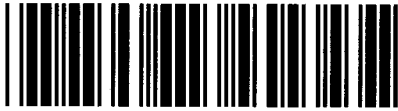




Control Number: 44992



Item Number: 1

Addendum StartPage: 0

44992

Public Utility Commission of Texas
Attention: Filing Clerk
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

July 21, 2015

RE: Application for Sale, Transfer of TexAmerica's Center Water and Wastewater Systems to Riverbend Water Resources District

To: PUC Filing Clerk

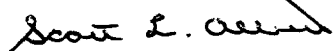
Attached seven copies of the application for sale, transfer, or merger of a retail public utility and the original. Also enclosed the portable electronic storage medium containing the required GIS data.

Included are copies of TexAmerica's Center and Riverbend Water Resources District 2014 year-end audits for parts D and E of the application.

At the request of Lisa Fuentes also enclosed our documents related to a TCEQ compliance matter at TexAmerica's Center.

Please contact me at salbert@rwrdd.org or 903-223-3905 if you have any questions.

Best Regards,



Scott L. Albert
Executive Director
Riverbend Water Resources District

2015 JUL 20 PM 5:43
PUC FILING CLERK



Application for Sale, Transfer, or Merger of a Retail Public Utility

Pursuant to Chapter 13.251 of the Texas Water Code

Docket Number: 44992

(this number will be assigned by the Public Utility Commission after your application is filed)

7 copies of the application, including the original, along with one copy of the portable electronic storage medium (such as CD or DVD) containing the GIS data shall be filed with

Public Utility Commission of Texas

Attention: Filing Clerk

1701 N. Congress Avenue

P.O. Box 13326

Austin, Texas 78711-3326

No later than seven days after filing the application for the boundary change, provide a copy of each paper map and a portable electronic storage medium (such as CD, flash drive or DVD) containing complete and identical data to the portable electronic storage medium submitted above to

Texas Natural Resources Information System

1700 N. Congress Ave, Room B40

Austin, Texas 78701

TABLE OF CONTENTS

Part A – General Information.....	2
Part B – Current Service Provider or Seller Information.....	2
Part C – Purchaser or Transferee Information	3
Part D – Historical Financial Information	9
Part E – Projected Information	12
Part F – Public Water System Information	16
Part G – Oaths and Notices	18

Part A – General Information

*RN# 106132574 *CN# 600702740 * (PRIOR TCEQ ID numbers)

1. Proposed action of application (check all the boxes that apply):

☒ Sale of ☒ All ☐ Portion of the ☒ Water system(s) under CCN No.: 13210
☐ Acquisition ☒ Sewer system(s) under CCN No.: 21067
☐ Lease/Rental

☐ Transfer of ☐ All ☐ Portion of the ☐ Certificated water service area – CCN No.:
☐ Certificated sewer service area – CCN No.:

If only a portion of a system or certificated service area is affected by this transaction, please specify the areas or subdivision involved:

and to:

☒ Obtain a CCN for the transferee (purchaser) – indicate if purchaser will take the seller's CCN
☐ Amend the transferee's CCN No.:
☐ Merge or consolidate public utilities
☐ Cancel CCN of the transferor (seller)

purchaser will take seller's CCN number

2. Proposed effective date of this transaction:

(Must be at least 120 days after proper notice is provided)

Part B – Current Service Provider or Seller Information

Questions 3 through 5 apply to the transferor (current service provider or seller)

3. For the current CCN holder or service provider please indicate:

A. Name: TexAmericas Center

(Individual, Corporation or Other Legal Entity)

who is a(n): of ☐ Individual ☐ Corporation ☐ WSC ☐ HOA or POA ☒ Other

B. Utility Name (if different than above):

Address: 107 Chapel Lane, New Boston, TX 75570 Telephone: (AC) (903) 223-9841

C. Contact person. Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney or accountant.

Name: Eli Hunt

Title: Water/Wastewater Systems

Address: 107 Chapel Lane, New Boston, TX 75570

Telephone: (AC) (903) 223-9841

Fax: (903) 223-8742

Email: eli.hunt@texamericascenter.com

4. About the last rate increase for the system or facilities being transferred:

A. What was the effective date of the last rate increase?

B. Was notice of this increase provided to the Public Utility Commission of Texas (commission or PUC) or a predecessor regulatory authority?



No

☐

Yes- Application/Docket Number:

Date

5. Please provide a list of all customers affected by this transaction who have deposits held by the transferor or seller utility, if any, and include the following information (attach additional sheets if necessary):

Name and Address of Utility Customer	Date of Deposit	Amount of Deposit	Amount of Unpaid Interest on Deposit

Part C – Purchaser or Transferee Information

Questions 6 through 16 refer to the transferee or purchaser.

6. For the person or entity acquiring the facilities and/or CCN:

Applicant: Riverbend Water Resources District

(Individual, Corporation, or Other Legal Entity)

Utility Name: Riverbend Water Resources District

(If different than above)

Utility Address: 3930 Galleria Oaks Texarkana, TX 75503

Fax:

Email:

salbert@rwr.org

Telephone (AC):

(903) 223-3905

CCN Numbers held prior to the filing of this application:

none

7. Check the appropriate box and provide information regarding the legal status of the transferee applicant:

☐

Individual

☐

Home or Property Owners Association

☐

Partnership; attach copy of partnership agreement

☐

Corporation; provide charter number as recorded with the Office of the Secretary of State for

Texas:

☐

Non-profit, member owned, member-controlled Cooperative Corporation (Article 1434(a) Water Sewer Service Corporation); provide charter number:

<input type="checkbox"/>	Municipally-owned utility
<input checked="" type="checkbox"/>	District (MUD, SUD, WCID, etc.)
<input type="checkbox"/>	County
<input type="checkbox"/>	Other (please explain):

8. If the applicant is an *Individual* or sole proprietorship, provide the following information. If not, skip to the next question.

Name:		Email	
Address			
Telephone (AC):		Fax (AC):	

9. If the applicant is other than an *Individual*, provide the following information regarding the officers or partners of the legal entity applying for the transfer. You must complete either question 8 or question 9, whichever applies to the transferee applicant.

•Name:	Kelly Mitchell	Telephone (AC):	(903) 223-3905
Address:	3930 Galleria Oaks Texarkana, TX 75503		
Position:	President	Ownership % (if applicable):	0.00%

•Name:	Sean Rommel	Telephone (AC):	(903) 223-3905
Address:	3930 Galleria Oaks Texarkana, TX 75503		
Position:	Vice President	Ownership % (if applicable):	0.00%

•Name:	Marshall Wood	Telephone (AC):	(903) 223-3905
Address:	3930 Galleria Oaks Texarkana, TX 75503		
Position:	Secretary	Ownership % (if applicable):	0.00%

•Name:	Fred Milton	Telephone (AC):	(903) 223-3905
Address:	3930 Galleria Oaks Texarkana, TX 75503		
Position:	Treasurer	Ownership % (if applicable):	0.00%

•Name:	Jimmy Green	Telephone (AC):	(903) 223-3905
Address:	3930 Galleria Oaks Texarkana, TX 75503		
Position:	At-Large Director	Ownership % (if applicable):	0.00%

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	0.00%

- Attach additional sheet(s) if necessary -

- Important:** • If the applicant is a for-profit corporation, please provide a copy of the corporation's "Certification of Account Status" from the State Comptroller Office. This "Certification of Account Status" can be obtained from:

Texas Comptroller of Public Accounts

P. O. Box 13528, Capitol Station

Austin, Texas 78711

1-800-252-5555

- If the applicant is an Article 1434a water supply or sewer service corporation or other non-profit corporation, please provide a copy of the Articles of Incorporation and By-Laws.

