

CITY OF SCHERTZ, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2019



OFFICIALS ISSUING REPORT

James M. Browne
City Manager

James Walters
Director of Finance

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CITY OF SCHERTZ, TEXAS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

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INTRODUCTORY SECTION

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February 1, 2020

To the Honorable Mayor, City Council, and the Citizens of Schertz:

State law requires that local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) and audited in accordance with generally accepted auditing standards in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Schertz for the fiscal year ended September 30, 2019.

This report consists of management's representations concerning the finances of the City of Schertz. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Schertz has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Schertz's financial statements in conformity with U.S. GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Schertz comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Schertz's financial statements have been audited by Pattillo, Brown & Hill, LLP a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Schertz for the fiscal year ended September 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Schertz's financial statements for the fiscal year ended September 30, 2019, are fairly presented in conformity with U.S. GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Schertz's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Schertz, incorporated in 1958, is located in the central part of Texas, which is considered to be a top growth area in the state, and one of the top growth areas in the country. The City of Schertz currently occupies a land area of 32.21 square miles with a population of 41,057 in 2018 according to the US Census Bureau. The City of Schertz is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing body.

The City of Schertz has operated under the council-manager form of government since November 30, 1972. Policymaking and legislative authority are vested in a City Council consisting of the Mayor and seven at-large councilmembers. The City Council is responsible for establishing public policy on City matters by the passage of appropriate ordinances and resolutions. The City Manager is responsible for overseeing the day-to-day operations of the government, implementing policy established by City Council, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members serve three-year staggered terms, with two council members elected every three years and then three council members elected the final three years in the cycle. The mayor is elected to serve a three-year term.

The City of Schertz provides a full range of services, including police and fire protection, EMS services, library services, the construction and maintenance of streets, recreational facilities, cultural events, and water and sewer services.

The annual budget and five-year forecast serve as the foundation for the City of Schertz's financial planning and control. All city departments are required to submit requests for appropriation to the City Manager by June of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents the proposed budget to the council for review in early August. The council then holds public hearings and community meetings on the proposed budget and to adopt a final budget by September 30th. The fiscal year for Schertz is from October 1 through September 30. The appropriated budget is prepared by each department (e.g. police). The City Manager may make transfers of appropriations within a department. The City Manager may make transfers between departments and funds with City Council approval. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented in the required supplementary information, as listed in the table of contents.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Schertz operates.

Local economy. Economic growth in Schertz remained strong in 2019. The Federal Reserve Bank of Dallas reported that the San Antonio Business-Cycle Index, of which Schertz data is incorporated, grew 3.2% year over year for September 2019. This increase in the Index shows this region is still in a state of economic expansion. As of October 2019, the unemployment rate for Texas was 3.3% and several metro areas including Austin, Dallas-Fort Worth, and San Antonio, are below the state average. Schertz in particular had an unemployment rate of 2.9 percent during this time.

The City of Schertz realized a 1.4% decrease year-over-year in sales tax collections during the fiscal year. One time Sales Tax contributions generated from the construction sector lead the increase in FY 2017-18 for 16.8% and Schertz was able to nearly maintain that level of generation from sales taxes generated in other sectors. Revenue generated from these sources can fluctuate year by year with the amount of high value projects.

During the 2019 calendar year, Schertz saw a diverse range of new product added to its real estate market. These projects spanned from commercial developments and retail space to a hotel and a major entertainment venue. The largest commercial, industrial project completed this year includes Tri County Crossing Buildings 1 (96,978 sf) and 2 (106,424 sf), both located at 17750 Lookout Road. These buildings are 2 of 5 planned Tri County Crossing buildings being developed by EastGroup Properties. Staybridge Suites opened a 97 room, extended stay hotel on the corner of Schertz Parkway and Interstate 35, adding over 71,000 sf of space to Schertz' lodging footprint. EVO Entertainment's opened their 73,330 sf, state-of-the-art theater to the public in Quarter 1. Ryder Truck completed work on an expansion of their existing facility located at 9993 Doerr Lane, adding 19,226 sf of space to their Schertz location. According to 2019 Quarter 4 data provided by the City of Schertz Economic Development Corporation, the Schertz market has an industrial vacancy rate of 8.2%, down from the previous quarter's 9.4%. Average asking rates for the industrial sector stood at \$5.59 NNN, a decrease of \$0.02 from the third quarter of 2019.

Long-term financial planning. The community approved bond propositions in November 2010 for quality of life projects which included an aquatics facility, improvements to the baseball fields and soccer fields, building a new animal adoption facility, and improvements to Main Street. The only remaining project are the Main Street improvements.

In November 2015, the City placed 2 bond propositions before the voters totaling \$15 million. \$7 million was for FM roadways which the City will partner with the Texas Department of Transportation, who will provide matching funds, and \$8 million for a new Fire Station located in the southern portion of Schertz. \$2 million for the FM roadways have been issued and sent to the Texas Department of Transportation for improvements on FM 1103 as of July 2018. In June 2018, the second \$4 million was issued for the Fire Station to begin construction. Currently the Fire Station is estimated to be completed in 2019.

Current Year Budget Initiatives. In FY 2018-19, the City's main initiatives that had a major budget impact were the implementation of the fourth and final year recommendation of the Classification and Compensation Study to bring the wages up to a more competitive level, a new Classification and Compensation Study to determine our new market position, a Staff Study to evaluate department efficiencies and personnel placement, and add 9 new positions. In addition, the General Fund will transfer \$4 million from reserves into the capital project fund for road, sidewalk, and drainage improvements.

The new personnel will be decided by a staffing study results in January 2020.

Financial Information:

Internal Control. Management is responsible for establishing and maintaining internal controls designed to ensure that assets of the City are protected from loss, theft or misuse and to provide adequate accounting information compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles for local governments as prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA). The internal control system is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of an internal control should not exceed the benefits derived from the internal control. The City utilizes financial accounting software which is designed with a system of internal controls. These controls are continually being reevaluated to provide reasonable, but not absolute, assurances.

Budget Controls. The City also utilizes budgetary controls. Legally expenditures cannot exceed the appropriated amount. The objective of these budgetary controls is to ensure compliance with the adopted budget approved by the City Council as mandated by the city charter and state law. The levels of budgetary control are established at the line-item basis and at the fund level. Staff believes these controls help monitor and direct approved expenditures to a level within the budget parameters which directly results in a strong financial performance.

Financial Results. Assets and fund balances continue to grow as the City grows and financial results remain strong. While additional debt was issued during the year, Staff closely monitors and plans the amount of issuance to keep steady debt ratios per capita, per revenue, and per operations tax rate to the debt tax rate. Examples of these ratios can be found in the Statistical Section. A more detailed summary of the City's Financial Performance is available in the Management Discussion and Analysis.

Independent Audit. Every year an independent audit is performed of the general ledger, accounts, financial records, and transactions of all city departments. The audit is completed by an independent certified public accounting firm selected by the City Council. The City is in compliance with this requirement and the independent auditor's report by Pattillo, Brown & Hill, LLP. Certified Public Accountants, has been included in this report.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Schertz for its comprehensive annual financial report for the fiscal year ended September 30, 2018. This was the 34th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we will be submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report.

In conclusion, we would have none of the success we have enjoyed without the assistance of each and every staff member, as well as the support and strategic direction from the Mayor and the City Council during the strategic planning, pre-budget, and budget approval process.

Respectfully submitted,



James M. Browne
City Manager



James P. Walters
Finance Director

CITY OF SCHERTZ, TEXAS

CITY OFFICIALS

MAYOR

MICHAEL CARPENTER

MAYOR PRO-TEM

TIM BROWN

CITY COUNCIL

RALPH GUTIERREZ

MARK E. DAVIS

SCOTT LARSON

CEDRIC EDWARDS, SR.

DAVID SCAGLIOLA

ALLISON HEYWARD

CITY MANAGER

JAMES M. BROWNE

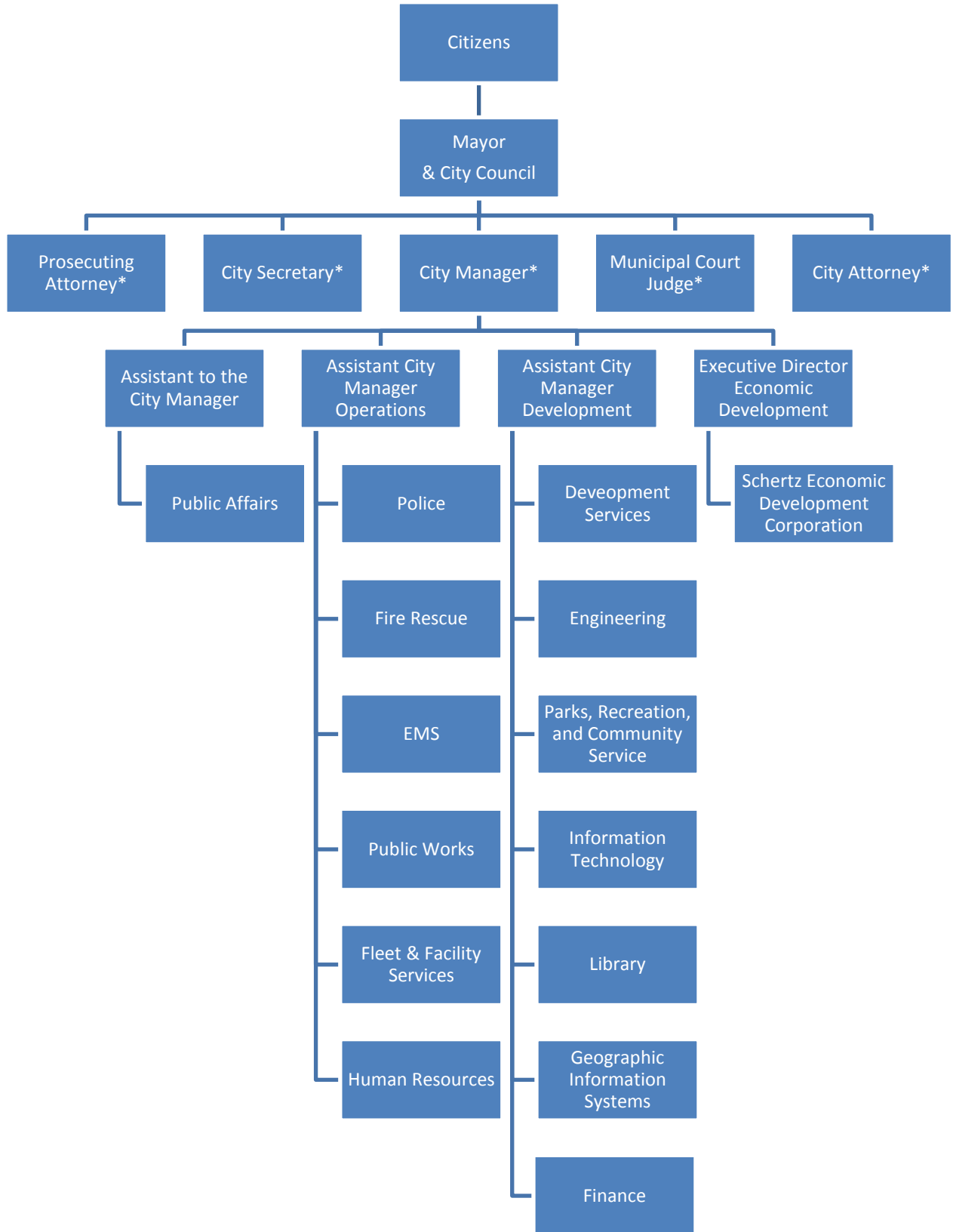
DIRECTOR OF FINANCE

JAMES WALTERS

CITY ATTORNEY

CHARLES ZECH, DENTON, NAVARRO, ROCHA, BERNAL & ZECH, P.C.

CITY OF SCHERTZ ORGANIZATIONAL CHART FY 2019-20



*Appointed by City Council



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Schertz
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morrell

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
City of Schertz, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Schertz, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Schertz, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City of Schertz's 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Schertz-Seguin Local Government Corporation or the Cibolo Valley Local Government Corporation, which collectively represent 8.3 percent 10.0 percent, respectively, of the assets and net position of the Water and Sewer Fund, and 8.0 percent and 9.9 percent, respectively, of the assets and net position of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Schertz-Seguin Local Government Corporation and Cibolo Valley Local Government Corporation, is based solely on the report of the other auditors. 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.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Schertz, Texas, as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The City of Schertz, Texas' fiscal year 2018 financial statements were previously audited by another auditor, and an unmodified audit opinion was expressed on those audited financial statements in a report dated March 19, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Schertz, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2020, on our consideration of the City of Schertz, Texas' 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 reporting 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 *Government Auditing Standards* in considering the City of Schertz, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 18, 2020

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Schertz, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Schertz for the fiscal year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

The assets and deferred outflows of the City of Schertz exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$235,636,559 (net position). Of this amount, \$36,174,725 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

The City's total net position increased by \$22,258,565. The primary reason for this increase was due to a prior period adjustment in the business-type activities recognizing the City's equity interest in joint ventures. Of the remaining increase, a significant portion, 30.4%, is attributable to capital contributions from developers.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$56,834,378, an increase of \$857,191 in comparison with the prior year. The primary cause of this increase was an increase of \$1.7 million in property tax revenues compared to the prior year. This increase in revenue was caused by an increase in assessed values due to the City's continued population growth.

At the end of the fiscal year, the combined total of the General Fund assigned and unassigned fund balances was \$10,119,933 which is 35.94% of the general fund expenditures not including capital outlay. The fund balance policy is to reserve at least a 26% balance.

During the fiscal year, the City issued \$16,065,000 in general obligation bonds and certificates of obligation, of which \$6.2 million is allocated to the proprietary funds. The debt was issued primarily to fund certain capital projects and to refund existing obligations with a present value savings.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The statement of net position presents information on all of the City'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 City of Schertz is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving to the change occurs, regardless of the timing of related cash flows. Thus, 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 City of Schertz that are principally supported by taxes and 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 City of Schertz include general government, public safety, streets and parks, health, and culture and recreation. The business-type activities of the City of Schertz include a water and sewer department and an emergency medical services department.

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 City of Schertz, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City of Schertz can be divided into two categories: governmental and proprietary.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental 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 is useful in evaluating a government's near-term financing 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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Schertz maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the economic development corporation and the capital projects fund, all of which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds. The City of Schertz maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Schertz uses enterprise funds to account for its water and sewer department and for its emergency medical services department.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer department and for the emergency medical services department, both of which are considered to be major funds of the City of Schertz.

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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's general fund budgetary schedule. The City of Schertz adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. The economic development corporation also adopts an annual budget, and a comparison schedule for it also is provided in the required supplementary information.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Schertz, assets exceeded liabilities by \$235,636,559 at the close of the most recent fiscal year. The largest portion of the City's total net position (67%) reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding, plus bond proceeds that have not yet been signed. The City of Schertz uses these capital assets to provide services to citizens; consequently, these assets are not available for operational type of future spending. Although the City'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.

