>	<u>-1.0%</u>	<u>-1.7%</u>	<u>-2.6%</u>
<u>5.4%</u>	<u>13.7%</u>	<u>9.3%</u>	<u>3.1%</u>	<u>0.6%</u>

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310

Transfer Application Question 16- Financial Information

RED RIVER AUTHORITY OF TEXAS

Exhibit C-15

ENTERPRISE FUNDS

CAPITAL ASSETS

for the year ended September 30, 2016

	Balance October 1, 2015	Additions / Completions	Deletions / Adjustments	Balance September 30, 2016
UTILITY DIVISION FUND				
Capital assets not being depreciated:				
Land and easements	\$ 171,798	\$ -	\$ -	\$ 171,798
Construction in progress	103,591	739,455	(761,443)	81,603
Total capital assets not being depreciated	275,389	739,455	(761,443)	253,401
Capital assets, being depreciated and amortized:				
Water storage rights	1,222,700	-	-	1,222,700
Water and sewer systems	16,582,118	703,119	-	17,285,237
Total capital assets being depreciated and amortized	17,804,818	703,119	-	18,507,937
Less accumulated depreciation and amortization for:				
Water storage rights	(242,218)	(7,470)	-	(249,688)
Water and sewer systems	(11,189,407)	(492,601)	-	(11,682,008)
Total accumulated depreciation and amortization	(11,431,625)	(500,071)	-	(11,931,696)
Total capital assets being depreciated and amortized, net	6,373,193	203,048	-	6,576,241
Total capital assets, net	\$ 6,648,582	\$ 942,503	\$ (761,443)	\$ 6,829,642
ENVIRONMENTAL SERVICES DIVISION FUND				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Capital assets being depreciated:				
Machinery and equipment	621,214	3,351	-	624,565
Motor vehicles	34,340	-	-	34,340
Total capital assets being depreciated	655,554	3,351	-	658,905
Less accumulated depreciation for:				
Machinery and equipment	(462,020)	(45,263)	-	(507,283)
Motor vehicles	(10,220)	(4,906)	-	(15,126)
Total accumulated depreciation	(472,240)	(50,169)	-	(522,409)
Total capital assets being depreciated and amortized, net	183,314	(46,818)	-	136,496
Total capital assets, net	\$ 183,314	\$ (46,818)	\$ -	\$ 136,496

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310

Transfer Application Question 16- Financial Information

RED RIVER AUTHORITY OF TEXAS

Exhibit C-16

Page 1 of 2

INTERNAL SERVICE FUNDS

CAPITAL ASSETS

for the year ended September 30, 2016

	Balance October 1, 2015	Additions / Completions	Deletions / Adjustments	Balance September 30, 2016
GENERAL DIVISION FUND				
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	385,195	4,114	-	389,309
Building	968,554	4,800	-	973,354
Motor vehicles	71,493	-	-	71,493
Total capital assets being depreciated	1,425,242	8,914	-	1,434,156
Less accumulated depreciation for:				
Furniture and fixtures	(326,359)	(21,830)	-	(348,189)
Building	(291,311)	(33,941)	-	(325,252)
Motor vehicles	(60,962)	(4,860)	-	(65,822)
Total accumulated depreciation	(678,632)	(60,631)	-	(739,263)
Total capital assets being depreciated, net	746,610	(51,717)	-	694,893
Total capital assets, net	<u>\$ 929,941</u>	<u>\$ (51,717)</u>	<u>\$ -</u>	<u>\$ 878,224</u>
MAINTENANCE DIVISION FUND				
Capital assets not being depreciated:				
Land easements	\$ 4,311	\$ -	\$ -	\$ 4,311
Construction in progress	-	-	-	-
Total capital assets not being depreciated	4,311	-	-	4,311
Capital assets, being depreciated:				
Machinery and equipment	171,341	-	(91,044)	80,297
Motor vehicles	59,281	-	-	59,281
Total capital assets being depreciated	230,622	-	(91,044)	139,578
Less accumulated depreciation for:				
Machinery and equipment	(142,816)	(7,030)	84,256	(65,590)
Motor vehicles	(38,091)	(5,137)	-	(43,228)
Total accumulated depreciation	(180,907)	(12,167)	84,256	(108,818)
Total capital assets, being depreciated, net	49,715	(12,167)	(6,788)	30,760
Total capital assets, net	<u>\$ 54,026</u>	<u>\$ (12,167)</u>	<u>\$ (6,788)</u>	<u>\$ 35,071</u>

INTERNAL SERVICE FUNDS

CAPITAL ASSETS

for the year ended September 30, 2016

	Balance October 1, 2015	Additions / Completions	Deletions / Adjustments	Balance September 30, 2016
COMMUNICATIONS DIVISION FUND				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Total capital assets not being depreciated	-	-	-	-
Capital assets, being depreciated:				
Machinery and equipment	320,726	-	-	320,726
Total capital assets, being depreciated	320,726	-	-	320,726
Less accumulated depreciation for:				
Machinery and equipment	(270,441)	(8,368)	-	(278,809)
Total accumulated depreciation	(270,441)	(8,368)	-	(278,809)
Total capital assets being depreciated, net	50,285	(8,368)	-	41,917
Total capital assets, net	<u>\$ 50,285</u>	<u>\$ (8,368)</u>	<u>\$ -</u>	<u>\$ 41,917</u>
MOTOR VEHICLE POOL FUND				
Capital assets being depreciated:				
Motor vehicles	\$ 386,112	\$ 101,261	\$ (59,617)	\$ 427,756
Total capital assets being depreciated	386,112	101,261	(59,617)	427,756
Less accumulated depreciation for:				
Motor vehicles	(255,539)	(63,608)	58,905	(260,242)
Total accumulated depreciation	(255,539)	(63,608)	58,905	(260,242)
Total capital assets, being depreciated, net	130,573	37,653	(712)	167,514
Total capital assets, net	<u>\$ 130,573</u>	<u>\$ 37,653</u>	<u>\$ (712)</u>	<u>\$ 167,514</u>

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310

Transfer Application Question 16- Financial Information

RED RIVER AUTHORITY OF TEXAS

Exhibit C-18

SCHEDULE OF CLEAN RIVER PROGRAM EXPENSES

for the year ended September 30, 2016

(Unaudited)

State Agency

Texas Commission on Environmental Quality

	FYE 2015	FYE 2016	Total
Contract Number	<u>582-16-60164</u>	<u>582-16-60164</u>	
Contract Amount	<u>\$ 311,118</u>	<u>\$ 311,118</u>	
Accrued (unbilled) Revenue at 10-01	\$ 20,476	\$ -	\$ 20,476
Receipts and Accounts Receivable Less Unbilled	-	268,325	268,325
Total Receipts and Accounts Receivable	<u>20,476</u>	<u>268,325</u>	<u>288,801</u>
Disbursements/Expenditures			
Personnel/Salaries	4,858	65,919	70,777
Fringe Benefits	2,165	26,868	29,033
Travel	2,214	24,906	27,120
Supplies	1,279	7,893	9,172
Other	9,061	155,513	164,574
Indirect Costs	899	11,429	12,328
	<u>20,476</u>	<u>292,528</u>	<u>313,004</u>
Accrued Revenue at 09-30	<u>\$ 20,476</u>	<u>\$ 24,203</u>	<u>\$ 24,203</u>

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310

Transfer Application Question 16- Financial Information

RED RIVER AUTHORITY OF TEXAS

Exhibit C-19

INDIRECT RATE FACTOR

for the years ended September 30, 2016 and 2015

	<u>FY 2016</u>	<u>FY 2015</u>
Direct Salary Cost		
Regular Salaries	\$ 1,240,977	\$ 1,230,029
Overtime Salaries	83,098	66,811
Total Salaries	<u>1,324,075</u>	<u>1,296,840</u>
Fringe Benefit Pool		
FICA / Medicare	103,920	101,934
Retirement System Contribution	141,110	27,656
Health / Life Insurance Plan	273,978	257,043
Workers Compensation Insurance	19,941	19,053
Vacation / Holiday Leave	111,950	112,395
Unemployment Insurance	5,264	378
Total Fringe Benefits	<u>656,163</u>	<u>518,459</u>
Total Personnel Cost	<u>\$ 1,980,238</u>	<u>\$ 1,815,299</u>
Reconciliation of Total Personnel Cost		
Total Personnel Cost per Exhibit A-2	\$ 1,960,880	\$ 1,797,435
Add: Net Pension Obligation	-	-
Add: Workers Compensation Paid	19,941	19,053
Less: Contract Labor Paid	583	1,189
Total Reconciled Personnel Cost	<u>\$ 1,980,238</u>	<u>\$ 1,815,299</u>
Fringe Benefit Rate	<u>49.56%</u>	<u>39.98%</u>
General Overhead		
General Division Operating Expense	\$ 188,692	\$ 189,946
General Insurance	33,457	31,769
Total General Overhead	<u>\$ 222,149</u>	<u>\$ 221,715</u>
General Overhead Rate	<u>16.78%</u>	<u>17.10%</u>

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310

Transfer Application Question 16- Financial Information
RED RIVER AUTHORITY OF TEXAS

Exhibit C-20

INTERFUND RECEIVABLE AND PAYABLE BALANCES

Page 1 of 2

for the year ended September 30, 2016

Interfund notes payable to the Interfund Loan Division at September 30, 2016 are:

Fund	IFL Loan Number	Monthly Payment	Principal	Interest at 8%	Maturity Date	Payable September 30, 2016
General Division	GD0011-11	\$ 4,994	\$ 26,390	\$ 33,542	09/30/2036	\$ 824,169
	GD0011-14	266	2,974	214	01/01/2017	1,045
	GD0011-16	238	2,079	771	02/01/2020	8,496
	GD0011-17	210	1,929	595	07/30/2019	6,380
	GD0011-18	218	1,488	40	04/30/2016	-
	GD0011-19	80	645	312	02/01/2021	3,551
	GD0011-20	475	4,939	757	12/01/2017	6,754
	GD0011-21	305	2,976	692	10/01/2018	7,017
	GD0011-22	317	2,791	1,009	01/18/2020	11,087
Environmental Services	ESD0079-01	523	6,007	263	09/01/2016	-
Maintenance Division	MD0080-03	220	2,338	305	09/28/2017	2,532
	MD0080-05	453	4,904	531	06/30/2017	3,943
	MD0080-06	726	7,657	1,057	10/30/2017	9,014
Communication Division	CD0081-02	254	1,246	25	02/28/2016	-
	CD0081-03	643	5,065	2,656	06/01/2021	30,429
	CD0081-04	84	735	272	02/01/2020	3,001
Motor Pool	MP0082-12	521	521	3	10/01/2015	-
	MP0082-13	485	960	10	11/01/2015	-
	MP0082-14	834	2,470	33	12/01/2015	-
	MP0082-15	1,640	17,061	2,615	12/01/2017	23,361
	MP0082-16	449	4,671	716	12/28/2017	6,388
	MP0082-17	2,415	23,354	5,628	11/18/2018	57,466
	MP0082-18	2,472	10,963	3,869	03/01/2020	90,298

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310

Transfer Application Question 16- Financial Information

RED RIVER AUTHORITY OF TEXAS

Exhibit C-20

INTERFUND RECEIVABLE AND PAYABLE BALANCES

Page 2 of 2

for the year ended September 30, 2016

Interfund notes payable to the Interfund Loan Division at September 30, 2016, continued

Fund	IFL Loan Number	Monthly Payment	Principal	Interest at 8%	Maturity Date	Payable September 30, 2016
Utility Division Systems:						
100	ES-1001	125	1,227	275	09/30/2018	2,768
100	ES-1002	309	1,949	1,761	04/30/2032	42,974
100	ES-1003	174	1,381	710	05/01/2021	8,123
100	ES-1004	51	544	71	09/01/2017	589
110	TE-1101	287	2,815	632	09/30/2018	6,351
110	TE-1102	327	2,866	1,062	02/01/2020	11,709
312	HI-1312-02	115	228	2	11/01/2015	-
410	CH-1410-01	170	1,438	600	07/30/2020	6,710
411	CH-1411-01	333	2,821	1,177	07/30/2020	13,160
500	GT-1500-01	116	1,331	58	09/30/2016	-
500	GT-1500-02	1,751	18,586	2,426	09/30/2017	20,129
510	SPU-1510-01	1,191	11,367	2,925	01/01/2019	30,328
510	FC-1510-02	436	863	9	11/01/2015	-
520	TG-1520-02	1,510	16,790	1,329	02/28/2017	7,401
600	SNW-1600-01	439	3,970	1,294	09/01/2019	14,000
722	PS-1722-02	1,816	20,062	1,732	03/31/2017	10,647
722	PS-1722-03	1,396	14,819	1,934	09/01/2017	16,049
722	PS-1722-04	4,362	11,679	10,130	04/01/2024	296,864
800	HW-800-01	104	913	330	01/01/2020	3,628
800	HW-800-01	2,813	19,003	14,751	05/01/2023	173,966
900	ARR-900-01	1,418	1,409	9	10/31/2015	-
900	ARR-900-02	245	1,980	959	02/01/2021	10,906
900	ARR-900-03	691	7,333	957	09/01/2017	7,942
901	ARE-901-01	1,064	11,294	1,474	09/01/2017	12,232
	Totals		\$290,831	\$102,522		

Total payable to Interfund Loan Division September 30, 2016

\$ 1,791,407

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310
Transfer Application Question 16- Financial Information

STATISTICAL SECTION

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310

Transfer Application Question 16- Financial Information

RED RIVER AUTHORITY OF TEXAS

NET POSITION BY COMPONENT

LAST NINE FISCAL YEARS

(Unaudited)

	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>
Net investment in capital assets	\$ 4,969,709	\$ 5,529,570	\$ 5,537,508
Restricted	479,358	479,358	472,206
Unrestricted	6,365,500	6,399,444	6,174,709
Total net position	<u>\$ 11,814,567</u>	<u>\$ 12,408,372</u>	<u>\$ 12,184,423</u>

Note: The net pension obligation figures have been omitted from this exhibit for years 2007-08 through 2009-10.