10. Contact person. Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney or accountant.

Name:	Eli Hunt	Title:	Water/Wastewater Systems O
Address:	107 Chapel Lane, New Boston, TX 75570	Telephone (AC):	(903) 223-9841
Fax #	(903) 223-8742	Email	eli.hunt@texamericascenter.com
Relationship to the applicant:	Operator		

- IF THERE ARE MORE THAN TWO PARTIES INVOLVED IN THIS TRANSACTION, PLEASE ATTACH SHEETS PROVIDING THE INFORMATION REQUIRED IN QUESTION 6 THROUGH QUESTION 10 FOR EACH PARTY

11. Please respond to each of the following questions. Attach additional sheets if necessary.

- A. Describe the experience and qualifications of the applicant to provide adequate utility service to the requested area

Riverbend Water Resources District (RWRD) was created by S.B. 1223 as a Special Utility District for the purposes of section 59, article XVI of Texas constitution. RWRD is comprised of fifteen member entities that includes thirteen water user groups. TexAmericas Center utility staff will transfer to Riverbend ensuring consistent operations. Riverbend's Executive Director has over fifteen years of utility experience in water and wastewater operations as a City Manager in the Dallas-Fort Worth metroplex.

- B. Has the applicant acquiring the CCN or facilities or an affiliated interest of the applicant been under enforcement action by the PUC, TCEQ, Texas Department of Health (TDH), the Office of the Attorney General (OAG) or the Environmental Protection Agency (EPA) in the past for noncompliance with rules, orders or State Statutes? ☐ Yes ☒ No

If yes, please attach copies of any correspondence with these regulatory agencies concerning these enforcement actions and describe any actions and efforts to comply with those requirements. Attach additional sheets if needed.

--

- C. Describe the source and availability of funds required to make the planned or required improvements, if any, to meet minimum requirements of the TCEQ and PUC and ensure continuous and adequate service.

If any improvements need be made to meet requirements of TCEQ or PUC the funds generated from the Army wet utility contract will be used to make the improvements. The Army contract accounts for roughly 90% of the utilities current revenues. But, Riverbend does plan to expand services beyond the Army contract increasing revenues.

- D. Describe the anticipated impact of this transaction on the quality of utility service and explain any anticipated changes in the quality of service.

Transferring the utility to Riverbend will begin the process of creating a regional wastewater system that will include the Army Depot and surrounding communities. The improved economies of scale will allow Riverbend to enhance the utility system and quality of service.

- E. How will the transaction serve the public interest?

Transferring the utility to Riverbend will allow TexAmericas Center to focus on their primary purpose that being economic development and Riverbend to focus on creating a regional water and wastewater utility system.

12. Please describe the nature of the proposed transaction:

Riverbend is purchasing the system from TexAmericas Center for \$10,000.00 and discharging the debt (roughley \$10.7 million) associated with the system.

13. If the transferee applicant is an Investor Owned Utility (IOU) and will be under the rate jurisdiction of the PUC, please provide the following information. Water supply or sewer service corporations and political subdivisions of the state should mark this section N/A:

- A.
- Total Purchase Price:
 - Total Original Cost (as recorded on books of seller or merging entity):
 - Accumulated Depreciation as of the proposed effective date of the transaction:
 - Contributions in Aid of Construction:
 - Specific surcharges approved by TCEQ or PUC:
 - Revenues from explicit customer agreements:

- Developer Contributions (please explain):

- Other Contributions (please explain):

Total Contributions in Aid of Construction


- Net Book Value:

- If the Original Cost or any of the above items has been established in a rate case proceeding by the PUC, the TWC or the TCEQ, please provide the Application/Docket Number and date:**

Application/Docket Number: Date:

- If the applicant is not under the rate jurisdiction of the TCEQ, only the purchase price and information related to Contributions in Aid of Construction is required.

Please provide any other information concerning the nature of the transaction you believe should be given consideration if not explained elsewhere in the application.
[attach additional sheet(s) if necessary]:



- C. Complete the following proposed entries listed below as shown in books of purchasing (or surviving) company. Additional entries may be made; the following are suggested only, and not intended to pose descriptive limitations.

Utility Plant in Service:	
Plant Acquisition Adjustment:	
Extraordinary Loss on Purchase:	
Accumulated Depreciation of Plant:	
Cash:	
Notes Payable:	
Mortgage Payable:	
Others (please list):	

As the purchaser, I understand that it is **my responsibility** in any future rate proceeding to provide written evidence and support for the original cost and installation date of all facilities used and useful for providing utility service.

Purchaser's Initials: Date:

- 14. Please indicate the proposed effect of this transaction on the rates to be charged to the affected customers:**

<input checked="" type="checkbox"/>	All the customers will be charged the same rates as they were charged before the transaction.
<input type="checkbox"/>	Some All customers will be charged different rates than they were charged before the transaction.

If rates are changing, please explain:

☐ Applicant is an IOU and intends to file with the commission or municipal regulatory authority an application to change rates of some/all of its customers as a result of this transaction. If so, please explain:

☐ Other. Please explain:

15. List all neighboring water and /or sewer utilities, cities, and political subdivisions providing the same service within two (2) miles of area affected by this proposed transaction. This information should be available from the water utility database (WUD) or Applicant's licensed water operator.

Cities - Maud, Hooks, Redwater, New Boston, Red Lick, Nash, Wake Village, Texarkana, TX. Customers of TexAmericas Center, Texarkana Water Utilities, Central Bowie County Water Supply Corporation, Macedonia-Eylau Water District

16. Financial, Managerial and Technical information for the acquiring entity.

Part D – Historical Financial Information

HISTORICAL BALANCE SHEETS	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
CURRENT ASSETS						
Cash						
Accounts Receivable						
Inventories						
Income Tax Receivable						
Other						
Total						
FIXED ASSETS						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves						
Total						
TOTAL ASSETS						
CURRENT LIABILITIES						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses						
Other						
TOTAL						
LONGTERM LIABILITIES						
Notes Payable, Long-term						
Other						
TOTAL LIABILITIES						
OWNER'S EQUITY						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
TOTAL OWNER'S EQUITY						
TOTAL LIABILITIES AND EQUITY						
WORKING CAPITAL						
CURRENT RATIO						
DEBT TO EQUITY RATIO EQUITY TO TOTAL ASSETS						

HISTORICAL INCOME STATEMENT	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
METER NUMBER						
Existing Number of Taps						
New Taps Per Year						
Total Meters at Year End						
METER REVENUE						
Fees Per Meter						
Cost Per Meter						
Operating Revenue Per Meter						
GROSS WATER REVENUE						
Fees						
Other						
Gross Income						
OPERATING EXPENSES						
General & Administrative						
Interest						
Other						
NET INCOME						

