TexAmericas CENTER

RESOLUTION NO. 20240423-01

ACCEPTANCE OF FISCAL YEAR 2023 AUDITED FINANCIAL STATEMENTS

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

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

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

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

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of TexAmericas Center that 2023 Audited Financial Statements are hereby accepted as presented in the attachment hereto.

PASSED AND APPROVED THIS 23rd day of April, 2024.

Jim Roberts, Chairman of the Board

ATTEST:

Justin Powell, Secretary

Attached: FY 2023 Audited Financials

TEXAMERICAS CENTER
FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(WITH INDEPENDENT AUDITOR'S REPORT THEREON)

TEXAMERICAS CENTER

Annual Financial Report
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Year Ended September 30, 2023

TEXAMERICAS CENTER

Annual Financial Report
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Year Ended September 30, 2023

THOMAS & THOMAS
PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Members American Institute Certified Public Accountants
Center for Audit Quality and PCPS

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund (including the blended component unit) and the remaining fund information of TexAmericas Center (the Center), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the Center as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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Board of Directors of
TexAmericas Center

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

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages iv-xi and 26, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Board of Directors of
TexAmericas Center

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's basic financial statements. The accompanying combining financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2024, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Thomas & Thomas, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas
April 15, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the TexAmericas Center (the Center), we offer readers of the Center's financial statements this narrative overview and analysis of the financial activities of the Center and its blended component unit, TAC East Holdings Company No. 1, for the fiscal year ended September 30, 2023.

Financial Highlights

- The assets and deferred outflow of resources of the Center exceeded its liabilities and deferred inflow of resources at the close of the most recent fiscal year by $57,365,665 *(net position).* Of this amount, $18,983,016 *(unrestricted net position)* may be used to meet the Center's ongoing obligations.
- The Center's total net position increased by $2,269,660.
- As of the close of the fiscal year, the Center's general fund reported an ending fund balance of $17,482,767. Approximately 97% of this amount, or $16,906,960, is available for spending at the Center's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was 117% of total general fund expenditures.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

Governmental Funds

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

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

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

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

Proprietary Funds

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

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

Notes to the Financial Statements

The notes provide additional information that is essential in obtaining a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10-25 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Center's financial position. In the case of the Center, assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources for the governmental activities and business-type activities by $55,899,697 and $1,465,968, respectively, as of September 30, 2023.

The largest portion of the Center's total net position ($37,806,842 or 66%), 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. The Center uses these capital assets to provide service to customers; consequently, these assets are not available for future spending. Although the Center's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A condensed version of the statements of net position as of September 30, 2023, and 2022, can be found in Table I. A condensed version of the statements of activities as of September 30, 2023, can be found in Table II.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
TABLE I
TEXAMERICAS CENTER
STATEMENTS OF NET POSITION
AS OF SEPTEMBER 30, 2023 AND 2022

	Governmental Activities		*Business-Type Activities*		*Totals*	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Cash and Investments	$ 12,805,027	$ 12,805,027	$ 931,909	$ 891,017	$ 13,736,936	$ 13,696,044
Other Assets	16,386,319	14,668,881	456,979	589,200	16,843,298	15,258,081
Capital Assets, Net	37,529,760	48,136,119	1,180,717	1,200,440	38,710,477	49,336,559
Total Assets	66,721,106	75,610,027	2,569,605	2,680,657	69,290,711	78,290,684
Deferred Outflow of Resources	-	-	1,536,028	1,597,256	1,536,028	1,597,256
Total Deferred Outflow of Resources	-	-	1,536,028	1,597,256	1,536,028	1,597,256
Other Liabilities	1,152,684	2,021,200	1,766,368	2,365,770	2,919,052	4,386,970
Long-Term Liabilities	162,007	7,642,664	719,767	919,568	881,774	8,562,232
Total Liabilities	1,314,691	9,663,864	2,486,135	3,285,338	3,800,826	12,949,202
Deferred Inflow of Resources	9,506,718	11,458,956	153,530	383,777	9,660,248	11,842,733
Total Deferred Inflow of Resources	9,506,718	11,458,956	153,530	383,777	9,660,248	11,842,733
Net Position:						
Net Invested in Capital Assets	37,527,764	40,172,703	279,078	5,482	37,806,842	40,178,185
Restricted	575,807	492,233	-	-	575,807	492,233
Unrestricted	17,796,126	13,822,271	1,186,890	603,316	18,983,016	14,425,587
Total Net Position	$ 55,899,697	$ 54,487,207	$ 1,465,968	$ 608,798	$ 57,365,665	$ 55,096,005

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
TABLE II
TEXAMERICAS CENTER
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023 AND 2022

	Governmental Activities		*Business-Type Activities*		*Totals*	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Revenues:						
Program Revenues:						
Charges for Services	$ 3,163,957	$ 3,046,917	$ 2,033,130	1,547,694	$ 5,197,087	$ 4,594,611
Operating Grants & Contributions	1,448,081	413,044	-	-	1,448,081	413,044
Capital Grants & Contributions	-	-	50,035	-	50,035	-
General Revenues:					-	-
Franchise Fees	189,761	142,742	-	-	189,761	142,742
Investment Earnings	431,263	70,601	-	-	431,263	70,601
Leased Employee Revenue	666,326	595,667	-	-	666,326	595,667
Miscellaneous	15,961	53,482	3,918	6,537	19,879	60,019
Gain on Sale of Capital Assets	3,243,976	232,073	-	-	3,243,976	232,073
PILOT	232,297	208,151	-	-	232,297	208,151
Total Revenues	9,391,622	4,762,677	2,087,083	1,554,231	11,478,705	6,316,908
Expenditures:						
Facility Operations & Infrastructure	1,157,456	1,529,874	-	-	1,157,456	1,529,874
Real Estate, Marketing, & Sales	1,414,242	1,324,176	-	-	1,414,242	1,324,176
General Government	3,894,551	3,518,041	-	-	3,894,551	3,518,041
Timber & Hunting	67,097	81,522	-	-	67,097	81,522
ESCA	1,445,786	522,814	-	-	1,445,786	522,814
Other Business-Type Activites	-	-	1,229,913	945,433	1,229,913	945,433
Total Expenditures	7,979,132	6,976,427	1,229,913	945,433	9,209,045	7,921,860
Change in Net Position	1,412,490	(2,213,750)	857,170	608,798	2,269,660	(1,604,952)
Net Position-Beginning, as Previously Reported	54,487,207	56,535,948	608,798	-	55,096,005	56,535,948
Prior Period Adjustment	-	165,009	-	-	-	165,009
Net Position-Beginning, as Restated	54,487,207	56,700,957	608,798	-	55,096,005	56,700,957
Net Position-Ending	$ 55,899,697	$ 54,487,207	$ 1,465,968	$ 608,798	$ 57,365,665	$ 55,096,005

The balance of unrestricted net position of $18,983,016 may be used to meet the Center's ongoing obligations to customers and creditors.

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

The Center's total net position increased by $2,269,660 during the current fiscal year.

Governmental Activities

Governmental activities increased the Center's net position by $1,412,490 during fiscal year ended September 30, 2023. Overall revenues increased by $4,628,945, and expenditures increased by $1,002,705 from the prior year. Key elements of these changes are as follows:

- Operating grant revenues increased by $1,035,037.
- Charges for services revenue increased by $117,040.
- Gain on sale of capital assets increased by $3,011,903.
- Facility, operations, and infrastructure expenditures decreased by $372,418.
- Real estate, marketing, and sales expenditures increased by $90,066.
- General government expenditures increased by $376,510.
- ESCA expenditures increased by $922,972.

Business-Type Activities

Business-Type activities increased the Center's net position by $857,170 during fiscal year ended September 30, 2023. Overall revenues increased by $532,852, and expenditures increased by $284,480 from the prior year.

Financial Analysis of the Governmental Fund

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

<u>Governmental Funds</u>

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

The general fund is the chief operating fund of the Center. At the end of the current fiscal year, the unassigned general fund balance was $16,906,960, while the total general fund balance was $17,482,767. As a measure of the general fund's liquidity, it may be useful to compare both unassigned and total fund balances to total fund expenditures.

The fund balance of the Center's general fund had a net increase of $3,533,464 during the 2023 fiscal year compared to a decrease of $710,493 in 2022.

General Fund Budgetary Highlights

There was an unfavorable difference of $25,477 in the revenues between final budget and actual revenues. The main changes were a variance in grant revenues of $551,919.

General Fund Budgetary Highlights (Continued)

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

- General government expenditures varied from the final budget by $641,925.
- ESCA expenditures varied from the final budget by $188,382.

