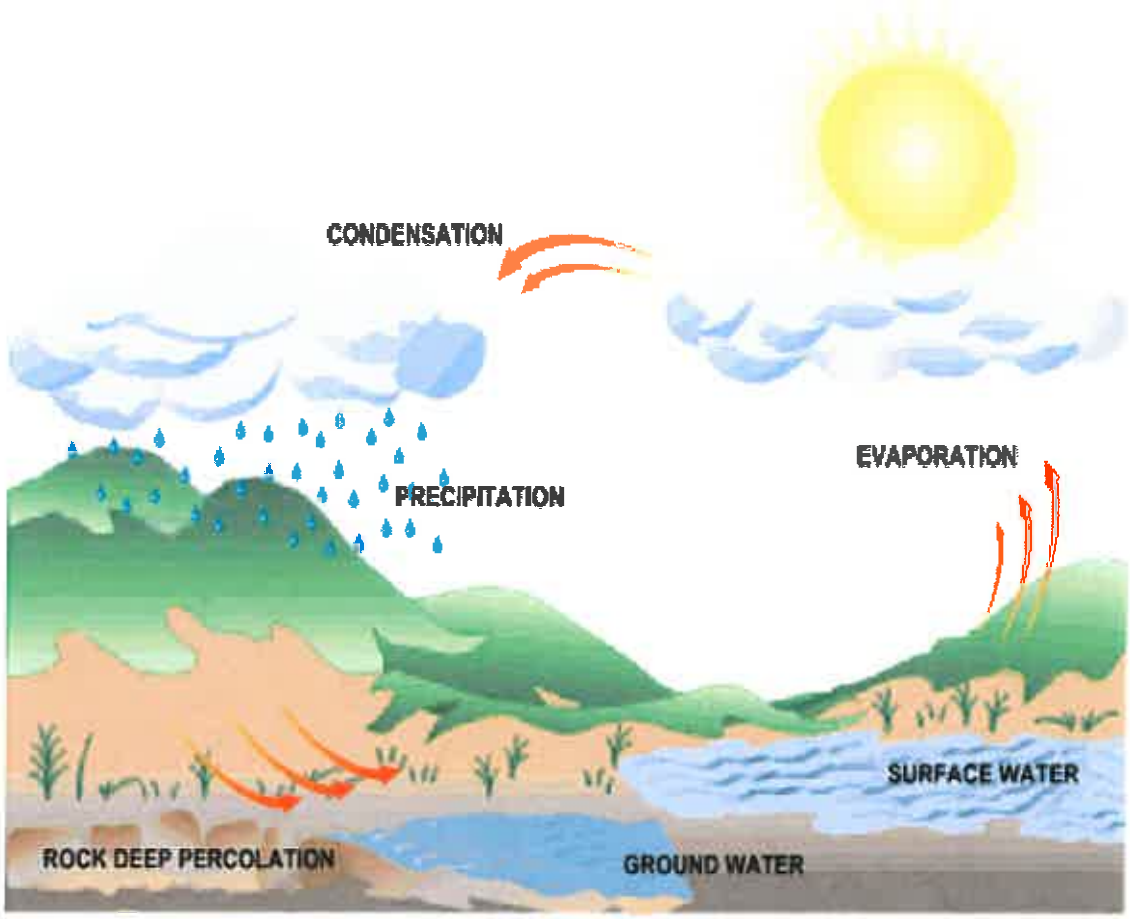


2014 Annual Report

RED RIVER GROUNDWATER CONSERVATION DISTRICT

Board of Directors

Fannin County

Harold Latham, Vice President

Mark Newhouse, Member

William Purcell, Member

Grayson County

Mark Patterson, President

Don Wortham, Secretary/Treasurer

David Gattis, Member

Mark Gibson, Member

Staff

Drew Satterwhite, P.E., General Manager

Debi Atkins, Finance Officer

Laurie Killian, Accounting Assistant

Alan Moore, Operations Supervisor

Wayne Parkman, Field Technician

Carmen Catterson, Secretary/Mapping Technician

Carolyn Bennett, Administrative Assistant/Project Coordinator

Theda Anderson, Clerk

Introduction

In 1997 Senate Bill 1, enacted by the Texas Legislature, confirmed a state policy that "groundwater conservation districts… are the state's preferred method of groundwater management through rules developed, adopted and promulgated by a district…" Subsequently, the Texas Commission on Environmental Quality issued a report in 2007 advising that one or more groundwater conservation districts would need to be created in the 13-county area of North Central Texas, including the Counties of Fannin and Grayson. Red River Groundwater Conservation District ("District") was created by Senate Bill 2529 May 25, 2009 for Fannin and Grayson Counties. Three directors are appointed to Fannin County and four directors are appointed to Grayson County. The District's boundaries are coterminous with the boundaries of Fannin and Grayson Counties.

As required by Chapter 36 of the Texas Water Code, the District provides for conserving, preserving, protecting, recharging and preventing the waste of groundwater. The Board of Directors of the District adopted its Temporary Rules August 29, 2011. The adopted Rules provide protection to existing wells, prevent waste, promote conservation, provide a framework that will allow availability and accessibility of groundwater for future generations, protect the quality of the groundwater in the recharge zone of the aquifer, insure that the residents of Fannin and Grayson Counties maintain local control over their groundwater, and operate the District is a fair and equitable manner for all residents of the District.

The District is committed to manage and protect the groundwater resources within its jurisdiction and to work with others to ensure a sustainable, adequate, high quality and cost effective supply of water, now and in the future. The District wills strive to develop, promote, and implement water conservation, augmentation, and management strategies to protect water resources for the benefit of the citizens, economy and environment of the District. The preservation of this most valuable resource can be managed in a prudent and cost effective manner through conservation, education, and management. Any action taken by the District shall only be after full considerations and respect has been afforded to the individual property rights of all citizens of the District.

General Manager's Report

In May of 2012 the District adopted their Management Plan. As required by the Management Plan, this Annual Report is presented to the Board of Directors in an effort to apprise them of the status of the goals included in the Management Plan approved by the Texas Water Development Board.

Mandatory well registration began April 1, 2013. This applies to all existing non-exempt wells, and all new wells drilled after April 1, 2013. All new wells must be approved and registered before construction begins.

During 2014, the Red River GCD Board of Directors and staff accomplished the following tasks:

The Temporary Rules were amended in May 2014. These amendments included:

- Rule 1.1(7) added for definition of capped well
- Rule 1.1 (8) added for definition of closed-loop geothermal well
- Rule 1.1(9) added for definition of contiguous
- Rule 1.1(12) definition of domestic use expanded
- Rule 1.1(39) added for definition of tract
- Rule 1.1(44) definition of well system expanded
- Rule 3.3(b) added for requirement of test wells to be registered
- Rule 3.7(d) added for requirement of capping wells
- Rule 3.10(a) revised to allow for annual reporting of water loss
- Rule 3.10(b) revised regarding date quarterly reports are due to 30 days after last day of applicable quarterly reporting period
- Rule 4.2 regarding replacement wells required to be drilled and completed so the location is no more than 25 feet from the well being replaced for exempt wells and 50 feet for non-exempt wells removed in its entirety.
- Rule 4.3 Replacement Wells added
- Rule 7.3(a) regarding water production reports revised to state quarterly reports are due no later than 30 days from the end of applicable reporting period
- Rule 7.4(a) revised late fee to 15%
- Rule 8.1(c) revised to add magnetic, or ultrasonic as mechanically driven meters allowed

The well inspection program for the Red River Groundwater Conservation District began in 2013. A report is attached as Attachment A reflecting wells inspected during 2014.

The Board retained LBG Guyton as the groundwater hydrologist firm to assist with development of the Desired Future Conditions required to be adopted by groundwater districts in Texas

The Board adopted a Resolution in August of 2014 adopting Code of Ethics, Professional Services, and Management Information Policies for the District, as required by the State Auditor's Office

Management Goals

The District Management Plan, adopted May 17, 2012, provides that an Annual Report be prepared by the General Manager and staff of the District, covering the activities of the District, including information concerning the District's performance in regards to achieving the District's management goals and objectives.

A. Providing for the Most Efficient Use of Groundwater

A.1 Objective: District to require all new water wells constructed within the boundaries of the District are to be registered with the District.

A.1 Performance Standard: Number of wells registered for each year to be included in Annual Report.

The number of wells registered or permitted by the District for 2014: 521

A.2 Objective: At least once per year District will evaluate District Rules to identify any amendments necessary to reduce the amount of waste of groundwater within the boundaries of the District.

A.2 Performance Standard: Discussion of annual evaluation of District Rules to determine if any amendments are necessary to reduce the amount of waste of groundwater will be included in Annual Report.

An item was placed on the agenda for the August 21, 2014 meeting to discuss rules regarding waste of groundwater. No amendments were found to be necessary to the District Rules at this time to reduce waste of groundwater.

The Board of Directors requested the staff collect information on waste and provide it in the Annual Report. Attached is a table of Region C Water Planning Group's Water Source Thresholds for Fannin and Grayson Counties (Attachment B). The apparent losses are meter malfunctions, etc., while real losses are line breaks, leaks, flushing, etc.

B. Controlling and Preventing Waste of Groundwater

B.1 Objective: District will annually provide information to the public on eliminating and reducing wasteful practices in the use of groundwater by publishing information on groundwater waste reduction on the District's website at least once a year.

B.1 Performance Standard: Copy of information on groundwater waste reduction will be provided on the District's website and the information

published on the website will be included in the District's Annual Report to be provided to the Board of Directors.

This performance standard was met, the following was published on the District's website during 2014:

Water Conservation Links

Home Water Works home water usage water calculator
25 things you can do to save water
Water Conservation Advisory Council
Texas Water Foundation
Texas Water Conservation Association
Water IQ
How to Conserve Water in the Bathroom
Home Intelligence At-Home Water Conservation Guide

Best Management Practices

TWDB Best Management Practices for Conservation
Agricultural Best Management Practices
Municipal Best Management Practices
Wholesale Supplier Best Management Practices
2011 Region C Water Plan - Chapter 4 - Identification, Evaluation, and Selection of Water Management Strategies (4A, 4B, 4C, 4D, 4E, 4F, 4G, 4H)

Brochures
A Watering guide for Texas Landscape
Water Conservation for Industries, Businesses, and Institutions
Water Conserving Tips
Conserving Water Indoors
Conserving Water Outdoors
Agricultural Water conservation Irrigation Water Use Management Best Management Practices
Agricultural Water Conservation Best Management Practices Overview

Brochures in Spanish
Cuarenta Y Nueve Consejos Practicos Para Conservar Agua (Forty-Nine Water Saving Tips)
Xeriscape (Xeriscape - Principles and Benefits)
The Dillos Demonstrate Wordless Water Conservation

Articles

Why Most Texas Haven't Turned to Graywater Recycling
StateImpact Texas
One Less Gallon We Have To Pump
Texas Coop Power
Water For All
Texas Coop Power
Private-public partnership aims to save water
San Antonio Express
Taking the Ick Factor Out of Recycled Water
New York Times
Agriculture commissioner urges water conservation
Times Record News
In wake of Texas drought, water and politics mix
Austin American-Statesman

In addition, the following seminars/presentations occurred during 2014 in Red River Groundwater Conservation District:

- Presentation by General Manager to in May of 2014 at the Hagerman Wildlife Refuge regarding preventing waste of groundwater

B.2 Objective: District will encourage the elimination and reduction of groundwater waste through the collection of water-use fee for non-exempt production wells within the District.

Performance Standard: Annual reporting of the total fees paid and total groundwater used by non-exempt wells will be included in Annual Report. The District set a water-use fee of $0.06/1,000 gallons.

Annual Report
Fees Paid and
Groundwater Usage
Table B.2

Year	Total Fees Paid	Total Groundwater Used
2013	$297,037.92	4,950,632,000
2014	$284,250.06	4,737,501,000

C. Controlling and Preventing Subsidence: This goal is not applicable to the Red River Groundwater Conservation District.

D. Conjunctive Surface Water Management Issues

D.1 Objective: District will participate in regional water planning process by attendance of General Manager or Board Member at one of the Region C Regional Water Planning Group meetings to encourage development of surface water supplies to meet the needs of user groups within the District.

D.1 Performance Standard: Attendance of District representative at Region C Water Planning Group meetings will be noted in Annual Report.

This performance standard was met. Board Member Latham and/or General Manager Satterwhite attended the three Region C Water Planning Group meetings held during 2014.

E. Natural Resource Issues: This goal is not applicable to the Red River Groundwater Conservation District.

F. Drought Conditions

F.1 Objective: Palmer Drought Severity Index ("PDSI") will be downloaded monthly to District website redrivergcd.org and the District's rainfall map will be updated monthly as well.

F.1 Performance Standard: District will assess status of drought in the District quarterly and prepare a briefing to the Board of Directors. Downloaded PDSI maps and rainfall maps will be included with copies of the quarterly briefings in the Annual Report.

This performance standard was met. PDSI maps and rainfall maps downloaded monthly are included in the Quarterly Reports on the drought conditions, which are a part of this Report. (See Attachment B)

G. Conservation, Recharge Enhancement, Rainwater Harvesting, and Brush Control

G.1 Objective (Conservation): The District will submit at least one article regarding water conservation for publication each year to at least one newspaper of general circulation in Fannin and Grayson Counties.

G.1 Performance Standard (Conservation): Copy of article included in Annual Report to Board of Directors.

This performance standard was met. Copy of article published by the Herald Democrat, newspaper of general circulation in Fannin and Grayson Counties, is included as an attachment to this report. (See Attachment D)

In addition, water conservation curriculum offered by the Texas Water Development Board (Major Rivers) were delivered to the Howe and Van Alstyne 4th grade classes.

G.2 Objective (Rainwater Harvesting): District to provide information on rainwater harvesting each year by offering new information regarding rainwater harvesting on the District website at least once a year.

G.2 Performance Standard (Rainwater Harvesting): District's Annual Report will provide copies of information regarding rainwater harvesting that was posted on website for the past year.

This performance standard was met. The following information regarding rainwater harvesting has been posted on the District's website during 2014:

Rainwater Harvesting
TWDB Rainwater Harvesting Information
Texas Water by Texas A&M
TWDB Rainwater Harvesting Manual

Articles
Save It for a Sunny Day
Texas Coop Power
Rainwater Harvesting FAQ
Texas Coop Power

G.3 Objective (Brush Control): District will evaluate the State Water Supply Enhancement Program (formerly State Brush Control Plan) as it is revised from time to time (at least once per year) and determine whether projects within the District will increase groundwater resources of the District.

G.3 Performance Standard (Brush Control): District's Annual Report will include a copy of the most recent brush control information pertaining to the District.

This performance standard was met. The State Water Supply Enhancement Program was reviewed by District staff to determine projects within the District are contained in the Program that would increase groundwater resources of the District. (See Attachment E)

Goals related to Recharge Enhancement and Precipitation Enhancement are not applicable to the Red River Groundwater Conservation District.

H. Addressing in Quantitative Manner the Desired Future Conditions

H.1 Objective: Within three (3) years of Groundwater Management Plan adoption, the District will develop a Groundwater Monitoring Program within the District.

H.1 Performance Standard: Upon development, the District Groundwater Monitoring Program will be attached to the Annual Report.

Board Member Gattis was elected as the Red River Groundwater Conservation District Representative on the Groundwater Management Area 8, to monitor the determination of the 2016 desired future conditions.

This objective will be addressed in the future, within three years of adoption of the Plan.

H.2 Objective: Once the District's Monitoring Program has been approved, water level measurements will be conducted at least annually on wells within the District.

H.2 Performance Standard: Annual evaluation of water-level trends and the adequacy of the monitoring network to monitor aquifer conditions within the District and comply with the aquifer resources desired future conditions. Evaluation to be included in Annual Report.

This objective will be addressed in the future, when the Groundwater Monitoring Program is established.

H.3 Objective: Monitor non-exempt pumping within the District for use in evaluating the District's compliance with aquifer desired future conditions.

H.3 Performance Standard: Annual reporting of groundwater used by non-exempt wells will be included in Annual Report.

See Table B.2.

ATTACHMENT A

2014 Well Inspection Log

Red River Groundwater Conservation District
2014 Well Inspection Log

Month	Grayson		Fannin		Total
	New	Old	New	Old	
January	0	0	1	0	1
Febuary	0	0	0	0	0
March	0	0	0	0	0
April	2	0	0	0	2
May	0	0	0	0	0
June	0	0	0	0	0
July	0	0	0	0	0
August	0	0	0	0	0
September	0	1	0	0	1
October	0	0	0	0	0
November	0	2	0	1	3
December	0	0	0	0	0
Total	2	3	1	1	7

ATTACHMENT B

Water Loss Information
Source: Water Source Thresholds Region C

Region C 2014 Water Loss Thresholds - Fannin and Grayson Counties

Entity	Region	Year of Audit	Population Size	Retail Connections Served	Service Connection Density (#/mile)	Average Yearly Operating Presure (pounds per square inch)	Infra-structure Leakage Index (-)	Customer Meter Accuracy %	Data Handling Discre-pancy Loss (gal per conn per day)	Un-authorized Consump (gallons per connection per day)	Apparent Loss per Connection (gallons per connection per day) (1)	Real Loss per Connection (gallons per connection per day) (2)	Real Loss per Mile (gallons per mile per day)	Percent total water loss (for compar-ison purposes only)
Bois D Arc MUD	C	2013	3,163	1,213	6	75	n/a	99.0	1.1	0.7	3	n/a	210	24.7
Carriage House Estates	C	2013	486	162	41	54	n/a	97.0	0.0	0.7	9	6	n/a	5.5
City of Bells	C	2013	1,779	593	37	40	n/a	96.0	7.2	0.6	16	37	n/a	20.6
City of Bonham	C	2013	10,068	3,457	46	56	5.2	98.0	0.0	1.0	7	77	n/a	20.3
City of Denison	C	2013	37,002	9,964	38	52	3.6	94.0	0.0	1.2	26	54	n/a	17.0
City of Dorchester	C	2011	1,268	576	8	60	n/a	98.0	0.0	0.9	5	n/a	912	33.4
City of Ector	C	2010	600	327	23	70	n/a	99.0	0.0	0.5	2	n/a	621	14.4
City of Gunter	C	2010	1,500	485	12	84	n/a	95.0	0.0	1.0	15	n/a	1125	28.0
City of Honey Grove	C	2013	1,668	734	32	56	n/a	96.0	0.0	1.0	10	n/a	4380	38.3
City of Howe	C	2010	2,600	1,092	99	65	n/a	98.0	0.3	0.0	4	89	n/a	34.1
City of Ladonia	C	2010	760	340	11	40	n/a	99.0	0.0	0.4	2	n/a	332	18.3
City of Leonard	C	2010	1,990	799	27	48	n/a	99.0	0.0	0.7	3	n/a	2060	26.8
City of Pottsboro	C	2012	2,163	972	51	80	n/a	95.0	0.0	0.8	14	35	n/a	15.4
City of Sherman	C	2013	39,513	17,937	64	65	1.3	98.0	3.4	1.0	12	20	n/a	7.9
City of Southmayd	C	2010	420	140	7	60	n/a	90.0	0.0	0.4	16	n/a	67	15.0
City of Tioga	C	2013	1,305	435	36	65	n/a	97.0	0.0	0.6	7	5	n/a	4.8
City of Tom Bean	C	2011	1,045	464	33	58	n/a	98.0	20.8	1.1	25	224	n/a	58.0
City of Trenton	C	2010	662	330	10	58	n/a	98.0	0.0	0.9	8	n/a	104	5.1
City of Van Alstyne	C	2013	3,046	1,333	22	60	n/a	96.0	0.1	0.6	9	n/a	349	10.5
City of Whitesboro	C	2013	3,914	1,960	70	65	n/a	94.0	0.0	0.6	13	34	n/a	19.6
City of Whitewright	C	2010	2,000	796	32	45	n/a	96.0	3.4	0.7	12	39	n/a	17.5
City of Windom	C	2010	245	130	22	60	n/a	100.0	0.0	0.4	0	n/a	63	2.0
Dial WSC	C	2010	315	105	4	60	n/a	90.0	0.0	0.7	18	n/a	340	38.5
High Country Estates	C	2013	342	114	18	52	n/a	96.0	0.0	0.9	14	n/a	245	7.9
Luella SUD	C	2011	3,300	1,145	13	70	n/a	98.0	0.0	0.8	6	n/a	358	10.7
Oak Ridge South Gale WSC	C	2010	2,640	880	20	90	n/a	98.0	0.0	0.5	4	n/a	464	14.2
Pink Hill WSC	C	2010	2,109	753	8	67	n/a	98.0	0.0	0.5	4	n/a	207	14.9
Preston Club Utility Corporation	C	2013	405	231	66	50	n/a	98.0	0.0	0.1	1	1	n/a	3.3
Randolph WSC	C	2010	390	151	10	60	n/a	100.0	0.0	0.4	0	n/a	1576	98.8

Entity	Region	Year of Audit	Population Size	Retail Connections Served	Service Connection Density (#/mile)	Average Yearly Operating Presure (pounds per square inch)	Infra-structure Leakage Index (-)	Customer Meter Accuracy %	Data Handling Discre-pancy Loss (gal per conn per day)	Un-authorized Consump. (gallons per connection per day)	Apparent Loss per Connection (gallons per connection per day) (1)	Real Loss per Connection (gallons per connection per day) (2)	Real Loss per Mile (gallons per mile per day)	Percent total water loss (for compar-ison purposes only)
RRA Preston Shores Water System	C	2012	1,785	711	36	65	n/a	99.0	0.0	0.6	2	74	n/a	32.3
South Grayson WSC	C	2010	3,900	1,391	15	80	n/a	100.0	0.0	0.8	1	n/a	446	8.8
Southwest Fannin County SUD	C	2010	6,264	2,088	3	70	n/a	99.0	0.0	0.6	2	n/a	152	20.1
Starr WSC	C	2010	2,470	846	11	72	n/a	99.0	0.0	0.5	2	n/a	242	10.9
Two Way SUD	C	2012	4,890	1,630	8	75	n/a	98.0	0.0	0.7	6	n/a	98	6.5
White Shed WSC	C	2010	2,800	927	8	60	n/a	98.0	0.0	0.5	4	n/a	208	14.6

(1) Apparent losses include meter malfunction/accruacy, systematic data handling discripancy, unauthorized consumption.