HISTORICAL EXPENSE DETAIL	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries						
Office Expense						
Computer Expense						
Auto Expense						
Insurance Expense						
Telephone Expense						
Utilities Expense						
Depreciation Expense						
Property Taxes						
Professional Fees						
Other						
Total						
% Increase Per Year						
OPERATIONAL EXPENSES						
Salaries						
Auto Expense						
Utilities Expense						
Depreciation Expense						
Repair & Maintenance						
Supplies						
Other						
Total						
% Increase Per Year						
ASSUMPTIONS						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

Part E – Projected Information

PROJECTED BALANCE SHEETS

	START UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
CURRENT ASSETS						
Cash						
Accounts Receivable						
Inventories						
Income Tax Receivable						
Other						
Total						
FIXED ASSETS						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves						
Total						
TOTAL ASSETS						
CURRENT LIABILITIES						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses						
Other						
Total						
LONGTERM LIABILITIES						
Notes Payable, Long-term						
Other						
TOTAL LIABILITIES						
OWNER'S EQUITY						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
TOTAL OWNER'S EQUITY						
TOTAL LIABILITIES AND EQUITY						
WORKING CAPITAL						
CURRENT RATIO						
DEBT TO EQUITY RATIO						
EQUITY TO TOTAL ASSETS						

PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
METER NUMBER						
Existing Number of Taps						
New Taps Per Year						
Total Meters at Year End						
METER REVENUE						
Fees Per Meter						
Cost Per Meter						
Operating Revenue Per Meter						
GROSS WATER REVENUE						
Fees						
Other						
Gross Income						
OPERATING EXPENSES						
General & Administrative						
Interest						
Other						
NET INCOME						

PROJECTED EXPENSE DETAIL

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries						
Office Expense						
Computer Expense						
Auto Expense						
Insurance Expense						
Telephone Expense						
Utilities Expense						
Depreciation Expense						
Property Taxes						
Professional Fees						
Other						
Total						
% Increase Per Year	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OPERATIONAL EXPENSES						
Salaries						
Auto Expense						
Utilities Expense						
Depreciation Expense						
Repair & Maintenance						
Supplies						
Other						
Total						
% Increase Per Year	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ASSUMPTIONS						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

PROJECTED SOURCES AND USES OF CASH STATEMENTS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
SOURCES OF CASH						
Net Income						
Depreciation (If Funded)						
Loan Proceeds						
Other						
Total Sources						
USES OF CASH						
Net Loss						
Principle Portion of Pmts.						
Fixed Asset Purchase						
Reserve						
Other						
Total Uses						
NET CASH FLOW						
DEBT SERVICE COVERAGE						
Cash Available for Debt						
SERVICE (CADS)						
Net Income (Loss)						
Depreciation, or Reserve Interest						
Total						
REQUIRED DEBT SERVICE (RDS)						
Principle Plus Interest						
DEBT SERVICE COVERAGE RATIO						
CADS Divided by RDS						

Part F – TCEQ Public Water or Sewer System Information

- ☞ Please answer questions 17 through 22 on a different sheet for each physically Distinct system being transferred or acquired.

17. A. For Water Systems. TCEQ Public Water System Identification Number:

0 1 9 0 0 2 1

Date of last inspection: 08/2014

B. For Wastewater Systems:

-TCEQ Discharge Permit Number:

W Q

0 4 6 6 4 - 0 0 0

-Name of Permittee: TexAmericas Center

-Date of application to transfer Discharge Permit submitted:

-Date of application to transfer Discharge Permit approved by TCEQ:

18. A. Are any improvements required to meet TCEQ or PUC standards?



Yes



No. If yes, please explain:

Agreed Order 2008-0067-IWD-E

B. Is there a moratorium on new connections?



Yes



No. If yes, please explain:

C. Provide details of each required major capital improvement to correct the deficiencies and meet the TCEQ or PUC standards (attach additional sheets if necessary):

Description of the Required Improvement	Schedule to Complete	Estimated Cost

19. Does the system being transferred operate within the city limits of a municipality or within district boundaries? ☐ Yes ☒ No

If yes, indicate the number of customers within the city limits or district boundaries:

Water

Sewer

- ☞ Attach copy of franchise agreement or consent letter from the city or district.

20. Do you currently purchase water or sewer treatment capacity from another source? ☒ Yes ☐ No
☒ Water ☐ Sewer Purchased on a ☒ Regular ☐ Seasonal ☐ Emergency Basis

• Source: City of Texarkana, TX % of total supply: 10,000.00%

21. List the number of existing connections to be effected by this transaction.

Water				Sewer	
	-Non Metered		-2" meter	-Residential Connection	14
	-5/8" or 3/4" meter		-3" meter	-Commercial Connection	62
	-1" meter		-4" meter	-Industrial Connection	1
	-1 1/2" meter		-Other	-Other	
Total Water Connections:			68	Total Sewer Connections	77

20. Has the system reached 85% of its capacity based on TCEQ's minimum requirements? ☐ Yes ☒ No
 If yes, please explain what steps are being taken to address the capacity issues:

23. List the name, class, and license number of the operator(s) that will be responsible for the system:

Name	Class	License#
See attachment		

24. Attach the following maps with each copy of the application:

- One small scale map clearly showing affected service area with enough detail to accurately locate the area if the application is for the transfer of all or a portion of a CCN.
- One large scale map showing the proposed service area boundaries being sold, transferred, or merged and, if available, the existing and proposed facilities. Color coding should be used to differentiate existing from proposed facilities. Facilities and service area boundaries should be shown with such exactness that they can be located on the ground. If transferring area not currently in a CCN or a portion of an existing CCN area please attach the following hard copy maps with each copy of the application:
 - A general location map delineating the proposed service area with enough detail to accurately locate the proposed area within the county.
 - A map showing only the proposed area by:
 - metes and bounds survey certified by a licensed state or registered professional land surveyor; or
 - projectable digital data with metadata (proposed areas should be in a single record and clearly labeled, data disk should be included); or
 - following verifiable natural and man-made landmarks, or
 - a copy of recorded plat map with metes and bounds.
 - A written description of the proposed service area.

Part G – Oaths and Notices

OATH FOR SELLER OR FORMER SERVICE PROVIDER

STATE OF Texas

COUNTY OF Bowie

I, Scott Norton, being duly sworn, file this application for sale, lease, rental or merger or consolidation as Executive Director/CEO (Indicate relationship to applicant) that is, owner, member of partnership, title as officer of corporation, or other authorized representative of applicant; that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

I further state that I have provided to the purchaser or transferee a written disclosure statement about any contributed property as required under Section 13.301(l) and copies of any outstanding Orders of the Texas Commission on Environmental Quality, the Public Utility Commission of Texas, or Attorney General and have also complied with the notice requirements in Section 13.301(k) of the Texas Water Code.

Scott Norton

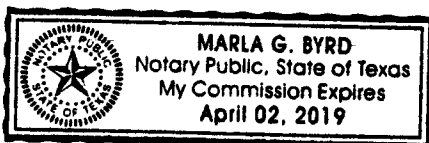
AFFIANT

(Utility's Authorized Representative)

If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas, this day 9th of July, 20 15.

