

RED RIVER GROUNDWATER CONSERVATION DISTRICT

PERMIT HEARING AND BOARD MEETING

**Greater Texoma Utility Authority Board Room
5100 Airport Drive
Denison, Texas 75020**

**THURSDAY
JULY 24, 2025
10:00 AM**

NOTICE OF PUBLIC MEETING
OF THE
BOARD OF DIRECTORS OF THE

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Thursday, July 24, 2025, at 10:00 a.m.

MEETING LOCATION:
Greater Texoma Utility Authority Board Room
5100 Airport Drive
Denison, Texas 75020

Permit Hearing

The Permit Hearing will begin at 10:00 a.m.

Notice is hereby given that the Board of Directors of the Red River Groundwater Conservation District (“District”) will conduct a permit hearing on the following Production Permit Application:

Agenda:

1. Call to Order; establish quorum; declare hearing open to the public; introduction of Board.
2. Review the Production Permit Application of:

Permit Amendment

- a. **Applicant:** Bois D'Arc Municipal Utility District; 14101 E FM 1396, Honey Grove, TX 75446
Location of Well (Carson Well): Latitude: 33.70313°N, Longitude: 96.014313°W; about 2,521 feet east of FM 2029, and about 220 feet north of FM 1396, in Grayson County.
Purpose of Use: Municipal/Public Water System
Requested Amount of Use: 105,635,357 gallons per year
Production Capacity of Well: 500 gallons per minute
Aquifer: Woodbine
Amendment: Increase the capacity of the well (Carson Well) from 330 GPM to 500 GPM. No increase in annual production amount.

New Production Permit

- a. **Applicant:** Southwest Fannin Special Utility District; 8046 W Hwy 56, Savoy, TX 75479
Location of Well: CR 4909, Trenton, TX 75490; Latitude: 33.412328°N Longitude: 96.335196°W; about 640 feet east of FM 815 and about 135 feet south of Judah St, in Fannin County.
Purpose of Use: Municipal/Public Water System
Requested Amount of Use: 91,275,975 gallons per year
Production Capacity of Well: 500 gallons per minute
Aquifer: Woodbine

- b. **Applicant:** Platas Concrete INC; 411 E Jones St, Lewisville, TX 75057
Location of Well: 69 Anani Pkwy, Gunter, TX 75058; Latitude: 33.472033°N Longitude: 96.780878°W; about 400 feet west of Wall St Rd and about 1,080 feet north of Anani Pkwy, in Grayson County.
Purpose of Use: Industrial/Manufacturing
Requested Amount of Use: 14,000,000 gallons per year
Production Capacity of Well: 50 gallons per minute
Aquifer: Woodbine
- 3. Public Comment on the Production Permit Application (verbal comments limited to three (3) minutes each).
- 4. Consider and act upon the Production Permit Application, including designation of parties and/or granting or denying the Production Permit Application in whole or in part, as applicable.
- 5. Adjourn or continue permit hearing

Board Meeting

The Board Meeting will begin upon the adjournment of the Permit Hearing.

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

Agenda:

1. Pledge of Allegiance and Invocation.
2. Call to order, establish quorum; declare meeting open to the public.
3. Public Comment.
4. Consider and act upon approval of Minutes of June 19, 2025, Board Meeting.
5. Consider and act upon the 2024 Audit.
6. Budget and Finance.
 - a. Review and approval of monthly invoices.
 - b. Receive monthly financial information.
 - c. Receive Quarterly Investment Report.
7. Receive Quarterly Report on Management Plan.
8. Establish Committee to elect officers.
9. Consider and act upon 2026 Operating Budget.
10. Consider and act upon 2026 Groundwater Production Fee and Fee Schedule.
11. Update and possible action regarding the process for the development of Desired Future Conditions (DFC).
 - a. Receive Report on Drawdown and meeting the DFCs.
12. Consider and act upon compliance and enforcement activities for violations of District Rules.
13. General Manager’s report: The General Manager will update the Board on operational, educational and other activities of the District.
 - a. Update on Injection/Disposal Well Monitoring Program
 - b. Well Registration Summary
14. Open forum / discussion of new business for future meeting agendas.
 - a. Discussion on August Board Meeting
15. Adjourn.

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

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

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

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

ATTACHMENT 4

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

Thursday, June 19, 2025

**MEETING LOCATION:
GREATER TEXOMA UTILITY AUTHORITY
BOARD ROOM
5100 AIRPORT DRIVE
DENISON TX 75020**

Members Present: Billy Stephens, Mark Patterson, Chuck Dodd, David Gattis, Harold Latham, Mark Gibson, and John Keen.

Members Absent:

Staff: Paul Sigle, Kristi Krider, Nichole Murphy, Stacy Patrick, Allen Burks, and Velma Starks

Visitors: Kristen Fancher, Fancher Legal
James Beach, Advanced Groundwater Solutions, LLC
Isaac Johnson, Advanced Groundwater Solutions, LLC

Permit Hearing

Agenda:

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

Board President Mark Patterson called the Permit Hearing to order at 10:01 a.m., established quorum, declared hearing open to the public, and introduced the Board.

2. Review the Production Permit Application of:

New Production Permit

- a. **Applicant:** White Shed Water Supply Corporation; 5167 FM 273, Ivanhoe, TX 75447
Location of Well: 1276 E. FM 1396, Ravenna, TX 75476; Latitude: 33.694417°N Longitude: 96.165394°W; about 5,200 feet west of FM 273 and about 535 feet south of FM 1396, in Fannin County.
Purpose of Use: Municipal/Public Water System
Requested Amount of Use: 55,000,000 gallons per year
Production Capacity of Well: 400 gallons per minute
Aquifer: Woodbin

General Manager Paul Sigle reviewed the permit with the Board. Discussion was held. Board Member David Gattis made a motion to approve the permit. Board Member Chuck Dodd seconded the motion. Motion passed unanimously.

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

No comment

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

The permit was approved.

5. Adjourn or continue permit hearing

Board President Mark Patterson adjourned the permit hearing at 10:05 a.m.

Board Meeting

1. Pledge of Allegiance and Invocation.

Board President Mark Patterson led the group in the Pledge of Allegiance and Board Member Chuck Dodd offered the invocation for the group.

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

Board President Mark Patterson called the meeting to order at 10:06 a.m., established a quorum was present, and declared the meeting open to the public.

3. Public Comment.

No Public Comment.

4. Consider and act upon approval of Minutes of April 17, 2025, Board Meeting.

Board Member David Gattis made a motion to approve the minutes of the April 17, 2025, meeting. The motion was seconded by Board Member Billy Stephens. Motion passed unanimously.

5. Consider the appointment of a Budget Committee.

Board Members David Gattis, Harold Latham, and Chuck Dodd were appointed to the Budget Committee.

6. Budget and Finance.

- a. Review and approval of monthly invoices.

General Manager Paul Sigle reviewed the invoices with the Board. Discussion was held. Board Member Billy Stephens made a motion to approve the monthly invoices. Board Member David Gattis seconded the motion. Motion passed unanimously.

- b. Receive monthly financial information.

General Manager Paul Sigle reviewed the District's monthly financial information with the Board. Discussion was held.

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

- a. Presentation, discussion and possible action on development of Desired Future Conditions and Modeled Available Groundwater numbers for submission to Groundwater Management Area 8 (GMA8) for the current joint planning cycle.

GMA 8 meeting will be held on June 24, 2025. General Manager Paul Sigle provided background information in a presentation. Discussion was held. James Beach and Isaac Johnson, Advanced Groundwater Solutions, LLC provided an additional detailed presentation. Discussion was held. The Board would like to gather additional information and plans to select a DFC Committee at the next meeting.

- 8. Discussion and possible action on a letter of support for Greater Texoma Utility Authority's 2026 Region C Water Plan Water Management Strategy for Brackish Groundwater in Grayson County.