An additional portion of the City's total net position (17.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$36,174,725, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Schertz is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

**City of Schertz's Net Position
Government-Wide**

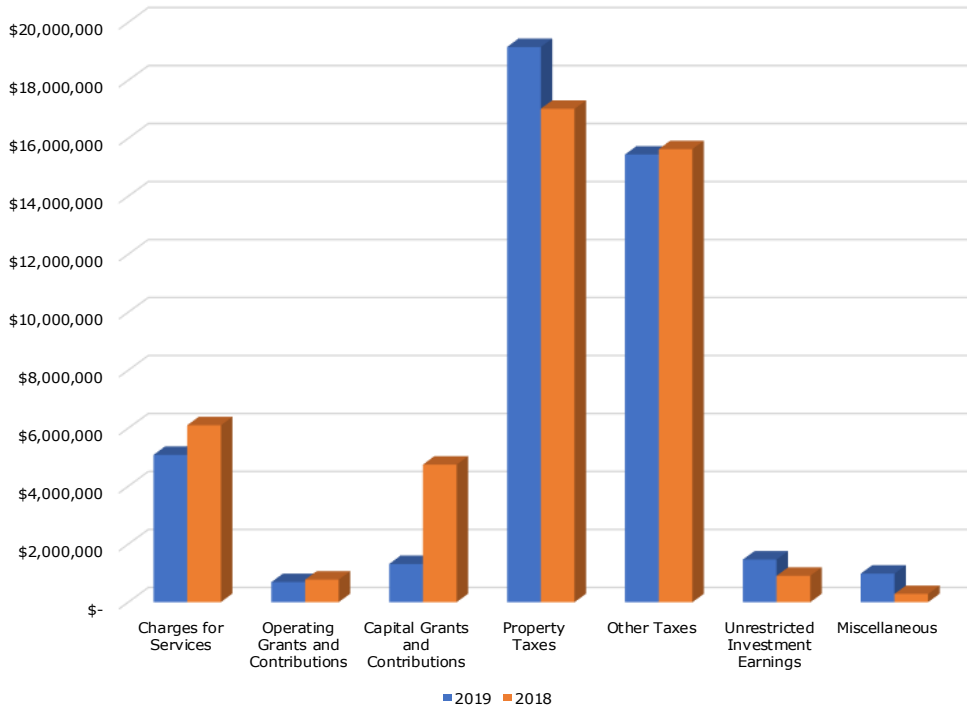
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 62,483,126	\$ 58,907,201	\$ 55,115,512	\$ 43,350,389	\$ 117,598,638	\$ 102,257,590
Capital assets	<u>143,800,297</u>	<u>139,558,325</u>	<u>86,809,556</u>	<u>78,668,459</u>	<u>230,609,853</u>	<u>218,226,784</u>
Total assets	<u>206,283,423</u>	<u>198,465,526</u>	<u>141,925,068</u>	<u>122,018,848</u>	<u>348,208,491</u>	<u>320,484,374</u>
Deferred outflows of resources	<u>5,026,512</u>	<u>2,896,350</u>	<u>1,307,526</u>	<u>732,459</u>	<u>6,334,038</u>	<u>3,628,809</u>
Current liabilities	8,595,801	7,846,103	4,792,951	5,190,642	13,388,752	13,036,745
Long-term liabilities	<u>81,400,396</u>	<u>77,074,678</u>	<u>23,649,513</u>	<u>18,905,255</u>	<u>105,049,909</u>	<u>95,979,933</u>
Total liabilities	<u>89,996,197</u>	<u>84,920,781</u>	<u>28,442,464</u>	<u>24,095,897</u>	<u>118,438,661</u>	<u>109,016,678</u>
Deferred inflows of resources	<u>434,900</u>	<u>1,431,927</u>	<u>32,409</u>	<u>286,584</u>	<u>467,309</u>	<u>1,718,511</u>
Net position:						
Net investment in capital assets	89,869,766	89,266,885	68,271,075	64,871,629	158,140,841	154,138,514
Restricted	28,088,355	23,391,047	13,232,638	12,626,526	41,320,993	36,017,573
Unrestricted	<u>2,920,717</u>	<u>2,351,236</u>	<u>33,254,008</u>	<u>20,870,671</u>	<u>36,174,725</u>	<u>23,221,907</u>
Total net position	<u>\$ 120,878,838</u>	<u>\$ 115,009,168</u>	<u>\$ 114,757,721</u>	<u>\$ 98,368,826</u>	<u>\$ 235,636,559</u>	<u>\$ 213,377,994</u>

The government's net position increased by \$22,258,565 during the current fiscal year. 30% of this increase represents capital contributions from developers. The following table indicates changes in net position for governmental and business-type activities followed by graphs displaying total revenues and expenses by type:

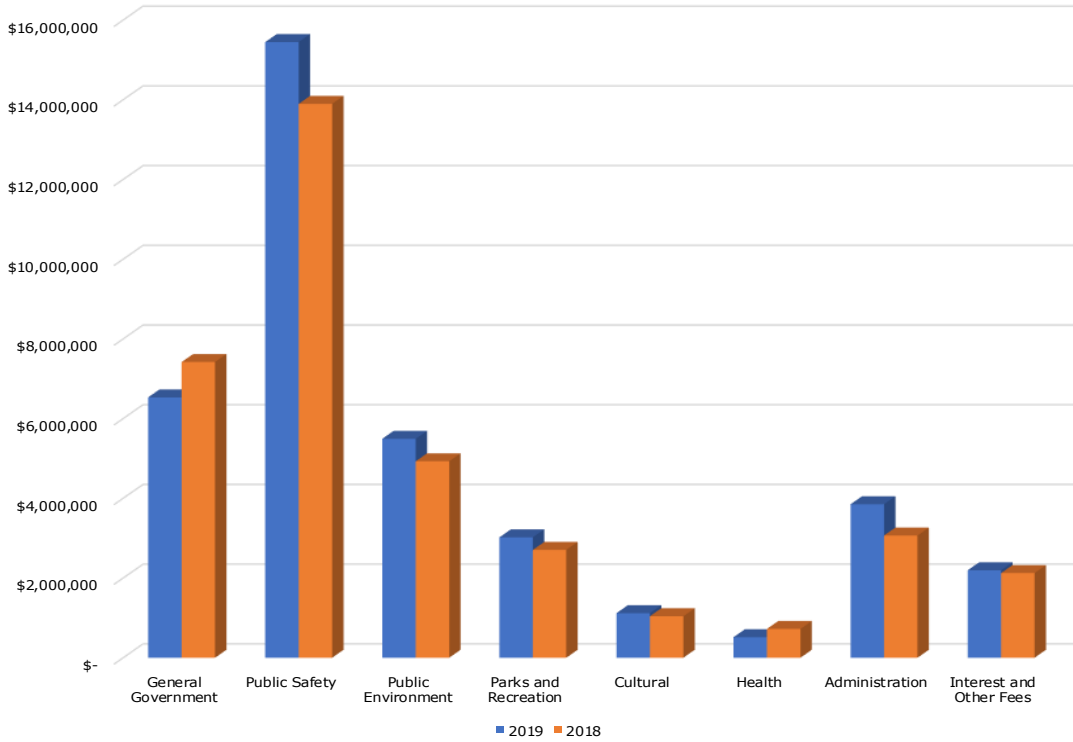
**City of Schertz's Changes in Net Position
Government-Wide**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 5,080,958	\$ 6,100,438	\$ 33,930,093	\$ 33,191,796	\$ 39,011,051	\$ 39,292,234
Operating grants & contributions	692,042	776,942	-	-	692,042	776,942
Capital contributions	1,319,793	4,744,489	1,975,524	3,132,348	3,295,317	7,876,837
General revenues:						
Property taxes	19,151,005	17,018,950	-	-	19,151,005	17,018,950
Other taxes	15,439,226	15,625,556	-	-	15,439,226	15,625,556
Investment earnings	1,470,258	909,985	855,216	532,367	2,325,474	1,442,352
Miscellaneous	984,257	283,496	267,788	453,374	1,252,045	736,870
Total revenues	<u>44,137,539</u>	<u>45,459,856</u>	<u>37,028,621</u>	<u>37,309,885</u>	<u>81,166,160</u>	<u>82,769,741</u>
Expenses:						
General government	6,534,013	7,421,918	-	-	6,534,013	7,421,918
Public safety	15,448,886	13,899,278	-	-	15,448,886	13,899,278
Public environment	5,495,192	4,930,723	-	-	5,495,192	4,930,723
Parks and recreation	3,022,278	2,707,292	-	-	3,022,278	2,707,292
Cultural	1,119,650	1,042,085	-	-	1,119,650	1,042,085
Health	516,890	724,780	-	-	516,890	724,780
Administration	3,853,255	3,067,983	-	-	3,853,255	3,067,983
Interest and other fees	2,196,180	2,125,687	-	-	2,196,180	2,125,687
Water and sewer	-	-	25,608,390	23,579,854	25,608,390	23,579,854
EMS	-	-	6,529,631	6,110,407	6,529,631	6,110,407
Total expenses	<u>38,186,344</u>	<u>35,919,746</u>	<u>32,138,021</u>	<u>29,690,261</u>	<u>70,324,365</u>	<u>65,610,007</u>
Increase in net position before transfers	<u>5,951,195</u>	<u>9,540,110</u>	<u>4,890,600</u>	<u>7,619,624</u>	<u>10,841,795</u>	<u>17,159,734</u>
Transfers	(81,525)	19,186	81,525	(19,186)	-	-
Change in net position	5,869,670	9,559,296	4,972,125	7,600,438	10,841,795	17,159,734
Net position - beginning of year	<u>115,009,168</u>	<u>106,647,921</u>	<u>98,368,826</u>	<u>91,142,326</u>	<u>213,377,994</u>	<u>197,790,247</u>
Prior period adjustment	-	(1,198,049)	11,416,770	(373,938)	11,416,770	(1,571,987)
Net position - end of year	<u>\$ 120,878,838</u>	<u>\$ 115,009,168</u>	<u>\$ 114,757,721</u>	<u>\$ 98,368,826</u>	<u>\$ 235,636,559</u>	<u>\$ 213,377,994</u>

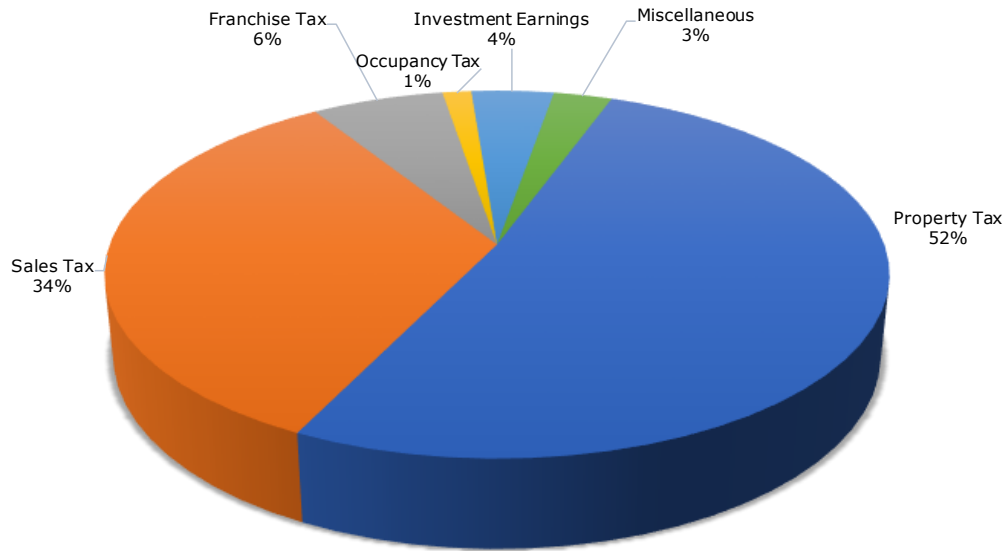
TOTAL REVENUES – GOVERNMENT-WIDE



TOTAL EXPENSES – GOVERNMENT-WIDE



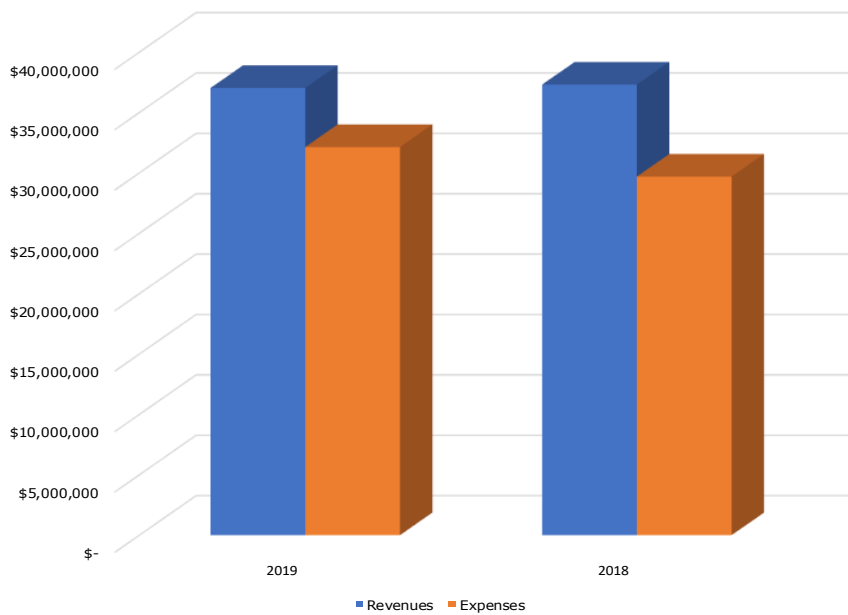
GENERAL REVENUE BY SOURCE – GOVERNMENTAL ACTIVITIES



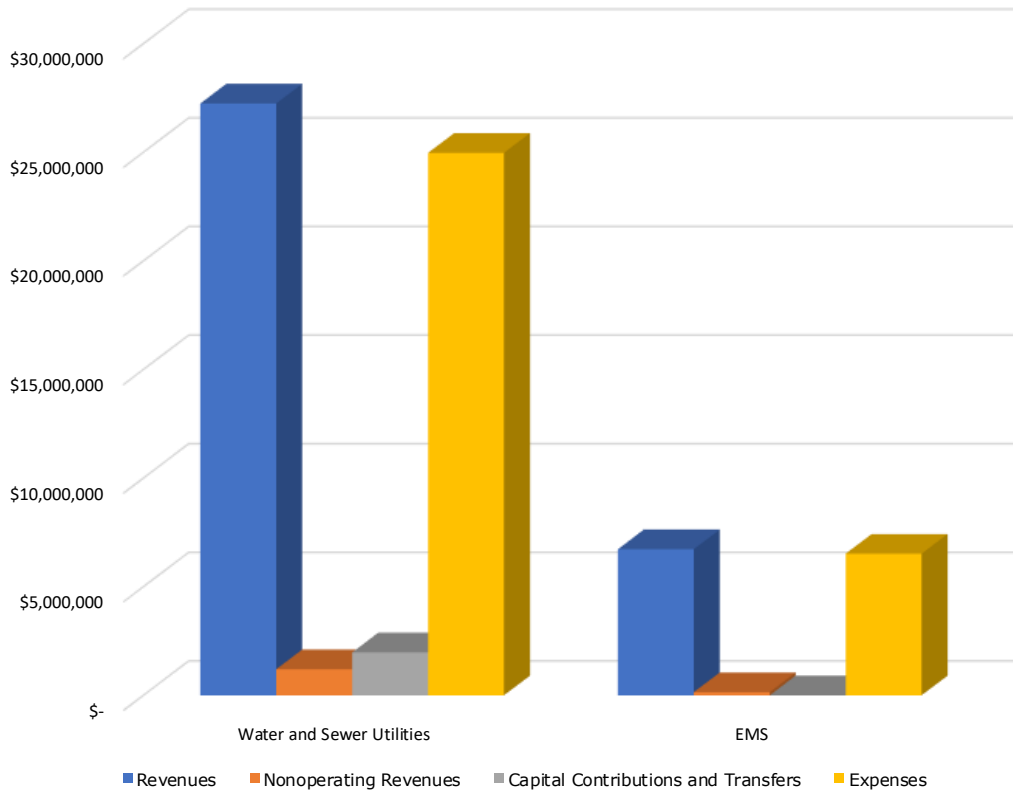
Business-Type Activities

Business-Type activities accounted for 74% of the growth in the net position of the City of Schertz. Of this increase, 12% is the result of capital contributions from developers. For the most part, increases in expenses closely paralleled inflation and the change in revenues was primarily related to fluctuations in capital contributions from developers.

TOTAL REVENUES AND EXPENSES – BUSINESS-TYPE ACTIVITIES



BUSINESS-TYPE REVENUES AND EXPENSES



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$56,834,378. Of this total amount, \$9,228,612 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is non-spendable, restricted, or assigned to indicate that it is not available for new spending because it has already been committed to pay debt service, for capital improvement projects, and other assigned purposes.

The general fund is the chief operating fund of the City of Schertz. At the end of the current fiscal year, unassigned fund balance of the general fund was \$9,228,612, while total fund balance was \$17,539,029, an increase of \$1,908,576 from the prior year. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 35.9% of total general fund expenditures, not including capital.

The debt service fund has a total fund balance of \$1,002,226, all of which is restricted for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$97,632. This decrease was due to a current loss on refunding bonds. Over time, however, the refunding is expected to result in a present value savings.

The capital projects fund has a total fund balance of \$13,114,310, a decrease of \$2,942,455. This decrease was caused by the expenditure of accumulated funds for planned capital projects. Additionally, the capital projects fund accumulated bond proceeds of \$4.6 million to fund future capital projects.

The Economic Development Fund presents the activities of the Schertz Economic Development Corporation (the "EDC"), which promotes economic development activities using a portion of the City's sales tax revenue. At yearend, the EDC fund reported an ending fund balance of \$21,777,256, which is an increase of \$3,965,288 compared to the prior year. The primary cause of this change was due to the EDC expending less funds than budgeted compared to stable revenues.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the water and sewer fund at the end of the year amounted to \$32,582,296 and those for the Schertz EMS fund amounted to \$671,712, which are 130% and 10% of fund operating costs, respectively. During the fiscal year, the Water/Sewer fund issued \$6.2 million of general obligation bonds and certificates of obligation to fund additional capital projects.

General Fund Budgetary Highlights

The General Fund expenditures were \$2,286,094 less than the \$30,442,235 budget. This was the result of cost savings across most of the General Fund. Revenues were higher by \$2,059,821 than budgeted, primarily due to increased tax revenues over budgeted. Overall, the fund balance increased by \$4,273,202 higher than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2019, amounts to \$230,609,853 (net of accumulated depreciation). Developers contributed \$1.9 million in infrastructure during the year. The City also has several projects in progress from voter approved bonds. Additional information on the City's capital assets can be found in the notes to the basic financial statements.