SEAL



Marla G Byrd

NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Marla G Byrd

PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES

4/2/2019

One copy of this page must be submitted for each utility involved in this transaction.

OATH FOR PURCHASER OR ACQUIRING ENTITY

STATE OF Texas

COUNTY OF Bowie

I, Scott L. Albert, being duly sworn, file this application for

sale, lease, rental or merger or consolidation as Executive Director
(**indicate relationship to applicant**) that is, owner, member of partnership, title as officer of corporation, or other authorized representative of applicant); that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

I am also authorized and do agree to be bound by and comply with any outstanding orders of the Texas Commission on Environmental Quality, the Public Utility Commission of Texas or the Attorney General which have been issued to the system or facilities being acquired and recognize that I will be subject to administrative penalties or other enforcement actions if I do not comply.

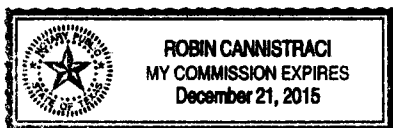
Scott L. Albert
AFFIANT
(Utility's Authorized Representative)

If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

Applicant represents that all other parties to this transaction have been furnished copies of this completed application.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas, this
day 8th of July, 20 15.

SEAL



Robin Cannistraci
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Robin Cannistraci
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES

12-21-2015

One copy of this page must be submitted for each utility involved in this transaction.

FORM A

Docket No. _____

Notice to Current Customers, Neighboring Systems and Cities

TexAmericas Center 'S
(Seller's or Transferor's Name)

**NOTICE OF INTENT TO SELL FACILITIES AND TRANSFER CERTIFICATE OF CONVENIENCE AND
NECESSITY (CCN) NO** 13210 **TO** Riverbend Water Resources District

(Purchaser's or Transferee's Name)

IN Bowie **COUNTY, TEXAS**

To: City of Texarkana, TX **Date Notice Mailed** TBD , 20 15
(Name of Customer, Neighboring System or City)

P.O. Box 1967
(Address)

Texarkana TX 75501
City State Zip

<u>TexAmericas Center</u>	<u>107 Chapel Lane</u>	<u>New Boston, Texas 75570</u>
Sellers or Transferors' Name	Address	City/State/Zip Code

has submitted an application with the Public Utility Commission of Texas to sell facilities and transfer
water or sewer (please select) CCN No. 13210 in Bowie [County Name]

County to:

<u>Riverbend Water Resources District</u>	<u>3930 Galleria Oaks</u>	<u>Texarkana, Texas 75570</u>
Purchasers or Transferee's Name	Address	City/State/Zip Code

The sale is scheduled to take place as approved by the Commission (V.T.C.A., Water Code §13.301). The transaction and the transfer of the CCN include the following subdivision(s):

The area subject to this transaction is located approximately 8 miles east [direction] of
downtown New Boston, [City or Town] Texas, and is generally bounded on the north by
US HWY 82; on the east by Bowie Parkway
; on the south by US HWY 67; and on the west by US HWY 8

The total area being requested includes approximately 30,000 acres and serves 68 current customers.
This transaction will have the following effect on the current customer's rates and services:
None

Affected persons may file written protests and/or request a public hearing within 30 days of this notice.

To request a hearing, you must:

- (1) state your name, mailing address and daytime telephone number;
- (2) state the applicant's name, application number or another recognizable reference to this application;
- (3) include the statement "I/we request a public hearing";
- (4) write a brief description of how you, the persons you represent, or the public interest would be adversely affected by the proposed transaction and transfer of the CCN; and
- (5) state your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

FORM A

Docket No. _____

Notice to Current Customers, Neighboring Systems and Cities

TexAmericas Center 'S
(Seller's or Transferor's Name)

**NOTICE OF INTENT TO SELL FACILITIES AND TRANSFER CERTIFICATE OF CONVENIENCE AND
NECESSITY (CCN) NO** 21067 **TO** Riverbend Water Resources District
(Purchaser's or Transferee's Name)
IN Bowie **COUNTY, TEXAS**

To: City of Texarkana, TX **Date Notice Mailed** TBD, 20 15
(Name of Customer, Neighboring System or City)

P.O. Box 1967
(Address)

Texarkana TX 75501
City State Zip

TexAmericas Center 107 Chapel Lane New Boston, Texas 75570
Sellers or Transferors' Name Address City/State/Zip Code

has submitted an application with the Public Utility Commission of Texas to sell facilities and transfer
water or sewer (please select) CCN No. 21067 in Bowie [County Name]

County to:

Riverbend Water Resources District 3930 Galleria Oaks Texarkana, Texas 75570
Purchasers or Transferee's Name Address City/State/Zip Code

The sale is scheduled to take place as approved by the Commission (V.T.C.A., Water Code §13.301). The transaction and the transfer of
the CCN include the following subdivision(s):

The area subject to this transaction is located approximately 6 miles east [direction] of
downtown New Boston, [City or Town] Texas, and is **generally** bounded on the north by
US HWY 82 ;on the east by Bowie Parkway
;on the south by US HWY 67 ;and on the west by US HWY 8

The total area being requested includes approximately 30,000 acres and serves 68 current customers.

This transaction will have the following effect on the current customer's rates and services:

None

Affected persons may file written protests and/or request a public hearing within 30 days of this notice.

To request a hearing, you must:

- (1) state your name, mailing address and daytime telephone number;
- (2) state the applicant's name, application number or another recognizable reference to this application;
- (3) include the statement "I/we request a public hearing";
- (4) write a brief description of how you, the persons you represent, or the public interest would be adversely affected by the proposed transaction and transfer of the CCN; and
- (5) state your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

Only those persons who submit a written request to be notified of a hearing will receive notice if a hearing is scheduled. The Commission will issue the CCN requested in the referenced application unless a hearing is scheduled to consider the transaction. If no protests or requests for hearing are filed during the comment period, the Commission may issue the CCN 30 days after publication of this notice.

Persons who wish to protest or request a hearing on this application should write the:

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

**Se desea informacion en Espanol, puede llamar al
1-888-782-8477**

Eli Hunt

Utility Representative

TexAmericas Center

Utility Name

Notice to Current Customers, Neighboring Systems, Landowner and Cities

(Seller's or Transferor's Name) 'S NOTICE OF INTENT TO SELL FACILITIES TO

(Purchaser's or Transferee's Name) AND FOR _____
Purchaser's or Transferee's Name)

TO OBTAIN OR AMEND A CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) IN

COUNTY, TEXAS

To: _____ Date Notice Mailed _____, 20____
(Name of Customer, Neighboring System, Landowner or City)

(Address)

City State Zip

Sellers or Transferors' Name	Address	City/State/Zip Code
------------------------------	---------	---------------------

has submitted an application with the Public Utility Commission of Texas to sell water or sewer (please select) Facilities in _____ [County Name] County to:

Purchasers or Transferee's Name	Address	City/State/Zip Code
---------------------------------	---------	---------------------

The transferee has also requested to obtain/amend a CCN in this application. The sale is scheduled to take place as approved by the Commission (Texas Water Code §13.301). The transaction and the proposed service area include the following subdivision(s):

The area subject to this transaction is located approximately _____ miles _____ [direction] of downtown _____, [City or Town] Texas, and is generally bounded on the north by _____; on the east by _____; on the south by _____; and on the west by _____

The total area being requested includes approximately _____ acres and serves _____ current customers. This transaction will have the following effect on the current customer's rates and services:

Affected persons may file written protests and/or request a public hearing within 30 days of this notice. To request a hearing, you must:

- (1) state your name, mailing address and daytime telephone number;
- (2) state the applicant's name, application number or another recognizable reference to this application;
- (3) include the statement "I/we request a public hearing";
- (4) write a brief description of how you, the persons you represent, or the public interest would be adversely affected by the proposed transaction and transfer of the CCN; and
- (5) state your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

Only those persons who submit a written request to be notified of a hearing will receive notice if a hearing is scheduled. The Commission will issue the CCN requested in the referenced application unless a hearing is scheduled to consider the transaction. If no

protests or requests for hearing are filed during the comment period, the Commission may issue the CCN 30 days after publication of this notice.