General Manager Paul Sigle provided background information for the Board. The TWDB considers the groundwater within the brackish production zones as part of the MAG. The Greater Texoma Utility Authority's 2026 Region C Water Plan Water Management Strategy for Brackish Groundwater in Grayson County views that brackish groundwater should not be considered as part of the MAG. James Beach, Advanced Groundwater Solutions LLC, provided a detailed presentation of brackish production zones. Discussion was held. Board Member Chuck Dodd made a motion to approve a letter of support for Greater Texoma Utility Authority's 2026 Region C Water Plan Water Management Strategy for Brackish Groundwater in Grayson County. Board Member John Keen seconded the motion. The letter is to be sent to Kristen Fancher, legal counsel, for review. Motion passed unanimously.

- 9. Consider and act upon compliance and enforcement activities for violations of District Rules.

General Manager Paul Sigle informed the board of an issue concerning a location with multiple wells for a concrete plant. There is an ongoing question regarding ownership, specifically whether Anani LLC currently owns the wells or if ownership has been transferred. One well is lacking a meter, while the other does not report meter readings. The associated fine is \$500.00. The necessary corrections are to be completed within 60 days. Board Member Chuck Dodd motioned to approve the \$500.00 fine and to resolve the issues within the specified timeframe. Board Member Billy Stephens seconded the motion. The motion was approved unanimously.

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

- a. Update on Injection/Disposal Well Monitoring Program

No update.

b. Well Registration Summary

General Manager Paul Sigle reviewed the well registration summary with the Board. Three new wells were registered in April, and four new wells were registered in May.

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

Next meeting Thursday, July 24, 2025

13. Adjourn.

Board President Mark Patterson declared the meeting adjourned at 11:20 a.m.

Recording Secretary

Secretary-Treasurer

ATTACHMENT 5

RED RIVER GROUNDWATER
CONSERVATION DISTRICT

Communication with Those
Charged With Governance

December 31, 2024



McCLANAHAN
AND
HOLMES, LLP
Certified Public Accountants

George H. Struve, CPA
Debra J. Wilder, CPA
Teffany A. Kavanaugh, CPA
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Communication with Those Charged
With Governance

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

We have audited the financial statements of the governmental activities and the major fund of the Red River Groundwater Conservation District (the District) for the year ended December 31, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 1, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Auditing Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule (Appendix A) summarizes misstatements detected as a result of audit procedures that were corrected by management. The attached schedule (Appendix B) summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the 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 30, 2025.

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.

Groundwater production fees were not updated in the first quarter of 2024, however, management recognized and made corrections in the second quarter of 2024.

Other Matters

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

Members of the Board
Red River Groundwater Conservation District
Denison, Texas
Page 3

Restriction on Use

This information is intended solely for the information and use of the Board Members and management of the District, 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 30, 2025

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Misstatements Corrected by Management
December 31, 2024

Appendix A

Description	Debit	Credit
Fund Balance	\$ 3.00	\$ -
Investments-CD	24,118.11	-
Accounts Receivable	7,190.55	-
A/R Well Application Fees	6,106.30	-
Dues & Subscriptions	2,000.00	-
Bad Debt Expense	5,085.85	-
GW Production	-	3.00
Interest Income	-	24,118.11
Unearned Revenue	-	10,708.66
Well Driller Fees	-	6,106.30
Advertising	-	2,000.00
Allowance For Uncollectable Accounts	-	1,567.74
	<u>\$ 44,503.81</u>	<u>\$ 44,503.81</u>

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Uncorrected Misstatements
December 31, 2024

Appendix B

Description	Debit	Credit
Legal	\$ 2,828.00	\$ -
Accounts Payable	-	2,828.00
	<u>\$ 2,828.00</u>	<u>\$ 2,828.00</u>

RED RIVER GROUNDWATER
CONSERVATION DISTRICT

Annual Financial Report

Year Ended December 31, 2024

RED RIVER GROUNDWATER CONSERVATION DISTRICT
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Year Ended December 31, 2024

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Red River Groundwater Conservation District (the District), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Red River Groundwater Conservation District as of December 31, 2024, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-7 and 19 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

McClanahan and Holmes, LLP
Certified Public Accountants

Bonham, Texas
June 30, 2025

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Management's Discussion and Analysis
Year Ended December 31, 2024

The Red River Groundwater Conservation District (the 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, 2024. Please read this section in conjunction with the basic financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net position was \$1,169,636 at December 31, 2024.
- During the year, the District's expenses were \$155,164 less than the \$423,483 generated from groundwater production fees and other revenues.
- The General Fund presents a year end fund balance of \$1,152,942 at December 31, 2024.

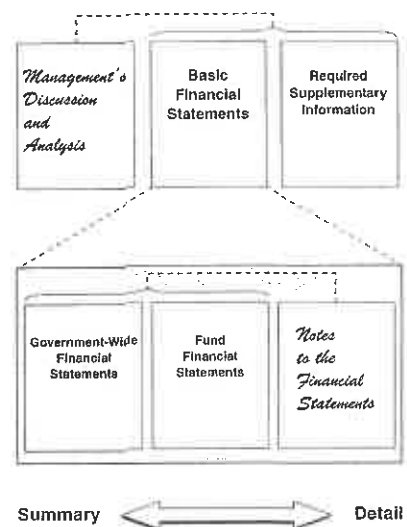
OVERVIEW OF THE FINANCIAL STATEMENTS

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

Basic Financial Statements

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

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



RED RIVER GROUNDWATER CONSERVATION DISTRICT
Management's Discussion and Analysis (Continued)
Year Ended December 31, 2024

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's budgetary comparison schedule. Required supplementary information can be found on page 19 of this report.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position may serve over time as a useful indicator of a government's financial position. For the District, the total combined net position was \$1,169,636 at year end. A comparative condensed summary of the District's statements of net position is presented here:

Red River Groundwater Conservation District's Net Position			Table A-1
	<u>2024</u>	<u>2023</u>	<u>Total Percentage Change 2023-2024</u>
Assets:			
Cash and Cash Equivalents	\$ 201,588	\$ 301,778	-33.20%
Investments	907,959	664,170	36.71%
Receivables and Other Assets	90,459	93,473	-3.22%
Capital Assets,			
Net of Accumulated Depreciation	<u>16,694</u>	<u>33,388</u>	-50.00%
Total Assets	<u>1,216,700</u>	<u>1,092,809</u>	11.34%
Liabilities:			
Current Liabilities	<u>47,064</u>	<u>61,643</u>	-23.65%
Total Current Liabilities	<u>47,064</u>	<u>61,643</u>	-23.65%
Net Position:			
Net Investment in Capital Assets	16,694	33,388	-50.00%
Unrestricted	<u>1,152,942</u>	<u>997,778</u>	15.55%
Total Net Position	<u>\$1,169,636</u>	<u>\$1,031,166</u>	13.43%

At year end, 16.57% of the District's total assets were held in cash and cash equivalents; with investments representing 74.62%, fees receivable and prepaid expenses representing 7.43%, and fixed assets representing 1.37%.

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

Unrestricted net position represents amounts available for future spending.

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Management's Discussion and Analysis (Continued)
Year Ended December 31, 2024

CHANGES IN NET POSITION

The District's total revenues were \$423,483 generated from Groundwater Production Fees assessed upon residents of the District and \$70,628 of other revenues.

The total cost of all services was \$285,013 for third party administration of the program and legal services.