(2) Real losses include reported breaks and leaks, unreported loss.

APPENDIX C

General Manager's Quarterly Reports
Assessment of Status of Drought in the District

RED RIVER
GROUNDWATER CONSERVATION DISTRICT
FANNIN COUNTY AND GRAYSON COUNTY

General Manager's Quarterly Report
December 2014

Management Plan
Assessment of the Status of Drought in the District

The following is a quarterly report on the existing drought conditions:

Attached is the U.S. Seasonal Drought Outlook, valid for January 15, 2015 through April 30, 2015. This outlook shows the drought to persist or intensify in our area. As of December 30, 2014 the Texas Water Development Board website reflected the North Central Texas Area to be in a moderate to severe drought, with stream flow severely low.

Attached are the drought maps for October 2014, November 2014 and December 2014. Rainfall maps are also attached to this report for this time period for your information and use.

The NOAA website reflects the following rainfall data in Fannin and Grayson Counties during this quarter:

Location	October 2014	November 2014	December 2014
Bonham, Fannin County	3.73"	1.76"	2.07"
Sherman, Grayson County	2.42"	2.05"	1.45"

The Texas Water Development Board website reflects Lake Bonham was at 71.8% of its conservation storage capacity in November 2014, and Lake Texoma at 82%.

PO Box 1214
Sherman, TX 75090
(800) 256-0935 fax: (903) 786-8211

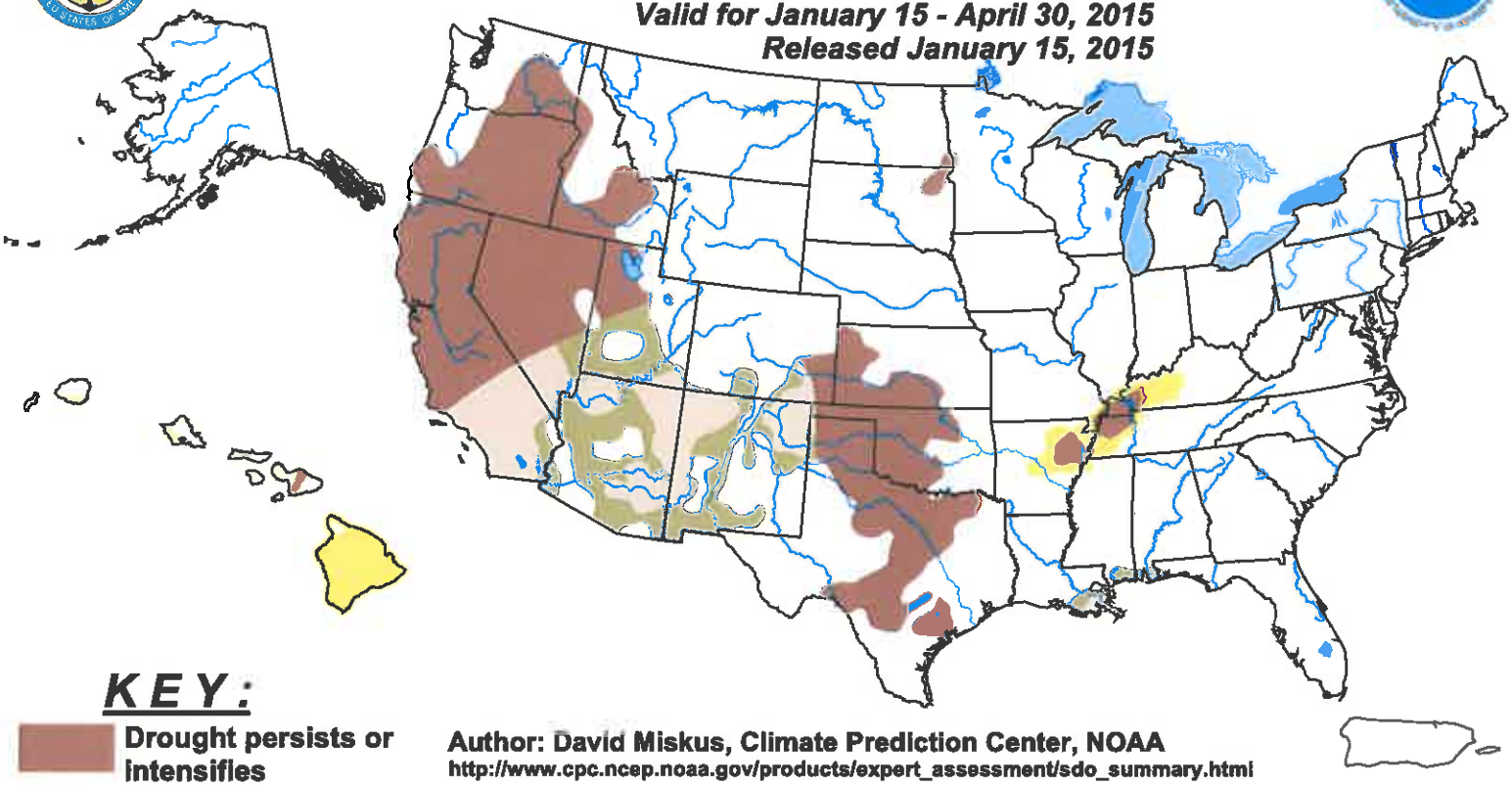
http://www.gtua.org/red_river_gcd.asp

U.S. Seasonal Drought Outlook

Drought Tendency During the Valid Period

Valid for January 15 - April 30, 2015

Released January 15, 2015



KEY:

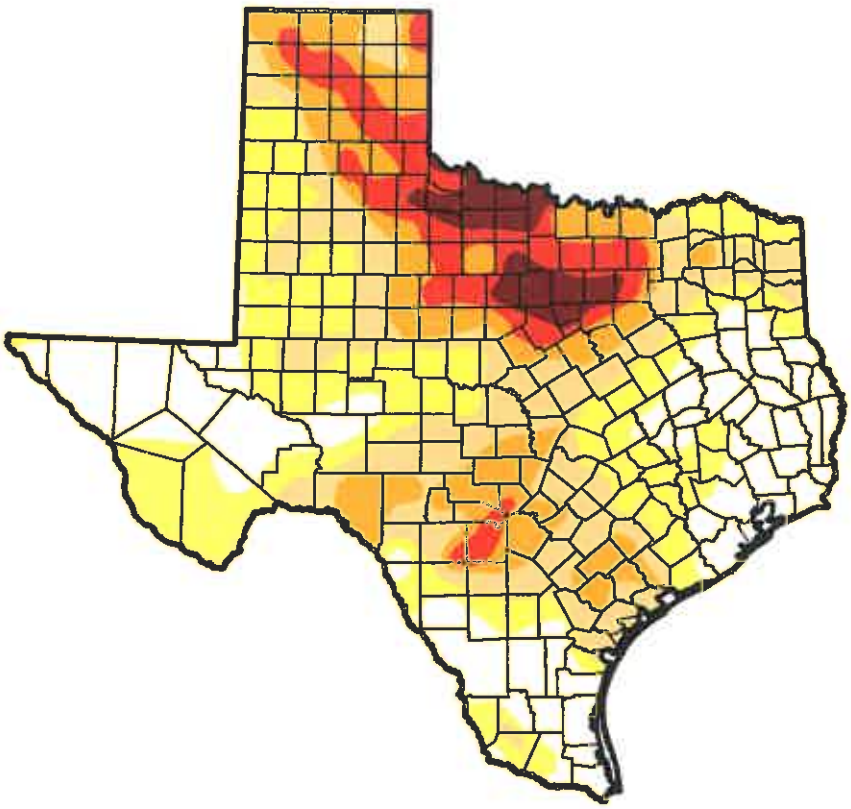
- **Drought persists or intensifies**
- **Drought remains but improves**
- **Drought removal likely**
- **Drought development likely**

Author: David Miskus, Climate Prediction Center, NOAA
http://www.cpc.ncep.noaa.gov/products/expert_assessment/sdo_summary.html

Depicts large-scale trends based on subjectively derived probabilities guided by short- and long-range statistical and dynamical forecasts. Short-term events -- such as individual storms -- cannot be accurately forecast more than a few days in advance. Use caution for applications -- such as crops -- that can be affected by such events. "Ongoing" drought areas are approximated from the Drought Monitor (D1 to D4 Intensity). For weekly drought updates, see the latest U.S. Drought Monitor.

NOTE: The tan areas imply at least a 1-category improvement in the Drought Monitor intensity levels by the end of the period although drought will remain. The green areas imply drought removal by the end of the period (D0 or none)

U.S. Drought Monitor
Texas



October 28, 2014
(Released Thursday, Oct. 30, 2014)
Valid 8 a.m. EDT

Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	24.84	75.16	49.20	27.86	11.90	3.62
Last Week 10/21/2014	29.97	70.03	48.56	27.50	11.53	2.88
3 Months Ago 7/29/2014	15.95	84.05	58.10	32.96	14.29	2.94
Start of Calendar Year 12/31/2013	28.48	71.52	43.84	21.15	5.82	0.79
Start of Water Year 9/30/2014	28.92	71.08	48.95	29.54	11.26	2.69
One Year Ago 10/29/2013	14.17	85.83	58.51	22.40	4.26	0.23

Intensity:

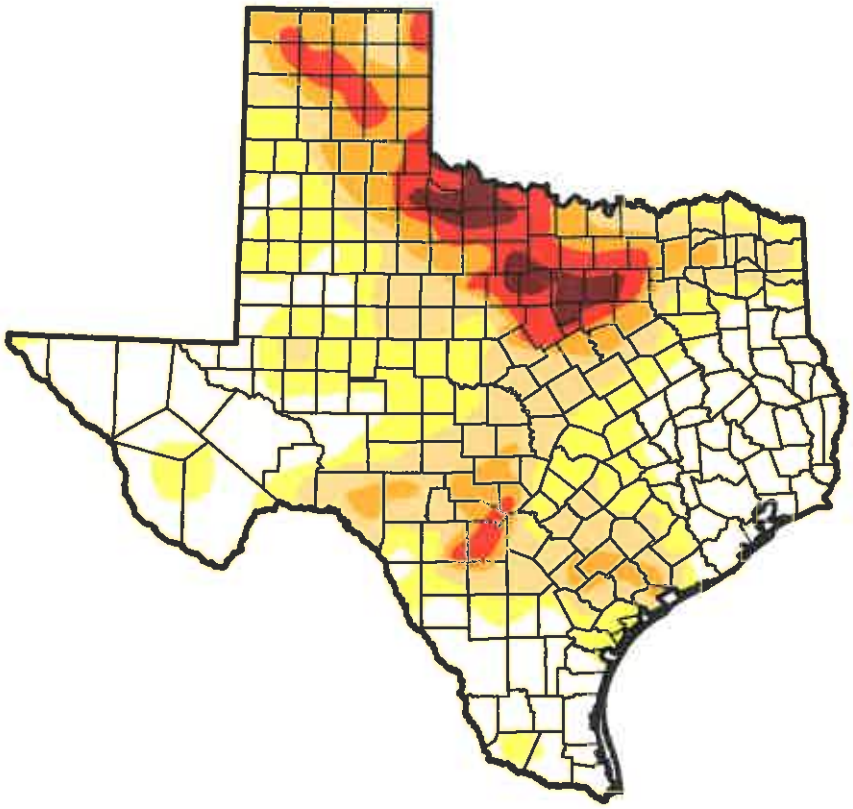
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may very. See accompanying text summary for forecast statements.

Author:
Brian Fuchs
National Drought Mitigation Center

http://droughtmonitor.unl.edu/

U.S. Drought Monitor
Texas



November 25, 2014
(Released Wednesday, Nov. 26, 2014)
Valid 7 a.m. EST

Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	34.11	65.89	42.56	22.05	9.50	2.57
Last Week 11/18/2014	31.21	68.79	43.91	23.89	9.82	3.45
3 Months Ago 8/26/2014	16.83	83.17	61.25	38.21	16.23	2.76
Start of Calendar Year 12/31/2013	28.48	71.52	43.84	21.15	5.82	0.79
Start of Water Year 9/30/2014	28.92	71.08	48.95	29.54	11.26	2.69
One Year Ago 11/26/2013	23.81	76.19	47.17	21.23	5.66	0.96

Intensity:

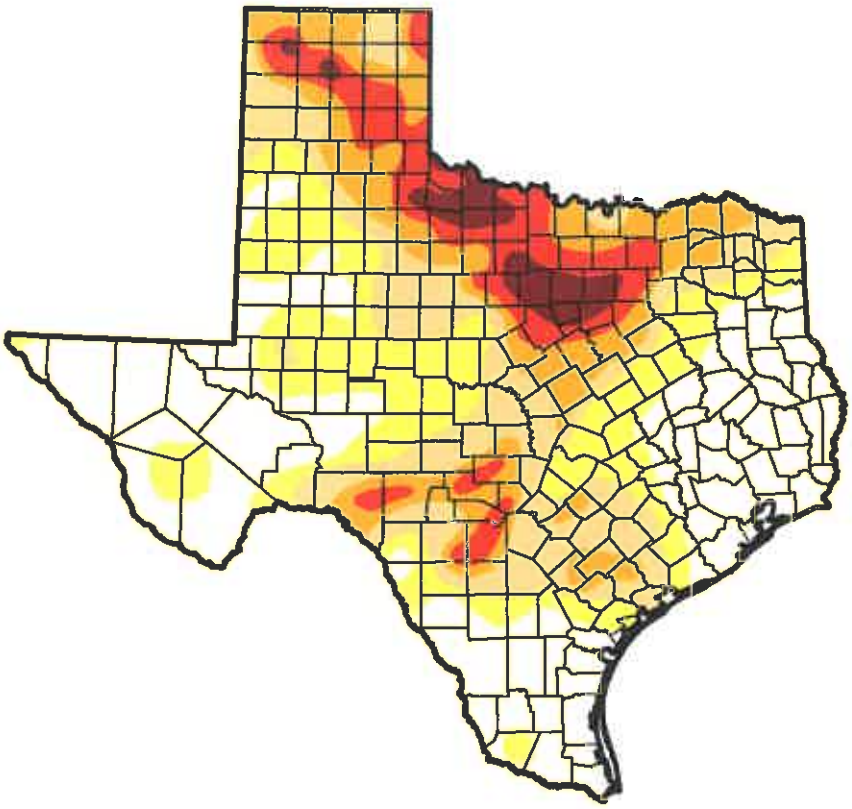
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

Author:
Eric Luebehusen
U.S. Department of Agriculture

http://droughtmonitor.unl.edu/

U.S. Drought Monitor
Texas



December 30, 2014
(Released Wednesday, Dec. 31, 2014)
Valid 7 a.m. EST

Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	34.37	65.63	44.68	25.73	11.70	3.17
Last Week 12/23/2014	34.32	65.68	43.42	23.35	10.36	2.97
3 Months Ago 9/30/2014	28.92	71.08	48.95	29.54	11.26	2.69
Start of Calendar Year 12/31/2013	28.48	71.52	43.84	21.15	5.82	0.79
Start of Water Year 9/30/2014	28.92	71.08	48.95	29.54	11.26	2.69
One Year Ago 12/31/2013	28.48	71.52	43.84	21.15	5.82	0.79

Intensity:

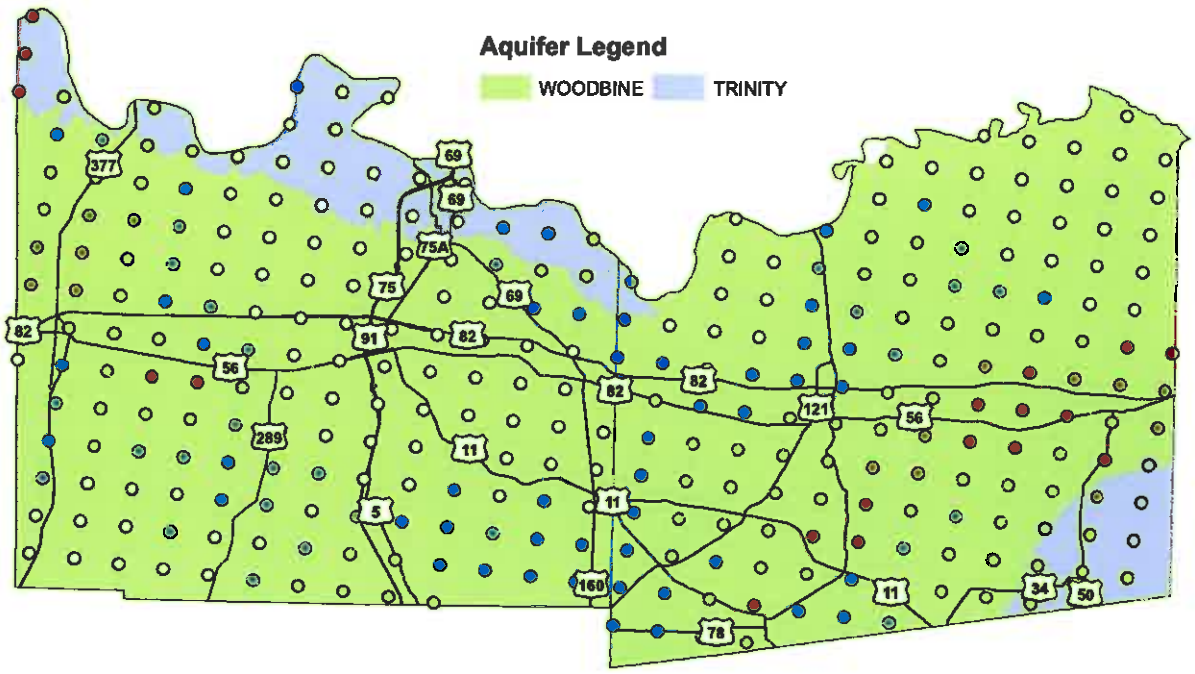
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

Author:
Brad Rippey
U.S. Department of Agriculture

http://droughtmonitor.unl.edu/

Rainfall Totals for October 2014



0 2.5 5 10 15 20 Miles

Red River Groundwater Conservation District
PO Box 1214
Sherman, TX 75091-1214
(800) 256-0935

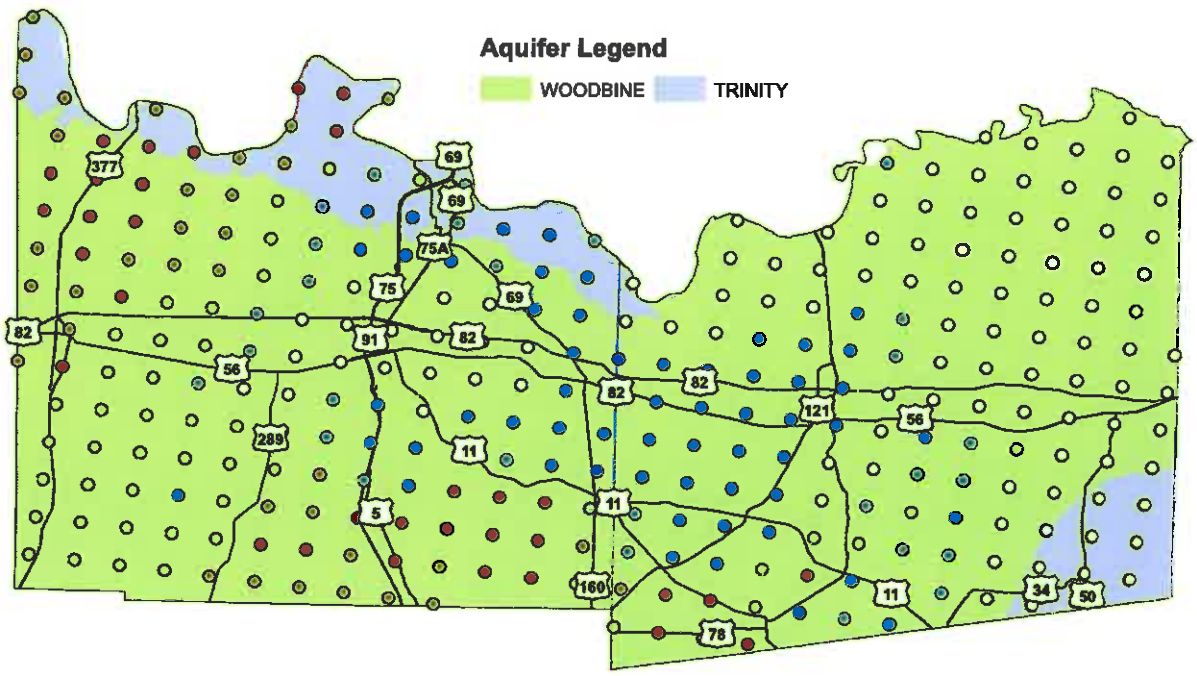
N W E S

Data Source:
National Weather Service
Precipation Analysis

Rainfall in Inches

2.32 - 3.43	4.17 - 5.07
3.44 - 4.16	5.08 - 6.83

Rainfall Totals for November 2014



0 2.5 5 10 15 20 Miles

Red River Groundwater Conservation District
PO Box 1214
Sherman, TX 75091-1214
(800) 256-0935