Persons who wish to protest or request a hearing on this application should write the:

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

**Se desea informacion en Espanol, puede llamar al
1-888-782-8477**

Utility Representative

Utility Name



RESOLUTION NO. 20150428-09

ACCEPTANCE OF FISCAL YEAR 2014 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 #20110125-08 of the Board of Directors, TexAmericas Center hired auditors Vail & Knauth, LLP 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;

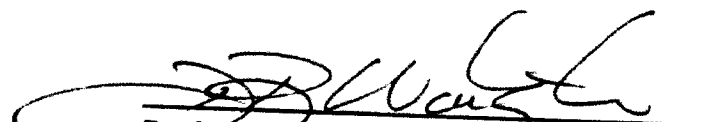
WHEREAS, the auditors have found no material misstatements in the financial statements.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of TexAmericas Center that 2014 Audited Financial Statements are hereby accepted as presented in the attachment hereto.

PASSED AND APPROVED THIS 28th day of April, 2015.

ATTEST:


Boyd Sartin, Secretary/Treasurer


Denis Washington, Chairman of the Board

Attached: FY 2014 Audited Financials

TEXAMERICAS CENTER

ANNUAL FINANCIAL REPORT

**For the Fiscal Year Ended
September 30, 2014**

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet - Governmental Funds	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	15
Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - General Fund	16
Statement of Net Position - Proprietary Fund	17
Statement of Revenues, Expenditures, and Changes in Fund Net Position - Proprietary Fund	18
Statement of Cash Flows - Proprietary Fund	19
Notes to the Financial Statements	21
Independent Auditor's Report on Internal Control	40



VAIL & KNAUTH, LLP
CERTIFIED PUBLIC ACCOUNTANTS
AUDIT TAX AND ADVISORY SERVICES

Michael G. Vail, CPA
Chris E. Knauth, CPA
Charles T. Gregg, CPA
Don E. Graves, CPA
Pamela C. Moore, CPA
Courtney N. Cooper, CPA

Members:
American Institute of CPAs
Texas Society of CPAs

Report of Independent Auditors

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the business-type activities of the TexAmericas Center as of and for the year ended September 30, 2014, which collectively comprise the TexAmericas Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

1801 Gateway Blvd., Suite 212
Richardson, TX 75080
(972) 234-3333

www.vailknauth.com

323 East Highway 199 – P.O. Box 1859
Springtown, TX 76082
(817) 220-8700

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of the TexAmericas Center as of September 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress, and budgetary comparison information on pages 3 through 9 and page 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2015, on our consideration of the TexAmericas 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 to describe the scope of our testing of internal control over financial reports and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governments Auditing Standards* in considering TexAmericas Center's internal control over financial reporting and compliance.

Veil + Knauth, LLP

Richardson, Texas
March 31, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the TexAmericas Center (Center), we offer readers of the TexAmericas Center's financial statements this narrative overview and analysis of the financial activities of the TexAmericas Center for the fiscal year ended September 30, 2014.

Financial Highlights

- The assets of the Center exceeded its liabilities at the close of the most recent fiscal year by \$66,181,649 (*net position*). Of this amount, \$8,239,340 (*unrestricted net position*) may be used to meet the Center's ongoing obligation to citizens and creditors.
- The Center's total net position increased by \$40,244. The increase is attributable to the current year personal property sales and timber cutting on TexAmericas Center's East campus.
- As of the close of the fiscal year, the Center's general fund reported an ending fund balance of \$6,612,450, an increase of \$1,770,062 in comparison with the prior year. Approximately 82% of this amount, \$5,441,706, is available for spending at the Center's discretion (unreserved, undesignated fund balance).
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was 141% of total general fund expenditures.
- The Center's total debt increased by \$5,898,764 during the current fiscal year. The debt increase was due to the issuance of a new bond.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the TexAmericas 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 TexAmericas Center's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the TexAmericas Center's assets and liabilities, with the difference between the two 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 (e.g. uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the Center that are principally supported by intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Center include planning, marketing and development. The business-type activities of the Center include water and sewer services.

The government-wide financial statements can be found on pages 10-11 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Center, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Center can be divided into two categories: governmental funds and proprietary funds.

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 statement, government fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a 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 one governmental fund also called the general fund. The general fund's 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 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 12-16 of this report.

Proprietary Funds. The Center maintains one proprietary fund also called the enterprise fund. An enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Center uses an enterprise fund to account for its water and sewer operations.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the enterprise fund, which is considered to be a major fund of the Center.

The basic proprietary fund financial statements can be found on pages 17-20 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to 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 21-39 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Center's financial position. In the case of the Center, assets exceeded liabilities by \$66,181,649 as of September 30, 2014.

The largest portion of the Center's net position (\$54,485,864 or 82%), reflects its investment in capital assets (e.g., land and timber, buildings, roads and rail, utility system improvements, intangible utility assets, 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 citizens; 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.

Condensed financial information from the statements of net position and activities as of September 30, 2014 and September 30, 2013 is as follows:

Statement of Net Position As of September 30, 2014 and 2013

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total Government</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
Cash and investments	\$ 8,569,536	5,034,715	628,393	1,939,150	9,197,929	6,973,865
Other assets	72,960	108,632	1,168,469	1,051,146	1,241,429	1,159,778
Restricted assets	-	-	10,573,251	3,134,605	10,573,251	3,134,605
Capital assets	46,222,845	48,541,127	12,809,316	13,111,769	59,032,161	61,652,896
Total assets	54,865,341	53,684,474	25,179,429	19,236,670	80,044,770	72,921,144
Other liabilities	2,030,046	300,959	264,710	818,179	2,294,756	1,119,138
Long term liabilities	339,190	553,435	11,229,175	5,107,166	11,568,365	5,660,601
Total liabilities	2,369,236	854,394	11,493,885	5,925,345	13,863,121	6,779,739
Net position:						
Net invested in capital assets	45,916,412	48,039,706	8,569,452	9,209,118	54,485,864	57,248,824
Restricted for capital improvements	-	-	1,277,153	1,269,369	1,277,153	1,269,369
Restricted for bond reserves	-	-	2,179,292	959,919	2,179,292	959,919
Unrestricted	6,579,693	4,790,374	1,659,647	1,872,919	8,239,340	6,663,293
Total net position	\$ 52,496,105	52,830,080	13,685,544	13,311,325	66,181,649	66,141,405

An additional portion of the Center's net position, \$3,456,445 (5%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$8,239,340) may be used to meet the Center's ongoing obligations to citizens 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, both for the Center as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was an increase of \$1,227,157 in restricted net position reported in connection with the Center's business-type activities. The Center's net position increased by \$40,244 during the current fiscal year.