A condensed summary of the District's statements of activities and changes in net position for the years ended December 31, 2024 and 2023 is presented here:

Changes in Red River Groundwater Conservation District's Net Position			Table A-2
	<u>2024</u>	<u>2023</u>	Total Percentage Change <u>2023-2024</u>
General Revenues:			
Groundwater Production Fees	\$ 352,855	\$ 369,219	-4.43%
Registration and Other Fees	30,812	35,103	-12.22%
Interest Income	<u>39,816</u>	<u>26,385</u>	50.90%
Total Revenues	<u>423,483</u>	<u>430,707</u>	-1.68%
Expenses:			
Administration	264,487	274,397	-3.61%
Legal	<u>20,526</u>	<u>21,789</u>	-5.80%
Total Expenses	<u>285,013</u>	<u>296,186</u>	-3.77%
Increase (Decrease) in Net Position	<u>\$ 138,470</u>	<u>\$ 134,521</u>	2.94%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The governmental funds of the District, as presented on page 11, reported revenues of \$423,483 during the year, with total expenditures of \$268,319.

BUDGETARY HIGHLIGHTS

The District's Board of Directors adopted a final operating budget for the 2024 fiscal year, based on anticipated receipts and expenditures (unaudited), prior to year end. The budget encompasses all the activities of the District, which would normally include both revenues and expenditures. Total revenues were \$63,714 above final budgeted amounts. Total expenditures were below final budgeted amounts by \$96,075.

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Management's Discussion and Analysis (Continued)
Year Ended December 31, 2024

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Capital Assets amounted to \$107,506, net of accumulated depreciation of \$90,812 as of December 31, 2024. This investment in capital assets includes a vehicle and computer software.

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

Debt

As of December 31, 2024, the District has not entered into any debt agreements. The District has no outstanding long-term debt at year end.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District adopted the next year's budget to provide for the developing nature of the services provided by the District, which remains consistent with current year budget.

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 Paul Sigle, General Manager for the District.

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Statement of Net Position
December 31, 2024

	Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 201,588
Investments	907,959
Accounts Receivable, Net of Allowance for Uncollectibles of \$3,098	88,525
Prepaid Expenses	1,934
Total Current Assets	1,200,006
Noncurrent Assets	
Capital Assets, Net of Accumulated Depreciation: Vehicles and Computer Software	16,694
Total Noncurrent Assets	16,694
Total Assets	1,216,700
LIABILITIES	
Current Liabilities	
Accounts Payable	24,255
Driller Deposits	12,100
Unearned Revenue	10,709
Total Current Liabilities	47,064
Total Liabilities	47,064
NET POSITION	
Net Investment in Capital Assets	16,694
Unrestricted	1,152,942
Total Net Position	\$ 1,169,636

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

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Statement of Activities
Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary Government				
Governmental Activities:				
Administration	\$ 264,487	\$ -	\$ -	\$ (264,487)
Legal	20,526	-	-	(20,526)
Total Governmental Activities	285,013	-	-	(285,013)
Total Primary Government	\$ 285,013	\$ -	\$ -	(285,013)
General Revenues:				
Groundwater Production Fees				352,855
Registration and Other Fees				30,812
Interest Income				39,816
Total General Revenues				423,483
Change in Net Position				138,470
Net Position - Beginning (January 1)				1,031,166
Net Position - Ending (December 31)				\$ 1,169,636

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

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Balance Sheet - Governmental Fund
December 31, 2024

	General Fund
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 201,588
Investments	907,959
Accounts Receivable, Net of Allowance for Uncollectibles of \$3,098	88,525
Prepaid Expenses	1,934
	<u>1,200,006</u>
Total Current Assets	<u>1,200,006</u>
Total Assets	<u>\$ 1,200,006</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 24,255
Driller Deposits	12,100
Unearned Revenue	10,709
	<u>47,064</u>
Total Current Liabilities	<u>47,064</u>
Total Liabilities	<u>47,064</u>
FUND BALANCE	
Nonspendable	1,934
Unassigned	1,151,008
	<u>1,152,942</u>
Total Fund Balance	<u>1,152,942</u>
Total Liabilities and Fund Balance	<u>\$ 1,200,006</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Fund Balance - Total Governmental Fund (above)	\$ 1,152,942
Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$107,506 and the accumulated depreciation is \$90,812.	<u>16,694</u>
Net Position of Governmental Activities	<u>\$ 1,169,636</u>

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

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Governmental Fund
Year Ended December 31, 2024

	General Fund
REVENUES	
Groundwater Production Fees	\$ 352,855
Registration and Other Fees	30,812
Interest Income	39,816
Total Revenues	<u>423,483</u>
EXPENDITURES	
Current	
Administration	247,793
Legal	20,526
Total Expenditures	<u>268,319</u>
Excess (Deficiency) of Revenues over Expenditures	<u>155,164</u>
Net Change in Fund Balance	155,164
Fund Balance - Beginning (January 1)	<u>997,778</u>
Fund Balance - Ending (December 31)	<u>\$ 1,152,942</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net Change in Fund Balance - Total Governmental Fund (above)	\$ 155,164
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$16,694) exceeds capital outlays (\$-) in the current year.	<u>(16,694)</u>
Change in Net Position of Governmental Activities	<u>\$ 138,470</u>

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

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Notes to Basic Financial Statements
December 31, 2024

I. Summary of Significant Accounting Policies

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

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

B. Basis of Presentation – Basis of Accounting

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

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

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

The 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.

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Notes to Basic Financial Statements (Continued)
December 31, 2024

I. Summary of Significant Accounting Policies (Continued)

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

Governmental 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 unassigned 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, are not recognized if not measurable and are disclosed. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

D. Receivable and Payable Balances

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

E. Financial Statement Amounts

Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand and deposits in financial institutions, including time deposits, with original maturities of three months or less from the date of acquisition. Restricted assets and temporary investments are not included.

Investments

Investments classified in the financial statements consist of funds held in certificates of deposit whose original maturity term exceeds three months. Investments are carried at cost plus interest earned, which approximates fair value.

In accordance with generally accepted accounting principles, inputs to valuation techniques used to measure fair value are prioritized according to a fair value hierarchy, as follows:

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Notes to Basic Financial Statements (Continued)
December 31, 2024

I. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (continued)

Investments (continued)

Level I - Fair values are based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level II - Fair values are based on generally indirect information such as quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active.

Level III - Fair values are based on inputs other than quoted prices included within Level I that are unobservable and include the District's own assumptions about pricing.

This fair value hierarchy gives the highest priority to Level I inputs and the lowest priority to Level III inputs. The District's investments are classified in Level II of the hierarchy.

Capital Assets

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

Assets capitalized have an original cost of more than \$5,000 and useful life in excess of one year. Depreciation has been provided over the estimated useful life using the straight-line method of depreciation. The estimated useful life of the vehicle and computer software is five years. Development in progress is not depreciated. Depreciation expense of \$16,694 was charged to Administration in the Statement of Activities for the year ended December 31, 2024.

	Balance 12/31/23	Additions	Retirements	Balance 12/31/24
Governmental Activities:				
Total Capital Assets Not Being Depreciated	\$ -	\$ -	\$ -	\$ -
Capital Assets being Depreciated:				
Vehicle	24,036	-	-	24,036
Computer Software	83,470	-	-	83,470
Total Capital Assets Being Depreciated	107,506	-	-	107,506
Less Accumulated Depreciation for:				
Vehicle	(24,036)	-	-	(24,036)
Computer Software	(50,082)	(16,694)	-	(66,776)
Total Accumulated Depreciation	(74,118)	(16,694)	-	(90,812)
Governmental Activities Capital Assets, Net	\$ 33,388	\$ (16,694)	\$ -	\$ 16,694

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Notes to Basic Financial Statements (Continued)
December 31, 2024

I. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (continued)

Net Position/Fund Balance

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

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). The District has classified prepaid items as being nonspendable as these items are not expected to be converted to cash.

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

Committed fund balance – represents amounts that can only be used for specific purposes imposed by a formal action of the District's highest level of decision-making authority, the Board. Committed resources cannot be used for any other purpose unless the Board removes or changes the specific use by taking the same formal action that imposed the constraint originally. The District has set a minimum committed fund balance equal to \$250,000.