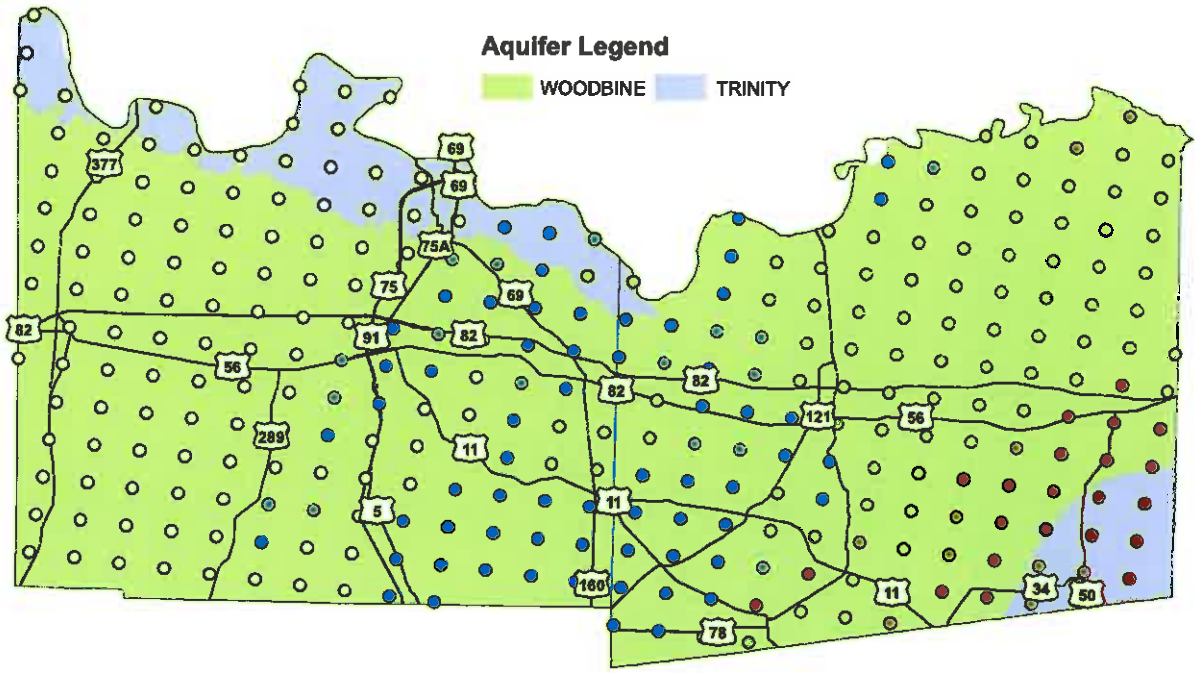
N W E S

Data Source:
National Weather Service
Precipation Analysis

Rainfall in Inches

1.12 - 1.57	1.92 - 2.30
1.58 - 1.91	2.31 - 3.17

Rainfall Totals for December 2014



0 2.5 5 10 15 20 Miles

Red River Groundwater Conservation District
PO Box 1214
Sherman, TX 75091-1214
(800) 256-0935

N W E S

Data Source:
National Weather Service
Precipation Analysis

Rainfall in Inches

1.13 - 1.81	2.32 - 2.90
1.82 - 2.32	2.91 - 3.92

RED RIVER
GROUNDWATER CONSERVATION DISTRICT
FANNIN COUNTY AND GRAYSON COUNTY

General Manager's Quarterly Report
September 2014

Management Plan
Assessment of the Status of Drought in the District

The following is a quarterly report on the existing drought conditions:

NOAA's official forecast for October, November, December 2014 reflects above normal precipitation for our area. Attached is the U.S. Seasonal Drought Outlook, valid for September 18 through December 21, 2014. This outlook shows improvement in the drought over most of Texas, with some areas depicted for drought removal likely. As of September 30, 2014 the Texas Water Development Board website reflected the North Central Texas Area to be in a severe drought, with stream flow near or above normal.

Attached are the drought maps for July 2014, August 2014 and September 2014. Rainfall maps are also attached to this report for this time period for your information and use.

The NOAA website reflects the following rainfall data in Fannin and Grayson Counties during this quarter:

Location	July 2014	August 2014	September 2014
Bonham, Fannin County	4.95"	2.09"	Unavailable at time of report
Sherman, Grayson County	6.25"	1.26"	Unavailable at time of report

The Texas Water Development Board website reflects Lake Bonham at 73.3% of its conservation storage capacity in September 2014, and Lake Texoma at 83.9%.

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Sherman, TX 75090
(800) 256-0935 fax: (903) 786-8211

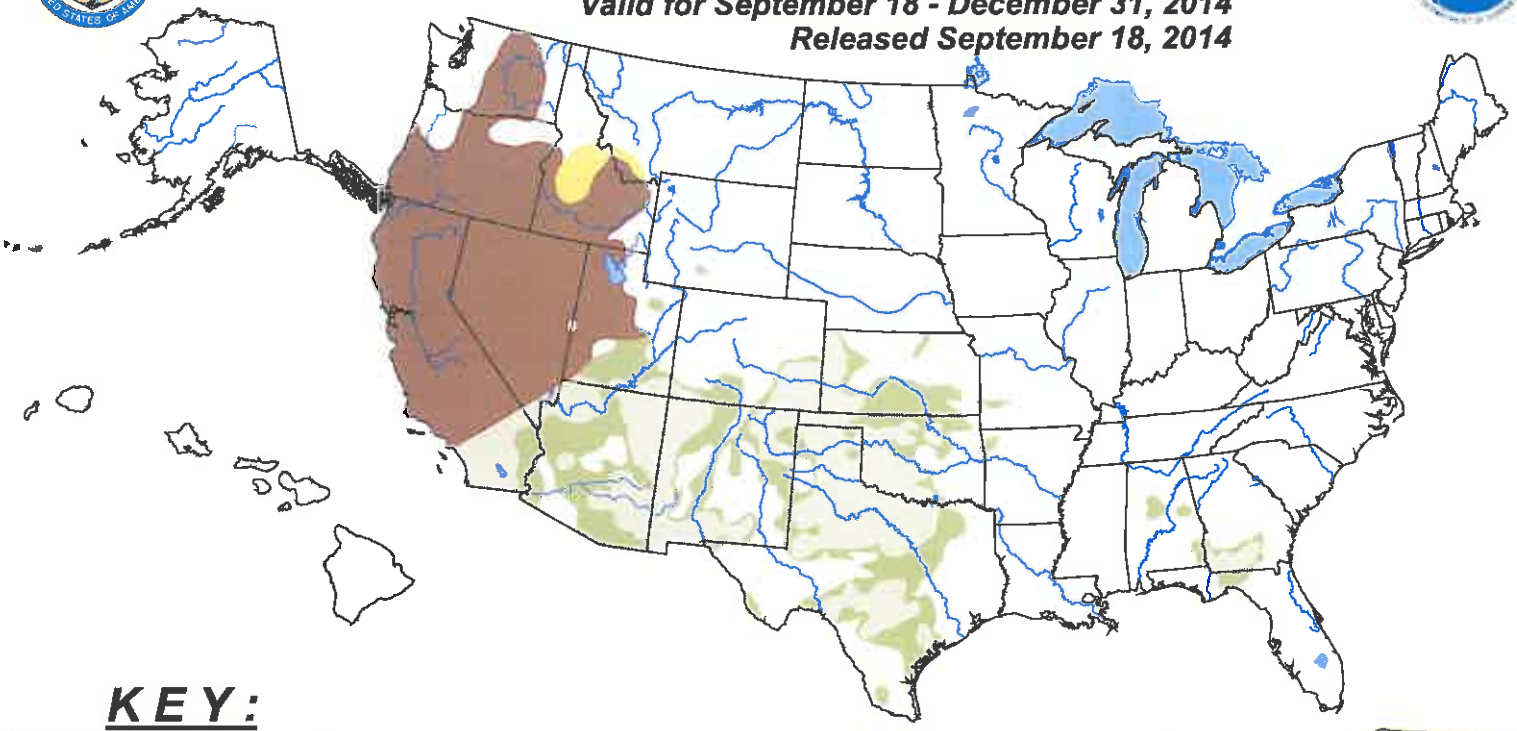
http://www.gtua.org/red_river_gcd.asp

U.S. Seasonal Drought Outlook

Drought Tendency During the Valid Period

Valid for September 18 - December 31, 2014

Released September 18, 2014



KEY:

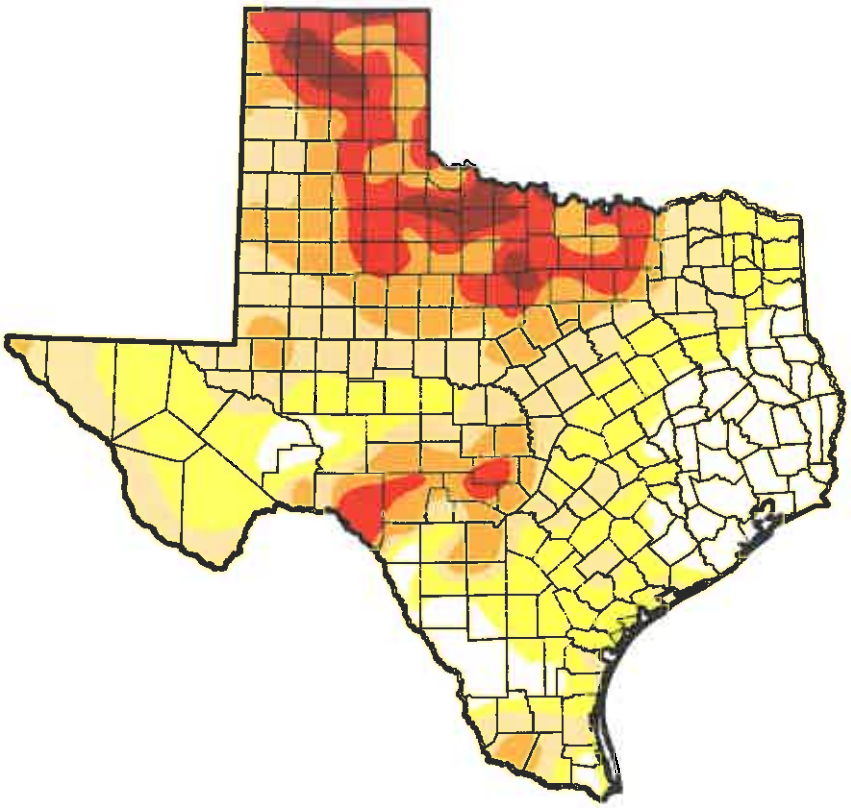
- **Drought persists or intensifies**
- **Drought remains but improves**
- **Drought removal likely**
- **Drought development likely**

Author: Anthony Artusa, Climate Prediction Center, NOAA
http://www.cpc.ncep.noaa.gov/products/expert_assessment/sdo_summary.html

Depicts large-scale trends based on subjectively derived probabilities guided by short- and long-range statistical and dynamical forecasts. Short-term events -- such as individual storms -- cannot be accurately forecast more than a few days in advance. Use caution for applications -- such as crops -- that can be affected by such events. "Ongoing" drought areas are approximated from the Drought Monitor (D1 to D4 intensity).
For weekly drought updates, see the latest U.S. Drought Monitor.
NOTE: The tan area areas imply at least a 1-category improvement in the Drought Monitor intensity levels by the end of the period although drought will remain.
The Green areas imply drought removal by the end of the period (D0 or none)

U.S. Drought Monitor

Texas



July 29, 2014

(Released Thursday, Jul. 31, 2014)

Valid 8 a.m. EDT

Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	15.95	84.05	58.10	32.96	14.29	2.94
Last Week *7/22/2014*	16.58	83.42	57.97	33.37	14.98	3.28
3 Months Ago *4/29/2014*	9.88	90.12	74.47	52.91	37.86	17.75
Start of Calendar Year *12/31/2013*	28.48	71.52	43.84	21.15	5.82	0.79
Start of Water Year *10/1/2013*	6.62	93.38	70.95	25.08	4.01	0.12
One Year Ago *7/30/2013*	2.83	97.17	87.69	65.36	25.97	5.65

Intensity:

- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

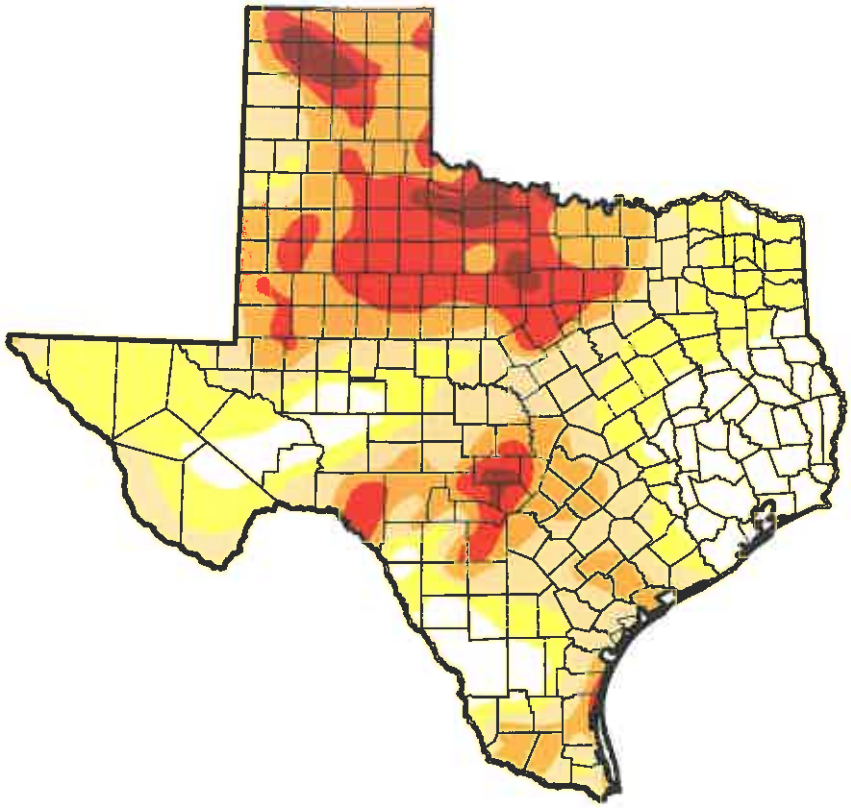
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

Author:
Brad Rippey
U.S. Department of Agriculture

http://droughtmonitor.unl.edu/

U.S. Drought Monitor

Texas



August 26, 2014

(Released Thursday, Aug. 28, 2014)

Valid 8 a.m. EDT

Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	16.83	83.17	61.25	38.21	16.23	2.76
Last Week *8/19/2014*	19.17	80.83	59.28	34.23	15.16	2.76
3 Months Ago *5/27/2014*	10.72	89.28	71.16	49.16	32.81	10.76
Start of Calendar Year *12/31/2013*	28.48	71.52	43.84	21.15	5.82	0.79
Start of Water Year *10/1/2013*	6.62	93.38	70.95	25.08	4.01	0.12
One Year Ago *8/27/2013*	2.82	97.18	87.88	66.12	19.34	2.74

Intensity:

- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

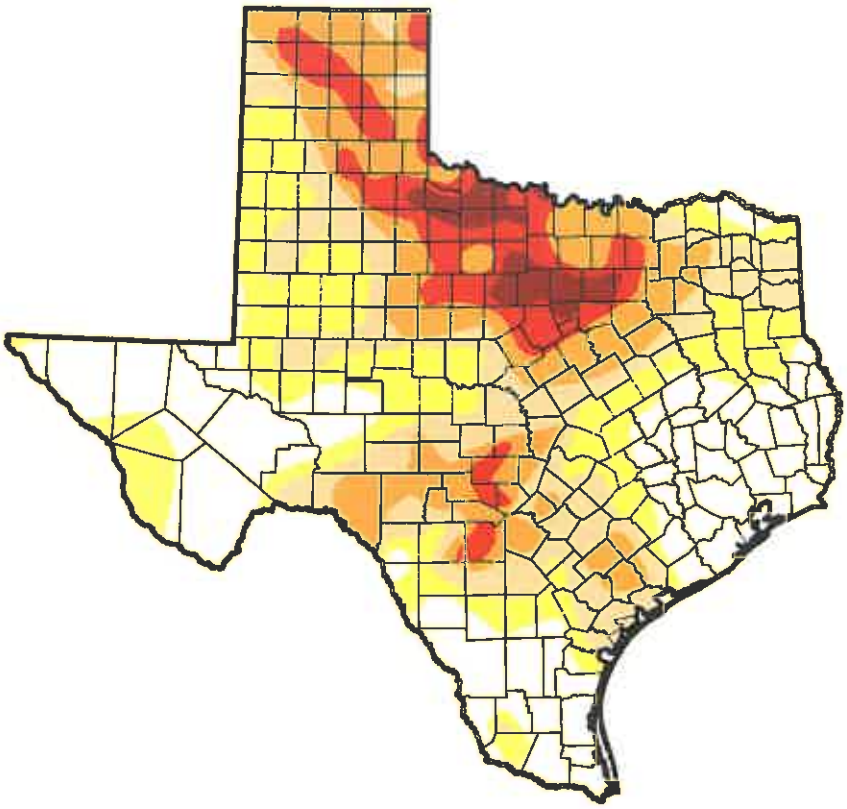
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

Author:
David Simeral
Western Regional Climate Center

http://droughtmonitor.unl.edu/

U.S. Drought Monitor

Texas



September 30, 2014

(Released Thursday, Oct. 2, 2014)

Valid 8 a.m. EDT

Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	28.92	71.08	48.95	29.54	11.26	2.69
Last Week *9/23/2014*	24.37	75.63	52.18	28.54	11.39	1.79
3 Months Ago *7/1/2014*	12.86	87.14	60.44	36.99	18.51	4.76
Start of Calendar Year *12/31/2013*	28.48	71.52	43.84	21.15	5.82	0.79
Start of Water Year *10/1/2013*	6.62	93.38	70.95	25.08	4.01	0.12
One Year Ago *10/1/2013*	6.62	93.38	70.95	25.08	4.01	0.12

Intensity:

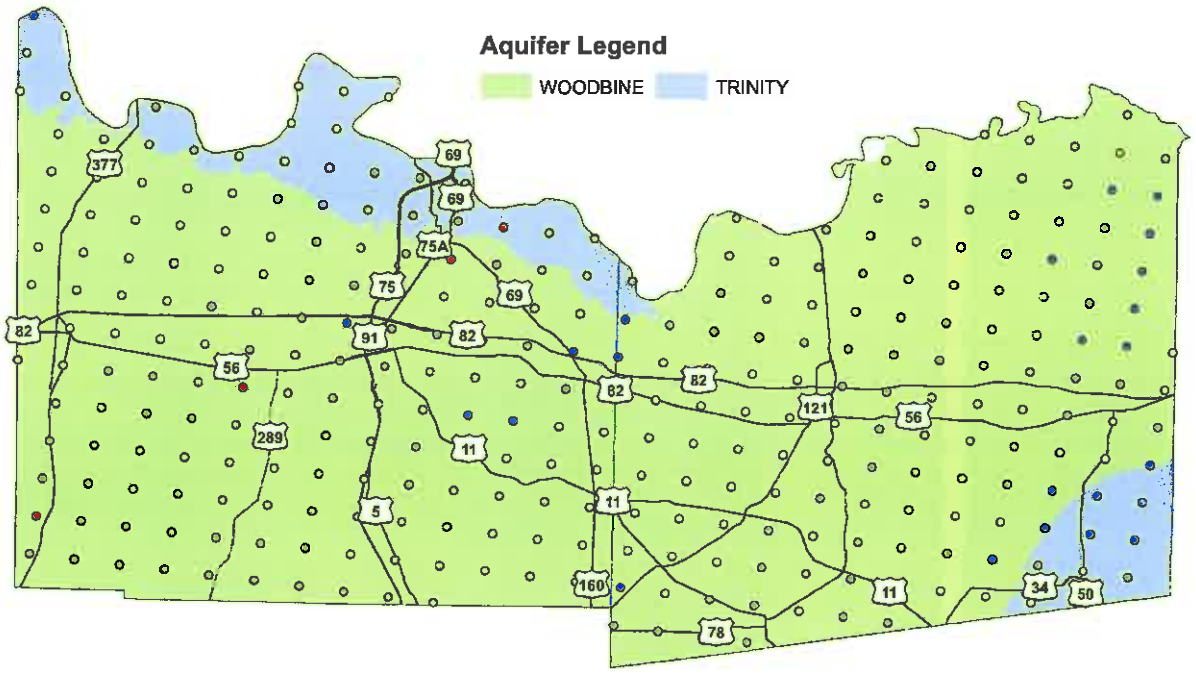
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

Author:
Richard Heim
NCDC/NOAA

http://droughtmonitor.unl.edu/

Rainfall Totals for July 2014



0 2.5 5 10 15 20 Miles

Red River Groundwater Conservation District
PO Box 1214
Sherman, TX 75091-1214
(800) 256-0935