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310
Transfer Application Question 16- Financial Information

Exhibit D-1

		Fiscal Year				
2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	
\$ 5,919,946	\$ 5,995,140	\$ 6,124,825	\$ 7,467,500	\$ 7,323,054	\$ 7,453,330	
1,001,023	1,158,346	1,223,100	899,564	88,380	88,380	
6,663,942	6,559,656	6,553,893	6,154,206	8,247,298	8,473,689	
<u>\$ 13,584,911</u>	<u>\$ 13,713,142</u>	<u>\$ 13,901,818</u>	<u>\$ 14,521,270</u>	<u>\$ 15,658,732</u>	<u>\$ 16,015,399</u>	

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310**Transfer Application Question 16- Financial Information****RED RIVER AUTHORITY OF TEXAS****CHANGES IN NET POSITION****LAST NINE FISCAL YEARS****(Unaudited)**

	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>
Operating revenues:			
Water and sewer sales	\$ 3,434,540	\$ 3,320,958	\$ 3,262,773
Charges for materials and services	511,173	579,249	459,009
Other	448,643	861,448	459,299
Total operating revenues	<u>4,394,356</u>	<u>4,761,655</u>	<u>4,181,081</u>
Operating expenses:			
Water purchases	558,671	578,323	554,987
Personnel services	1,528,327	1,619,796	1,697,525
Administrative costs	75,888	69,146	91,394
Utilities, supplies and maintenance	765,600	815,952	769,199
Insurance	42,579	41,019	51,666
Automobile and travel	201,598	162,474	187,155
Professional and directors fees	106,211	148,592	130,056
Research expense	10,190	17,290	19,590
Depreciation and amortization	619,250	632,776	666,589
Total operating expenses	<u>3,908,314</u>	<u>4,085,368</u>	<u>4,168,161</u>
Operating income	<u>486,042</u>	<u>676,287</u>	<u>12,920</u>
Nonoperating revenues (expenses)			
Interest income	236,005	142,667	86,887
Gain (loss) on disposal of assets	16,338	11,360	(112,098)
Grant revenues	-	-	-
Interest expense	(261,002)	(236,509)	(211,658)
Total nonoperating revenues (expenses)	<u>(8,659)</u>	<u>(82,482)</u>	<u>(236,869)</u>
Income (loss) before contributions and other credits:	<u>477,383</u>	<u>593,805</u>	<u>(223,949)</u>
Insurance proceeds	<u>15,118</u>	<u>-</u>	<u>-</u>
Change in net position	<u>\$ 492,501</u>	<u>\$ 593,805</u>	<u>\$ (223,949)</u>

Note: The net pension obligation figures have been omitted from this exhibit prior to implementation of GASB 68.

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310
Transfer Application Question 16- Financial Information

Exhibit D-2

		Fiscal Year									
		2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016				
\$	4,137,858	\$	3,665,182	\$	3,710,743	\$	4,072,153	\$	4,066,063	\$	4,104,905
	509,152		536,472		493,992		592,542		896,461		597,030
	297,949		445,525		397,042		520,952		325,801		379,887
	<u>4,944,959</u>		<u>4,647,179</u>		<u>4,601,777</u>		<u>5,185,647</u>		<u>5,288,325</u>		<u>5,081,822</u>
	609,118		615,679		625,545		601,222		628,527		661,675
	1,674,131		1,672,025		1,700,020		1,776,013		1,797,435		1,960,880
	83,105		94,985		88,389		86,298		163,638		155,203
	781,009		868,088		750,211		835,578		734,127		933,240
	50,359		52,824		50,471		52,961		50,822		53,398
	222,062		238,380		238,071		229,942		189,622		178,101
	74,239		113,799		102,848		149,930		321,222		84,145
	19,745		36,450		39,690		39,690		-		23,710
	691,989		693,154		712,312		727,832		708,830		693,032
	<u>4,205,757</u>		<u>4,385,384</u>		<u>4,307,557</u>		<u>4,499,466</u>		<u>4,594,223</u>		<u>4,743,384</u>
	739,202		261,795		294,220		686,181		694,102		338,438
	38,190		12,319		9,197		7,265		5,712		25,385
	36,787		18,451		17,666		29,658		225,268		5,217
	186,844		-		-		-		-		-
	(196,161)		(164,334)		(132,407)		(103,652)		(12,426)		(12,373)
	<u>65,660</u>		<u>(133,564)</u>		<u>(105,544)</u>		<u>(66,729)</u>		<u>218,554</u>		<u>18,229</u>
	804,862		128,231		188,676		619,452		912,656		356,667
	-		-		-		-		-		-
\$	<u>804,862</u>	\$	<u>128,231</u>	\$	<u>188,676</u>	\$	<u>619,452</u>	\$	<u>912,656</u>	\$	<u>356,667</u>

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310**Transfer Application Question 16- Financial Information****RED RIVER AUTHORITY OF TEXAS**

Exhibit D-3

SCHEDULE OF REVENUES**LAST TEN FISCAL YEARS****(Unaudited)**

<u>Fiscal Year</u>	<u>Water and Sewer Systems</u>	<u>Environmental Services</u>	<u>Administrative and Mgmt Fees</u>	<u>Interest Income</u>	<u>Other</u>	<u>Total</u>
2006-07	\$ 3,145,775	\$ 784,003	\$ 726,340	\$ 55,704	\$ 472,201	\$5,184,023
2007-08	3,659,522	686,255	765,924	55,849	585,357	5,752,907
2008-09	3,451,381	782,733	798,880	41,704	635,222	5,709,920
2009-10	3,371,249	665,632	825,056	27,985	703,012	5,592,934
2010-11	4,272,709	822,560	801,843	12,323	649,274	6,558,709
2011-12	3,750,335	812,008	850,644	12,319	786,921	6,212,227
2012-13	3,783,275	862,053	858,291	9,197	710,081	6,222,897
2013-14	4,072,153	944,978	855,146	7,265	839,473	6,719,015
2014-15	4,303,566	733,559	817,907	5,712	476,465	6,337,209
2015-16	4,215,926	841,070	943,745	25,835	591,725	6,618,301

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310**Transfer Application Question 16- Financial Information**

Exhibit D-4

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

(Unaudited)

<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>
2006-07	3,954	\$2,974,132	\$ 62.68	91.61%	4.20%	4.19%
2007-08	3,965	3,450,727	72.52	89.02%	6.58%	4.40%
2008-09	3,983	3,331,528	69.70	87.21%	7.45%	5.34%
2009-10	3,981	3,269,881	68.45	88.58%	6.58%	4.84%
2010-11	4,003	4,154,785	86.49	88.21%	6.49%	5.30%
2011-12	4,002	3,597,232	74.90	89.01%	6.25%	4.74%
2012-13	3,969	3,670,110	77.06	88.79%	6.57%	4.64%
2013-14	3,934	3,959,162	83.87	88.48%	6.83%	4.69%
2014-15	3,921	3,849,876	81.82	89.17%	6.67%	4.09%
2015-16	3,923	3,945,951	83.82	91.96%	7.17%	3.30%

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310

Transfer Application Question 16- Financial Information

RED RIVER AUTHORITY OF TEXAS

Exhibit D-5

UTILITY DIVISION WATER SALES CHARACTERISTICS

LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	Treated Water in Million Gallons							
	Domestic	Commercial	Treated Wholesale	Raw Wholesale	Total	Peak Month	Monthly Average	Daily Average
2006-07	244.67	33.06	78.62	0.01	356.36	45.42	29.70	0.98
2007-08	284.86	35.91	91.18	-	411.95	56.78	34.33	1.13
2008-09	266.33	31.77	83.24	45.16	426.50	62.22	35.54	1.17
2009-10	249.93	30.91	88.05	46.46	415.35	58.36	34.61	1.14
2010-11	323.42	40.74	120.31	53.33	537.80	91.68	44.82	1.47
2011-12	248.51	34.26	94.25	48.67	425.69	64.18	35.47	1.17
2012-13	230.79	32.17	80.93	9.83	353.72	41.92	29.48	0.97
2013-14	214.71	22.16	60.17	45.24	342.28	40.64	28.52	0.94
2014-15	202.96	21.70	57.06	4.37	286.09	34.70	23.84	0.78
2015-16	209.90	19.04	56.46	0.01	285.41	33.57	23.78	0.78

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310**Transfer Application Question 16- Financial Information****RED RIVER AUTHORITY OF TEXAS**

Exhibit D-6

DISTRICTS WITHIN THE UTILITY DIVISION

(Unaudited)

<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	290	34.46	725	G/S
D-12	1,160	Hardeman / Childress / Foard	398	44.20	995	S
D-13	947	Wilbarger	458	33.92	1,145	G/S
D-14	802	Childress / Cottle	413	34.33	1,033	S
D-15	2,111	King / Knox / Foard	351	34.62	878	G/S
D-16	1,405	Collingsworth / Hall / Childress	240	27.59	600	G/S
D-18	929	Donley	362	8.86	905	G/S
D-19	2,013	Clay / Montague	726	33.66	1,815	G/S
D-22	934	Grayson	684	50.43	1,710	S

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310

Transfer Application Question 16- Financial Information

RED RIVER AUTHORITY OF TEXAS

Exhibit D-7

TOP TEN UTILITY CUSTOMERS

CURRENT YEAR AND NINE YEARS AGO

SEPTEMBER 30, 2016

(Unaudited)

Taxpayer	Location	Rank	2015-16		Rank	2006-07	
			Average Bill	Average Use (gals)		Average Bill	Average Use (gals)
Southwest Water Company	Grayson	1	\$ 6,152	1,692,891	1	\$ 8,308	2,908,331
Texas Dept of Transportation	Donley/Hardeman	2	4,880	449,773	5	1,418	218,958
Vest Ranch	Hall/Collingsworth	3	3,158	1,966,166	3	2,855	645,814
City of Chillicothe	Hardeman	4	2,466	1,146,608	4	2,083	1,377,800
AEP Oklaunion Power Plant	Wilbarger	5	1,750	183,560	2	5,787	934,500
Guthrie School	King	6	1,526	135,210	-	-	-
Earth Builders, Inc	Hall	7	1,174	167,166	-	-	-
Cornerstone Marine Group	Grayson	8	984	160,618	7	827	210,833
Bradley Ranch	Hall	9	784	117,813	-	-	-
Panfork Baptist Church	Collingsworth	10	763	107,869	8	564	95,230
Pitchfork Ranch	King	-	-	-	6	1,060	240,826
Quanah Country Club	Hardeman	-	-	-	9	534	139,461
Kenneth D. McNabb	Hardeman	-	-	-	10	507	85,988

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310**Transfer Application Question 16- Financial Information****RED RIVER AUTHORITY OF TEXAS****Exhibit D-8****SCHEDULE OF WATER REVENUE BOND COVERAGE****LAST TEN FISCAL YEARS****(Unaudited)**

<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>
2006-07	\$4,431,000	\$ 654,715	\$ 455,458	1.44	\$ 660,222	0.99
2007-08	4,046,000	850,505	438,598	1.94	660,222	1.29
2008-09	3,635,000	870,535	418,451	2.08	658,938	1.32
2009-10	4,057,200	265,602	237,527	1.12	706,161	0.38
2010-11	3,568,600	1,085,285	225,768	4.81	706,161	1.54
2011-12	3,047,200	565,481	199,190	2.84	706,161	0.80
2012-13	2,489,000	685,254	169,853	4.03	706,161	0.97
2013-14	710,833	1,009,334	52,947	19.06	54,930	18.37
2014-15	673,667	1,261,991	53,160	23.74	54,930	22.97
2015-16	635,533	660,741	53,337	12.39	54,930	12.03

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310

Transfer Application Question 16- Financial Information

Exhibit D-9

RED RIVER AUTHORITY OF TEXAS

SCHEDULE OF EXPENSES

LAST TEN FISCAL YEARS

(Unaudited)

<u>Fiscal Year</u>	<u>Water and Sewer Systems</u>	<u>Environmental Services</u>	<u>General</u>	<u>Maintenance</u>	<u>Other</u>	<u>Total</u>
2006-07	\$ 3,312,083	\$ 717,479	\$ 732,541	\$ 188,807	\$ 183,013	\$5,133,923
2007-08	3,524,396	720,440	797,390	227,973	221,808	5,492,007
2008-09	3,683,402	761,344	800,350	261,034	193,044	5,699,174
2009-10	3,855,279	727,532	838,919	302,865	224,376	5,948,971
2010-11	3,893,681	730,699	804,597	256,552	252,747	5,938,276
2011-12	3,880,423	831,390	833,043	299,812	329,841	6,174,509
2012-13	3,742,187	927,571	827,230	265,909	336,008	6,098,905
2013-14	3,832,693	971,627	872,883	223,400	261,959	6,162,562
2014-15	3,764,592	794,496	1,052,077	202,913	241,780	6,055,858
2015-16	4,073,720	864,504	978,821	211,998	226,450	6,355,493

Note: The net pension obligation figures have been omitted from this exhibit for 2006-07 through 2010-11.

