



**RESOLUTION NO. 20230425-01**

**ACCEPTANCE OF FISCAL YEAR 2022 AUDITED FINANCIAL STATEMENTS**

**WHEREAS**, TexAmericas Center is a political subdivision of the State of Texas with the powers and authorities specified in Chapter 3503 of the Special District Local Laws Code of the State of Texas; and

**WHEREAS**, by prior **Resolution #20200728-01** of the Board of Directors, TexAmericas Center hired auditors Thomas & Thomas, PLLC and provided them with the unaudited financial statements of TexAmericas Center for their review, and;

**WHEREAS**, the auditors, outside accountants and TexAmericas Center staff collaborated to conduct the audit and represent the financial statements, management discussion and analysis, and management representations in accordance with applicable law and regulations (Attached), and;

**WHEREAS**, the auditors have found no material misstatements in the financial statements.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of TexAmericas Center that 2022 Audited Financial Statements are hereby accepted as presented in the attachment hereto.

**PASSED AND APPROVED THIS 25<sup>th</sup> day of April, 2023.**

A handwritten signature in blue ink, appearing to be "JR", written over a horizontal line.

**Jim Roberts, Chairman of the Board**

**ATTEST:**

A handwritten signature in blue ink, appearing to be "JP", written over a horizontal line.  
**Justin Powell, Secretary**

Attached: FY 2022 Audited Financials

**TEXAMERICAS CENTER  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022  
(WITH INDEPENDENT AUDITOR'S REPORT THEREON)**

**TEXAMERICAS CENTER**  
**Annual Financial Report**  
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**TEXAMERICAS CENTER**  
**Annual Financial Report**  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
TexAmericas Center  
New Boston, Texas

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, which includes the blended component unit and the aggregate remaining fund information of TexAmericas Center (the Center), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Center'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, the business-type activities, and each major fund of the Center as of September 30, 2022, and the respective changes in financial position and cash flows thereof 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center 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 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 Center'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.

### Auditor's 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 auditor's 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.

Board of Directors of  
TexAmericas Center

### **Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

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 Center'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 Center'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 iv-xi and 27, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Emphasis of Matter**

As discussed in Note Q to the financial statements, the Center has restated its September 30, 2021 net position to properly reflect capital assets for additions and dispositions that occurred in previous periods for both the Center, and TAC East Holdings Company No. 1, in accordance with accounting principles generally accepted in the United States of America.

As part of our audit of the September 30, 2022 financial statements, we also audited the adjustments described in Note Q to the financial statements that were applied to restate the September 30, 2021 net position. In our opinion such adjustments are appropriate and have been properly applied.

Board of Directors of  
TexAmericas Center

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center’s basic financial statements. The accompanying combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2023, on our consideration of the Center’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 Center’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 Center’s internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas  
April 21, 2023

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the TexAmericas Center (the Center), we offer readers of the Center's financial statements this narrative overview and analysis of the financial activities of the Center and its blended component unit, TAC East Holdings Company No. 1, for the fiscal year ended September 30, 2022.

### Financial Highlights

- The assets of Center exceeded its liabilities and deferred inflow of resources at the close of the most recent fiscal year by \$55,096,005 (*net position*). Of this amount, \$14,425,587 (*unrestricted net position*) may be used to meet the Center's ongoing obligations.
- The Center's total net position decreased by \$1,604,952.
- As of the close of the fiscal year, the Center's general fund reported an ending fund balance of \$13,949,303. Approximately 96% of this amount, or \$13,457,070, is available for spending at the Center's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was 198% of total general fund expenditures.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Center's basic financial statements. The Center's basic financial statements comprise three components: 1) government-wide statements, 2) fund financial statements, and 3) notes to the financial statements.

#### Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Center's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Center's assets, liabilities, and deferred inflows of resources, with the difference between total assets, total liabilities, and deferred inflows of resources reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Center is improving or deteriorating.

The *statement of activities* presents information showing how the Center's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

In the statement of net position and the statement of activities, the Center is divided into two kinds of activities:

- Governmental activities – Most of the Center's basic services are reported here, including principally supported intergovernmental revenues such as planning, marketing, and development.
- Business-type activities – The Center provides third-party logistics (3PL) services to assist customers with inventory management, warehousing, and fulfillment needs. The Center also provides railcar storage, transload, and other railcar services to customers.

Government-wide financial statements can be found on pages 1-2 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### **Fund Financial Statements**

#### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Center's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Center's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Center maintains two governmental funds, denoted in the financial statements as the "General Fund" and the "Special Revenue Fund." Both funds' information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance. The general fund is considered to be a major fund of the Center. The special revenue fund is the blended component unit, TAC East Holdings Company No. 1. The Center adopts an annual appropriated budget for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 3-6 of this report.

#### **Proprietary Funds**

The Center reports the activities for which it charges users (whether outside customers or other units of the Center) in proprietary funds using the same accounting methods employed in the statement of net position and the statement of activities. In fact, the Center's enterprise funds (one category of proprietary funds) are the business-type activities reported in the government-wide financial statements but containing more detail and additional information, such as cash flows.

The proprietary fund financial statements can be found on pages 7-9 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential in obtaining a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10-26 of this report.

### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of the Center's financial position. In the case of Center, assets exceeded liabilities and deferred inflows of resources for the governmental activities and business-type activities by \$54,487,207 and \$608,798, respectively, as of September 30, 2022.

The largest portion of the Center's total net position (\$40,178,185 or 73%), reflects its investment in capital assets (e.g., land and timber, buildings, roads and rail, equipment, and construction held for sale or lease, and construction in progress), less any debt used to acquire those assets that is still outstanding. The Center uses these capital assets to provide service to customers; consequently, these assets are not available for future spending. Although the Center's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A condensed version of the statements of net position as of September 30, 2022, and 2021 can be found in Table I. A condensed version of the statements of activities as of September 30, 2022 can be found in Table II.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**TABLE I**

**TEXAMERICAS CENTER**

**STATEMENTS OF NET POSITION**

**AS OF SEPTEMBER 30, 2022 AND 2021**

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Totals</i>	
	2022	2021	2022	2021	2022	2021
Cash and Investments	\$ 12,805,027	\$ 15,218,982	\$ 891,017	-	\$ 13,696,044	\$ 15,218,982
Other Assets	14,668,881	13,848,366	2,186,456	-	16,855,337	13,848,366
Capital Assets	48,136,119	49,431,281	1,200,440	-	49,336,559	49,431,281
<b>Total Assets</b>	<b>75,610,027</b>	<b>78,498,629</b>	<b>4,277,913</b>	<b>-</b>	<b>79,887,940</b>	<b>78,498,629</b>
Other Liabilities	1,674,771	1,619,757	2,185,338	-	3,860,109	1,619,757
Long-Term Liabilities	7,989,093	7,531,236	1,100,000	-	9,089,093	7,531,236
<b>Total Liabilities</b>	<b>9,663,864</b>	<b>9,150,993</b>	<b>3,285,338</b>	<b>-</b>	<b>12,949,202</b>	<b>9,150,993</b>
Deferred Inflow of Resources	11,458,956	12,628,238	383,777	-	11,842,733	12,628,238
<b>Total Deferred Inflow of Resources</b>	<b>11,458,956</b>	<b>12,628,238</b>	<b>383,777</b>	<b>-</b>	<b>11,842,733</b>	<b>12,628,238</b>
Net Position:						
Net Invested in Capital Assets	40,172,703	41,593,588	5,482	-	40,178,185	41,593,588
Restricted	492,233	447,573	-	-	492,233	447,573
Unrestricted	13,822,271	14,659,796	603,316	-	14,425,587	14,659,796
<b>Total Net Position</b>	<b>\$ 54,487,207</b>	<b>\$ 56,700,957</b>	<b>\$ 608,798</b>	<b>-</b>	<b>\$ 55,096,005</b>	<b>\$ 56,700,957</b>

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

TABLE II

TEXAMERICAS CENTER

STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2022 AND 2021

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Totals</i>	
	2022	2021	2022	2021	2022	2021
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 3,046,917	\$ 3,505,099	\$ 1,547,694	-	\$ 4,594,611	\$ 3,505,099
Operating Grants & Contributions	413,044	305,526	-	-	413,044	305,526
Capital Grants & Contributions	-	-	-	-	-	-
General Revenues:						
Franchise Fees	142,742	164,823	-	-	142,742	164,823
Investment Earnings	70,601	72,055	-	-	70,601	72,055
Leased Employee Revenue	595,667	294,492	-	-	595,667	294,492
Miscellaneous	53,482	-	6,537	-	60,019	-
Gain on Sale of Capital Assets	232,073	1,852,152	-	-	232,073	1,852,152
PILOT	208,151	101,630	-	-	208,151	101,630
<b>Total Revenues</b>	<b>4,762,677</b>	<b>6,295,777</b>	<b>1,554,231</b>	<b>-</b>	<b>6,316,908</b>	<b>6,295,777</b>
<b>Expenditures:</b>						
Facility Operations & Infrastructure	1,529,874	1,046,925	-	-	1,529,874	1,046,925
Real Estate, Marketing, & Sales	1,324,176	1,173,792	-	-	1,324,176	1,173,792
General Government	3,518,041	3,020,659	-	-	3,518,041	3,020,659
Timber & Hunting	81,522	52,430	-	-	81,522	52,430
ESCA	522,814	445,294	-	-	522,814	445,294
Other Business-Type Activities	-	-	945,433	-	945,433	-
<b>Total Expenditures</b>	<b>6,976,427</b>	<b>5,739,100</b>	<b>945,433</b>	<b>-</b>	<b>7,921,860</b>	<b>5,739,100</b>
Change in Net Position	(2,213,750)	556,677	608,798	-	(1,604,952)	556,677
<b>Net Position-Beginning, as Previously Reported</b>	<b>56,535,948</b>	<b>54,016,899</b>	<b>-</b>	<b>-</b>	<b>56,535,948</b>	<b>54,016,899</b>
<b>Prior Period Adjustment</b>	<b>165,009</b>	<b>2,127,381</b>	<b>-</b>	<b>-</b>	<b>165,009</b>	<b>2,127,381</b>
<b>Net Position-Beginning, as Restated</b>	<b>56,700,957</b>	<b>56,144,280</b>	<b>-</b>	<b>-</b>	<b>56,700,957</b>	<b>56,144,280</b>
<b>Net Position-Ending</b>	<b>\$ 54,487,207</b>	<b>\$ 56,700,957</b>	<b>\$ 608,798</b>	<b>\$ -</b>	<b>\$ 55,096,005</b>	<b>\$ 56,700,957</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The balance of unrestricted net position of \$13,822,271 may be used to meet the Center's ongoing obligations to customers and creditors.