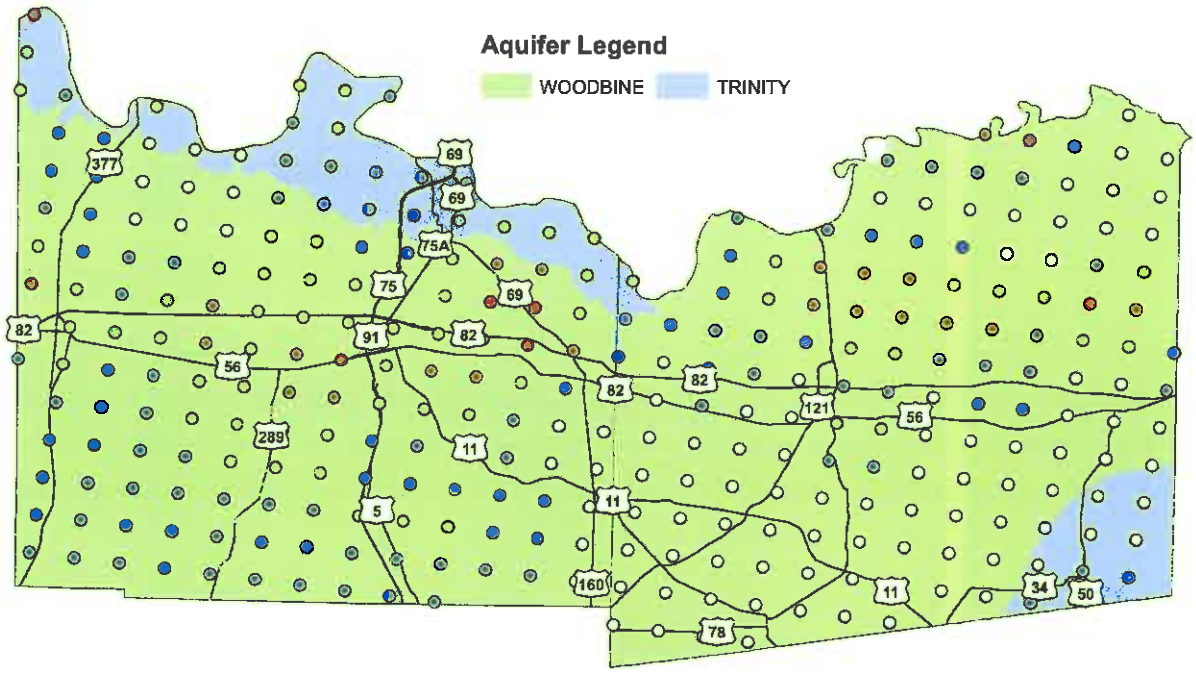
N
W E
S

Data Source:
National Weather Service
Precipation Analysis

Rainfall in Inches

- 4.65 - 6.21
- 6.22 - 7.36
- 7.37 - 8.76
- 8.77 - 12.31

Rainfall Totals for August 2014



0 2.5 5 10 15 20 Miles

Red River Groundwater Conservation District
PO Box 1214
Sherman, TX 75091-1214
(800) 256-0935

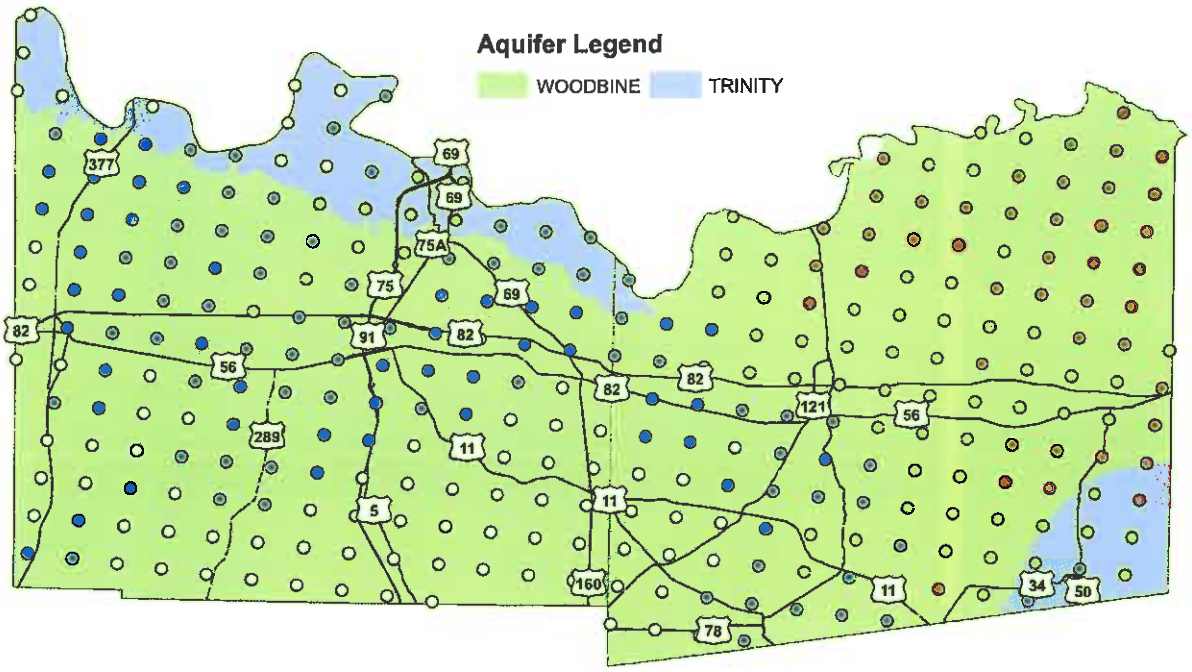
N W E S

Data Source:
National Weather Service
Precipation Analysis

Rainfall in Inches

0.44 - 1.16	2.01 - 2.90
1.17 - 2.00	2.91 - 4.42

Rainfall Totals for September 2014



0 2.5 5 10 15 20 Miles

Red River Groundwater Conservation District
PO Box 1214
Sherman, TX 75091-1214
(800) 256-0935

N W E S

Data Source:
National Weather Service
Precipation Analysis

Rainfall in Inches

0.53 - 2.00	3.28 - 4.79
2.01 - 3.27	4.80 - 7.59

RED RIVER
GROUNDWATER CONSERVATION DISTRICT
FANNIN COUNTY AND GRAYSON COUNTY

General Manager's Quarterly Report
June 2014

Management Plan
Assessment of the Status of Drought in the District

The following is a quarterly report on the existing drought conditions:

As of June 30, 2014 the Texas Water Development Board website reflected the North Central Texas Area to be moderate to extreme drought, with stream flow near or above normal (report attached). Following are the drought maps for April 2014, May 2014 and June 2014. Rainfall maps are also attached to this report for this time period for your information and use.

The NOAA website reflects the following rainfall data in Fannin and Grayson Counties during this quarter:

Location	April 2014	May 2014	June 2014
Bonham, Fannin County	2.77"	3.36"	4.12"
Sherman, Grayson County	1.90"	3.52"	3.29"

The Texas Water Development Board website reflects Lake Bonham at 81% of its conservation storage capacity in June 2014, and Lake Texoma at 78%. Maps are attached showing the June reservoir conditions and streamflow conditions.

The Climate Prediction Center of the National Weather Service expects Texas to experience persistent or intensifying drought conditions during this summer. However, Klaus Wolter with NOAA presented a report in Wichita Falls in July on the current drought reflecting that El Nino is forecasted to be a possible factor in the fall for Texas. He stated in his presentation that since April of 2014 El Nino has raised its head, but is not yet "firing on all cylinders."

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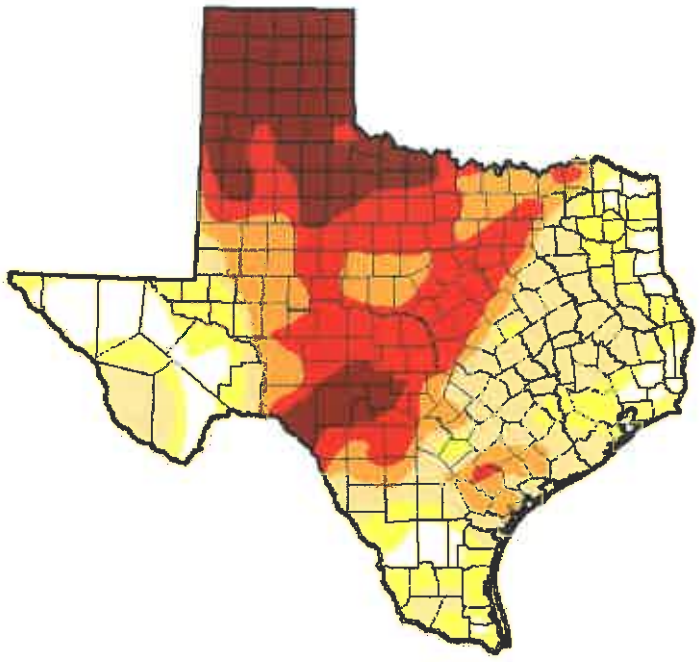
http://www.gtua.org/red_river_gcd.asp

RED RIVER
GROUNDWATER CONSERVATION DISTRICT
FANNIN COUNTY AND GRAYSON COUNTY

U.S. Drought Monitor

Texas



April 29, 2014

(Released Thursday, May. 1, 2014)

Valid 8 a.m. EDT

Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	9.88	90.12	74.47	52.91	37.86	17.75
Last Week 4/22/2014	13.62	86.38	68.68	48.58	32.67	12.54
3 Months Ago 1/28/2014	19.30	80.70	49.37	22.63	7.14	0.79
Start of Calendar Year 12/31/2013	28.48	71.52	43.84	21.15	5.82	0.79
Start of Water Year 10/1/2013	6.62	93.38	70.95	25.08	4.01	0.12
One Year Ago 4/30/2013	1.45	98.55	91.99	73.73	38.42	10.09

Intensity:

- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

Author:
Richard Heim
NCDC/NOAA

http://droughtmonitor.unl.edu/

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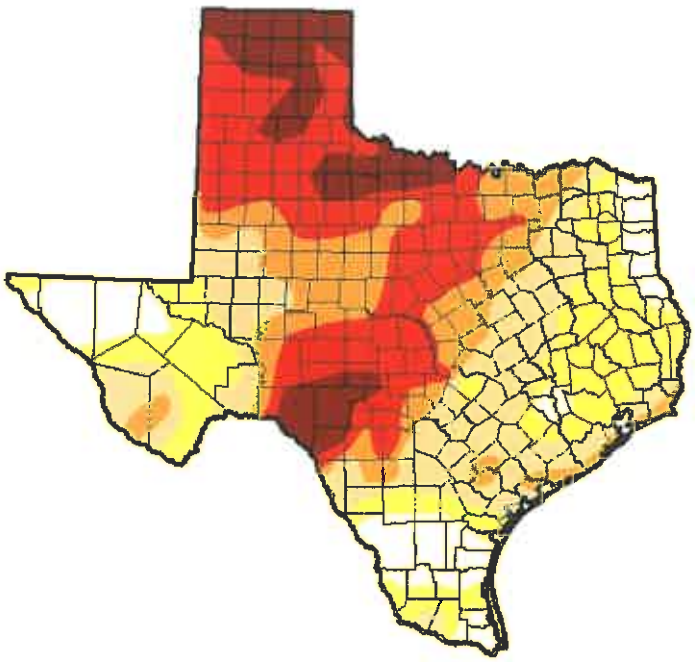
http://www.gtua.org/red_river_gcd.asp

RED RIVER
GROUNDWATER CONSERVATION DISTRICT
FANNIN COUNTY AND GRAYSON COUNTY

U.S. Drought Monitor

Texas



May 27, 2014

(Released Thursday, May. 29, 2014)

Valid 8 a.m. EDT

Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	10.72	89.28	71.16	49.16	32.81	10.76
Last Week 5/20/2014	9.82	90.18	72.31	56.11	40.35	25.05
3 Months Ago 2/25/2014	7.38	92.62	67.88	33.55	9.45	0.93
Start of Calendar Year 12/31/2013	28.48	71.52	43.84	21.15	5.82	0.79
Start of Water Year 10/1/2013	6.62	93.38	70.95	25.08	4.01	0.12
One Year Ago 5/28/2013	3.49	96.51	89.27	60.34	32.45	16.02

Intensity:

- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

Author:
Michael Brewer
NCDC/NOAA

http://droughtmonitor.unl.edu/

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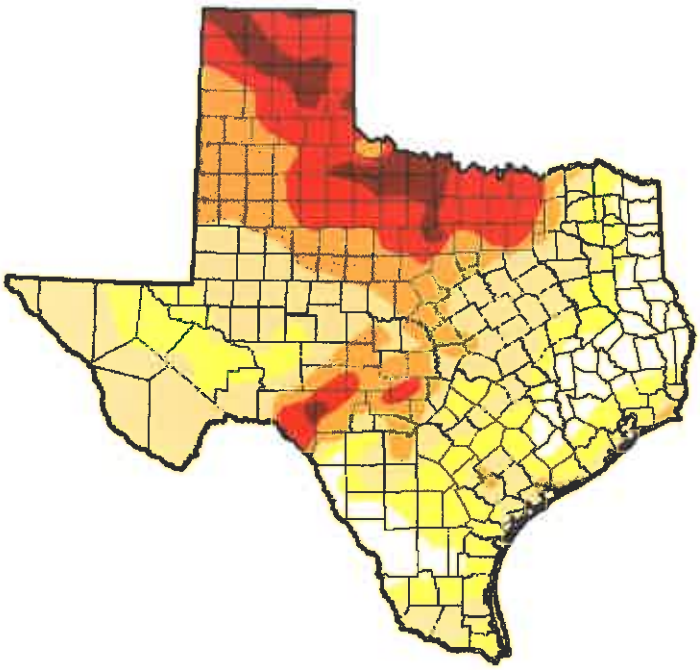
http://www.gtua.org/red_river_gcd.asp

RED RIVER
GROUNDWATER CONSERVATION DISTRICT
FANNIN COUNTY AND GRAYSON COUNTY

U.S. Drought Monitor
Texas



June 24, 2014
(Released Thursday, Jun. 26, 2014)
Valid 8 a.m. EDT

Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	11.41	88.59	69.00	36.86	19.27	4.95
Last Week 6/17/2014	10.45	89.55	70.95	41.30	21.50	6.58
3 Months Ago 3/25/2014	14.73	85.27	67.43	41.85	24.97	3.48
Start of Calendar Year 12/31/2013	28.48	71.52	43.84	21.15	5.82	0.79
Start of Water Year 10/1/2013	6.62	93.38	70.95	25.08	4.01	0.12
One Year Ago 6/25/2013	4.99	95.01	84.00	60.59	30.10	11.27

Intensity:

- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

Author:
Eric Luebehusen
U.S. Department of Agriculture

http://droughtmonitor.unl.edu/

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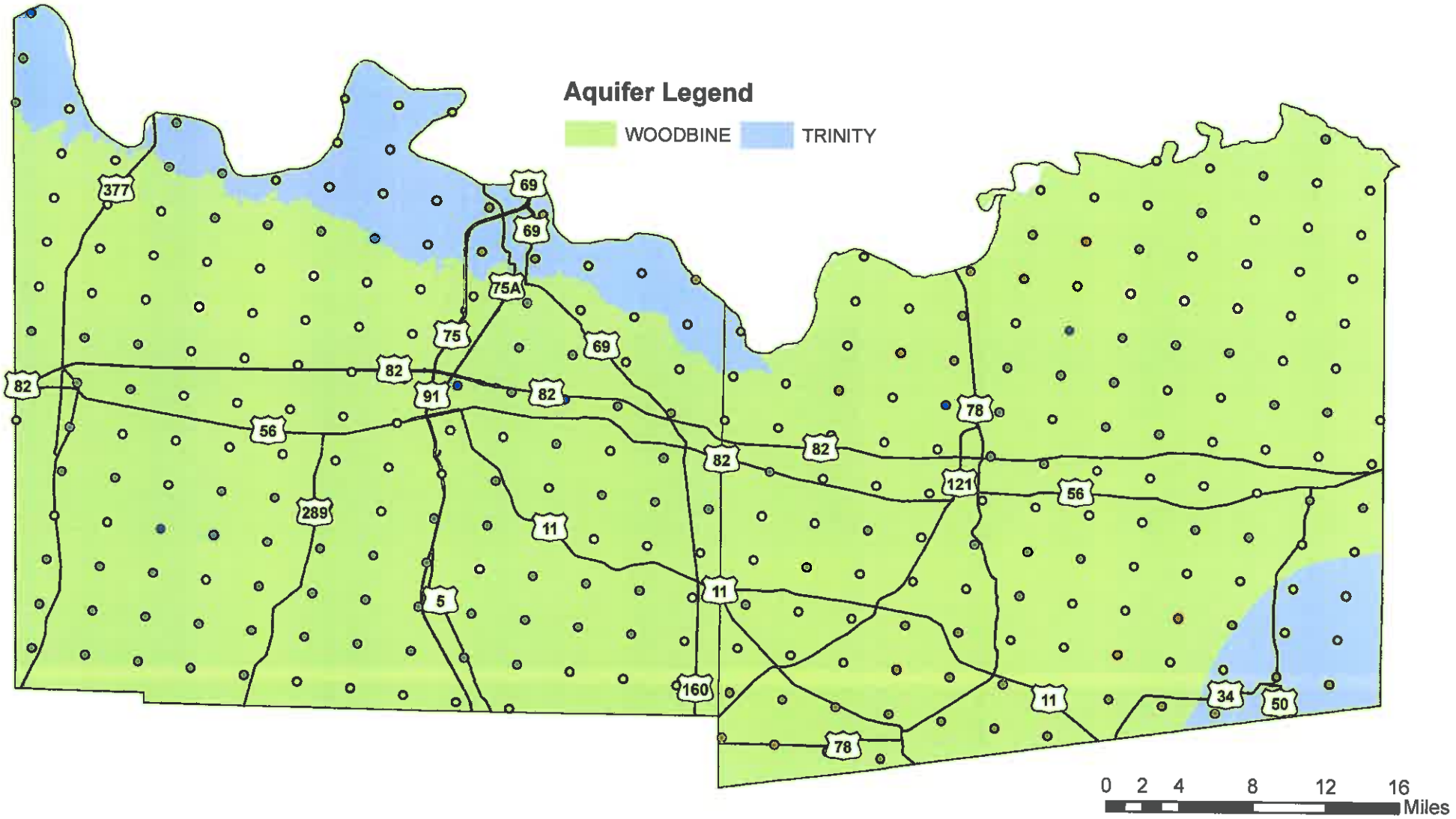
http://www.gtua.org/red_river_gcd.asp

Rainfall Totals for April 2014



Red River Groundwater Conservation District
PO Box 1214
Sherman, TX 75091-1214
(800) 256-0935

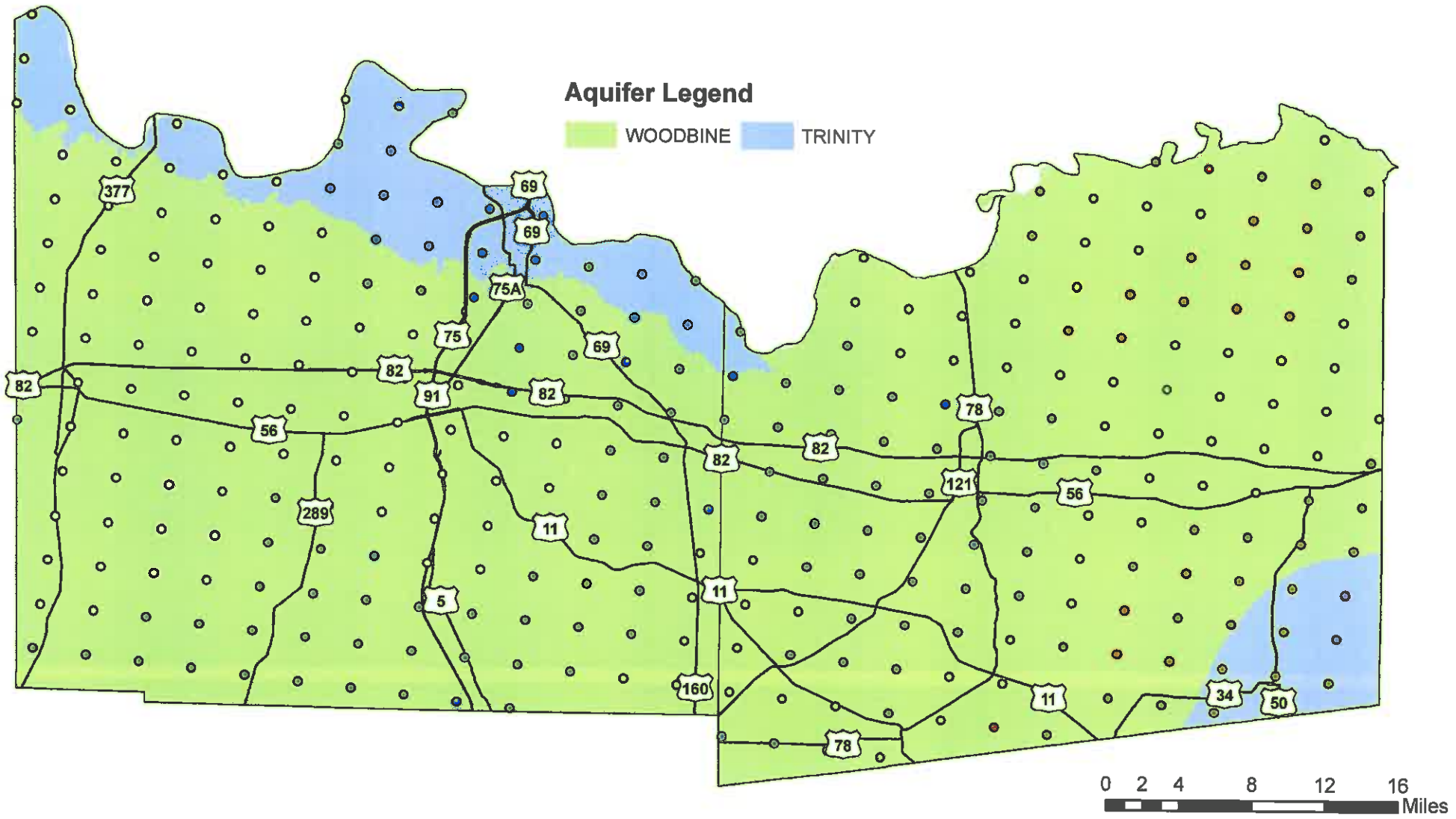
N
W E
S

Data Source:
National Weather Service
Precipation Analysis

Rainfall in Inches

- 1.82 - 3.06
- 3.07 - 3.72
- 3.73 - 4.38
- 4.39 - 5.57

Rainfall Totals for May 2014



Red River Groundwater Conservation District
PO Box 1214
Sherman, TX 75091-1214
(800) 256-0935