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 8,073,199	\$ 8,069,499	\$ 1,696,942	\$ 1,357,539	\$ 9,770,141	\$ 9,427,038
Water rights	-	-	70,245	70,245	70,245	70,245
Buildings and improvements	46,367,441	44,494,208	5,489,184	4,695,503	51,856,625	49,189,711
Machinery, equipment, and vehicles	12,958,097	12,299,312	6,007,550	5,441,459	18,965,647	17,740,771
Infrastructure	117,414,346	114,194,414	100,295,885	97,225,671	217,710,231	211,420,085
Construction in progress	21,045,668	16,640,216	9,248,439	3,391,127	30,294,107	20,031,343
Accumulated depreciation	(62,058,454)	(56,139,324)	(35,998,689)	(33,513,085)	(98,057,143)	(89,652,409)
TOTALS	\$ 143,800,297	\$ 139,558,325	\$ 86,809,556	\$ 78,668,459	\$ 230,609,853	\$ 218,226,784

LONG TERM DEBT

At the end of the current fiscal year, the City of Schertz had total bonded debt outstanding of \$82,545,120. The related principal and interest payment for the bonds are backed by an annual ad valorem tax levied against all taxable property within the City. The City of Schertz maintains a "AA+" rating from Standard and Poors. Additional information on the City's long-term debt can be found in the notes to the basic financial statements.

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 36,965,000	\$ 51,485,000	\$ 4,445,000	\$ 2,125,000	\$ 41,410,000	\$ 53,610,000
Certificates of obligation	16,235,000	12,940,000	12,330,000	12,815,000	28,565,000	25,755,000
Tax notes and leases	11,910,699	715,000	659,421	1,054,553	12,570,120	1,769,553
TOTALS	\$ 65,110,699	\$ 65,140,000	\$ 17,434,421	\$ 15,994,553	\$ 82,545,120	\$ 81,134,553

Economic Factors and Next Year's Budgets and Rates

At the end of the last fiscal year, the assigned and unassigned fund balance in the general fund increased to \$9,228,612. At the end of the last fiscal year, the assigned and unassigned fund balance in the general fund increased to \$15.1 million. The City of Schertz has appropriated \$4 million of this amount for spending in the 2020 fiscal year budget in accordance to the City's fund balance policy. The approved tax rate remained the same at \$0.5146 per \$100 of valuation. Each year the City updates its five-year budgeting forecast and has implemented a long-term debt model to assist management in making informed financial decisions that will impact the community now and in the future.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, City of Schertz, 1400 Schertz Parkway, Schertz, Texas 78154.

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**BASIC
FINANCIAL STATEMENTS**

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CITY OF SCHERTZ, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,872,546	\$ 2,061,479	\$ 3,934,025
Investments	54,032,372	17,986,512	72,018,884
Receivables, net of allowances:			
Taxes	2,956,606	-	2,956,606
Accounts and other	1,899,967	6,844,023	8,743,990
Service concession arrangement receivable	90,909	-	90,909
Accrued interest	-	6,324	6,324
Inventories	117,009	146,921	263,930
Prepays	14,916	-	14,916
Internal balances	(16,139)	16,139	-
Total Current Assets	<u>60,968,186</u>	<u>27,061,398</u>	<u>88,029,584</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	785,708	3,457,678	4,243,386
Investments	-	13,179,666	13,179,666
Service concession arrangement receivable	729,232	-	729,232
Investment in joint venture	-	11,416,770	11,416,770
Capital assets:			
Land	8,073,199	1,696,942	9,770,141
Water rights	-	70,245	70,245
Buildings and improvements	46,367,441	5,489,184	51,856,625
Equipment and vehicles	12,958,097	6,007,550	18,965,647
Infrastructure	117,414,346	100,295,885	217,710,231
Construction in progress	21,045,668	9,248,439	30,294,107
Accumulated depreciation	(62,058,454)	(35,998,689)	(98,057,143)
Total Noncurrent Assets	<u>145,315,237</u>	<u>114,863,670</u>	<u>260,178,907</u>
Total Assets	<u>206,283,423</u>	<u>141,925,068</u>	<u>348,208,491</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on debt refunding	672,495	60,079	732,574
Deferred OPEB related outflows	196,842	56,396	253,238
Deferred pension related outflows	4,157,175	1,191,051	5,348,226
Total Deferred Outflows of Resources	<u>5,026,512</u>	<u>1,307,526</u>	<u>6,334,038</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,548,131	3,178,814	4,726,945
Accrued liabilities	970,679	273,077	1,243,756
Retainage payable	293,788	172,373	466,161
Due to other governments	123,116	-	123,116
Unearned revenue	33,314	431,104	464,418
Accrued interest payable	353,793	104,803	458,596
Customer deposits	22,251	632,780	655,031
Total Current Liabilities	<u>3,345,072</u>	<u>4,792,951</u>	<u>8,138,023</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SCHERTZ, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES (continued)			
Noncurrent liabilities:			
Current Portion:			
Compensated absences	\$ 245,280	\$ 67,228	\$ 312,508
Total OPEB liability	56,643	16,229	72,872
Service concession arrangement	55,241	-	55,241
Long-term debt	4,893,565	1,961,953	6,855,518
Long-term liabilities:			
Compensated absences	981,119	268,911	1,250,030
Total OPEB liability	2,117,547	606,686	2,724,233
Net pension liability	15,303,179	4,384,430	19,687,609
Service concession arrangement	443,120	-	443,120
Long-term debt	62,555,431	16,344,076	78,899,507
Total Non Current liabilities	<u>86,651,125</u>	<u>23,649,513</u>	<u>110,300,638</u>
Total Liabilities	<u>89,996,197</u>	<u>28,442,464</u>	<u>118,438,661</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred service concession arrangement	321,780	-	321,780
Deferred OPEB related inflows	93,077	26,667	119,744
Deferred pension related inflows	20,043	5,742	25,785
Total Deferred Inflows of Resources	<u>434,900</u>	<u>32,409</u>	<u>467,309</u>
NET POSITION			
Net investment in capital assets	89,869,766	68,271,075	158,140,841
Restricted for:			
Police and municipal court	514,152	-	514,152
PEG capital fees	723,353	-	723,353
Tourism development	2,214,865	-	2,214,865
Economic development	21,777,256	-	21,777,256
Parks and tree mitigation	724,076	-	724,076
Debt service	1,084,908	-	1,084,908
Scholarships and other purposes	1,049,745	-	1,049,745
Construction	-	13,232,638	13,232,638
Unrestricted	<u>2,920,717</u>	<u>33,254,008</u>	<u>36,174,725</u>
Total Net Position	<u>\$ 120,878,838</u>	<u>\$ 114,757,721</u>	<u>\$ 235,636,559</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SCHERTZ, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 6,534,013	\$ 947,538	\$ 201,117	\$ -
Public safety	15,448,886	3,177,329	477,907	-
Public environment	5,495,192	138,920	-	1,319,793
Parks and recreation	3,022,278	484,495	-	-
Cultural	1,119,650	311,575	13,018	-
Health	516,890	21,101	-	-
Administration	3,853,255	-	-	-
Interest	2,196,180	-	-	-
Total Governmental Activities	<u>38,186,344</u>	<u>5,080,958</u>	<u>692,042</u>	<u>1,319,793</u>
Business-type activities:				
Water and sewer	25,608,390	27,333,475	-	1,975,524
EMS	6,529,631	6,596,618	-	-
Total Business-Type Activities	<u>32,138,021</u>	<u>33,930,093</u>	<u>-</u>	<u>1,975,524</u>
Total Primary Government	<u>\$ 70,324,365</u>	<u>\$ 39,011,051</u>	<u>\$ 692,042</u>	<u>\$ 3,295,317</u>

General revenues:

Taxes:

Ad valorem

Sales

Franchise fees

Hotel/motel

Mixed drink

Investment earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Prior Period Adjustment

Net Position - Ending

Net (Expense) Revenue and Changes in Net Position

Primary Government

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$(5,385,358)	\$ -	\$(5,385,358)
(11,793,650)	-	(11,793,650)
(4,036,479)	-	(4,036,479)
(2,537,783)	-	(2,537,783)
(795,057)	-	(795,057)
(495,789)	-	(495,789)
(3,853,255)	-	(3,853,255)
(2,196,180)	-	(2,196,180)
<u>(31,093,551)</u>	<u>-</u>	<u>(31,093,551)</u>
-	3,700,609	
<u>-</u>	<u>66,987</u>	<u>66,987</u>
-	3,767,596	3,767,596
<u>(31,093,551)</u>	<u>3,767,596</u>	<u>(27,325,955)</u>
19,151,005	-	19,151,005
12,506,879	-	12,506,879
2,357,150	-	2,357,150
514,679	-	514,679
60,518	-	60,518
1,470,258	855,216	2,325,474
984,257	267,788	1,252,045
(81,525)	81,525	-
<u>36,963,221</u>	<u>1,204,529</u>	<u>38,167,750</u>
<u>5,869,670</u>	<u>4,972,125</u>	<u>10,841,795</u>
115,009,168	98,368,826	213,377,994
<u>-</u>	<u>11,416,770</u>	<u>11,416,770</u>
<u>\$ 120,878,838</u>	<u>\$ 114,757,721</u>	<u>\$ 235,636,559</u>

CITY OF SCHERTZ, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

	General Fund	Capital Projects Fund	Debt Service Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 1,211,660	\$ 34,120	\$ 91,510
Investments	15,105,396	14,147,499	910,716
Receivables (net of allowances)			
Taxes	2,134,563	-	82,682
Accounts and other	1,775,482	52,248	-
Inventory	117,009	-	-
Prepays	14,916	-	-
Restricted assets:			
Cash and cash equivalents	<u>785,708</u>	<u>-</u>	<u>-</u>
Total Assets	<u>21,144,734</u>	<u>14,233,867</u>	<u>1,084,908</u>
LIABILITIES			
Accounts payable	685,560	825,769	-
Accrued salaries and benefits	970,679	-	-
Retainage payable	-	293,788	-
Customer deposits	22,251	-	-
Due to other governments	123,116	-	-
Due to other funds	16,139	-	-
Unearned revenues	<u>33,314</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>1,851,059</u>	<u>1,119,557</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	<u>1,754,646</u>	<u>-</u>	<u>82,682</u>
Total Deferred Inflows of Resources	<u>1,754,646</u>	<u>-</u>	<u>82,682</u>
FUND BALANCES			
Nonspendable for:			
Inventory	117,009	-	-
Prepaid items	14,916	-	-
Restricted for:			
Police and public safety/municipal court	226,093	-	-
Municipal court	823,451	-	-
PEG capital fees	723,353	-	-
Capital improvement	-	13,114,310	-
Debt service	-	-	1,002,226
Tourism development	-	-	-
Parks and tree mitigation	-	-	-
Historical Committee and library	-	-	-
Economic development	-	-	-
Animal control	33,408	-	-
Veterans	2,109	-	-
Scholarships	101,673	-	-
Committed for:			
Civic Center/CIED	687,779	-	-
Assigned for:			
Property replacement	891,321	-	-
Subsequent year's budget	4,689,305	-	-
Unassigned	<u>9,228,612</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>17,539,029</u>	<u>13,114,310</u>	<u>1,002,226</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>21,144,734</u>	\$ <u>14,233,867</u>	\$ <u>1,084,908</u>

The accompanying notes are an integral part of these financial statements.

Economic Development Corporation	Nonmajor Governmental Funds	Total Governmental Funds
\$ 224,144	\$ 311,112	\$ 1,872,546
20,824,561	3,044,200	54,032,372
739,361	-	2,956,606
8,448	63,789	1,899,967
-	-	117,009
-	-	14,916
-	-	785,708
<u>21,796,514</u>	<u>3,419,101</u>	<u>61,679,124</u>
19,258	17,544	1,548,131
-	-	970,679
-	-	293,788
-	-	22,251
-	-	123,116
-	-	16,139
-	-	33,314
<u>19,258</u>	<u>17,544</u>	<u>3,007,418</u>
-	-	1,837,328
-	-	1,837,328
-	-	117,009
-	-	14,916
-	288,059	514,152
-	-	823,451
-	-	723,353
-	85,453	13,199,763
-	-	1,002,226
-	2,214,865	2,214,865
-	724,076	724,076
-	89,104	89,104
21,777,256	-	21,777,256
-	-	33,408
-	-	2,109
-	-	101,673
-	-	687,779
-	-	891,321
-	-	4,689,305
-	-	9,228,612
<u>21,777,256</u>	<u>3,401,557</u>	<u>56,834,378</u>
\$ <u>21,796,514</u>	\$ <u>3,419,101</u>	\$ <u>61,679,124</u>

CITY OF SCHERTZ, TEXAS

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

SEPTEMBER 30, 2019

Total Fund Balances - Governmental Funds	\$ 56,834,378
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	143,800,297
Bonds payable and accrued compensated absences will not be liquidated with current financial resources and, therefore, have not been included in the fund financial statements.	(66,337,098)
Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due.	(353,793)
Premiums on bond issuances and deferred losses on bond refunding are recorded as other financing sources and uses when paid in the fund financial statements but are capitalized and amortized in the government-wide financial statements over the life of the bonds.	
Premiums	(2,338,297)
Deferred loss	672,495
Receivables from property taxes and fines and fees are not available soon enough to pay for the current period's expenditures and are, therefore, deferred in the fund financial statements.	1,837,328
Included in the items related to debt is the recognition of the City's net pension liability, total OPEB liability, and related deferred outflows and inflows of resources.	
Net pension liability	(15,303,179)
Deferred outflows related to pensions	4,157,175
Deferred inflows related to pensions	(20,043)
Total OPEB liability	(2,174,190)
Deferred outflows related to OPEB	196,842
Deferred inflows related to OPEB	(93,077)
Net Position of Governmental Activities	\$ <u>120,878,838</u>

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CITY OF SCHERTZ, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>
REVENUES			
Taxes	\$ 23,488,223	\$ -	\$ 6,414,868
Permits and fees	1,605,299	-	-
Service fees	1,909,300	-	-
Fines and fees	926,657	-	-
Intergovernmental	965,768	91,913	-
Investment earnings	489,051	382,850	70,318
Miscellaneous	<u>684,882</u>	<u>-</u>	<u>100,277</u>
Total Revenues	<u>30,069,180</u>	<u>474,763</u>	<u>6,585,463</u>
EXPENDITURES			
Current:			
General government	5,389,701	-	-
Public safety	13,926,364	-	-
Public environment	1,112,041	-	-
Parks and recreation	2,350,370	-	-
Cultural	998,445	-	-
Health	498,871	-	-
Administration	3,231,294	-	-
Capital outlay	649,055	8,308,326	-
Debt service:			
Principal	-	-	4,565,000
Interest and fiscal charges	-	-	2,069,215
Bond issue costs	-	68,213	120,869
Payment to refunded bond escrow agent	<u>-</u>	<u>-</u>	<u>5,489,912</u>
Total Expenditures	<u>28,156,141</u>	<u>8,376,539</u>	<u>12,244,996</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,913,039</u>	<u>(7,901,776)</u>	<u>(5,659,533)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	4,620,000	-
Issuance of refunding debt	-	-	5,225,000
Premiums from issuance of debt	-	303,214	336,901
Transfers in	-	117,632	-
Transfers out	<u>(4,463)</u>	<u>(81,525)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(4,463)</u>	<u>4,959,321</u>	<u>5,561,901</u>
NET CHANGE IN FUND BALANCE	1,908,576	(2,942,455)	(97,632)
FUND BALANCES - BEGINNING	<u>15,630,453</u>	<u>16,056,765</u>	<u>1,099,858</u>
FUND BALANCES - ENDING	\$ <u>17,539,029</u>	\$ <u>13,114,310</u>	\$ <u>1,002,226</u>

The accompanying notes are an integral part of these financial statements.

Economic Development Corporation	Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,172,238	\$ 514,679	\$ 34,590,008
-	30,162	1,635,461
-	160,993	2,070,293
-	26,957	953,614
-	-	1,057,681
452,214	75,825	1,470,258
<u>196,003</u>	<u>3,095</u>	<u>984,257</u>
<u>4,820,455</u>	<u>811,711</u>	<u>42,761,572</u>
358,810	133,136	5,881,647
-	59,079	13,985,443
-	-	1,112,041
-	43,117	2,393,487
-	19,664	1,018,109
-	-	498,871
496,357	67,582	3,795,233
-	126,191	9,083,572
-	-	4,565,000
-	-	2,069,215
-	-	189,082
-	-	<u>5,489,912</u>
<u>855,167</u>	<u>448,769</u>	<u>50,081,612</u>
<u>3,965,288</u>	<u>362,942</u>	<u>(7,320,040)</u>
-	-	4,620,000
-	-	5,225,000
-	-	640,115
-	2,871	120,503
-	<u>(116,040)</u>	<u>(202,028)</u>
-	<u>(113,169)</u>	<u>10,403,590</u>
3,965,288	249,773	3,083,550
<u>17,811,968</u>	<u>3,151,784</u>	<u>53,750,828</u>
\$ <u>21,777,256</u>	\$ <u>3,401,557</u>	\$ <u>56,834,378</u>

CITY OF SCHERTZ, TEXAS

RECONCILIATION OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Net Changes in Fund Balances - Governmental Funds \$ 3,083,550

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

Governmental funds report capital outlays as expenditures. However, in the governmental activities statement of activities, that cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	10,734,925
Depreciation expense	(6,443,851)

The net effect of miscellaneous transactions involving capital assets (i.e., sales, trade-ins, or donations) is to decrease net position.