At the end of the current fiscal year, the Center is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

The Center's total net position decreased by \$1,604,952 during the current fiscal year.

### **Governmental Activities**

Governmental activities decreased the Center's net position by \$2,213,750 during fiscal year ended September 30, 2022. Overall revenues decreased by \$2,225,330, and expenditures increased by \$526,658 from the prior year. Key elements of these changes are as follows:

- Grant revenues decreased by \$107,518.
- Charges for services revenue decreased by \$458,182.
- Gain on sale of capital assets decreased by \$1,620,079.
- Facility, operations, and infrastructure expenditures increased by \$482,949.
- Real estate, marketing, and sales expenditures increased by \$150,384.
- General government expenditures increased by \$497,382.
- ESCA expenditures decreased by \$77,520.

### **Business-Type Activities**

Business-Type activities increased the Center's net position by \$608,798 during fiscal year ended September 30, 2022. Overall revenues increased by \$1,554,231, and expenditures increased by \$945,433 from the prior year.

### **Financial Analysis of the Governmental Fund**

As noted earlier, the Center uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### **Governmental Funds**

The focus of the Center's governmental funds is to provide information on near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the Center's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Center's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Center. At the end of the current fiscal year, the unassigned general fund balance was \$13,457,070, while the total general fund balance was \$13,949,303. As a measure of the general fund's liquidity, it may be useful to compare both unassigned and total fund balances to total fund expenditures.

The fund balance of the Center's general fund had a net decrease of \$710,493 during the 2022 fiscal year compared to an increase of \$2,005,072 in 2021.

### **General Fund Budgetary Highlights**

There was an unfavorable difference of \$2,358,326 in the revenues between final budget and actual revenues. The main changes were a variance in grant revenues of \$1,735,377.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### General Fund Budgetary Highlights (Continued)

During the year, there was a favorable difference in the expenditure appropriations between the final budget and actual expenditures. The following are the main components of the difference:

- General government expenditures varied from the final budget by \$1,167,546.
- ESCA expenditures varied from the final budget by \$1,625,024.

### Capital Assets and Debt Administration

#### Capital Assets

As of September 30, 2022, the Center had \$48,136,119 and \$1,200,440 invested in capital assets for its governmental activities and business-type activities, respectively, which is net of accumulated depreciation. This investment in capital assets includes land and timber, buildings and improvements, roads and rails, equipment, construction held for sale, and construction in progress.

Additional information on the Center's and TAC East Holdings Company No. 1's capital assets can be found in Note E to the financial statements.

A summary of the governmental activities and business-type activities can be found in Table III.

#### Long-term Debt

At the end of the current fiscal year, the Center had long-term accrued compensated absences of \$26,140 and the long-term portion of a note payable due of \$7,616,524.

Additional information of the Center's long-term debt can be found in Note N to the financial statements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**TABLE III**  
**TEXAMERICAS CENTER**  
**CENTER'S CAPITAL ASSETS**  
**AS OF SEPTEMBER 30, 2022 AND 2021**

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Totals</i>	
	2022	2021	2022	2021	2022	2021
Land and Timber	\$ 16,824,475	\$ 16,907,026	\$ -	\$ -	\$ 16,824,475	\$ 16,907,026
Buildings and Improvements	32,883,634	32,737,556	-	-	32,883,634	32,737,556
Roads and Rail	20,430,702	20,429,395	-	-	20,430,702	20,429,395
Equipment	551,399	470,248	236,000	-	787,399	470,248
Construction in Process	-	-	1,010,461	-	1,010,461	-
Construction Held for Sale	8,413,488	7,855,298	-	-	8,413,488	7,855,298
<b>Totals at Historical Cost</b>	<b>79,103,698</b>	<b>78,399,523</b>	<b>1,246,461</b>	<b>-</b>	<b>80,350,159</b>	<b>78,399,523</b>
Less: Accumulated Depreciation						
Buildings and Improvements	(21,524,755)	(20,244,382)	-	-	(21,524,755)	(20,244,382)
Roads and Rail	(8,990,122)	(8,284,708)	-	-	(8,990,122)	(8,284,708)
Equipment	(451,980)	(439,152)	(46,021)	-	(498,001)	(439,152)
<b>Total Accumulated Depreciation</b>	<b>(30,966,857)</b>	<b>(28,968,242)</b>	<b>(46,021)</b>	<b>-</b>	<b>(31,012,878)</b>	<b>(28,968,242)</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 48,136,119</b>	<b>\$ 49,431,281</b>	<b>\$ 1,200,440</b>	<b>\$ -</b>	<b>\$ 49,337,281</b>	<b>\$ 49,431,281</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### **Economic Factors and Next Year's Budget**

As part of the Center's Environmental Services Cooperative Agreement (ESCA) work with the U.S. Army, the Center is currently utilizing quarterly reports to report ESCA activity. The Center is in negotiations with the U.S. Army Base Realignment and Closure (BRAC) and the Grants Office on ESCA modification number 12 to discuss outstanding items. The Center anticipates this modification will be finalized in FY 2023.

The Center continues to pursue grants to upgrade all rail infrastructure and possibly create new sit yards for the railcar storage operations. This will allow for the rail system to be utilized to its fullest potential and create additional revenues through railcar storage.

The Center is also actively pursuing grants and other funding options to upgrade utilities and other infrastructure to other areas of the Center's properties to increase the opportunities for job creation.

Although inflation continues to be a negative economic factor, the Center continues to see a strong impact on the footprint, which is anticipated to continue.

Finally, there are no significant changes expected from the current list of tenants that would have a material impact on the Center. While some leases are scheduled to expire this current year, a majority are expected to be renewed.

### **Financial Contact**

The Center's financial statements are designed to present users (citizens, customers, investors, and creditors) with a general overview of the Center's finances and to demonstrate the Center's accountability. If you have questions about the report or need additional financial information, please contact Scott Norton, Executive Director/CEO at 107 Chapel Lane, New Boston, Texas, 75570.



## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**TEXAMERICAS CENTER**  
**STATEMENTS OF NET POSITION**  
**SEPTEMBER 30, 2022**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 5,719,419	\$ 866,473	\$ 6,585,892
Restricted Cash and Cash Equivalents	556,750	24,544	581,294
Investments - Certificates of Deposit	6,528,858	-	6,528,858
Accounts Receivable	84,844	198,250	283,094
Leases Receivable	11,817,533	390,950	12,208,483
Due from U.S. Army - ESCA Grant	552,146	-	552,146
Due from Enterprise Funds	2,113,378	-	2,113,378
Prepaid Expenses	100,980	-	100,980
Capital Assets:			
Land and Timber	16,824,475	-	16,824,475
Buildings and Improvements, Net	11,359,463	-	11,359,463
Road and Rail, Net	11,439,273	-	11,439,273
Equipment, Net	99,420	189,979	289,399
Construction Held for Sale	8,413,488	-	8,413,488
Construction in Progress	-	1,010,461	1,010,461
Intangible Assets:			
Goodwill	-	1,597,256	1,597,256
<b>Total Assets</b>	<b>75,610,027</b>	<b>4,277,913</b>	<b>79,887,940</b>
<b>Liabilities</b>			
Accounts Payable	766,965	14,899	781,864
Interest Payable	64,736	-	64,736
Accrued Liabilities	100,761	-	100,761
Unearned Revenue	425,001	-	425,001
Tenant Lease Deposits	314,062	-	314,062
Deferred PILOT Revenues	3,246	24,544	27,790
Due to General Fund	-	2,113,378	2,113,378
Noncurrent Liabilities:			
Due Within One Year:			
Accrued Compensated Absences	36,070	15,232	51,302
Note Payable	310,359	197,717	508,076
Due in More Than One Year:			
Accrued Compensated Absences	26,140	17,285	43,425
Note Payable	7,616,524	902,283	8,518,807
<b>Total Liabilities</b>	<b>9,663,864</b>	<b>3,285,338</b>	<b>12,949,202</b>
<b>Deferred Inflow of Resources</b>			
Deferred Inflow of Resources Relating to Leases	11,458,956	383,777	11,842,733
<b>Total Deferred Inflow of Resources</b>	<b>11,458,956</b>	<b>383,777</b>	<b>11,842,733</b>
<b>Net Position</b>			
Investment in Capital Assets, Net of Debt	40,172,703	5,482	40,178,185
Unrestricted	13,822,271	603,316	14,425,587
Restricted - Other	492,233	-	492,233
<b>Total Net Position</b>	<b>\$ 54,487,207</b>	<b>\$ 608,798</b>	<b>\$ 55,096,005</b>

The notes to the financial statements are an integral part of these statements.

**TEXAMERICAS CENTER  
STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Governmental Activities:</b>							
Governmental Activities:							
Facility Operations and Infrastructure	\$ 1,529,874	\$ 1,374	\$ -	\$ -	\$ (1,528,500)	\$ -	\$ (1,528,500)
Real Estate, Marketing, and Sales	1,324,176	2,468,017	-	-	1,143,841	-	1,143,841
General Government	3,518,041	527,972	583	-	(2,989,486)	-	(2,989,486)
Timber & Hunting	81,522	49,554	-	-	(31,968)	-	(31,968)
ESCA	522,814	-	412,461	-	(110,353)	-	(110,353)
Total Governmental Activities	6,976,427	3,046,917	413,044	-	(3,516,466)	-	(3,516,466)
<b>Business-Type Activities:</b>							
Business-Type Activities:							
Logistics	291,793	458,514	-	-	-	166,721	166,721
Rail	653,640	1,089,180	-	-	-	435,540	435,540
Total Business-Type Activities	945,433	1,547,694	-	-	-	602,261	602,261
Total Primary Government	7,921,860	4,594,611	413,044	-	(3,516,466)	602,261	(2,914,205)
<b>General Revenues</b>							
Franchise Fees					142,742	-	142,742
Investment Earnings					70,601	-	70,601
Leased Employee Revenue					595,667	-	595,667
Gain on Sale of Capital Assets					232,073	-	232,073
PLOT					208,151	-	208,151
Miscellaneous					53,482	6,537	60,019
Total General Revenues					1,302,716	6,537	1,309,253
Change in Net Position					(2,213,750)	608,798	(1,604,952)
Net Position - Beginning, as Previously Reported					56,535,948	-	56,535,948
Prior Period Adjustments					165,009	-	165,009
Net Position - Beginning, as Restated					56,700,957	-	56,700,957
<b>Net Position - Ending</b>					\$ 54,487,207	\$ 608,798	\$ 55,096,005

The notes to the financial statements are an integral part of these statements.