Assigned fund balance – represents amounts the District intends to use for specific purposes as expressed by the Board or an official delegated authority. The District has no assigned fund balances at December 31, 2024.

Unassigned fund balances – represents all amounts not included in other spendable classifications, including the residual fund balance for the General Fund.

In circumstances where an expenditure is to be made for the purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance. The District has adopted a policy that sets a minimum fund balance of \$600,000 and a maximum of \$850,000. Fund balance at December 31, 2024 amounted to \$1,152,942 which exceeded the \$850,000 maximum level established.

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

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Notes to Basic Financial Statements (Continued)
December 31, 2024

I. Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (continued)

Net Position/Fund Balance (continued)

	<u>General</u>
Nonspendable	\$ 1,934
Unassigned	<u>1,151,008</u>
Total	<u>\$ 1,152,942</u>

II. Stewardship, Compliance, and Accountability

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

For the year ended December 31, 2024, the District's expenditures exceeded appropriations in the General Fund as follows:

<u>Object Category</u>	<u>Expenditures Exceeding Appropriations</u>
Legal	\$ 5,526

The over-expenditure was funded by available fund balance.

III. Deposits, Securities, and Investments

District funds may be invested in obligations of the United States Government, fully insured or collateralized certificates of deposit from any bank doing business in the State of Texas, and certain Texas Local Government Investment Pools. At December 31, 2024, the District has only invested in certificates of deposit.

As of December 31, 2024, the District maintains deposits in First United, Sherman, Texas, that at times may exceed the insured amount provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The District has not experienced any losses related to amounts in excess of FDIC limits and it is management's opinion that there is no significant exposure to credit risk. At December 31, 2024, the carrying amount of all deposits was \$201,588 and the bank balance was \$202,738. As of December 31, 2024, \$250,000 was insured by FDIC.

The District maintains certificates of deposit in East West Bank, Plano, Texas that at times may exceed the insured amount of \$250,000 provided by the U.S. Federal Deposit Insurance Corporation (FDIC). At December 31, 2024, the carrying amount of the certificates of deposits was \$907,959 and the bank balances were \$907,959. As of December 31, 2024, \$250,000 was insured by FDIC and \$657,959 was collateralized by a FHLB Letter of Credit. The certificates of deposit will mature in 2025.

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Notes to Basic Financial Statements (Continued)
December 31, 2024

III. Deposits, Securities, and Investments (Continued)

As of December 31, 2024, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Certificates of Deposit	\$907,959	N/A

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.

Credit Risk

Investments are exposed to the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's investment balance consists of only certificates of deposit as described above.

Interest Rate Risk

Interest rate risks refers to the risk that changes in interest rates will adversely affect the fair value of an investment.

Foreign Currency Risk

Foreign currency risk refers to the risk that exchange rates will adversely affect the fair value of an investment. At December 31, 2024, the District was not exposed to foreign currency risk.

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, 2024, 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.

RED RIVER GROUNDWATER CONSERVATION DISTRICT
Notes to Basic Financial Statements (Continued)
December 31, 2024

V. Estimates

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

VI. Related Party Transaction

The District and Greater Texoma Utility Authority (GTUA) have common management. The District rents office space and receives administrative services from GTUA. Total amounts incurred by the District to GTUA amounted to \$184,059. The amount payable to GTUA at December 31, 2024 was \$9,787.

VII. Concentrations

One customer individually comprised approximately 29% of gross accounts receivable at December 31, 2024. This customer individually comprised approximately 26% of revenue for the year ended December 31, 2024. One vendor (GTUA) comprised approximately 69% of expenditures for the year ended December 31, 2024.

VIII. Commitments

At December 31, 2024, the District has outstanding contract commitments totaling \$18,182 related to the GMA 8 groundwater planning effort agreement.

At December 31, 2024, the District has outstanding contract commitments totaling \$19,260 related to the LRE Water, LLC database management agreement.

RED RIVER GROUNDWATER CONSERVATION DISTRICT
General Fund
Budgetary Comparison Schedule
Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Groundwater Production Fees	\$ 326,769	\$ 326,769	\$ 352,855	\$ 26,086
Registration and Other Fees	17,000	17,000	30,812	13,812
Interest Income	16,000	16,000	39,816	23,816
Total Revenues	359,769	359,769	423,483	63,714
EXPENDITURES				
Administration	349,394	349,394	247,793	101,601
Legal	15,000	15,000	20,526	(5,526)
Total Expenditures	364,394	364,394	268,319	96,075
Net Change in Fund Balance	(4,625)	(4,625)	155,164	159,789
Fund Balance - Beginning (January 1)	997,778	997,778	997,778	-
Fund Balance - Ending (December 31)	\$ 993,153	\$ 993,153	\$ 1,152,942	\$ 159,789



McCLANAHAN
AND
HOLMES, LLP
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Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
Government Auditing Standards

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Red River Groundwater Conservation District (the District), as of and for the year ended December 31, 2024, 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 30, 2025.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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

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

Financial Accounting and Reporting:

The District does not control the period-end financial reporting process, including controls over the application of accounting principles that are in conformity with generally accepted accounting principles and controls over procedures used to analyze transactions comprising general ledger activity.

Views of Responsible Official: The District's management agrees with the finding and plans to maintain close oversight of the accounting and reporting process.

Segregation of Duties:

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

Views of Responsible Official: The District's management agrees with the finding and the Board of Directors will maintain close oversight of the District's operations.

Report on Compliance and Other Matters

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

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described previously. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 30, 2025

ATTACHMENT 6 a.

RESOLUTION NO. 2025-07-01

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE RED RIVER GROUNDWATER CONSERVATION DISTRICT AUTHORIZING PAYMENT OF ACCRUED LIABILITIES FOR THE MONTH OF JUNE

The following liabilities are hereby presented for payment:

	<u>Amount</u>
<u>Administrative Services</u>	
GTUA - Monthly expenses for June	\$17,085.19
<u>Contract Services</u>	
Advanced Groundwater Solutions - Hydrogeologic consulting through 5/31/2025	\$9,182.00
Advanced Groundwater Solutions - Hydrogeologic consulting through 6/30/2025	\$26,356.87
LRE Water - Software development for DripDrop	\$559.00
<u>Direct Costs</u>	
Awards Unlimited - Name plate for John Keen	\$12.95
Grayson County Tax Assessor	\$7.50
MJER, LLC dba Pro Auto Glass	\$350.00
NexTraq - GPS Service through July	\$36.95
Pro Auto Glass & Window Tinting	\$366.50
Statewide Plat Service - Monthly service charge for May	\$50.00
Statewide Plat Service - Monthly service charge for June	\$50.00
<u>Dues and Subscriptions</u>	
Texas Water Conservation Association - liability insurance through 7/1/25 - 7/1/26	\$4,031.00
<u>GMA-8 Fees</u>	
North Texas Groundwater - Intera and expenses January through June	\$3,473.07
<u>Legal</u>	
Kennedy Reporting Service, Inc - oral depositions for Mustang SUD and Sherman dispute	\$997.90
Rainmaker Document Technologies - June correspondence for City of Sherman and Mustang SUD	\$553.38
Stacey Reese Law PLLC - legal services through May	\$1,394.00
Stacey Reese Law PLLC - legal services through June	\$16,150.00
<u>Meetings & Conferences</u>	
Feast On This - June BOD Lunch	\$245.00
GRAND TOTAL:	<u><u>\$80,901.31</u></u>

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

On motion of _____ and seconded by:

_____, the foregoing Resolution was passed and approved on this, the 24th. day of July 2025

by the following vote:

AYE:

NAY:

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

President

ATTEST:

Secretary/Treasurer

RED RIVER
GROUNDWATER
CONSERVATION
DISTRICT

BOARD MEETING

Agenda for the July Board Meeting
July 10, 2013
7:00 AM

ATTACHMENT 6 b.