A condensed version of the Statement of Activities follows:

Statement of Activities
For the years ended September 30, 2014 and 2013

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total Government</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
Revenues						
Program Revenues:						
Charges for Service	\$ 2,816,150	2,393,680	2,755,452	2,625,418	5,571,602	5,019,098
Operating Grants & Contributions	979,971	985,486	-	-	979,971	985,486
Capital Grants & Contributions	-	-	1,153,238	1,734,711	1,153,238	1,734,711
General Revenues:						
Investment Earnings	25,466	22,690	41,361	20,531	-	-
Insurance Proceeds	810,903	-	-	-	66,827	43,221
Interest Income	-	-	-	-	810,903	-
Total Revenues	<u>4,632,490</u>	<u>3,401,856</u>	<u>3,950,051</u>	<u>4,380,660</u>	<u>8,582,541</u>	<u>7,782,516</u>
Expenses						
Facility Operations & Infrastructure	2,217,422	1,466,282	-	-	2,217,422	1,466,282
Real Estate, Marketing & Sales	846,593	1,615,382	-	-	846,593	1,615,382
General Government	761,489	612,893	-	-	761,489	612,893
Hunting & Timber	156,619	101,931	-	-	156,619	101,931
ESCA	710,427	119,406	-	-	710,427	119,406
Scrap & Materials Reclamation	273,915	89,001	-	-	273,915	89,001
Water	-	-	902,838	1,035,363	902,838	1,035,363
Waste Water	-	-	1,384,901	797,322	1,384,901	797,322
Industrial Waste Water	-	-	787,188	625,002	787,188	625,002
Interest	-	-	408,218	299,955	408,218	299,955
Loss on Sale of Assets	-	-	92,687	3,117,727	92,687	3,117,727
Total expenses	<u>4,966,465</u>	<u>4,004,895</u>	<u>3,575,832</u>	<u>5,875,369</u>	<u>8,542,297</u>	<u>9,880,264</u>
Change in Net Position	(333,975)	(603,039)	374,219	(1,494,709)	40,244	(2,097,748)
Net Position-Beginning	52,830,080	54,628,545	13,311,325	14,910,033	66,141,405	69,538,578
Prior Period Adjustment	-	(1,195,426)	-	(103,999)	-	(1,299,425)
Net Position - Ending	<u>\$ 52,496,105</u>	<u>52,830,080</u>	<u>13,685,544</u>	<u>13,311,325</u>	<u>66,181,649</u>	<u>66,141,405</u>

Governmental activities. Governmental activities decreased the Center's net position by \$333,975 during fiscal year ended September, 2014. Key elements of this decrease are as follows:

- Timber revenue recorded in the current year increased \$503,000 from the sale of timber during the year;
- Facility operations and infrastructure expenses increased by approximately \$750,000;
- Real estate expenses decreased by \$769,000; and
- ESCA revenue and expenses began in 2014 for \$367,000 and \$710,000, respectively. This program relates to the environmental restoration activities.

Business-Type Activities. Business-type activities increased the net position of the Center by \$374,219. Key elements of this increase are as follows:

- Charges for services for business-type activities decreased \$130,035, or almost 5%.
- Capital grants and contributions decreased by \$581,473, or almost 34%.
- Water and sewer expenses increased approximately 25%, or \$617,000.
- The Loss in the Sale of Capital Assets decreased from \$3,117,727 in 2013 due to the transferring water lines to the City of Texarkana, Texas and the disposal of the old sewer treatment plant.

Financial Analysis of the Governmental Fund

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

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

The general fund is the chief operating fund of TexAmericas Center. At the end of the current fiscal year, the unassigned fund balance was \$5,441,706, while the total fund balance was \$6,612,450. 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. Unassigned fund balance represents 141% of the total general fund expenditures, while total fund balance represents 172% of that same amount.

The fund balance of the Center's general fund increased by \$1,770,062 during the 2014 fiscal year compared to an increase of \$824,459 in 2013.

Proprietary funds. The Center's proprietary fund, the enterprise fund water and sewer system, provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water and sewer system at the end of the year amounted to \$1,659,647. The total growth in net position was \$374,219. Other factors concerning the finances of this fund have already been discussed in the discussion of the Center's business-type activities.

General Fund Budgetary Highlights

During the year, there was a \$1,276,513 decrease in the expenditure appropriations between the original and final amended budget. Following are the main components of the decrease:

- ESCA expenditures increased \$412,906; and
- Facility operations and infrastructure expenditures decreased \$1,399,064

There was an increase of \$2,593,533 in the revenues between the original and final amended budgets. The increases were in ESCA revenue of \$1,223,361, timber sales revenue of \$293,955, and insurance proceeds of \$811,000.

Capital Assets and Debt Administration

Capital Assets. At September 30, 2014, the Center had \$59,032,161 invested in capital assets for its governmental and business-type activities, net of accumulated depreciation. This investment in capital assets includes land and timber, buildings, roads and rails, machinery and equipment, utility system and construction in progress.

Capital Assets at Year-End Net of Accumulated Depreciation

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total Government</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
Land and timber	\$ 18,681,944	19,544,338			18,681,944	19,544,338
Buildings and improvements	21,788,229	21,763,736			21,788,229	21,763,736
Roads and rail	19,301,497	19,079,408			19,301,497	19,079,408
Utility System			6,532,637		6,532,637	
Donated utility system		-	3,160,153	3,160,153	3,160,153	3,160,153
Utility system improvements		-	5,249,085	4,967,124	5,249,085	4,967,124
Equipment	524,814	587,861	1,084,171	1,162,327	1,608,985	1,750,188
Intangible utility assets		-	334,003	334,003	334,003	334,003
Construction in progress	370,356	234,973	96,477	6,496,497	466,833	6,731,470
Subtotal	60,666,840	61,210,316	16,456,526	16,120,104	77,123,366	77,330,420
Accumulated depreciation	(14,443,995)	(12,669,189)	(3,647,210)	(3,008,335)	(18,091,205)	(15,677,524)
Total capital assets	<u>\$ 46,222,845</u>	<u>48,541,127</u>	<u>12,809,316</u>	<u>13,111,769</u>	<u>59,032,161</u>	<u>61,652,896</u>

Major capital asset events during the current fiscal year included the following:

- The cutting of timber on the east campus (\$2,550,877).
- Completion of construction of the new sewer treatment plant (\$6,532,637).

Additional information on the Center's capital assets can be found in Note 5 of the notes to the financial statements.

Long-term debt. At the end of current fiscal year, the Center had \$306,433 in notes payable and bonded debt outstanding of \$11,200,000. The notes payable are secured by a first lien on a building. The bonds are secured by and payable from a first lien on and pledge of the net revenues of the system.