(49,102)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	55,951
Court fines	223

The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.

Issuance of debt	(9,828,076)
Repayment of principal of long-term debt	10,175,244
Amortization of:	
Premium on bond issuance	(640,115)
Loss on refunding	(88,146)

Current year changes in certain long-term liabilities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated Absences	925
Net pension liability	(975,732)
Total OPEB liability	(177,698)

Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due.

21,572

Change in Net Position of Governmental Activities \$ 5,869,670

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CITY OF SCHERTZ, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2019

	Business-Type Activities Enterprise Funds	
	Water and Sewer System	Schertz EMS
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,955,132	\$ 106,347
Investments	17,369,593	616,919
Accounts receivable, net of allowance:		
Customer accounts	3,995,689	2,848,334
Due from other funds	-	16,139
Accrued interest	6,324	-
Inventory	<u>85,015</u>	<u>61,906</u>
Total Current Assets	<u>23,411,753</u>	<u>3,649,645</u>
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	3,457,678	-
Investments	13,179,666	-
Investment in joint ventures	11,416,770	-
Capital assets:		
Land	1,696,942	-
Water rights	70,245	-
Buildings and improvements	5,489,184	-
Machinery, equipment, and vehicles	3,195,258	2,812,292
Infrastructure	100,295,885	-
Construction in progress	9,248,439	-
Less: accumulated depreciation	<u>(34,132,122)</u>	<u>(1,866,567)</u>
Total Noncurrent Assets	<u>113,917,945</u>	<u>945,725</u>
Total Assets	<u>137,329,698</u>	<u>4,595,370</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	60,079	-
Deferred OPEB related outflows	19,018	37,378
Deferred pension related outflows	<u>401,652</u>	<u>789,399</u>
Total Deferred Outflows of Resources	<u>480,749</u>	<u>826,777</u>

Business-Type Activities Enterprise Funds	Governmental Activities
Total Enterprise Fund	Internal Service Fund
\$ 2,061,479	\$ -
17,986,512	-
	-
6,844,023	-
16,139	-
6,324	-
<u>146,921</u>	<u>-</u>
<u>27,061,398</u>	<u>-</u>
3,457,678	-
13,179,666	-
11,416,770	-
1,696,942	-
70,245	-
5,489,184	-
6,007,550	-
100,295,885	-
9,248,439	-
(35,998,689)	-
<u>114,863,670</u>	<u>-</u>
<u>141,925,068</u>	<u>-</u>
60,079	-
56,396	-
<u>1,191,051</u>	<u>-</u>
<u>1,307,526</u>	<u>-</u>

CITY OF SCHERTZ, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2019

	Business-Type Activities Enterprise Funds	
	Water and Sewer System	Schertz EMS
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 3,137,174	\$ 41,640
Accrued liabilities	69,966	203,111
Retainage payable	172,373	-
Customer deposits	632,780	-
Accrued interest	101,523	3,280
Unearned revenue	431,088	16
Current portion of long-term liabilities:		
Compensated absences	23,940	43,288
Total OPEB liability	5,473	10,756
Long-term debt	1,620,000	341,953
Total Current Liabilities	6,194,317	644,044
Noncurrent liabilities:		
Compensated absences	95,760	173,151
Total OPEB liability	204,589	402,097
Net pension liability	1,478,539	2,905,891
Long-term debt	15,971,088	372,988
Total Noncurrent Liabilities	17,749,976	3,854,127
Total Liabilities	23,944,293	4,498,171
DEFERRED INFLOWS OF RESOURCES		
Deferred OPEB related inflows	8,993	17,674
Deferred pension related inflows	1,936	3,806
Total Deferred Outflows of Resources	10,929	21,480
NET POSITION		
Net investment in capital assets	68,040,291	230,784
Restricted for construction	13,232,638	-
Unrestricted	32,582,296	671,712
Total Net Position	\$ 113,855,225	\$ 902,496

Business-Type Activities Enterprise Funds	Governmental Activities
<u>Total Enterprise Fund</u>	<u>Internal Service Fund</u>
\$ 3,178,814	\$ -
273,077	-
172,373	-
632,780	-
104,803	-
431,104	-
67,228	-
16,229	-
<u>1,961,953</u>	<u>-</u>
<u>6,838,361</u>	<u>-</u>
268,911	-
606,686	-
4,384,430	-
<u>16,344,076</u>	<u>-</u>
<u>21,604,103</u>	<u>-</u>
<u>28,442,464</u>	<u>-</u>
26,667	-
<u>5,742</u>	<u>-</u>
<u>32,409</u>	<u>-</u>
68,271,075	-
13,232,638	-
<u>33,254,008</u>	<u>-</u>
<u>\$ 114,757,721</u>	<u>\$ -</u>

CITY OF SCHERTZ, TEXAS

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-Type Activities Enterprise Funds	
	Water and Sewer System	Schertz EMS
OPERATING REVENUES		
Fees charged to users	\$ 27,018,506	\$ 6,596,618
Charges for premiums	-	-
Other charges	90,041	-
Miscellaneous	<u>137,703</u>	<u>130,085</u>
Total Operating Revenues	<u>27,246,250</u>	<u>6,726,703</u>
OPERATING EXPENSES		
Personnel services	1,908,362	4,442,559
Contribution to joint ventures	4,287,219	-
Water purchase	3,086,446	-
Garbage contractor	4,848,197	-
Sewage treatment	4,379,952	-
General and administrative	3,237,942	575,811
Contractual services	264,586	667,701
Supplies and maintenance	607,940	496,208
Depreciation	<u>2,354,506</u>	<u>336,004</u>
Total Operating Costs	<u>24,975,150</u>	<u>6,518,283</u>
Operating Income (Loss)	<u>2,271,100</u>	<u>208,420</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment revenue	840,279	14,937
Lease revenue	224,928	-
Interest expense	(633,240)	(11,348)
Total Non-Operating Revenues (Expenses)	<u>431,967</u>	<u>3,589</u>
Income Before Contributions and Transfers	<u>2,703,067</u>	<u>212,009</u>
Capital contributions	1,975,524	-
Transfers in	<u>81,525</u>	<u>-</u>
CHANGE IN NET POSITION	<u>4,760,116</u>	<u>212,009</u>
NET POSITION - BEGINNING	<u>97,678,339</u>	<u>690,487</u>
PRIOR PERIOD ADJUSTMENT	11,416,770	-
NET POSITION - BEGINNING, RESTATED	<u>109,095,109</u>	<u>690,487</u>
NET POSITION - END OF YEAR	<u>\$ 113,855,225</u>	<u>\$ 902,496</u>

Business-Type Activities Enterprise Funds	Governmental Activities Internal Service Fund
\$ 33,615,124	\$ -
-	2,823,441
90,041	-
267,788	-
<u>33,972,953</u>	<u>2,823,441</u>
6,350,921	2,823,441
4,287,219	-
3,086,446	-
4,848,197	-
4,379,952	-
3,813,753	-
932,287	-
1,104,148	-
2,690,510	-
<u>31,493,433</u>	<u>2,823,441</u>
<u>2,479,520</u>	<u>-</u>
855,216	-
224,928	-
(644,588)	-
<u>435,556</u>	<u>-</u>
<u>2,915,076</u>	<u>-</u>
1,975,524	-
81,525	-
<u>4,972,125</u>	<u>-</u>
<u>98,368,826</u>	<u>-</u>
11,416,770	-
<u>109,785,596</u>	<u>-</u>
<u>\$ 114,757,721</u>	<u>\$ -</u>

CITY OF SCHERTZ, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-Type Activities Enterprise Funds	
	Water and Sewer System	Schertz EMS
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	\$ 26,149,246	\$ 6,766,373
Cash received from interfund services	-	-
Cash paid to employees for services	(2,054,226)	(4,360,732)
Cash paid to suppliers for goods and services	(19,175,069)	(1,575,204)
Net Cash Provided By operating Activities	4,919,951	830,437
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	81,525	-
Collection of cash advances from other funds	116,040	-
Net Cash Provided By Noncapital Financing Activities	197,565	-
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(8,864,566)	-
Proceeds from the issuance of debt	6,220,000	-
Premium from issuance of debt	498,979	-
Interest paid on long-term debt	(648,464)	(11,348)
Principal paid on long-term debt	(4,420,000)	(360,133)
Net Cash Used in Capital and Related Financing Activities	(7,214,051)	(371,481)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale (purchase) of investments	1,033,036	(559,779)
Payments from leases	224,928	-
Interest and investment earnings	840,279	14,937
Net Cash Provided By (Used in) Investing Activities	2,098,243	(544,842)
Net (Decrease) Increase in Cash and Cash Equivalents	1,708	(85,886)
Cash and cash equivalents at beginning of year:		
Cash and cash equivalents	1,448,185	192,233
Restricted cash and cash equivalents	3,962,917	-
	5,411,102	192,233
Cash and cash equivalents at end of year:		
Cash and cash equivalents	1,955,132	106,347
Restricted cash and cash equivalents	3,457,678	-
	\$ 5,412,810	\$ 106,347

The accompanying notes are an integral part of these financial statements.

Business-Type Activities Enterprise Funds	Governmental Activities Internal Service Fund
\$ 32,915,619	\$ -
-	2,823,441
(6,414,958)	(2,823,441)
(20,750,273)	-
<u>5,750,388</u>	<u>-</u>
81,525	-
<u>116,040</u>	<u>-</u>
<u>197,565</u>	<u>-</u>
(8,864,566)	-
6,220,000	-
498,979	-
(659,812)	-
<u>(4,780,133)</u>	<u>-</u>
<u>(7,585,532)</u>	<u>-</u>
473,257	-
224,928	-
<u>855,216</u>	<u>-</u>
<u>1,553,401</u>	<u>-</u>
(84,178)	-
1,640,418	-
<u>3,962,917</u>	<u>-</u>
5,603,335	-
2,061,479	-
<u>3,457,678</u>	<u>-</u>
<u>\$ 5,519,157</u>	<u>\$ -</u>

CITY OF SCHERTZ, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-Type Activities Enterprise Funds	
	Water and Sewer System	Schertz EMS
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 2,271,100	\$ 208,420
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	2,354,506	336,004
Decrease (increase) in accounts receivable	(1,088,390)	36,384
Decrease (increase) in inventory	4,856	25,322
Increase (decrease) in deferred pension outflows	(165,109)	(404,526)
Increase (decrease) in deferred OPEB outflows	(5,588)	(10,826)
Increase (decrease) in accounts payable	1,532,357	139,194
Increase (decrease) in accrued liabilities	20,091	(141,177)
Increase (decrease) in customer deposits	(8,614)	3,280
Increase (decrease) in unearned revenue	-	6
Increase (decrease) in compensated absences	6,206	25,019
Increase (decrease) in net pension liability	55,414	807,526
Increase (decrease) in deferred OPEB inflows	8,993	17,674
Increase (decrease) in deferred pension inflows	(67,739)	(213,103)
Increase (decrease) in total OPEB liability	1,868	1,240
Net cash provided by operating activities	\$ 4,919,951	\$ 830,437
SCHEDULE OF NON-CASH CAPITAL ACTIVITIES		
Developer contributions of capital assets	1,975,524	-

Business-Type Activities Enterprise Funds	Governmental Activities Internal Service Fund
Total Enterprise	
\$ 2,479,520	\$ -
2,690,510	-
(1,052,006)	-
30,178	-
(569,635)	-
(16,414)	-
1,671,551	-
(121,086)	-
(5,334)	-
6	-
31,225	-
862,940	-
26,667	-
(280,842)	-
3,108	-
<u>\$ 5,750,388</u>	<u>\$ -</u>
<u>1,975,524</u>	<u>-</u>

CITY OF SCHERTZ, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Schertz is a municipal corporation governed by an elected mayor and five-member council. The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

A. Reporting Entity

Component Units - As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations; thus, data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government. The City reports the following component unit:

Schertz Economic Development Corporation - The Corporation was organized for the purpose of promoting economic development in order to eliminate unemployment and underemployment and to promote and encourage employment and public welfare of, for, and on behalf of the City. The board of directors consists of seven (7) members appointed by the city council. The City is financially accountable for the Corporation because the city council approves the Corporation's budget and appoints all board members. For financial reporting purposes, the SEDC is reported as a blended component unit due to the City having operational responsibility for the component unit, and that any debt issued by SEDC would be expected to be paid using City resources. Thus, SEDC is presented as a special revenue fund within the City's financial statements. Complete financial statements for the Schertz Economic Development Corporation may be obtained from City Hall.

Joint Ventures - A joint venture is a legally separate entity that results from a contractual arrangement and that is owned, operated, or governed by two or more participating governments. The following entities meet the criteria as joint ventures. Separate financial statements for these entities may be obtained at City Hall.

Schertz/Seguin Local Government Corporation - is a public, nonprofit corporation organized to aid, assist, and act on behalf of the cities of Schertz and Seguin in acquiring, constructing, maintaining, and operating a water utility system. The participating governments have an ongoing financial responsibility to fund the operation of the corporation through either purchase of services or by subsidizing the operations.

Cibolo Valley Local Government Corporation - is a public, nonprofit corporation organized July 28, 2011 to aid, assist, and act on behalf of the cities of Cibolo, Converse and Schertz in acquiring, constructing, maintaining, and operating a water utility system. The participating governments have an ongoing financial responsibility to fund the operation of the corporation through either purchase of services or by subsidizing the operations.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges of customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Nonexchange revenues that are measurable but not available are recorded as unavailable revenue (a deferred inflow of resources). These revenues are generally property taxes and warrants outstanding. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Exchange revenues (payments for services) received in advance of the service being provided are recorded as unearned revenue.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund which accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The Capital Projects Fund accounts for financial resources to be used for the acquisition and construction of major capital facilities and is principally financed by the sale of bonds or certificates of obligation and grants.

Economic Development Corporation collects sales taxes to support business development and expansion within the City.

The City reports the following major enterprise funds:

The Water and Sewer System Fund accounts for the water and sewer services provided to the citizens through user charges.

The EMS Fund accounts for the emergency medical services provided to the citizens of the City and other participating governments through user charges.

Additionally, the City reports the following fund types:

Internal Service Fund accounts for the City's group medical insurance program.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this are charges between the City's general government function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applications for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes and investment earnings.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise fund and the EMS enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand and demand deposits. Cash is reported as restricted when it has restrictions on its use narrower than the purpose of the fund in which it is reported. This can result in differences in presentation between fund statements and government-wide statements.

E. Investments

The City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas of the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated of not less than "AA" or its equivalent; (5) certificates of deposit issued by state and national banks domiciled in Texas that are guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or its successor, or secured by obligations mentioned above; and (6) fully collateralized direct repurchase agreements having a defined termination date. In addition, the City is authorized to invest in local government investment pools. The investment pools operate in accordance with appropriate state laws and regulations and have regulatory oversight from the Texas Public Funds Investment Act Sec. 2256.0016.

Investments for the City are reported at fair value, except for the position in investment pools, which are reported at net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

The City categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quotes prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

F. Receivables and Payables

Activities between the funds that are representative of inter-fund loans outstanding at the end of the fiscal year are referred to as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Accounts receivable are reported net of allowances for uncollectible accounts. The allowance account represents management's estimate of uncollectible accounts based upon experience and historical trends.

Property taxes for the City are levied each October 1 on the taxable value as of the preceding January 1, the date a lien attaches, for all taxable real and personal property located in the City. Taxes are due by January 31 following the October 1 assessment date and become delinquent on February 1, at which time they begin accruing penalty and interest. The enforceable legal claim date for property taxes is the assessment date; therefore, the City did not record a receivable for accrual of future taxes at year end. Accordingly, no current taxes receivable are reported. Delinquent taxes have been reported in the financial statements net of the allowance for uncollectible taxes. Tax revenues are recognized as they become available. Accordingly, an amount equal to taxes not yet available has been reported as unavailable revenue (a deferred inflow of resources) at the government fund level.

G. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both governmental-wide and fund financial statements and in the fund financial statements are offset by a nonspendable fund balance which indicates they do not represent "available spendable resources".

H. Restricted Assets

Certain proceeds from bonds, resources set aside for their repayment, and other restrictive agreements are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants and/or contractual arrangements.

I. Capital Assets

Capital assets, which include land, buildings and improvements, machinery, equipment, vehicles, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. When capital assets are purchased, they are capitalized and depreciated in the government-wide financial statements and the proprietary fund statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

Capital assets are valued at cost where historical records are available and at an estimated cost where no records exist. Donated capital assets, donated works of art and similar items received as part of a service concession arrangement are reported at acquisition value, rather than fair value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements to capital assets that materially extend the life of the asset or add to the value are capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction will not be capitalized in the governmental activities on the government-wide financial statements; however, capitalization of interest is required for business-type activities. There was no capitalized interest during the current fiscal year.

