



RESOLUTION NO. 20160927-02

**APPROVAL OF ENTERPRISE FUND FINANCIAL STATEMENTS FOR FY16 ENDING
APRIL 30, 2016**

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, TexAmericas Center Board of Directors accepts and approves Enterprise Fund Closeout financial statements, which provide for the fiduciary guidance of TexAmericas Center funds;

NOW, THEREFORE, be it resolved by the Board of Directors of the TexAmericas Center that the Financial Statements for Fiscal Year 2016 ending April 30, 2016 are accepted and approved for Enterprise Fund for TexAmericas Center.

PASSED AND APPROVED THIS 27th day of September, 2016



Denis Washington, Chairman of the Board

ATTEST:



Melford Pierce, Secretary

Attached: FY16 Enterprise Fund Closeout Financial Statements



HOLLIDAY, LEMONS & COX, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors
TexAmericas Center
New Boston, TX

Management is responsible for the accompanying financial statements of the enterprise fund and the related budgetary information of TexAmericas Center as of and for the seven months ended April 30, 2016 in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit the Statement of Net Position and the Statement of Activities for the business-type activities, and the Statement of Cash Flows for the proprietary fund, as well as substantially all of the disclosures required by accounting principles general accepted in the United States of America. If the financial statements mentioned above and the omitted disclosures were included in the financial statements, they might influence the user's conclusions about TexAmerica's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We are not independent with respect to TexAmericas Center.

Holliday, Lemons, & Cox, P.C.

August 29, 2016

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AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

AICPA'S PRIVATE COMPANIES PRACTICE SECTION

TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

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TEXAMERICAS CENTER
STATEMENT OF NET POSITION
Proprietary Fund Type - Enterprise Fund
As of April 30, 2016

	April 30, 2016
Assets	
Current	
Cash in Bank	\$ 1,641,258
Accounts Receivable	632,253
Due From Other Funds	355,397
Restricted Assets:	
Cash Restricted for Capital Improvements	462,893
Cash Restricted for Bonded Debt Reserves	1,991,121
Cash Restricted for Construction - Bond Proceeds	6,378,100
Certificates of Deposit Restricted for Construction - Bond Proceeds	914,530
Total Current Assets	12,375,552
Noncurrent Assets:	
Capital Assets (Net of Accumulated Depreciation)	11,919,408
Total Noncurrent Assets	11,919,408
Total Assets	24,294,960
 Liabilities	
Current Liabilities	
Accounts Payable	94,160
Accrued Compensated Absences - Current	33,441
Accrued Interest Payable	24,646
Revenue Bonds Payable - Current	9,680,000
Total Current Liabilities	9,832,247
 Total Liabilities	9,832,247
 Net Position	
Invested in Capital Assets	9,532,039
Restricted for Capital Improvements	462,893
Restricted for Bond Reserves	1,966,475
Unrestricted Net Position	2,501,306
Total Net Position	\$ 14,462,713

TEXAMERICAS CENTER
STATEMENT OF REVENUES AND EXPENSES
Proprietary Fund Type - Enterprise Fund
Actual and Current Annual Budget
For the Seven Months Ended April 30, 2016

	<u>Oct 15-Apr 16</u>	<u>Annual Budget</u>
Operating Revenues		
Charges for Services	\$ 1,556,835	\$ 2,758,571
Total Operating Revenue	<u>1,556,835</u>	<u>2,758,571</u>
Operating Expenses		
Water	423,307	789,151
Waste Water	713,557	998,759
Industrial Waste Water	428,041	782,656
Total Operating Expenses	<u>1,564,905</u>	<u>2,570,566</u>
Operating Income (Loss)	(8,070)	188,005
Nonoperating Revenues (Expenses)	<u>427,533</u>	<u>782,129</u>
Change in Net Position	419,463	970,134
Net Position - Beginning	<u>14,043,250</u>	<u>14,043,250</u>
Net Position - Ending	<u>\$ 14,462,713</u>	<u>\$ 15,013,384</u>

TEXAMERICAS CENTER
SUPPLEMENTARY INFORMATION
Schedule of Detailed Revenues, Expenses, & Changes in Net Position
Proprietary Fund Type - Enterprise Fund
Actual, Budgetary Basis and Current Annual Budget
For the Seven Months Ended April 30, 2016