Capital Assets and Debt Administration

Capital Assets

As of September 30, 2023, the Center had $37,370,528 and $1,180,717 invested in capital assets for its governmental activities and business-type activities, respectively, which is net of accumulated depreciation. This investment in capital assets includes land and timber, buildings and improvements, roads and rails, equipment, construction held for sale, and construction in progress.

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

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

Long-term Debt

At the end of the current fiscal year, the Center had long-term accrued compensated absences of $69,083, the long-term portion of a note payable due of $693,433, and long-term SBITA obligations of $119,258.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
TABLE III
TEXAMERICAS CENTER
CENTER'S CAPITAL ASSETS
AS OF SEPTEMBER 30, 2023 AND 2022

	Governmental Activities		*Business-Type Activities*		*Totals*	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Land and Timber	$ 16,442,399	$ 16,824,475	$ -	$ -	$ 16,442,399	$ 16,824,475
Buildings and Improvements	32,284,412	32,883,634	-	-	32,284,412	32,883,634
Roads and Rail	20,430,702	20,430,702	-	-	20,430,702	20,430,702
Equipment	663,430	551,399	256,350	236,000	919,780	787,399
Construction in Process	60,638	-	1,010,461	1,010,461	1,071,099	1,010,461
Construction Held for Sale	-	8,413,488	-	-	-	8,413,488
Totals at Historical Cost	69,881,581	79,103,698	1,266,811	1,246,461	71,148,392	80,350,159
Less: Accumulated Depreciation						
Buildings and Improvements	(22,324,259)	(21,524,755)	-	-	(22,324,259)	(21,524,755)
Roads and Rail	(9,695,533)	(8,990,122)	-	-	(9,695,533)	(8,990,122)
Equipment	(491,264)	(451,980)	(86,094)	(46,021)	(577,358)	(498,001)
Total Accumulated Depreciation	(32,511,056)	(30,966,857)	(86,094)	(46,021)	(32,597,150)	(31,012,878)
Governmental Activities Capital Assets, Net	$ 37,370,528	$ 48,136,119	$ 1,180,717	$ 1,200,440	$ 38,551,242	$ 49,337,281

Economic Factors and Next Year's Budget

As part of the Center’s Environmental Services Cooperative Agreement (ESCA) work with the U.S. Army, the Center is currently utilizing quarterly reports to report ESCA activity. The Center is in negotiations with the U.S. Army Base Realignment and Closure (BRAC) and the Grants Office on ESCA modification number 13 to discuss outstanding items. The Center anticipates this modification will be finalized in FY 2024.

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

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

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

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

Financial Contact

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TEXAMERICAS CENTER
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	$ 12,374,412	$ 909,252	$ 13,283,664
Restricted Cash and Cash Equivalents	537,026	22,657	559,683
Investments - Certificates of Deposit	3,630,013	-	3,630,013
Accounts Receivable	176,785	251,834	428,619
Leases Receivable	10,263,200	155,110	10,418,310
Tenant Security and Property Tax Deposits Receivable	104,150	-	104,150
Due from U.S. Army - ESCA Grant	507,405	-	507,405
Due from EDA - Rail Grant	-	50,035	50,035
Due from Enterprise Funds	1,466,757	-	1,466,757
Prepaid Expenses	131,668	-	131,668
Capital Assets:			
Land and Timber	16,442,400	-	16,442,400
Buildings and Improvements, Net	9,961,460	-	9,961,460
Road and Rail, Net	10,733,863	-	10,733,863
Equipment, Net	172,167	170,256	342,423
Construction in Progress	60,638	1,010,461	1,071,099
SBITA Assets, Net	159,162	-	159,162
Total Assets	66,721,106	2,569,605	69,290,711
Deferred Outflow of Resources			
Excess Consideration Provided For Acquisition	-	1,536,028	1,536,028
Total Deferred Outflow of Resources	-	1,536,028	1,536,028
Liabilities			
Accounts Payable	512,085	11,817	523,902
Interest Payable	1,926	-	1,926
Accrued Liabilities	102,003	-	102,003
Advanced PILOT Collections	-	47,620	47,620
Unearned Revenue	161,290	8,952	170,242
Tenant Lease Deposits	312,736	-	312,736
Due to General Fund	-	1,466,757	1,466,757
Note Payable - Current	-	208,206	208,206
SBITA Obligations - Current	14,823	-	14,823
Accrued Compensated Absences - Current	47,821	23,016	70,837
Noncurrent Liabilities:			
Note Payable - Long-Term	-	693,433	693,433
SBITA Obligations - Long-Term	119,258	-	119,258
Accrued Compensated Absences - Long-Term	42,749	26,334	69,083
Total Liabilities	1,314,691	2,486,135	3,800,826
Deferred Inflow of Resources			
Deferred Inflow of Resources Relating to Leases	9,506,718	153,530	9,660,248
Total Deferred Inflow of Resources	9,506,718	153,530	9,660,248
Net Position			
Investment in Capital Assets, Net of Debt	37,527,764	279,078	37,806,842
Unrestricted	17,796,126	1,186,890	18,983,016
Restricted - Other	575,807	-	575,807
Total Net Position	$ 55,899,697	$ 1,465,968	$ 57,365,665

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

TEXAMERICAS CENTER
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
Facility Operations and Infrastructure	$ 1,157,456	$ 24,929	$ -	$ -	$ (1,132,527)	$ -	$ (1,132,527)
Real Estate, Marketing, and Sales	1,414,242	2,480,717	-	-	1,066,475	-	1,066,475
General Government	3,894,551	609,009	-	-	(3,285,542)	-	(3,285,542)
Timber and Hunting	67,097	49,302	-	-	(17,795)	-	(17,795)
ESCA	1,445,786	-	1,448,081	-	2,295	-	2,295
Total Governmental Activities	7,979,132	3,163,957	1,448,081	-	(3,367,094)	-	(3,367,094)
Business-Type Activities:							
Logistics	405,864	688,847	-	-	-	282,983	282,983
Rail	824,048	1,344,283	-	50,035	-	570,270	570,270
Total Business-Type Activities	1,229,912	2,033,130	-	50,035	-	853,253	853,253
Total Primary Government	9,209,044	5,197,087	1,448,081	50,035	(3,367,094)	853,253	(2,513,841)
			General Revenues				
			Franchise Fees		189,761	-	189,761
			Investment Earnings		431,263	-	431,263
			Leased Employee Revenue		666,326	-	666,326
			Gain on Sale of Capital Assets		3,243,976	-	3,243,976
			PILOT		232,297	-	232,297
			Miscellaneous		15,961	3,918	19,879
			Total General Revenues		4,779,584	3,918	4,783,502
			Change in Net Position		1,412,490	857,170	2,269,660
			Net Position - Beginning		54,487,207	608,798	55,096,005
			Net Position - Ending		$ 55,899,697	$ 1,465,968	$ 57,365,665

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

TEXAMERICAS CENTER
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
Assets			
Cash and Cash Equivalents	$ 11,461,026	$ 913,386	$ 12,374,412
Restricted Cash and Cash Equivalents	537,026	-	537,026
Investments - Certificates of Deposit	3,630,013	-	3,630,013
Accounts Receivable	152,636	46,949	199,585
Tenant Security and Property Tax Deposits Receivable	81,350	-	81,350
Due from U.S. Army - ESCA Grant	507,405	-	507,405
Due from Special Revenue Fund	73,616	-	73,616
Due from Enterprise Funds	1,466,757		1,466,757
Prepaid Expenses	131,668	-	131,668
Leases Receivable	8,864,070	1,399,130	10,263,200
Total Assets	26,905,567	2,359,465	29,265,032
Liabilities			
Accounts Payable	511,136	949	512,085
Accrued Payroll Liabilities	102,003	-	102,003
Unearned Revenue	161,290	-	161,290
Tenant Lease and Property Tax Deposits	247,843	64,893	312,736
Due to General Fund	-	73,616	73,616
Total Liabilities	1,022,272	139,458	1,161,730
Deferred Inflow of Resources			
Deferred Inflow of Resources Relating to Leases	8,400,528	1,106,190	9,506,718
Total Deferred Inflow of Resources	8,400,528	1,106,190	9,506,718
Fund Balance			
Restricted	395,671	-	395,671
Committed	131,581	-	131,581
Assigned	48,555	-	48,555
Unassigned	16,906,960	1,113,817	18,020,777
Total Fund Balance	17,482,767	1,113,817	18,596,584
Total Liabilities, Deferred Inflow, and Fund Balance	$ 26,905,567	$ 2,359,465	$ 29,265,032