Capital assets are depreciated over their useful lives on a straight-line basis as follows:

<u>Assets</u>	<u>Use Lives (Years)</u>
Buildings and improvements	10 - 50
Machinery, equipment, and vehicles	2 - 20
Infrastructure	15 - 30

J. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

- Deferred charges on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in expected and actual pension and OPEB experience - This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions and other inputs – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following types of items that qualify for reporting in this category.

- Unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.
- Difference in expected and actual pension and OPEB experience - This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions and other inputs – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

K. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and compensatory time benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation and compensatory time pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The general fund, water and sewer fund and the EMS fund are used to liquidate compensated absences.

L. Pensions

The net pension liability, deferred inflows, and outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS), and additions to and deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Other Post-Employment Benefits (OPEB)

Supplemental Death Benefits Fund. For purposes of measuring the total Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF) OPEB liability, related deferred outflows and inflows of resources, and expense, City specific information about its total TMRS SDBF liability and additions to/deductions from the City's total TMRS SDBF liability have been determined on the same basis as they are reported by TMRS. The TMRS SDBF expense and deferred (inflows)/outflows of resources related to TMRS SDBF, primarily result from changes in the components of the total TMRS SDBF liability. Most changes in the total TMRS SDBF liability will be included in TMRS SDBF expense in the period of the change. For example, changes in the total TMRS SDBF liability resulting from current-period service cost, interest on the TOL, and changes of benefit terms are required to be included in TMRS SDBF expense immediately. Changes in the total TMRS SDBF liability that have not been included in TMRS SDBF expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to TMRS SDBF.

Retiree Health Insurance. For purposes of measuring the total OPEB liability, OPEB related deferred outflows and inflows of resources, and OPEB expense, benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Contributions are not required but are measured as payments by the City for benefits due and payable that are not reimbursed by plan assets. Information regarding the City's total OPEB liability is obtained from a report prepared by a consulting actuary, Gabriel Roeder Smith & Company.

N. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums, discounts, and losses on defeasance are amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Losses on defeasance are reported as deferred outflows of resources. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Fund Balance

Fund balances in governmental funds are classified as follows:

Nonspendable - Represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact.

Restricted - Represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed - Represents amounts that can only be used for a specific purpose because of a formal action by the government's highest level of decision making authority: an ordinance adopted by City Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned - Represents amounts which the City intends to use for a specific purpose but do not meet the criteria of restricted or committed. The City Council may make assignments through formal documentation in the minutes. The City Council authorized (by way of policy) the City Manager to also make assignments. The City Manager's assignments do not require formal action; however, the City Manager has not assigned any funds at this time.

Unassigned - Represents the residual balance that may be spent on any other purpose of the City. Only the General Fund reports positive unassigned fund balances; if another fund were to have unassigned fund balance, it would be in the event of a deficit.

When an expenditure is incurred for a purpose in which multiple classifications are available, the City considers restricted balances spent first, committed second, and assigned third.

P. Net Position

Net position represents the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed by creditors, grantors, or laws or regulations of other governments.

Q. Estimates

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

R. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the library grant special revenue fund, police department forfeiture special revenue fund and the capital projects fund, which adopts project-length budgets.

S. Reclassifications

Certain reclassifications have been made in the presentation of the September 30, 2019 financial statements. All comparative information for prior periods has been reclassified to match the new presentation. The changes in presentation had no impact on the changes in net position or fund balance.

II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Cash, Cash Equivalents and Investments

As of September 30, 2019, the City had the following pooled investment funds:

	Reported Value	Weighted Average Maturity (days)
Investment type:		
LOGIC	\$ 18,377,749	49
Lone Star Investment Pool	29,184,721	42
Texas CLASS	30,165,581	41
Certificates of Deposit	4,247,482	44
U.S. Agency Securities	3,223,017	424
Total	\$ 85,198,550	

The City's U.S. Agency Securities recurring fair value measurements as of year-end are quoted market prices (level 1 inputs) for \$3,148,081 and a matrix pricing model (level 2 inputs) for \$74,936.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the City's investment portfolio to highly liquid investments to meet unanticipated cash requirements, and/or to redeploy cash into other investments expected to outperform current holdings.

Credit Risk. State law limits investments in certificates of deposit to guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor or the National Credit Union Share Insurance Fund, or its successor and investment pools continuously rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. The City's investment policy does not further limit its investment choices. As of September 30, 2019, the City's investments in the pooled investment funds were rated AAAM by Standard & Poor's. The City has also invested in debt securities provided by the Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Farm Credit Banks, and U.S Treasury Notes. As of September 30, 2019, the City's investments in debt securities were rated BBB+ by Standard & Poor's.

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned. As of September 30, 2019, the City's cash and cash equivalents (including certificates of deposit, and component unit holdings) were fully collateralized by the City's depository by a combination of pledged collateral and FDIC insurance. All collateral is held in the City's name.

Custodial Credit Risk - Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the government securities owned by the City are held by its agent in the City's name.

Restricted Cash - Cash is restricted in the Proprietary fund for construction projects, impact fees and customer deposits.

B. Property Taxes

Taxes are levied on and payable as of October 1. The City has contracted with the Guadalupe County Tax Assessor-Collector to collect taxes on its behalf. Current taxes become delinquent February 1. Current year delinquent taxes not paid by July 1 are turned over to attorneys for collection action. The total taxable value as of October 1, 2018, upon which the fiscal 2019 levy was based, was \$3,587,260,553 (i.e., market value less exemptions). The estimated market value was \$4,707,771,574, making the taxable value 76.2% of the estimated market value.

The City is permitted by the Constitution of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to \$1.50 per \$100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt for the year ended September 30, 2019, was \$0.5146 per \$100 of assessed value, which means that the City has a tax margin of \$1.9854 for each \$100 value and could increase its annual tax levy by approximately \$71,221,471 based upon the present assessed valuation before the limit is reached.

However, the City may not adopt a tax rate that exceeds the tax rate calculated in accordance with the Texas Property Tax Code without holding a public hearing. The Property Tax Code subjects an increase in the effective tax rate to a referendum election, if petitioned by registered voters, when the effective tax rate increase is more than eight percent (8%) of the previous year's effective tax rate.

Property taxes are recorded as receivables and unearned revenues at the time the taxes are assessed. In governmental funds, revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in the time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with generally accepted accounting principles have been recognized as revenue. In the government-wide financial statements, the entire levy is recognized as revenue, net of estimated uncollectible amounts (if any), at the levy date.

C. Receivables

Receivables as September 30, 2019 for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities				Business-type Activities		
	General Fund	Economic Development	Capital Projects	Debt Service	Nonmajor Funds	Water and Sewer Fund	Schertz EMS
Receivables:							
Property taxes	\$ 170,766	\$ -	\$ -	\$ 87,960	\$ -	\$ -	\$ -
Sales tax	1,478,722	739,361	-	-	-	-	-
Occupancy taxes	-	-	-	-	63,789	-	-
Franchise taxes	473,890	-	-	-	-	-	-
Customers	2,796	-	-	-	-	4,101,256	8,830,074
Court fines	3,916,772	-	-	-	-	-	-
Grants	-	-	52,248	-	-	-	-
Other	230,816	8,448	-	-	-	66,478	31,240
Gross receivables	6,273,762	747,809	52,248	87,960	63,789	4,167,734	8,861,314
Less: allowance for uncollectible accounts	(2,378,687)	-	-	(5,278)	-	(172,045)	(6,012,980)
Net receivables	\$ 3,895,075	\$ 747,809	\$ 52,248	\$ 82,682	\$ 63,789	\$ 3,995,689	\$ 2,848,334

D. Deferred Inflows and Outflows of Resources

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of unavailable revenue and unavailable revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>
General Fund	
Delinquent property taxes receivable	\$ 160,520
Court fines	<u>1,594,126</u>
Total General Fund	<u>1,754,646</u>
Debt Service Fund	
Delinquent property taxes receivable	<u>82,682</u>
Total Debt Service Fund	<u>82,682</u>
Total Governmental Funds	<u>\$ 1,837,328</u>

Additionally, the proprietary funds and governmental activities statements of net position report various deferred outflows and inflows of resources, primarily due to pensions and OPEB, that are summarized by column. The following table presents the disaggregated amounts.

	Governmental Activities	Business-type Activities		Totals
		Water/Sewer	EMS	
Deferred outflows:				
Charge on refunding	\$ 672,495	\$ 60,079	\$ -	\$ 732,574
Related to pensions	4,157,175	401,652	789,399	5,348,226
Related to OPEB - SDBF	92,432	8,930	17,552	118,914
Related to OPEB - Retiree Health Plan	<u>104,410</u>	<u>10,088</u>	<u>19,826</u>	<u>134,324</u>
Total deferred outflow	\$ <u>5,026,512</u>	\$ <u>480,749</u>	\$ <u>826,777</u>	\$ <u>6,334,038</u>
Deferred inflows:				
Service concession arrangement	\$ 321,780	\$ -	\$ -	321,780
Related to pensions	20,043	1,936	3,806	25,785
Related to OPEB - SDBF	36,258	3,503	6,885	46,646
Related to OPEB - Retiree Health plan	<u>56,819</u>	<u>5,490</u>	<u>10,789</u>	<u>73,098</u>
Total deferred inflow	\$ <u>434,900</u>	\$ <u>10,929</u>	\$ <u>21,480</u>	\$ <u>467,309</u>

E. Interfund Balances and Transfers

The composition of interfund balances as of September 30, 2019 is as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Purpose</u>
EMS	General	\$ 16,139	Short-term pool cash loan

The following schedule briefly summarizes the City's transfer activity for the year ending September 30, 2019:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General	Nonmajor governmental	\$ 4,463	Supplement funds sources
Capital Projects	Water & Sewer	81,525	Fund Drainage projects
Nonmajor governmental	Capital Projects	116,040	Street maintenance funding

F. Capital Assets

Capital asset activity for the year ended September 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers/ Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 8,069,499	\$ 3,700	\$ -	\$ 8,073,199
Construction in progress	<u>16,640,216</u>	<u>8,262,907</u>	<u>(3,857,455)</u>	<u>21,045,668</u>
Total capital assets not being depreciated	<u>24,709,715</u>	<u>8,266,607</u>	<u>(3,857,455)</u>	<u>29,118,867</u>
Capital assets being depreciated:				
Buildings and improvements	44,494,208	2,173,159	(299,926)	46,367,441
Machinery, equipment, and vehicles	12,299,312	932,682	(273,897)	12,958,097
Street and infrastructure	<u>114,194,414</u>	<u>3,219,932</u>	<u>-</u>	<u>117,414,346</u>
Total assets being depreciated	<u>170,987,934</u>	<u>6,325,773</u>	<u>(573,823)</u>	<u>176,739,884</u>
Less accumulated depreciation for:				
Buildings and improvements	(13,845,761)	(1,567,470)	299,926	(15,113,305)
Machinery, equipment, and vehicles	(6,195,881)	(1,171,760)	224,795	(7,142,846)
Street and infrastructure	<u>(36,097,682)</u>	<u>(3,704,621)</u>	<u>-</u>	<u>(39,802,303)</u>
Total accumulated depreciation	<u>(56,139,324)</u>	<u>(6,443,851)</u>	<u>524,721</u>	<u>(62,058,454)</u>
Total capital assets being depreciated, net	<u>114,848,610</u>	<u>(118,078)</u>	<u>(49,102)</u>	<u>114,681,430</u>
Governmental activities capital assets, net	<u>\$ 139,558,325</u>	<u>\$ 8,148,529</u>	<u>\$ (3,906,557)</u>	<u>\$ 143,800,297</u>

	Beginning Balance	Additions	Transfers/ Retirements	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,357,539	\$ 339,488	\$ (85)	\$ 1,696,942
Water rights	70,245	-	-	70,245
Construction in progress	<u>3,391,127</u>	<u>7,752,183</u>	<u>(1,894,871)</u>	<u>9,248,439</u>
Total capital assets, not being depreciated	<u>4,818,911</u>	<u>8,091,671</u>	<u>(1,894,956)</u>	<u>11,015,626</u>
Capital assets being depreciated:				
Buildings and improvements	4,695,503	835,683	(42,002)	5,489,184
Machinery, equipment, and vehicles	5,441,459	764,497	(198,406)	6,007,550
Infrastructure	<u>97,225,671</u>	<u>3,034,712</u>	<u>35,502</u>	<u>100,295,885</u>
Total assets being depreciated	<u>107,362,633</u>	<u>4,634,892</u>	<u>(204,906)</u>	<u>111,792,619</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,630,010)	(72,865)	6,500	(2,696,375)
Machinery, equipment, and vehicles	(4,928,317)	(622,400)	198,406	(5,352,311)
Infrastructure	<u>(25,954,758)</u>	<u>(1,995,245)</u>	<u>-</u>	<u>(27,950,003)</u>
Total accumulated depreciation	<u>(33,513,085)</u>	<u>(2,690,510)</u>	<u>204,906</u>	<u>(35,998,689)</u>
Total capital assets being depreciated, net	<u>73,849,548</u>	<u>1,944,382</u>	<u>-</u>	<u>75,793,930</u>
Business-type activities capital assets, net	<u>\$ 78,668,459</u>	<u>\$ 10,036,053</u>	<u>\$ (1,894,956)</u>	<u>\$ 86,809,556</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 568,105
Public safety	1,062,066
Public environment	3,853,021
Parks and recreation	894,989
Cultural	58,617
Administration	<u>7,053</u>
Total	<u>\$ 6,443,851</u>
Business-type activities:	
Water and sewer system	\$ 2,354,506
EMS	<u>336,004</u>
Total	<u>\$ 2,690,510</u>

G. Operating Leases

The City has agreements with several telecommunication companies to place cellular towers on City water towers. The following schedule represents the future minimum lease payments.

Year Ending 30-Sep	Total
2020	\$ 276,693
2021	290,528
2022	305,054
2023	320,307
2024	336,322
2025-2029	<u>1,522,069</u>
	<u>\$ 3,050,972</u>

H. Long-Term Debt

Changes in long-term debt for the year ending September 30, 2019 are as follows:

	Beginning Balance	Issued	Refunded/ Retired	Ending Balance	Amount Due Within One Year
Governmental activities:					
General Obligation Bonds	\$ 38,795,000	\$ 5,830,000	\$(7,660,000)	\$ 36,965,000	\$ 2,350,000
Certificates of Obligation	12,940,000	4,015,000	(720,000)	16,235,000	1,000,000
General Obligation Bonds- Private Placement	12,690,000	-	(1,335,000)	11,355,000	1,350,000
Tax Notes- Private Placement	715,000	-	(185,000)	530,000	185,000
Premium from Debt	1,964,862	640,114	(266,679)	2,338,297	-
Capital Lease	34,264	-	(8,565)	25,699	8,565
Compensated Absences	1,227,324	231,646	(232,571)	1,226,399	245,280
Total governmental	\$ 68,366,450	\$ 10,716,760	\$(10,407,815)	\$ 68,675,395	\$ 5,138,845
Business-type activities:					
General Obligation Bonds	\$ 705,000	\$ 2,740,000	\$(230,000)	\$ 3,215,000	\$ 570,000
Certificates of Obligation	12,815,000	3,480,000	(3,965,000)	12,330,000	825,000
General Obligation Bonds- Private Placement	1,420,000	-	(190,000)	1,230,000	190,000
Tax Notes- Private Placement	765,000	-	(305,000)	460,000	310,000
Unamortized Premium	398,835	498,979	(26,206)	871,608	-
Capital Lease	289,553	-	(90,132)	199,421	66,953
Compensated Absences	304,914	64,585	(33,360)	336,139	67,228
Total business-type	\$ 16,698,302	\$ 6,783,564	\$(4,839,698)	\$ 18,642,168	\$ 2,029,181

Bonds Payable

The City issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities and equipment for governmental activities. These instruments include general obligation bonds, certificates of obligation, and tax notes. These debt obligations are secured by primarily future property tax revenues. In some cases, these bonds are also secured by a pledge of net revenues from the utility system, emergency medical services and economic development sales taxes. However, the amount of the formal pledge is generally limited to \$1,000. Proprietary operating revenues for the year exceeded \$33.6 million and sales tax revenue was \$12.5 million.

Additionally, certain obligations that were marketed as private placements have been separately identified; however, the terms of these obligations are not significantly different than other obligations and do not have substantive acceleration clauses. Should the City default on these bonds, any registered owner of the obligations is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make payment.

In November 2018, the City issued \$8,570,000 in General Obligation and Refunding Bonds, Series 2018. The proceeds were to be used within 90 days of issuance to pay off the outstanding balances of the General Obligation Refunding Bonds, Series 2009, General Obligation Refunding Bonds, Series 2010, and Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2007, in the amounts of \$4,705,000, \$630,000, and \$2,935,000, respectively. The reacquisition price exceeded the net carrying amount of the old debt by \$24,877. This amount will be amortized over the life of the refunding debt. The refunding transaction will result in an estimated present value savings of \$758,899. It also provided net proceeds of \$605,000 that will be used to finance additional capital projects.