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

September 30, 2016

(Unaudited)

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

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

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

Principal Cities (including 2000 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 141,201 surface acres and contain 3,549,826 acre-feet. Refer to **Exhibit D-12 on page 94**.

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, PO BOX 240, WICHITA FALLS, TEXAS 76310

Transfer Application Question 16- Financial Information

RED RIVER AUTHORITY OF TEXAS

Exhibit D-11

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, PO BOX 240, WICHITA FALLS, TEXAS 76310

Transfer Application Question 16- Financial Information

RED RIVER AUTHORITY OF TEXAS

Exhibit D-12

SIGNIFICANT RESERVOIRS IN THE RED RIVER BASIN

SEPTEMBER 30, 2016

(Unaudited)

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	6,028	85,825	40,000	M
Scotland Lake	Archer	934	70	364	-	R
Lake Cooper	Archer	1,145	250	4,500	810	M
Lake Diversion	Archer/Baylor	1,052	3,133	33,420	-	M/I/F/R/Ir/Mi
Lake Kemp	Baylor	1,144	15,357	245,434	-	M/Ir/F
Mackenzie Reservoir	Briscoe/Swisher	3,100	896	46,250	5,200	M/I
Baylor Lake	Childress	1,820	610	9,220	-	M/R
Lake Arrowhead	Clay/Archer	926	14,969	235,997	45,000	M
Hubert H. Moss Lake	Cooke	715	1,140	24,155	7,000	M/I
Greenbelt Reservoir	Donley	2,664	2,250	59,500	-	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 Crockett	Fannin	502	375	3,900	-	R
Valley Lake	Fannin/Grayson	611	1,080	16,400	-	P
Lake McClellan	Gray	2,291	550	5,000	-	R
Randell Lake	Grayson	622	311	5,900	-	M
Lake Texoma	Grayson/Cooke	617	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 Gibbons	Lamar	599	69	3,600	3,600	M
Lake Nocona	Montague	828	1,362	21,749	1,260	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 Cree	Wichita	1,048	1,730	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	-	M/I/Ir
Lake Electra	Wilbarger	1,111	660	8,730	600	M/F
Total Reservoirs: 32			141,201	3,549,826	191,052	

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

Source of Information: Texas Water Development Board

Water Sales Trend Analysis

(Unaudited)

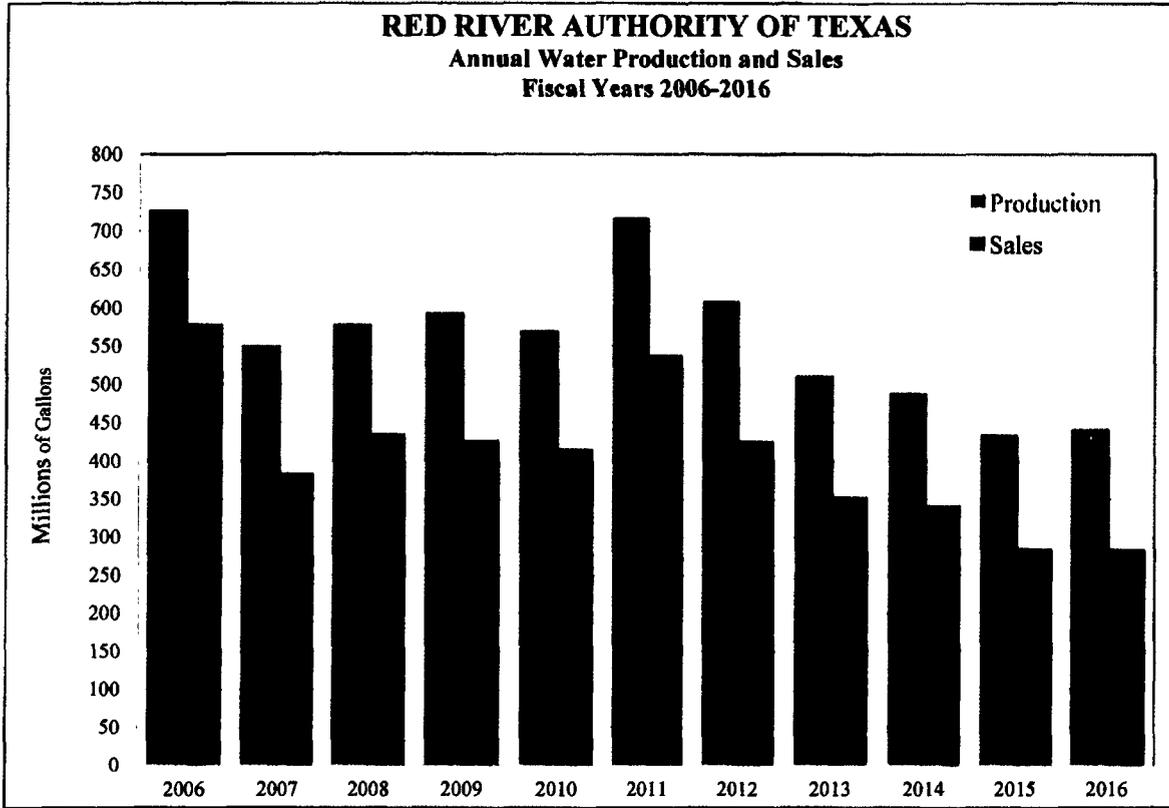
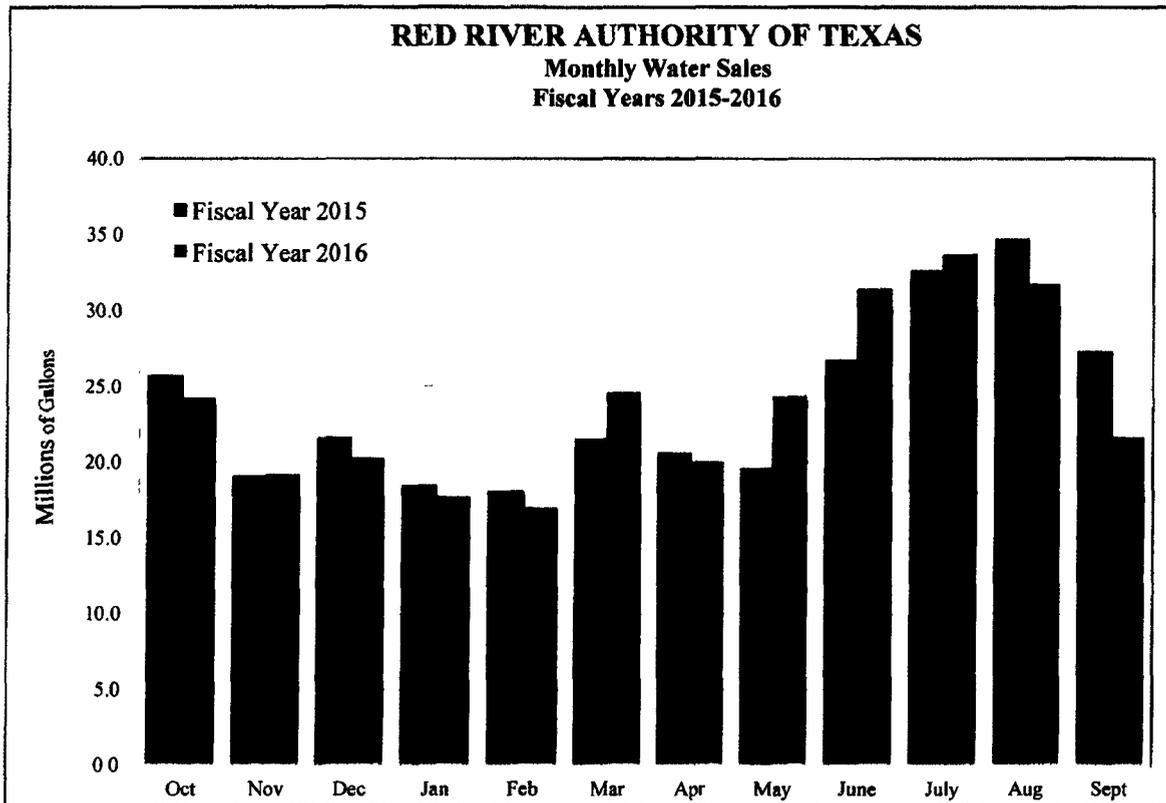


Figure 1



RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310

Transfer Application Question 16- Financial Information

Exhibit D-14

**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

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

BATEMAN PUMP STATION

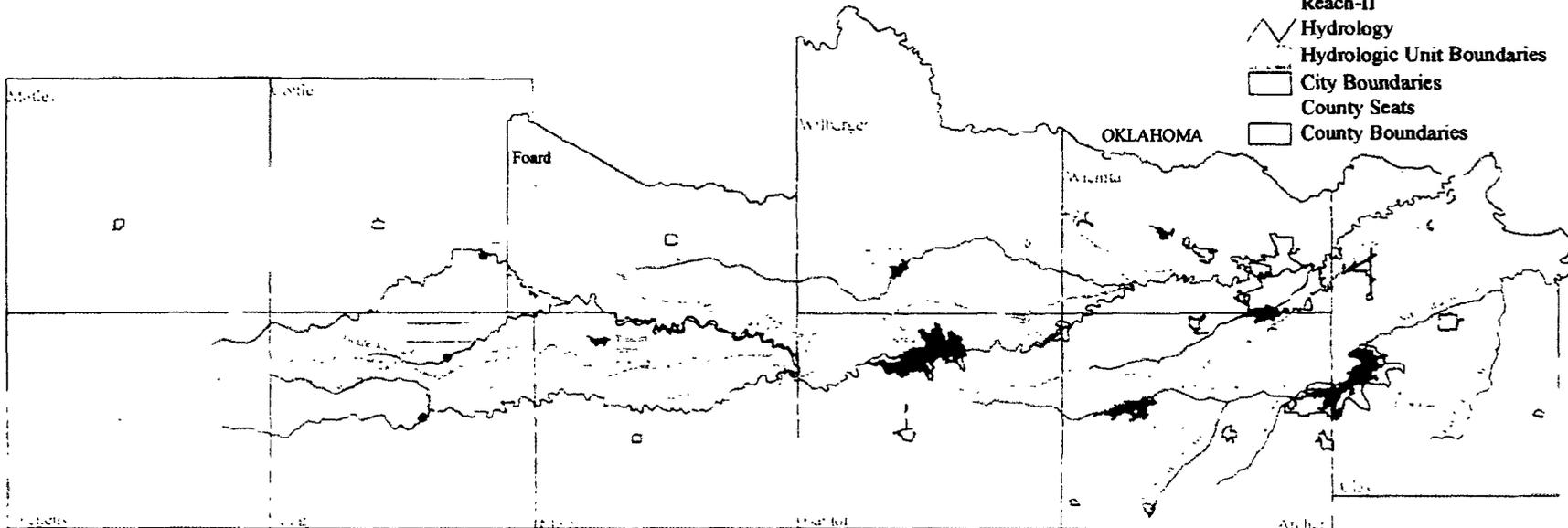
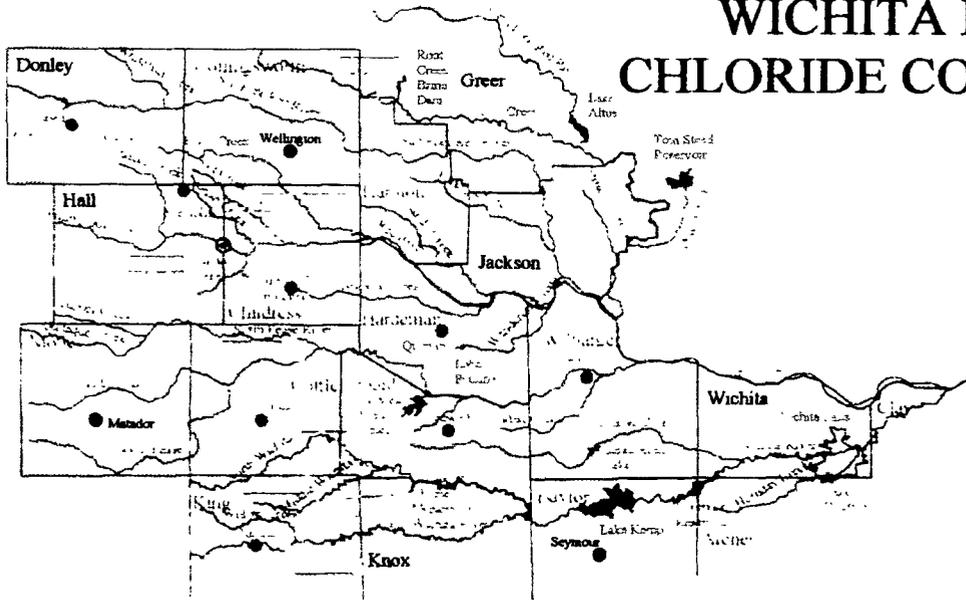
Location: River mile 74.9 of the South Fork Wichita River in King County, Texas
Type of Dam: Pneumatic (Inflatable)
Dam Length: 40 feet
Dam Height: 5 feet
Surface Area: 3 acres with the dam inflated