**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

**TEXAMERICAS CENTER  
BALANCE SHEETS  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 5,486,758	\$ 789,411	\$ 6,276,169
Investments - Certificates of Deposit	6,528,858	-	6,528,858
Accounts Receivable	79,852	4,992	84,844
Due from U.S. Army - ESCA Grant	552,146	-	552,146
Due from Special Revenue Fund	353,155	-	353,155
Due from Enterprise Funds	2,113,378	-	2,113,378
Prepaid Expenses	100,980	-	100,980
Leases Receivable	10,319,101	1,498,432	11,817,533
<b>Total Assets</b>	<b>25,534,228</b>	<b>2,292,835</b>	<b>27,827,063</b>
<b>Liabilities</b>			
Accounts Payable	766,965	-	766,965
Accrued Payroll Liabilities	100,761	-	100,761
Unearned Revenue	425,001	-	425,001
Tenant Lease and Property Tax Deposits	275,215	42,093	317,308
Due to General Fund	-	353,155	353,155
<b>Total Liabilities</b>	<b>1,567,942</b>	<b>395,248</b>	<b>1,963,190</b>
<b>Deferred Inflow of Resources</b>			
Deferred Inflow of Resources Relating to Leases	10,016,983	1,441,973	11,458,956
<b>Total Deferred Inflow of Resources</b>	<b>10,016,983</b>	<b>1,441,973</b>	<b>11,458,956</b>
<b>Fund Balance</b>			
Restricted	284,782	-	284,782
Committed	181,128	-	181,128
Assigned	26,323	-	26,323
Unassigned	13,457,070	455,614	13,912,684
<b>Total Fund Balance</b>	<b>13,949,303</b>	<b>455,614</b>	<b>14,404,917</b>
<b>Total Liabilities, Deferred Inflow, and Fund Balance</b>	<b>\$ 25,534,228</b>	<b>\$ 2,292,835</b>	<b>\$ 27,827,063</b>

The notes to the financial statements are an integral of these statements.

**TEXAMERICAS CENTER**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEETS TO THE**  
**STATEMENT OF NET POSITION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 14,404,917</b>
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. At the beginning of the year, the cost of the assets was \$78,399,523 and the accumulated depreciation was (\$28,986,242). The net effect of including the beginning balances for capital assets (net of depreciation) in the governmental activities is to increase net position.	49,431,281
2 Long-term liabilities, including notes payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the balances of long-term debt in the governmental activities is to decrease net position.	(7,464,528)
3 Long-term liabilities, such as accrued compensated absences, are not due and payable in the current year and therefore are not reported in the governmental funds balance sheet. The net effect of including the beginning balances for accrued compensated absences is to decrease net position.	(66,708)
4 Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(1,999,069)
5 Current year capital outlays are expenditures in the fund financial statements, but they should be shown as an increase in capital assets. The net effect of removing the 2022 capital outlays is to increase net position.	703,908
6 Current year debt principal payments are expenditures in the fund financial statements, but they should be shown as an decrease in debt. The net effect of removing the 2022 debt principal payments is to decrease net position.	(462,355)
7 Current year debt interest payments are expenditures in the fund financial statements, but they should be shown as an decrease in interest payable. The net effect of the current year interest payments is to decrease net position.	(50,352)
8 Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This amount represents the change in compensated absences. The net effect of the current year's change in accrued compensated absences is to increase net position.	4,498
9 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of account. This includes recognizing the liabilities associated with long-term debt and interest.	(14,383)
<b>Net Position of Governmental Activities</b>	<b>\$ 54,487,207</b>

The notes to the financial statements are an integral part of these statements.

**TEXAMERICAS CENTER**  
**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Lease Income	\$ 2,148,681	\$ 474,993	\$ 2,623,674
Lease Interest Income	319,336	52,979	372,315
Franchise Fees	142,742	-	142,742
Hunting Revenue	49,554	-	49,554
Grants	412,461	-	412,461
Personal Property Sales	1,374	-	1,374
Interest	70,601	-	70,601
Leased Employees	823,573	-	823,573
PILOT	208,151	-	208,151
Miscellaneous	53,482	-	53,482
<b>Total Revenue</b>	<u>4,229,955</u>	<u>527,972</u>	<u>4,757,927</u>
<b>Expenditures:</b>			
Facility Operations & Infrastructure	2,658,248	-	2,658,248
Real Estate, Marketing & Sales	1,324,978	-	1,324,978
General Government	2,168,397	263,379	2,431,776
Timber & Hunting	121,202	-	121,202
ESCA	522,814	-	522,814
<b>Total Expenditures</b>	<u>6,795,639</u>	<u>263,379</u>	<u>7,059,018</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,565,684)</u>	<u>264,593</u>	<u>(2,301,091)</u>
<b>Other Financing Sources (Uses):</b>			
Non-Current Loans	893,608	-	893,608
Proceeds from Sale of Capital Assets	961,583	35,520	997,103
<b>Total Other Financing Sources</b>	<u>1,855,191</u>	<u>35,520</u>	<u>1,890,711</u>
<b>Change in Fund Balance</b>	<u>(710,493)</u>	<u>300,113</u>	<u>(410,380)</u>
<b>Fund Balance - October 1 (Beginning) , as Previously Reported</b>	14,612,844	138,143	14,750,987
<b>Prior Period Adjustments</b>	46,952	17,358	64,310
<b>Fund Balance - September 30 (Ending)</b>	<u>\$ 13,949,303</u>	<u>\$ 455,614</u>	<u>\$ 14,404,917</u>

The notes to the financial statements are an integral part of these statements.



**TEXAMERICAS CENTER**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	(410,380)
<b>1</b> Current year capital outlays are expenditures in the fund financial statements, but they should be shown as an increase in capital assets. The net effect of removing the 2022 capital outlays is to increase net position.		703,908
<b>2</b> Long-term liabilities, including notes payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the balances of long-term debt in the governmental activities is to decrease net position		(462,355)
<b>3</b> Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(1,999,069)
<b>4</b> Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of account. This includes recognizing the liabilities associated with long-term debt and interest.		(50,352)
<b>5</b> Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This amount represents the change in compensated absences. The net effect of the current year's change in accrued compensated absences is to decrease net position.		4,498
<b>Change in Net Position of Governmental Activities</b>	<u>\$</u>	<u>(2,213,750)</u>

The notes to the financial statements are an integral part of these statements.

**PROPRIETARY FUND FINANCIAL STATEMENTS**

**TEXAMERICAS CENTER  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2022**

	<b>Business-Type Activities</b>
	<b>Total Enterprise Funds</b>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 866,473
Restricted Cash and Cash Equivalents	24,544
Accounts Receivable	198,250
Total Current Assets	1,089,267
Noncurrent Assets:	
Capital Assets:	
Equipment, Net	189,979
Construction in Progress	1,010,461
Total Capital Assets	1,200,440
Lease Receivable	390,950
Intangible Assets:	
Goodwill	1,597,256
Total Noncurrent Assets	3,188,646
<b>Total Assets</b>	<b>4,277,913</b>
<b>Liabilities</b>	
Current Liabilities:	
Accounts Payable	14,899
Due to General Fund	2,113,378
Accrued Compensated Absences	15,232
Notes Payable - Current	197,717
Total Current Liabilities	2,341,226
Noncurrent Liabilities:	
Accrued Compensated Absences	17,285
Deferred PILOT Revenues	24,544
Notes Payable - Long Term	902,283
Total Noncurrent Liabilities	944,112
<b>Total Liabilities</b>	<b>3,285,338</b>
<b>Deferred Inflows of Resources</b>	
Deferred Inflows of Resources Relating to Leases	383,777
<b>Net Position</b>	
Investment in Capital Assets, Net of Debt	5,482
Unrestricted Net Position	603,316
<b>Total Net Position</b>	<b>\$ 608,798</b>

The notes to the financial statements are an integral part of these statements.

**TEXAMERICAS CENTER**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<b>Business-Type Activities</b>
	<b>Total Enterprise Funds</b>
<b>Operating Revenues:</b>	
Lease Income	\$ 450,097
Lease Interest Income	8,417
Rail Movement, Storage, and Transload Fees	1,089,180
Leased Employees	5,240
Project Reimbursement	1,297
<b>Total Operating Revenue</b>	<b>1,554,231</b>
<b>Operating Expenses:</b>	
Payroll Costs	625,332
Insurance	27,284
Repairs and Maintenance	49,622
Depreciation Expense	46,021
Professional and Contracted Services	87,785
Interest Expense	23,831
Supplies and Materials	6,889
Utilities	7,379
Telephone and Internet	7,247
Fuel	34,421
Other Operating Costs	29,622
<b>Total Operating Expenses</b>	<b>945,433</b>
<b>Operating Income</b>	<b>608,798</b>
<b>Total Net Position - October 1 (Beginning)</b>	<b>-</b>
<b>Net Position - September 30 (Ending)</b>	<b>\$ 608,798</b>

The notes to the financial statements are an integral part of these statements.

**TEXAMERICAS CENTER  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<b>Business-Type Activities</b>
	<b>Total Enterprise Funds</b>
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Customers	\$ 1,380,525
Cash Payments to Employees and Suppliers	(859,170)
<b>Net Cash Provided by Operating Activities</b>	<b>521,355</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Advances from Other Funds	2,113,379
Proceeds from the Issuance of Capital Debt	1,100,000
Payments for the Acquisition and Construction of Capital Assets	(1,246,461)
Payment for the Purchase of Lonestar Rail	(1,597,256)
<b>Net Cash Provided from Capital and Related Financing Activities</b>	<b>369,662</b>
<b>Net Increase in Cash and Cash Equivalents</b>	891,017
<b>Cash and Cash Equivalents at Beginning of Year</b>	-
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 891,017</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating Income	\$ 608,798
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>	
Depreciation	46,021
<b>Effect of Increase and Decreases in Current Assets and Liabilities:</b>	
(Increase) Decrease in Accounts Receivable	(198,250)
(Increase) Decrease in Lease Receivable	(390,950)
Increase (Decrease) in Accounts Payable	14,899
Increase (Decrease) in Accrued Compensated Absences	32,517
Increase (Decrease) in Lease Deposits	24,544
Increase (Decrease) in Deferred Inflow of Resources	383,777
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 521,355</b>

The notes to the financial statements are an integral part of these statements.