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

TEXAMERICAS CENTER
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEETS TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Total Fund Balances - Governmental Funds	$	18,596,584
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. At the beginning of the year, the cost of the assets was $79,103,699 and the accumulated depreciation was ($30,967,580). In addition, long-term liabilities such as notes payable, interest payable, and accrued compensated absences are not due and payable in the current period, and therefore are not reported as liabilities in the fund financial statements. The effect of including the beginning balances for capital assets (net of accumulated depreciation) and long-term debt in the governmental activities is to increase net position.		40,082,291
2 Current year capital outlays, dispositions, and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases and decreases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the capital outlay, dispositions, and debt principal payments is to decrease net position. Similarly, the principal payments on SBITA assets are not expenses, and are rather decreases in the SBITA liability. These payments must be reclassified and shown as reductions to these liabilities decreasing net position.		(745,145)
3 Depreciation and amortization are not recognized as an expenditure in governmental funds because it does not require the use of current financial resources. The net effect of the current year's depreciation and amortization is to decrease net position.		(2,068,483)
4 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of account. This includes recognizing the liabilities associated with long-term debt and interest. The net effect of these reclassifications is to increase net position.		34,450
Net Position of Governmental Activities	$	55,899,697

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

TEXAMERICAS CENTER
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues:			
Lease Income	$ 2,186,949	558,556	$ 2,745,505
Lease Interest Income	293,768	50,453	344,221
Franchise Fees	189,761	-	189,761
Hunting Revenue	49,302	-	49,302
Grants	1,448,081	-	1,448,081
Personal Property Sales	24,929	-	24,929
Interest	431,263	-	431,263
Leased Employees	962,525	-	962,525
PILOT	232,297	-	232,297
Miscellaneous	15,959	-	15,959
Total Revenue	5,834,834	609,009	6,443,843
Expenditures:			
Facility Operations & Infrastructure	1,383,584	-	1,383,584
Real Estate, Marketing & Sales	1,590,761	-	1,590,761
General Government	9,861,367	296,941	10,158,308
Timber & Hunting	110,352	-	110,352
ESCA	1,445,786	-	1,445,786
Total Expenditures	14,391,850	296,941	14,688,791
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,557,016)	312,068	(8,244,948)
Other Financing Sources (Uses):			
Proceeds from Sale of Capital Assets	11,895,315	346,135	12,241,450
Proceeds from SBITAs	195,165	-	195,165
Total Other Financing Sources	12,090,480	346,135	12,436,615
Change in Fund Balance	3,533,464	658,203	4,191,667
Fund Balance - October 1 (Beginning)	13,949,303	455,614	14,404,917
Fund Balance - September 30 (Ending)	$ 17,482,767	$ 1,113,817	$ 18,596,584

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

TEXAMERICAS CENTER
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Total Net Change in Fund Balances - Governmental Funds		$	4,191,667
1	Current year capital outlays, dispositions, and long-term debt principal payments are revenues and expenditures in the fund financial statements, but they should be shown as increases and decreases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the capital outlay, dispositions, and debt principal payments is to decrease the change in net position. Similarly, the principal payments on SBITA assets are not expenses, and are rather decreases in the SBITA liability. These payments must be reclassified and shown as reductions to these liabilities decreasing the change in net position.		(745,145)
2	Depreciation and amortization 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 and amortization is to decrease the change in net position.		(2,068,483)
3	Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of account. This includes recognizing the liabilities associated with long-term debt and interest. The net effect of these reclassifications is to increase the change in net position.		34,450
Change in Net Position of Governmental Activities		$	1,412,490

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

PROPRIETARY FUND FINANCIAL STATEMENTS

TEXAMERICAS CENTER
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	Business-Type Activities		
	Logistics Fund	Rail Fund	Total Business-Type Activities
Assets			
Cash and Cash Equivalents	$ 564,048	$ 345,204	$ 909,252
Restricted Cash and Cash Equivalents	22,657	-	22,657
Accounts Receivable	28,687	223,147	251,834
Due from EDA - Rail Grant	-	50,035	50,035
Operating Leases Receivable	155,110	-	155,110
Capital Assets:			
Equipment, Net	-	170,256	170,256
Construction in Progress	-	1,010,461	1,010,461
Total Assets	770,502	1,799,103	2,569,605
Deferred Outflows of Resources			
Excess Consideration Provided For Acquisition	-	1,536,028	1,536,028
Total Deferred Outflows of Resources	-	1,536,028	1,536,028
Liabilities			
Current Liabilities:			
Accounts Payable	9,779	2,038	11,817
Advanced PILOT Collections	47,620	-	47,620
Unearned Revenues	8,952	-	8,952
Due to General Fund	76,980	1,389,777	1,466,757
Accrued Compensated Absences - Current	7,914	15,102	23,016
Note Payable - Current	-	208,206	208,206
Noncurrent Liabilities:			
Accrued Compensated Absences - Long-Term	14,651	11,683	26,334
Note Payable - Long-Term	-	693,433	693,433
Total Liabilities	165,896	2,320,239	2,486,135
Deferred Inflows of Resources			
Deferred Inflow of Resources Related to Leases	153,530	-	153,530
Total Deferred Inflows of Resources	153,530	-	153,530
Net Position			
Investment in Capital Assets, Net of Debt	-	279,078	279,078
Unrestricted	451,076	735,814	1,186,890
Total Net Position	$ 451,076	$ 1,014,892	$ 1,465,968

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

TEXAMERICAS CENTER
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities		
	Logistics Fund	Rail Fund	Total Business-Type Activities
Operating Revenues:			
Lease Income	$ 669,033	$ -	$ 669,033
Lease Interest Income	3,914	-	3,914
Logistics Services	15,900	-	15,900
Rail Movement, Storage, and Transload Fees	-	1,344,283	1,344,283
Miscellaneous Revenue	75	3,842	3,917
Total Operating Revenue	688,922	1,348,125	2,037,047
Operating Expenses:			
Payroll Costs	328,617	385,432	714,049
Insurance	27,109	32,267	59,376
Repairs and Maintenance	1,154	121,851	123,005
Depreciation Expense	-	40,073	40,073
Amortization Expense	-	61,228	61,228
Professional and Contracted Services	18,775	27,987	46,762
Loss on Lease Modifications	6,790	-	6,790
Interest Expense	-	52,090	52,090
Supplies and Materials	1,532	4,933	6,465
Utilities	7,619	2,299	9,918
Telephone and Internet	3,817	4,432	8,249
Fuel	1,920	32,190	34,110
Other Operating Costs	8,531	9,231	17,762
Total Operating Expenses	405,864	774,013	1,179,877
Net Operating Income	283,058	574,112	857,170
Nonoperating Revenues:			
Grant Revenue	-	50,035	50,035
Total Nonoperating Revenue	-	50,035	50,035
Nonoperating Expenses:			
Professional and Contracted Services	-	50,035	50,035
Total Nonoperating Expenses	-	50,035	50,035
Net Nonoperating Income (Loss)	-	-	-
Total Net Position - October 1 (Beginning)	168,018	440,780	608,798
Net Position - September 30 (Ending)	$ 451,076	$ 1,014,892	$ 1,465,968

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

TEXAMERICAS CENTER
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities		
	Logistics Fund	**Rail Fund**	**Total Business-Type Activities**
Cash Flows from Operating Activities:			
Cash Received from Customers	$ 727,704	$ 1,354,608	$ 2,082,312
Cash Payments to Employees and Suppliers	(389,169)	(736,883)	(1,126,053)
Net Cash Provided by Operating Activities	338,535	617,725	956,259
Cash Flows from Capital and Related Financing Activities:			
Payments to Other Funds	(63,782)	(582,840)	(646,622)
Payments on Capital Debt	-	(198,361)	(198,361)
Payments for the Acquisition and Construction of Capital Assets	-	(20,350)	(20,350)
EDA Rail Infrastructure Grant	-	(50,035)	(50,035)
Net Cash Used from Capital and Related Financing Activities	(63,782)	(851,586)	(915,368)
Net Increase (Decrease) in Cash and Cash Equivalents	274,753	(233,861)	40,892
Cash and Cash Equivalents at Beginning of Year	311,952	579,065	891,017
Cash and Cash Equivalents at End of Year	$ 586,705	$ 345,204	$ 931,909
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	$ 283,058	$ 574,112	$ 857,170
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	-	40,073	40,073
Amortization	-	61,228	61,228
Effect of Increase and Decreases in Assets, Deferred Outflows, Liabilities, and Deferred Inflows			
(Increase) Decrease in Accounts Receivable	1,161	(54,745)	(53,584)
(Increase) Decrease in Lease Receivable	235,840	-	235,840
Increase (Decrease) in Accounts Payable	7,673	(10,755)	(3,082)
Increase (Decrease) in Accrued Compensated Absences	9,022	7,811	16,833
Increase (Decrease) in Unearned Revenues	8,952	-	8,952
Increase (Decrease) in Advanced PILOT Collections	23,076	-	23,076
Increase (Decrease) in Deferred Inflow of Resources	(230,247)	-	(230,247)
Net Cash Provided by Operating Activities	$ 338,535	$ 617,724	$ 956,259

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

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

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

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

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

Fund Accounting

The Center reports the following fund types:

Governmental funds:

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

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

Proprietary funds:

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred outflows, liabilities, and deferred inflows 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.