In August 2019, the City issued \$7,495,000 in Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2019, pursuant to the constitution and general laws of the State of Texas, particularly, Subchapter C of Chapter 271 of the Texas Local Government Code, as amended, and in ordinance adopted by the City Council. The certificates constitute direct and general obligations of the City payable from ad valorem taxes levied against all payable property within the City, as well as pledged revenue of up to \$1,000 of the surplus revenues from proprietary funds. The bonds and certificates were issued for the purpose of financing numerous capital projects throughout the City, primarily for the purpose of expanding and improving infrastructure.

A summary of the terms of long-term debt outstanding at September 30, 2019, is as follows:

	Issue Amount	Maturity	Rate	Balance
<u>Governmental Activities</u>				
General Obligation Bonds				
2011 Series	\$ 8,250,000	2036	3.0% - 6.0%	\$ 6,580,000
2012 Series	7,625,000	2032	2.00%	5,440,000
2014 Series, Refunding	8,450,000	2030	2.0% - 4.0%	8,000,000
2015 Series, Refunding	4,185,000	2031	2.0% - 3.25%	2,505,000
2016 Series	5,880,000	2036	2.0% - 4.0%	5,055,000
2017 Series	3,935,000	2037	2.0% - 4.0%	3,650,000
2018 Series, Refunding	5,830,000	2033	3.125% - 5%	5,735,000
Private Placement obligations				
2007 Series GO	6,000,000	2027	4.07%	1,865,000
2011A Series GO Refunding	6,745,000	2024	2.33%	1,310,000
2018 Series GO Refunding	6,035,000	2028	2.12%	4,410,000
2015 Tax Notes	245,000	2021	1.75%	4,635,000
2015A Tax Notes	1,020,000	2023	1.54%	4,015,000
Certificates of Obligation				
2016 Series A	2,375,000	2036	2.0% - 4.0%	2,905,000
2016 Series B	1,475,000	2036	3.0% - 3.75%	2,965,000
2017 Series	4,935,000	2037	3.0% - 3.75%	5,485,000
2018 Series	4,845,000	2038	3.0% - 5.0%	75,000
2019 Series	4,015,000	2039	2.5% - 5%	<u>455,000</u>
Total Governmental Long-Term Obligations				<u>\$ 65,085,000</u>

	Issue Amount	Maturity	Rate	Balance
<u>Business-type Activities</u>				
General Obligation Bonds				
2011 Series, Refunding	\$ 2,675,000	2021	2.0% - 3.0%	\$ 475,000
2018 Series, Refunding	2,740,000	2026	3.125% - 5%	2,740,000
Certificates of Obligation				
2013 Series	4,965,000	2033	2.0% - 4.0%	3,095,000
2017 Series	540,000	2022	3.0% - 3.75%	335,000
2018 Series	5,595,000	2028	3.0% - 5.0%	5,420,000
2019 Series	3,480,000	2039	2.5% - 5%	3,480,000
Private Placement obligations				
2013 Series GO Refunding	2,130,000	2025	2.58%	1,230,000
2015 Tax Notes	1,880,000	2021	1.75%	<u>460,000</u>
Total Business-Type Long-Term Obligations				<u>\$ 17,235,000</u>

Annual future debt service requirements of bonded debt as of September 30, 2019, are as follows:

Governmental activities:

Year Ended September 30,	General Obligation Bonds			Certificates of Obligation		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 2,350,000	\$ 1,286,323	\$ 3,636,323	\$ 1,000,000	\$ 547,444	\$ 1,547,444
2021	2,350,000	1,199,709	3,549,709	1,035,000	510,519	1,545,519
2022	2,005,000	1,119,576	3,124,576	1,070,000	472,219	1,542,219
2023	2,090,000	1,046,890	3,136,890	1,120,000	432,319	1,552,319
2024	2,195,000	970,158	3,165,158	1,010,000	391,244	1,401,244
2025-2029	12,625,000	3,575,784	16,200,784	3,835,000	1,467,156	5,302,156
2030-2034	10,785,000	1,245,647	12,030,647	3,990,000	832,391	4,822,391
2035-2039	<u>2,565,000</u>	<u>97,594</u>	<u>2,662,594</u>	<u>3,175,000</u>	<u>198,156</u>	<u>3,373,156</u>
Total	\$ <u>36,965,000</u>	\$ <u>10,541,681</u>	\$ <u>47,506,681</u>	\$ <u>16,235,000</u>	\$ <u>4,851,447</u>	\$ <u>21,086,447</u>

Private Placement Debt

Year Ended September 30,	General Obligation Bonds			Tax Notes		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 1,350,000	\$ 285,720	\$ 1,635,720	\$ 185,000	\$ 8,320	\$ 193,320
2021	1,380,000	249,534	1,629,534	190,000	5,397	195,397
2022	1,595,000	210,303	1,805,303	155,000	2,387	157,387
2023	1,625,000	167,982	1,792,982	-	-	-
2024	1,640,000	124,903	1,764,903	-	-	-
2025-2029	<u>3,765,000</u>	<u>184,456</u>	<u>3,949,456</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>11,355,000</u>	\$ <u>1,222,898</u>	\$ <u>12,577,898</u>	\$ <u>530,000</u>	\$ <u>16,104</u>	\$ <u>546,104</u>

Business-type activities:

Year Ended September 30,	General Obligation Bonds			Certificates of Obligation		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 570,000	\$ 142,288	\$ 712,288	\$ 825,000	\$ 432,663	\$ 1,257,663
2021	590,000	118,700	708,700	850,000	404,675	1,254,675
2022	370,000	93,500	463,500	605,000	378,775	983,775
2023	390,000	74,500	464,500	510,000	356,300	866,300
2024	410,000	54,500	464,500	530,000	333,613	863,613
2025-2029	885,000	44,625	929,625	3,025,000	1,296,088	4,321,088
2030-2034	-	-	-	3,410,000	659,356	4,069,356
2035-2039	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,575,000</u>	<u>157,738</u>	<u>2,732,738</u>
Total	\$ <u>3,215,000</u>	\$ <u>528,113</u>	\$ <u>3,743,113</u>	\$ <u>12,330,000</u>	\$ <u>4,019,206</u>	\$ <u>16,349,206</u>

Private Placement Debt

Year Ended September 30,	General Obligation Bonds			Tax Notes		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 190,000	\$ 29,283	\$ 219,283	\$ 310,000	\$ 8,050	\$ 318,050
2021	200,000	24,252	224,252	150,000	2,625	152,625
2022	205,000	19,028	224,028	-	-	-
2023	205,000	13,739	218,739	-	-	-
2024	215,000	8,321	223,321	-	-	-
2025-2029	<u>215,000</u>	<u>2,774</u>	<u>217,774</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>1,230,000</u>	\$ <u>97,397</u>	\$ <u>1,327,397</u>	\$ <u>460,000</u>	\$ <u>10,675</u>	\$ <u>470,675</u>

Capital Leases

The City enters into various lease agreements to finance machinery and equipment; they are classified as capital leases due to bargain-purchase options. Therefore, capital assets and a related capital lease obligation have been recorded at the present value of the future minimum lease payments at the inception date. The lease obligations are secured by the purchased equipment. The assets acquired through capital lease are reported in capital assets with the following accumulated depreciation at September 30, 2019:

Assets:	Governmental Activities	Business-type Activities
Equipment	\$ 42,825	\$ 680,671
Less: accumulated depreciation	(8,565)	(414,297)
Total	<u>\$ 34,260</u>	<u>\$ 266,374</u>

Future minimum lease payments are as follows:

Year Ending September 30,	Governmental Activities	Business-type Activities
2020	\$ 8,565	\$ 67,313
2021	8,565	67,313
2022	<u>8,569</u>	<u>65,875</u>
Total payments	25,699	200,501
Less: amount representing interest	<u>-</u>	<u>(1,080)</u>
Present value of minimum lease payments	<u>\$ 25,699</u>	<u>\$ 199,421</u>

I. Net Pension and Total OPEB Liabilities and Expenses

Amounts are aggregated into a single net pension liability and total OPEB liability, and expenses for certain columns. Below is the detail of net pension liability and total OPEB liability and expenses for governmental and business-type activities.

	Governmental Activities	Business-type Activities		Totals
		Water/ Sewer	EMS	
Net pension liability	\$ <u>15,303,179</u>	\$ <u>1,478,539</u>	\$ <u>2,905,891</u>	\$ <u>19,687,609</u>
Total OPEB liability:				
Due within one year:				
TMRS SDBF	\$ 3,026	\$ 293	\$ 575	\$ 3,894
Retiree health plan	<u>53,617</u>	<u>5,180</u>	<u>10,181</u>	<u>68,978</u>
Total due within one year	<u>56,643</u>	<u>5,473</u>	<u>10,756</u>	<u>72,872</u>
Due in within more than one year:				
TMRS SDBF	549,158	53,057	104,278	706,493
Retiree health plan	<u>1,568,389</u>	<u>151,532</u>	<u>297,819</u>	<u>2,017,740</u>
Total due in more than one year	<u>2,117,547</u>	<u>204,589</u>	<u>402,097</u>	<u>2,724,233</u>
Total OPEB liability	<u>\$ 2,174,190</u>	<u>\$ 210,062</u>	<u>\$ 412,853</u>	<u>\$ 2,797,105</u>

	Governmental Activities	Business-type Activities		Totals
		Water/ Sewer	EMS	
Pension expense	\$ <u>3,442,174</u>	\$ <u>13,250</u>	\$ <u>664,506</u>	\$ <u>4,119,930</u>
OPEB expense:				
TMRS SDBF	\$ 57,836	\$ 4,679	\$ 8,688	\$ 71,203
Retiree Health Plan	<u>176,504</u>	<u>6,066</u>	<u>10,155</u>	<u>192,725</u>
Total OPEB expense	<u>\$ 234,340</u>	<u>\$ 10,745</u>	<u>\$ 18,843</u>	<u>\$ 263,928</u>

III. OTHER INFORMATION

A. Retirement Plan

Plan Description. The City of Schertz participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the state of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the system with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Service Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided. TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The City grants monetary credits for service rendered of a theoretical amount equal to two times what would have been contributed by the employee, with interest. Monetary credits, also known as the matching ratio, are 200% of the employee's accumulated contributions and are only payable in the form of an annuity.

Beginning in 2008, the City granted an annually repeating (automatic) basis monetary credit referred to as an updated service credit (USC) which is a theoretical amount that takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, initiated in 2008, the City provided on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	111
Inactive employees entitled to but not yet receiving benefits	191
Active employees	328
Total	<u>630</u>

Contributions. The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 16.04% and 16.01% in calendar years 2019 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2019 were \$3,129,413 and were equal to the required contributions.

Net Pension Liability. The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The net pension liability is typically liquidated through the General Fund and Enterprise Funds.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment rate of return	6.75% net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Health Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Tables with Blue Collar adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. IN addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2018 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding the expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive). The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
U.S. Equities	17.50%	4.55%
International Equity	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.90%
Real Estate	10.00%	3.80%
Real Return	10.00%	4.50%
Absolute Return	10.00%	3.75%
Private Equity	<u>5.00%</u>	7.50%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

The below schedule presents the changes in the Net Pension Liability as of December 31, 2018:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2017	\$ 66,054,349	\$ 51,419,640	\$ 14,634,709
Changes for the year:			
Service cost	3,301,265	-	3,301,265
Interest	4,505,483	-	4,505,483
Difference between expected and actual experience	34,393	-	34,393
Contributions - employer	-	3,033,936	(3,033,936)
Contributions - employee	-	1,326,518	(1,326,518)
Net investment income	-	(1,540,890)	1,540,890
Benefit payments, including refunds of employee contributions	(1,914,159)	(1,914,159)	-
Administrative expense	-	(29,768)	29,768
Other changes	-	(1,555)	1,555
Net changes	<u>5,926,982</u>	<u>874,082</u>	<u>5,052,900</u>
Balance at 12/31/2018	<u>\$ 71,981,331</u>	<u>\$ 52,293,722</u>	<u>\$ 19,687,609</u>

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability	\$ 31,938,591	\$ 19,687,609	\$ 9,854,538

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions. For the year ended September 30, 2019, the City recognized pension expense of \$4,119,930. Also, as of September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 413,662	\$ 25,785
Changes in actuarial assumptions	20,186	
Difference between projected and actual investment earnings	2,659,438	-
Contributions subsequent to the measurement date	2,254,940	-
Total	<u>\$ 5,348,226</u>	<u>\$ 25,785</u>

\$2,254,940 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30,	
2020	\$ 995,488
2021	509,273
2022	489,003
2023	1,069,999
2024	3,738

B. Other Post-Employment Benefits

The City participates in two defined-benefit other post-employment benefit (OPEB) plans: the Texas Municipal Retirement System Supplemental Death Benefits Fund (TMRS SDBF), and its own single-employer retiree health plan. Both are described in detail below.

The total OPEB liabilities of both plans are typically liquidated through the General Fund and Enterprise Funds.

TMRS Supplemental Death Benefits Fund

Plan Description. The City voluntarily participates in a single-employer other postemployment benefit (OPEB) plan administered by TMRS. The Plan is a group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The Plan is established and administered in accordance with the TMRS Act identically to the City’s pension plan. SDBF includes coverage for both active and retired members, and assets are commingled for the payment of such benefits. Therefore, the Plan does not qualify as an OPEB Trust in accordance with paragraph 4 of GASB Statement No. 75.

Benefits Provided. The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Membership in the plan at December 31, 2018, the valuation and measurement date, consisted of:

Inactive employees or beneficiaries currently receiving benefits	88
Inactive employees entitled to but not yet receiving benefits	59
Active employees	<u>328</u>
Total	<u>475</u>

Contributions. The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.12% for 2019 and 0.13% for 2018, of which 0.02% represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees’ entire careers. The City’s contributions to the SDBF for the years ended September 30, 2019 were \$3,893 representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Total OPEB Liability. The Total OPEB Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and inputs:

Inflation rate	2.5% per annum
Actuarial cost method	Entry age normal
Discount rate	3.71%
Projected salary increases	3.5% to 10.5% including inflation

Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are wholly accounted for under the provisions of GASB Statement No. 68.

Salary increases were based on a service-related table.

Mortality rates for active members, retirees, and beneficiaries were based on the gender distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who became disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 3.71% was used to measure the total OPEB liability. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2018.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the total OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.71%) in measuring the total OPEB liability.

	1% Decrease in Discount Rate (2.71%)	Discount Rate (3.71%)	1% Increase in Discount Rate (4.71%)
Total SDB OPEB Liability	\$ 857,691	\$ 710,387	\$ 598,784

Changes in the Total OPEB Liability. Total City's Total OPEB Liability (TOL), based on the above actuarial factors, as of December 31, 2018, the measurement and actuarial valuation date, was calculated as follows:

	Total OPEB Liability
Balance at 12/31/2017	\$ 622,941
Changes for the year:	
Service cost	37,794
Interest	21,182
Difference between expected and actual experience	86,276
Changes of assumptions or other inputs	(54,027)
Benefit payments, including refunds of employee contributions	(3,779)
Net changes	<u>87,446</u>
Balance at 12/31/2018	<u>\$ 710,387</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.31% to 3.71%.

OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB. For the year ended September 30, 2019, the City recognized OPEB expense of \$71,203. Also, as of September 30, 2019, the City reported deferred outflows and inflows of resources related to the TMRS OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 74,490	\$ -
Changes in actuarial assumptions	41,613	46,646
Contributions subsequent to the measurement date	<u>2,811</u>	<u>-</u>
Total	<u>\$ 118,914</u>	<u>\$ 46,646</u>

\$2,811 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to the TMRS OPEB will be recognized in OPEB expense in future periods as follows:

<u>For the Year Ended September 30,</u>	
2020	\$ 12,228
2021	12,228
2022	12,228
2023	12,228
2024	12,228
Thereafter	8,318

City of Schertz Retiree Health Other Post-Employment Benefit Plan

In addition to the TMRS OPEB, The City administers a single employer defined benefit healthcare plan for retirees, established under legal authority of the City Charter. The City is the only employer participating in the Plan. The Plan does not issue a publicly available financial report.

The City provides post-employment benefits for eligible participants enrolled in City-sponsored plans. The benefits are provided in the form of an implicit rate subsidy where the City contributes towards the retiree health premiums before achieving Medicare eligibility. While the Plan offers retiree only rates, a very small implicit liability still exists. Membership in the plan as of December 31, 2017, the valuation date, consisted of:

Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>313</u>
Total	<u>319</u>

Current active employees must be eligible for service retirement under the Texas Municipal Retirement System. To attain this eligibility active employees must be at least age 60 with 5 years of service or have at least 20 years of employment with the City. When a regular, full-time employee retires, they are eligible to maintain their coverage in the City's group health coverage. The City does not provide an explicit subsidy for retiree medical insurance. The liability for the City is due to the implicit rate.

The City made no direct contributions for monthly premiums. The retirees pay 102% of the monthly premiums which range based on the type of plan from \$508 for retiree only to \$1,796 for a retiree and their family.

