



## **Investment & Finance Committee**

**Thursday, April 22, 2021**

**9:00 a.m.**

**TexAmericas Center Conference Room**

**107 Chapel Lane**

**New Boston, TX 75570**

The Investment & Finance Committee of TexAmericas Center Board of Directors will meet to conduct business on the date and time listed above via conference call.

Persons wishing to attend the TexAmericas Center Investment/Finance Committee Meeting by telephone can call 1-866-778-5424 and enter the Participant Code of 5090805. Meeting agenda and materials can be found at the [www.texamericascenter.com](http://www.texamericascenter.com) website.

### **AGENDA**

1. Call Meeting to Order.
2. Approve Minutes from February 11, 2021 Committee Meeting.
3. Discussion and possible action to recommend approval of Final Auditor's Report and Fiscal Year End 2020 Financial Statements to the Board of Directors.
4. Discussion and possible action to revise the Investment Policy to replace Controller with Vice President of Finance as Investment Officer and recommend revision to the Board of Directors.
5. Discuss other business as needed.
6. Adjournment.



## Investment & Finance Committee Minutes

Thursday, February 11, 2021

9:00 a.m.

The Investment & Finance Committee of TexAmericas Center Board of Directors met to conduct business at 107 Chapel Lane, New Boston, TX 75570 on the date and time listed above via conference call.

### Committee Members, Staff and Others in Attendance by roll call were:

Denis Washington	Gabe Tarr	Ben King	Kevin Avery
Fred Meisenheimer	Scott Norton	Holly Sleek	John Moran
Marla Byrd	Troy Lemons	Dick Long	Ben Day
	Holliday, Lemons & Cox, P.C.	Valley View Consulting, LLC	Valley View Consulting, LLC

### Committee Members Absent by roll call were:

Tim Ketchum

1. Denis Washington called the meeting to order at 9:12 a.m.
2. Considered and took action to approve the Minutes from November 19, 2020 Committee Meeting. A motion was made by Kevin Avery and seconded by Ben King. The motion carried unanimously by voice vote.
3. Troy Lemons with Holliday, Lemons and Cox, P.C., presented the Collateral Report. Mr. Lemons made a note the date was incorrect on the report and was adjusted slightly; however, the coverages were accurate. The report has been corrected.
4. Troy Lemons with Holliday, Lemons and Cox, P.C., presented the Fiscal Year 1<sup>st</sup> Quarter Financials. Considered and took action to recommend accepting the Fiscal Year 2021 1<sup>st</sup> Quarter Financials. A motion was made by Fred Meisenheimer and seconded by Kevin Avery. The motion carried unanimously by voice vote.
5. Dick Long with Valley View Consulting, LLC presented the Fiscal year 2021 1<sup>st</sup> Quarter Investment Report. Considered and took action to recommend approval of the Fiscal Year 2021 1<sup>st</sup> Quarter Investment Report to the Board of Directors. A motion was made by Ben King and seconded by Gabe Tarr. The motion carried unanimously by voice vote.

6. Scott Norton presented the Fiscal Year 1<sup>st</sup> Quarter Scrap and Timber Sales Report. Considered and took action to recommend approval of the Fiscal Year 2021 1st Quarter Scrap and Timber Sales Report to the Board of Directors. A motion was made by Ben King and seconded by Fred Meisenheimer. The motion carried unanimously by voice vote.
7. Scott Norton led a discussion on financing for the SPEC building.
8. In other business Scott Norton informed the Committee of the upcoming Depository process as follows:

Request for applications go out:	March 3, 2021
Applications due back:	April 7, 2021
Review/Bring to June Board Meeting:	June 22, 2021

Current Depository goes through September of 2021.
9. With no other business to discuss, a motion was made by Ben King and seconded by Kevin Avery to adjourn the meeting at 9:47 a.m. The motion carried unanimously by voice vote.

April 20, 2021

Board of Directors  
TexAmericas Center

We have audited the financial statements of the governmental activities and each major fund of TexAmericas Center (the Center) for the year ended September 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 3, 2020. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Matters

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by TexAmericas Center are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by TexAmericas Center during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of the useful lives of depreciation assets is based on the estimated economical use of the assets. We have evaluated the key assumptions used in determining that the estimated lives are reasonable in relation to the financial statements taken as a whole.

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

#### *Difficulties Encountered in Performing the Audit*

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

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the Center's financial statements taken as a whole.

Significant Audit Matters (Continued)

*Disagreements with Management*

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

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated April 20, 2021.

*Management Consultations with Other Independent Accountants*

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

*Other Audit Findings or Issues*

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

Other Matters

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

We were engaged to report on the combining statements of net position, combining statements of activities, and schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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Board of Directors  
TexAmericas Center

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of TexAmericas Center and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

  
CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas

April 20, 2020

**TEXAMERICAS CENTER**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**  
**(WITH INDEPENDENT AUDITOR'S REPORT THEREON)**

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

Board of Directors  
TexAmericas Center  
New Boston, TX

We have audited the accompanying financial statements of the governmental activities of TexAmericas Center (the Center), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of TexAmericas Center as of September 30, 2020, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America

## **Emphasis of Matter**

The financial statements of TexAmericas Center as of September 30, 2019 were audited by other auditors whose opinion dated February 28, 2020 on those financial statements was unmodified. As discussed in note M, the Center has restated its September 30, 2019 net position to properly reflect capital assets for additions and dispositions that occurred in previous periods, in accordance with accounting principles generally accepted in the United States of America. Additionally, the current financial statement presentation includes TAC East Holding Company as a blended component unit, and as discussed in note M, the Center has restated its September 30, 2019 net position to include the beginning net position of the component unit. The other auditors reported on the September 30, 2019 financial statements before the restatements.

As part of our audit of the September 30, 2020 financial statements, we also audited the adjustments described in note N that were applied to restate the September 30, 2019 net position. In our opinion such adjustments are appropriate and have been properly applied.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages iii-x and 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the TexAmericas Center's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 and the schedule of expenditures of federal awards is 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 20, 2021, on our consideration of TexAmericas Center 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 TexAmericas 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 TexAmericas Center's internal control over financial reporting and compliance



CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas  
April 20, 2021

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the TexAmericas Center (TAC), we offer readers of the TexAmericas Center's financial statements this narrative overview and analysis of the financial activities of the TexAmericas Center and its blended component unit, TAC East Holding Company for the fiscal year ended September 30, 2020.