**NOTES TO THE FINANCIAL STATEMENTS**

**TEXAMERICAS CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**Note A – Summary of Significant Accounting Policies**

TexAmericas Center (the Center) is a political subdivision of the State of Texas (formerly known as Red River Redevelopment Authority). The Center is governed by a board of directors who are appointed by the governing bodies of Bowie County, Texas and the cities of Texarkana, New Boston, Hooks, Nash, Wake Village, Leary, Redwater, Maud, DeKalb, and Red Lick, Texas. Board members serve two-year terms. The Center was created to accept title from the United States of America to all or any portion of the real or personal property situated within, adjacent to, or related to Red River Army Depot and Lone Star Army Ammunition Plant to promote the location and development of new businesses and industries, and to undertake eligible projects under the authorizing statutes. The Center began operating independently from the governing bodies of the participating governmental entities in April 1999. In 2010, the Center underwent a rebranding for marketing and development of their real estate. During the rebranding, the property was renamed from Red River Commerce Park to TexAmericas Center. The property is currently divided into three parcels: TAC East, TAC West and TAC Central. In fiscal year 2011, the State of Texas passed legislation to legally change the name from Red River Redevelopment Authority to TAC. On May 12, 2011, the governor signed the legislation, and the name change was official.

**Reporting Entity** – The accounting and reporting policies of the Center relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). The more significant accounting policies of the Center are described below.

As required by generally accepted accounting principles, these financial statements present the primary government (the Center) and its component unit, TAC East Holdings Company No. 1. The blended component unit, although a legally separate entity, is in substance part of the primary government's operations; therefore, data from the component unit is combined with data of the primary government.

**Blended Component Unit** – The component unit is reported under the blended method as the primary government appoints a voting majority of the board and is able to impose its will. This unit, although legally separate from the Center, is reported as part of the Center because TAC East Holdings Company No. 1 benefits the primary government even though it does not provide services directly to it. TAC East Holdings Company No. 1 was established to develop and lease various properties of the TAC East campus. TAC East Holdings Company No. 1 has significant interrelated operations with the Center, some of which include leasing employees from the Center, as well as paying a management fee. TAC East Holdings Company No. 1 is responsible for the leasing of properties on its designated areas of the entity. TAC East Holdings Company No. 1's board of directors are appointed by the Center, and shares multiple common members. TAC East Holdings Company No. 1 is reported as a special revenue fund. All intercompany transactions, payables, and receivables are eliminated for government-wide reporting.

**Related Organizations** – The Center's Board of Directors is also responsible for appointing the members of the boards of other organizations, but the Center's accountability for these organizations do not extend beyond making the appointments. The Board of Directors appoints a member of the Riverbend Water Resources Center board and Ark-Tex Council of Governments. The position is appointed with an individual who is not a member of the Board of Directors.

**Government-Wide and Fund Financial Statements** – The government-wide financial statements consist of the statement of net position and the statement of activities. They include all funds of the Center and TAC East Holdings Company No. 1. Governmental activities include programs supported primarily by intergovernmental revenues and lease revenues. Business-type activities include operations that rely to a significant extent on fees and charges for support relating to logistics and rail operations.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) leases on property, timber sales, and personal property sales, and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Investment earnings are not included among program revenues and are reported instead as general revenues.

**TEXAMERICAS CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**Note A – Summary of Significant Accounting Policies (Continued)**

**Government-Wide and Fund Financial Statements (Continued)**

Indirect expenses of governmental activities are reported in the general government function. Separate financial statements are provided for governmental funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are non-operating items.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation** – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. When the Center incurs an expense for which it may use either restricted or unrestricted net position, it uses restricted net position first. Restricted grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Center considers revenues to be available if they are collected within 120 days of the end of the current fiscal period in order to properly match grant funding with the Center's budget. Payment requests for amounts reflected on the financial statements as due from other governments are prepared and submitted within 30 days of year end. Payment of the funds requested can take up to 120 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Revenue sources such as lease revenues, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other items are considered to be measurable and available only when cash is received by the Center.

The proprietary fund types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The Center applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and liabilities associated with the operation of these funds are included in the proprietary statement of net position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

**Fund Accounting**

The Center reports the following fund types:

Governmental funds:

**General Fund** – This fund is the general operating fund of the Center. It is used to account for all financial resources.

**Special Revenue Fund** – The Center accounts for the activities of TAC East Holdings Company No. 1 in the special revenue fund.

Proprietary funds:

**Enterprise Funds** – The Center's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The Center's enterprise funds consist of the logistics and rail funds. All operations of the enterprise funds are classified as operating activities.



**TEXAMERICAS CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**Note A – Summary of Significant Accounting Policies (Continued)**

**Budgetary Data** – Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general fund. Prior to September 30, the Executive Director/CEO submits to the Board of Directors the proposed expenditures and the means of financing them. Prior to October 1, the budget is legally enacted through passage of a resolution. Any revisions that alter the budget of any fund must be approved by the Board of Directors. Budgets presented are as originally adopted, or as amended by the Center.

**Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Fund Equity** – In accordance with GASB No. 54, the Center classifies its fund balance into five categories. Non-spendable fund balance includes amounts that are not in a spendable form or are required to be maintained intact. Restricted fund balance includes amounts that are constrained to specific purposes by their providers or by enabling legislations. Committed fund balance includes amounts which are constrained to specific purposes by the government itself, using its highest level of decision-making. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint. Assigned fund balance includes amounts a government intends to use for a specific purpose. Intent can be expressed by the governing body or by an official or body to which the governing body delegates. Unassigned fund balance includes amounts that are available for any purpose. Unassigned fund balances are reported in the general fund and special revenue fund.

As of September 30, 2022 fund balance includes restricted for security deposits of \$284,782, committed for various renovations and improvements of \$181,128, assigned for open purchase orders as of year-end of \$26,323, and unassigned fund balance of \$13,457,070. As of September 30, 2022, special revenue fund balance includes unassigned fund balance of \$455,614.

The Center's highest level of decision-making authority is governed by the Board of Directors. Passage of a resolution would be required to establish, modify, or rescind a fund balance commitment. The Board of Directors has the authority to assign amounts to specific purposes. The Board of Directors has delegated routine operating decision-making to the Executive Director/CEO.

The Center considers restricted amounts spent when expenditures are incurred for purposes for which only restricted fund balance is available. Expenditures incurred for purposes for which amounts in any of the unassigned fund balance classifications could be used are classified using the lowest level of spending constraint available at the time of the expenditure. When the Center incurs expenditures for which it may use either restricted, committed, assigned, or unassigned fund balance, it uses restricted first, then committed, then assigned, then unassigned.

**Risk Management** – The Center is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Center carries commercial insurance. There has been no major reduction of insurance coverage from prior years.

**TEXAMERICAS CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**Note B – Reconciliation of Government-Wide and Fund Financial Statements**

**Explanation of Certain Differences Between the Governmental Fund Balance Sheet and The Government-Wide Statement of Net Position**

Page 4 of this report provides a reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in the governmental funds. In addition, long-term liabilities, including notes payable interest payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term liabilities at the beginning of the year are as follows:

**TexAmericas Center:**

Capital Assets At the Beginning of the Year	Historic Cost	Accumulated Depreciation	Net Value at the Beginning of the Year	Change in Net Position
Land and Timber	\$ 15,808,217	\$ -	\$ 15,808,217	
Buildings and Improvements	26,936,814	18,023,456	8,913,358	
Road and Rail	20,085,422	8,127,208	11,958,214	
Equipment	470,248	439,152	31,096	
Construction Held for Sale	7,855,298	-	7,855,298	
Change in Net Position				<u>\$ 44,566,183</u>
Long-Term Liabilities At the Beginning of the Year			Payable at the Beginning of the Year	
Notes Payable			(7,464,528)	
Interest Payable			(14,383)	
Accrued Compensated Absences			(66,708)	
Change in Net Position				<u>(7,545,619)</u>
Net Adjustment to Net Position				<u>\$ 37,020,564</u>

**TAC East Holdings Company No. 1:**

Capital Assets At the Beginning of the Year	Historic Cost	Accumulated Depreciation	Net Value at the Beginning of the Year	Change in Net Position
Land and Timber	\$ 1,098,809	\$ -	\$ 1,098,809	
Buildings and Improvements	5,800,742	2,220,926	3,579,816	
Road and Rail	343,973	157,500	186,473	
Change in Net Position				<u>\$ 4,865,098</u>
Net Adjustment to Net Position				<u>\$ 4,865,098</u>

**TEXAMERICAS CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**Note B – Reconciliation of Government-Wide and Fund Financial Statements (Continued)**

**Explanation of Certain Differences Between the Governmental Fund Balance Sheet and The Government-Wide Statement of Net Position (Continued)**

**Total Governmental Funds:**

<u>Capital Assets</u>		<u>Accumulated</u>		<u>Net Value at the</u>	
<u>At the Beginning of the Year</u>	<u>Historic Cost</u>	<u>Depreciation</u>		<u>Beginning of the Year</u>	<u>Change in</u>
					<u>Net Position</u>
Land and Timber	\$ 16,907,026	\$ -	\$	16,907,026	
Buildings and Improvements	32,737,556	20,244,382		12,493,174	
Road and Rail	20,429,395	8,284,708		12,144,687	
Equipment	470,248	439,152		31,096	
Construction Held for Sale	7,855,298	-		7,855,298	
Change in Net Position					<u>\$ 49,431,281</u>
Long-Term Liabilities				<u>Payable at the</u>	
<u>At the Beginning of the Year</u>				<u>Beginning of the Year</u>	
Notes Payable				(7,464,528)	
Interest Payable				(14,383)	
Accrued Compensated Absences				(66,708)	
Change in Net Position					<u>(7,545,619)</u>
Net Adjustment to Net Position					<u>\$ 41,885,662</u>

**Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-Wide Statement of Activities**

Page 6 of this report provides a reconciliation between the net changes in fund balances as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlay and debt principal payments are expenditures in the fund financial statements, but should be shown as an increase in capital assets and decreases in long-term debt in the government-wide statements.