Outstanding Debt at Year End

	<i>Government Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
Revenue bonds	\$ -		11,200,000	5,080,000	11,200,000	5,080,000
Notes payable	306,433	501,430			306,433	501,430
Accrued compensated absences	32,757	52,005	29,175	27,166	61,932	79,166
Total	<u>\$ 339,190</u>	<u>553,435</u>	<u>11,229,175</u>	<u>5,107,166</u>	<u>11,568,365</u>	<u>5,660,601</u>

The Center's debt increased by \$5,895,764 (104%) during the current fiscal year. The increase is attributable to the issuance of new bonds. The Center maintains a AA+/stable rating from Standard & Poor's for the revenue bonded debt.

Additional information of the TexAmericas Center's long-term debt can be found in Note 7 on pages 32-34 on this report.

Economic Factors and Next Year's Budget

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

The FY2015 and FY2016 budgets will be subject to a higher degree of uncertainty compared with prior year budgets because of the possible transfer of the sewer treatment plant, FY15 will be near the end of the timber cutting, the size of the additional operational responsibilities of TexAmericas Center and because market sensitivities to available land, timber and buildings have not been fully tested. As a result, the approach to expenditures associated with the conversion of the new property will be handled in a very conservative manner.

There are no major changes expected from the current list of tenants upon the TexAmericas Center. There are some leases scheduled to expire this year, however most are expected to be renewed.

Financial Contact

The Center's financial statements are designed to present users (citizens, taxpayers, 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.

TexAmericas Center
Statement of Net Position
September 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 8,569,536	\$ 628,393	\$ 9,197,929
Accounts Receivable	83,254	694,945	778,199
Due From Other Governments	451,488	-	451,488
Internal Balances	(467,752)	467,752	-
Prepaid Expenses	5,970	5,772	11,742
Restricted Assets:			
Cash Restricted for Capital Improvements	-	1,277,153	1,277,153
Cash Restricted for Bonded Debt Reserves	-	2,335,962	2,335,962
Cash Restricted for Construction - Bond Proceeds	-	845,227	845,227
Certificates of Deposit Restricted for Construction - Bond Proceeds	-	6,114,909	6,114,909
Capital Assets (Net of Accumulated Depreciation)			
Land and Timber	18,681,944	-	18,681,944
Buildings	10,730,116	-	10,730,116
Roads and Rail	16,194,449	-	16,194,449
Equipment	245,980	591,245	837,225
Utility System	-	12,121,594	12,121,594
Construction in Progress	370,356	96,477	466,833
Total Assets	54,865,341	25,179,429	80,044,770
Liabilities			
Accounts Payable	458,237	74,510	532,747
Accrued Liabilities	15,486	27,757	43,243
Unearned Revenue	1,448,276	-	1,448,276
Tenant Lease Deposits	108,047	-	108,047
Accrued Interest	-	162,443	162,443
Noncurrent Liabilities			
Due Within One Year:			
Accrued Compensated Absences	21,380	18,552	39,932
Notes Payable	149,304	-	149,304
Revenue Bonds Payable	-	745,000	745,000
Due in More Than One Year:			
Accrued Compensated Absences	11,377	10,623	22,000
Notes Payable	157,129	-	157,129
Revenue Bonds Payable	-	10,455,000	10,455,000
Total Liabilities	2,369,236	11,493,885	13,863,121
Net Position			
Invested in Capital Assets	45,916,412	8,569,452	54,485,864
Restricted For:			
Capital Improvements	-	1,277,153	1,277,153
Bond Reserves	-	2,179,292	2,179,292
Unrestricted	6,579,693	1,659,647	8,239,340
Total Net Position	\$ 52,496,105	\$ 13,685,544	\$ 66,181,649

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

TexAmericas Center
Statement of Activities
For the Year Ended September 30, 2014

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary Government						
Governmental Activities:						
Facility Operations & Infrastructure	\$ 2,217,422	\$ 66,712	\$ 130,384	\$ (2,020,326)	\$ -	\$ (2,020,326)
Real Estate, Marketing & Sales	846,593	1,876,941	16,926	1,047,274	-	1,047,274
General Government	761,489	-	329,113	(432,376)	-	(432,376)
Hunting & Timber	156,619	670,653	62,911	576,945	-	576,945
ESCA	710,427	-	366,710	(343,717)	-	(343,717)
Scrap & Materials Reclamation	273,915	201,844	73,927	1,856	-	1,856
Total Governmental Activities	4,966,465	2,816,150	979,971	(1,170,344)	-	(1,170,344)
Business-Type Activities						
Water	902,838	887,926	-	-	(14,912)	(14,912)
Waste Water	1,384,901	1,037,254	-	-	805,591	805,591
Industrial Waste Water	787,188	830,272	-	-	43,084	43,084
Total Business-Type Activities	3,074,927	2,755,452	-	-	833,763	833,763
Total Primary Government	\$ 8,041,392	\$ 5,571,602	\$ 979,971	\$ (1,170,344)	\$ 833,763	\$ (336,581)
General Revenues						
Loss on Sale of Assets					(92,687)	(92,687)
Investment Earnings				25,466	(366,857)	(341,391)
Insurance Proceeds				810,903	-	810,903
Total General Revenues				836,369	(459,544)	376,825
Change in Net Position				(333,975)	374,219	40,244
Net Position - Beginning				52,830,080	13,311,325	66,141,405
Net Position - Ending				\$ 52,496,105	\$ 13,685,544	\$ 66,181,649

TexAmericas Center
Balance Sheet
Governmental Funds
As of September 30, 2014

	<u>General Fund</u>
Assets	
Cash and Cash Equivalents	\$ 8,569,536
Accounts Receivable	83,254
Due From Office of Economic Adjustment (OEA)	451,488
Prepaid Expenses	5,970
Total Assets	<u>\$ 9,110,248</u>
Liabilities	
Accounts Payable	\$ 458,237
Accrued Liabilities	15,486
Due to Other Funds	467,752
Unearned Revenue	1,448,276
Tenant Lease Deposits	108,047
Total Liabilities	<u>2,497,798</u>
Fund Balance	
Committed	1,151,329
Assigned	19,415
Unassigned	5,441,706
Total Fund Balance	<u>6,612,450</u>
Total Liabilities and Fund Balance	<u>\$ 9,110,248</u>

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

TexAmericas Center
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
September 30, 2014

Amounts reported for governmental activities in the statement of net position are different because:

Total Governmental Fund Balance	\$ 6,612,450
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	46,222,845
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds.	(339,190)
Net Position of Governmental Activities	<u>\$ 52,496,105</u>

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

TexAmericas Center
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2014

	<u>General Fund</u>
Revenues	
Leases	\$ 1,876,941
Timber & Hunting Revenue	1,563,313
Grants	613,261
Personal Property Sales	301,295
ESCA	366,710
Insurance Proceeds	810,903
Franchise Fees	63,101
Interest	25,466
Miscellaneous	3,611
Total Revenues	<u>5,624,601</u>
Expenditures	
Current:	
Facility Operations & Infrastructure	627,284
Real Estate, Marketing & Sales	814,974
General Government	780,737
Hunting & Timber	156,619
ESCA	710,427
Scrap & Materials Reclamation	273,915
Debt Service:	
Real Estate, Marketing & Sales	
Principal	194,997
Interest	31,619
Capital Outlay	
Facility Operations & Infrastructure	263,967
Total Expenditures	<u>3,854,539</u>
Change in Fund Balance	1,770,062
Fund Balance - Beginning	4,842,388
Fund Balance - Ending	<u>\$ 6,612,450</u>