### Financial Highlights

- The assets of TAC exceeded its liabilities at the close of the most recent fiscal year by \$53,870,326 (*net position*). Of this amount, \$12,394,434 (*unrestricted net position*) may be used to meet TAC's ongoing obligation to citizens and creditors.
- TAC's total net position decreased by \$39,782.
- As of the close of the fiscal year, TAC's general fund reported an ending balance of \$12,607,771. Approximately 99.6% of this amount, \$12,553,643, is available for spending at TAC's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was 167% of total general fund expenditures.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to TAC's basic financial statements. TAC'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 TAC's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how TAC'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 (e.g. uncollected taxes and earned, but unused, vacation leave.)

Both of the government-wide financial statements distinguish functions of TAC that are principally supported by intergovernmental revenues (*governmental activities*). The governmental activities of TAC include planning, marketing and development. The government-wide financial statements can be found on pages 1-2 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**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, government fund 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 a TAC'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 TAC'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.

TAC 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 TAC. The special revenue fund is the blended component unit, TAC East Holding Company. TAC 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.

**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 7-18 of this report.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of TAC's financial position. In the case of TAC, assets exceeded liabilities by \$53,870,326 as of September 30, 2020.

The largest portion of TAC's net position (\$41,421,764 or 74%), reflects its investment in capital assets (e.g., land and timber, buildings, roads and rail, equipment, and construction in progress), less any debt used to acquire those assets that is still outstanding. TAC uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the TAC'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.

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

Condensed financial information from the statements of net position and activities as of September 30, 2020 and September 30, 2019 is as follows:

**TEXAMERICAS CENTER  
STATEMENT OF NET POSITION  
As of September 30, 2020 and 2019**

	<i>Governmental Activities</i>	
	<b>2020</b>	<b>2019</b>
Cash and Investments	\$ 12,513,752	\$ 14,538,799
Other Assets	746,074	2,700,104
Capital Assets	41,421,764	39,894,072
<b>Total Assets</b>	<b>54,681,590</b>	<b>57,132,975</b>
Other Liabilities	749,648	1,866,642
Long-Term Liabilities	61,616	48,783
<b>Total Liabilities</b>	<b>811,264</b>	<b>1,915,425</b>
Net Position:		
Net Invested in Capital Assets	41,421,764	39,978,445
Restricted	54,128	-
Unrestricted	12,394,434	13,384,316
<b>Total Net Position</b>	<b>\$ 53,870,326</b>	<b>\$ 53,362,761</b>

The balance of unrestricted net assets (\$12,394,434) may be used to meet TAC's ongoing obligations to citizens and creditors.

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

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

TAC's net position decreased by \$39,782 during the current fiscal year. A condensed version of the Statement of Activities follows:

**TEXAMERICAS CENTER  
STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2020**

	<i>Governmental Activities</i>	
	<u>2020</u>	<u>2019</u>
<b>Revenues:</b>		
Program Revenues:		
Charges for Services	\$ 4,140,402	\$ 2,125,738
Operating Grants & Contributions	1,648,345	3,094,079
Capital Grants & Contributions	414,403	1,199,864
General Revenues:		
Franchise Fees	157,364	165,724
Investment Earnings	242,418	320,032
Miscellaneous	84,349	9,724
Leased Employee Revenue	-	490,787
<b>Total Revenues</b>	<u>6,687,281</u>	<u>7,405,948</u>
<b>Expenditures:</b>		
Facility Operations & Infrastructure	2,915,453	3,400,008
Real Estate, Marketing, & Sales	941,936	772,765
General Government	1,027,168	838,965
Timber & Hunting	105,449	86,486
ESCA	1,732,539	2,883,296
Logistics	4,518	-
<b>Total Expenditures</b>	<u>6,727,063</u>	<u>7,981,520</u>
Change in Net Position	<u>(39,782)</u>	<u>(575,572)</u>
<b>Net Position-Beginning, as Previously Reported</b>	53,362,761	53,938,273
<b>Prior Period Adjustment</b>	547,347	-
<b>Net Position-Beginning, as Restated</b>	<u>53,910,108</u>	<u>53,938,273</u>
<b>Net Position-Ending</b>	<u>\$ 53,870,326</u>	<u>\$ 53,362,701</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**Governmental activities.** Governmental activities decreased TAC's net position by \$39,782 during fiscal year ended September 30, 2020. Overall revenues decreased by \$718,667, and expenses decreased by \$1,245,457 from the prior year. Key elements of these changes are as follows:

- Grant revenues decreased by \$2,231,195.
- Interest revenues decreased by \$77,614.
- Miscellaneous revenues increased by \$74,625.
- Facility, operations, and infrastructure expenses decreased by \$484,555.
- Real estate, marketing, and sales expenses increased by \$169,171.
- General government expenses increased by \$188,203.
- ESCA expenses decreased by \$1,150,757,

### Financial Analysis of the Governmental Fund

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

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

The general fund is the chief operating fund of TAC. At the end of the current fiscal year, the unassigned general fund balance was \$12,553,643, while the total general fund balance was \$12,607,771. 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 TAC's general fund had a net decrease of \$911,886 during the 2020 fiscal year compared to an increase of \$1,179,131 in 2019.

### General Fund Budgetary Highlights

There was an increase of \$1,441,073 in the revenues between the original and final amended budgets. The main changes were a decrease in grant revenues of \$228,596 and increases in leases of \$313,652, timber and hunting of \$125,909, interest of \$135,000, and miscellaneous revenues of \$1,109,109.

During the year, there was a \$2,782,182 increase in the expenditure appropriations between the original and final amended budget. Following are the main components of the increase:

- Facility operations and infrastructure expenditures increased by \$2,340,316.
- Real Estate, marketing and sales decreased by \$335,606.
- ESCA expenditures increased by \$270,013.



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

**Capital Assets and Debt Administration**

*Capital Assets.* As of September 30, 2020, TAC had \$41,421,765 invested in capital assets for its governmental activities, net of accumulated depreciation. This investment in capital assets includes land and timber, buildings, roads and rails, equipment, and construction in progress.

**TEXAMERICAS CENTER  
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION  
As of September 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
Governmental Activities:		
Land & Timber	\$ 17,026,456	\$ 16,381,684
Buildings & Improvements	28,780,091	25,679,145
Roads & Rail	19,849,175	19,849,175
Equipment	470,248	926,896
Construction in Process	711,336	181,546
<b>Totals at Historical Cost</b>	<b>66,837,306</b>	<b>63,018,446</b>
Less: Accumulated Depreciation		
Buildings & Improvements	(17,830,901)	(15,783,184)
Roads & Rail	(7,156,464)	(6,465,361)
Equipment	(428,177)	(791,456)
<b>Total Accumulated Depreciation</b>	<b>(25,415,541)</b>	<b>(23,040,001)</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 41,421,765</b>	<b>\$ 39,978,445</b>

Additional information on TAC and TAC East Holding Company’s capital assets can be found in Note E of the notes to the financial statements.