Receivables – Receivables included in the governmental and business-type activity funds include amounts due from tenants and customers related to leases, franchise fees, and rail contract revenues. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. At September 30, 2023, management believes all receivables are collectible, and no allowance for uncollectible receivables has been recorded.

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

As of September 30, 2023, fund balance for the general fund includes restricted for security deposits of $395,671, committed for various renovations and improvements of $131,581, assigned for open purchase orders as of year-end of $48,555, and unassigned fund balance of $16,906,960. As of September 30, 2023, special revenue fund balance includes unassigned fund balance of $1,113,817.

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

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

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

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

TexAmericas Center:

Capital Assets At the Beginning of the Year	Historic Cost	Accumulated Depreciation	Net Value at the Beginning of the Year	Change in Net Position
Land and Timber	$ 15,729,412	$ -	$ 15,729,412	
Buildings and Improvements	27,082,894	19,010,990	8,071,904	
Road and Rail	20,085,422	8,815,355	11,270,067	
Equipment	551,399	451,980	99,419	
Construction Held for Sale	8,413,488	-	8,413,488	
	71,862,615	28,278,325	43,584,290	43,584,290

Liabilities	Beginning Balance	Change in Net Position
Interest Payable	(64,735)	
Accrued Compensated Absenses	(62,210)	
Notes Payable	(7,926,883)	
	(8,053,828)	(8,053,828)
Change in Net Position		$ 35,530,462

TAC East Holdings Company No. 1:

Capital Assets At the Beginning of the Year	Historic Cost	Accumulated Depreciation	Net Value at the Beginning of the Year	Change in Net Position
Land and Timber	$ 1,095,063	$ -	$ 1,095,063	
Buildings and Improvements	5,800,742	2,513,764	3,286,978	
Road and Rail	345,280	175,490	169,790	
Change in Net Position	7,241,085	2,689,254	4,551,831	$ 4,551,831

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

Total Governmental Funds:

Capital Assets At the Beginning of the Year	Historic Cost	Accumulated Depreciation	Net Value at the Beginning of the Year	Change in Net Position
Land and Timber	$ 16,824,475	$ -	$ 16,824,475	
Buildings and Improvements	32,883,636	21,524,754	11,358,882	
Road and Rail	20,430,702	8,990,845	11,439,857	
Equipment	551,399	451,980	99,419	
Construction Held for Sale	8,413,488	-	8,413,488	
				$ 48,136,119
Liabilities	**Beginning Balance**			
Interest Payable	(64,735)			
Accrued Compensated Absenses	(62,210)			
Notes Payable	(7,926,883)			
	(8,053,828)			(8,053,828)
Net Adjustment to Net Position				$ 40,082,291

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

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

Current Year Capital Outlay and SBITAs	Amount	Adjustments to Changes in Net Position	Adjustments to Net Position
Additions:			
Land and Timber	$ 43,255		
Buildings & Improvements	48,438		
Equipment	112,031		
Construction in Progress	60,638		
SBITA Assets	195,165		
Dispositions:			
Land and Timber	(393,349)		
Construction Held for Sale	(8,413,488)		
Total Capital Outlay and SBITA	$ (8,347,310)	$ (8,347,310)	$ (8,347,310)

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

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

TexAmericas Center (Continued):

Debt and Principal Activity			
Payments on Notes Payable	7,926,883		
Change in SBITA Liability	(195,165)		
Payments on SBITA Obligations	61,084		
Total Debt and Principal Activity	$ 7,792,802	$ 7,792,802	$ 7,792,802

TAC East Holdings Company No. 1:

Current Year Capital Outlay	Amount	Adjustments to Changes in Net Position	Adjustments to Net Position
Dispositions:			
Land and Timber	$ (31,982)		
Buildings & Improvements	(158,655)		
Total Capital Outlay	(190,637)	$ (190,637)	$ (190,637)

Total Governmental Funds:

Current Year Capital Outlay	Amount	Adjustments to Changes in Net Position	Adjustments to Net Position
Additions:			
Land and Timber	$ 43,255		
Buildings & Improvements	48,438		
Equipment	112,031		
Construction in Progress	60,638		
SBITA Assets	195,165		
Dispositions:			
Land and Timber	(425,330)		
Buildings & Improvements	(158,655)		
Construction Held for Sale	(8,413,488)		
Total Capital Outlay	$ (8,537,946)	$ (8,537,946)	$ (8,537,946)
Debt and Principal Activity			
Payments on Notes Payable	7,926,883		
Change in SBITA Liability	(195,165)		
Payments on SBITA Obligations	61,084		
Total Debt and Principal Activity	$ 7,792,802	$ 7,792,802	$ 7,792,802
Total Adjustment to Net Position and Changes in Net Position	$ (745,145)	$ (745,145)	$ (745,145)

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

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

Another element of the reconciliation is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. The adjustment is the result of several items. The details for this element are as follows:

TexAmericas Center:

Other Items			
Change in Interest Payable	$ 62,810		
Change in Accrued Compensated Absences	(28,360)		
Total Adjustment and Changes to Net Position	$ 34,450	$ 34,450	$ 34,450

Total Governmental Funds:

	Amount	Adjustments to Changes in Net Position	Adjustments to Net Position
Other Items			
Change in Interest Payable	$ 62,810		
Change in Accrued Compensated Absences	(28,360)		
Total Adjustment and Changes to Net Position	$ 34,450	$ 34,450	$ 34,450

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

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

Another element of the reconciliation is described as depreciation and amortization that is not recorded as an expense in the governmental funds since it does not require the use of current financial resources. The details for this element are as follows:

	Amount	Adjustments to Changes in Net Position	Adjustments to Net Position
TexAmericas Center:			
Depreciation on Capital Assets	$ (1,724,265)		
Amortization on SBITA Assets	(36,003)		
	$ (1,760,268)	(1,760,268)	$ (1,760,268)
TAC East Holdings Company No. 1:			
Depreciation on Capital Assets	$ (308,215)		
	$ (308,215)	(308,215)	$ (308,215)
Total Governmental Funds:			
Depreciation on Capital Assets	$ (2,032,480)		
Amortization on SBITA Assets	(36,003)		
Total Adjustment and Changes to Net Position	$ (2,068,483)	$ (2,068,483)	$ (2,068,483)

NOTE C – DEPOSITS AND INVESTMENTS

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

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

Under the Center's investment policy, the following are authorized investments: obligations issued, guaranteed, or insured by the United States of America which have a liquid market value, including letters of credit, direct obligations of the State of Texas; other obligations which are guaranteed or insured by the State of Texas or the United States; obligations of the states, counties, cities, and other political subdivisions of any state which have an investment quality rating no less than "A" or its equivalent; financial institution deposits of banks or credit unions that have a main office or branch in Texas and participates in the Certificate of Deposit Account Registry Service; fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States; investment pools rated no lower than AAA or AAA-m with a maturity of 90 days or less; money market mutual funds which have a rating of AAA, a maturity of 90 days or less, and are registered with the Securities and Exchange Commission. Guaranteed investment contracts are allowed for investments of bond proceeds only and must be secured by obligations of the United States in an amount equal to 100% of the investment balances.

NOTE C – DEPOSITS AND INVESTMENTS (CONTINUED)

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

Investment Type	Percentage of Total Investments
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%

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

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

At September 30, 2023, the carrying amount of the Center's deposits (cash, certificates of deposit, and money market accounts) was $17,473,360 and the bank balance was $17,816,593. At year-end, the Center's deposits were fully covered by Federal Deposit Insurance Corporation (FDIC) insurance or by securities pledged to the Center.

NOTE D – LEASES RECEIVABLE

The Center has multiple leases with tenants for various buildings and land located on the Center's properties. Each lease has a lease period, which is determined in the lease agreement. A tenant may exercise the option to extend the lease period at the end of the initial lease term if the tenant notifies the Center in writing before the initial lease term expires. As of September 30, 2023, no lease agreements contained variable lease payments or residual value guarantees.