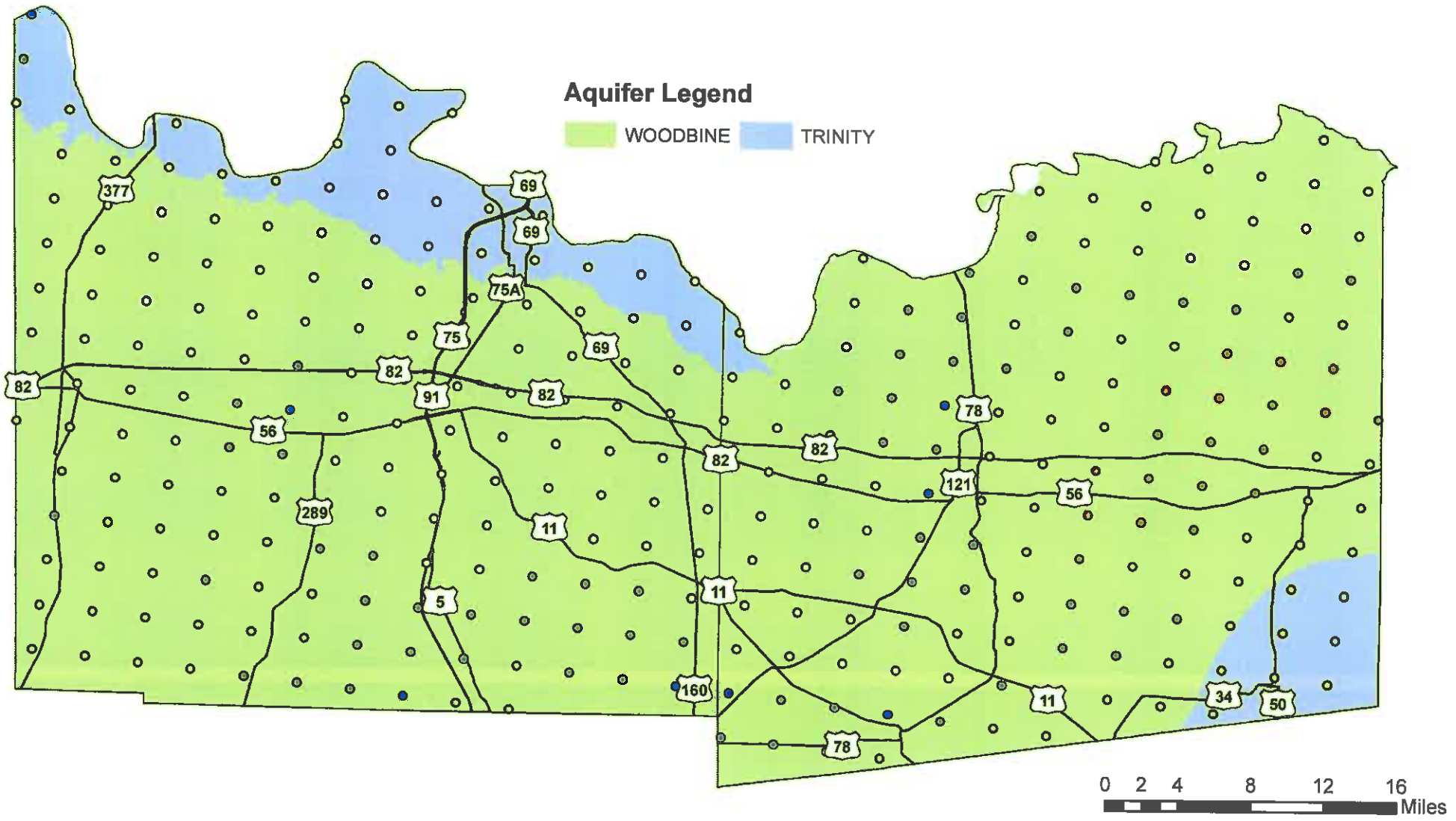
N
W E
S

Data Source:
National Weather Service
Precipation Analysis

Rainfall in Inches

1.63 - 3.04	4.40 - 5.98
3.05 - 4.39	5.99 - 8.31

Rainfall Totals for June 2014



Red River Groundwater Conservation District
PO Box 1214
Sherman, TX 75091-1214
(800) 256-0935

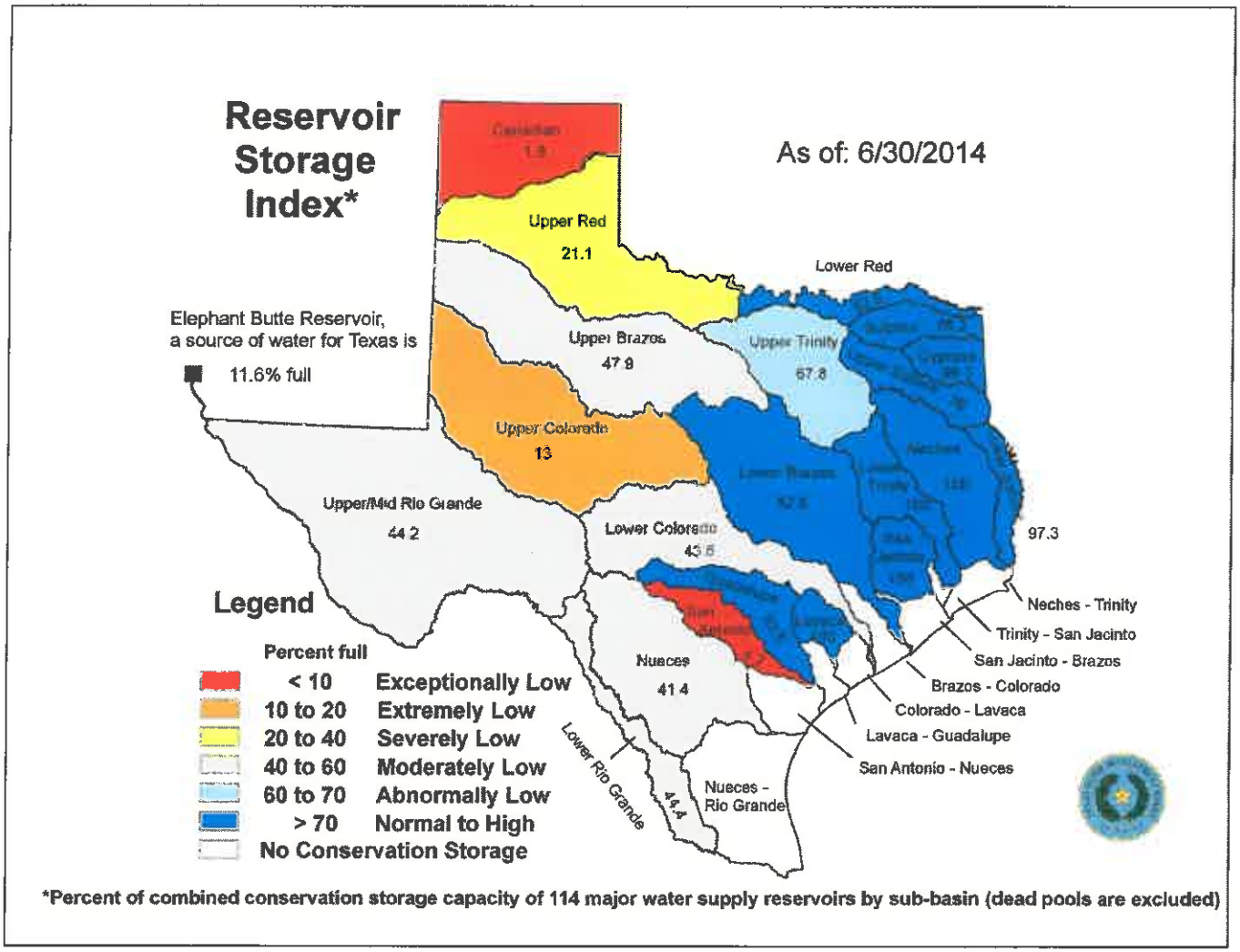
N
W E
S

Data Source:
National Weather Service
Precipation Analysis

Rainfall in Inches

1.77 - 2.88	3.83 - 5.09
2.89 - 3.82	5.10 - 6.92

JUNE RESERVOIR CONDITIONS

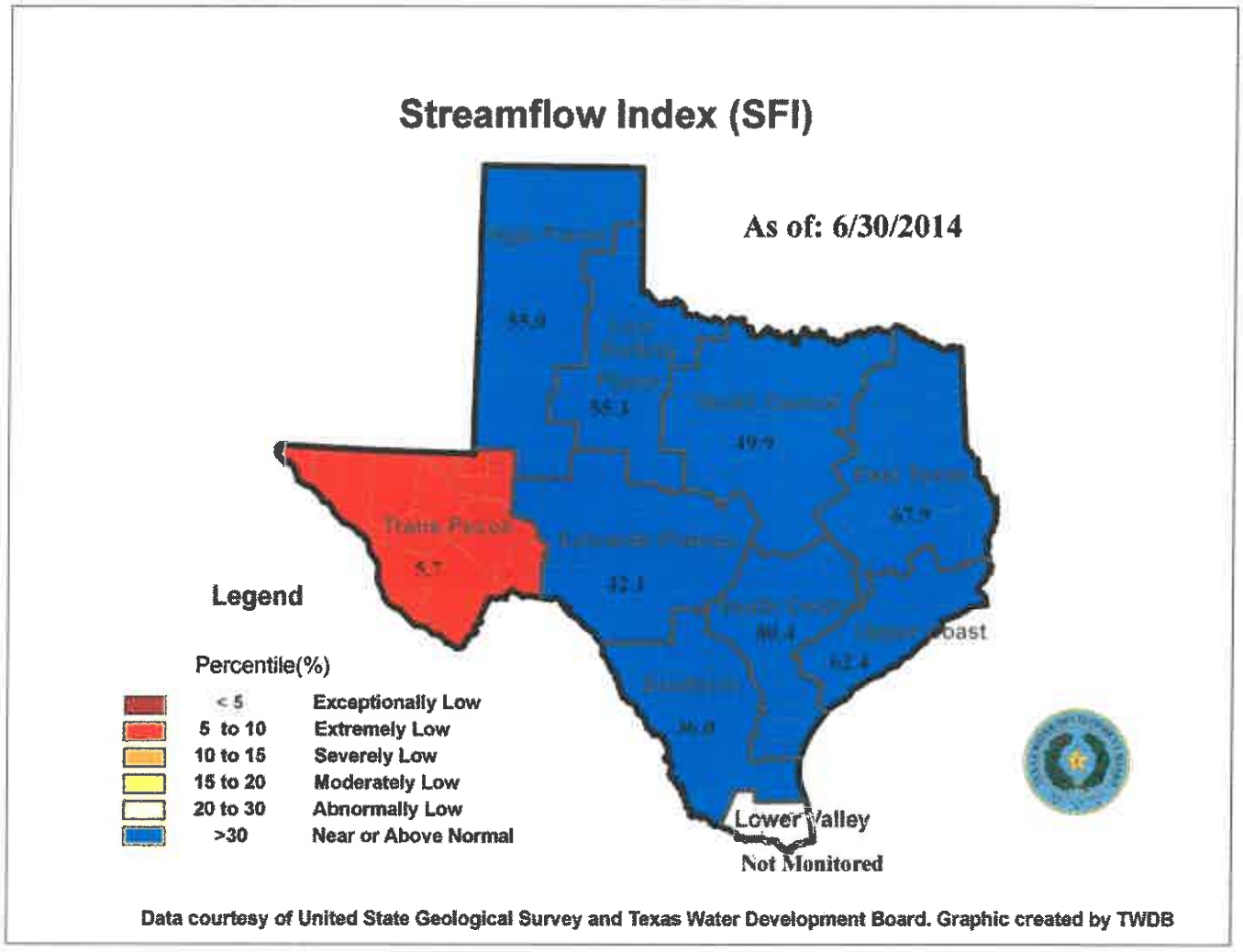


*Percent of combined conservation storage capacity of 114 major water supply reservoirs by sub-basin (dead pools are excluded)

JUNE STREAMFLOW CONDITIONS

Of 29 reporting index stations monitored this month, computed 30-day mean flows were exceptionally low (<5%) at 1 station, extremely low (5-10%) at 3 stations, moderately low (15-20%) at 1 station, abnormally low (20-30%) at 3 stations, and near normal (30% - 70%) at the remaining 21 stations. Compared to last month, flows have increased at 17 index stations and decreased at 11 stations.

On a regional basis, flows in this month at index stations were exceptionally low in the Trans-Pecos region but near or above normal in all other regions. Streamflow in the Lower Valley region is not monitored.



Texas Water Development Board

TEXAS DROUGHT REPORT

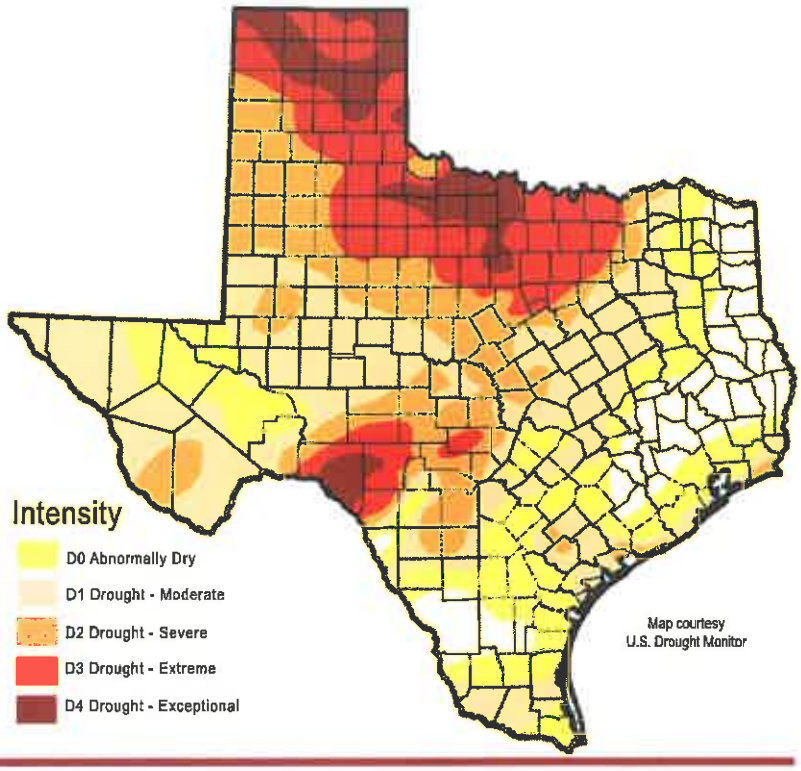
FOR THE WEEK OF 06/23/14

DROUGHT CONDITIONS

We're seeing continued improvement, but at a slower rate than in previous weeks. While some parts of the state improved, others got worse. Despite the recent rains, reservoirs continue to be 20 percentage points less than normal for this time of year.

Drought statistics

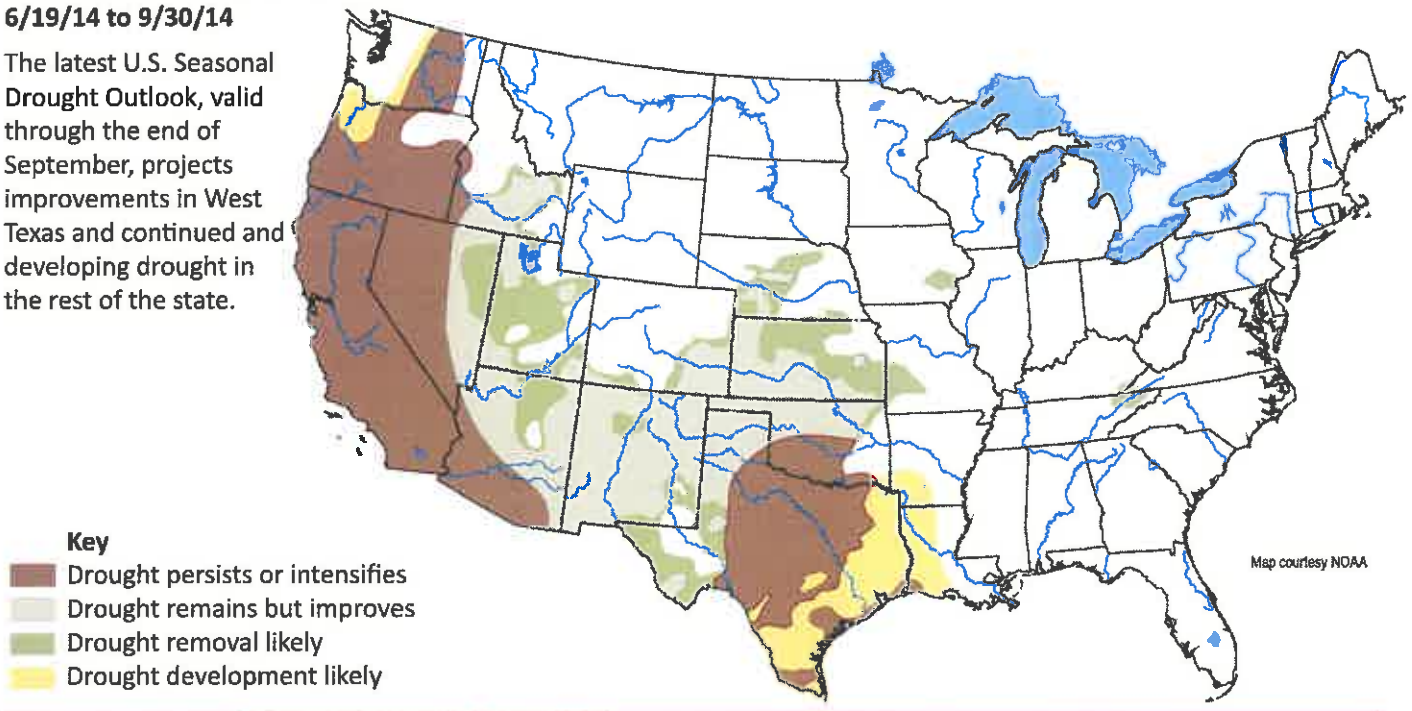
- 71% of state currently in moderate to exceptional drought
- 69% a week ago
- 64% three months ago
- 85% a year ago



U.S. SEASONAL DROUGHT OUTLOOK

Drought tendencies for the period 6/19/14 to 9/30/14

The latest U.S. Seasonal Drought Outlook, valid through the end of September, projects improvements in West Texas and continued and developing drought in the rest of the state.



Get more drought information on TWDB's website and social media accounts!

www.twdb.texas.gov www.facebook.com/twdboard @twdb

Katherine Thigpen, Governmental Relations | katherine.thigpen@twdb.texas.gov | 512.463.1667

RED RIVER
GROUNDWATER CONSERVATION DISTRICT
FANNIN COUNTY AND GRAYSON COUNTY

General Manager's Quarterly Report
March 2014

Management Plan
Assessment of the Status of Drought in the District

The following is a quarterly report on the existing drought conditions:

As of March 31, 2014 the Texas Water Development Board website reflected the North Central Texas Area to be moderate to severe drought, with stream flow severely low (report attached). Following are the drought maps for January 2014, February 2014 and March 2014. Rainfall maps are also attached to this report for your information and use.