*Long-term Debt.* At the end of the current fiscal year, TAC had long-term accrued compensated absences of \$31,911.

Additional information of the TAC's long-term debt can be found in Note F on page 16 on this report.

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

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

As part of its transfer agreements with the US Army, the TexAmericas Center (TAC) received several contracts that generated net revenue for TAC in 2020, as well as included provisions for a right of first negotiation on some of the environmental restoration activities, creating a pathway to accelerate redevelopment while simultaneously enhancing revenue. This program function (ESCA) was implemented in 2014.

A Light Manufacturing/Distribution Facility (Spec Building) will be completed in Summer 2021. TAC fully expects that demand for this building will be high, and as a result the facility will produce significant revenues to TAC.

Army's RCRA (Resource Conservation Recovery Act) Permit is also scheduled to be removed from the TAC East Campus in FY 2021.

TAC is also pursuing several grants to upgrade/rehabilitate the existing rail infrastructure. TAC anticipates that the improved rail infrastructure will promote significant economic opportunities in the future.

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

### **Financial Contact**

TAC's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of TAC's finances and to demonstrate TAC'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.

*FINANCIAL STATEMENTS*

**TEXAMERICAS CENTER**  
**STATEMENT OF NET POSITION**  
**September 30, 2020**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 8,488,920
Investments - Certificates of Deposit	4,024,832
Accounts Receivable	305,207
Due from U.S. Army - ESCA Grant	319,170
Prepaid Expenses	121,697
Capital Assets, Net:	
Land and Timber	17,026,456
Buildings and Improvements	10,949,190
Road and Rail	12,692,711
Equipment	42,071
Construction in Progress	711,336
<b>Total Assets</b>	<b>54,681,590</b>
<b>Liabilities</b>	
Accounts Payable	144,492
Accrued Liabilities	42,274
Unearned Revenue	324,613
Tenant Lease Deposits	238,269
Noncurrent Liabilities:	
Due Within One Year:	
Accrued Compensated Absences	29,705
Due in More Than One Year:	
Accrued Compensated Absences	31,911
<b>Total Liabilities</b>	<b>811,264</b>
<b>Net Position</b>	
Net Investment in Capital Assets	41,421,764
Unrestricted	12,394,434
Restricted - Other	54,128
<b>Total Net Position</b>	<b>\$ 53,870,326</b>

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

**TEXAMERICAS CENTER**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2020**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense)</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Revenue and Changes in Net Position</b>
					<b>Governmental Activities</b>
<b>Primary Government</b>					
Governmental Activities:					
Facility Operations and Infrastructure	\$ 2,915,453	1,034,189	\$ -	\$ 414,403	\$ (1,466,861)
Real Estate, Marketing, and Sales	941,936	2,678,901	-	-	1,736,965
General Government	1,027,168	-	8,683	-	(1,018,485)
Timber & Hunting	105,449	427,312	-	-	321,863
ESCA	1,732,539	-	1,639,662	-	(92,877)
Logistics	4,518	-	-	-	(4,518)
<b>Total Governmental Activities</b>	<b>6,727,063</b>	<b>4,140,402</b>	<b>1,648,345</b>	<b>414,403</b>	<b>(523,913)</b>

**General Revenues**

Franchise Fees	157,364
Investment Earnings	242,418
Miscellaneous	84,349
<b>Total General Revenues</b>	<b>484,131</b>

Change in Net Position (39,782)

Net Position - Beginning Reported	53,362,761
Prior Period Adjustment	547,347
Net Position - Beginning, as Restated	<u>53,910,108</u>

**Net Position - Ending** \$ 53,870,326

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

**TEXAMERICAS CENTER  
BALANCE SHEETS  
GOVERNMENTAL FUNDS  
September 30, 2020**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 8,441,074	\$ 47,846	\$ 8,488,920
Investments - Certificates of Deposit	4,024,832	-	4,024,832
Accounts Receivable	304,534	673	305,207
Due from U.S. Army - ESCA Grant	319,170	-	319,170
Due from TAC East Holdings Co.	107,269	-	107,269
Prepaid Expenses	121,697	-	121,697
<b>Total Assets</b>	<b>\$ 13,318,576</b>	<b>\$ 48,519</b>	<b>\$ 13,367,095</b>
<b>Liabilities</b>			
Accounts Payable	\$ 144,492	\$ -	\$ 144,492
Accrued Payroll Liabilities	42,274	-	42,274
Unearned Revenue	324,613	-	324,613
Tenant Lease and Property Tax Deposits	199,426	38,843	238,269
Due to TAC General Fund	-	107,269	107,269
<b>Total Liabilities</b>	<b>710,805</b>	<b>146,112</b>	<b>856,917</b>
<b>Fund Balance</b>			
Committed	30,000	-	30,000
Assigned	24,128	-	24,128
Unassigned	12,553,643	(97,593)	12,456,050
<b>Total Fund Balance</b>	<b>12,607,771</b>	<b>(97,593)</b>	<b>12,510,178</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 13,318,576</b>	<b>\$ 48,519</b>	<b>\$ 13,367,095</b>

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

**TEXAMERICAS CENTER**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET POSITION**  
**For the Year Ended September 30, 2020**

<b>Total Fund Balances - Governmental Funds</b>	\$ 12,510,178
<b>1</b> 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 \$64,341,161 and the accumulated depreciation was (\$23,726,747). The net effect of including the beginning balances for capital assets (net of depreciation) in the governmental activities is to increase net position.	40,614,414
<b>2</b> 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.	(50,968)
<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.	(1,682,393)
<b>4</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 2020 capital outlays is to increase net position.	2,481,061
<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.	(10,648)
<b>6</b> Some revenues reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as revenue in the governmental funds. This amount represents the gain associated with the land transferred from TAC to TAC East Holding Company. The net effect of this gain is to increase net position.	8,683
<b>Net Position of Governmental Activities</b>	\$ 53,870,326