The City's Retiree Health OPEB Liability (TOL) as of December 31, 2018, was calculated as follows:

	<u>Total OPEB Liability</u>
Balance at 12/31/2017	\$ 2,020,624
Changes for the year:	
Service cost	121,821
Interest	67,947
Difference between expected and actual experience	14,962
Changes of assumptions or other inputs	(81,106)
Benefit payments, including refunds of employee contributions	(57,530)
Other changes	-
Net changes	<u>66,094</u>
Balance at 12/31/2018	<u>\$ 2,086,718</u>

The actuarial valuation was performed as of December 31, 2017. Update procedures were used to roll forward the total OPEB liability to December 31, 2018.

The following presents the TOL of the City, calculated using the discount rate of 3.71% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower (2.71%) and 1-percentage point higher (4.71%) than the current rate:

	<u>1% Decrease in Discount Rate (2.71%)</u>	<u>Discount Rate (3.71%)</u>	<u>1% Increase in Discount Rate (4.71%)</u>
Total OPEB liability - retiree health	\$ 2,295,355	\$ 2,086,718	\$ 1,897,309

The following presents what the total OPEB liability of the City would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (6% decreasing to 3.5%) or 1-percentage point higher (8% decreasing to 5.5%) than the current healthcare cost trends:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate Assumption</u>	<u>1% Increase</u>
Total OPEB liability - retiree health	\$ 1,821,792	\$ 2,086,718	\$ 2,403,515

For the year ended September 30, 2019, the City recognized OPEB expense of \$192,775. Also, as of September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 13,485	\$ -
Changes in actuarial assumptions	77,116	73,098
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	<u>43,723</u>	<u>-</u>
Total	<u>\$ 134,324</u>	<u>\$ 73,098</u>

\$43,723 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to the City's Retiree Health OPEB will be recognized in OPEB expense as follows:

For the Year	
<u>Ended September 30,</u>	
2020	\$ 2,957
2021	2,957
2022	2,957
2023	2,957
2024	2,957
Thereafter	2,717

C. Joint Ventures

Schertz/Seguin Local Government Corporation

The Schertz/Seguin Local Government Corporation is a public, nonprofit corporation organized to aid, assist, and act on behalf of the cities of Schertz and Seguin in acquiring, constructing, maintaining, and operating a water utility system. The participating governments have an ongoing financial responsibility to fund the operation of the corporation through either purchase of services or by subsidizing the operations. Payments to the corporation are generally for the purchase of water treatment and for covering the Corporation's debt service requirements; they are reflected as "operating expenses" in the water and sewer fund and totaled \$7,613,665 for the year ended September 30, 2019. Separate financial statements for the Schertz/Seguin Local Government Corporation may be obtained from the City of Seguin, 210 East Gonzales Street, Seguin, Texas 78156.

The City of Schertz is jointly liable, together with the City of Seguin, for operating deficits and long-term debt of the Schertz/Seguin Local Government Corporation. The Corporation had net revenue bonds outstanding in the amount of \$103,281,449 (as of September 30, 2019) to provide funds to build, improve, extend, enlarge and repair the Corporation's utility system, fund a reserve, and pay the costs of bond issuance. The bond resolution pledges intergovernmental contract revenues from the cities of Schertz and Seguin (the participating governments) to bond holders. Under the intergovernmental water supply contract, the participating governments are unconditionally obligated to pay their respective shares of annual contract revenue bond debt service from the operation of their respective utility systems.

The organizing documents for the Corporation provide that, in the event of dissolution, the net assets of the Corporation will be equally divided among the Cities of Schertz and Seguin. As such, the City's net investment in the joint venture has been recorded in the Water and Sewer Fund in the amount of \$10,481,944. This amount reflects the City's portion of the net position of SSLGC as of September 30, 2018, the most recent fiscal year for which information is available.

Cibolo Valley Local Government Corporation

The Cibolo Valley Local Government Corporation (CVLGC) is a public nonprofit corporation incorporated in March 2012 to assist and act on behalf of the cities of Schertz and Cibolo to obtain additional water sources. The participating governments have an ongoing financial responsibility to fund the operation of the corporation through either purchase of services or by subsidizing the operations. Payments to the corporation are generally for the purchase of wastewater treatment and for covering the Corporation's debt service requirements; they are reflected as "operating expenses" in the water and sewer fund and totaled \$480,000 for the year ended September 30, 2019. Separate financial statements for the CVLGC may be obtained from the City of Seguin, 210 East Gonzales Street, Seguin, Texas 78156.

The City of Schertz is jointly liable, together with the City of Cibolo, for operating deficits and long-term debt of CVLGC. In the event of dissolution, the net assets of the Corporation will be equally divided among the Cities of Schertz and Cibolo. As such, the City's net investment in the joint venture has been recorded in the Water and Sewer Fund in the amount of \$934,826 as of September 30, 2019.

D. Commitments and Contingencies

Tax Increment Financing (the "Zone")

The City is a principal in the City of Schertz Tax Increment Reinvestment Zone #2, pursuant to Chapter 311 of the Texas Tax Code. Under the terms of the Zone agreement, the City of Schertz, Bexar County, and San Antonio River Authority are funding infrastructure improvements through tax increment financing to the Sedona Development Project.

At the time the Zone was created, the property tax base was "frozen" and increment taxes resulting from the increases to property tax base are being used to finance Zone improvements. The total projected cost is a combined figure of \$45,000,000. Project costs of the developer will be funded up to 100% of the tax increment generated by the City of Schertz, Bexar County, and San Antonio River Authority (SARA). The City of Schertz (combined with SARA) have committed up to \$32,877,000 of the total \$45,000,000. The Zone has a statutory termination date of December 31, 2027. The TIRZ has collected \$2,218,372 from taxing entities (net of administrative reimbursements) and remitted \$2,077,316 to the developer as of September 30, 2019.

380 Agreements

The Chapter 380 Incentive program, authorized by Chapter 380 of the Texas Local Government Code, enables the City of Schertz to provide grants or reimbursements from the City's general fund. To become eligible for Chapter 380 Incentives, projects must: create at least of \$100 million in new real and personal property; or generate at least \$35 million in gross sales that is subject to the collection of local sales and use tax. Businesses that have a 380 Incentive agreement with the City are eligible to receive a reimbursement of taxes paid for the year if they have met the requirements outlined in the agreement by a certain date each year. For the fiscal year ended September 30, 2019, the City reimbursed \$861,735 in property taxes paid.

Economic Development Incentive Agreements

The City of Schertz Economic Development Corporation (the SEDC) negotiates economic development incentive agreement on behalf of the SEDC and the City of Schertz (the City) on an individual basis. As of September 30, 2019, the City had nine active incentive agreements.

On May 2, 2017, the City and the Corporation approved the Schertz Incentive Policy which outlines the City's primary tools to attract commercial investment and promote economic development. Projects are selected on a case-by-case basis in accordance current policy and state laws at the discretion of the governing body. All incentive agreements are formalized through a performance agreement with specified terms and recapture criteria.

The SEDC Incentive program, authorized by Chapters 501, 502 and 505 of the Texas Local Government Code, enables the Corporation to fund allowable projects from the collection of one-half of one percent of sales tax proceeds collected in the City of Schertz. In accordance with state law, the SEDC Incentive Policy establishes grants and loans for businesses that create Primary Jobs for the following categories: Existing Businesses (3 years of operation within City), Small Businesses (fewer than 50 full-time jobs or annual sales less than \$10 million), Large Impact Businesses (Up to \$100 million in taxable property), and Extra Large Businesses (over \$100 million in taxable property).

The City and Corporation's outstanding incentive agreement grants are as follows:

	<u>FY 2018-19 Amt.</u>	<u>Est. Remaining Grant</u>
City of Schertz - LGC 380.001	\$ 420,050	\$ 739,754
SEDC - LGC 501.101	-	539,052
SEDC - LGC 201.103	-	8,434,487

Service Concession Arrangements

The City entered into an agreement with Young Men’s Christian Association of Greater San Antonio (“YMCA”), under which YMCA will operate and collect user fees from the Natatorium and Outdoor Pools for the next 20 years. YMCA will pay the city \$100,000 annually over the course of the arrangement to cover costs of debt service related to the facility; the present value of these installment payments is estimated to be \$820,141. The City will approve the rates and services that YMCA will provide, however, YMCA will retain all revenues earned from the operation of the Natatorium. The YMCA will remit all revenues received from operating the Outdoor Pools to the City with the exception of revenues earned from YMCA specific programs. As of September 30, 2019, the Natatorium is still under construction and is reported by the City as Construction in Progress. The City reports the Outdoor Pools and related equipment as capital assets recorded at historical cost. The City reports a receivable in the amount of \$820,141 on the government-wide statements at year-end pursuant to the service concession arrangement, and a liability of \$498,361 for the present value of maintenance costs estimated over the life of the Service Concession arrangement. The balance of these two amounts is recorded as a deferred inflow of resources.

Litigation

The City is the subject of various claims and litigation that have arisen in the course of its operations. Management is of the opinion that the City’s liability in these cases, if decided adversely to the City, will not have a material effect on the City’s financial position.

Cibolo Creek Municipal Authority

The Cibolo Creek Municipal Authority (CCMA) provides sewage treatment for the area in and around the City. In Fiscal year 2014, the City entered into an agreement with CCMA to construct a sewage treatment facility in the southern portion of the City to primarily serve citizens of the City but also neighboring Cities and future development. Because the City would be the primary customer at this time, the agreement stipulates that the City will pay all future debt service on the bonds issued by CCMA to finance the project. The City is the sole member at this time, so it is responsible for 100% of the project costs. Should other members join, the City’s share of the costs would be reduced.

Future debt service on the CCMA bonds are as follows:

Year Ended September 30,	Principal	Interest	Total
2020	\$ 160,000	\$ 254,150	\$ 414,150
2021	160,000	250,950	410,950
2022	165,000	247,750	412,750
2023	170,000	242,800	412,800
2024	175,000	237,700	412,700
2025-2029	970,000	1,087,650	2,057,650
2030-2034	1,180,000	877,450	2,057,450
2035-2039	1,465,000	592,500	2,057,500
2040-2044	<u>1,830,000</u>	<u>225,200</u>	<u>2,055,200</u>
Total	<u>\$ 6,275,000</u>	<u>\$ 4,016,150</u>	<u>\$ 10,291,150</u>

Construction Commitments

The City of Schertz has entered into commitments for various projects as follows:

<i>Primary Government:</i>	Estimated Project Cost to City	Expended to Date	Estimated Future Commitment
Governmental Activities:			
Lower Seguin Road Improvements	\$ 263,598	\$ 263,598	\$ -
FM 78 and Main Street	1,000,000	7,513	992,487
Fire Station 3	8,000,000	1,215,324	6,784,676
FM 1103 Street Improvements	2,000,000	2,000,000	-
Building Improvements	1,600,000	72,560	1,527,440
Main Street Improvements	407,057	-	407,057
FM 1518 Street Improvements	5,000,000	600,656	4,399,344
Pedestrian Routes Project	350,000	91,654	258,347
Fire Station 2 & Repairs	500,000	481,619	18,381
Senior Center	800,000	793,181	6,819
YMCA-Bathroom Reovation	540,500	217,552	322,948
Window Replacement-Recreation Center	<u>1,152,264</u>	<u>792,198</u>	<u>360,066</u>
Total Governmental Commitments	<u>21,613,419</u>	<u>6,535,855</u>	<u>15,077,565</u>
Business-Type Activities:			
Woman Hollering WasteWater	5,940,424	832,911	5,107,513
Corbett Ground Storage Tank & Pumps	1,650,000	930	1,649,070
Corbett Elevated Water Tank	2,982,052	301,296	2,680,756
Trainer Hale Road Distribution Main	500,000	-	500,000
Scenic Hills/Greenridge	73,252	10,182	63,071
Oil-Water Separator	73,252	22,600	50,652
E Dietz Creek De-Silting	573,055	114,124	458,931
FM1103 Utility Relocation	<u>1,000,000</u>	<u>22,000</u>	<u>978,000</u>
Total Business-Type Activities	<u>12,792,035</u>	<u>1,304,043</u>	<u>11,487,993</u>
Total Estimated Future Commitments	<u>\$ 34,405,454</u>	<u>\$ 7,839,898</u>	<u>\$ 26,565,558</u>

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City contracts with the Texas Municipal League Intergovernmental Risk Pool, a public entity risk pool currently operating as a common risk management and insurance program providing insurance coverage in the following areas: general liability, automobile liability and physical damage, law enforcement liability, worker's compensation, real and personal property, mobile equipment, and errors and omissions liability. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contributed amounts. There were no significant increases or decreases in coverage from the prior year. For the past three fiscal years, no claims or settlements have exceeded deductible amounts.

E. New Accounting Standards

Significant new accounting standards issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the City include the following:

Statement No. 84, *Fiduciary Activities* – This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus is generally on whether a government is controlling the assets of the fiduciary activity and on the beneficiaries with whom a fiduciary relationship exists. This Statement will become effective for the City in fiscal year 2020.

Statement No. 87, *Leases* – This Statement will improve the accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities previously classified as operating leases. It establishes a single model for lease accounting based on the principle that leases are financing the right to use an underlying asset. Under the Statement a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resource, enhancing the relevance and consistency of information about leasing activities. This Statement will become effective for the City in fiscal year 2021.

F. Prior Period Adjustment

During the fiscal year ended September 30, 2019, management determined that the City's residual interest in its two joint ventures was sufficiently measurable to recognize in the financial statements. As such, the amount of the City's 50% residual interests in the Schertz-Seguin Local Government Corporation and the Cibolo Valley Local Government Corporation, as of October 1, 2018, were recognized in the Water and Sewer System Fund, with a corresponding increase to beginning net position of \$11,416,770.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

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CITY OF SCHERTZ, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Original Budget	Final Budget
REVENUES		
Taxes	\$ 22,708,488	\$ 22,708,488
Permits and fees	1,661,080	1,661,080
Service fees	1,717,212	1,717,212
Fines and fees	594,269	594,269
Intergovernmental	425,500	425,500
Investment earnings	235,250	270,250
Miscellaneous	617,560	632,560
Total Revenues	<u>27,959,359</u>	<u>28,009,359</u>
EXPENDITURES		
General government:		
Council	100,959	103,959
City manager	1,161,522	1,144,522
Municipal court	391,940	403,940
311 customer relations	121,957	121,957
Planning & zoning	240,266	240,266
Legal	160,000	160,000
City secretary	207,049	212,049
Nondepartmental	1,718,488	1,533,724
Public affairs	644,841	652,091
Engineering	739,220	739,220
Geographic information systems	175,311	182,311
Citizens assistance	327,666	332,666
Special events	156,510	177,708
Total General Government	<u>6,145,729</u>	<u>6,004,413</u>
Public safety:		
Police department	8,355,809	8,277,809
Fire department	5,261,613	5,283,184
Inspection	895,579	1,015,579
Total Public Safety	<u>14,513,001</u>	<u>14,576,572</u>
Public environment:		
Streets	1,474,297	1,641,982
Total Public Environment	<u>1,474,297</u>	<u>1,641,982</u>
Parks and recreation:		
Parks	1,603,030	1,610,307
Pools	639,878	639,879
Community/Civic Center	425,605	421,605
Total Parks and Recreation	<u>2,668,513</u>	<u>2,671,791</u>
Cultural:		
Library	967,904	1,017,904
Total Cultural	<u>967,904</u>	<u>1,017,904</u>

Actual Amounts	Variance With Final Budget Positive (Negative)
\$ 23,488,223	\$ 779,735
1,605,299	(55,781)
1,909,300	192,088
926,657	332,388
965,768	540,268
489,051	218,801
<u>684,882</u>	<u>52,322</u>
<u>30,069,180</u>	<u>2,059,821</u>

92,250	11,709
1,084,614	59,908
349,258	54,682
117,054	4,903
227,115	13,151
135,597	24,403
207,580	4,469
1,250,839	282,885
608,281	43,810
702,286	36,934
177,373	4,938
303,127	29,539
<u>134,597</u>	<u>43,111</u>
<u>5,389,971</u>	<u>614,442</u>

8,064,139	213,670
5,278,400	4,784
<u>961,277</u>	<u>54,302</u>
<u>14,303,816</u>	<u>272,756</u>

<u>1,300,586</u>	<u>341,396</u>
<u>1,300,586</u>	<u>341,396</u>

1,482,719	127,588
567,606	72,273
<u>322,757</u>	<u>98,848</u>
<u>2,373,082</u>	<u>298,709</u>

<u>998,445</u>	<u>19,459</u>
<u>998,445</u>	<u>19,459</u>

CITY OF SCHERTZ, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>
EXPENDITURES (CONTINUED)		
Health:		
Animal control	\$ <u>500,269</u>	\$ <u>500,269</u>
Total Health	<u>500,269</u>	<u>500,269</u>
 Administration:		
Information technology	2,312,442	2,790,759
Human resources	611,935	687,385
Finance	226,299	625,482
Purchasing & asset management	226,299	229,399
Building maintenance	1,542,419	1,547,419
Fleet service	875,043	880,543
Interfund charges	<u>(2,731,683)</u>	<u>(2,731,683)</u>
Total Administration	<u>3,508,937</u>	<u>4,029,304</u>
Total Expenditures	<u>29,778,650</u>	<u>30,442,235</u>
 Excess of revenues over expenditures	 (1,819,291)	 (2,432,876)
OTHER FINANCING SOURCES (USES)		
Transfers in	79,000	79,000
Transfers out	<u>(10,750)</u>	<u>(10,750)</u>
Total Other Financing Sources (Uses)	<u>68,250</u>	<u>68,250</u>
 NET CHANGE IN FUND BALANCE	 (1,751,041)	 (2,364,626)
 FUND BALANCE - BEGINNING	 <u>15,630,453</u>	 <u>15,630,453</u>
 FUND BALANCE - ENDING	 <u>\$ 13,879,412</u>	 <u>\$ 13,265,827</u>