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

NOTE D – LEASES RECEIVABLE (CONTINUED)

A summary of leases receivable for the year ended September 30, 2023, was as follows:

	Balance 9/30/22	Additions	Reductions	Balance 9/30/23
Governmental Activities:				
TexAmericas Center				
Buildings	$ 10,273,762	$ 658,662	$ 2,103,474	$ 8,828,950
Land	45,339	5,540	15,759	35,120
	10,319,101	664,202	2,119,233	8,864,070
TAC East Holdings Company No. 1				
Buildings	$ 1,353,915	$ 305,465	$ 380,300	$ 1,279,080
Land	144,517	-	24,467	120,050
	1,498,432	305,465	404,767	1,399,130
Total Governmental Activities	$ 11,817,533	$ 969,667	$ 2,524,000	$ 10,263,200
Business-Type Activities:				
Buildings	$ 390,950	$ 193,932	$ 429,772	$ 155,110
Total Business-Type Activities:	$ 390,950	$ 193,932	$ 429,772	$ 155,110

Remaining amounts to be received associated with these leases are as follows:

	Governmental Activities			Business-Type Activities		
Year Ended September 30,	Principal	Interest	Total Payments	Principal	Interest	Total Payments
2024	$ 2,423,284	$ 304,072	$ 2,727,356	$ 95,838	$ 5,766	$ 101,604
2025	2,060,599	220,358	2,280,957	59,272	1,022	60,294
2026	1,528,504	161,549	1,690,053	-	-	-
2027	1,270,839	115,835	1,386,674	-	-	-
2028	859,049	79,541	938,590	-	-	-
2029-2032	2,120,925	102,391	2,223,316	-	-	-
	$ 10,263,200	$ 983,746	$ 11,246,946	$ 155,110	$ 6,788	$ 161,898

NOTE E – TENANT SECURITY AND PROPERTY TAX DEPOSITS RECEIVABLE AND PAYABLE

The Center leases various properties to tenants. Lease agreements with tenants require the tenant to pay the Center a security and PILOT deposit upon the execution the lease agreement. The Center may use the deposits to pay arrears of rent, to repair any damage or injury to the premises, or to pay any expense or liability incurred by the Center as a result of any default by the tenant under the lease including but not limited to payment of ad valorem taxes upon the premises or the leasehold interest in the premises. As of September 30, 2023, the Center had recorded deposits of $312,736, including uncollected tenant deposits receivable of $104,150.

NOTE F – 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 or fair value of more than $5,000. Capital assets are valued at historical cost, except for donated fixed assets, which are recorded at their estimated fair value on the date of donation. Estimated fair value was used to value assets acquired from the United States Army, 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.

Capital asset activity for the governmental activities for the year ended September 30, 2023, was as follows:

TexAmericas Center:

	Balance 9/30/22	Additions	Reductions	Balance 9/30/23
Governmental Activities:				
Land and Timber	$ 15,729,412	$ 43,255	$ (393,349)	$ 15,379,318
Buildings and Improvements	27,082,894	48,438	(194,760)	26,936,572
Roads and Rail	20,085,422	-	-	20,085,422
Equipment	551,399	112,031	-	663,430
Construction in Progress	-	60,638	-	60,638
Construction Held for Sale	8,413,488	-	(8,413,488)	-
Totals at Historical Cost	71,862,615	264,362	(9,001,597)	63,125,380
Less Accumulated Depreciation:				
Buildings and Improvements	(19,010,990)	(996,835)	194,760	(19,813,065)
Roads and Rail	(8,815,355)	(688,147)	-	(9,503,502)
Equipment	(451,980)	(39,284)	-	(491,264)
Total Accumulated Depreciation	(28,278,325)	(1,724,266)	194,760	(29,807,831)
Governmental Activities Capital Assets, Net	$ 43,584,288	$ (1,459,904)	$ (8,806,837)	$ 33,317,549

TAC East Holdings Company No. 1:

	Balance 9/30/22	Additions	Reductions	Balance 9/30/23
Governmental Activities:				
Land and Timber	$ 1,095,063	$ -	$ (31,982)	$ 1,063,081
Buildings and Improvements	5,800,742	-	(452,900)	5,347,842
Roads and Rail	345,280	-	-	345,280
Totals at Historical Cost	7,241,085	-	(484,882)	6,756,201
Less Accumulated Depreciation:				
Buildings and Improvements	(2,513,765)	(290,951)	294,245	(2,510,471)
Roads and Rail	(175,490)	(17,264)	-	(192,754)
Total Accumulated Depreciation	(2,689,255)	(308,215)	294,245	(2,703,223)
Governmental Activities Capital Assets, Net	$ 4,551,831	$ (308,215)	$ (190,637)	$ 4,052,979

NOTE F – CAPITAL ASSETS (CONTINUED)

Total Governmental Funds:

	Balance 9/30/22	Additions	Reductions	Balance 9/30/23
Governmental Activities:				
Land and Timber	$ 16,824,475	$ 43,255	$ (425,331)	$ 16,442,399
Buildings and Improvements	32,883,636	48,438	(647,660)	32,284,412
Roads and Rail	20,430,702	-	-	20,430,702
Equipment	551,399	112,031	-	663,430
Construction in Progress	-	60,638	-	60,638
Construction Held for Sale	8,413,488	-	-	-
Totals at Historical Cost	79,103,700	264,362	(1,072,991)	69,881,581
Less Accumulated Depreciation:				
Buildings and Improvements	(21,524,755)	(1,287,786)	489,005	(22,324,259)
Roads and Rail	(8,990,845)	(704,688)	-	(9,695,533)
Equipment	(451,980)	(39,284)	-	(491,264)
Total Accumulated Depreciation	(30,967,582)	(2,032,480)	489,005	(32,511,056)
Governmental Activities Capital Assets, Net	$ 48,136,119	$ (1,768,118)	$ (583,986)	$ 37,370,528

Capital asset activity for the business-type activities for the year ended September 30, 2023**,** was as follows:

	Balance 9/30/22	Additions	Reductions	Balance 9/30/23
Business-Type Activities:				
Equipment	$ 236,000	$ 20,350	$ -	$ 256,350
Construction in Progress	1,010,461	-	-	1,010,461
Totals at Historical Cost	1,246,461	20,350	-	1,266,811
Less Accumulated Depreciation:				
Equipment	(46,021)	(40,073)	-	(86,094)
Total Accumulated Depreciation	(46,021)	(40,073)	-	(86,094)
Business-Type Activities Capital Assets, Net	$ 1,200,440	$ (19,723)	$ -	$ 1,180,717

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	$ 2,032,480
Total Governmental Activities:	$ 2,032,480
Business-Type Activities:	
Rail	$ 40,073
Total Business-Type Activities:	$ 40,073

NOTE F – CAPITAL ASSETS (CONTINUED)

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

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

NOTE G – DEFERRED OUTFLOWS OF RESOURCES

In October of 2021, the Center finalized an agreement to terminate a rail lease agreement with Lone Star Railcar Storage Company and to purchase select assets including rail and railcar storage contracts necessary to operate the railcar storage facility on the TAC East Campus. The final amount paid to Lone Star Railcar Storage Company by the Center was $1,800,156 in November of 2021. The Center capitalized assets in the rail fund statement of net position related to the purchase in the amount of $202,900, and the remaining amount of $1,597,256 was recorded as deferred outflows of resources, which is equal to the excess consideration relative to the net position acquired. Excess consideration provided for acquisition is amortized over 50 years, which is management's estimate of the attribution period. Amortization attributed to the current year was $61,228.

NOTE H – LONG-TERM OBLIGATIONS

The following is a summary of the changes in long-term obligations reported for the year ended September 30, 2023:

	Balance 9/30/22	Additions	Reductions	Balance 9/30/23	Due Within One Year
Governmental Activities:					
Compensated Absences	$ 62,210	$ 66,848	$ 38,488	$ 90,570	$ 47,821
Right-to-Use SBITAs	-	195,165	61,084	134,081	14,823
Total Governmental Activities	$ 62,210	$ 262,013	$ 99,572	$ 224,651	$ 62,644
Business-Type Activities:					
Compensated Absences	$ 32,517	$ 29,328	$ 12,495	$ 49,350	$ 23,016
Total Business-Type Activities:	$ 32,517	$ 29,328	$ 12,495	$ 49,350	$ 23,016

NOTE I – COMPENSATED ABSENCES

The Center utilizes the accrual method for recording compensated absences. The Center 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 the Center'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, such as through employee resignations and retirements. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for accumulating rights to receive sick pay benefits.

NOTE J – EMPLOYEE RETIREMENT SYSTEM

The Center sponsors a defined contribution plan for those employees that elect to participate. The plan is a Government Plan as defined in Internal Revenue Code Section 457(b) and is administered through Nationwide Mutual Insurance Company. All employees of the Center are eligible to elect participation in the plan. Employees may contribute, by salary reduction, a percentage as specified in the Internal Revenue Code. The Center matches the employee contributions on a discretionary basis. Employees are eligible for employer contributions after 6 months of employment. The current policy matches up to 12.5% of employee compensation based on the following rates: 2 for 1 up to the first 4% of compensation; 1 for 1 within 5-7% of compensation; .5 to 1 within 8-10% of compensation. Employees vest after 6 months. The Center incurred $161,418 in pension expense for the fiscal year ended September 30, 2023.