1. Approval of the minutes of the previous meeting.

2. Approval of the 2013-2014 budget.

THANK YOU
FOR YOUR ATTENTION

RED RIVER GROUNDWATER

Balance Sheet

As of June 30, 2025

ASSETS

Current Assets

Checking/Savings

10001 CASH-First United	49,339.52
10025 A/R CONSUMPTION	-6,095.86
10101 ALLOWANCE FOR UNCOLLECT	-1,530.00
10210 A/R WELL APPLICATION FEES	-2,804.32
10010 INVESTMENTS	1,040,952.42
10230 PP EXPENSES	1,289.28

TOTAL ASSETS	<u>1,081,151.04</u>
---------------------	----------------------------

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

23100 ACCOUNTS PAYABLE	
23150 DRILLERS DEPOSIT LIAB	12,300.00
23160 DEPOSIT - SOAH	21,953.21

Total Other Current Liabilities	<u>34,253.21</u>
--	-------------------------

Total Current Liabilities	<u>34,253.21</u>
----------------------------------	-------------------------

Total Liabilities	34,253.21
--------------------------	------------------

Equity

35100 RETAINED EARNINGS	1,152,942.58
Net Income	-106,044.75

Total Equity	<u>1,046,897.83</u>
---------------------	----------------------------

TOTAL LIABILITIES & EQUITY	<u>1,081,151.04</u>
---------------------------------------	----------------------------

RED RIVER GROUNDWATER
Profit & Loss Budget vs. Actual
June 30, 2025

	Current Actual	Current Budget	YTD Actual	Total Budget	% of Budget Remaining
Income					
46002 GW PRODUCTION	-11,374.77	0.00	65,041.71	267,948.07	75.73%
46005 LATE FEES	153.32	0.00	4,271.32	0.00	0.00%
46006 VIOLATION FEES	0.00	0.00	0.00	0.00	0.00%
46010 WELL DRILLER FEES	0.00	0.00	-6,106.30	0.00	0.00%
46015 REGISTRATION FEES	1,800.00	833.00	3,400.00	10,000.00	66.00%
46020 PERMITTING FEES	600.00	583.00	1,800.00	7,000.00	0.00%
46100 INTEREST INCOME	0.00	1,250.00	-4,894.94	15,000.00	132.63%
Total Income	-8,821.45	2,666.00	63,511.79	299,948.07	78.83%
Gross Profit	-8,821.45	2,666.00	63,511.79	299,948.07	
Expense					
77010 ADMINISTRATIVE COST	8,264.75	7,500.00	53,929.00	90,000.00	40.08%
77020 ADVERTISING	0.00	333.00	2,003.00	4,000.00	49.93%
77027 AUDITING	0.00	0.00	0.00	7,350.00	100.00%
77030 BAD DEBT	0.00		-5,085.85	-5,085.85	
77031 BANKING FEES	14.02	83.00	455.43	1,000.00	54.46%
77032 CONTRACT SERVICES	0.00	13,916.00	11,650.00	167,000.00	93.02%
77035 FIELD TECH	4,300.00	4,583.00	27,688.75	55,000.00	49.66%
77040 DIRECT COST	1,833.56	375.00	6,183.91	4,500.00	-37.42%
77045 FIELD PERMITTING SPECIAL	1,749.00	2,917.00	13,371.00	35,000.00	61.80%
77450 DUES & SUBSCRIPTIONS	4,031.00	83.00	4,031.00	4,000.00	-0.78%
77480 EQUIPMENT	0.00	3,203.00	1,234.56	38,432.00	96.79%
77500 FEES-GMA8	0.00	2,400.00	0.00	9,600.00	100.00%
77810 INSURANCE AND BONDING	0.00	416.00	959.68	5,000.00	80.81%
77850 GENERIC SOFTWARE SVC	0.00	208.00	0.00	2,500.00	100.00%
77970 LEGAL	553.38	1,667.00	26,891.47	20,000.00	-34.46%
77980 Legal - Legislature	0.00	2,500.00	0.00	30,000.00	100.00%
78010 MEETINGS AND CONFEREN	245.00	500.00	2,213.07	6,000.00	63.12%
78310 RENT	650.00	650.00	3,900.00	7,800.00	50.00%
78600 SOFTWARE MAINTENANCE	4,361.50	4,167.00	17,445.25	50,000.00	65.11%
78750 TELEPHONE	45.83	250.00	1,271.55	3,000.00	57.62%
78770 - TRANSPORTATION	745.50	333.00	1,414.72	4,000.00	64.63%
Total Expense	26,793.54	46,084.00	169,556.54	539,096.15	68.55%
Net Income	-35,614.99	-43,418.00	-106,044.75	-239,148.08	

ATTACHMENT 6 c

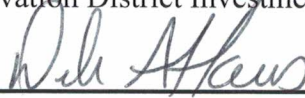
Red River Groundwater Conservation District
Quarterly Investment Report
For the Quarter Ended
June 30, 2025

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

Presented by Red River Groundwater Conservation District Investment Officers:

Handwritten signature of Paul Sigle in blue ink.

Paul Sigle
General Manager

Handwritten signature of Debi Atkins in blue ink.

Debi Atkins
Finance Officer

Investment Holdings

6/30/2025

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Face Amount/Par Value	Book Value	Market Price	Market Value	Life (Day)	Yield
First United (DDA)		0.00%	7/1/2025	6/30/2025	\$ 49,339.52	\$ 49,339.52	1.00	\$ 49,339.52	1	0.00%
East West (CD)		4.22%	3/2/2026	2/28/2025	\$ 400,000.00	\$ 400,000.00	1.00	\$ 400,000.00	245	4.31%
East West (CD)		4.31%	8/28/2025	2/28/2025	\$ 120,000.00	\$ 120,000.00	1.00	\$ 120,000.00	59	4.40%
EastWest (CD)		4.41%	8/28/2025	8/28/2024	\$ 520,952.42	\$ 520,952.42	1.00	\$ 520,952.42	59	5.65%
Weighted Ave Maturity in yrs					\$ 1,090,291.94	\$ 1,090,291.94		\$ 1,090,291.94	246	
									(1)	0.34

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

Book/Market Value Comparison

Description	Coupon/ Discount	Maturity Date	March 31, 2025			June 30, 2025		
			Face Amount/ Par Value	Book/Market Value	Purchases/ Adjustments	Sales/Adjust/ Call Maturity	Face Amount/ Par Value	Book/Market Value
First United (DDA)	0.00%	1/1/2025	76,822.49	76,822.49	83,096.63	110,579.60	49,339.52	\$ 49,339.52
East West (CD)	4.41%	8/28/2025	520,952.42	520,952.42			520,952.42	\$ 520,952.42
East West (CD)	4.31%	8/28/2025	120,000.00	120,000.00			120,000.00	\$ 120,000.00
East West (CD)	4.22%	3/2/2026	400,000.00	400,000.00			400,000.00	\$ 400,000.00
			\$ 1,117,774.91	\$ 1,117,774.91	\$ 83,096.63	\$ 110,579.60	\$ 1,090,291.94	\$ 1,090,291.94

ATTACHMENT 7



RED RIVER

GROUNDWATER CONSERVATION DISTRICT

FANNIN COUNTY AND GRAYSON COUNTY



General Manager's Quarterly Report

Date: June 30, 2025

Red River GCD Management Plan

This quarterly briefing is being provided pursuant to the adopted Management Plan for the quarter ending June 30, 2025.