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

**TEXAMERICAS CENTER**  
**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2020**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>			
Leases	\$ 2,233,465	\$ 445,436	\$ 2,678,901
Franchise Fees	157,364	-	157,364
Timber & Hunting	427,312	-	427,312
Grants	2,054,066	-	2,054,066
Personal Property Sales	2,081	-	2,081
Interest	242,418	-	242,418
Leased Employees	356,515	-	356,515
Management Fees	392	-	392
Project Reimbursement	1,032,108	-	1,032,108
Miscellaneous	84,349	-	84,349
<b>Total Revenue</b>	<u>6,590,070</u>	<u>445,436</u>	<u>7,035,506</u>
<b>Expenditures:</b>			
Facility Operations & Infrastructure	3,676,511	-	3,676,511
Real Estate, Marketing & Sales	938,088	-	938,088
General Government	1,008,228	370,035	1,378,263
Timber & Hunting	142,894	-	142,894
ESCA	1,731,760	-	1,731,760
Logistics	4,475	-	4,475
<b>Total Expenditures</b>	<u>7,501,956</u>	<u>370,035</u>	<u>7,871,991</u>
<b>Change in Fund Balance</b>	<u>(911,886)</u>	<u>75,401</u>	<u>(836,485)</u>
<b>Fund Balance - October 1 (Beginning)</b>	<u>13,519,657</u>	<u>(172,994)</u>	<u>13,346,663</u>
<b>Fund Balance - September 30 (Ending)</b>	<u><u>\$ 12,607,771</u></u>	<u><u>\$ (97,593)</u></u>	<u><u>\$ 12,510,178</u></u>

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



**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, 2020**

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	(836,485)
<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 2020 capital outlays is to increase net position.		2,481,061
<b>2</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.		(1,682,393)
<b>3</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.		(10,648)
<b>4</b> Some revenues reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as revenue in the governmental funds. This amount represents the gain associated with the land transferred from TAC to TAC East Holding Company. The net effect of this gain is to increase net position.		8,683
<b>Net Position of Governmental Activities</b>	<u>\$</u>	<u>(39,782)</u>

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

**TEXAMERICAS CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**A. Summary of Significant Accounting Policies**

TexAmericas Center (TAC) is a political subdivision of the State of Texas (formerly known as Red River Redevelopment Authority). TAC 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. TAC 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. TAC began operating independently from the governing bodies of the participating governmental entities in April 1999. In 2010, TAC underwent a rebranding for marketing and development of their real estate. During the rebranding, the property was renamed from Red River Commerce Park to TAC. 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.

**1. 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 government (TAC) and its component unit, TAC East Holding Company. The blended component unit, although a legally separate entity, is in substance part of the government's operations; data from the 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 TAC, is reported as part of the Center because TAC East Holding benefits the primary government even though it does not provide services directly to it. TAC East Holding Company was established to develop and lease various properties of the TAC East campus. TAC East Holding has significant interrelated operations with the TAC, some of which include leasing employees from TAC, as well as paying a management fee. TAC East Holding is responsible for the leasing of properties on its designated areas of the entity. TAC East Holding's board of directors are appointed by TAC, and shares multiple common members. TAC East Holding Company is reported as a special revenue fund. All intercompany transactions, payables, and receivables are eliminated for government-wide reporting.

**Related Organizations**

TAC's Board of Directors is also responsible for appointing the members of the boards of other organizations, but TAC'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.

**2. 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 TAC and TAC East Holding Company. Governmental activities include programs supported primarily by intergovernmental revenues and lease revenues.

**TEXAMERICAS CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**A. Summary of Significant Accounting Policies (Continued)**

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

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.

Indirect expenses of governmental activities are reported in the general government function.

Separate financial statements are provided for governmental funds.

**3. 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. 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, TAC 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 TAC'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 so 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 TAC.

**4. Fund Accounting**

TAC reports the following major governmental funds:

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

**Special Revenue Fund** - TAC accounts for the activities of TAC East Holding Company in the special revenue fund.

**5. 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 TAC.

**TEXAMERICAS CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**A. Summary of Significant Accounting Policies (Continued)**

**6. 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.

**7. Fund Equity**

In accordance with GASB No. 54, TAC 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 only reported in the general fund. As of September 30, 2020 there were no non-spendable or restricted fund balances.

TAC'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 or Executive Director/CEO has the Authority to assign amounts to specific purposes. The Board of Directors has delegated routine operating decision-making to the Executive Director/CEO.

TAC 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 unrestricted fund balance classifications could be used are classified using the lowest level of spending constraint available at the time of the expenditure.

**8. Risk Management**

TAC 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 TAC carries commercial insurance. There has been no major reduction of insurance coverage from prior years.

**B. Reconciliation of Government-Wide and Fund Financial Statements**

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

Page 4 of this report provides the 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. The details of capital assets at the beginning of the year are as follows:

**TEXAMERICAS CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**B. Reconciliation of Government-Wide and Fund Financial Statements**

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

**TexAmericas Center:**

<u>Capital Assets</u> <u>At the Beginning of the Year</u>	<u>Historic Cost</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net Value at the</u> <u>Beginning of the Year</u>	<u>Change in</u> <u>Net Position</u>
Land and Timber	\$ 16,381,684	\$ -	\$ 16,381,684	
Buildings and Improvements	25,702,761	16,651,244	9,051,517	
Road and Rail	19,849,175	6,465,361	13,383,814	
Equipment	470,248	417,202	53,046	
Construction in Progress	<u>181,546</u>	<u>-</u>	<u>181,546</u>	
Change in Net Position				<u>\$ 39,051,607</u>
<u>Long-Term Liabilities</u> <u>At the Beginning of the Year</u>			<u>Payable at the</u> <u>Beginning of the Year</u>	
Accrued Compensated Absences			\$ (50,968)	
Change in Net Position				<u>(50,968)</u>
Net Adjustment to Net Position				<u>\$ 39,000,639</u>

**TAC East Holding Company:**

<u>Capital Assets</u> <u>At the Beginning of the Year</u>	<u>Historic Cost</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net Value at the</u> <u>Beginning of the Year</u>	<u>Change in</u> <u>Net Position</u>
Land and Timber	\$ 844,094	\$ -	\$ 844,094	
Buildings and Improvements	<u>911,650</u>	<u>192,937</u>	<u>718,713</u>	
Change in Net Position				<u>\$ 1,562,807</u>
Net Adjustment to Net Position				<u>\$ 1,562,807</u>

**Total Governmental Funds:**

<u>Capital Assets</u> <u>At the Beginning of the Year</u>	<u>Historic Cost</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net Value at the</u> <u>Beginning of the Year</u>	<u>Change in</u> <u>Net Position</u>
Land and Timber	\$ 17,225,778	\$ -	\$ 17,225,778	
Buildings and Improvements	26,614,411	16,844,181	9,770,230	
Road and Rail	19,849,175	6,465,361	13,383,814	
Equipment	470,248	417,202	53,046	
Construction in Progress	<u>181,546</u>	<u>-</u>	<u>181,546</u>	
Change in Net Assets				<u>\$ 40,614,414</u>
<u>Long-Term Liabilities</u> <u>At the Beginning of the Year</u>			<u>Payable at the</u> <u>Beginning of the Year</u>	
Accrued Compensated Absences			\$ (50,968)	
Change in Net Position				<u>(50,968)</u>
Net Adjustment to Net Position				<u>\$ 40,563,446</u>