WICHITA RIVER BASIN CHLORIDE CONTROL PROJECT



10 0 10 20 Miles

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



INSURANCE COVERAGE

Texas Municipal League Intergovernmental Risk Pool

September 30, 2016

(Unaudited)

Policy:	Workers Compensation
Policy Period:	10-01-15 to 09-30-16
Perils:	Losses under Workers' Compensation Laws
Coverage:	Statutory
Premium:	\$19,941
Policy:	General Liability
Policy Period:	10-01-15 to 09-30-16
Perils:	Bodily injury, property damage, advertising injury, completed operations, and products hazard
Coverage:	\$1,000,000 per occurrence and annual aggregate
Premium:	\$2,089
Policy:	Automobile Liability
Policy Period:	10-01-15 to 09-30-16
Perils:	Liability
Coverage:	\$1,000,000 per occurrence
Premium:	\$3,704
Policy:	Errors and Omissions Liability
Policy Period:	10-01-15 to 09-30-16
Perils:	Liability, errors, and omissions
Coverage:	\$1,000,000 per claim and annual aggregate
Premium:	\$2,796
Policy:	Property Coverage
Policy Period:	10-01-15 to 09-30-16
Perils:	Risk of direct physical loss of or damage to property
Coverage:	Replacement cost limited to \$8,361,522 – real and personal property, replacement cost limited to \$52,195, mobile equipment coverage – \$558, boiler and machinery comprehensive – \$8,361,522
Premium:	\$19,912
Policy:	Automobile Physical Damage Coverage
Policy Period:	10-01-15 to 09-30-16
Perils:	Physical damage
Coverage:	Actual cash value
Premium:	\$4,082
Policy:	Crime Policy
Policy Period:	10-01-15 to 09-30-16
Perils:	Public employee dishonesty and forgery or alteration
Coverage:	\$200,000 per employee – Public Employee Dishonesty \$100,000 – Forgery or Alteration
Premium:	\$969

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310
Transfer Application Question 16- Financial Information

**OVERALL COMPLIANCE
AND
INTERNAL CONTROL SECTION**

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310
Transfer Application Question 16- Financial Information



EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

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WICHITA FALLS, TEXAS 76307-0750
PH. (940) 766-5550 • FAX (940) 766-5778

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

Independent Auditor's Report

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

To the Board of Directors
Red River Authority of Texas

Members of the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Red River Authority of Texas (Authority) as of and for the year ended September 30, 2016, and the related notes to the financial statements and have issued our report thereon dated January 5, 2017.

Internal Control Over Financial Reporting

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

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

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

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310
Transfer Application Question 16- Financial Information

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Edgin, Parkman, Fleming & Fleming, PC

Edgin, Parkman, Fleming & Fleming, PC

January 5, 2017

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310
TRANSFER APPLICATION QUESTION 17 - NORTHSIDE SYSTEM TCEQ INSPECTION

Bryan W. Shaw, Ph.D., J.E., Chairman
Toby Baker, Commissioner
Jon McInnam, Commissioner
Richard J. Hyde, Ph.D., Executive Director

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

May 27, 2016

CERTIFIED MAIL (7015 1730 0002 4151 9950)
RETURN RECEIPT REQUESTED

Mr. Daniel White, President
Northside Water Supply Company
11502 FM 924 W
Vernon, Texas 76384-2541

Re: Notice of Violation for the Comprehensive Compliance Investigation at:
Northside Water Supply Company, 11502 FM 924 W, Vernon (Wilbarger County), Texas
RN101456523, PWS ID No.: 2440003, Investigation No.: 1335695

Dear Mr. White:

On April 14, 2016, Mr. Aaron Rodriguez of the Texas Commission on Environmental Quality (TCEQ) Abilene Region Office conducted an investigation of the above-referenced regulated entity to evaluate compliance with applicable requirements for public water supply. Enclosed is a summary which lists the investigation findings. Certain outstanding alleged violations were identified for which compliance documentation is required. Please submit to this office by **July 26, 2016**, a written description of corrective action taken and the required documentation demonstrating that compliance has been achieved for each of the outstanding alleged violations.

In the listing of the alleged violations, we have cited applicable requirements, including TCEQ rules. Please note that both the rules themselves and the agency brochure entitled *Obtaining TCEQ Rules* (CI 032) are located on our agency website at <http://www.tceq.texas.gov> for your reference. If you would like a hard copy of this brochure mailed to you, you may call and request one from either the Abilene Region Office at (325) 698-9674 or the Central Office Publications Ordering Team at (512) 239-0028.

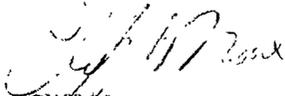
The TCEQ appreciates your assistance in this matter. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements. We anticipate that you will resolve the alleged violations as required in order to protect the State's environment. If you have additional information that we are unaware of, you have the opportunity to contest the violations documented in this notice. Should you choose to do so, you must notify the Abilene Region Office within 10 days from the date of this letter. At that time, I will schedule a violation review meeting to be conducted on a specified date at a specific time. However, please be advised that if you decide to participate in the violation review process, the TCEQ may still require you to adhere to the compliance schedule included in the attached Summary of Investigation Findings until an official decision is made regarding the status of any or all of the contested violations.

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310
TRANSFER APPLICATION QUESTION 17 - NORTHSIDE SYSTEM TCEQ INSPECTION

Mr. White
Page 2
May 27, 2016

If you or members of your staff have any questions, please feel free to contact Mr. Aaron Rodriguez in the Abilene Region Office at (325) 698-9674.

Sincerely,



Cliff Moore
Water Section Work Leader
Abilene Region Office

CM/AR/cq

Enclosure: Summary of Investigation Findings

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310
TRANSFER APPLICATION QUESTION 17 - NORTHSIDE SYSTEM TCEQ INSPECTION
Summary of Investigation Findings

NORTHSIDE WSC	Investigation # 1335695
, WILBARGER COUNTY,	Investigation Date: 04/14/2016
Additional ID(s): 2440003	

**OUTSTANDING ALLEGED VIOLATION(S)
ASSOCIATED TO A NOTICE OF VIOLATION**

Track No: 605610 Compliance Due Date: 07/26/2016
30 TAC Chapter 290.42(e)(4)(A)

Alleged Violation:

Investigation: 1335695

Comment Date: 05/27/2016

Failure to maintain SCBA and bottle of ammonia outside chlorinator room. Systems that use chlorine gas must ensure that the risks associated with its use are limited as follows. When chlorine gas is used, a full-face self-contained breathing apparatus or supplied air respirator that meets Occupational Safety and Health Administration (OSHA) standards for construction and operation, and a small bottle of fresh ammonia solution (or approved equal) for testing for chlorine leakage shall be readily accessible outside the chlorinator room and immediately available to the operator in the event of an emergency.

During the comprehensive compliance investigation (CCI), conducted on April 14, 2016, it was noted that the Northside WSC did not have a properly maintained SCBA or bottle of ammonia readily accessible outside its chlorinator room.

Recommended Corrective Action: Please submit documentation of securing a properly maintained SCBA and a bottle of ammonia readily accessible outside the chlorinator room in accordance with Title 30 Texas Administrative Code (TAC), Chapter 290 to the Abilene Region Office by the compliance due date.

Track No: 605612 Compliance Due Date: 07/26/2016
30 TAC Chapter 290.42(e)(4)(B)

Alleged Violation:

Investigation: 1335695

Comment Date: 05/27/2016

Failure to have secured impervious separation for gas chlorination equipment, cylinders and pump house. Systems that use chlorine gas must ensure that the risks associated with its use are limited as follows. Housing for gas chlorination equipment and cylinders of chlorine shall be in separate buildings or separate rooms with impervious walls or partitions separating all mechanical and electrical equipment from the chlorine facilities. Housing shall be located above ground level as a measure of safety. Equipment and cylinders may be installed on the outside of the buildings when protected from adverse weather conditions and vandalism.

During the comprehensive compliance investigation (CCI), conducted on April 14, 2016, it was noted that the Northside WSC did not have a partition for its chlorination equipment and pump house.

Recommended Corrective Action: Please submit documentation of proper impervious walls or partitions constructed between the chlorinator room and pump house in accordance with Title 30 Texas Administrative Code (TAC), Chapter 290 to the Abilene Region Office by the compliance due date.

Track No: 605658 Compliance Due Date: 07/26/2016
30 TAC Chapter 290.46(s)(2)(C)

Alleged Violation:

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310
TRANSFER APPLICATION QUESTION 17 - NORTHSIDE SYSTEM TCEQ INSPECTION