The NOAA website reflects the following rainfall data in Fannin and Grayson Counties during this quarter:

Location	January 2014	February 2014	March 2014
Bonham, Fannin County	.50"	.58"	1.73"
Sherman, Grayson County	.40"	.38"	.44"

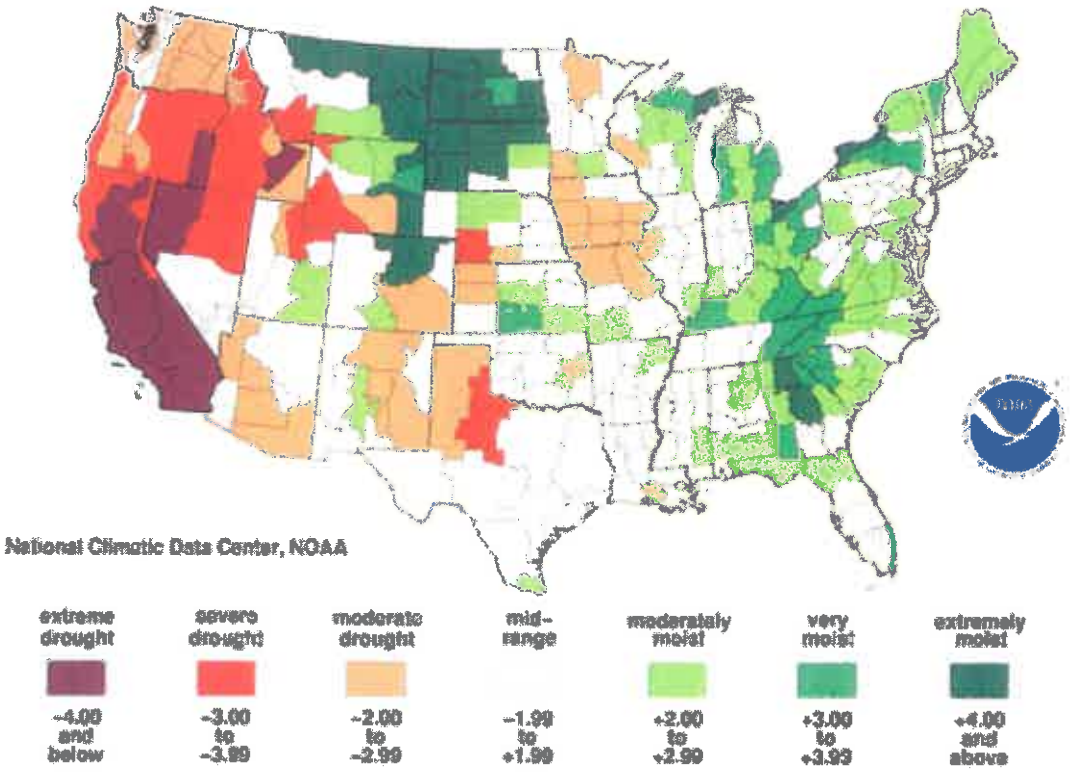
According to the Texas Water Development Board website, Lake Bonham was at 81% of its conservation storage capacity in March 2014, and Lake Texoma was at 78%.

PO Box 1214
Sherman, TX 75090
(800) 256-0935 fax: (903) 786-8211

http://www.gtua.org/red_river_gcd.asp

RED RIVER
GROUNDWATER CONSERVATION DISTRICT
FANNIN COUNTY AND GRAYSON COUNTY

Palmer Hydrological Drought Index
January, 2014



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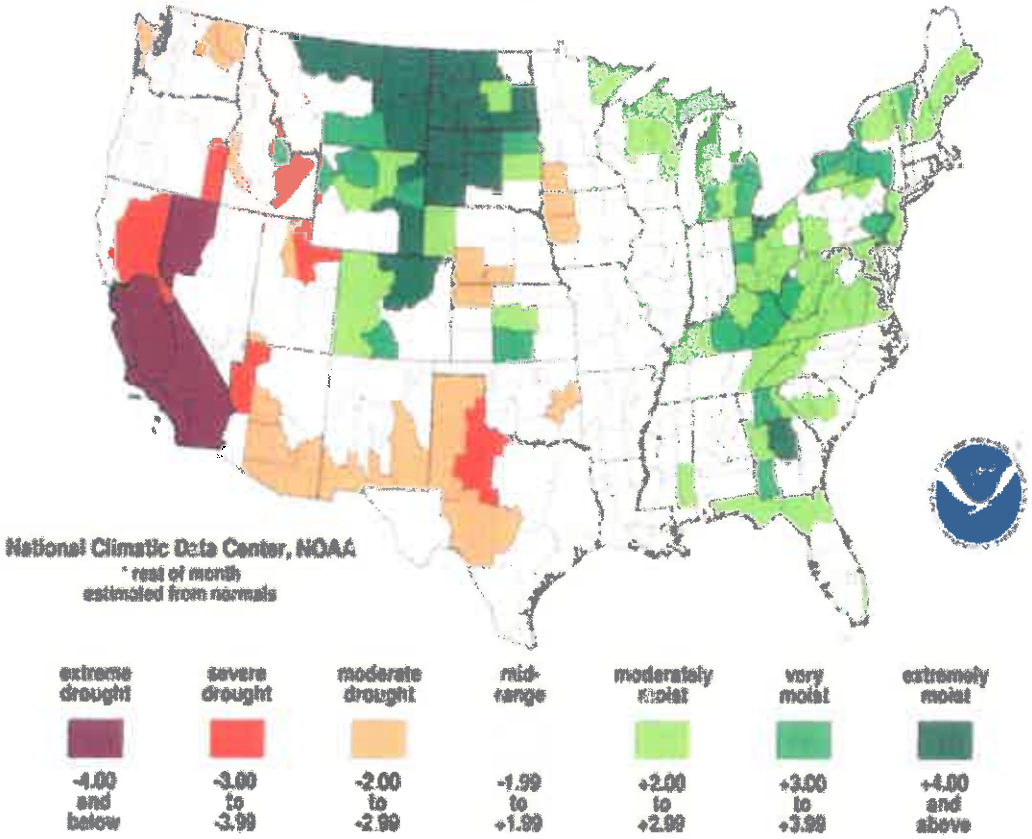
Sherman, TX 75090
(800) 256-0935 fax: (903) 786-8211

http://www.gtua.org/red_river_gcd.asp

RED RIVER
GROUNDWATER CONSERVATION DISTRICT
FANNIN COUNTY AND GRAYSON COUNTY

Palmer Drought Index
Long-Term (Meteorological) Conditions

February 2014: through February 22, 2014*



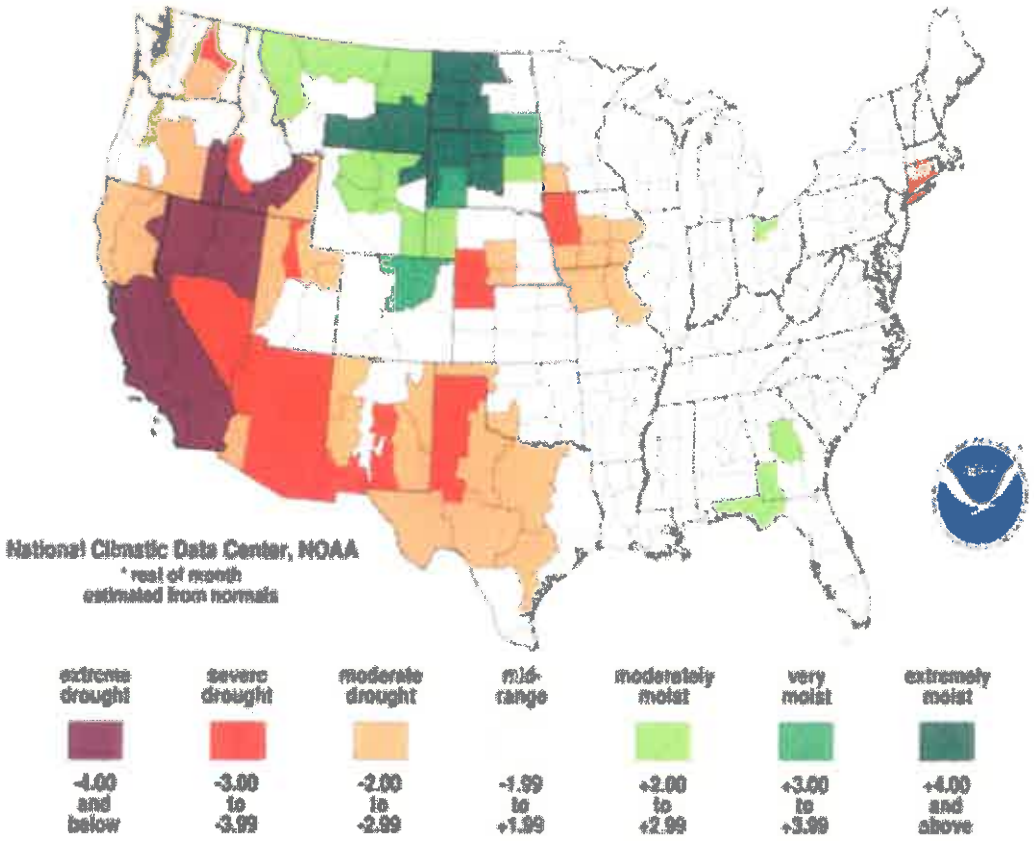
PO Box 1214
Sherman, TX 75090
(800) 256-0935 fax: (903) 786-8211

http://www.gtua.org/red_river_gcd.asp

RED RIVER
GROUNDWATER CONSERVATION DISTRICT
FANNIN COUNTY AND GRAYSON COUNTY

Palmer Drought Index
Long-Term (Meteorological) Conditions

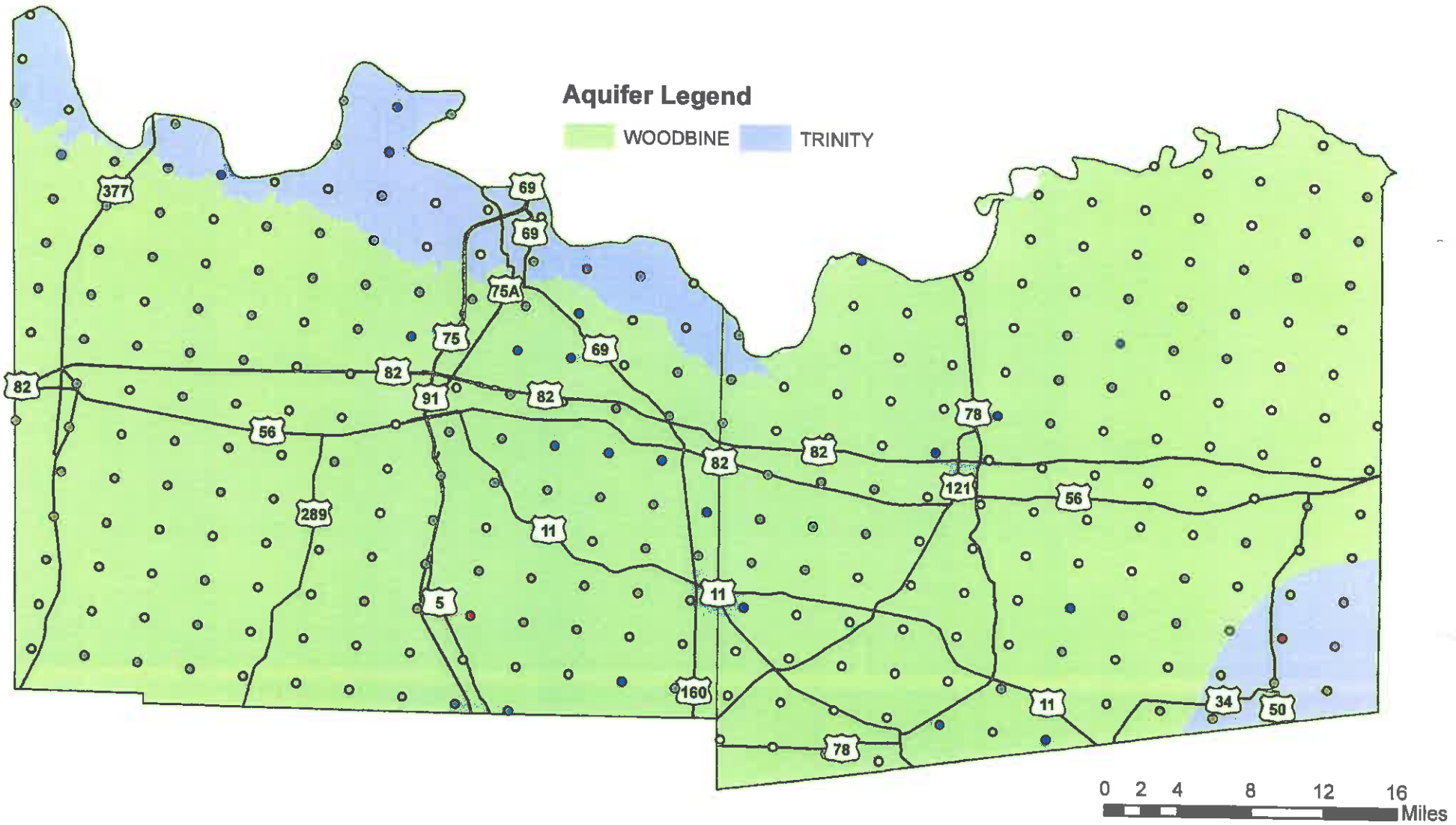
March 2014: through March 29, 2014*



PO Box 1214
Sherman, TX 75090
(800) 256-0935 fax: (903) 786-8211

http://www.gtua.org/red_river_gcd.asp

Rainfall Totals for January 2014



Red River Groundwater Conservation District
PO Box 1214
Sherman, TX 75091-1214
(800) 256-0935

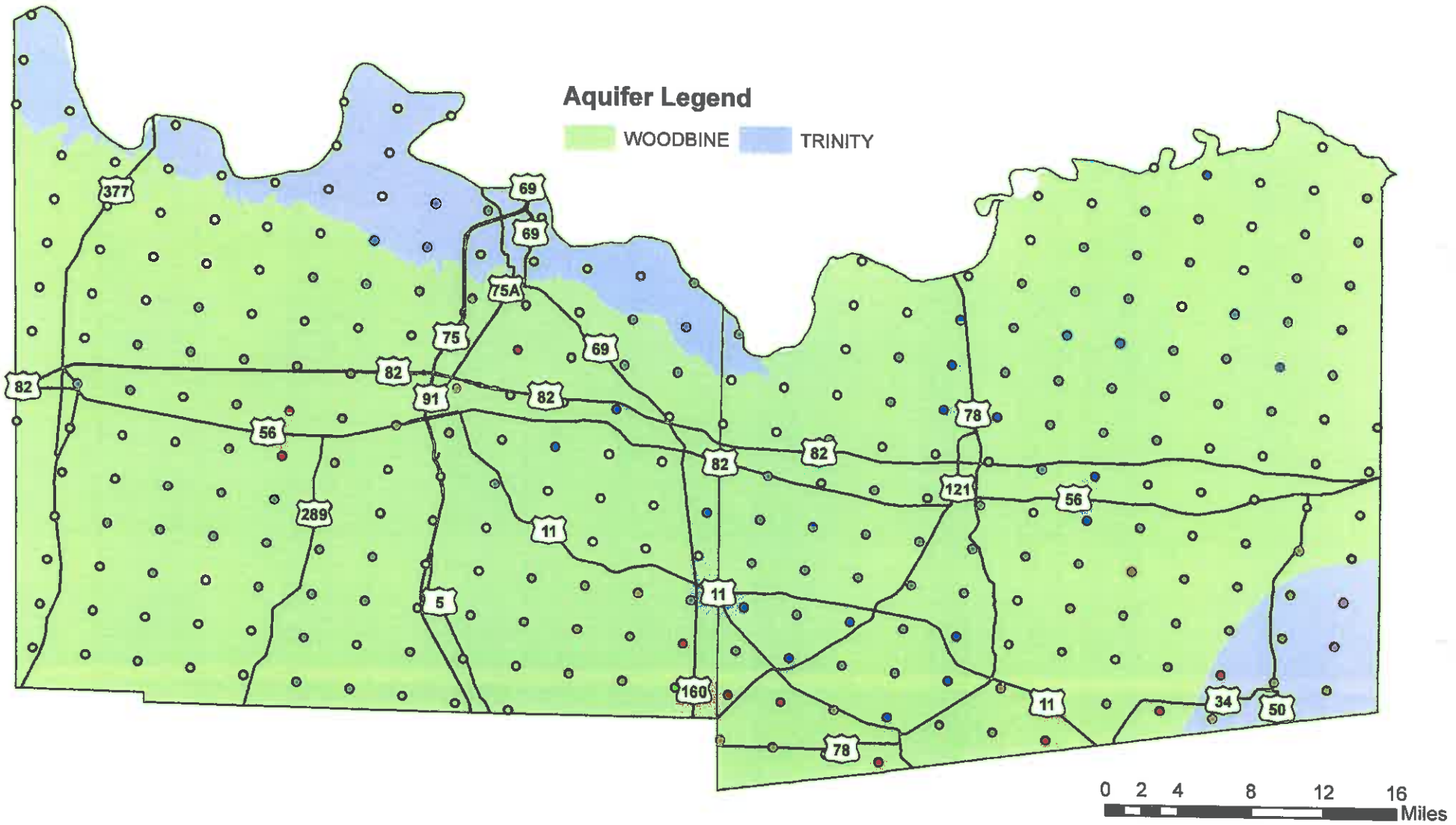
N
W E
S

Data Source:
National Weather Service
Precipation Analysis

Rainfall in Inches

- 0.30 - 0.42
- 0.43 - 0.51
- 0.52 - 0.62
- 0.63 - 0.9

Rainfall Totals for February 2014



Red River Groundwater Conservation District
PO Box 1214
Sherman, TX 75091-1214
(800) 256-0935

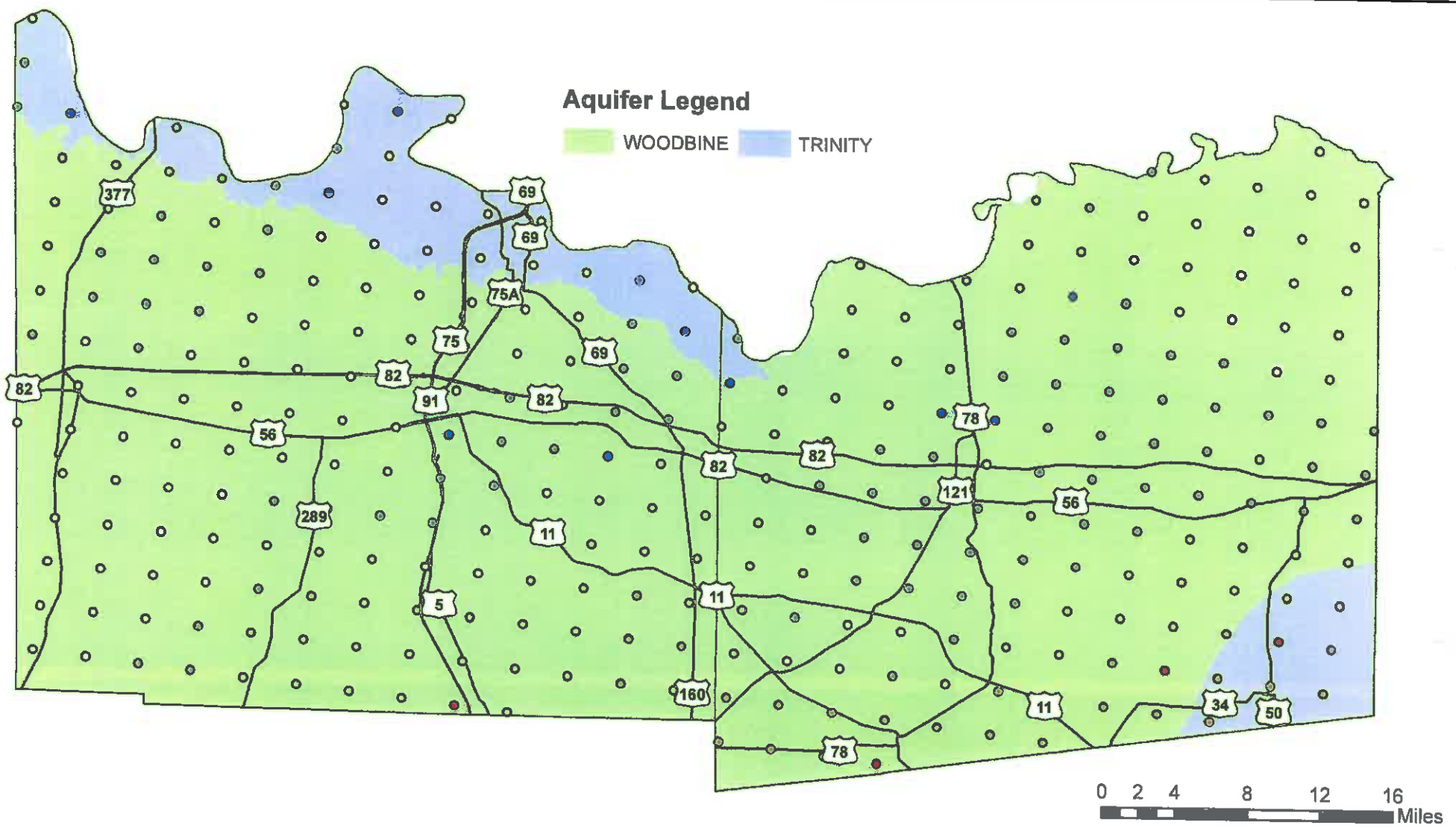
N
W E
S

Data Source:
National Weather Service
Precipation Analysis

Rainfall in Inches

- 0.28 - 0.44
- 0.45 - 0.55
- 0.56 - 0.66
- 0.67 - 0.85

Rainfall Totals for March 2014



Red River Groundwater Conservation District
PO Box 1214
Sherman, TX 75091-1214
(800) 256-0935

N
W E
S

Data Source:
National Weather Service
Precipation Analysis

Rainfall in Inches

- 1.33 - 1.77
- 1.78 - 2.18
- 2.19 - 2.74
- 2.75 - 3.97

Texas Water Development Board

TEXAS DROUGHT REPORT

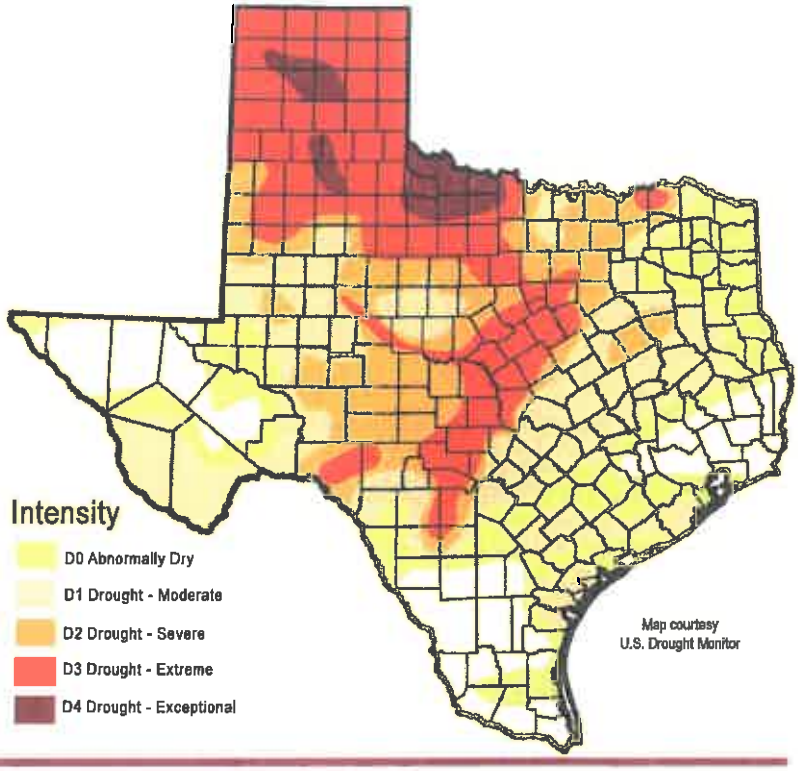
FOR THE WEEK OF 03/31/14

DROUGHT CONDITIONS

We saw a worsening of drought conditions over the past week with 25 percent of the state now under extreme or worse conditions, almost double that of last week. Two-thirds of the state is suffering from moderate or worse drought conditions. Statewide reservoir storage declined 90,000 acre-feet over the past week.