NOTE K – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at September 30, 2023, consisted of the following individual fund receivables and payables for the Governmental and Business-Type Activity Funds:

	Receivable	Payable
General Fund		
Special Revenue Funds	$ 73,616	$ -
Business-Type Activity Funds	1,466,757	-
Total General Fund	1,540,373	-
Special Revenue Funds		
General Fund	-	73,616
Total Special Revenue Funds	-	73,616
Business-Type Activity Funds		
General Fund	-	1,466,757
Total Business-Type Activity Funds	-	1,466,757
Totals	$ 1,540,373	$ 1,540,373

NOTE L – LONG-TERM DEBT

The following is a summary of long-term debt activity for the year ended September 30, 2023**:**

	Interest Rate	Original Amount	Balance 9/30/22	Additions	Reductions	Balance 9/30/23	Due Within One Year
Governmental Activities:							
SPEC Building Note Payable	3.05%	$ 7,464,528	$ 7,926,883	$ -	$ 7,926,883	$ -	$ -
Total Governmental Activities			$ 7,926,883	$ -	$ 7,926,883	$ -	$ -
Business-Type Activities:							
Rail Note Payable	5.15%	$ 1,100,000	$ 1,100,000	$ -	$ 198,361	$ 901,639	$ 208,206
Total Business-Type Activities:			$ 1,100,000	$ -	$ 198,361	$ 901,639	$ 208,206

Business-type activities debt service requirements are as follows:

Year Ending September 30,	Principal Due	Interest Due	Total Due
2024	$ 208,206	$ 42,244	$ 250,450
2025	219,462	30,988	250,450
2026	231,199	19,251	250,450
2027	242,772	7,678	250,450
	$ 901,639	$ 100,161	$ 1,001,800

NOTE M – LINE OF CREDIT

On September 15, 2023, the Center negotiated with a local financial institution for a line of credit in the amount of $2,500,000 with an interest rate of 5.50%. As of September 30, 2023, the Center had not made drawdowns on the line of credit. No interest was paid during the year on the line of credit.

NOTE N – DEFERRED INFLOW OF RESOURCES

Deferred inflows are amortized to lease revenue over the life of the leases on a straight-line basis. Future amortization of the deferred inflow of resources relating to leases as of September 30, 2023, is as follows:

Year Ended September 30,	Governmental Activities	Business-Type Activities	Total
2024	$ 2,295,312	$ 96,966	$ 2,392,278
2025	2,037,710	56,564	2,094,274
2026	1,467,888	-	1,467,888
2027	1,170,785	-	1,170,785
2028	781,094	-	781,094
2029-2032	1,753,929	-	1,753,929
	$ 9,506,718	$ 153,530	$ 9,660,248

NOTE O – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

A summary of the subscription-based information technology arrangements (SBITA) activity for the year ended September 30, 2023, is as follows:

	SBITA Asset 9/30/22	Additions	Reductions	SBITA Asset 9/30/23
Asset Type				
SBITA Assets	$ -	$ 195,165	$ -	$ 195,165
Total	$ -	$ 195,165	$ -	$ 195,165

	Accumulated Amortization 9/30/22	Additions	Reductions	Accumulated Amortization 9/30/23
Asset Type				
SBITA Assets	$ -	$ 36,003	$ -	$ 36,003
Total	$ -	$ 36,003	$ -	$ 36,003
SBITA Assets (Net)	$ -	$ 159,162	$ -	$ 159,162

	SBITA Liability 9/30/22	Additions	Reductions	SBITA Liability 9/30/23
Asset Type				
SBITA Assets	$ -	$ 195,165	$ 61,084	$ 134,081
Total	$ -	$ 195,165	$ 61,084	$ 134,081

NOTE O – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (CONTINUED)

Future minimum payments due under SBITA obligations are as follows:

Year Ending September 30,	Principal Due	Interest Due	Total Due
2024	$ 14,823	$ 2,421	$ 17,244
2025	37,379	4,893	42,272
2026	39,712	3,361	43,073
2027	42,167	1,732	43,899
	$ 134,081	$ 12,407	$ 146,488

As of September 30, 2023, the Center's SBITA terms were for five years. The risk-free rate of return depending on the term was used to calculate the total SBITA liability obligation for the year. No SBITA agreements contained variable payments or residual value guarantees. SBITA interest incurred during the year was $5,838.

NOTE P – CONTINGENCIES

The Center receives grant funding from the U.S. Department of Defense and the Office of Economic Adjustment. Expenditures financed by grants are subject to audit by the appropriate grantor agency. If expenditures are disallowed due to noncompliance with grant program regulations, the Center may be required to reimburse the grantor agency. As of September 30, 2023, significant amounts of grant expenditures have not been audited, but the Center believes that disallowed expenditures, if any, will not have a material effect on the overall financial position of the Center.

NOTE Q – PAYMENT IN LIEU OF TAXES

In 2021, TexAmericas Center received special legislation from the Texas Legislature to exempt its property from real property ad valorem taxes customarily assessed by the taxing entities in Bowie County, Texas. This special legislature was based upon the representation by the Center that it would institute a payment in lieu of tax (PILOT) program to protect taxing jurisdictions, especially school districts, which would ordinarily levy and collect taxes upon the properties leased by the Center to third-party tenants. As part of the PILOT policy, the PILOT payment due and payable to the Center by a tenant having a lease in place prior to January 1, 2019, is equal to 90% of the ad valorem real estate taxes which would otherwise be due for each year if the leasehold interest were not exempt from ad valorem real estate taxation. For tenants having leases commencing on or after January 1, 2019, the PILOT payment may be discounted and reduced to an amount not less than 50% of the ad valorem real estate taxes which would otherwise be due each if the leasehold interest were not exempt from ad valorem real estate taxation. The criteria for determining the discount of the PILOT payments are based upon performance standards such as the number of jobs created, wages paid by the tenant, and the capital investment made by the tenant. The full 90% of payments received by the Center for leases commencing prior to January 1, 2019, must be remitted to the taxing jurisdictions in which the leased premises are located. For payments received based on leases commencing on or after January 1, 2019, the Center remits 10%, with the remaining funds to be retained by the Center to be used for the development, enhancement, and expansion of the Center's property.

NOTE R – IMPLEMENTATION OF NEW ACCOUNTING STANDARD

In 2023, the Center implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* accounting standard. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITA) for governmental entities. The implementation of this standard required the Center to record SBITA assets and future payments as liabilities in the financial statements for 2023.

NOTE S – SUBSEQUENT EVENTS

The Center has evaluated subsequent events through April 15, 2024, the date on which the financial statements were available to be issued, and has determined that no disclosures are necessary.

REQUIRED SUPPLEMENTARY INFORMATION

TEXAMERICAS CENTER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budgeted Amount	Final Budgeted Amount	Actual	Favorable / (Unfavorable) Variance with Final Budget
Revenues				
Leases	$ 2,000,000	$ 1,834,262	$ 2,480,717	$ 646,455
Franchise Fees	137,950	155,000	189,761	34,761
Hunting Revenues	46,000	49,302	49,302	-
Grants	-	2,000,000	1,448,081	(551,919)
Personal Property Sales	-	25,000	24,929	(71)
Interest	50,000	350,000	431,263	81,263
Leased Employees	2,008,384	1,200,000	962,525	(237,475)
PILOT	210,000	232,297	232,297	-
Miscellaneous	10,000	14,450	15,959	1,509
Total Revenue	4,462,334	5,860,311	5,834,834	(25,477)
Expenditures				
Facility Operations & Infrastructure	1,927,291	1,668,701	1,383,584	285,117
Real Estate, Marketing & Sales	1,463,744	1,537,511	1,590,761	(53,250)
General Government	10,932,669	10,503,292	9,861,367	641,925
Timber & Hunting	118,056	131,801	110,352	21,449
ESCA	129,469	1,634,168	1,445,786	188,382
Total Expenditures	14,571,229	15,475,473	14,391,850	1,083,623
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,108,895)	(9,615,162)	(8,557,016)	1,058,146
Other Financing Sources				
Proceeds from Sale of Capital Assets	12,026,500	11,895,315	11,895,315	-
Proceeds from Subscription-Based IT Arrangements	-	-	195,165	195,165
Total Other Financing Sources	12,026,500	11,895,315	12,090,480	195,165
Change in Fund Balance	1,917,605	2,280,153	3,533,464	1,253,311
Fund Balance - October 1 (Beginning)	13,949,303	13,949,303	13,949,303	-
Fund Balance - September 30 (Ending)	$ 15,866,908	$ 16,229,456	$ 17,482,767	$ 1,253,311