	Actual Oct 15-Apr 16	Adjustments to Budgetary Basis	Budgetary Basis	Annual Budget
Operating Revenues				
Charges for Services				
Army Water Supply Charge	\$ 119,450	\$ -	\$ 119,450	\$ 207,427
Army Water Distribution Charge	340,674		340,674	577,830
Army Waste Water Charge	531,147		531,147	898,900
Army Industrial Waste Water Charge	494,183		494,183	845,268
Commercial & Residential Supply Charge	-		-	13,046
Commercial & Residential Water Distribution Charge	20,782		20,782	36,341
Commercial & Residential Waste Water Charge	44,786		44,786	179,759
Miscellaneous Revenue	5,813		5,813	-
Total Operating Revenue	<u>1,556,835</u>	<u>-</u>	<u>1,556,835</u>	<u>2,758,571</u>
Operating Expenses				
Labor	371,422		371,422	822,691
Analyticals	56,833		56,833	155,000
Repairs	90,189		90,189	345,000
Other Maintenance	251		251	12,000
Equipment Maintenance, Repair & Fuel	13,584		13,584	38,000
Equipment Rental	2,211		2,211	16,000
Materials	93,489		93,489	132,000
Supplies	17,221		17,221	44,200
Permits	28,315		28,315	56,000
Utilities	65,005		65,005	165,000
Waste Disposal	43,925		43,925	56,000
Water Purchase	109,837		109,837	220,473
Consulting	23,668		23,668	45,000
Overhead	183,695		183,695	463,202
Total Operating Expenses before Depreciation	<u>1,099,645</u>	<u>-</u>	<u>1,099,645</u>	<u>2,570,566</u>
Operating Income before Depreciation	457,190	-	457,190	188,005
Depreciation	465,260	(465,260)	-	-
Operating Income (Loss)	<u>(8,070)</u>	<u>465,260</u>	<u>457,190</u>	<u>188,005</u>
Nonoperating Revenues (Expenses)				
Facility Charges	654,414		654,414	1,230,131
Interest Income	47,722		47,722	20,000
Interest Expense	(278,147)		(278,147)	(468,002)
Other Revenue	3,544		3,544	-
Total Nonoperating Revenues (Expenses)	<u>427,533</u>	<u>-</u>	<u>427,533</u>	<u>782,129</u>
Change in Net Position	419,463	465,260	884,723	970,134
Net Position - Beginning	<u>14,043,250</u>		<u>14,043,250</u>	<u>14,043,250</u>
Net Position - Ending	<u>\$ 14,462,713</u>	<u>\$ 465,260</u>	<u>\$ 14,927,973</u>	<u>\$ 15,013,384</u>

TEXAMERICAS CENTER
SUPPLEMENTARY INFORMATION
Schedule of Operating Revenues & Expenses
Enterprise Fund - Water
Actual and Current Annual Budget
For the Seven Months Ended April 30, 2016

	<u>Oct 15-Apr 16</u>	<u>Annual Budget</u>
Operating Revenues		
Charges for Services		
Army Water Supply Charge	\$ 119,450	\$ 207,427
Army Water Distribution Charge	340,674	577,830
Commercial & Residential Water Supply Charge	-	13,046
Commercial & Residential Water Distribution Charge	20,782	36,341
Miscellaneous Revenue	5,813	-
Total Operating Revenue	486,719	834,644
 Operating Expenses		
Labor	129,355	233,217
Analyticals	1,494	10,000
Repairs	21,335	110,000
Other Maintenance	251	5,000
Equipment Maintenance, Repair & Fuel	4,059	10,000
Equipment Rental	-	10,000
Materials	-	5,500
Supplies	2,102	10,000
Permits	1,114	6,000
Utilities	599	15,000
Water Purchase	109,837	220,473
Consulting	5,000	15,000
Overhead Allocation	55,109	138,961
Total Operating Expenses before Depreciation	330,255	789,151
 Depreciation	93,052	-
Total Operating Expenses	423,307	789,151
 Operating Income	\$ 63,412	\$ 45,493

TEXAMERICAS CENTER
SUPPLEMENTARY INFORMATION
Schedule of Operating Revenues & Expenses
Enterprise Fund - Waste Water
Actual and Current Annual Budget
For the Seven Months Ended April 30, 2016