**TEXAMERICAS CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**Note B – Reconciliation of Government-Wide and Fund Financial Statements (Continued)**

**Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-Wide Statement of Activities (Continued)**

The adjustment affects both the net position balance and the change in net position. The details of this adjustment are as follows:

**TexAmericas Center:**

<u>Current Year Capital Outlay</u>	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments to Net Position</u>
Additions:			
Land and Timber	\$ 245,000		
Buildings & Improvements	583,558		
Equipment	81,151		
Construction Held for Sale	558,190		
Dispositions:			
Land and Timber	(323,805)		
Buildings & Improvements	(437,478)		
Total Capital Outlay	<u>\$ 706,616</u>	<u>\$ 706,616</u>	<u>\$ 706,616</u>
<u>Debt</u>			
Net Notes Payable (Issued) Retired	(462,355)		
	<u>\$ (462,355)</u>	<u>\$ (462,355)</u>	<u>\$ (462,355)</u>
<u>Other Items</u>			
Change in Interest Payable	(50,352)		
	<u>\$ (50,352)</u>	<u>\$ (50,352)</u>	<u>\$ (50,352)</u>
Adjustment to Net Position		<u><u>\$ 193,909</u></u>	<u><u>\$ 193,909</u></u>

**TAC East Holdings Company No. 1:**

<u>Current Year Capital Outlay</u>	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments to Net Position</u>
Additions:			
Roads and Rail	\$ 1,307		
Dispositions:			
Land and Timber	(3,745)		
Total Capital Outlay	<u>\$ (2,438)</u>	<u>\$ (2,438)</u>	<u>\$ (2,438)</u>
Adjustment to Net Position		<u><u>\$ (2,438)</u></u>	<u><u>\$ (2,438)</u></u>

**TEXAMERICAS CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**Note B – Reconciliation of Government-Wide and Fund Financial Statements (Continued)**

**Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-Wide Statement of Activities (Continued)**

**Total Governmental Funds:**

<u>Current Year Capital Outlay</u>	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments to Net Position</u>
Additions:			
Land and Timber	\$ 245,000		
Buildings & Improvements	583,558		
Roads and Rail	1,307		
Equipment	81,151		
Construction Held for Sale or Lease	558,190		
Dispositions:			
Land and Timber	(327,550)		
Buildings & Improvements	(437,478)		
Total Capital Outlay	<u>\$ 703,908</u>	<u>\$ 703,908</u>	<u>\$ 703,908</u>
<u>Debt</u>			
Notes Issued	(462,355)		
	<u>\$ (462,355)</u>	<u>\$ (462,355)</u>	<u>\$ (462,355)</u>
<u>Other Items</u>			
Change in Accrued Interest Payable	(50,352)		
	<u>\$ (50,352)</u>	<u>\$ (50,352)</u>	<u>\$ (50,352)</u>
Total Adjustment to Net Position		<u>\$ 191,471</u>	<u>\$ 191,471</u>

**Note C – Deposits and Investments**

TAC's cash and cash equivalents include amounts in demand deposit and money market accounts.

It is the Center's policy to purchase investments with maturity dates coinciding with cash flow requirements. The average maturity of investments of the Center's operating funds cannot exceed one year. The maximum maturity of any investments cannot exceed five years. Using this strategy, the Center attempts to purchase the highest yielding allowable investments available at the time of purchase. The basis used to determine whether market yields are being achieved is the average rate of return on United States Treasury Bills for a comparable term.

Under the Center's investment policy, the following are authorized investments: obligations issued, guaranteed, or insured by the United States of America which have a liquid market value, including letters of credit, direct obligations of the State of Texas; other obligations which are guaranteed or insured by the State of Texas or the United States; obligations of the states, counties, cities, and other political subdivisions of any state which have an investment quality rating no less than "A" or its equivalent; financial institution deposits of banks or credit unions that have a main office or branch in Texas and participates in the Certificate of Deposit Account Registry Service; fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States; investment pools rated no lower than AAA or AAA-m with a maturity of 90 days or less; money market mutual funds which have a rating of AAA, a maturity of 90 days or less, and are registered with the Securities and Exchange Commission. Guaranteed investment contracts are allowed for investments of bond proceeds only and must be secured by obligations of the United States in an amount equal to 102% of the investment balances.

**TEXAMERICAS CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**Note C – Deposits and Investments (Continued)**

The following summarizes the minimum diversification standards of the Center by investment type and issuer:

<b>Investment Type</b>	<b>Percentage of Total Investments</b>
U.S. Government Agencies and Instrumentalities	Not to exceed 80%
Fully Insured or Collateralized CDs	Not to exceed 100%
Repurchase Agreements	Not to exceed 50%
Money Market Fund:	
Operating Funds	Not to exceed 100%
Bond Funds	Not to exceed 100%
Local Government Investment Pools:	
Liquidity Pools	Not to exceed 100%
Fixed Rate/Maturity Pools	Not to exceed 80%

On September 30, 2022, all of the Center’s cash and investments were covered by either federal depository insurance or collateral held by the pledging financial institution’s agent in the Center’s name.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies.

Among other things, it requires the Center to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the Center to invest (1) in obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers’ acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Public Funds Investment Act (PFIA) governs the Center’s investment policies and types of investments. The Center’s management believes that it complied with the requirements of the PFIA and the Center’s investment policies described in Note A. Concentrations of credit risk of over 5% by issuer on September 30, 2022 are as follows:

<b>Investment Type</b>	<b>Issuer</b>	<b>Fair Value</b>	<b>% of Total Investments</b>
Cash and Certificates of Deposit	Guaranty Bank	\$7,917,842	61%
Certificates of Deposit	EastWest Bank	5,028,858	39%

**Note D – Receivables**

The Center provides allowances for uncollectable receivables in compliance with generally accepted accounting principles. However, at September 30, 2022, there was no balance in the allowance account since management believes all receivables to be fully collectible. Receivables for the governmental activities as of September 30, 2022 are as follows:

**TexAmericas Center:**

Accounts Receivable - Leases	\$ 65,776
Accounts Receivable - Franchise Fees	14,076
Grants	<u>552,146</u>
Gross Receivables	<u>631,998</u>
Less: Allowance for Uncollectibles	<u>-</u>
Net Receivables	<u><u>\$ 631,998</u></u>

**TEXAMERICAS CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**Note D – Receivables (Continued)**

**TAC East Holdings Company No. 1:**

Accounts Receivable - Leases	\$ 4,992
Gross Receivables	<u>4,992</u>
Less: Allowance for Uncollectibles	<u>-</u>
Net Receivables	<u><u>\$ 4,992</u></u>

**Total Governmental Funds:**

Accounts Receivable - Leases	\$ 70,768
Accounts Receivable - Franchise Fees	14,076
Grants	<u>552,146</u>
Gross Receivables	<u>636,990</u>
Less: Allowance for Uncollectibles	<u>-</u>
Net Receivables	<u><u>\$ 636,990</u></u>

Receivables for the business-type activities as of September 30, 2022 are as follows:

Logistics Contracts	\$ 29,848
Rail Contracts	<u>168,402</u>
Gross Receivables	<u>198,250</u>
Less: Allowance for Uncollectibles	<u>-</u>
Net Receivables	<u><u>\$ 198,250</u></u>

**Note E – Capital Assets**

Capital assets are defined by governmental activities as assets with a normal service life greater than one year and an initial individual cost of fair value or more than \$5,000. Capital assets are valued at historical cost, except for donated fixed assets, which are recorded at their estimated fair value on the date of donation. Estimated fair value was used to value assets acquired from the United States Army. “the Army”, on June 30, 1997, September 1, 2010, and September 30, 2011. Capital assets which include property, plant, equipment, and infrastructure assets (roads, rail, and similar items) are reported in the governmental column of the government-wide financial statements.

Prior to October 1, 2003 infrastructure assets associated with governmental activities were not capitalized. TAC has elected to capitalize infrastructure assets prospectively starting October 1, 2003. Infrastructure consists of roads and rail for the governmental activities.

**TEXAMERICAS CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**Note E – Capital Assets (Continued)**

Capital asset activity for the governmental activities for the year ended September 30, 2022 was as follows:

**TexAmericas Center:**

	<b>Balance</b>				<b>Balance</b>
	<b>September 30, 2021</b>	<b>Additions</b>	<b>Reductions</b>		<b>September 30, 2022</b>
Governmental Activities:					
Land and Timber	\$ 15,808,217	\$ 245,000	\$ (323,805)		\$ 15,729,412
Buildings and Improvements	26,936,814	583,558	(437,478)		27,082,894
Roads and Rail	20,085,422	-	-		20,085,422
Equipment	470,248	81,151	-		551,399
Construction Held for Sale or Lease	7,855,298	558,190	-		8,413,488
Totals at Historical Cost	<u>71,155,999</u>	<u>1,467,899</u>	<u>(761,283)</u>		<u>71,862,615</u>
Less Accumulated Depreciation:					
Buildings and Improvements	(18,023,456)	(987,534)	-		(19,010,990)
Roads and Rail	(8,127,208)	(688,147)	-		(8,815,355)
Equipment	(439,152)	(12,828)	-		(451,980)
Total Accumulated Depreciation	<u>(26,589,816)</u>	<u>(1,688,509)</u>	<u>-</u>		<u>(28,278,327)</u>
Governmental Activities Capital Assets, Net	<u>\$ 44,566,183</u>	<u>\$ (220,610)</u>	<u>\$ (761,283)</u>		<u>\$ 43,584,288</u>

**TAC East Holdings Company No. 1:**

	<b>Balance</b>				<b>Balance</b>
	<b>September 30, 2021</b>	<b>Additions</b>	<b>Reductions</b>		<b>September 30, 2022</b>
Governmental Activities:					
Land and Timber	\$ 1,098,809	\$ -	\$ (3,745)		\$ 1,095,064
Buildings and Improvements	5,800,742	-	-		5,800,742
Roads and Rail	343,973	1,307	-		345,280
Totals at Historical Cost	<u>7,243,524</u>	<u>1,307</u>	<u>(3,745)</u>		<u>7,241,086</u>
Less Accumulated Depreciation:					
Buildings and Improvements	(2,220,926)	(292,839)	-		(2,513,765)
Roads and Rail	(157,500)	(17,990)	-		(175,490)
Total Accumulated Depreciation	<u>(2,378,426)</u>	<u>(310,829)</u>	<u>-</u>		<u>(2,689,255)</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,865,098</u>	<u>\$ (309,522)</u>	<u>\$ (3,745)</u>		<u>\$ 4,551,831</u>



**TEXAMERICAS CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**Note E – Capital Assets (Continued)**

**Total Governmental Funds:**

	<b>Balance</b>			<b>Balance</b>
	<b>September 30, 2021</b>	<b>Additions</b>	<b>Reductions</b>	<b>September 30, 2022</b>
<b>Governmental Activities:</b>				
Land and Timber	\$ 16,907,026	\$ 245,000	\$ (327,550)	\$ 16,824,475
Buildings and Improvements	32,737,556	583,558	(437,478)	32,883,634
Roads and Rail	20,429,395	1,307	-	20,430,702
Equipment	470,248	81,151	-	551,399
Construction Held for Sale or Lease	7,855,298	558,190	-	8,413,488
<b>Totals at Historical Cost</b>	<b>78,399,523</b>	<b>1,469,206</b>	<b>(765,028)</b>	<b>79,103,698</b>
<b>Less Accumulated Depreciation:</b>				
Buildings and Improvements	(20,244,382)	(1,280,373)	-	(21,524,755)
Roads and Rail	(8,284,708)	(705,414)	-	(8,990,122)
Equipment	(439,152)	(12,828)	-	(451,980)
<b>Total Accumulated Depreciation</b>	<b>(28,968,242)</b>	<b>(1,999,069)</b>	<b>-</b>	<b>(30,966,857)</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 49,431,281</b>	<b>\$ (529,863)</b>	<b>\$ (765,028)</b>	<b>\$ 48,136,119</b>