OTHER SUPPLEMENTARY INFORMATION

TEXAMERICAS CENTER
COMBINING STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
SEPTEMBER 30, 2023

	Governmental Activities				
	TexAmericas Center	TAC East Holdings Company No. 1	Total Governmental Activites	Elimination	Total
Assets					
Cash and Cash Equivalents	$ 11,461,026	$ 913,386	$ 12,374,412	$ -	$ 12,374,412
Restricted Cash and Cash Equivalents	537,026	-	537,026	-	537,026
Investments - Certificates of Deposit	3,630,013	-	3,630,013	-	3,630,013
Accounts Receivable	152,636	24,149	176,785	-	176,785
Leases Receivable	8,864,070	1,399,130	10,263,200		10,263,200
Tenant Security and Property Tax Deposits Receivable	81,350	22,800	104,150		104,150
Due from U.S. Army - ESCA Grant	507,405	-	507,405	-	507,405
Due from TAC East Holdings Co.	73,616	-	73,616	(73,616)	-
Due from Enterprise Funds	1,466,757	-	1,466,757	-	1,466,757
Prepaid Expenses	131,668	-	131,668	-	131,668
Capital Assets:					
Land and Timber	15,379,319	1,063,081	16,442,400	-	16,442,400
Buildings and Improvements, Net	7,124,088	2,837,372	9,961,460	-	9,961,460
Road and Rail, Net	10,581,337	152,526	10,733,863	-	10,733,863
Equipment, Net	172,167	-	172,167	-	172,167
Construction in Progress	60,638	-	60,638		60,638
SBITA Assets, Net	159,162	-	159,162		159,162
Total Assets	60,382,278	6,412,444	66,794,722	(73,616)	66,721,106
Liabilities					
Accounts Payable	511,136	949	512,085	-	512,085
Interest Payable	1,926	-	1,926	-	1,926
Accrued Liabilities	102,003	-	102,003	-	102,003
Unearned Revenue	161,290	-	161,290	-	161,290
Tenant Lease Deposits	247,843	64,893	312,736	-	312,736
Due to TexAmericas Center	-	73,616	73,616	(73,616)	-
Noncurrent Liabilities:					
Due Within One Year:					
SBITA Obligations	14,823	-	14,823	-	14,823
Accrued Compensated Absences	47,821	-	47,821	-	47,821
Due in More Than One Year:					
SBITA Obligations	119,258	-	119,258	-	119,258
Accrued Compensated Absences	42,749	-	42,749	-	42,749
Total Liabilities	1,248,849	139,458	1,388,307	(73,616)	1,314,691
Deferred Inflows of Resources					
Deferred Inflow of Resources Related to Leases	8,400,528	1,106,190	9,506,718	-	9,506,718
Total Deferred Inflows of Resources	8,400,528	1,106,190	9,506,718	-	9,506,718
Net Position					
Investment in Capital Assets, Net of Debt	33,474,785	4,052,979	37,527,764	-	37,527,764
Unrestricted	16,682,309	1,113,817	17,796,126	-	17,796,126
Restricted - Other	575,807	-	575,807	-	575,807
Total Net Position	$ 50,732,901	$ 5,166,796	$ 55,899,697	$ -	$ 55,899,697

TEXAMERICAS CENTER
COMBINING STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Elimination	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
TexAmericas Center						
Governmental Activities:						
Facility Operations and Infrastructure	$ 1,157,456	24,929	$ -	$ -	$ -	$ (1,132,527)
Real Estate, Marketing, and Sales	1,414,242	2,480,717	-	-	-	1,066,475
General Government	3,585,594	-	-	-	296,199	(3,289,394)
Timber and Hunting	67,097	49,302	-	-	-	(17,795)
ESCA	1,445,786	-	1,448,081	-	-	2,295
Total Governmental Activities	7,670,175	2,554,948	1,448,081	-	296,199	(3,370,946)
TAC East Holdings Company No. 1						
Governmental Activities:						
General Government	605,156	609,009	-	-	-	3,853
Total Governmental Activities	605,156	609,009	-	-	-	3,853
Total						
Governmental Activities:						
Facility Operations and Infrastructure	1,157,456	24,929	-	-	-	(1,132,527)
Real Estate, Marketing, and Sales	1,414,242	2,480,717	-	-	-	1,066,475
General Government	4,190,750	609,009	-	-	296,199	(3,285,542)
Timber and Hunting	67,097	49,302	-	-	-	(17,795)
ESCA	1,445,786	-	1,448,081	-	-	2,295
Total Governmental Activities	$ 8,275,331	$ 3,163,957	$ 1,448,081	$ -	$ 296,199	$ (3,367,094)

TEXAMERICAS CENTER
COMBINING STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	TexAmericas Center	TAC East Holdings Company No. 1	Elimination	Total
General Revenues				
Franchise Fees	$ 189,761	$ -	$ -	$ 189,761
Investment Earnings	431,263	-	-	431,263
Miscellaneous	15,961	-	-	15,961
Gain on Sale of Capital Asset	3,088,478	155,498	-	3,243,976
PILOT	232,297	-	-	232,297
Leased Employee Revenue	962,525	-	(296,199)	666,326
Total General Revenues	4,920,285	155,498	(296,199)	4,779,584
Change in Net Position	1,253,139	159,351	-	1,412,490
Net Position - Beginning	49,479,762	5,007,445	-	54,487,207
Net Position - Ending	$ 50,732,901	$ 5,166,796	$ -	$ 55,899,697

INTERNAL CONTROL AND COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, which includes the blended component unit, and the remaining fund information of TexAmericas Center (the Center) as of and for the year ended September 30, 2023, 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 15, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

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Board of Directors of
TexAmericas Center

Center's Response to Findings

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

Purpose of this Report

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

Thomas & Thomas, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas
April 15, 2024

THOMAS & THOMAS
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE *UNIFORM GUIDANCE*

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited TexAmericas Center's (the Center) compliance with the types of compliance requirements identified as subject to audit 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, 2023. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Center's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Center's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Center's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Center's compliance with the requirements of each major federal program as a whole.

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Board of Directors of
TexAmericas Center

Auditor's Responsibilities for the Audit of Compliance (Continued)

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Center's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Thomas & Thomas, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas
April 15, 2024

TEXAMERICAS CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023

Section I - Summary of Audit Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	None Reported
Significant deficiencies identified?	Yes
Noncompliance material to the financial statements?	None Reported

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	None Reported
Significant deficiencies identified?	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Findings disclosed in the audit which are required to be reported in accordance with 2 CFR 200.516(a)	None Reported
Programs audited as major:	
Congressionally Directed Assistance	AL #12.599
Threshold used to distinguish between Type A and Type B programs	$750,000

TexAmericas Center did not qualify as a low-risk auditee.

Section II - Financial Statement Findings

Details of findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards* –

Finding Reference

2023-001 – Significant Deficiency

Criteria:

Internal controls should be designed and implemented to ensure that the Center is billing for all security and PILOT deposits in accordance with the Center's lease agreements.

Condition:

In performing audit procedures related to security and PILOT deposits, it was noted that the Center entered into four new lease agreements for which the Center did not properly bill or collect a deposit. Additionally, it was noted that deposits were not billed or collected from three lease agreements that were entered into during a prior year.

Context/Questioned Costs:

No questioned costs.

Effect:

Total security and PILOT deposits were understated by approximately $81,350. In the event of tenant default or any other events resulting in lease termination, the Center would not be likely to recoup unpaid rent, expenses associated with damages to the leased premises, or other expenses.

Recommendation:

We recommend that the Center implement additional controls and assess lease agreements on a periodic basis to ensure that security and PILOT deposits are being billed or collected at the execution date of the lease agreement and before tenants are allowed access to the leased premises.

View of Responsible Officials and Corrective Action Plan:

See corrective action plan on page 36.

Section III – Federal Award Findings and Questioned Costs

Details of findings and questioned costs related to federal awards –

There were no reported findings or questioned costs related to federal awards.

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Corrective Action Plan

April 15, 2024

RE: Finding 2023-001

Description of Significant Deficiency:

In the current year, it was noted that various security and PILOT deposits were not billed or collected for several lease agreements. This was discovered when the Center was internally auditing lease agreements. Due to employee turnover at the Center, the billing and collection of security and PILOT deposits were missed. Most of the deposits that were not collected came from a lease agreement signed in August of 2023 that went into effect on November 1, 2023. Since the discovery, all security and PILOT invoices have been sent to tenants.

Corrective Action Plan:

To address the finding, the Center has implemented new procedures with the real estate department. A document has been created which states monthly billing, security deposit billing and PILOT billing. The real estate department distributes the spreadsheet to the finance department for invoicing. The Center will work closely with real estate to take additional actions or implement new policies, as needed, moving forward.