NORTHSIDE WSC
Investigation: 1335695

Investigation # 1335695
Comment Date: 05/27/2016

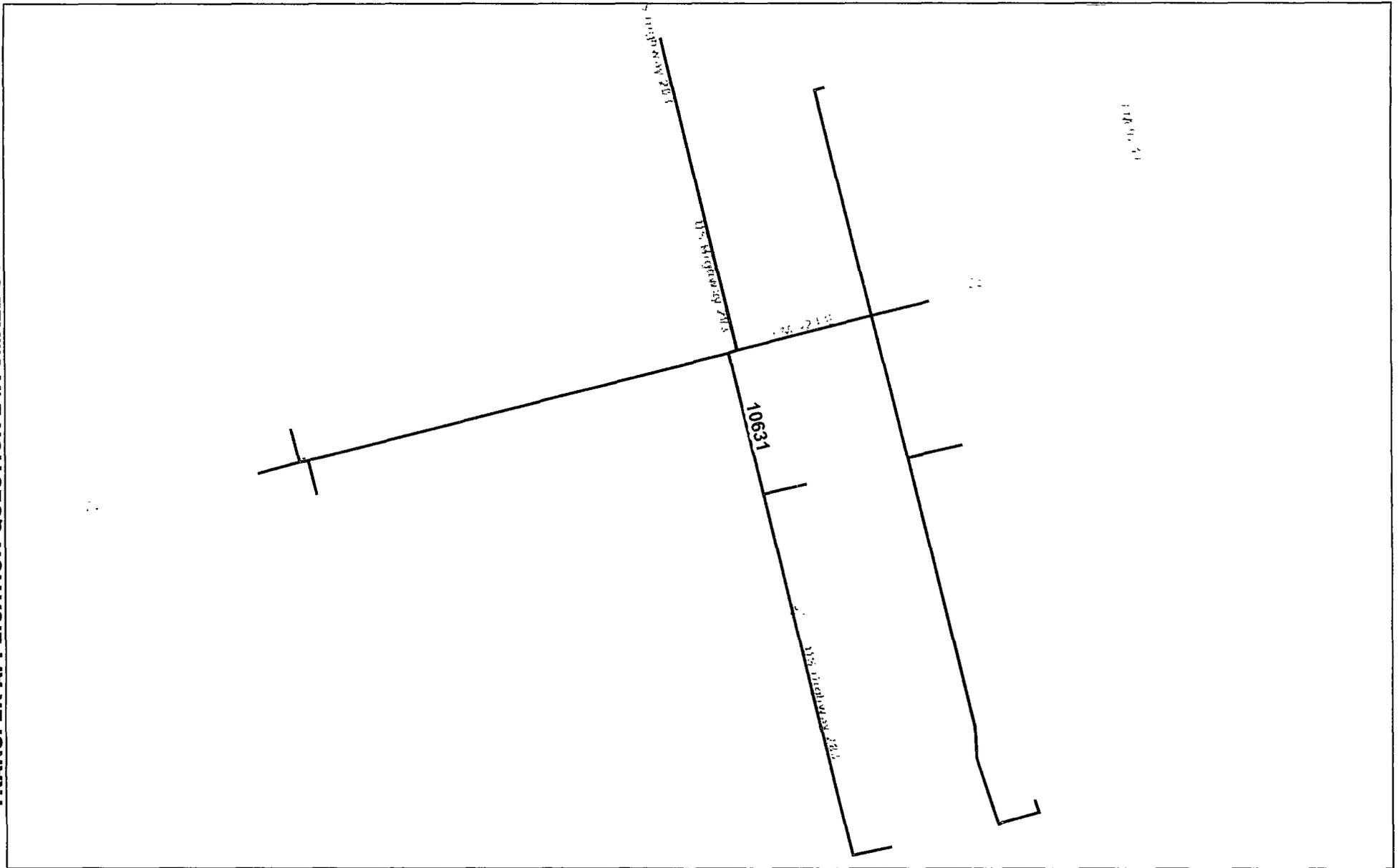
Failure to maintain calibration log for the manual disinfectant residual analyzer. The accuracy of manual disinfectant residual analyzers shall be verified at least once every 90 days using chlorine solutions of known concentrations.

During the comprehensive compliance investigation conducted on April 14, 2016, it was noted that Northside WSC had not kept a log of calibrating their manual disinfectant residual analyzer.

Recommended Corrective Action: Please submit documentation showing the calibration logs for the manual disinfectant residual analyzer in accordance with 30 TAC 290 to the Abilene Region Office by the due date.

CCN No. 10202 to Acquire ALL of Northside WSC, CCN No. 10631 in Wilbarger County

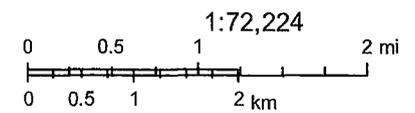
RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310
TRANSFER APPLICATION QUESTION 24A-SMALL SCALE MAP



January 5, 2018

— Water CCN Facility Lines

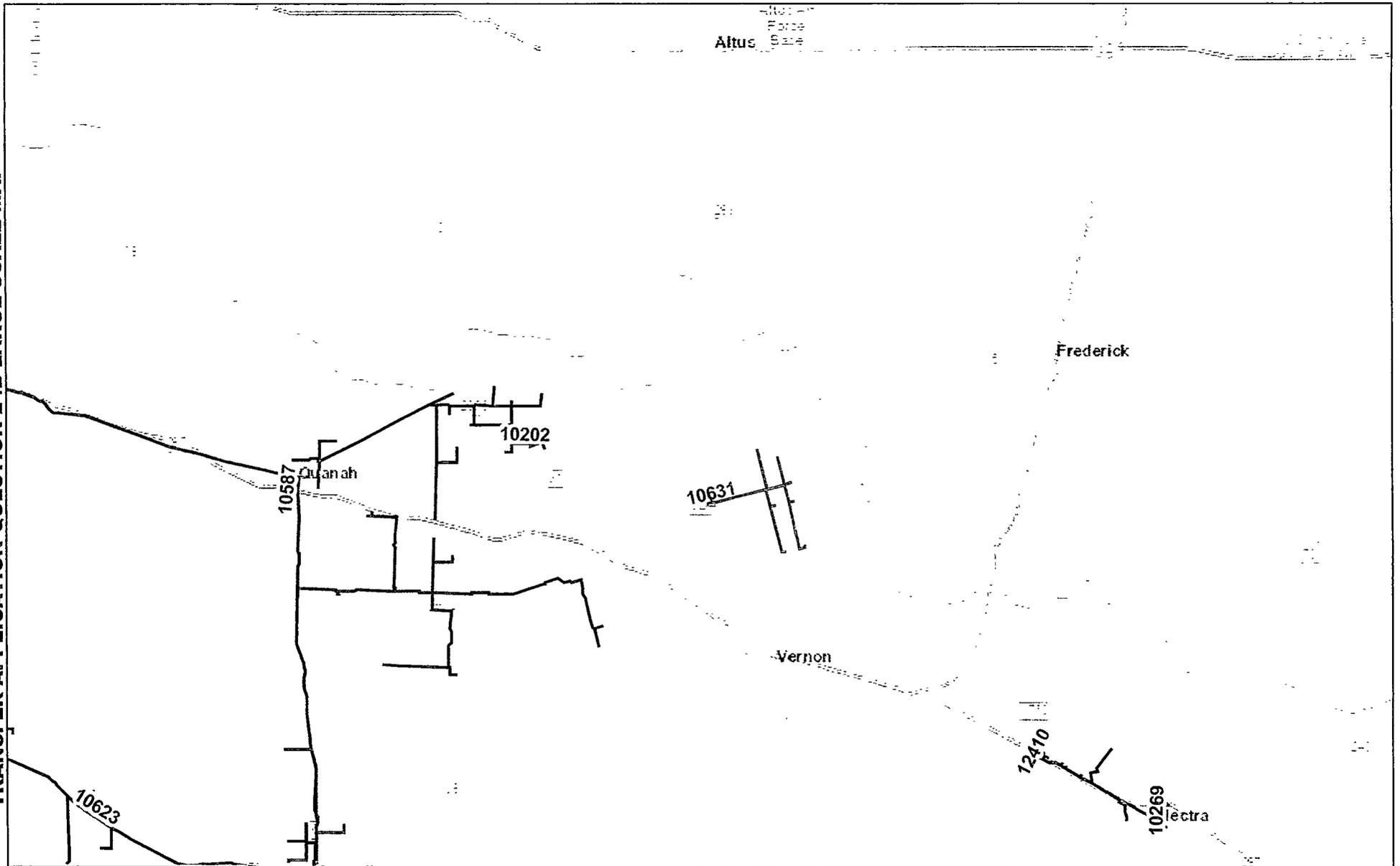
— TxDOT Counties



Sources Esri, HERE, DeLorme, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand),

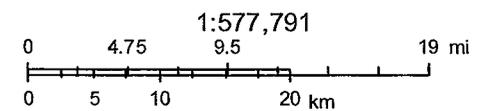
CCN No. 10202 to Acquire ALL of Northside WSC, CCN No. 10631 in Wilbarger County

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310
TRANSFER APPLICATION QUESTION 24B-LARGE SCALE MAP



January 5, 2018

— Water CCN Facility Lines



Sources Esri, HERE, DeLorme, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand),

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310
TRANSFER APPLICATION - COPY OF EXECUTED PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement ("**Agreement**") is entered into as of September 20, 2017 (the "**Effective Date**"), by and among Red River Authority of Texas, a political subdivision of the State of Texas ("**Buyer**") and Northside Water Supply Corporation, a Texas non-profit corporation ("**Seller**"). Buyer and Seller are hereinafter individually called a "**Party**" and collectively called the "**Parties**".

RECITALS

A. Seller is a water supply corporation formed and operating pursuant to Chapter 67 of the Texas Water Code;

B. Seller owns and operates a water supply system serving the Northside community and the surrounding rural area in Wilbarger County, Texas (the "**System**"), and holds a Certificate of Convenience and Necessity from the Public Utility Commission of Texas pursuant to Chapter 13 of the Texas Water Code in order to operate the System;

C. Buyer is a conservation and reclamation district pursuant to Article XVI, Section 59 of the Constitution of the State of Texas;

D. Among other things, Buyer operates several water systems in the State of Texas and holds a Certificate of Convenience and Necessity from the Public Utility Commission of Texas in order to operate such systems;

E. Subject to the terms and conditions of this Agreement, Seller desires to transfer, assign and convey to Buyer all or substantially all of Seller's assets (real and personal) used in the operation of the System, and Buyer desires to acquire such assets and to take over the operation of the System.

In consideration of the representations, warranties, covenants, and agreements contained herein, the adequacy of which is hereby acknowledged, the Parties agree as follows:

ARTICLE I

TRANSACTION & CLOSING

SECTION 1.01. Transaction. The transactions contemplated by this Agreement and the Related Instruments (collectively, the "**Transactions**") are:

a) Except for the Excluded Assets (as defined below), Seller shall, in accordance with the terms and conditions of this Agreement, sell, assign, convey, and otherwise transfer to Buyer, or cause to be transferred, assigned, or otherwise conveyed to Buyer, all right, title and interest in the following assets (the "**Assets**"), free and clear of all encumbrances or other adverse claims of any kind or nature whatsoever, including all liens, charges, security interests, mortgages, pledges, conditional sale agreements, title retention agreements, options, rights of refusal, restrictions, and unpaid purchase price obligations ("**Encumbrances**");

(i) All of Seller's equipment, machinery, pipelines, pumps and pump-stations, electrical controls and/or telemetry controls, tanks, distribution lines, service taps, service meters, interconnections, fixtures, improvements, tools, spare parts, inventory and items used in the repair and maintenance of equipment and all other personal property comprising or used in the operation of the System (the "**Personal Property**");

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TRANSFER APPLICATION - COPY OF EXECUTED PURCHASE AGREEMENT

(ii) (a) That certain Water Purchase Contract dated as of September 24, 2002, by and between the City of Vernon and Seller (the "*Water Supply Contract*"), and (b) all customer contracts related to the supply and sale of water to the customers of the System (and together with the Water Supply Contract, collectively, the "*Acquired Contracts*");

(iii) All customer lists, customer information, confidential information, business records, maps, reports, and logs, developed or used by, or for, the System;

(iv) All prepaid deposits and prepaid expenses made in connection with the operation of the System;

(v) Unless Buyer determines to enter into a new lease, all of Seller's right, title and interest in and to that certain Surface Lease Agreement between Seller, as Lessee, and Ina Lee McCaghren, as the original Lessor (now _____), a Memorandum of which is recorded at Volume 246, Page 655, Official Public Records of Wilbarger County, Texas (the "*Lease*"), with such amendments as required by Buyer;

(vi) All of Seller's right, title and interest in and to any and all easements, rights of way and other real property interest of any kind or nature (collectively, the "*Real Property*"), including without limitation the easements and other matters located in Wilbarger County, Texas, set forth and described on Schedule 1.01(a)(vi);

(vii) All rights and claims against third parties in respect of the Assets or the operation of the System, including, without limitation, all rights under express or implied warranties from suppliers to the System and all other claims, rebates, payments from vendors and refunds; and

(viii) All accounts receivable arising out of or related to the System.

b) Notwithstanding anything contained in Section 1.01(a) to the contrary, Seller is not selling, and Buyer is not purchasing, any of the following assets, all of which shall be retained by Seller (collectively, the "*Excluded Assets*"), and the term "Assets" as used herein shall not include any of the following:

(i) All cash, cash equivalents, and marketable securities of Seller and all rights of Seller to bank accounts, investment accounts and similar accounts, except as such relates to deposits and prepared expenses that are part of the Assets described above;

(ii) The shares of stock or other ownership or membership interests in the Seller;

(iii) The corporate or company seal, minute books, stock books, blank share certificates, and other records relating to the corporate or other legal organization of the Seller and returns of taxes for taxes accruing on or before the Closing, provided that upon request Buyer may have copies thereof to the extent related to the Assets;

(iv) The rights which accrue to Seller under this Agreement or any of the Related Instruments; and

(v) Seller's Certificate of Convenience and Necessity from the Public Utility Commission of Texas.

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310
TRANSFER APPLICATION - COPY OF EXECUTED PURCHASE AGREEMENT

c) At or before the Closing, the Seller shall cause to be executed and delivered to Buyer the following agreements and instruments (collectively, "**Related Instruments**"):

(i) A Bill of Sale (the "**Bill of Sale**"), in the form attached hereto as Exhibit A, conveying the Assets (other than the Lease and the Real Property);

(ii) An Assignment of Lease (the "**Assignment of Lease**"), in the form attached hereto as Exhibit B, conveying the Lease;

(iii) A Deed (the "**Deed**"), in the form attached hereto as Exhibit C, conveying the Real Property; and

(iv) Such other documents or instruments as may be reasonably required by Buyer to consummate the Transactions.