Capital asset activity for the business-type activities for the year ended September 30, 2022 was as follows:

	<b>Balance</b>			<b>Balance</b>
	<b>September 30, 2021</b>	<b>Additions</b>	<b>Reductions</b>	<b>September 30, 2022</b>
<b>Business-Type Activities:</b>				
Equipment	\$ -	\$ 236,000	\$ -	\$ 236,000
Construction in Progress	-	1,010,461	-	1,010,461
<b>Totals at Historical Cost</b>	<b>-</b>	<b>1,246,461</b>	<b>-</b>	<b>1,246,461</b>
<b>Less Accumulated Depreciation:</b>				
Equipment	-	(46,021)	-	(46,021)
<b>Total Accumulated Depreciation</b>	<b>-</b>	<b>(46,021)</b>	<b>-</b>	<b>(46,021)</b>
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ -</b>	<b>\$ 1,200,440</b>	<b>\$ -</b>	<b>\$ 1,200,440</b>

Depreciation for governmental activities is charged to the following functions in the government-wide statement of activities:

Facility Operations and Infrastructure	\$ 1,996,670
Real Estate, Marketing, and Sales	2,399
<b>Total Depreciation Expense</b>	<b>\$ 1,999,069</b>

**TEXAMERICAS CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**Note E – Capital Assets (Continued)**

Depreciation is provided using the straight-line method over the following estimated useful lives:

<b>Capital Asset Class</b>	<b>Life</b>
Buildings	20 Years
Improvements	15 Years
Machinery and Equipment	5-10 Years
Infrastructure	20-60 Years

**Note F – Construction Held for Sale**

During 2021, the Center began construction on a speculative (spec) building. The building is to be built and then sold to a third-party for economic development and to bring more jobs and tax base to the area. Building costs and other associated construction costs were capitalized in the government-wide statement of net position as Construction Held for Sale. During the summer of 2022, the construction of the spec building was completed. As of September 30, 2022, the spec building had not been sold.

**Note G – Goodwill**

In October of 2021, the Center finalized an agreement to terminate the rail lease agreement with Lone Star Railcar Storage Company and to purchase their assets including storage contracts necessary to operate the railcar storage facility on the TAC East Campus. The final amount paid to Lone Star Railcar Storage Company by the Center was \$1,800,156 in November of 2021. The Center capitalized assets in the rail fund statement of net position related to the purchase in the amount of \$202,900, and the remaining amount of \$1,597,256 was recorded as goodwill, which represents the Center's right to use various railcar storage contracts that were obtained in the purchase. As of September 30, 2022, management determined that goodwill was not impaired. Goodwill totaled \$1,597,256 as of September 30, 2022.

**Note H – Leases**

The Center has multiple leases with tenants for various buildings and land located on the Center's properties. Each lease has a lease period, which is determined in the lease agreement. A tenant may exercise the option to extend the lease period at the end of the initial lease term if the tenant notifies the Center in writing before the initial lease term expires. As of September 30, 2022, no lease agreements contained variable lease payments or residual value guarantees. As of September 30, 2022, one lease contained an option to purchase the leased asset at the end of the lease period. However, as of September 30, 2022, the option to purchase the assets could not be exercised.

The Center determines that a contract with a tenant contains a lease through analysis of the contract. The Center determines that there is a transfer for the right to use an asset for a certain period of time in exchange for consideration from the tenant. After the Center has determined that the contract contains a lease, the Center will separate any nonlease components if applicable. The Center determines on a lease-by-lease basis how much consideration will be received based on the value of the property, relationship with the tenant, and current market rates.

**TEXAMERICAS CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**Note H – Leases (Continued)**

The following is a summary of the Center’s future lease payments to be received as of September 30, 2022:

<u>Asset Type</u>	<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
<u>Buildings:</u>				
	2023	\$ 2,412,794	\$ 331,392	\$ 2,744,186
	2024	2,128,403	267,874	2,396,277
	2025	1,882,514	204,256	2,086,770
	2026	1,396,696	150,392	1,547,088
	2027	1,150,569	111,235	1,261,804
	2028-2032	3,047,651	192,121	3,239,772
<u>Total Buildings:</u>		<u>12,018,627</u>	<u>1,257,270</u>	<u>13,275,897</u>
 <u>Land:</u>				
	2023	64,944	4,760	69,704
	2024	63,873	2,783	66,656
	2025	52,098	871	52,969
	2026	8,941	125	9,066
<u>Total Land:</u>		<u>189,856</u>	<u>8,539</u>	<u>198,395</u>
 <u>Total All Asset Types</u>		 <u>\$ 12,208,483</u>	 <u>\$ 1,265,809</u>	 <u>\$ 13,474,292</u>

Future amortization of the deferred inflow of resources relating to leases as of September 30, 2022, is as follows:

<u>Year Ended September 30,</u>	<u>Amortization of Deferred Inflow of Resources</u>
2023	\$ 2,661,252
2024	2,263,395
2025	1,904,688
2026	1,356,491
2027	1,067,483
2028-2031	2,553,979
2032	35,445
	<u>\$ 11,842,733</u>

**TEXAMERICAS CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**Note I – Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net position.

A summary of governmental funds long-term debt transactions follows:

	<b>Balance September 30, 2021</b>	<b>Additions</b>	<b>Retirements and Deductions</b>	<b>Balance September 30, 2022</b>	<b>Due Within One Year</b>
Governmental Activities:					
Notes Payable	\$ 7,464,528	\$ 893,608	\$ 431,253	\$ 7,926,883	\$ 310,359
Compensated Absences	66,708	32,579	(37,077)	62,210	36,070
Governmental Long-Term Liabilities	<u>\$ 7,531,236</u>	<u>\$ 926,187</u>	<u>\$ 394,176</u>	<u>\$ 7,989,093</u>	<u>\$ 346,429</u>

**Note J – Compensated Absences**

TAC utilizes the accrual method for recording compensated absences. TAC provides vacation and sick leave benefits for all full-time employees. Vacation time is accrued at the rate of 1.25 days for each month of service for a total of 15 days each year. Vacation time of up to 200 hours can be carried forward to succeeding fiscal years without prior approval. Sick leave is earned at a rate of 1 day for each month of service up to 600 hours. It terminates on the last day of employment. Vested or accumulated vacation that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. It is TAC's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, "Accounting for Compensated Absences," no liability is recorded for accumulating rights to receive sick pay benefits.

**Note K – Employee Retirement System**

The Center sponsors a defined contribution plan for those employees that elect to participate. The plan is a Government Plan as defined in Internal Revenue Code Section 457(b) and is administered through Nationwide Mutual Insurance Company. All employees of the Center are eligible to elect participation in the plan. Employees may contribute, by salary reduction, a percentage as specified in the Internal Revenue Code. The Center matches the employee contributions on a discretionary basis. Employees are eligible for employer contributions after 6 months of employment. The current policy matches up to 12.5% of employee compensation based on the following rates: 2 for 1 up to the first 4% of compensation; 1 for 1 within 5-7% of compensation; .5 to 1 within 8-10% of compensation. Employees vest after 6 months. The Center incurred \$125,396 in pension expense for the fiscal year ended September 30, 2022.

**TEXAMERICAS CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**Note L – Interfund Receivables and Payables**

Interfund balances at September 30, 2022, consisted of the following individual fund receivables and payables for the Governmental Funds:

	<u>Receivable</u>	<u>Payable</u>
General Fund		
Special Revenue Funds	\$ 353,155	\$ -
Total General Fund	353,155	-
Special Revenue Funds		
General Fund	-	353,155
Total Special Revenue Funds	-	353,155
Totals	\$ 353,155	\$ 353,155

**Note M – Line of Credit**

On October 1, 2018, the Center negotiated with a local financial institution for a line of credit in the amount of \$1,500,000 with an interest rate of 3.75%. As of September 30, 2022, the Center had not made drawdowns on the line of credit. No interest was paid during the year on the line of credit.

**Note N – Notes Payable**

A summary of changes in the long-term notes payable for the year ended September 30, 2022, is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding 9/30/2021</u>	<u>Borrowed</u>	<u>Retired</u>	<u>Outstanding 9/30/2022</u>
SPEC Building Loan	3.050%	\$ 7,464,528	\$ 7,464,528	\$ 893,608	\$ 431,253	\$ 7,926,883
Rail Loan	5.150%	1,100,000	-	1,100,000	-	1,100,000
Totals			\$ 7,464,528	\$ 1,993,608	\$ 431,253	\$ 9,026,883

Debt service requirements are as follows:

<u>Years Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 508,076	\$ 295,492	\$ 803,568
2024	527,570	275,998	803,568
2025	549,409	254,159	803,568
2026	571,428	232,140	803,568
2027	594,395	209,173	803,568
2028-2032	1,924,369	841,217	2,765,586
2033-2037	2,244,215	521,371	2,765,586
2038-2041	2,107,421	152,570	2,259,991
	\$ 9,026,883	\$ 2,782,120	\$ 11,809,003

**Note O – Contingencies**

The Center receives grant funding from the U.S. Department of Defense and the Office of Economic Adjustment. Expenditures financed by grants are subject to audit by the appropriate grantor agency. If expenditures are disallowed due to noncompliance with grant program regulations, the Center may be required to reimburse the grantor agency. As of September 30, 2022, significant amounts of grant expenditures have not been audited, but the Center believes that disallowed expenditures, if any, will not have a material effect on the overall financial position of the Center.

**TEXAMERICAS CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**Note P – Payment in Lieu of Taxes**

During 2021, TexAmericas Center received special legislation from the Texas Legislature to exempt its property from real property ad valorem taxes customarily assessed by the taxing entities in Bowie County, Texas. This special legislature was based upon the representation by the Center that it would institute a payment in lieu of tax (PILOT) program to protect taxing jurisdictions, especially school districts, which would ordinarily levy and collect taxes upon the properties leased by the Center to third party tenants.