Well Registration Program:

Current number of wells registered in the District: **1,271**

Aquifers in which the wells have been completed: Trinity and Woodbine

Well Inspection/Audit Program:

2025

Well Inspections

Month	Fannin	Grayson	Total
January	1	17	18
February	10	12	22
March	6	22	28
April	13	16	29
May	0	4	4
June	0	8	8
July			
August			
September			
October			
November			
December			
Total	30	79	109

Number of Exempt wells inspected (as of June 30, 2025)

County	Number of Wells Inspected (2025)	Total Number of Completed Wells*	%
Fannin	23	314	7%
Grayson	30	605	5%
Total	53	919	6%

Number of Non-Exempt wells inspected (as of June 30, 2025)

County	Number of Wells Inspected (2025)	Total Number of Completed Wells*	%
Fannin	7	92	8%
Grayson	45	230	20%
Total	52	322	16%

*Plugged wells have been excluded

*Total number of completed wells is estimated.

- Assumptions
 - Wells that have completion dates are assumed to be complete.
 - Wells with application dates through 3/7/2024 are assumed to be complete.
 - Wells that have been inspected are assumed to be complete.

ATTACHMENT 9

**RED RIVER GROUNDWATER
CONSERVATION DISTRICT
BUDGET YEAR 2026**

	APPROVED 2025	Actual 5/31/2025	Estimated 12/31/2025	Proposed Budget 2026	
Income					
46002 GW Production Fees	267,948.07	65,041.71	260,166.84	268,000.00	With 0.05/1000
46007 Registration Fees	10,000.00	2,800.00	6,720.00	10,500.00	3 yr ave =10467.
46005 Late Fees	-	4,118.00	9,883.20	-	
46006 Violation Fees	-	-	-	-	
46010 Drillers Dep Forfeit (Well Drillers Fees	-	-	-	-	
46020 Permitting Fees	7,000.00	-	-	10,000.00	3 yr ave = 9667 5 yr ave 7,840
46100 Interest Inc	15,000.00	19,223.17	19,223.17	17,000.00	
Total Income	299,948.07	91,182.88	295,993.21	305,500.00	
Gross Profit					
Expense					
77010 ADMINISTRATIVE COST	90,000.00	45,664.25	109,594.20	100,000.00	
77033 ADS-LEGAL	4,000.00	2,003.00	4,807.20	4,000.00	\$2K for Sponsorship
77027 AUDITING	7,350.00	7,350.00	7,350.00	7,800.00	5% increase - based on previous year projection
77031 BANKING FEES	1,000.00	441.41	1,059.38	1,000.00	
77032 CONTRACT SERVICES	-	-	-	-	
Hydrogeologist Consultant	167,000.00	47,188.87	94,377.74	100,000.00	
77040 DIRECT COST	4,500.00	4,350.35	10,440.84	15,000.00	Copies Postage,Truck GPS, State Wide Plat, 3 year averaged + funds for education program
77450 DUES & SUBSCRIPTIONS	4,000.00	-	-	3,000.00	TWCA \$416, TAGD Dues \$2200
77550 EQUIPMENT	38,432.00	1,234.56	36,000.00	35,000.00	Monitoring Equipment
77555 FEES-GMA8	9,600.00	-	-	12,000.00	1-2 meetings, hopefully some modeling meetings can be virtual
77035 FIELD TECH	55,000.00	23,388.75	56,133.00	55,000.00	
77045 FIELD PERMITTING SPECIALIST	35,000.00	11,622.00	27,892.80	35,000.00	
EDUCATION AND OUTREACH COORDINATOR				13,000.00	Hiring someone to start an education program that involves outreach to schools
77810 INSURANCE & BONDING	5,000.00	959.68	2,303.23	4,500.00	Bonding 315 TWCA 4031 + 5%
77850 GENERIC SOFTWARE SERVICES	2,500.00		2,500.00	3,200.00	ESRI(1/2), Quickbooks(1/3) 1277; Go Daddy
77970 LEGAL	20,000.00	42,488.09	84,976.18	20,000.00	last 3 years average \$18.8K
Legislation	30,000.00	-	-	-	
78010 MEETING AND CONFERENCE	6,000.00	1,968.07	4,723.37	5,000.00	
78310 RENT	7,800.00	3,250.00	7,800.00	8,000.00	Based on CPI increase to GTUA rent, about 2.6%
78600 DATABASE (DRIPDROP)	50,000.00	13,083.75	31,401.00	40,000.00	LRE
78770 TRANSPORTATION/FUEL/MAINT	4,000.00	669.22	1,606.13	3,000.00	
78750 TELEPHONE	3,000.00	1,225.72	2,941.73	3,000.00	Zultys \$194.51/Month & KE, AB, and PS Cell (1/2)
Total Expense	544,182.00	206,887.72	485,906.80	467,500.00	
Total Expenditures	544,182.00	206,887.72	485,906.80	467,500.00	
	(244,233.93)	(115,704.84)	(189,913.59)	(162,000.00)	

Position: Education & Conservation Outreach Coordinator

Job Summary:

The Red River Groundwater Conservation District (RRGCD) and North Texas Groundwater Conservation District (NTGCD) are seeking a creative and driven individual to lead our education, conservation, and community outreach initiatives. This role supports both Districts' missions to manage and protect local groundwater resources through public education, engagement, and conservation programming.

The ideal candidate will oversee established education programs geared toward school children (currently 4th, 5th, and 7th grades), manage outreach to the general public, and develop conservation messaging across multiple platforms. Responsibilities include creating engaging content for social media, authoring press releases, maintaining and updating websites and printed materials, and representing the Districts at public events.

This position requires a self-motivated individual with strong communication skills who can effectively promote the goals and mission of both Districts.

-
- **Serve as the primary lead for education initiatives across both Districts.**
 - **Manage and deliver established educational programs utilizing tailored curriculum and instructional materials.**
 - **Plan, coordinate, execute, and monitor educational and conservation-focused activities.**
 - **Communicate complex technical and regulatory information clearly to diverse audiences, including students, residents, landowners, and professionals.**
 - **Develop and present engaging programs for schools, civic organizations, and community groups.**
 - **Organize and promote conservation initiatives, teacher workshops, recognition efforts, and public outreach events.**
 - **Partner with educators and communications professionals to ensure consistent and mission-aligned messaging.**
 - **Write and distribute press releases, public announcements, newsletters, and articles for print, broadcast, and digital media.**
 - **Maintain and improve website and social media content to effectively support public engagement.**
 - **Create visually appealing digital and print materials to promote District activities and water conservation messaging.**

- **Craft and manage targeted email communications for key audiences such as educators, permittees, media contacts, and the general public.**
 - **Promote District events, meetings, and initiatives through email, web, and social media platforms.**
 - **Execute special projects as directed by the General Manager.**
 - **Prepare and present routine reports to the Boards of Directors detailing educational and outreach program efforts.**
 - **Promote the District's Goals and message to multiple audiences including well owners, legislators, and educators.**
-

Required Education:

- B.S. degree or equivalent experience in Education, Natural Resources, Communication, or related field preferred.
 - Emphasis or experience in water resources, environmental science, or a related discipline is preferred
-

Required Knowledge, Skills, and Abilities:

- Proficiency with Microsoft Office, web content management systems, and graphic design tools
- Excellent oral, written, and visual communication skills
- Strong public speaking and interpersonal skills
- Ability to engage and communicate effectively with children and the public
- Ability to manage projects, meet deadlines, and work both independently and as part of a team
- Working knowledge of desktop publishing, social media platforms, and basic layout/design software
- Valid driver's license, appropriate auto insurance, and ability to travel as needed (travel costs are reimbursable)
- Ability to work outdoors in all weather conditions and lift up to 50 lbs
- Flexibility to work occasional evenings or weekends

- Familiarity with regional geology, environmental policies, and local ordinances is preferred
-

How to Apply:

Submit a cover letter, resume or curriculum vitae, and a list of references by email to:
paul@gtua.org

Or by mail to:

Greater Texoma Utility Authority

Paul Sigle

5100 Airport Drive

Denison, TX 75020

Applications will be reviewed as they are received. Interviews will be scheduled with qualified candidates.