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

TexAmericas Center
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2014

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - total governmental funds	\$ 1,770,062
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(1,326,171)
The net effect of various disposals of capital assets is to decrease net position.	(992,111)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The transaction, however, has no effect on net position. This amount is the effect of the difference in the treatment of long-term debt.	194,997
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This amount represents the change in compensated absences.	19,248
Change in net position of governmental activities	<u>\$ (333,975)</u>

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

TexAmericas Center
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Leases	\$ 1,829,379	\$ 1,829,379	\$ 1,876,941	\$ 47,562
Timber & Hunting Revenue	841,000	1,134,955	1,563,313	428,358
Grants	333,707	695,299	613,261	(82,038)
Personal Property Sales	250,000	300,000	301,295	1,295
ESCA	443,789	1,667,150	366,710	(1,300,440)
Intergovernmental	150,000	-	-	-
Franchise Fees	50,000	50,000	63,101	13,101
Road Reclamation	20,000	20,000	-	(20,000)
Miscellaneous	-	3,625	3,611	(14)
Insurance Proceeds	-	811,000	810,903	(97)
Interest	19,000	19,000	25,466	6,466
Total Revenue	<u>3,936,875</u>	<u>6,530,408</u>	<u>5,624,601</u>	<u>(905,807)</u>
Expenditures				
Facility Operations & Infrastructure	2,435,824	1,036,760	891,251	145,509
Real Estate, Marketing & Sales	1,170,544	1,089,861	1,041,590	48,271
General Government	686,923	874,937	780,737	94,200
Hunting & Timber	189,175	166,489	156,619	9,870
ESCA	410,916	823,822	710,427	113,395
Scrap & Materials Reclamation	885,323	510,323	273,915	236,408
Total Expenditures	<u>5,778,705</u>	<u>4,502,192</u>	<u>3,854,539</u>	<u>647,653</u>
Change in Fund Balance	(1,841,830)	2,028,216	1,770,062	(258,154)
Fund Balance - Beginning	4,842,388	4,842,388	4,842,388	-
Fund Balance - Ending	<u>\$ 3,000,558</u>	<u>\$ 6,870,604</u>	<u>\$ 6,612,450</u>	<u>\$ (258,154)</u>

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

TexAmericas Center
Statement of Net Position
Proprietary Funds
As of September 30, 2014

	<u>Enterprise Fund</u>
Assets	
Current Assets:	
Cash in Bank	\$ 628,393
Accounts Receivable	694,945
Prepaid Expenses	5,772
Due From Other Funds	467,752
Total Current Assets	<u>1,796,862</u>
Noncurrent Assets:	
Restricted Assets:	
Cash Restricted for Capital Improvements	1,277,153
Cash Restricted for Bonded Debt Reserves	2,335,962
Cash Restricted for Construction - Bond Proceeds	845,227
Certificates of Deposit Restricted for Construction - Bond Proceeds	6,114,909
Total Restricted Assets	<u>10,573,251</u>
Capital Assets (Net of Accumulated Depreciation)	12,809,316
Total Assets	<u>25,179,429</u>
Liabilities	
Current Liabilities:	
Accounts Payable	74,510
Accrued Liabilities	27,757
Accrued Compensated Absences - Current	18,552
Accrued Interest	162,443
Revenue Bonds Payable - Current	745,000
Total Current Liabilities	<u>1,028,262</u>
Noncurrent Liabilities:	
Accrued Compensated Absences - Long Term	10,623
Revenue Bonds Payable - Long Term	10,455,000
Total Noncurrent Liabilities	<u>10,465,623</u>
Total Liabilities	<u>11,493,885</u>
Net Position	
Net Invested in Capital Assets	8,569,452
Restricted for Capital Improvements	1,277,153
Restricted for Bond Reserves	2,179,292
Unrestricted	1,659,647
Total Net Position	<u>\$ 13,685,544</u>

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

TexAmericas Center
Statement of Revenues, Expenditures, and Change in Net Position
Proprietary Funds
For the Year Ended September 30, 2014

	<u>Enterprise Fund</u>
Operating Revenues	
Charges for Services:	
Army Water Supply Charge	\$ 200,472
Army Water Distribution Charge	630,853
Army Waste Water Charge	906,772
Army Industrial Waste Water Charge	830,272
Commercial & Residential Water Distribution Charge	55,967
Commercial & Residential Waste Water Charge	100,123
Miscellaneous Revenue	634
Reimbursable Service Work	30,359
Total Operating Revenues	<u>2,755,452</u>
Operating Expenses	
Labor	707,389
Analyticals	131,101
Repairs	280,351
Other Maintenance	44,081
Equipment Maintenance, Repair & Fuel	30,341
Equipment Rental	811
Materials	121,453
Supplies	57,066
Permits	38,416
Utilities	139,443
Waste Disposal	22,937
Water Purchase	244,299
Consulting	17,081
Bond Issuance Costs	176,195
Overhead	344,138
Depreciation	719,825
Total Operating Expenses	<u>3,074,927</u>
Operating Income (Loss)	<u>(319,475)</u>
Nonoperating Revenues (Expenses)	
Facility Charges	1,153,238
Interest Income	41,361
Interest Expense	(408,218)
Loss on Sale of Capital Assets	(92,687)
Total Nonoperating Revenues (Expenses)	<u>693,694</u>
Change in Net Position	374,219
Net Position - Beginning	13,311,325
Net Position - Ending	<u>\$ 13,685,544</u>

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

TexAmericas Center
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2014

	<u>Enterprise Fund</u>
Cash flows from operating activities	
Receipts from customers	\$ 3,108,081
Payments to suppliers and service providers	(1,917,745)
Payments to employees for salaries and benefits	(945,259)
Net cash provided by operations	<u>245,077</u>
Cash flows from capital and related financing activities	
Receipt of facility charges	1,153,238
Acquisition and construction of capital assets	(1,046,606)
Interest paid on capital debt	(408,218)
Principal paid on capital debt	(455,000)
Proceeds on bonds issued	6,600,000
Net cash provided by capital and related financing activities	<u>5,843,414</u>
Cash flows from investing activities	
Interest received on bank accounts	41,361
Purchase of certificates of deposit	(6,600,000)
Proceeds from maturity of certificates of deposit	483,128
Net cash provided by (used for) investing activities	<u>(6,075,511)</u>
Net increase in cash	12,980
Cash - beginning of year	5,073,755
Cash - end of year	<u>\$ 5,086,735</u>
Cash consists of:	
Unrestricted Cash	\$ 628,393
Cash restricted for capital improvements	1,277,153
Cash restricted for bonded debt purposes	2,335,962
Cash restricted for construction - bond proceeds	845,227
Total Cash	<u>\$ 5,086,735</u>

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