SECTION 1.02. Closing. Subject to Buyer's right to terminate as provided herein, the consummation of the Transactions (the "**Closing**") shall take place on the latter of (a) 30 days after all of Buyer's conditions to closing set forth in Section 5.01 have been satisfied or waived by Buyer, and (b) 120 days after the last of whichever of the following occur: (x) the date that Parties submit to the Public Utility Commission, the Public Utility Commission's Form of Application for Sale, Transfer or Merger (the "**PUC Application**"), together with all required exhibits and schedules; or (y) if newspaper notice is required by the Public Utility Commission in connection with the PUC Application, the last date of publication of the notice in the newspaper as stated in the required affidavit of publication. The Closing shall be deemed effective as of the close of business on the date of Closing ("**Effective Closing Time**").

SECTION 1.03. Duty to Assist. From time to time after the Closing, Seller shall, without further consideration, provide Buyer with such assistance as reasonably may be requested by Buyer in connection with the conveyance of the Assets, including the execution and delivery to Buyer of such instruments as may be reasonably requested by Buyer in order to vest in Buyer all right, title, and interest to the Assets, to be vested of all rights as lessee under the Lease and as owner of the Real Property.

SECTION 1.04 Excluded Liabilities. Except for the Assumed Liabilities (as defined below), Buyer assumes no Liability whatsoever of the System, the Assets, the Seller, or its officers, employees, agents, insurers, sureties, Affiliates or any other Person ("**Excluded Liabilities**"). Seller shall satisfy, pay, and discharge the Excluded Liabilities as and when due. As used herein, "**Liability**" means any liability or obligation of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise. For purposes of this Agreement, the term "**Affiliate**" means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by, or is under common control with, such Person. The term "control" for purposes of this definition means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlled**" and "**controlling**" have meanings correlative thereto. For purposes of this Agreement, the term "**Person**" means a natural person, entity, or organization whatsoever including any individual, sole proprietorship, corporation, partnership, limited liability company, association, trust, bank, estate, or Governmental Authority.

SECTION 1.05. Assumed Liabilities. Notwithstanding Section 1.04, subject to Seller's obligations as set forth herein, at Closing Buyer agrees to assume and to pay, satisfy and discharge as and when due, all Liabilities arising out of or related to the following (the "**Assumed Liabilities**"):

RED RIVER AUTHORITY, PO BOX 240, WICHITA FALLS, TEXAS 76310
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- a) The ownership of the Assets or the operation of the System by Buyer that arise and accrue after the Effective Closing Time; and
- b) The Acquired Contracts or the Lease, except those Liabilities that are a result of a breach or default by Seller, whether with or without notice, the passage of time or both, of any obligation to be performed by Seller under the Acquired Contracts or the Lease on or before the Effective Closing Time

ARTICLE II

CONSIDERATION

SECTION 2.01. Consideration. The consideration for Seller's conveyance of the Assets to Buyer under this Agreement is Buyer's agreement to assume and discharge the Assumed Liabilities after the Effective Time of Closing.

ARTICLE III

SELLER'S REPRESENTATIONS & WARRANTIES

As a material inducement for Buyer to enter into the Transactions and perform this Agreement, Seller represents and warrants to Buyer the following:

SECTION 3.01. Power and Capacity. Seller has the requisite power and authority to execute, deliver, and perform its obligations under this Agreement and the Related Instruments. This Agreement and all other agreements to be executed in connection herewith (a) have been duly authorized, executed, and delivered by Seller and its members and (b) are valid, binding, and enforceable against Seller. Seller is a water supply corporation formed and operating under Chapter 67 of the Texas Water Code and holds a duly issued Certificate of Convenience and Necessity from the Public Utility Commission to operate the System. Seller's Certificate of Convenience and Necessity is in full force and effect.

SECTION 3.02. Organization and Authority. Seller is a Texas nonprofit corporation duly organized, validly existing, and in good standing under the laws of the State of Texas, duly qualified to do business in Texas, and is in good standing in each jurisdiction in which the nature of its business or the character or the location of its properties owned or leased by it makes such qualification necessary. Seller has all requisite power and authority to own or lease and operate its properties and assets and to carry on the System.

SECTION 3.03. No Conflicts; Consents. Subject to obtaining the consent of (a) the City of Vernon to assign the Water Supply Contract, and (b) the Public Utilities Commission, the execution, delivery, and performance of this Agreement and the Related Instruments and the consummation of the Transactions do not, and will not, (a) violate any provision of the Seller's Articles of Incorporation, Bylaws or any other document governing Seller's existence or operations, or (b) create any Encumbrance on any Asset or conflict with, or result in a breach of, create an event of default under, or give any third party the right to accelerate any obligation under, any Acquired Contracts or the Lease or any agreement, mortgage, order, arbitration award, judgment, or decree to which Seller is a party, or by which Seller or any Asset is bound, whether with or without the giving of notice, the passage of time, or both. There is

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no pending or threatened Proceeding before, or by, any Governmental Authority, tribe, agency, department, commission, board, bureau, instrumentality, court, tribunal, or political subdivision (each, a "**Governmental Authority**"), to restrain or prevent the Transactions or that might affect Buyer's right to own or operate the Assets or the System following the Closing.

SECTION 3.04. Compliance with Law. Seller has at all times in the past five (5) years complied in all material respects with all laws applicable to the Assets and the System, including all federal, state, tribal and local laws, regulations, restrictions, orders, rulings, ordinances, codes, injunctions, and decrees of any Governmental Authority (collectively, "**Law**" or "**Laws**"). The present use of the Assets and the System does not violate any Law.

SECTION 3.05. Assets. Seller owns and possess all right, title, and interest in, under and to, the Assets. At the Closing, all of Seller's right, title and interest to the Assets shall be completely and validly transferred and conveyed to, and vested in, Buyer, free and clear of all Encumbrances. The Assets are free from material defect, well-maintained, in good operating condition, normal wear and tear excepted and accounting for the age and use of such Assets, current and compliant in all material respects with all applicable regulations, and appropriate for their intended use.

SECTION 3.06. Real Property. There is no pending or, to the knowledge of Seller, threatened condemnation, eminent domain, or other Proceeding concerning, or that could affect, the Real Property. The Real Property and real property subject of the Lease is adequately served by all necessary utilities for the operation of the System as currently conducted. All easements, cross easements, licenses and rights-of-way, or other similar property interests (collectively, "**Real Property Easements**") necessary for the full utilization of the System by Seller in its current uses and purposes have been obtained and are in full force and effect without default thereunder. No present default or breach exists regarding the Real Property Easements and, to the knowledge of Seller, no condition or circumstance exists which, with the passage of time or the giving of notice, or both, would constitute or result in a default or breach. The Seller has delivered to Buyer all surveys, environmental studies or engineering studies relating to the Real Property that are in the possession or control of a Seller. The improvements located on, or annexed to, the Real Property are in good order and repair, ordinary wear and tear excepted, and are in good and safe condition, free from material defects, and suitable for their intended use.

SECTION 3.07. The Lease. With respect to the Lease:

- a) To Seller's knowledge, there is no pending or threatened condemnation, eminent domain, or other Proceeding concerning, or that could affect, the Leases.
- b) Seller has fully performed the lease in all material respects and continues, as of the Effective Date, to fully and completely perform and comply with all provisions of the lease in all material respects;
- c) Seller has not received any notice of any breach of the lease and has no knowledge of any act that would constitute a breach of the lease;
- d) The Leases is in full force and effect;
- e) Seller has no knowledge of any event or circumstance that has or could give rise to any claim or dispute arising out the Lease or which might adversely affect Buyer's rights under the Lease;
- f) All real property subject to the Lease is adequately served by all necessary utilities for the operation of the System as currently conducted. All real property (in individual or combined tracts)

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subject the Lease has direct access rights to public roadways. All easements, cross easements, licenses, and rights-of-way, or other similar property interests (collectively, "*Lease Easements*") necessary for the full utilization of the real property subject to Lease by Seller in their current uses and purposes in connection with the System have been obtained and are in full force and effect without default thereunder. No present default or breach exists regarding the Lease Easements, and, to the knowledge of Seller, no condition or circumstance exists which, with the passage of time or the giving of notice, or both, would constitute or result in a default or breach.

g) The improvements located on, or annexed to, the real property subject to the Lease and used by Seller in the operation of the System, are in good order and repair, ordinary wear and tear excepted, and are in good and safe condition, free from material defects, and suitable for their intended use;

SECTION 3.08. Contracts. The Acquired Contracts are valid, binding, enforceable, and, except for the consent of the City of Vernon with respect to the Water Supply Contract, are fully assignable to Buyer in accordance with their terms without any change to, or acceleration of, such terms. No party to any Acquired Contracts is in breach or default. No customer of the System under any Acquired Contract has prepaid, whether as a deposit or otherwise, more than one month in advance. Seller have previously delivered to Buyer true, accurate, and complete copies of all written contracts and a true, accurate, and complete written description of all oral contracts in each case as currently in effect.

SECTION 3.09. Litigation. There are no pending or final Proceedings affecting the Assets or the System. To Seller's knowledge, there are no threatened Proceedings affecting the Assets or System, nor is there any basis for any such Proceeding, against Seller that arises from, or affects, the Assets or otherwise involves this Agreement, the Transactions, or the System.

SECTION 3.10. Environmental.

a) Other than the EPA orders related to nitrates previously disclosed by Seller to Buyer, Seller hereby affirms that: (i) neither Seller nor any previous owner, occupant or user of the Real Property or the real property subject to the Lease or any other Person engaged in or permitted any operation or activity at or upon, or any use or occupancy of, the Real Property or any real property subject to the Lease for the purpose of or in any way involving Release of any Hazardous Materials on, under, in or about any Real Property or the real property subject to the Lease in violation of Environmental Requirements, or transported any Hazardous Materials to, from or across any Real Property or real property subject to the Lease in violation of Environmental Requirements; (ii) there exists no basis for any Proceeding, citation, directive, or summons involving Seller or the Real Property or the real property subject to the Lease, related to either any violation or alleged violation of Environmental Requirements, whether or not corrected, or any alleged liability for Environmental Damages; (iii) all Real Property and the real property subject to the Lease and all current and all past activities and operations thereon currently comply and at all times in the past have complied in all material respects with all Environmental Requirements; and (iv) Seller has supplied Buyer with true and complete copies of all notices, reports and other documents received by Seller relating to environmental matters with respect to the Real Property and the real property subject to the Lease.

b) For the purposes of this Agreement: (i) "*Environmental Damages*" means all liabilities, whether accrued, fixed or contingent, known or unknown, and whether or not included in a schedule to this Agreement, any of which are incurred at any time arising out of, based on or resulting from (A) the presence or release of Hazardous Materials by Seller into the environment upon, beneath, or from any Real Property or the real property subject to the Lease or other location (whether or not owned or leased by a Seller at the time such Hazardous Materials were present or Released) where Seller or the System

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conducted operations or generated, stored, Released, sent, transported, or disposed of Hazardous Materials, (B) any violation of Environmental Requirements by Seller or the System or (C) injury to Persons arising out of exposure in connection with the System to asbestos, respirable crystalline silica or any other Hazardous Material; (ii) "**Hazardous Materials**" means any substance: (A) the presence of which requires reporting, investigation, removal or remediation under any Environmental Requirement; (B) that is defined as a "hazardous waste," "hazardous substance" or "pollutant" or "contaminant" under any Environmental Requirement; (C) the presence of which causes or threatens to cause a nuisance, trespass or other tortious condition or poses a hazard to the health or safety of Persons; (D) that contains gasoline, diesel fuel or other petroleum hydrocarbons, PCBs, asbestos or urea formaldehyde foam insulation; (iii) "**Release**" has the meaning ascribed to that term at 42 U.S.C. § 9601(22); (iv) "**Environmental Requirements**" means all statutes, regulations, rules, policy, guidance, ordinances, codes, common law, licenses, permits, orders, approvals, plans, authorizations, concessions, franchises and similar items, of all Governmental Authorities and all judicial and administrative and regulatory writs, injunctions, decrees, judgments and orders relating to (A) occupational health or safety; (B) the protection of human health or the environment; (C) the treatment, storage, disposal, handling, Release or Remediation of Hazardous Materials; or (D) exposure of Persons to Hazardous Material; and (v) "**Remediation**" means (A) any remedial action, remedy, response or removal action as those terms are, defined in 42 U.S.C. § 9601 and (B) any corrective action as that term has been construed pursuant to 42 U.S.C. § 6924.