Drought statistics

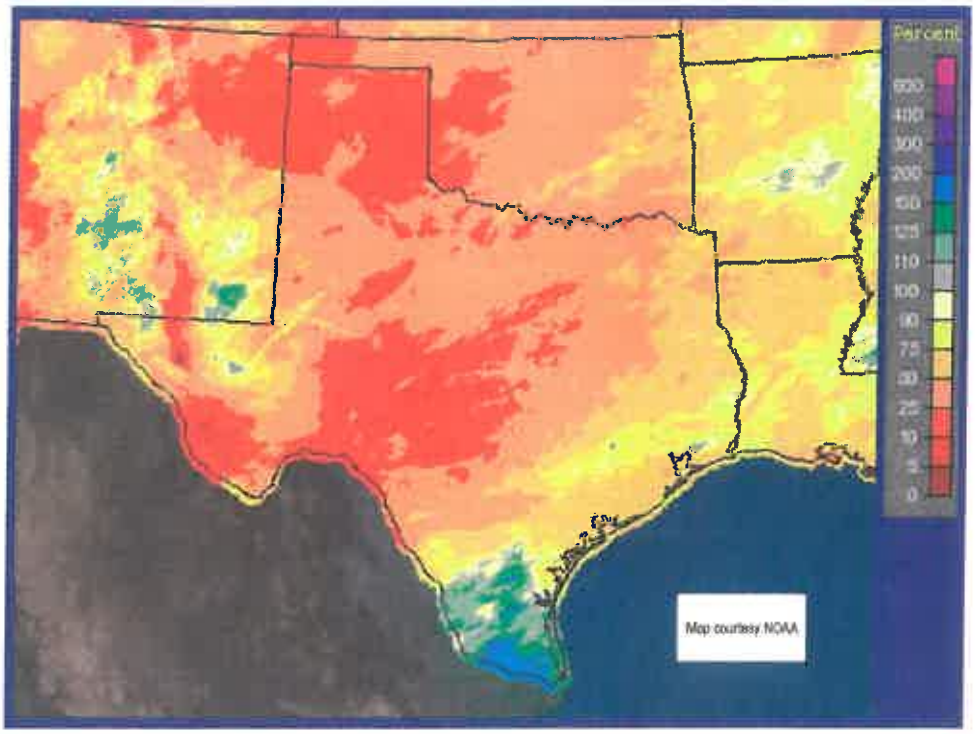
- 67% of state currently in moderate to exceptional drought
- 64% a week ago
- 46% three months ago
- 87% a year ago



PERCENT OF NORMAL PRECIPITATION

For 90 days prior to 3/31/14

This map from the National Weather Service shows what percent of normal precipitation Texas has received over the past 90 days. With the exception of the lower Rio Grande Valley and small parts of Far West Texas, much of the state has received less than 50 percent of normal rainfall. This doesn't bode well for the next six months. A dry winter generally portends a dry spring and summer.



Get more drought information on TWDB's website and social media accounts!

www.twdb.texas.gov www.facebook.com/twdboard @twdb

Ben Munguia, Governmental Relations | ben.munguia@twdb.texas.gov | 512.463.9637

APPENDIX D

Publications and Presentations

Publisher's Affidavit

THE STATE OF TEXAS

County of Grayson

Personally appeared before the undersigned authority JENNIFER PARKER, CLASSIFIED MANAGER who being sworn says that GREATER TEXOMA UTILITY AUTHORITY, WATER CONSERVATION published in the HERALD DEMOCRAT/SHOPPER IN SHERMAN/DENISON, TEXAS on the following dates to wit: JULY 13, 2014.

Jennifer Parker

Subscribed and sworn to before me this 14th day of JULY, A.D., 2014.

Jennifer S. Jones

JENNIFER S. JONES
Notary Public, State of Texas
My Commission Expires
May 24, 2018

Notary Public, Grayson County, Texas

Classifieds

IN PRINT AND ONLINE

Visit our Web Site: www.heralddemocrat.com

Call: 903-893-8181 or 903-465-7171 VISA MasterCard DISCOVER NOVUS **Fax: 903-868-1930 or 903-465-7188**

Announcements

Adoptions

♥ADOPTION♥
A Creative Financially Secure Family, Beach House, Music, LOVE, Laughter awaits 1st baby. Expenses paid
Trish ♥1-800-563-7964♥

Lost and Found

Found young Siberian Husky near WNJ Hospital on Monday morning. Call (903)421-6958 to identify.

Lost 7/2: Small black dog w/white markings on chest/stomach, greying muzzle in the 1400 block of N. Woods, Sherman. Answers to"Lexis" Contact (903)893-5902 (903)815-3097

OFFERING REWARD: Very Small Light Beige/White Male Chihuahua MISSING since June 22nd in Pebblebrook Housing Addition. Please call (903)815-5655.

Personal Notices

John 3:16 For God so loved the world that he gave his one and only son that whosoever believes in him shall not perish but have eternal life.

Who Has It

WHO HAS 1, 2, or 3 55-gallon barrels made into lawn mower/tractor pull behind train? DO NOT CALL HOME# (903)815-8459

WHO HAS AUTO'S OR METAL?

WE BUY JUNK AUTOS, TRACTORS MOTORHOMES EQUIPMENT,
SCRAP METAL, ETC

Myers Metal
why settle for le$$
(903)815-7722

HAULING PROVIDED

Who has junk cars, running or not, farm equipment, ATV's? (580)434-2406

Who has junk cars, trucks, vans, buses, etc?
I pay top dollar.
. 7 days a week.
No title needed.
(903)624-1833

Who has
Old Junk Vehicles?
Top Dollar Paid &
Free Haul Off.
I Buy Catalytic Converters.
(214)809-9312 or
(903)357-9286

Legal Notices

Legal Notices

NOTICE OF SHERIFF'S SALE

PURSUANT TO AN EXECUTION ISSUED IN 366TH DISTRICT COURT, IN COLLIN COUNTY, ON MAY 6TH, 2014, IN LINCOM, LLC VS. KYLE CAPPS, INDIVIDUALLY, CAUSE #366-01592-2008, I WILL SELL, AT 10:00 AM ON AUGUST 5TH, 2014, IN THE ASSEMBLY ROOM OF THE GRAYSON COUNTY COURTHOUSE, 100 W. HOUSTON STREET, SHERMAN, TEXAS, ANY INTEREST OF KYLE CAPPS IN THE FOLLOWING DESCRIBED PROPERTY TO WIT:

1) G-0704 LAMAR M B A-G0704, ACRES 1.9287, IDENTIFIED BY GRAYSON COUNTY PROPERTY ID #349958, MORE COMMONLY KNOWN AS 1142 RILEY RD, WHITESBORO, TEXAS
2) G-0704 LAMAR M B A-G0704, ACRES 2.998, IDENTIFIED BY GRAYSON COUNTY PROPERTY ID #114863, MORE COMMONLY KNOWN AS 1142 RILEY RD, SADLER, TEXAS

LEVIED ON JULY 9TH, 2014 AT 9:35 AM BY THE GRAYSON COUNTY SHERIFF'S OFFICE TO SATISFY A JUDGMENT IN THE AMOUNT OF $226,850.50 AND ALL COSTS OF THE SUIT.

GIVEN UNDER MY HAND THIS JULY 11TH, 2014.

J. Keith Gary
Sheriff of GRAYSON COUNTY

By: Sgt. Sarah Bigham

MOVING TO a smaller home? Sell those extra items you no longer use with a CLASSIFIED AD. Call 903-893-8181 or

Legal Notices

Town of Caddo Oklahoma

NOTICE OF PUBLIC SALE AND SOLICITATION OF BIDS

NOTICE IS HEREBY GIVEN that the Town of Caddo, Oklahoma, will offer for public sale by open bids certain real estate located in Bryan County, Oklahoma, as more particularly described as follows:

Twenty Two and Three Tenths (22.3) Feet off of the West Side of Lot Number Sixteen (16), All of Lot Seventeen (17), all in Block 12 statement (12) of this Town of Caddo, Bryan County, State of Oklahoma, as shown by the official Plat of said Town as approved by the Secretary of the Interior, "Old City Hall/Bank Building only", the "Property."

Open bids for the purchase of the Property will be received at 7 o'clock PM on August 4, 2014, at the Office of the Town located at 101 South Main Street, Caddo, OK 74729. Bids not received at the time and date specified above will not be considered. Each bid must be accompanied by a signed copy of the Contract for Sale and Purchase of Real Estate as set out below; must be a cash bid; and must be accompanied by a certified check, made payable to the Clerk for the Town of Caddo for 10% of the bid amount.

Each bid must contain a statement of the bidder's intended use of Property. The sale will be made pursuant to the terms and conditions contained in a Contract for Sale and Purchase of Real Estate, the form of which is available in the Office of the Town Clerk at the above address. Each bid must be accompanied by a copy of the Contract, signed by the bidder, which shall constitute an offer to purchase the Property/real estate on the terms and conditions contained therein. All offers shall be binding upon the bidder and may not be withdrawn, except upon written consent of the Board of Trustees.

YOU ARE HEREBY NOTIFIED that the Property may contain asbestos or asbestos-containing building materials and/or lead based paint. The term of sale will require that the Purchaser inspect the Property and accept the Property in it percent condition, "AS IS - WITH ALL FAULTS." The Contract for Sale will require the Purchaser to cause any friable asbestos to be abated or removed from the Property in accordance with Federal and State laws and to release and indemnify the Town from and against any and all environmental claims or liabilities.

The bids will be reviewed and accepted or rejected by the Board of Trustees at 7 o'clock PM on August 4, 2014. The Board of Trustees reserves the right to reject any and all bids or to accept any particular bid.

Ron Fryer
Mayor's Signature

ATTEST:
Cherla McMichael
Town Clerk Signature

Legal Notices

Water Conservation - 10 Tips to Save Water

One of the missions of the Red River Groundwater Conservation District is to conserve water. With the following 10 simple tips, you can lower your monthly water bill and do your part to save a significant amount of water:

INDOOR
- Only run your washing machine and dishwasher when they are full.
- Use the shortest clothes washing cycle for lightly soiled loads; normal and permanent press wash cycles use more water.
- Thaw frozen food in the refrigerator or microwave, not under running water.
- Scrape, don't rinse, your dishes before loading in the dishwasher.
- Install high-efficiency showerheads, faucets and toilets.

OUTDOOR
- Check your home's irrigation system for leaks to save up to 6,300 gallons of water per month.
- Turn off your home's irrigation system and only water as needed; save up to 2,000 gallons each time a watering day is skipped.
- Don't leave sprinklers unattended. Use a kitchen timer to remind yourself to turn sprinklers off.
- Use a hose with a shutoff nozzle when washing the car to save around 40 gallons per wash.
- Consider installing a rain barrel with a drip irrigation system for watering your landscaping. Rainwater is free and better for your plants because it doesn't contain hard minerals.

Leaks are the biggest water waster, both inside and outside of your home. You can use your water meter to check for leaks. Turn off all faucets and water-using appliances and make sure no one uses water during the testing period. Remember to wait for the water heater and ice cube makers to refill and for regeneration of water softeners. Go to your water meter and record the current reading. Wait 30 minutes. (Remember: no water should be used during this period.) Read the meter again. If the reading has changed, you have a leak.

APPLICATION HAS BEEN MADE WITH THE TEXAS ALCOHOLIC BEVERAGE COMMISSION IN ACCORDANCE WITH THE PROVISIONS OF THE TEXAS ALCOHOLIC BEVERAGE CODE FOR A WINE AND BEER RETAILER'S PERMIT AND A FOOD AND BEVERAGE CERTIFICATE BY WORTHEN, INC. DBA WINGSTOP LOCATED AT 4001 N. US HWY. 75, SUITE 100, SHERMAN, GRAYSON, TEXAS, 75090. GAYLA M. WORTHEN, PRESIDENT AND SECRETARY.

Legal Notices

PUBLIC NOTICE

The State of Texas
Grayson County
Cities of Denison, Pottsboro, and Sherman

Notice of a Hearing by the Joint Airport Zoning Board

Whereas, pursuant to the provisions of Texas Local Government Code, §241.017 (b) and (c), notice is hereby given that a public hearing will be held before the Joint Airport Zoning Board on the 28th day of July, 2014, in the Grayson County Courthouse, 100 West Houston, East Courtroom, in Sherman, Texas, at the hour of 6:00 p.m., for the purpose of hearing all parties in interest and citizens who desire to be heard concerning airport zoning regulations to be considered for adoption by the Joint Airport Zoning Board pertaining to airport hazard areas within unincorporated areas of Grayson County, within the incorporated area of Denison, Texas, and extraterritorial jurisdiction of the Cities of Denison, Pottsboro, and Sherman, Texas.

Dated this 30th day of June, 2014.

Phil Roether
Chairman
Joint Airport Zoning Board

REQUEST FOR PROPOSALS FOR THE DEVELOPMENT OF THE TEXOMA THREAT AND HAZARD IDENTIFICATION AND RISK ASSESSMENT.

Qualified professional consulting firms with the knowledge, staff and experience to develop a Threat And Hazard Identification And Risk Assessment (THIRA) with extensive experience in performing these types of services are encouraged to submit a sealed bid to: Texoma Council of Governments

Attn: Public Safety Department
1117 Gallagher Drive, Suite 100
Sherman, TX 75090

Deadline is July 23, 2014 at 3pm. For complete details and instructions visit http://www.texoma.cog.tx.us/rfp/ or contact CJ Durbin-Higgins at 903-813-3931 or chiggins@texoma.cog.tx.us.

Employment

For Hire

Classified Advertising Sales Professional

The Herald Democrat is seeking an individual to join the classified advertising department in a full-time position that will include inside classified advertising sales.

This position is responsible for:

-Selling and servicing classified customers over the telephone, in person and through email in a professional manner selling print and online advertising solutions for multiple products.

-Growing revenues from existing and new advertisers by offering multiple advertising solutions and by soliciting advertisers on a daily basis.

-Listening, typing with accuracy and computer ad order entry

-Performance of related duties as assigned

Qualifications/Desired Skills:

-Highly motivated, positive, professional attitude

-Professional telephone and email skills

-Ability to listen attentatively while typing a minimum of 30 wpm

-Computer skills, including: an understanding of the internet, basic email programs, office suites and order-entry systems

-Strong work ethic with a willingness to put forth extra effort in order to meet monthly sales goals and ensure customer satisfaction.

-Multi- task oriented with strong organizational skills

- Strong attention to detail; including spelling, grammar and word usage

-Ability to start and complete tasks with little supervision while working under daily deadlines

Previous newspaper or media experience preferred.

This is a full-time position offering an hourly wage, plus commission with income growth potential and a complete benefits package.

To Apply- Mail a cover letter, resume and/or application to:

Herald Democrat
603 S. Sam Rayburn Freeway
Sherman, Texas 75090
Attention: Classified Manager

Or by email to: jparker@HeraldDemocrat.com.

Qualified applicants will be contacted for an interview.

Equal Opportunity Employer
Pre-employment Drug Screening Required

Help Wanted

5 Full Time Entry Level Positions Available in Customer Service and Sales. Call Ashley at 214-504-3847, www.Betancourtadvanedge.com

Accepting applications for delivery/warehouse position. Must have clean driving record, able to lift 50 pounds with no physical limitations. Apply in person (no phone calls) Top 20 Wholesale, 1724 Baker Rd, Sherman.

ACS MANUFACTURING, INC.

ACS Manufacturing, Inc.
1601 Commerce Blvd,
Denison, Texas

Now Hiring!

WELDERS

MIG & Flux Core welding, some Tig, Fabricators experience working on heavy structural steel and aluminum materials Must have own welding gear.

GENERAL LABORER HELPERS

Basic mechanical knowledge/skills a must

Both positions offer benefits after 90 days
Some overtime available.

All applicants must be able to pass pre-employment drug test.

APPLY DIRECTLY AT

Texas Workforce Solutions
2415 S. Austin Ave. S to 105
Denison, TX 75020

Angels of Care Pediatric Home Health in Sherman, Tx

Hiring Occupational Therapists and Certified Occupational Therapy Assistant

We offer medical, dental, and life insurance, annual car giveaway, and phone company discounts including Sprint, AT&T, and Verizon.

Come join the fastest growing home health agency in the State of Texas!! We would love to have you on our team!!

Please send resume to smiam@angelsofcare.com or call our office at 903-532-1400.

BOOKKEEPER
Part-Time, flexiable hours, generious pay. Please contact Bob Tate
903-816-0610
Thank You!

Bob Tate

Leonard Manor is taking applications for Certified Nurse Aides. Apply in person at 902 E. Hackberry, Leonard, TX. EOE

PATE REHABILITATION

RN (part time)

Able to work at various Pate locations with flexible hours. Must have 3 years RN experience.

PRN Transporter

Drive company van transporting patients to and from our facility to medical appointments & assisting in other areas as needed. Must have clear driving record and a professional appearance.

Rehab Techs

CNA preferred but not required. Help administer treatment plans, provide direct care and protect the well-being and safety of patients at all times. Maintain cleanliness of residence. High school diploma or GED required. **Shift differential available for weekend night positions.**

Apply in person to:
3325 Pate Way, Anna, TX 75409
fax resume to 972-838-4170

Red River Groundwater Conservation District

Groundwater – preventing waste of a valuable resource

Presented May 18, 2014 at Hagerman Wildlife Refuge, Grayson County, Texas

APPENDIX E

Annual Review of Texas State Soil & Water Conservation Board State Water Supply Enhancement Plan

The State of Texas' Comprehensive Strategy for Managing Brush in all Areas of the State where Brush is Contributing to a Substantial Water Conservation Problem

RED RIVER

GROUNDWATER CONSERVATION DISTRICT

FANNIN COUNTY AND GRAYSON COUNTY

Annual Review

of

Texas State Soil & Water Conservation Board

State Water Supply Enhancement Plan dated July 2014

(formerly State Brush Control Plan)

Red River Groundwater Conservation District Management Plan Objective G.3 – Brush Control – requires that the District evaluate the State Water Supply Enhancement Plan (formerly referred to as the State Brush Control Plan) at least once each year to determine whether projects within the District will increase groundwater resources of the District. The most recent State Brush Control Plan ("Plan") is the July 2014 Plan by the Texas State Soil & Water Conservation Board ("TSSWCB").

The following are excerpts from the TSSWCB State Brush Control Plan dated July 2014:

In watersheds where Water Supply Enhancement Program ("WSEP") grant funds have been allocated, the TSSWCB works through the Soil and Water Conservation Districts ("SWCDs") to delivery technical assistance to landowners in order to implement brush control activities for water supply enhancement. A 10-year resource management plan is developed for each property enrolled in the WSEP which describes the brush control activities to be implemented, follow-up treatment requirements, and brush density to be maintained after treatment. Cost-share assistance is provided through the WSEP to landowners implementing brush control activities on eligible acres.

In 1985 TSSWCB and the Texas Water Development Board ("TWDB") developed a list of water supply reservoirs where brush control could possibly enhance water supplies (Table 3.1) (TSSWDB 1999) (copy attached). Beginning in 1998, TSSWCB, in cooperation with many partnering entities, has been conducting assessments of the feasibility of conducting brush control water supply enhancement in watersheds across Texas. These feasibility studies estimate the potential water yield enhanced.

For a watershed to be considered eligible for allocation of WSEP cost-share funds, a feasibility study must demonstrate increases in projected post-treatment water yield as compared to the pre-treatment conditions.