	<u>Oct 15-Apr 16</u>	<u>Annual Budget</u>
Operating Revenues		
Charges for Services		
Army Waste Water Charge	\$ 531,147	\$ 898,900
Commercial & Residential Waste Water Charge	44,786	179,759
Total Operating Revenue	<u>575,933</u>	<u>1,078,659</u>
 Operating Expenses		
Labor	129,787	315,779
Analyticals	33,869	85,000
Repairs	48,234	135,000
Other Maintenance	-	5,000
Equipment Maintenance, Repair & Fuel	5,246	17,000
Equipment Rental	2,211	4,000
Materials	27,423	46,500
Supplies	13,226	25,200
Permits	13,600	30,000
Utilities	49,432	120,000
Waste Disposal	24,228	15,000
Consulting	13,668	15,000
Overhead Allocation	73,477	185,280
Total Operating Expenses before Depreciation	<u>434,401</u>	<u>998,759</u>
 Depreciation	279,156	-
Total Operating Expenses before Depreciation	<u>713,557</u>	<u>998,759</u>
 Operating Income (Loss)	<u>\$ (137,624)</u>	<u>\$ 79,900</u>

TEXAMERICAS CENTER
SUPPLEMENTARY INFORMATION
Schedule of Operating Revenues & Expenses
Enterprise Fund - Industrial Waste Water
Actual and Current Annual Budget
For the Seven Months Ended April 30, 2016

	<u>Oct 15-Apr 16</u>	<u>Annual Budget</u>
Operating Revenues		
Charges for Services		
Army Industrial Waste Water Charge	\$ 494,183	\$ 845,268
Total Operating Revenue	<u>494,183</u>	<u>845,268</u>
 Operating Expenses		
Labor	112,280	273,695
Analyticals	21,470	60,000
Repairs	20,620	100,000
Other Maintenance	-	2,000
Equipment Maintenance, Repair & Fuel	4,279	11,000
Equipment Rental	-	2,000
Materials	66,066	80,000
Supplies	1,893	9,000
Permits	13,601	20,000
Utilities	14,974	30,000
Waste Disposal	19,697	41,000
Consulting	5,000	15,000
Overhead Allocation	55,109	138,961
Total Operating Expenses before Depreciation	<u>334,989</u>	<u>782,656</u>
 Depreciation	<u>93,052</u>	<u>-</u>
Total Operating Expenses	<u>428,041</u>	<u>782,656</u>
 Operating Income	<u>\$ 66,142</u>	<u>\$ 62,612</u>

TEXAMERICAS CENTER
SUPPLEMENTARY INFORMATION
Schedule of Operating Expenses
Enterprise Fund - Overhead
Actual and Current Annual Budget
For the Seven Months Ended April 30, 2016

	<u>Oct 15-Apr 16</u>	<u>Annual Budget</u>
Operating Expenses		
Office Labor	\$ 48,910	\$ 304,002
Travel	1,458	5,600
Meals & Meetings	-	5,000
Insurance	58,643	75,000
Accounting	31,497	30,000
Legal	29,798	22,000
Computer, Reproduct & Maintentance	-	6,000
Office Supplies	1,312	2,500
Postage	374	2,600
Telephone & Internet	9,019	6,000
Waste Management	1,182	1,500
Licenses & Fees	252	2,000
Advertising	-	1,000
Consulting	1,250	-
Total Operating Expenses	<u>183,695</u>	<u>463,202</u>
Allocation of Overhead:		
Water	55,109 *30%	138,961
Waste Water	73,477 *40%	185,280
Industrial Waste Water	55,109 *30%	138,961
Total Overhead Allocated	<u>\$ 183,695</u>	<u>\$ 463,202</u>

*Overhead in current fiscal year is allocated based on percentage of budgeted labor associated with each system for the fiscal year.



Knauth & Company PC

Chris E. Knauth, CPA
Charles T. Gregg, CPA
Don E. Graves, CPA

Members:
American Institute of CPAs
Texas Society of CPAs

August 30, 2016
To the Members of the Board
TexAmericas Center
New Boston, Texas

We have audited the financial statements of the governmental activities of the TexAmericas Center's Enterprise Fund for the period from October 1, 2015 to April 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 1, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

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 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the period ended April 30, 2016. We noted no transactions entered into by TexAmericas Center during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the governmental activities' financial statements were account receivables, property tax receivables and whether they require bad debt reserves. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's 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 August 30, 2016.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the management's discussion and analysis and the 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.

Restriction on Use

This information is intended solely for the use of TexAmericas Center's Board 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,



Knauth & Company, P.C.
Frisco, TX