SECTION 3.11. Statements True, Correct and Complete. The communications, documents and other information provided to Buyer, and the statements made by Seller in this Agreement are true, correct, and complete in all material respects and do not omit any material fact necessary to make such responses or statements not misleading. Seller is not aware of any fact which could materially and adversely affect the Assets or the System.

ARTICLE IV

BUYER'S REPRESENTATIONS & WARRANTIES

As a material inducement for Seller to enter into the Transaction and perform this Agreement, Buyer represents and warrants to Seller the following:

SECTION 4.01. Power and Capacity. Subject to final approval of this Agreement by the Board of Directors of Buyer (which approval is a condition to Buyer's obligation to close the Transactions), Buyer has the requisite power and authority to perform its obligations under this Agreement and the Related Instruments.

ARTICLE V

CONDITIONS TO CLOSING

SECTION 5.01 Buyer's Conditions to Closing. Unless waived by Buyer, the following are mutually agreed to conditions and prerequisites to Buyer's obligations to Close:

(a) Each and all of Seller's representations and warranties shall have been true, correct and complete in all material respects as of the Closing;

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(b) Buyer shall have obtained all necessary consents and approval from the Public Utility Commission of the State of Texas to acquire the Assets and operate the System, including the approval of the PUC Application and, if the PUC determine that a public hearing is required, a determination by the PUC that the acquisition serves the public interest.

(c) All notices required under applicable law or by any Governmental Authority as a condition to the Transactions have been given, including all required notices to the customers of the system and to the public, and including any required notices by publication (unless any such notices are waived by the Public Utility Commission).

(d) Seller shall have fully performed and satisfied all of their respective obligations set forth herein;

(e) Buyer shall have obtained a consent from the City of Vernon to the assignment of the Water Supply Contract along with an estoppel certificate confirming that there are no defaults thereunder;

(f) Buyer shall have obtained an estoppel certificate from the Landlord under the Lease that there are no defaults thereunder;

(g) The Agreement and the Transactions hereunder shall have been approved by the Board of Directors of Buyer;

(h) There shall have been no adverse change in the Assets, the System or the System's operations;

(i) Buyer shall have negotiated any required amendments to the Lease, or entered into a new Lease, in order to extend the term of the Lease, expand the leased area and to negotiate any other required new or additional terms related to the Lease deemed necessary by Buyer in its sole and absolute discretion; and

(j) The approval of this Agreement and the Transactions by Seller's Board of Directors and the members of Seller.

SECTION 5.04. Termination Right. This Agreement and the Transactions may be terminated by Buyer at any time prior to Closing, in Buyer's sole and absolute discretion.

ARTICLE VI

ADDITIONAL AGREEMENTS

SECTION 6.01 PUC. Seller shall cooperate with Buyer to do all things necessary to file the PUC Transfer Application and to obtain the consent of the Public Utility Commission, including executing any all documents necessary to obtain such approval.

SECTION 6.02. City of Vernon. Seller shall cooperate with Buyer to do all things necessary to obtain the consent of the City of Vernon to transfer the Water Supply Contract, including executing any all documents necessary to obtain such approval.

SECTION 6.03. Transition Matters. Seller shall cooperate with Buyer to facilitate the transfer of all utilities servicing the Assets into Buyer's name, including electrical service, and water and sewage to be effective at the Closing or as soon thereafter as reasonably practicable. Promptly following the Closing, Seller shall take all action reasonably necessary, in coordination with Buyer to remove any name

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or names of Seller relating to the System or the Assets. To the extent that any consents or waivers of third parties are required for Seller to fully assign any Acquired Contracts or to convey any Asset or for Buyer to operate the System, Seller shall use its best efforts to obtain such consents and waivers in writing and deliver a legally enforceable copy to Buyer on or before, the Closing. Seller shall fully cooperate with Buyer in taking all such reasonable actions as are necessary to effectuate the complete assignment and transfer of the Assets to Buyer. Seller shall fully cooperate with Buyer to do, and perform, sign, swear, and execute, all such acts, deeds, documents, matters, or other things as may be required by Buyer to give full effect to the sale, assignment, conveyance, and transfer of the Assets reasonable or necessary for the operation of the System to Buyer. Seller agree to not turn off any utilities servicing the Real Property or the Lease until Buyer has made arrangements for the utilities to be placed in Buyer's name.

SECTION 6.04. Operational Covenant. During the period from the Effective Date and continuing until the earlier of the termination of this Agreement or the Closing, Seller agrees (unless required to take such action pursuant to this Agreement or the Buyer shall give its prior consent) to carry on the operation of the System in the usual, regular and ordinary course of business consistent with past practice. Without limiting the generality of the foregoing, during the period from the Effective Date and continuing until the earlier of the termination of this Agreement or the Closing, Seller shall not do, cause or permit any of the following, without the prior written consent of the Buyer: (a) sell, transfer or otherwise dispose of any Asset other than in the ordinary course of business, (b) cause or allow the incurrence of any Encumbrance on any of the Assets or (c) acquire any asset that will constitute an Asset or enter into any agreement that will constitute an Asset, other than contracts with customers entered into in the ordinary course of business.

ARTICLE VII

INDEMNIFICATION

SECTION 7.01 Indemnification of Buyer. Subject to the limitations set forth herein, to the greatest extent allowed by applicable Law, Seller shall defend, indemnify and hold harmless Buyer and its directors, officers, employees, insurers, sureties, parent companies, subsidiaries, and Affiliates (collectively, "*Buyer Indemnitees*") from and against any and all demands, losses, claims, suits, damages, diminution in value, fees and expenses (including fees and expenses of attorneys, experts, and consultants), liabilities, fines, penalties, assessments, and remedial or clean-up costs, whether or not arising from a third-party claim (collectively, "*Losses*"), whether or not due and payable, that arise out of, or are in any way attributable to:

- a) Any inaccuracy or breach of any warranty or representation made by Seller in this Agreement or in any Related Instrument;
- b) Any breach of any covenant or agreement made by a Seller in this Agreement or in any Related Instrument;
- c) The Excluded Assets or Excluded Liabilities;
- d) Any and all taxes (including any interest, additions and penalties with respect thereto) related to the System or the Assets, imposed on Buyer, or for which Buyer is liable;
- e) Any Proceedings, judgments, decrees, awards, assessments, fees, or expenses incident to any of the foregoing or the mitigation thereof, including investigation costs and attorneys, experts, and consultants fees and expenses incurred to enforce this indemnification; or

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f) Any and all liabilities of every nature and description of a Seller, known or unknown, arising from or as a result of the ownership of the Assets on or before the Closing Date or the System's operations on or before the Closing, or based upon events, acts or omissions of a Seller that occurred on or before such date.

SECTION 7.03 Notice of Claims. If any Buyer Indemnitee (each an "*Indemnified Party*") believes that it has suffered or incurred or reasonably expects to suffer or incur any Losses for which it is entitled to indemnification under this Article VII, such Indemnified Party shall so notify the Seller ("*Indemnifying Party*") with reasonable promptness and reasonable particularity in light of the circumstances then existing. If any claim is instituted by or against a third party with respect to which any Indemnified Party intends to claim indemnification under this Article VII, such Indemnified Party shall promptly notify the Indemnifying Party of such claim. The notice provided by the Indemnified Party to the Indemnifying Party shall describe the claim (the "*Asserted Liability*") in reasonable detail and shall indicate the amount (or an estimate) of the Losses that have been or may be suffered by the Indemnified Party. The failure of an Indemnified Party to give any notice required by this Section 7.03 shall not affect any of the Indemnified Parties' rights under this Article VII or otherwise, except and only to the extent that such failure is materially prejudicial to the rights or obligations of the Indemnifying Parties. Thereafter, the Indemnified Party shall promptly deliver to the Indemnifying Parties copies of all notices and documents received by the Indemnified Party relating to the third party claim or such other claim. Except as provided above with respect to any claim by a third party, within thirty days of receipt of notice by the Indemnifying Parties of a claim by the Indemnified Parties, the Indemnifying Parties, under this Article VII, shall satisfy such claim by the payment of cash to the Indemnified Parties for the full amount of such claim

SECTION 7.04 Duty to Defend.

a) The Indemnifying Parties' duty to defend is severable and distinct from any obligation to indemnify or hold harmless and shall be no less extensive than an insurer's duty to defend. The Indemnified Party retains the right, at the Indemnified Party's expense, to require and choose separate defense counsel and to completely control, and participate in, the defense and settlement of any third-party claim covered by this indemnity, unless the Indemnifying Party provides the Indemnified Parties with adequate assurances, as determined in the reasonable discretion of the Indemnified Party, that any potential exposure of the Indemnified Party to any risk arising from such matter is fully covered by, and entirely collectible under, the indemnity provisions of this article. Except as otherwise set forth in this Section, the Indemnifying Parties shall be jointly and severally, solely responsible for the expenses of the defense.

b) Notwithstanding the foregoing, without the prior consent of the Indemnified Party, the Indemnifying Parties shall not settle or compromise any third party claim or consent to the entry of a judgment in connection therewith that: (i) does not provide for the claimant to give an unconditional release to the Indemnified Party in respect of the Asserted Liability; (ii) involves relief other than monetary damages; (iii) places restrictions or conditions on the operation of the business of any Indemnified Party or any of its affiliates; or (iv) involves any finding or admission of criminal liability or of any Laws.

VIII

MISCELLANEOUS

SECTION 8.01 Expenses. Except as otherwise provided in this Agreement, each party shall pay its own expenses incident to this Agreement and the Transaction (including fees and expenses of

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brokers, investment bankers, attorneys, and other advisors), whether or not the Transaction is consummated. Unpaid ad valorem, real property and personal property taxes for the current year that are attributable to Seller's interest in the Real Property or the real property subject to the Leases or Assets shall be Seller's responsibility. Seller shall pay all title transfer taxes and sales taxes related to the Personal Property and any other transfer, documentary, stamp, recording, or similar taxes. Seller shall pay all recording or filing fees related to the sale of the Real Property.

SECTION 8.02 Notices. All notices, consents, requests, instructions, approvals and other communications provided for herein shall be in writing and shall be deemed validly given, made or served if delivered personally or sent by certified mail, postage prepaid, or by overnight courier, or by facsimile to the address set forth for the receiving party on the signature page hereto, or to such other address as shall be furnished in writing by any party to the others in accordance with this section. Any notice, request, instruction, or other document to be given hereunder by any party to another shall be delivered as follows:

(i) if to Buyer:

PO Box 240
Wichita Falls, Texas 76307
Attention: General Manager

(ii) if to Seller

11502 FM Road 924
Vernon, Texas 76384
Attention: Dan White

SECTION 8.03 Amendment; Waiver. No provision hereof may be terminated, amended, or waived, other than by an express written instrument signed by the Party against whom the enforcement of such change is sought. No waiver by any Party of any condition, or of the breach of any term, provision, representation, or warranty contained in this Agreement or any other document or instrument to be delivered pursuant to this Agreement or in connection with the Transaction shall be deemed to be, or construed as, (a) a further or continuing waiver of any such condition or breach, (b) a waiver of any other condition or breach, or (c) a breach of any other term, provision, representation, or warranty.

SECTION 8.04 Binding Effect; Assignment. This Agreement shall be binding upon the Parties hereto and their respective successors and permitted assigns, and, except for the indemnification rights of the Buyer Indemnitees under Article VII, who are third party beneficiaries of this Agreement, no other Person shall acquire or have any right under, or by virtue of, this Agreement. Seller shall not assign or transfer any right or delegate any obligation hereunder without the prior written consent of Buyer, in its sole discretion. Any purported assignment or transfer in violation of this section shall be null and void.

SECTION 8.05 Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the internal, substantive Laws of the State of Texas, without giving effect to the conflict of laws principles that would apply the Laws of any other jurisdiction.

SECTION 8.06 Severability. Any provision of this Agreement that is found by an adjudicator of competent jurisdiction to be invalid, void, or otherwise unenforceable shall in no way affect, impair, or invalidate any other provision hereof, and the remaining provisions hereof shall nevertheless remain in full force and effect. To the extent that any such provision is so found to be invalid, void, or otherwise unenforceable as written, the Parties authorize the adjudicator to revise it retroactive to the Effective Date so that it is enforceable to the greatest extent allowed by applicable Law. In the event that the adjudicator declines to exercise such authority, the Parties agree to make such revision.