**Note Q – Prior-Period Adjustment**

During the audit, management identified several properties that were owned by TAC East Holdings Company No. 1 but were erroneously included in the Center’s assets or omitted entirely. This led to an adjustment to the prior period net position, in the government-wide financial statements. Accordingly, the September 30, 2021 financial statements have been restated to reflect this correction, as follows:

**TexAmericas Center:**

	<u>September 30, 2021</u> <u>As Previously</u> <u>Reported</u>	<u>Corrected As Of</u> <u>September 30, 2021</u>	<u>September 30, 2021</u> <u>As Restated</u>
<b>Statement of Net Position:</b>			
Capital Assets:			
Land and Timber	\$ 16,225,127	\$ (416,910)	\$ 15,808,217
Buildings and Improvements	27,535,810	(598,996)	26,936,814
Roads and Rail	19,791,356	294,066	20,085,422
Equipment	470,248	-	470,248
Construction Held for Sale	7,938,987	(83,689)	7,855,298
Accumulated Depreciation Buildings and Improvements	(18,180,592)	157,136	(18,023,456)
Accumulated Depreciation Roads and Rail	(7,833,142)	(294,066)	(8,127,208)
Accumulated Depreciation Equipment	(439,152)	-	(439,152)
<b>Net Position:</b>			
Investment in Capital, Net of Debt	<u>45,508,642</u>	<u>(942,461)</u>	<u>44,566,183</u>
<b>Balance Sheet:</b>			
Fund Balance	14,612,844	46,952	14,659,796
Leases Receivable	-	10,776,900	10,776,900
Deferred Inflow of Resources Related to Leases	-	10,711,509	10,711,509
Net Change to Fund Balance	<u>-</u>	<u>65,391</u>	<u>65,391</u>
<b>Statement of Revenues, Expenditures, and Changes</b> <b>in Fund Balance - Governmental Funds</b>			
Revenues:			
Grants	997,756	(692,230)	305,526
Expenditures:			
ESCA	<u>1,155,963</u>	<u>(710,669)</u>	<u>445,294</u>
Net Change to Fund Balance	<u>2,153,719</u>	<u>(18,439)</u>	<u>750,820</u>

**TEXAMERICAS CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**Note Q – Prior-Period Adjustment (Continued)**

**TAC East Holdings Company No. 1:**

	<b>September 30, 2021</b>	<b>Corrected As Of</b>	<b>September 30, 2021</b>
	<b>As Previously</b>	<b>September 30, 2021</b>	<b>As Restated</b>
	<b>Reported</b>		
<b>Statement of Net Position:</b>			
Capital Assets:			
Land and Timber	\$ 713,759	\$ 385,050	\$ 1,098,809
Buildings and Improvements	4,623,907	1,176,835	5,800,742
Roads and Rail	57,819	286,154	343,973
Accumulated Depreciation Buildings and Improvements	(1,559,123)	(661,803)	(2,220,926)
Accumulated Depreciation Roads and Rail	(14,423)	(143,077)	(157,500)
<b>Net Position:</b>			
Investment in Capital, Net of Debt	3,821,939	1,043,161	4,865,098
<b>Balance Sheet:</b>			
Fund Balance	138,143	17,358	155,501
Leases Receivable	-	1,934,087	1,934,087
Deferred Inflow of Resources Related to Leases	-	1,916,729	1,916,729
Net Change to Fund Balance	-	17,358	17,358
<b>Total Prior-Period Adjustment - Investment in Capital</b>			
<b>Assets, Net of Debt</b>	<b>49,330,581</b>	<b>100,700</b>	<b>49,431,281</b>
<b>Total Prior-Period Adjustment - Fund Balance</b>			
	<b>14,750,987</b>	<b>64,310</b>	<b>14,815,297</b>

**Note R – Implementation of New Accounting Standards**

During 2022, the Center implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* accounting standard. This statement requires all leases, excluding short-term leases, to be recognized in the financial statements. The statement requires lessees to report a right-of-use asset, and lessors to report a lease receivable and a deferred inflow of resources. Additionally, the statement requires additional quantitative and qualitative disclosures for both lessee and lessor financial reporting. Additional details are provided in Note H.

**Note S – Subsequent Events**

Management has evaluated subsequent events through April 21, 2023, the date on which the financial statements were available to be issued, and has determined that the following disclosures are necessary:

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the United States. The COVID-19 pandemic has negatively impacted the global economy and created significant volatility and disruption in people's lives. In response to the COVID-19 pandemic, the United States Congress passed a Coronavirus Aid, Relief, and Economic Security Act (CARES Act), an aids package designed to help the economy as it suffers from the effects on the COVID-19 pandemic.

On July 26, 2022, the Board of Directors voted to approve the sale of the speculative (spec) building to one of the Center's existing tenants. As of September 30, 2022, the closing on the sale of the building had not been finalized, and no funds had been received from the sale. On December 22, 2022, the closing on the sale of the building was completed and the sale was finalized.

On December 27, 2022, the Center used the funds received from the sale of the spec building and paid off the spec building note payable, inclusive of interest, in the amount of \$8,050,429.

**REQUIRED SUPPLEMENTARY INFORMATION**



**TEXAMERICAS CENTER**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Final Budgeted Amount</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Leases	\$ 2,233,684	\$ 2,468,017	\$ 234,333
Franchise Fees	144,928	142,742	(2,186)
Hunting Revenues	603,000	49,554	(553,446)
Grants	2,147,838	412,461	(1,735,377)
Personal Property Sales	1,374	1,374	-
Interest	49,952	70,601	20,649
Leased Employees	1,191,564	823,573	(367,991)
PILOT	208,151	208,151	-
Miscellaneous	7,790	53,482	45,692
<b>Total Revenue</b>	<u>6,588,281</u>	<u>4,229,955</u>	<u>(2,358,326)</u>
<b>Expenditures</b>			
Facility Operations & Infrastructure	2,417,781	2,658,248	(240,467)
Real Estate, Marketing & Sales	1,740,421	1,324,978	415,443
General Government	3,335,943	2,168,397	1,167,546
Timber & Hunting	161,263	121,202	40,061
ESCA	2,147,838	522,814	1,625,024
<b>Total Expenditures</b>	<u>9,803,246</u>	<u>6,795,639</u>	<u>3,007,607</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,214,965)	(2,565,684)	(649,281)
<b>Other Financing Sources</b>			
Non-Current Loans	893,608	893,608	-
Proceeds from Sale of Capital Assets	413,697	961,583	547,886
<b>Total Other Financing Sources</b>	<u>1,307,305</u>	<u>1,855,191</u>	<u>547,886</u>
<b>Change in Fund Balance</b>	<u>(1,907,660)</u>	<u>(710,493)</u>	<u>(101,395)</u>
<b>Fund Balance - Beginning, as Previously Reported</b>	10,443,795	14,612,844	4,169,049
<b>Prior Period Adjustments</b>	-	46,952	46,952
<b>Fund Balance - Ending</b>	<u>\$ 8,536,135</u>	<u>\$ 13,949,303</u>	<u>\$ 4,114,606</u>

**OTHER SUPPLEMENTARY INFORMATION**

**TEXAMERICAS CENTER**  
**COMBINING STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES**  
**SEPTEMBER 30, 2022**

	<u>Governmental Activities</u>				
	<u>TexAmericas Center</u>	<u>TAC East Holdings Company No. 1</u>	<u>Total Governmental Activites</u>	<u>Elimination</u>	<u>Total</u>
<b>Assets</b>					
Cash and Cash Equivalents	\$ 4,930,008	\$ 789,411	\$ 5,719,419	\$ -	\$ 5,719,419
Restricted Cash and Cash Equivalents	556,750	-	556,750	-	556,750
Investments - Certificates of Deposit	6,528,858	-	6,528,858	-	6,528,858
Accounts Receivable	79,852	4,992	84,844	-	84,844
Leases Receivable	10,319,101	1,498,432	11,817,533	-	11,817,533
Due from U.S. Army - ESCA Grant	552,146	-	552,146	-	552,146
Due from TAC East Holdings Co.	353,155	-	353,155	(353,155)	-
Due from Enterprise Funds	2,113,378	-	2,113,378	-	2,113,378
Prepaid Expenses	100,980	-	100,980	-	100,980
Capital Assets:					
Land and Timber	15,729,412	1,095,063	16,824,475	-	16,824,475
Buildings and Improvements, Net	8,072,485	3,286,978	11,359,463	-	11,359,463
Road and Rail, Net	11,269,483	169,790	11,439,273	-	11,439,273
Equipment, Net	99,420	-	99,420	-	99,420
Construction Held for Sale	8,413,488	-	8,413,488	-	8,413,488
<b>Total Assets</b>	<u>69,118,516</u>	<u>6,844,666</u>	<u>75,963,182</u>	<u>(353,155)</u>	<u>75,610,027</u>
<b>Liabilities</b>					
Accounts Payable	766,965	-	766,965	-	766,965
Interest Payable	64,736	-	64,736	-	64,736
Accrued Liabilities	100,761	-	100,761	-	100,761
Unearned Revenue	425,001	-	425,001	-	425,001
Tenant Lease Deposits	271,969	42,093	314,062	-	314,062
Deferred PILOT Revenues	3,246	-	3,246	-	3,246
Due to TexAmericas Center	-	353,155	353,155	(353,155)	-
Noncurrent Liabilities:					
Due Within One Year:					
Accrued Compensated Absences	36,070	-	36,070	-	36,070
Note Payable	310,359	-	310,359	-	310,359
Due in More Than One Year:					
Accrued Compensated Absences	26,140	-	26,140	-	26,140
Note Payable	7,616,524	-	7,616,524	-	7,616,524
<b>Total Liabilities</b>	<u>9,621,771</u>	<u>395,248</u>	<u>10,017,019</u>	<u>(353,155)</u>	<u>9,663,864</u>
<b>Deferred Inflows of Resources</b>					
Deferred Inflow of Resources Related to Leases	10,016,983	1,441,973	11,458,956	-	11,458,956
<b>Total Deferred Inflows of Resources</b>	<u>10,016,983</u>	<u>1,441,973</u>	<u>11,458,956</u>	<u>-</u>	<u>11,458,956</u>
<b>Net Position</b>					
Investment in Capital Assets, Net of Debt	35,620,872	4,551,831	40,172,703	-	40,172,703
Unrestricted	13,366,657	455,614	13,822,271	-	13,822,271
Restricted - Other	492,233	-	492,233	-	492,233
<b>Total Net Position</b>	<u>\$ 49,479,762</u>	<u>\$ 5,007,445</u>	<u>\$ 54,487,207</u>	<u>\$ -</u>	<u>\$ 54,487,207</u>