Feasibility Studies have been conducted and published, and the reports accepted by the TSSWCB as established WSEP Project Watersheds for the following:

Lake Arrowhead (RRA 2002)
Lake Brownwood (LCRA 2002)
Upper Guadalupe River above Canyon Lake (Bumgarner and Thompson 2012)
Gonzales County [Carrizo-Wilcox Aquifer Recharge Zone and Guadalupe River] (McLendon et al. 2012)
Frio River above Choke Canyon Reservoir (HDR 2000b)
Nueces River above Lake Corpus Christi [above confluence Frio River] (HDR 2000c)
Edwards Aquifer Recharge Zone [Frio River, Hondo Creek, Medina River, Upper Nueces River, Sabinal River, and Seco Creek] (HDR 2000a)
North Concho River [O.C. Fisher Lake] (UCRA 1999)
O.H. Ivie Reservoir [Upper Colorado River] (UCRA 2000)
Wichita River above Lake Kemp (RRA 2000)
Canadian River above Lake Meridith (CRMWA 2000)
Palo Pinto Reservoir (BRA 2003b)
Fort Phantom Hill Reservoir (BRA 2003a)
E.V. Spence Reservoir [Upper Colorado River] (UCRA 2000)
Lake J.B. Thomas [Upper Colorado River] (UCRA 2000)
Pedernales River [Lake Travis] (LCRA 2000)
Twin Buttes Reservoir [including Lake Nasworthy) (UCRA 2000)

Feasibility Studies in Progress, being either solely conducted with TSSWCB WSEP funding or collaboratively funded by third-parties:

Goliad and Victoria Counties, including Lower San Antonio and Guadalupe Rivers
Lake Alan Henry (impounds South Fork Double Mountain Fork Brazos River)
O.H. Ivie Reservoir lake basin (saltcedar specific)
Upper Llano River, including South and North Llano Rivers and Junction City Lake
Wilson, Karnes, and Refugio Counties (third-party funding; SARA)
Edwards Aquifer Recharge Zone – Upper Nueces River (Carrizo cane specific) (third-party funding; NRA and EAA)

Studies critical to the WSEP and that will contribute to the overall understanding of water supply enhancement through brush control:
Linking the Gonzales County Feasibility Study to the Carrizo-Wilcox Aquifer Groundwater Availability Model in Gonzales County
Linking Empirical Data from Honey Creek State Natural Area to the Upper Guadalupe River Feasibility Study Model
Effects on Huisache Removal on ET in South Central Texas at the McFaddin Ranch in Victoria County

Proposed Feasibility Studies to be considered in the future:

Bandera County groundwater recharge to Medina River
DeWitt County, including lower Guadalupe River and Lavaca River
Hubbard Creek Lake (saltcedar specific)
Stillhouse Hollow Reservoir (impounds Lampasas River)
Upper Brazos River Basin above Possum Kingdom Reservoir (endangered species issues)
Caldwell and Guadalupe Counties, Carrizo-Wilcox Aquifer Recharge Zone
Upper Blanco River, Edwards Aquifer Recharge Zone
Upper Cibolo Creek, Edwards Aquifer Recharge Zone
Lake Buchanan, including San Saba River, Brady Creek, and lower Pecan Bayou
Lake LBJ, primarily Llano River below confluence of South and North Llano Rivers
Lake Whitney, including Steele Creek
White River Reservoir (saltcedar specific)

The TSSWCB program goals and evaluation criteria are focused on enhancing domestic and municipal uses of water for sustaining human life and the life of domestic animals, agricultural and industrial uses, commercial value and environmental flows, as well as enhancing mining and recovery of minerals, power generation, navigation, recreation and pleasure and other beneficial uses of water. TSSWCB implements project proposals that most enhance water quantity to the municipal water supplies most in need, and directs grant funds toward acreage within an established project that will yield the most water.

Agriculture Code §203.053 requires that in prioritizing water supply enhancement projects for funding, the TSSWCB shall consider the need for conservation of water resources within the territory of the project, based on the *State Water Plan* as adopted by the TWDB. The only Regional Water Planning Groups providing recommended Water Management Strategies for brush control with quantified yields were for Region F and Region J.

The TSSWCB identifies watersheds across the state where it is feasible to conduct brush control in order to enhance public water supplies. Detailed guidance on factors that must be considered in a feasibility study have been developed. Once a feasibility study is completed, if it demonstrates increases in projected post-treatment water yield as compared to the pre-treatment conditions, the TSSWCB may consider designating the study area as a priority WSEP Project Watershed, making the watershed eligible for allocation of WSEP cost-share funds. The TSSWCB uses a competitive grant process to rank and select feasible projects and allocate WSEP cost-share funds.

Currently, there are no feasibility studies occurring in Fannin or Grayson Counties.

References:

Texas State Soil & Water Conservation Board, ***State Water Supply Enhancement Plan, July 2014***

Table 3.1 Water supply reservoirs where brush control could enhance supplies (TSSWCB 1999)

33	Montague	Amon Carter	Sandy Creek	Bowie	
16	Erath	Bailey's Lake	Kickapoo Creek	Lipan	
5	Blanco	Blanco River	Blanco River	Blanco	
7	Bosque	Bosque River	Bosque River	Meridian	
8	Bosque	Bosque River	Bosque River	Clifton	Proposed reservoir
40	Real	Camp Wood Creek	Camp Wood Creek	Camp Wood	
28	Kendall	City Lake	Cibolo Creek	Boerne	
30	Mills	City Lake	Colorado River	Goldthwaite	
20	Goliad	Coleto Creek	Coleto Creek	GBRA	Power cooling lake
52	Victoria	Coleto Creek	Coleto Creek	GBRA	Cooling reservoir
26	Jones	Ft. Phantom Hill	Elm Creek	Abilene	
46	Stephens	Hubbard Creek	Hubbard Creek	W. Central Texas MWD	
6	Blanco	Johnson City Lake	Pedernales River	Johnson City	Lake part of Pedernales River
47	Taylor	Lake Abilene	Elm Creek	Abilene	
24	Jim Wells	Lake Alice	Chiltipin Creek	Alice	
2	Archer	Lake Arrowhead	Little Wichita River	Wichita Falls	
13	Clay	Lake Arrowhead	Little Wichita River	Wichita Falls	
11	Callahan	Lake Baird	Mexia Creek	Baird	
42	Runnels	Lake Ballinger	Valley Creek	Ballinger	
9	Brown	Lake Brownwood	Pecan Bayou	Brownwood WCID	Irrigation and municipal supply
15	Eastland	Lake Cisco	Sandy Creek	Cisco	
25	Johnson	Lake Cleburne	Nolan River	Cleburne	
12	Callahan	Lake Clyde	N. Prong Pecan Bayou	Clyde	
14	Coleman	Lake Coleman	Jim Ned Creek	Coleman	
31	Mitchell	Lake Colorado City	Morgan Creek	Colorado City	
45	Stephens	Lake Daniel	Gonzales creek	Breckenridge	Base flow decline
10	Burnet	Lake Georgetown	N. Fork San Gabriel	BRA	
53	Williamson	Lake Georgetown	N. Fork san Gabriel	BRA	
55	Young	Lake Graham	Salt Creek	Graham	
23	Jack	Lake Jacksboro	Lost Creek	Jacksboro	
27	Kimble	Lake Junction	Llano River	Junction	
1	Archer	Lake Kickapoo	N. Fork Little Wichita	Wichita Falls	
48	Taylor	Lake Kirby	Cedar Creek	Abilene	
49	Taylor	Lake Lytle	Lytle Creek	Abilene	
18	Falls	Lake Marlin	Big Sandy Creek	Marlin	
3	Bandera	Lake Medina	Medina River	Medina Irrg. Co.	
37	Palo Pinto	Lake Mingus	Gibson Creek	Mingus	
32	Montague	Lake Nocona	Farmers Creek	Nocona	
54	Young	Lake Olney		Olney	
19	Falls	Lake Rosebud		Rosebud	
22	Haskell	Lake Stanford	Paint Creek		
35	Nolan	Lake Sweetwater	Bitter Creek	Sweetwater	
34	Nolan	Lake Trammel	Sweetwater Creek	Sweetwater	
39	Parker	Lake Weatherford	Clear Fork Trinity	Weatherford	
56	Young	Lake Whiskey Creek	Whiskey Creek	Newcastle	
41	Runnels	Lake Winters	Elm Creek	Winters	
21	Hamilton	Leon River	Leon River	Hamilton	Above Proctor
50	Uvalde	Leona River	Leona River		Increase base flow
29	Llano	Llano/City Lake	Llano River	Llano	
43	Shackelford	McCarty Lake	Salt Prong Hubbard Creek	Albany	
4	Baylor	Millers Creek	Millers Creek	N. Central Texas MWA	Not more than 20% canopy
36	Palo Pinto	Palo Pinto	Palo Pinto Creek	Palo Pinto MWD	
44	Somerville	Paluxy River	Paluxy River		
51	Val Verde	San Felipe	San Felipe Creek	Del Rio	San Felipe springs
17	Erath	Thurber Lake	Gibson Creek	Thurber	
38	Palo Pinto	Tucker Lake	Russell Creek	Strawn	
57	Zavala	Upper Nueces	Nueces River		Irrigation

APPENDIX F

Annual Financial Report

Red River Groundwater Conservation District

Financial Statements With
Independent Auditors' Report Thereon

Fiscal Year Ended December 31, 2013

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Annual Financial Report
Year Ended December 31, 2013

McClanahan and Holmes, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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Report on Basic Financial Statements
Accompanied by Required Supplementary Information

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Red River Groundwater Conservation District (District), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Members of the Board
Red River Groundwater Conservation District

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Red River Groundwater Conservation District as of December 31, 2013, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

McClanahan and Holmes, LLP
Certified Public Accountants

Bonham, Texas
May 15, 2014

McClanahan and Holmes, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Red River Groundwater Conservation District (District), as of and for the year ended December 31, 2013, and the related notes to the Financial Statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 15, 2014.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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. We consider the following deficiencies to be material weaknesses in internal control over financial reporting.

Financial Accounting and Reporting:

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

Members of the Board
Red River Groundwater Conservation District

Segregation of Duties:

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

Accounts Receivable and Billing:

We noted during the audit that there were significant manual adjustments to accounts receivable and revenue related to incorrect billings with the City of Sherman. It is our understanding that the City of Sherman does not provide meter readings in the same manner as the other customers. The City uses a large spreadsheet that does not appear to be easily interpreted. We recommend that the processes related to readings submitted and billings with the City of Sherman be modified. We also recommend the Field Technician vouch the meter readings each quarter, as this is the largest customer.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

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

McClanahan and Holmes, LLP
Certified Public Accountants

Bonham, Texas
May 15, 2014

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Management's Discussion and Analysis
Year Ended December 31, 2013

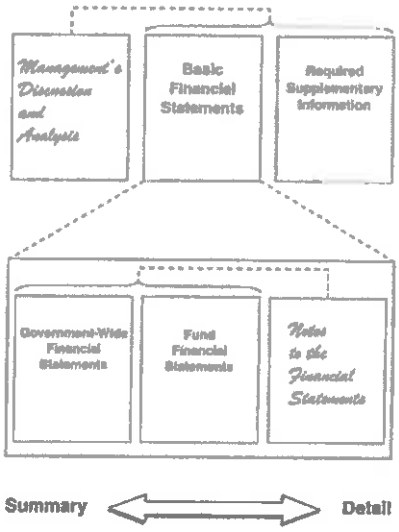
The Red River Groundwater Conservation District (District) is pleased to present its financial statements. This required supplementary information presents our discussion and analysis of the District's financial performance during the year ended December 31, 2013. Please read this section in conjunction with the basic financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net position was $215,623 at December 31, 2013.
- During the year, the District's expenses were $72,208 less than the $273,137 generated from groundwater production fees and other revenues.
- The General Fund presents a year end fund balance of $215,623 at December 31, 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

Basic Financial Statements

- The Statements of Net Position focuses on resources available for future operations. In simple terms, the statement presents a snapshot of the assets of the District, the liabilities it owes, and the net difference. The net difference is further separated into amounts restricted for specific purposes, if any, and unrestricted amounts. The information presented in this statement is reported on the accrual basis of accounting.

- The Statement of Activities focuses on gross and net costs of the District's programs and the extent to which such programs rely on general revenues. The statement summarizes and simplifies the users analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

- Fund financial statements focus separately on individual funds, including assets liabilities and fuel equity. Separate revenues and expenditures analysis are presented to each major fund.

- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the District's financial condition.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position may serve over time as a useful indicator of a government's financial position. For the District, the total combined net position was $215,623 at year end. A comparative condensed summary of the District's statements of net position is presented here.

Table A-1

Red River Groundwater Conservation District's Net Position

	2013	2012	Total Percentage Change 2012-2013
Assets:			
Cash and Cash Equivalents	$ 139,580	$ 112,749	23.80%
Receivables and Other Assets	89,237	50,538	76.57%
Total Assets	$ 228,817	$ 163,287	40.13%
Liabilities:			
Current Liabilities	$ 13,194	$ 19,872	-33.30%
Total Current Liabilities	$ 13,194	$ 19,872	-33.30%
Net Position:			
Unrestricted	$ 215,623	$ 143,415	50.35%
Total Net Position	$ 215,623	$ 143,415	50.35%

At year end, 61.0% of the District's total assets were held in cash and cash equivalents, with fees receivable and prepaid expenses representing 39.0%.

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

Unrestricted net position represents amounts available for future spending.

CHANGES IN NET POSITION

The District's total revenues were $273,137 generated from Groundwater Production Fees assessed upon residents of the District.

The total cost of all services was $200,929, for third party administration of the program.

A condensed summary of the District's statements of activities and changes in net position for the years ended December 31, 2013 and 2012 is presented here:

Table A-2

Changes in Red River Groundwater Conservation District's Net Position

	2013	2012	Total Percentage Change 2012-2013
Operating Revenues:			
Groundwater Production Fees	$ 273,137	$ 298,045	-8.36%
Total Revenues	273,137	298,045	-8.36%
Operating Expenses:			
Administrative Services	200,929	199,794	0.57%
Total Expenses	200,929	199,794	0.57%
Increase (Decrease) in Net Position	$ 72,208	$ 98,251	-26.51%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The governmental funds of the District reported revenues of $273,137 during the year, with total expenditures of $200,929.

BUDGETARY HIGHLIGHTS

The District's Board of Directors adopted a final operating budget for the 2013 fiscal year, based on anticipated receipts and expenditures (unaudited), prior to year end. The budget encompasses all the activities of the District, with would normally include both revenues and expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2013, the District has not invested in any capital assets.

Debt

As of December 31, 2013, the District has not entered into any debt agreements. The District has no outstanding long-term debt at year end.

ECONOMIC FACTORS AND NET YEAR'S BUDGET AND RATES

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Statement of Net Position
December 31, 2013

	Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 139,580
Accounts Receivable, Net of Allowance for Uncollectibles of $1,530	88,068
Prepaid Expenses	1,169
Total Current Assets	228,817
Total Assets	$ 228,817
LIABILITIES AND NET POSITION	
Current Liabilities	
Accounts Payable	$ 13,194
Total Current Liabilities	13,194
Total Liabilities	13,194
Net Position	
Unrestricted	215,623
Total Net Position	215,623
Total Liabilities and Net Position	$ 228,817

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

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Statement of Activities
For the Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities
Governmental Activities:				
Administration	$ 200,929	$ -	$ -	$ (200,929)
Total Governmental Activities	200,929	-	-	(200,929)
Total Primary Government	$ 200,929	$ -	$ -	(200,929)
General Revenues:				
Groundwater Production Fees				273,137
Total General Revenues				273,137
Change in Net Position				72,208
Net Position - Beginning (January 1), As Previously Reported				118,930
Prior Period Adjustments				24,485
Net Position - Beginning (January 1), As Restated				143,415
Net Position - Ending (December 31)				$ 215,623

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

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Balance Sheet - Governmental Funds
December 31, 2013

	General Fund
ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 139,580
Accounts Receivable	89,598
Allowance for Uncollectible Accounts	(1,530)
Prepaid Expenses	1,169
Total Current Assets	228,817
Total Assets	$ 228,817
LIABILITIES AND FUND BALANCE	
Current Liabilities	
Accounts Payable	$ 13,194
Total Current Liabilities	13,194
Total Liabilities	13,194
Fund Balance	
Unassigned	215,623
Total Fund Balance	215,623
Total Liabilities and Fund Balance	$ 228,817

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

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Statement of Revenues, Expenses and Changes
In Fund Balance - Governmental Funds
For the Year Ended December 31, 2013

	General Fund
Operating Revenues	
Groundwater Usage Fees	$ 273,137
Total Operating Revenues	273,137
Operating Expenses	
Administration	187,486
Legal Fees	13,443
Total Operating Expenses	200,929
Operating Revenues (Expenses)	72,208
Net Change in Fund Balance	72,208
Fund Balance - Beginning (January 1), As Previously Reported	118,930
Prior Period Adjustments	24,485
Fund Balance - Beginning (January 1), As Restated	143,415
Fund Balance - Ending (December 31)	$ 215,623

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

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

B. Basis of Presentation – Basis of Accounting

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

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

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

I. Summary of Significant Accounting Policies (Continued)

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

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

Government fund types include the following:

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

C. Measurement Focus – Basis of Accounting

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

Fund Financial Statements – The modified accrual basis of accounting is used for the governmental fund types. This basis of accounting recognizes revenue in the accounting period in which they become both, measurable and available and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest on general long-term debt, which is recognized when due. Expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

D. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

E. Financial Statement Amounts

Cash and Cash Equivalents

Cash and Cash Equivalents are comprised of deposits in financial institutions, including time deposits. A cash equivalent is considered any highly liquid investment with a maturity of three months or less. Restricted assets and temporary investments are not included.

I. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (continued)

Fund Balance

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

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

Restricted fund balance – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

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

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

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

In circumstances where an expenditure is to be made for the purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

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

	General	Other Governmental	Total
Unassigned	$ 215,623	$ -	$ 215,623
Totals	$ 215,623	$ -	$ 215,623

II. Deposits, Securities and Investments

The District's funds are deposited and invested in the American Bank of Texas, Sherman, Texas. At December 31, 2013, all District cash deposits appeared to have been covered by FDIC insurance or by pledged securities held by other banks in the name of the depository bank.

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

Custodial Credit Risk

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

Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year end, the District does not appear to be exposed to custodial credit risk.

III. Prior Period Adjustments

During 2013, errors were discovered that caused an understatement of December 31, 2012 previously reported retained earnings of $24,485. Of this amount $16,007 related to 2010 expenses, and $8,478 related to expenses payable in 2011 that were paid in 2012, but not reversed from accounts payable at December 31, 2012.

The following summarizes the prior period adjustment referred to above:

Fund Balance, December 31, 2012, As Previously Reported	$ 118,930
Prior Period Adjustments For:	
Accounts Payable	24,485
Prior Period Adjustments December 31, 2012	24,485
Fund Balance at December 31, 2012, As Restated	$ 143,415
Change in Fund Balance, As Previously Reported	$ 89,773
Prior Period Adjustment, December 31, 2012	8,478
Change in Fund Balance for 2012, As Restated	$ 98,251

IV. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2013, the District purchased commercial insurance to cover these liabilities. There were no significant reductions in coverage in the last year, and there were no settlements exceeding insurance coverage in the past year.

V. Litigation

The District does not appear to be involved in any pending litigation as of December 31, 2013.

VI. Concentrations

One customer individually comprised approximately 57% of gross accounts receivable at December 31, 2013. The same customer individually comprised approximately 32% of revenue for the year ended December 31, 2013. One vendor comprised approximately 83% of expenses for the year ended December 31, 2013.

VII. Subsequent Events

Subsequent events have been evaluated through May 15, 2014, which is the date the financial statements were available to be issued. There do not appear to be any events occurring after year end that would or could have been an impact on the financial statements at December 31, 2013 as presented.

RED RIVER GROUNDWATER CONSERVATION DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2013

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Operating Revenues				
Groundwater Usage Fees	$ 250,000	$ 260,000	$ 273,137	$ 13,137
Total Operating Revenues	250,000	260,000	273,137	13,137
Operating Expenses				
Administration	244,670	239,238	187,486	51,752
Legal Fees	5,000	20,000	13,443	6,557
Total Operating Expenses	249,670	259,238	200,929	58,309
Net Change in Fund Balance	330	762	72,208	71,446
Fund Balance - Beginning (January 1), As Restated	143,415	143,415	143,415	-
Fund Balance - Ending (December 31)	$ 143,745	$ 144,177	$ 215,623	$ 71,446

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Communication with Those Charged With Governance

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

We have audited the financial statements of the Red River Groundwater Conservation District ("District") for the year ended December 31, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 4, 2014. Professional Standards also require that we communicate to you the following information related to our audit:

Auditors' Responsibilities Under U.S. General Accepted Auditing Standards

As stated in our engagement letter and as described by professional standards, our responsibility is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you and management of your responsibilities.

Planned Scope and Timing of Audit

We performed the audit according to the planned scope and timing previously communicated to management via discussions in February 2014.

Significant Auditing Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The District's significant accounting policies are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2013. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There were prior period adjustments entered during the current year.

Accounting estimates are an integral part of the financial statements prepared by management that required management's judgments based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive due to their significance to the financial statements and the possibility that future events affecting them may differ significantly from management's expectations. There were no significant or sensitive accounting estimates by management included in the financial statements.

The disclosures in the financial statement are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 15, 2014.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

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

McClanahan and Holmes, LLP

Certified Public Accountants

Bonham, Texas
May 15, 2014