Fund Balance Projections

Year	Contribution	Fund Balance	Minimum Amount	Maximum Amount
2017	\$ (56,388)	\$ 413,663	\$ 600,000.00	\$ 850,000.00
2018	\$ 1,345	\$ 415,008	\$ 600,000.00	\$ 850,000.00
2019	\$ 84,131	\$ 499,139	\$ 600,000.00	\$ 850,000.00
2020	\$ 56,083	\$ 555,222	\$ 600,000.00	\$ 850,000.00
2021	\$ 103,972	\$ 659,194	\$ 600,000.00	\$ 850,000.00
2022	\$ 187,369	\$ 846,563	\$ 600,000.00	\$ 850,000.00
2023	\$ 151,215	\$ 997,778	\$ 600,000.00	\$ 850,000.00
2024	\$ 155,164	\$ 1,152,942	\$ 600,000.00	\$ 850,000.00
2025	\$ (189,914)	\$ 963,028	\$ 600,000.00	\$ 850,000.00
2026	\$ (162,000)	\$ 801,028	\$ 600,000.00	\$ 850,000.00

Went to 0.07 in 2015

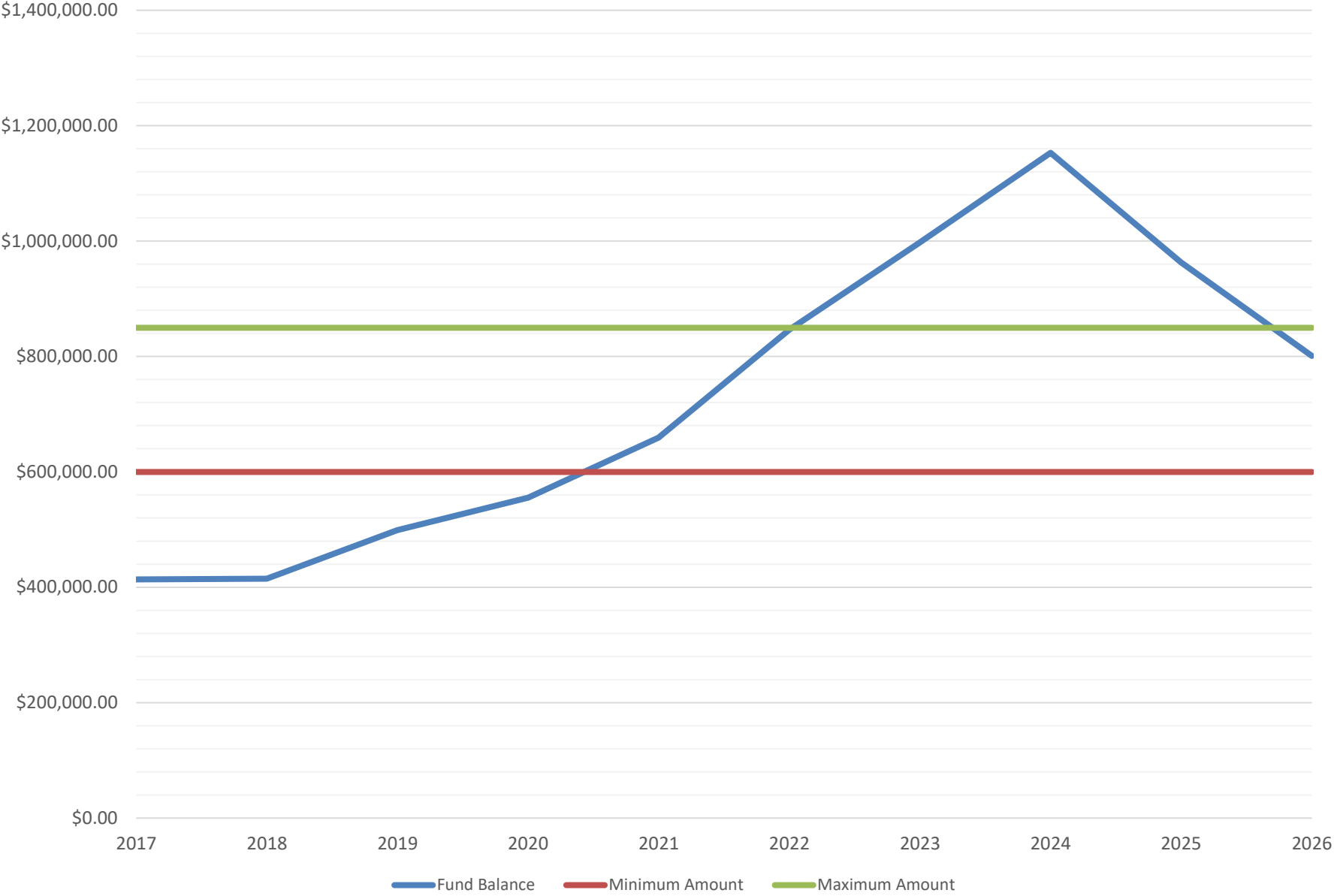
Went to 0.065 in 2021

Went to .06 in 2024

Went to 0.05 in 2025

Fund Balance	\$
Localize Groundwater Model	\$200,000.00 Plan to use a large portion in 2025
New Truck	\$50,000.00 Setting funds aside for a new truck when appropriate.
Unforeseen Cost	\$600,000.00 (i.e. legal, liability)
Fund Balance Limit	\$850,000.00
min	\$600,000.00

Fund Balance Summary



RESOLUTION NO. 2025-07-24-02

**A RESOLUTION BY THE BOARD OF DIRECTORS OF THE RED RIVER
GROUNDWATER CONSERVATION DISTRICT RELATING TO THE ADOPTION
OF A 2026 BUDGET FOR THE DISTRICT**

WHEREAS, the Red River Groundwater Conservation District (the “District”) is a political subdivision of the State of Texas organized and existing under and by virtue of Article XVI, Section 59, of the Texas Constitution as a groundwater conservation district, acting pursuant to and in conformity with Chapter 36, Texas Water Code and Act of May 25, 2009, 81st Leg., R.S., ch. 884, 2009 Tex. Gen. Laws 2313 codified at Chapter 8859 of the Texas Special District Local Laws Code (the “District Act”);

WHEREAS, the District Board of Directors (the “Board”) Budget & Finance Committee has worked diligently to identify all reasonably anticipated District revenues, expenses, and activities for the January 1, 2026 – December 31, 2026, budget cycle and, after giving much consideration to these important factors, has developed a proposed 2026 budget for the Board’s consideration and deliberation (the “2026 Budget”); and

WHEREAS, the Board has reviewed and considered the 2026 Budget and

WHEREAS, pursuant to Section 36.154 of the Texas Water Code, the District has prepared a budget that contains a complete financial statement, including a statement of the outstanding obligations of the District, the amount of cash on hand to the credit of each fund of the District, the amount of money received by the District from all sources during the previous year, the amount of money available to the District from all sources during the ensuing year, the amount of the balances expected at the end of the year in which the budget is being prepared, the estimated amount of revenues and balances available to cover the proposed budget, and the estimated fee revenues that will be required; and

WHEREAS, the Board finds that the adoption of the 2026 Budget, attached hereto as Attachment A and incorporated herein by this reference for all purposes, is merited to support the District’s activities and related expenses from January 1, 2026, through December 31, 2026, and that the attached budget will allow the District to carry out the District’s objectives and responsibilities as prescribed by the District Act and Chapter 36 of the Texas Water Code.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE
RED RIVER GROUNDWATER CONSERVATION DISTRICT AS FOLLOWS:**

- (1) The above recitals are true and correct.
- (2) The Board of Directors of the Red River Groundwater Conservation District hereby adopts an operating budget for January 1, 2026, to December 31, 2026, as provided in

the budget appended hereto as “Attachment A,” which is incorporated herein by this reference and is hereby approved and adopted.