Management Contact: Scott Norton
Phone Number: 903-223-9841
Completion by Date: May 31, 2024

ph: 903-223-9841 | fax: 903-223-8742 | texamericascenter.com

TEXAMERICAS CENTER
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
SEPTEMBER 30, 2023

Finding 2022-001

Material Weakness

Internal Control and Compliance

Summary:

In the prior year, our review of internal controls disclosed instances where several properties on the Center's capital asset listing contained assets owned by TAC East Holdings Company No. 1. Additionally, there were assets that were omitted entirely. These assets were transferred to the Center from the U.S. Army in prior years and were not previously itemized or sufficiently identified. This caused a prior-period restatement to the beginning net position during the prior year.

Conclusion:

The finding was corrected during the current year.

TEXAMERICAS CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/Program Title	Federal Assistance Listing Number	Total Federal Expenditures
Department of Defense:		
Congressionally Directed Assistance	12.599	$ 1,370,725
Total Department of Defense		1,370,725
Department of Commerce:		
Economic Adjustment Assistance	11.307	50,035
Total Department of Commerce		50,035
Total Expenditures of Federal Awards		$ 1,420,760

Notes to Schedule of Expenditures 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, 2023. Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows in the Center.

Summary of Significant Accounting Policies

The Schedule is prepared on the accrual basis of accounting.

Indirect Cost Rate

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

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April 15, 2024

Board of Directors of
TexAmericas Center

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, which includes the blended component unit, and the remaining fund information of TexAmericas Center (the Center) for the year ended September 30, 2023. 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 January 17, 2024. 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. During 2023, the Center implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* accounting standards. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. We noted no transactions entered into by the 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 estimates affecting the financial statements were:

> Management's estimate of the useful lives of depreciable 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.
>
> Management's proper identification and completeness of the capital asset schedules for assets transferred from the U.S. Army to TexAmericas Center in prior years.
>
> Management's estimate of the present value of leases receivable and SBITA liabilities is based on the risk-free rate of return as of the commencement date of the agreements as well as management's determination of the lease and SBITA terms. Lease terms are determined through an analysis of whether options to extend or terminate the lease, as well as purchase options at the end of the lease, are reasonably certain to be exercised. SBITA terms are determined through an analysis of whether options to extend or terminate the agreement are reasonably certain to be exercised. We evaluated the key factors and assumptions used to record the present value of lease receivables and SBITA liabilities in determining that they are reasonable in relation to the financial statements taken as a whole.

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

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Significant Audit Matters (Continued)

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. Attachment A summarizes the material misstatements detected as a result of audit procedures that were corrected by management. Attachment B summarizes the uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

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 15, 2024.

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 the 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 the 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.

Other Matters (Continued)

We were engaged to report on the combining statement of net position – governmental activities, combining statement of activities – governmental activities, and the 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.

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,

Thomas & Thomas PLLC

CERTIFIED PUBLIC ACCOUNTANTS

TexAmericas Center
Attachment A - Corrected Misstatements
September 30, 2023

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
To roll forward fund balance in the general fund.			
001-66800	Miscellaneous Charges & Service	0.23	
100-32000	Unassigned Fund Balance		0.23
Total		**0.23**	**0.23**
Adjusting Journal Entries JE # 2			
To adjust the current and long-term portion of the rail fund note payable.			
300-6413	Guaranty Loan - Long-Term Portion	208,206.41	
300-6414	Guaranty Loan - Current Portion		208,206.41
Total		**208,206.41**	**208,206.41**
Adjusting Journal Entries JE # 3			
To reclassify current year SBITA payments between principal and interest.			
001-82001	SBITA Principal	5,192.65	
002-82001	SBITA Principal	53,325.37	
002-82002	SBITA Interest	3,911.88	
003-82001	SBITA Principal	2,565.73	
001-66010-2	Computer, Reproduct & Maint - Computer Software		5,192.65
002-66010-2	Computer, Reproduct & Maint - Computer Software		57,237.25
003-66010-1	Computer, Reproduct & Maint - Computer Equipment		2,565.73
Total		**64,995.63**	**64,995.63**
Adjusting Journal Entries JE # 4			
To record SBITA asset expenditure and other resource at the fund level			
001-67006	SBITA Asset	24,064.50	
002-67006	SBITA Asset	159,150.62	
003-67006	SBITA Asset	11,949.73	
100-79400	Other Resources - SBITAs		195,164.85
Total		**195,164.85**	**195,164.85**
Adjusting Journal Entries JE # 5			
Entry to correct ESCA unearned revenues.			
005-46000	ESCA - Other	47,451.34	
005-65245	ESCA Program		47,451.34
Total		**47,451.34**	**47,451.34**

TexAmericas Center
Attachment A - Corrected Misstatements
September 30, 2023

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 6			
Entry to reclassify non-capitalized leases from capitalized lease account.			
002-43010	Capitalized Leases	270,808.24	
002-43011	Non-Capitalized Leases		270,808.24
Total		**270,808.24**	**270,808.24**
Adjusting Journal Entries JE # 7			
Entry to remove lease receivable and deferred inflow as of year-end for East Texas Customs.			
100-29000	Deferred Inflow of Resources	27,130.63	
002-40050	GASB 87 Adjustment Gain		329.49
100-19000	Leases Receivable		26,801.14
Total		**27,130.63**	**27,130.63**
Adjusting Journal Entries JE #8			
To reclass Lonestar Spec lease prepayment to deferred revenue.			
200-11000	Accounts Receivable	8,952.62	
200-22110	Other Current Liabilities- Unearned Revenue		8,952.62
Total		**8,952.62**	**8,952.62**
Adjusting Journal Entries JE # 9			
To reclass logistics services out of the lease income account.			
006-49003	Logistics Leases	15,900.00	
006-49004	Logistics Services		15,900.00
Total		**15,900.00**	**15,900.00**
Adjusting Journal Entries JE # 10			
To record additional security and PILOT deposits that were not billed and collected at the execution of the lease agreements.			
100-13001	Tenant Deposits Receivable	81,350.00	
100-22120	Other Current Liabilities- Lease Deposits		38,500.00
100-22140	Other Current Liabilities- Property Tax Deposits		42,850.00
Total		**81,350.00**	**81,350.00**

TexAmericas Center
Attachment A - Corrected Misstatements
September 30, 2023

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 11			
To adjust rail and logistics accued compensated absences to actual.			
006-65031	Management Fees: Leased Employees	9,022.24	
007-65350	Lease Employees	7,810.85	
200-21040	Accrued Compensated Absences - ST		3,470.03
200-21050	Accrued Compensated Absences - LT		5,552.21
300-21040	Accrued Compensated Absences - ST		4,314.61
300-21050	Accrued Compensated Absences - LT		3,496.24
Total		**16,833.09**	**16,833.09**
Adjusting Journal Entries JE # 12			
To amortize deferred outflows of resources.			
007-67998	Amortization Expense	61,228.15	
300-16999	Deferred Outflows of Resources		61,228.15
Total		**61,228.15**	**61,228.15**
Adjusting Journal Entries JE # 13			
To reduce payable at year-end for Matrix.			
100-20000	Accounts Payable	47,586.07	
005-65245	ESCA Program		47,586.07
Total		**47,586.07**	**47,586.07**
Adjusting Journal Entries JE # 14			
To correct ESCA revenue and AR to actual			
005-46000	ESCA - Other	51,552.61	
100-13060	Other Current Assets- Due to/from ESCA		19,231.14
100-22110	Other Current Liabilities- Unearned Revenue		32,321.47
Total		**51,552.61**	**51,552.61**
Adjusting Journal Entries JE # 15			
To reclassify PILOT payment from PILOT expense to the associated liability account.			
200-22105	Other Current Liabilities- PILOT Deposits	12,927.99	
006-60800	PILOT Expense		12,927.99
Total		**12,927.99**	**12,927.99**
	Total Adjusting Journal Entries	**1,110,087.86**	**1,110,087.86**

TexAmericas Center

Attachment B - Uncorrected Misstatements

September 30, 2023

Account	Description	Debit	Credit
Proposed Journal Entries JE # 1			
To reclassify selling costs related to the sale of capital assets.			
001-63200	Other Insurance	47,514.00	
100-79300	Proceeds from Sale of Capital Assets		47,514.00
Total		**47,514.00**	**47,514.00**
Proposed Journal Entries JE # 2			
To record prior amortization as a prior period adjustment.			
300-32000	Retained Earnings	29,283.03	
007-67998	Amortization Expense		29,283.03
Total		**29,283.03**	**29,283.03**
	Total Proposed Journal Entries	**76,797.03**	**76,797.03**