**TEXAMERICAS CENTER**  
**COMBINING STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Functions/Programs	Expenses	Program Revenues			Elimination	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
<b>TexAmericas Center</b>						
Governmental Activities:						
Facility Operations and Infrastructure	\$1,529,874	\$ 1,374	\$ -	\$ -	\$ -	\$ (1,528,500)
Real Estate, Marketing, and Sales	1,324,176	2,468,017	-	-	-	1,143,841
General Government	3,172,464	-	-	227,906	227,906	(2,944,557)
Hunting Revenues	81,522	49,554	-	-	-	(31,968)
ESCA	522,814	-	412,461	-	-	(110,353)
Total Governmental Activities	6,630,850	2,518,945	412,461	227,906	227,906	(3,471,537)
<b>TAC East Holdings Company No. 1</b>						
Governmental Activities:						
General Government	573,484	527,972	583	-	-	(44,929)
Total Governmental Activities	573,484	527,972	583	-	-	(44,929)
<b>Total</b>						
Governmental Activities:						
Facility Operations and Infrastructure	1,529,874	1,374	-	-	-	(1,528,500)
Real Estate, Marketing, and Sales	1,324,176	2,468,017	-	-	-	1,143,841
General Government	3,745,947	527,972	583	227,906	227,906	(2,989,486)
Hunting Revenues	81,522	49,554	-	-	-	(31,968)
ESCA	522,814	-	412,461	-	-	(110,353)
Total Governmental Activities	\$7,204,333	\$ 3,046,917	\$ 413,044	\$ 227,906	\$ 227,906	\$ (3,516,466)

**TEXAMERICAS CENTER**  
**COMBINING STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	TexAmericas Center	TAC East Holdings Company No. 1	Elimination	Total
<b>General Revenues</b>				
Franchise Fees	\$ 142,742	\$ -	\$ -	\$ 142,742
Investment Earnings	70,601	-	-	70,601
Miscellaneous	53,482	-	-	53,482
Gain on Sale of Capital Asset	200,298	31,775	-	232,073
PILOT	208,151	-	-	208,151
Leased Employee Revenue	823,573	-	(227,906)	595,667
Total General Revenues	<u>1,498,847</u>	<u>31,775</u>	<u>(227,906)</u>	<u>1,302,716</u>
Change in Net Position	<u>(2,200,596)</u>	<u>(13,154)</u>	<u>-</u>	<u>(2,213,750)</u>
Net Position - Beginning, as Previously Reported	52,575,867	3,960,081	-	56,535,948
Prior Period Adjustments	(895,509)	1,060,518	-	165,009
Net Position - Beginning, as Restated	<u>51,680,358</u>	<u>5,020,599</u>	<u>-</u>	<u>56,700,957</u>
<b>Net Position - Ending</b>	<u>\$ 49,479,762</u>	<u>\$ 5,007,445</u>	<u>\$ -</u>	<u>\$ 54,487,207</u>

**TEXAMERICAS CENTER**  
**COMBINING STATEMENT OF NET POSITION - BUSINESS-TYPE ACTIVITIES**  
**SEPTEMBER 30, 2022**

	<b>Business-Type Activities</b>			<b>Total Business-Type Activities</b>
	<b>Logistics Fund</b>	<b>Rail Fund</b>	<b>Elimination</b>	
<b>Assets</b>				
Cash and Cash Equivalents	\$ 287,408	\$ 579,065	\$ -	\$ 866,473
Restricted Cash and Cash Equivalents	24,544	-	-	24,544
Accounts Receivable	29,848	168,402	-	198,250
Operating Leases Receivable	390,950	-	-	390,950
Due from Enterprise Fund	4,259	-	(4,259)	-
Capital Assets:				
Equipment, Net	-	189,979	-	189,979
Construction in Progress	-	1,010,461	-	1,010,461
Intangible Assets:				
Goodwill	-	1,597,256	-	1,597,256
<b>Total Assets</b>	<b>737,009</b>	<b>3,545,163</b>	<b>(4,259)</b>	<b>4,277,913</b>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	2,106	12,793	-	14,899
Deferred PILOT Revenues	24,544	-	-	24,544
Due to General Fund	145,021	1,968,357	-	2,113,378
Due to Enterprise Fund	-	4,259	(4,259)	-
Noncurrent Liabilities:				
Due Within One Year:				
Accrued Compensated Absences	4,444	10,788	-	15,232
Note Payable	-	197,717	-	197,717
Due in More Than One Year:				
Accrued Compensated Absences	9,099	8,186	-	17,285
Note Payable	-	902,283	-	902,283
<b>Total Liabilities</b>	<b>185,214</b>	<b>3,104,383</b>	<b>(4,259)</b>	<b>3,285,338</b>
<b>Deferred Inflows of Resources</b>				
Deferred Inflow of Resources Related to Leases	383,777	-	-	383,777
<b>Total Deferred Inflows of Resources</b>	<b>383,777</b>	<b>-</b>	<b>-</b>	<b>383,777</b>
<b>Net Position</b>				
Investment in Capital Assets, Net of Debt	-	5,482	-	5,482
Unrestricted	168,018	435,298	-	603,316
<b>Total Net Position</b>	<b>\$ 168,018</b>	<b>\$ 440,780</b>	<b>\$ -</b>	<b>\$ 608,798</b>

**TEXAMERICAS CENTER**  
**COMBINING STATEMENT OF ACTIVITIES - BUSINESS-TYPE ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<b>Business-Type Activities</b>		
	<b>Logistics Fund</b>	<b>Rail Fund</b>	<b>Total Business-Type Activities</b>
<b>Operating Revenues:</b>			
Lease Income	\$ 450,097	\$ -	\$ 450,097
Lease Interest Income	8,417	-	8,417
Rail Movement, Storage, and Transload Fees	-	1,089,180	1,089,180
Leased Employees	-	5,240	5,240
Project Reimbursement	1,297	-	1,297
<b>Total Operating Revenue</b>	<b>459,811</b>	<b>1,094,420</b>	<b>1,554,231</b>
<b>Operating Expenses:</b>			
Payroll Costs	269,736	355,596	625,332
Insurance	-	27,284	27,284
Repairs and Maintenance	6,869	42,753	49,622
Depreciation Expense	-	46,021	46,021
Professional and Contracted Services	3,840	83,945	87,785
Interest Expense	-	23,831	23,831
Supplies and Materials	892	5,997	6,889
Utilities	5,200	2,179	7,379
Telephone and Internet	1,910	5,337	7,247
Fuel	1,321	33,100	34,421
Other Operating Costs	2,025	27,597	29,622
<b>Total Operating Expenses</b>	<b>291,793</b>	<b>653,640</b>	<b>945,433</b>
<b>Operating Income</b>	<b>168,018</b>	<b>440,780</b>	<b>608,798</b>
<b>Total Net Position - October 1 (Beginning)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Position - September 30 (Ending)</b>	<b>\$ 168,018</b>	<b>\$ 440,780</b>	<b>\$ 608,798</b>

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

**INTERNAL CONTROL AND COMPLIANCE SECTION**



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of  
TexAmericas Center  
New Boston, 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, the business-type activities, each major fund, which includes the blended component unit, and the aggregate remaining fund information of TexAmericas Center (the Center) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated April 21, 2023.

**Report on Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 were not identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Center'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*.

Board of Directors of  
TexAmericas Center

### **Center's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Center's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Center'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas  
April 21, 2023

**TEXAMERICAS CENTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SEPTEMBER 30, 2022**

**Section I - Summary of Audit Results**

*Financial Statements:*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiencies identified?	None Reported
Noncompliance material to the financial statements?	None Reported
Findings disclosed in the audit which are required to be reported in <i>Government Auditing Standards</i>	Yes

**Section II - Financial Statement Findings**

**Finding Reference**

2022-001 – Material Weakness

**Criteria**

Internal controls should be designed and implemented to ensure that the Center’s capital asset listing is updated on an ongoing basis.

**Condition**

In the current year, management identified several properties that were owned by TAC East Holdings Company, No. 1 but were erroneously included in the Center’s assets or omitted entirely. This caused a prior-period restatement to the beginning net position in the current year.

**Effect or Potential Effect**

The Center's total capital assets reported in the government-wide financial statements in the prior-period were incorrect, resulting in a prior-period restatement to the beginning net position in the current year.

**Questioned Cost**

The restatement amount of \$100,700 included the capital assets that had to be added or removed in order to correct the overall capital assets total.

**Recommendation**

We recommend that the Center implement additional controls to assess their fixed assets listing on an ongoing basis to ensure that it is accurate.

**View of Responsible Official**

The Center will implement additional policies and controls to assess their fixed assets listing on an ongoing basis. See corrective action plan on page

## Corrective Action Plan

April 21, 2023

**RE: Finding 2022-001**

### Description of Material Weakness:

In the current year, it was noted that several assets were not listed on the capital asset listing as well as assets on the capital asset listing that belonged to TAC East Holdings Company No. 1.

When assets were originally transferred from the U.S. Army to TexAmericas Center (the Center), they lacked sufficient detail to be accurately inventoried and/or were recorded in a lump – sum format, which was not adequately itemized or segregated into component parts. This is still the case. As such, Center management has had significant difficulty locating original documentation and itemization for the land and assets originally transferred from the U.S. Army to the Center.

### Corrective Action Plan:

To address the finding, the Center has surveyed and inventoried assets to ensure that all assets are properly included in the capital asset listing. All buildings and land were separated into individual assets instead of a lump sum amount. In the future, the Center will be implementing policies and controls to assess and evaluate the capital asset listing on an ongoing basis. The Center will explore other effective remedies for these ongoing issues, and additional actions may be undertaken to further remedy the finding.

**Management Contact: Scott Norton**

**Phone Number: 903-223-9841**

**Completion by Date: May 31, 2023**

**TEXAMERICAS CENTER  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
SEPTEMBER 30, 2022**

**Finding 2021-001 – Material Weakness**

**Summary:**

In the prior year, our review of internal controls disclosed instances of the Center's capital asset listing containing assets no longer owned. Additionally, there were other assets transferred from the U.S. Army in prior years that were not previously itemized or sufficiently identified. This caused a prior-period restatement to the beginning net position in the prior-year.

**Conclusion:**

This finding reoccurred during the year ended September 30, 2022.

**TEXAMERICAS CENTER  
SCHEDULE OF GOVERNMENTAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

<b>Grantor/Program</b>	<b>Federal Assistance Listing Number</b>	<b>Federal Revenues</b>	<b>Federal Expenditures</b>
<b>Direct Federal Awards:</b>			
<b>U.S. Department of Defense</b>			
Congressionally Directed Assistance	12.599	\$ 412,461	\$ 412,461
Total U.S. Department of Defense		<u>412,461</u>	<u>412,461</u>
<b>Total Federal Assistance</b>		<u>\$ 412,461</u>	<u>\$ 412,461</u>

**Notes to the Schedule of Governmental Assistance:**

**Basis of Presentation**

The accompanying schedule of governmental assistance (the Schedule) includes the federal award activity of TexAmericas Center (the Center) under programs of the federal government for the year ended September 30, 2022. Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows in the Center.

**Summary of Significant Accounting Policies**

The Schedule is prepared on the accrual basis of accounting.