**TEXAMERICAS CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**3. 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 the reconciliation between the net changes in fund balances as shown on the government fund statement of revenues, expenditures, and changes in fund balances and the changes in net assets of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlay is expensed in the fund financial statements, but should be shown as an increase in capital assets in the government-wide statements. 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	\$ 37,445		
Buildings & Improvements	2,165,680		
Construction in Progress	584,749		
Dispositions:			
Land	(237,490)		
Roads and Rail	(14,364)		
Construction in Progress	(54,959)		
Total Capital Outlay	<u>\$ 2,481,061</u>	<u>\$ 2,481,061</u>	<u>\$ 2,481,061</u>
Adjustment to Net Position		<u>\$ 2,481,061</u>	<u>\$ 2,481,061</u>

**TAC East Holding Company:**

<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	\$ 723		
Roads and Rail	14,364		
Total Capital Outlay	<u>\$ 15,086</u>	<u>\$ 15,086</u>	<u>\$ 15,086</u>
Adjustment to Net Position		<u>\$ 15,086</u>	<u>\$ 15,086</u>

**TEXAMERICAS CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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

**3. 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	\$ 38,168		
Buildings & Improvements	2,165,680		
Roads and Rail	14,364		
Construction in Progress	584,749		
Dispositions:			
Land	(237,490)		
Roads and Rail	(14,364)		
Construction in Progress	(54,959)		
Total Capital Outlay	<u>\$ 2,496,147</u>	<u>\$ 2,496,147</u>	<u>\$ 2,496,147</u>
Total Adjustment to Net Position		<u>\$ 2,496,147</u>	<u>\$ 2,496,147</u>

**C. Deposits and Investments**

TAC's cash and cash equivalents include amounts in demand deposit, negotiable order of withdrawal, and money market accounts.

It is TAC's policy to purchase investments with maturity dates coinciding with cash flow requirements. The average maturity of investments of TAC's operating funds cannot exceed one year. The maximum maturity of any investments cannot exceed five years. Using this strategy, TAC 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 TAC'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, 2020**

**C. Deposits and Investments (Continued)**

The following summarizes the minimum diversification standards of TAC 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, 2020, all of TAC's cash and investments were covered by either federal depository insurance or collateral held by the pledging financial institution's agent in TAC'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 TexAmericas Center to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principle 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 TAC 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 TAC's investment policies and types of investments. TAC's management believes that it complied with the requirements of the PFIA and TAC's investment policies described in Note A. Concentrations of credit risk of over 5% by issuer on September 30, 2020 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	\$ 10,504,327	84%
Certificates of Deposit	Farmers Bank	2,006,242	16%

**D. Receivables**

TAC provides allowances for uncollectable receivables in compliance with generally accepted accounting principles. However, at September 30, 2020, the balance of the allowance account is \$0 since management believes all receivables to be fully collectible. Receivables as of September 30, 2020 for TAC are as follows:

**TexAmericas Center:**

Leases	\$ 15,286
Franchise Fees	15,190
Miscellaneous	85,221
Grants	<u>508,007</u>
Gross Receivables	623,704
Less: Allowance for Uncollectibles	<u>-</u>
Net Receivables	<u>\$ 623,704</u>



**TEXAMERICAS CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**D. Receivables (Continued)**

**TAC East Holding Company:**

Leases	\$ 673
Gross Receivables	673
Less: Allowance for Uncollectibles	-
Net Receivables	\$ 673

**Total Governmental Funds:**

Leases	\$ 15,960
Franchise Fees	15,190
Miscellaneous	85,221
Grants	508,007
Gross Receivables	624,378
Less: Allowance for Uncollectibles	-
Net Receivables	\$ 624,378

**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 estimate 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. Capital asset activity for the year ended September 30, 2020 was as follows:

**TexAmericas Center:**

	<b>Balance 9/30/19</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 9/30/20</b>
<b>Governmental Activities:</b>				
Land and Timber	\$ 16,381,684	\$ 37,445	\$ (237,490)	\$ 16,181,639
Buildings and Improvements	25,702,761	2,165,680	-	27,868,441
Roads and Rail	19,849,175	-	(14,364)	19,834,811
Equipment	470,248	-	-	470,248
Construction in Process	181,546	584,749	(54,959)	711,336
Totals at Historical Cost	62,585,414	2,787,874	(306,813)	65,066,475
<b>Less Accumulated Depreciation:</b>				
Buildings and Improvements	(16,651,244)	(940,414)	-	(17,591,658)
Roads and Rail	(6,465,361)	(691,043)	6,404	(7,150,000)
Equipment	(417,202)	(10,975)	-	(428,177)
Total Accumulated Depreciation	(23,533,807)	(1,642,432)	6,404	(25,169,835)
Governmental Activities Capital Assets, Net	\$ 39,051,607	\$ 1,145,442	\$ (300,409)	\$ 39,896,640

**TEXAMERICAS CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**E. Capital Assets (Continued)**

**TAC East Holding Company:**

	<b>Balance 9/30/19</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 9/30/20</b>
<b>Governmental Activities:</b>				
Land and Timber	\$ 844,094	723	-	\$ 844,817
Buildings and Improvements	911,650	-	-	911,650
Roads and Rail	-	14,364	-	14,364
<b>Totals at Historical Cost</b>	<b>1,755,744</b>	<b>15,087</b>	<b>-</b>	<b>1,770,831</b>
<b>Less Accumulated Depreciation:</b>				
Buildings and Improvements	(192,937)	(46,303)	-	(239,240)
Roads and Rail	-	(6,464)	-	(6,464)
<b>Total Accumulated Depreciation</b>	<b>(192,937)</b>	<b>(52,767)</b>	<b>-</b>	<b>(245,704)</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 1,562,807</b>	<b>\$ (37,680)</b>	<b>\$ -</b>	<b>\$ 1,525,125</b>

**Total Governmental Funds:**

	<b>Balance 9/30/19</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 9/30/20</b>
<b>Governmental Activities:</b>				
Land and Timber	\$ 17,225,778	\$ 38,168	\$ (237,490)	\$ 17,026,456
Buildings and Improvements	26,614,411	2,165,680	-	28,780,091
Roads and Rail	19,849,175	14,364	(14,364)	19,849,175
Equipment	470,248	-	-	470,248
Construction in Process	181,546	584,749	(54,959)	711,336
<b>Totals at Historical Cost</b>	<b>64,341,158</b>	<b>2,802,961</b>	<b>(306,813)</b>	<b>66,837,306</b>
<b>Less Accumulated Depreciation:</b>				
Buildings and Improvements	(16,844,181)	(986,717)	-	(17,830,901)
Roads and Rail	(6,465,361)	(697,507)	6,404	(7,156,464)
Equipment	(417,202)	(10,975)	-	(428,177)
<b>Total Accumulated Depreciation</b>	<b>(23,726,744)</b>	<b>(1,695,199)</b>	<b>6,404</b>	<b>(25,415,541)</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 40,614,414</b>	<b>\$ 1,107,762</b>	<b>\$ (300,409)</b>	<b>\$ 41,421,765</b>