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SECTION 8.07 Entire Agreement. THIS AGREEMENT, THE RELATED INSTRUMENTS, THE EXHIBITS AND SCHEDULES TO THIS AGREEMENT AND THE RELATED INSTRUMENTS, REPRESENTS THE ENTIRE AGREEMENT AND UNDERSTANDING OF THE PARTIES WITH RESPECT TO THE TRANSACTION AND SUPERSEDE AND CANCEL ALL PRIOR AGREEMENTS, UNDERSTANDINGS, OR COMMUNICATIONS, WHETHER ORAL OR IN WRITING, RELATING TO THE SUBJECT MATTER HEREOF. NO REPRESENTATION, WARRANTY, PROMISE, INDUCEMENT, OR STATEMENT OF INTENTION HAS BEEN MADE BY ANY PARTY HERETO WHICH IS NOT EMBODIED IN THIS AGREEMENT, THE RELATED INSTRUMENTS, THE EXHIBITS AND SCHEDULES TO THIS AGREEMENT AND THE RELATED INSTRUMENTS, AND NO PARTY SHALL BE FOUND LIABLE FOR ANY ALLEGED REPRESENTATION, WARRANTY, PROMISE, INDUCEMENT, OR STATEMENT OR INTENTION NOT SO SET FORTH.

SECTION 8.08 No Presumption Against Drafter. This Agreement and each of the terms and provisions hereof are deemed to have been explicitly negotiated between the Parties, and the language in all parts of such agreements shall, in all cases, be construed according to its fair meaning and not strictly for, or against, any Party, regardless of who drafted it.

SECTION 8.09 Construction. The Parties intend that each representation, warranty, covenant, and agreement contained in this Agreement shall have independent significance. If any Party has breached any such representation, warranty, covenant, or agreement, then the fact that such Party has not breached another representation, warranty, covenant, or agreement relating to the same subject matter (regardless of the relative levels of specificity) shall not, in any way, detract from, or mitigate, the breach. Any covenant of any Party to this Agreement that is to be performed after the Closing shall survive the Closing. References to sections or schedules refer to section of, or schedules to, this Agreement, unless otherwise expressly indicated. The headings contained in this Agreement are for reference purposes only and shall not affect, in any way, the meaning or interpretation of this Agreement. Whenever the words "include," "includes," or "including" are used in this Agreement, they shall be deemed to be followed by the words, "without limitation." Any reference in this Agreement to gender shall include all genders, including the neuter, and words imparting the singular number only shall include the plural and vice versa. Any reference in this Agreement to "knowledge", with respect to any Party, means the knowledge of any stockholder, director, officer or manager of such Party and such knowledge as would be imputed to such Persons upon reasonable inquiry.

SECTION 8.10 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. This Agreement may be executed by facsimile, portable document format (pdf) or other electronically or mechanically reproduced signature and such signature shall constitute an original signature for all purposes notwithstanding any statute or decisional Law to the contrary.

(Signature Pages Follow)

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IN WITNESS WHEREOF, this Agreement has been duly executed by the Parties hereto as of the day and year first above written.

BUYER

SELLER

Red River Authority of Texas

Northside Water Supply Corporation

By: 
Name: Nathan J. Bell, IV
Title: President

By: 
Name: Dan White
Title: President

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**Schedule 1.01(a)(vi)
Real Property**

All of Seller's right, title and interest in and to any and all easements, rights of way and other real property interest of any kind or nature, including without limitation the following described interests located in **Wilbarger County, Texas**:

Document	Grantor	Grantee	Volume	Page
Easement	Nathan C. Christian and Kimberle Allen Christian	Northside Water Supply Corp.	540	583
Easement	Randel J. Riggins and Virginia Riggins	Northside Water Supply Corp.	540	610
Easement	J. C. Riggins and Aneita Riggins	Northside Water Supply Corp.	540	612
Easement	Troy Collier	Northside Water Supply Corp.	541	827
Easement	Ray Hobratschk	Northside Water Supply Corp.	573	55
Easement	Jimmy Wayne Ward and Mary Ann Ward	Northside Water Supply Corp.	573	57
Easement	Fargo Church of Christ	Northside Water Supply Corp.	573	60
Easement	Joe Dale Wilson and R. Ann Wilson	Northside Water Supply Corp.	573	63
Easement	Roy W. Cypert and LaRheasa J. Cypert	Northside Water Supply Corp.	573	66
Easement	Northside Consolidated Independent School District No. 23	Northside Water Supply Corp.	573	69
Easement	Ed Becker	Northside Water Supply Corp.	573	71
Easement	Edward Becker	Northside Water Supply Corp.	573	73
Easement	Robert	Northside	573	75

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Document	Grantor	Grantee	Volume	Page
Easement	Fitzgerald and Alline Fitzgerald Seth Boyd	Water Supply Corp. Northside Water Supply Corp.	573	78
Easement	Doris Patricia Cowling	Northside Water Supply Corp.	573	80
Easement	Ronald Joe Smith	Northside Water Supply Corp.	573	82
Easement	Pam Alexander	Northside Water Supply Corp.	573	84
Easement	Robert W. Sargent and Jan Rowena Sargent	Northside Water Supply Corp.	573	87
Easement	Roy Lee Toler	Northside Water Supply Corp.	573	539
Easement	Rodney Prince and Brenda Prince	Northside Water Supply Corp.	573	541
Easement	Doug Fulford and Melinda Fulford	Northside Water Supply Corp.	573	659
Easement	Robert Peterson and Erica Peterson	Northside Water Supply Corp.	573	662
Easement	Mel Tarver and Thomas Bynum, by James Sullivan	Northside Water Supply Corp.	574	136
Easement	Wayne Walker	Northside Water Supply Corp.	575	53
Easement	Sherri Reagan	Northside Water Supply Corp.	576	197
Easement	Larry M. Holmes, Jr.	Northside Water Supply Corp.	576	304

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EXHIBIT A

Bill of Sale

Northside Water Supply Corporation, a Texas non-profit corporation ("Grantor"), for good and valuable consideration, including the consideration set forth in the Purchase Agreement (as defined below), transfers, assigns, conveys, and delivers to **Red River Authority of Texas** ("Grantee"), the Assets as defined in that certain Asset Purchase Agreement (the "Purchase Agreement") dated effective _____, 2017, by and between Grantor and Grantee, save and except the Lease and the Real Property (as such terms are defined in the Purchase Agreement), TO HAVE AND TO HOLD said Assets (save and except the Lease and the Real Property) unto Grantee and Grantee's successors and assigns forever, free and clear of any and all encumbrances or other adverse claims of any kind or nature whatsoever.

This Bill of Sale is being delivered pursuant to the Purchase Agreement and will be construed consistently therewith. Grantor, by execution of this Bill of Sale, hereby acknowledges and agrees that neither the representations and warranties nor the rights, remedies or obligations of any party under the Purchase Agreement shall be deemed modified or altered in any way by this Bill of Sale, and hereby represents, warrants and covenants that all such representations and warranties contained in the Purchase Agreement are true and correct as of the date of this Bill of Sale, and that all covenants to be performed by Grantor under the Purchase Agreement have been fully performed.

IN WITNESS WHEREOF, Seller has executed this Bill of Sale on the date set forth below but to be effective as of and from _____, 2017.

[SIGNATURE PAGES TO FOLLOW]

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GRANTOR:

**NORTHSIDE WATER SUPPLY CORPORATION,
a Texas non-profit corporation**

By:

Dan White, President

STATE OF TEXAS

COUNTY OF WICHITA

SUBSCRIBED AND SWORN TO BEFORE ME by the said Dan White, as President of Northside Water Supply Corporation on this ____ day of _____, 2017, to certify which witness my hand and seal of office.

NOTARY PUBLIC, STATE OF TEXAS

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EXHIBIT B
ASSIGNMENT OF LEASE

Assignor: Northside Water Supply Corporation, a Texas non-profit corporation

Assignee: Red River Authority of Texas

Effective Date: _____, 2017

Assignor, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby assign and convey to Assignee all of Assignor's right, title and interest in and to that certain Surface Lease Agreement between Assignor, as Lessee, and Ina Lee McCaghren, as the original Lessor (now _____), a Memorandum of which is recorded at Volume 246, Page 655, Official Public Records of Wilbarger County, Texas (as may be amended or modified, the "Lease").

TO HAVE AND HOLD said interest in the Lease herein unto Assignee, and Assignee's, heirs, successors and assigns.

[signature page to follow]

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IN WITNESS WHEREOF, this Assignment of Lease has been executed by Assignor on the date set forth below to be effective as of the date first set forth above.

ASSIGNOR:

NORTHSIDE WATER SUPPLY CORPORATION,
a Texas non-profit corporation

By:

Dan White, President

STATE OF TEXAS

COUNTY OF WICHITA

SUBSCRIBED AND SWORN TO BEFORE ME by the said Dan White, as President of Northside Water Supply Corporation on this ____ day of _____, 2017, to certify which witness my hand and seal of office.

NOTARY PUBLIC, STATE OF TEXAS

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Exhibit C

GENERAL WARRANTY DEED

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

This Deed is executed and delivered to be effective as of _____, 2017 (the "Effective Date"), from **Northside Water Supply Corporation**, Texas non-profit corporation, whose address is 11502 FM Road 924, Vernon, Texas 76384 ("Grantor"), to **Red River Authority of Texas**, whose address is 3000 Hammon Road, Wichita Falls, Texas 76310 ("Grantee").

As used in this Deed, the term "Exceptions to Conveyance and Warranty" means the following matters: (a) all restrictions, reservations and covenants that are validly existing and of record in Wilbarger County, Texas; and; (b) all prior reservations of oil, gas and other minerals in, on, under or that may be produced from the Property, and all rights, privileges and immunities related thereto.

Grantor, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) cash in hand paid by Grantee, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Grantor, subject to the Exceptions to Conveyance and Warranty, has GRANTED, BARGAINED, SOLD AND CONVEYED, and by these presents does GRANT, BARGAIN, SELL AND CONVEY unto Grantee (i) the easements located in Wilbarger County, Texas described on Exhibit A attached hereto and incorporated herein for all purposes, together with all improvements, rights, privileges, hereditaments and appurtenances thereto, and (ii) all other interest of Grantor in any real property located in Wilbarger County or any other county, together with all improvements, rights, privileges, hereditaments and appurtenances thereto (collectively, the "Property").

TO HAVE AND TO HOLD the Property unto Grantee, and its successors and assigns forever. Grantor does hereby bind itself and its successors and assigns to WARRANT AND FOREVER DEFEND all and singular the Property unto Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, subject to the Exceptions to Conveyance and Warranty.

[signature page to follow]

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IN WITNESS WHEREOF, this Deed is thus executed by the undersigned on the dates set forth below, but to be effective as of and from the Effective Date first set forth above.

**NORTHSIDE WATER SUPPLY CORPORATION,
a Texas non-profit corporation**

By: _____
Dan White, President

STATE OF TEXAS

COUNTY OF WICHITA

SUBSCRIBED AND SWORN TO BEFORE ME by the said Dan White, as President of Northside Water Supply Corporation on this ____ day of _____, 2017, to certify which witness my hand and seal of office.

NOTARY PUBLIC, STATE OF TEXAS

AFTER RECORDING, PLEASE RETURN TO:
Red River Authority of Texas
3000 Hammon Road
Wichita Falls, Texas 76308

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Exhibit A

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Easement	Fargo Church of Christ	Northside Water Supply Corp.	573	60
Easement	Joe Dale Wilson and R. Ann Wilson	Northside Water Supply Corp.	573	63
Easement	Roy W. Cypert and LaRheasa J. Cypert	Northside Water Supply Corp.	573	66
Easement	Northside Consolidated Independent School District No. 23	Northside Water Supply Corp.	573	69
Easement	Ed Becker	Northside Water Supply Corp.	573	71
Easement	Edward Becker	Northside Water Supply Corp.	573	73
Easement	Robert Fitzgerald and Alline Fitzgerald	Northside Water Supply Corp.	573	75
Easement	Seth Boyd	Northside Water Supply	573	78

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Document	Grantor	Grantee	Volume	Page
Easement	Doris Patricia Cowling	Corp. Northside Water Supply Corp.	573	80
Easement	Ronald Joe Smith	Northside Water Supply Corp.	573	82
Easement	Pam Alexander	Northside Water Supply Corp.	573	84
Easement	Robert W. Sargent and Jan Rowena Sargent	Northside Water Supply Corp.	573	87
Easement	Roy Lee Toler	Northside Water Supply Corp.	573	539
Easement	Rodney Prince and Brenda Prince	Northside Water Supply Corp.	573	541
Easement	Doug Fulford and Melinda Fulford	Northside Water Supply Corp.	573	659
Easement	Robert Peterson and Erica Peterson	Northside Water Supply Corp.	573	662
Easement	Mel Tarver and Thomas Bynum, by James Sullivan	Northside Water Supply Corp.	574	136
Easement	Wayne Walker	Northside Water Supply Corp.	575	53
Easement	Sherri Reagan	Northside Water Supply Corp.	576	197
Easement	Larry M. Holmes, Jr.	Northside Water Supply Corp.	576	304