- (3) The Board of Directors, its officers, and the District employees are further authorized to take any and all actions necessary to implement this resolution.

AND IT IS SO ORDERED.

Upon motion by _____ seconded by _____, the foregoing Resolution was passed and approved on this 24th day of July 2025, by the following vote:

AYE:

NAY:

ABSTAIN:

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

President

ATTEST:

Secretary-Treasurer

ATTACHMENT 10

RESOLUTION NO. 2025-07-24-03

**RESOLUTION TO ESTABLISH 2026 WATER USE FEE RATES
FOR THE RED RIVER GROUNDWATER CONSERVATION DISTRICT**

THE STATE OF TEXAS

§
§
§

RED RIVER GROUNDWATER CONSERVATION DISTRICT

WHEREAS, the Red River Groundwater Conservation District (the “District”) is a political subdivision of the State of Texas organized and existing under and by virtue of Article XVI, Section 59, of the Texas Constitution as a groundwater conservation district, acting pursuant to and in conformity with Chapter 36, Texas Water Code and Act of May 25, 2009, 81st Leg., R.S., ch. 884, 2009 Tex. Gen. Laws 2313 codified at Chapter 8859 of the Texas Special District Local Laws Code (the “District Act”);

WHEREAS, the District is a governmental agency and a body politic and corporate that is statutorily charged under Chapter 36 of the Texas Water Code and the District Act with protecting the quantity and the quality of groundwater within Grayson County and Fannin County;

WHEREAS, the District by rule, resolution, or order may establish, amend, pledge, encumber, and spend the proceeds from, and assess to any person production fees, based on the amount of groundwater authorized by permit to be withdrawn from a well or on the amount of water actually withdrawn, to enable the District to fulfill its purposes and regulatory functions as provided by the District Act;

WHEREAS, the District may assess a production fee for groundwater produced from a well or class of wells exempt from permitting under Section 36.117 of the Texas Water Code, except for a well exempt from permitting under Section 36.117(b)(1), which must be based on the amount of groundwater actually withdrawn from the well and may not exceed the amount established by the District for uses recognized as non-exempt pursuant to Chapter 36 of the Texas Water Code, the District Act, and rules promulgated by the District pursuant to the authority delegated therefrom;

WHEREAS, despite having authority to assess a production fee not to exceed 30 cents per each one thousand gallons of groundwater used annually for nonagricultural purposes, the Board determines that a production fee of five (\$0.050) cents per each one thousand gallons of groundwater used annually for nonagricultural purposes represents an appropriate, fiscally conservative fee that adequately addresses anticipated budgeting and revenue considerations for the District;

WHEREAS, the District may adopt a different fee for groundwater used for agricultural purposes not to exceed \$1.00 per acre-foot used annually, and the Board determines it necessary and appropriate to keep the production fee of zero (0) dollars per acre-foot of groundwater used annually for agricultural purposes the same as that set by the Board in previous years;

WHEREAS, the Board recognizes that the assessment of such fees serves a legitimate regulatory purpose;

WHEREAS, the Board finds that the notice and hearing requirements for the meeting of the Board, held this day, to take up and consider adoption of this resolution have been, and are, satisfied; and

WHEREAS, the Board finds that the proposed resolution is merited and necessary to support the District's efforts in managing the groundwater resources within the boundaries of the District in a manner consistent with the requirements of Chapter 36, Water Code, and the District Act, and that it is supportable under the laws of the State of Texas.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE RED RIVER GROUNDWATER CONSERVATION DISTRICT AS FOLLOWS:

- (1) Each of the above recitals are true and correct.
- (2) The Board of Directors of the Red River Groundwater Conservation District hereby sets a water use fee rate for groundwater production for calendar year 2026 of five per each one thousand gallons (\$0.050 / 1,000 gallons) of groundwater produced annually for nonagricultural purposes, which includes all commercial, municipal, industrial, manufacturing, public water supply, oil and gas, and other nonagricultural users within the District that are not exempt from the water use fee payment requirements set forth in the temporary rules adopted by the District. Such rate will be effective and assessed to groundwater production that occurs during 2026 (January 1, 2026 through December 31, 2026).
- (3) The Board of Directors of the Red River Groundwater Conservation District hereby sets a water use fee rate for groundwater production for calendar year 2026 of zero dollars per acre-foot (\$0.00 / acre-foot) of groundwater used annually for agricultural purposes. Such rate will be effective during 2026 (January 1, 2026 through December 31, 2026).
- (4) The Board of Directors, its officers, and the District staff are further authorized to take any and all actions necessary to implement this resolution.

AND IT IS SO ORDERED.

PASSED AND ADOPTED on this 24th day of July, 2025.

RED RIVER GROUNDWATER CONSERVATION DISTRICT

By: _____
Board President

ATTEST: _____
Board Secretary-Treasurer

RED RIVER

GROUNDWATER CONSERVATION DISTRICT

2026 Fee Schedule

Well Registration Fee (<17.36 GPM)	\$100 <u>250</u>
New Well Registration & Production Permit Application Fee (>17.36 GPM), <i>also applies to permit amendments</i>	\$600 <u>750</u>
Additional fee for Production Permit Applications which require a Hydrogeological Report (≥200 GPM)	\$1,100 <u>2,500</u>
Well Driller Log Deposit Fee (refundable if conditions in District Rules are met)	\$100 <u>250</u>
Additional fee for Registration of an existing unregistered Non-Exempt Well (additional penalties may apply if well was not self-reported)	\$500
Meter Seal Replacement Fee (For replacing seals for reasons other than well or meter failure)	\$100
Water Use Fees (Non-Exempt Wells)	
- Non-Agricultural Use	\$0.050/1000 gal
- Agricultural Use	\$0
Additional Water Use Fees (Non-Exempt Wells) for Production in Excess of Maximum Amount Authorized by Permit, 1st violation:	
- Non-Agricultural Use	\$0.15/1000 gal
- Agricultural Use	\$3/acre-foot
Additional Water Use Fees (Non-Exempt Wells) for Production in Excess of Maximum Amount Authorized by Permit, subsequent violation, within 3 calendar years of 1st violation:	
- Non-Agricultural Use (1st violation)	\$0.50/1000 gal
- Agricultural Use	\$10/acre-foot
Failure to Submit Water Production Reports by the Deadline	Per Account
- First Quarter	\$50
- Second Consecutive Quarter	\$250
- Third Consecutive Quarter	\$500
- Fourth Consecutive Quarter	Major Violation
Failure to Pay Water Use Fee by Payment Deadline	15%
Failure to Pay Water Use Fee within 60-days of the Payment Deadline (See Appendix A of the Rules for schedule of Violations)	Major Violation

Notes: Information about the payment and water production report deadlines can be found at redrivergcd.org/billing.

ATTACHMENT 13 b.

RED RIVER GROUNDWATER CONSERVATION DISTRICT

Well Registration Summary

(as of 6/30/2025)

Well Type	Fannin	Grayson	Total RRGCD	New Registrations June 2025
Domestic	280	492	772	4
Public Water	63	200	263	1
Livestock	17	31	48	0
Agriculture	26	29	55	0
Commercial	10	22	32	1
Surface Impoundments	13	19	32	0
Oil / Gas	0	17	17	0
Golf Course	0	14	14	0
Irrigation	1	11	12	0
Monitoring	1	10	11	0
Industrial	0	11	11	0
*Other	1	3	4	0
TOTALS	412	859	1271	6

NOTE: Plugged wells have been excluded

***Construction Water**

ADJOURN