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

Facility Operations and Infrastructure	\$ 1,680,374
Real Estate, Marketing, and Sales	2,019
<b>Total Depreciation Expense</b>	<b>\$ 1,682,393</b>

**TEXAMERICAS CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**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

**F. 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, 2019</b>	<b>Additions</b>	<b>Retirements / Deductions</b>	<b>Balance September 30, 2020</b>	<b>Due Within One Year</b>
Governmental Activities:					
Compensated Absences	\$ 50,968	\$ 43,109	\$ (32,461)	\$ 61,616	\$ 29,705
Governmental Long-Term Liabilities	\$ 50,968	\$ 43,109	\$ (32,461)	\$ 61,616	\$ 29,705

**G. 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.

**H. Employee Retirement System**

TAC 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 InWest Retirement Solutions and Wachovia Financial Services. All employees of TAC are eligible to elect participation in the plan. Employees may contribute, by salary reduction, a percentage as specified in the Internal Revenue Code. TAC 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. TAC incurred \$88,849 in pension expense for the fiscal year ended September 30, 2020.

**TEXAMERICAS CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**I. Interfund Receivables and Payables**

Interfund balances at September 30, 2020, consisted of the following individual fund receivables and payables for the Governmental Funds:

	<b>Receivable</b>	<b>Payable</b>
General Fund		
Special Revenue Funds	\$ 107,269	\$ -
Total General Fund	107,269	-
Special Revenue Funds		
General Fund	-	107,269
Total Special Revenue Funds	-	107,269
Grand Totals	\$ 107,269	\$ 107,269

**J. Leases of Property**

In the course of operations, TAC leases property received from the Army to various individuals and private companies. TAC's normal leasing practice is annual agreements. The tenants are offered option years should they renew their lease. The option years are not guaranteed revenue.

**K. Line of Credit**

On October 1, 2018, TAC 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%. At fiscal year-end 2020, TAC had drawn \$0 on the line of credit. Interest expense paid during the year on the line of credit totaled \$0.

**L. Litigation**

On July 15, 2019, TAC filed a complaint against the United States of America with the United States Court of Federal Claims. In the lawsuit, the Center seeks payment of \$776,813 in damages for breach of contract. Specifically, the Center has alleged that the U.S. Department of the Army failed to comply with the terms of a Memorandum of Agreement with the Center dated September 20, 2011 relating to the harvesting of timber and forestry management practices on real property conveyed to the Center. The case is currently still in process and no opinion has been formed that an unfavorable outcome of this litigation is either "probable" or "remote". Consequently, no opinion has been expressed as to the likelihood of a unfavorable outcome of any estimate of the amount of range of potential loss. No amounts have been recorded in the financial statements as of September 30, 2020.

**M. Contingencies**

TAC 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, TAC may be required to reimburse the grantor agency. As of September 30, 2020, significant amounts of grant expenditures have not been audited, but TAC 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, 2020**

**N. Prior-Period Adjustment**

During the audit, management identified several items in their fixed assets that were no longer owned by the Center and several items that needed to be included that were not added in prior years. This led to an adjustment to the prior period net position, in the government-wide financial statements. Accordingly, the September 30, 2020 financial statements have been restated to reflect this correction, as follows:

	<u>As Previously Reported</u>	<u>Corrected</u>	<u>As Restated</u>
<b>Statement of Net Position:</b>			
Property and Equipment:			
Land and Timber	\$ 16,381,684	\$ -	\$ 16,381,684
Buildings and Improvements	25,594,772	107,989	25,702,761
Roads and Rail	19,849,175	-	19,849,175
Equipment	926,896	(456,648)	470,248
Construction in Progress	181,546	-	181,546
Accumulated Depreciation Buildings and Improvements	(15,783,184)	(868,060)	(16,651,244)
Accumulated Depreciation Roads and Rail	(6,465,361)	-	(6,465,361)
Accumulated Depreciation Equipment	(791,456)	374,254	(417,202)
<b>Net Position:</b>			
Investment in Capital, Net of Debt	\$ 39,894,072	\$ (842,465)	\$ 39,051,607

In addition, the inclusion of TAC East Holding Company as a blended component unit increases the beginning net position.

TAC East Holding Company, Beginning Net Position	\$ -	\$ 1,389,812	\$ 1,389,812
<b>Total Prior-Period Adjustment</b>	<u>\$ 39,894,072</u>	<u>\$ 547,347</u>	<u>\$ 40,441,419</u>

**O. Subsequent Events**

Management has evaluated subsequent events through April 20, 2021, the date the financial statements were available for issue.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continued 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.

In December 2020, the Board of Directors of the TAC agreed to the Center entering into a loan agreement with Guaranty Bank & Trust. The loan, in the amount of \$9,000,000, will be secured by a lien on the spec building currently under construction by MW Builders.

**TEXAMERICAS CENTER**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended September 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Leases	\$ 1,932,257	2,245,909	2,233,465	12,444
Franchise Fees	157,500	143,500	157,364	(13,864)
Timber & Hunting	301,903	427,812	427,312	500
Grants	3,216,078	2,987,482	2,054,066	933,416
Personal Property Sales	5,000	5,000	2,081	2,919
Interest	100,000	235,000	242,418	(7,418)
Leased Employees	409,302	409,302	356,515	52,787
TAC East Management Fees	15,000	15,000	392	14,608
Miscellaneous	8,000	1,117,109	1,116,457	652
<b>Total Revenue</b>	<u>6,145,040</u>	<u>7,586,113</u>	<u>6,590,070</u>	<u>996,043</u>
<b>Expenditures</b>				
Facility Operations & Infrastructure	1,570,439	3,910,755	3,676,511	234,244
Real Estate, Marketing & Sales	1,375,317	1,039,711	938,088	101,623
General Government	606,067	1,085,938	1,008,228	77,710
Timber & Hunting	154,131	179,558	142,894	36,664
ESCA	2,375,902	2,645,915	1,731,760	914,155
Logistics	-	2,160	4,475	(2,315)
<b>Total Expenditures</b>	<u>6,081,856</u>	<u>8,864,038</u>	<u>7,501,956</u>	<u>1,362,082</u>
<b>Change in Fund Balance</b>	<u>63,184</u>	<u>(1,277,925)</u>	<u>(911,886)</u>	<u>(366,039)</u>
Fund Balance - Beginning, as reported	12,473,691	13,519,657	13,519,657	(1,045,965)
<b>Fund Balance - Ending</b>	<u>\$ 12,536,875</u>	<u>\$ 12,241,732</u>	<u>\$ 12,607,771</u>	<u>\$ (1,412,004)</u>

**TEXAMERICAS CENTER**  
**COMBINING STATEMENTS OF NET POSITION**  
**September 30, 2020**

	<b>TexAmericas Center</b>	<b>TAC East Holding Company</b>	<b>Elimination</b>	<b>Total</b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 8,441,074	\$ 47,846	\$ -	\$ 8,488,920
Investments - Certificates of Deposit	4,024,832	-	-	4,024,832
Accounts Receivable	304,534	673	-	305,207
Due from U.S. Army - ESCA Grant	319,170	-	-	319,170
Due from TAC East Holdings Co.	107,269	-	(107,269)	-
Prepaid Expenses	121,697	-	-	121,697
Capital Assets:				
Land and Timber	16,181,639	844,817	-	17,026,456
Buildings and Improvements	10,276,783	672,407	-	10,949,190
Road and Rail	12,684,811	7,900	-	12,692,711
Equipment	42,071	-	-	42,071
Construction in Progress	711,336	-	-	711,336
<b>Total Assets</b>	<b>53,215,216</b>	<b>1,573,643</b>	<b>(107,269)</b>	<b>54,681,590</b>
<b>Liabilities</b>				
Accounts Payable	144,492	-	-	144,492
Accrued Liabilities	42,274	-	-	42,274
Unearned Revenue	324,613	-	-	324,613
Tenant Lease Deposits	199,426	38,843	-	238,269
Due to TAC General Fund	-	107,269	(107,269)	-
Noncurrent Liabilities:				
Due Within One Year:				
Accrued Compensated Absences	29,705	-	-	29,705
Due in More Than One Year:				
Accrued Compensated Absences	31,911	-	-	31,911
<b>Total Liabilities</b>	<b>772,421</b>	<b>146,112</b>	<b>(107,269)</b>	<b>811,264</b>
<b>Fund Balance/Net Position</b>				
Net Investment in Capital Assets	39,896,640	1,525,124	-	41,421,764
Unrestricted	12,492,027	(97,593)	-	12,394,434
Restricted - Other	54,128	-	-	54,128
<b>Total Fund Balance/Net Position</b>	<b>\$ 52,442,795</b>	<b>\$ 1,427,531</b>	<b>\$ -</b>	<b>\$ 53,870,326</b>

**TEXAMERICAS CENTER**  
**COMBINING STATEMENTS OF ACTIVITIES**  
**For the Year Ended September 30, 2020**

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
<b>TexAmericas Center</b>					
Governmental Activities:					
Facility Operations and Infrastructure	\$ 2,869,143	\$ 1,034,189	\$ -	\$ 414,403	\$ (1,420,551)
Real Estate, Marketing, and Sales	941,881	2,233,465	-	-	1,291,584
General Government	1,014,040	392	-	356,515	(657,133)
Timber & Hunting	105,449	427,312	-	-	321,863
ESCA	1,732,539	-	1,639,662	-	(92,877)
Logistics	4,518	-	-	-	(4,518)
Total Governmental Activities	6,667,570	3,695,358	1,639,662	414,403	(561,632)
<b>TAC East Holding Company</b>					
Governmental Activities:					
Facility Operations and Infrastructure	\$ 46,310	\$ -	\$ -	\$ -	\$ (46,310)
Real Estate, Marketing, and Sales	55	445,437	-	-	445,382
General Government	370,035	-	8,683	-	(361,352)
Timber & Hunting	-	-	-	-	-
ESCA	-	-	-	-	-
Logistics	-	-	-	-	-
Total Governmental Activities	416,400	445,437	8,683	-	37,720
<b>Total</b>					
Governmental Activities:					
Facility Operations and Infrastructure	\$ 2,915,453	\$ 1,034,189	\$ -	\$ 414,403	\$ (1,466,861)
Real Estate, Marketing, and Sales	941,936	2,678,901	-	-	1,736,965
General Government	1,384,075	392	8,683	356,515	(1,018,485)
Timber & Hunting	105,449	427,312	-	-	321,863
ESCA	1,732,539	-	1,639,662	-	(92,877)
Logistics	4,518	-	-	-	(4,518)
Total Governmental Activities	7,083,970	4,140,794	1,648,345	414,403	(523,913)



**TEXAMERICAS CENTER**  
**COMBINING STATEMENTS OF ACTIVITIES**  
**For the Year Ended September 30, 2020**

	TexAmericas Center	TAC East Holding Company	Elimination	Total
<b>General Revenues</b>				
Franchise Fees	157,364	-	-	157,364
Investment Earnings	242,418	-	-	242,418
Miscellaneous	84,349	-	-	84,349
Leased Employee Revenue	356,515	-	(356,515)	-
Total General Revenues	<u>840,646</u>	<u>-</u>	<u>(356,515)</u>	<u>484,131</u>
Change in Net Position	(77,501)	37,720	-	(39,782)
Net Position - Beginning Reported	53,362,761	-	-	53,362,761
Prior Period Adjustment	(842,465)	1,389,812	-	547,347
Net Position - Beginning, as Restated	<u>52,520,296</u>	<u>1,389,812</u>	<u>-</u>	<u>53,910,108</u>
<b>Net Position - Ending</b>	<u>\$ 52,442,795</u>	<u>\$ 1,427,531</u>	<u>\$ -</u>	<u>\$ 53,870,326</u>

**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  
TexAmericas Center  
Texarkana, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major funds of TexAmericas Center (the Center) as of and for the year ended September 30, 2020, 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 20, 2021.

**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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

**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*.

To the Board of Directors  
TexAmericas Center

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

The Center's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Center's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 20, 2021

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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
TexAmericas Center  
Texarkana, Texas

**Report on Compliance for Each Major Federal Program**

We have audited TexAmericas Center’s (the Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center’s major federal programs for the year ended September 30, 2020. The Center’s major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

**Management’s Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of the Center’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Center’s compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

**Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-002. Our opinion on each major federal program is not modified with respect to these matters.

TexAmericas Center’s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. TexAmericas Center’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

To the Board of Directors  
TexAmericas Center

### Report on Internal Control over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to on the previous page. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did identify a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2020-002, that we consider to be a significant deficiency.

TexAmericas Center's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. TexAmericas Center's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas  
April 20, 2021

**TEXAMERICAS CENTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SEPTEMBER 30, 2020**

**Section I - Summary of Audit Results**

*Financial Statements:*

Type of Report the Auditor Issued on Whether the Financial Statements Were Prepared in Accordance with GAAP	Unmodified
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Internal Control Over Financial Reporting:

Material Weakness(es) Identified	None Reported
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Significant Deficienc(ies) Identified	Yes
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Noncompliance Material to the Financial Statements	None Reported
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*Federal Awards*

Internal Control over Major Programs:

Material Weakness(es) Identified	None Reported
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Significant Deficienc(ies) Identified	Yes
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Type of Auditor's Report Issued on Compliance for Major Federal Programs	Unmodified
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Findings Disclosed in the Audit which are Required to be Reported in Government Auditing Standards	None Reported
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Findings Disclosed in the Audit which are Required to be Reported in Accordance with 2 CFR 200.516(a).	Yes
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Programs audited as major: Congressionally Directed Assistance	CFDA #12.599
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Dollar Threshold used to distinguish between Type A and Type B programs.	\$750,000
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TexAmericas Center qualified as a low risk entity.	No
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**TEXAMERICAS CENTER**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**SEPTEMBER 30, 2020**

**Section II - Financial Statement Findings**

**Finding Reference**

2020-001

Significant Deficiency - Internal Controls

**Criteria**

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

**Condition**

In the current and prior years, the Center's fixed asset listing contained assets no longer owned and other assets acquired that were not previously listed. This caused a prior-period restatement to the beginning net position in the current year.

**Effect or Potential Effect**

The Center's total fixed assets reported in the 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 \$842,465 included the fixed assets that had to be added or removed in order to correct the overall fixed 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.

**TEXAMERICAS CENTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SEPTEMBER 30, 2020**

**Section III - Federal Award Findings and Questioned Costs**

**Finding Reference**

2020-002

Significant Deficiency - Compliance

**Criteria or specific requirement (including statutory, regulatory, or other citation)**

CFR section 200.512 states that an audit which includes a single audit must submit a data collection form to the Federal Audit Clearinghouse (FAC) within the earlier of 30 calendar days after receipt of the auditor's reports, or nine months after the end of the audit period.

**Condition**

A single audit was performed on TexAmericas Center in the prior year, but no data collection form was filed with the FAC.

**Cause**

The prior year auditor failed to submit the auditor portion and the Center failed to complete the auditee portion of the data collection form, and therefore it was not filed with the FAC.

**Effect or Potential Effect**

The Center was not in compliance with Uniform Guidance requirements by not submitting the data collection form in the prior year. In addition, this resulted in the Center losing its qualification as a low risk entity, and resulted in additional single audit testing.

**Recommendations**

We recommend that the Center contact their prior year auditor, have them submit the auditor portion and then the Center should submit the auditee portion so that the reporting package from the prior year can be filed with the FAC.



**TEXAMERICAS CENTER**  
**SCHEDULE OR PRIOR YEAR AUDIT FINDINGS**  
**September 30, 2020**

<b>Program/Finding</b>	<b>Description</b>
No findings were reported in the prior year.	

**TEXAMERICAS CENTER  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

<b>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
Direct Federal Awards:			
<b>U.S. Department of Commerce</b>			
Investments for Public Works and Economic Development Facilities	11.300		\$ 453,716
			<u>453,716</u>
<b>U.S. Department of Defense</b>			
Congressionally Directed Assistance	12.599		1,731,760
			<u>1,731,760</u>
<b>Total Expenditures of Direct Federal Awards</b>			<u><u>\$ 2,185,476</u></u>

**Notes to the Schedule of Federal Awards:**

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of TexAmericas Center (the Center) under programs of the federal government for the year ended September 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). 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**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and wherein certain types of expenditures are not allowable or are limited to reimbursement.

**Indirect Cost Rate**

The Organization has not elected to use the 10% de minimum indirect cost rate allowed under the Uniform Guidance.



**Finding 2020-001**

TexAmericas Center acknowledges Finding 2020-001.

**Corrective Action Plan:**

The Center will implement additional policies and controls to assess their fixed asset schedule on an ongoing basis.

**Finding 2020-002**

TexAmericas Center acknowledges Finding 2020-002.

**Corrective Action Plan:**

The Center has contacted their previous year auditor to have them submit the auditor portion, and subsequently the Center will then submit the auditee portion.

**Management Contact: Scott Norton**

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

**Completion by Date: September 30, 2021**

### C. RESPONSIBILITY AND CONTROL

- a. *Investment Committee.* An Investment Committee, consisting of the Chairman of the Board of Directors, Treasurer of the Board of Directors, Chief Executive Officer (“CEO”), Outside Accountant, and other appointed members of the Finance Committee of the Board Directors, shall meet routinely to determine operational strategies and to monitor results. The Investment Committee shall include in its deliberation such topics as the following: performance reports, economic outlook, portfolio diversification, maturity structure, potential risk, authorized brokers and dealers (including the financial strength and service performance of the firm), independent sources of investment training, and the target rate of return on the investment portfolio.
- b. *Delegation of Authority and Training.* Authority to manage the Center’s investment program is derived from Chapter 3503, Texas Special District Local Laws Code and the PFIA. The CEO and ~~Controller~~Vice President of Finance are designated as Investment Officers of the Center and responsible for investment decisions and activities. The CEO will establish written procedures for the operation of the investment program, consistent with this Investment Policy, as may be necessary. Each Investment Officer shall attend at least one training session relating to the Officer’s responsibility under the PFIA within 12 months after assuming duties accumulating a minimum of ten (10) hours of instruction. Each Investment Officer shall also attend at least one training session not less than once in a two-year period that begins on the first day of the Center’s fiscal year and consists of the two consecutive fiscal years after that date accumulating a minimum of ten (10) hours of instruction. Training related to investment responsibilities under the PFIA is required for each Investment Officer. Such training shall be from an independent source approved by the Investment Committee.
- c. *Internal Controls.* The CEO or his designee is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Center are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Accordingly, the CEO shall establish a process for annual independent review by an external auditor in conjunction with the annual audit to assure compliance with policies and procedures. The results of this review shall be reported to the Board of Directors by that auditor. The internal controls shall address the following points:

- i. Control of collusion.
- ii. Separation of transaction authority from accounting and record keeping.
- iii. Custodial safekeeping.
- iv. Avoidance of physical delivery securities.
- v. Clear delegation of authority to subordinate staff members.
- vi. Written confirmation for telephone (voice) transactions for investments and wire transfers.