Actual Amounts	Variance With Final Budget Positive (Negative)
\$ <u>498,871</u>	\$ <u>1,398</u>
<u>498,871</u>	<u>1,398</u>
2,217,395	573,364
657,759	29,626
594,762	30,720
227,548	1,851
1,490,300	57,119
801,289	79,254
(2,697,683)	(34,000)
<u>3,291,370</u>	<u>737,934</u>
<u>28,156,141</u>	<u>2,286,094</u>
1,913,039	4,345,915
-	(79,000)
(4,463)	<u>6,287</u>
(4,463)	(72,713)
1,908,576	4,273,202
<u>15,630,453</u>	<u>-</u>
\$ <u>17,539,029</u>	\$ <u>4,273,202</u>

CITY OF SCHERTZ, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ECONOMIC DEVELOPMENT CORPORATION

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Original Budget	Final Budget
REVENUES		
Taxes	\$ 4,242,580	\$ 4,242,580
Investment income	258,000	258,000
Miscellaneous	-	-
Total Revenues	<u>4,500,580</u>	<u>4,500,580</u>
EXPENDITURES		
Current:		
General government	5,219,670	5,219,670
Administration	<u>530,074</u>	<u>530,074</u>
Total Expenditures	<u>5,749,744</u>	<u>5,749,744</u>
NET CHANGE IN FUND BALANCE	(<u>1,249,164</u>)	(<u>1,249,164</u>)
FUND BALANCE - BEGINNING	<u>17,811,968</u>	<u>17,811,968</u>
FUND BALANCE - ENDING	<u>\$ 16,562,804</u>	<u>\$ 16,562,804</u>

Actual Amounts	Variance With Final Budget Positive (Negative)
\$ 4,172,238	\$(70,342)
452,214	194,214
<u>196,003</u>	<u>196,003</u>
<u>4,820,455</u>	<u>319,875</u>
358,810	4,860,860
<u>496,357</u>	<u>33,717</u>
<u>855,167</u>	<u>4,894,577</u>
<u>3,965,288</u>	<u>(4,574,702)</u>
<u>17,811,968</u>	<u>-</u>
\$ <u>21,777,256</u>	\$ <u>(4,574,702)</u>

CITY OF SCHERTZ, TEXAS

NOTES TO BUDGETARY SCHEDULES

SEPTEMBER 30, 2019

Budgetary Information - The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provision embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. Annual budgets are adopted for the general fund; debt service fund; hotel motel tax, park fund, tree mitigation; police forfeiture fund, library advisory board fund, and the historical committee fund. Project-length financial plans are adopted for capital projects funds. Of these budgets, only the General Fund, Debt Service and Economic Development Corporation are legally adopted.

Budgetary preparation and control are exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level. Appropriations lapse at year-end.

For the fiscal year ended September 30, 2019, actual expenditures exceeded budgeted expenditures in the Debt Service Fund by \$5,591,271. This overage was caused by the payment to refunded bond escrow agent during the year that was not reflected in the adopted budget; however, the refunding was approved by City Council. Additionally, proceeds from the issuance of refunding bonds were used to fund this overage and was reported as other financing sources. The Justice Forfeitures Fund had actual expenditures exceeded budgeted amounts for \$79,450, existing fund balance was used to fund this overage.

Encumbrance accounting, in which appropriations are recorded as budgetary expenditures, is not utilized by the City.

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CITY OF SCHERTZ, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Measurement Date December 31,	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total pension liability			
Service cost	\$ 3,301,265	\$ 3,073,538	\$ 2,855,745
Interest on total pension liability	4,505,483	4,111,517	3,763,562
Difference between expected and actual experience	34,393	416,585	139,216
Change of assumptions	-	-	-
Benefit payments/refunds of contributions	(1,914,159)	(1,843,774)	(1,581,272)
Net Change in Total Pension Liability	<u>5,926,982</u>	<u>5,757,866</u>	<u>5,177,251</u>
Total Pension Liability, Beginning	<u>66,054,349</u>	<u>60,296,483</u>	<u>55,119,232</u>
Total Pension Liability, Ending (a)	<u>\$ 71,981,331</u>	<u>\$ 66,054,349</u>	<u>\$ 60,296,483</u>
Plan fiduciary net position			
Contributions - employer	\$ 3,033,936	\$ 2,793,644	\$ 2,627,335
Contributions - employee	1,326,518	1,232,232	1,152,864
Net investment income	(1,540,890)	5,999,805	2,602,572
Benefit payments/refunds of contributions	(1,914,159)	(1,843,774)	(1,581,272)
Administrative expenses	(29,768)	(31,080)	(29,385)
Other	(1,555)	(1,575)	(1,583)
Net Change in Fiduciary Position	<u>874,082</u>	<u>8,149,252</u>	<u>4,770,531</u>
Fiduciary Net Position, Beginning	<u>51,419,640</u>	<u>43,270,388</u>	<u>38,499,857</u>
Fiduciary Net Position, Ending (b)	<u>\$ 52,293,722</u>	<u>\$ 51,419,640</u>	<u>\$ 43,270,388</u>
Net pension liability = (a)-(b)	<u>19,687,609</u>	<u>14,634,709</u>	<u>17,026,095</u>
Fiduciary Net Position as a Percentage of Total Pension Liability	72.65%	77.84%	71.76%
Covered Payroll	\$ 18,896,766	\$ 17,603,310	\$ 16,478,620
Net Pension Liability as a Percentage of Covered Payroll	104.19%	83.14%	103.32%

Note: GASB Statement No. 68 requires 10 years of data to be provided in this schedule. As of year-end, all years are not available. Additional years will be added in the future as the information becomes available.

<u>2015</u>	<u>2014</u>
\$ 2,724,337	\$ 2,558,743
3,556,428	3,245,266
120,434	(122,286)
59,193	-
(1,570,211)	(1,068,487)
<u>4,890,181</u>	<u>4,613,236</u>
<u>50,229,051</u>	<u>45,615,815</u>
\$ <u>55,119,232</u>	\$ <u>50,229,051</u>
\$ 2,542,565	\$ 2,403,929
1,095,260	1,077,097
53,742	1,841,586
(1,570,211)	(1,068,487)
(32,727)	(19,219)
(1,616)	(1,580)
<u>2,087,013</u>	<u>4,233,326</u>
<u>36,412,844</u>	<u>32,179,518</u>
\$ <u>38,499,857</u>	\$ <u>36,412,844</u>
<u>16,619,375</u>	<u>13,816,207</u>
69.85%	72.49%
\$ 15,648,114	\$ 15,389,154
106.21%	89.78%

CITY OF SCHERTZ, TEXAS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Fiscal Year Ended September 30,	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 3,129,413	\$ 2,971,592
Contributions in relation to the actuarially determined contribution	<u>3,129,413</u>	<u>2,971,592</u>
Contribution deficiency (excess)	-	-
Covered payroll	19,520,269	18,605,654
Contributions as a percentage of covered payroll	16.03%	15.97%

Note: GASB Statement No. 68 requires 10 years of data to be provided in this schedule. As of year-end, all years are not available. Additional years will be added in the future as the information becomes available.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31st and become effective on January 1st, 13 months and a day later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	27 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	2.50%
Salary increases	3.50% to 10.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

	<u>2017</u>		<u>2016</u>		<u>2015</u>
\$	2,756,511	\$	2,592,593	\$	2,487,856
	<u>2,756,511</u>		<u>2,592,593</u>		<u>2,487,856</u>
	-		-		-
	17,347,849		16,175,988		15,486,735
	15.89%		16.03%		16.06%

CITY OF SCHERTZ, TEXAS

SCHEDULE OF CHANGES IN TMRS OTHER POST-EMPLOYMENT BENEFIT LIABILITY
AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Measurement Date December 31,	<u>2018</u>	<u>2017</u>
Total OPEB liability		
Service cost	\$ 37,794	\$ 29,926
Interest on total OPEB liability	21,182	20,123
Differences in actuarial experience	86,276	-
Change of assumptions	(54,027)	57,257
Benefit payments	(3,779)	(3,521)
Net change in total OPEB liability	<u>87,446</u>	<u>103,785</u>
Total OPEB liability, beginning	<u>622,941</u>	<u>519,156</u>
Total OPEB liability, ending (a)	\$ <u>710,387</u>	\$ <u>622,941</u>
Covered-employee payroll	\$ 18,896,766	\$ 17,603,310
Total OPEB liability as a percentage of covered-employee payroll	3.76%	3.54%

Note: 10 years of data is required to be provided in this schedule. As of year-end, all years are not available. Additional years will be added in the future as the information becomes available.

NOTES TO SCHEDULE

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31st and become effective on January 1st, 13 months and a day later.

Methods and Assumptions Used to Determine Contribution Rates:

Inflation	2.50%
Salary increases	3.50% to 10.50% including inflation
Discount rate	3.71% (based on Fidelity's 20-Year Municipal GO AA Index)
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates - disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.
Other information	No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75 to pay related benefits.

CITY OF SCHERTZ, TEXAS

SCHEDULE OF CHANGES IN CITY RETIREE HEALTH OTHER POST-EMPLOYMENT BENEFIT
LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Measurement Date December 31,	<u>2018</u>	<u>2017</u>
Total OPEB liability		
Service cost	\$ 121,821	\$ 107,517
Interest on total OPEB liability	67,947	69,435
Difference in actuarial experience	14,962	
Change of assumptions	(81,106)	96,092
Benefit payments	(57,530)	(42,189)
Net change in total OPEB liability	<u>66,094</u>	<u>230,855</u>
Total OPEB liability, beginning	<u>2,020,624</u>	<u>1,789,769</u>
Total OPEB liability, ending (a)	<u>\$ 2,086,718</u>	<u>\$ 2,020,624</u>
Covered payroll	\$ 18,974,951	\$ 16,068,891
Total OPEB liability as a percentage of covered payroll	11.00%	12.57%

Note: 10 years of data is required to be provided in this schedule. As of year-end, all years are not available. Additional years will be added in the future as the information becomes available.

NOTES TO SCHEDULE

Valuation Date: December 31, 2017

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Individual entry-age
Discount rate	3.71% as of December 31, 2018
Inflation	2.50%
Salary increases	3.50% to 10.50% including inflation
Demographic assumptions	Based on the experience study covering the four-year period ending December 31, 2014 as conducted for the Texas Municipal System (TMRS).
Mortality	For healthy retirees, the gender distinct RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB to account for future mortality improvements.
Health care trend rates	Initial rate of 7.5% to an ultimate rate of 4.25% after 15 years.
Participation rates	30% on non-Medicare retirees
Other information	The discount rate changed from 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018.

SUPPLEMENTARY INFORMATION

Comparative Schedules – Governmental Funds

General Fund
Economic Development Corporation
Debt Service Fund
Capital Projects Fund

Combining Statements and Individual Fund Schedules - Nonmajor Governmental Funds

Hotel Occupancy Fund - will account for proceeds of hotel occupancy taxes to be used strictly for those kinds of programs that promote the tourism industry.

Park Fund - will account for revenues from developers' fees (in lieu of park land dedication), grants, and donations and is designed to monitor and manage improvement of the City's park system.

Tree Mitigation Fund - will account for revenues from permits, grants and donations to preserve and replace trees in the City.

Treasury Forfeitures Fund - will account for revenue received from drug related cases in conjunction with other law enforcement agencies within the jurisdiction of the U.S. Treasury department.

Justice Forfeitures Fund - will account for revenue received from drug related cases in conjunction with other law enforcement agencies within the jurisdiction of the US Department of Justice.

State Forfeitures Fund - will account for revenue received from drug related cases in conjunction with other law enforcement agencies within the jurisdiction of the State Forfeiture Program.

Library Advisory Board - to account for certain fees generated at the library to be used by the Board for general improvements to the Library.

Historical Committee Fund - will account for funds received for the preservation of the history of the City.

Capital Recovery Roadways Fund - to account for a fee assessed for capital recovery on new construction.

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CITY OF SCHERTZ, TEXAS

COMPARATIVE BALANCE SHEETS
GENERAL FUND

SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 1,211,660	\$ 1,391,876
Investments	15,105,396	13,202,101
Receivables (net of allowances)		
Taxes	2,134,563	2,136,274
Accounts and other	1,775,482	1,682,001
Inventory	117,009	94,876
Prepays	14,916	-
Restricted assets:		
Cash and cash equivalents	<u>785,708</u>	<u>701,922</u>
Total Assets	<u>21,144,734</u>	<u>19,209,050</u>
LIABILITIES		
Accounts payable	685,560	892,564
Accrued salaries and benefits	970,679	742,046
Customer deposits	22,251	52,456
Due to other governments	123,116	143,448
Due to other funds	16,139	16,139
Unearned revenues	<u>33,314</u>	<u>35,720</u>
Total Liabilities	<u>1,851,059</u>	<u>1,882,373</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues	<u>1,754,646</u>	<u>1,696,224</u>
Total Deferred Inflows of Resources	<u>1,754,646</u>	<u>1,696,224</u>
FUND BALANCES		
Nonspendable for:		
Inventory	131,925	94,876
Restricted for:		
Police and public safety/municipal court	226,093	101,842
Municipal court	823,451	728,350
PEG capital fees	723,353	723,353
Animal control	33,408	35,660
Veterans	2,109	4,796
Scholarships	101,673	84,989
Committed for:		
Civic Center/CIED	687,779	454,376
Assigned for:		
Property replacement	891,321	854,198
Subsequent year's budget	4,689,305	2,226,359
Unassigned	<u>9,228,612</u>	<u>10,321,654</u>
Total Fund Balances	<u>17,539,029</u>	<u>15,630,453</u>
Total Liabilities, Deferred inflows of Resources, and Fund Balances	<u>\$ 21,144,734</u>	<u>\$ 19,209,050</u>

CITY OF SCHERTZ, TEXAS

COMPARATIVE SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2018)

	<u>2019</u>	<u>2018</u>
REVENUES		
Taxes	\$ 23,488,223	\$ 21,741,184
Permits and fees	1,605,299	2,317,534
Service fees	1,909,300	2,139,574
Fines and fees	926,657	868,875
Intergovernmental	965,768	530,122
Investment earnings	489,051	252,397
Miscellaneous	<u>684,882</u>	<u>690,810</u>
Total Revenues	<u>30,069,180</u>	<u>28,540,496</u>
EXPENDITURES		
Current:		
General government	5,389,701	5,544,155
Public safety	13,926,364	12,718,070
Public environment	1,112,041	1,136,052
Parks and recreation	2,350,370	1,672,789
Cultural	998,445	939,095
Health	498,871	628,054
Administration	3,231,294	2,478,964
Capital outlay	649,055	1,083,044
Debt service:		
Principal	-	24,116
Interest and fiscal charges	<u>-</u>	<u>3,056</u>
Total Expenditures	<u>28,156,141</u>	<u>26,227,395</u>
Excess (Deficiency) of Revenues Over Expenditures	1,913,039	2,313,101
OTHER FINANCING SOURCES (USES)		
Proceeds from capital lease	-	42,829
Transfers in	-	351,219
Transfers out	<u>(4,463)</u>	<u>(46,314)</u>
Total Other Financing Sources (Uses)	<u>(4,463)</u>	<u>347,734</u>
NET CHANGE IN FUND BALANCE	1,908,576	2,660,835
FUND BALANCES - BEGINNING	<u>15,630,453</u>	<u>12,969,618</u>
FUND BALANCES - ENDING	\$ <u>17,539,029</u>	\$ <u>15,630,453</u>

CITY OF SCHERTZ, TEXAS

COMPARATIVE BALANCE SHEETS

ECONOMIC DEVELOPMENT CORPORATION

SEPTEMBER 30, 2019

(WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 224,144	\$ 397,726
Investments	20,824,561	16,664,835
Receivables, net of allowances:		
Taxes	739,361	746,350
Accounts and other	<u>8,448</u>	<u>8,448</u>
Total Assets	<u>\$ 21,796,514</u>	<u>\$ 17,817,359</u>
LIABILITIES		
Accounts payable	\$ <u>19,258</u>	\$ <u>5,391</u>
Total Liabilities	<u>19,258</u>	<u>5,391</u>
FUND BALANCES		
Restricted for:		
Economic development	<u>21,777,256</u>	<u>17,811,968</u>
Total Fund Balances	<u>21,777,256</u>	<u>17,811,968</u>
Total Liabilities and Fund Balances	<u>\$ 21,796,514</u>	<u>\$ 17,817,359</u>

CITY OF SCHERTZ, TEXAS

COMPARATIVE SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
ECONOMIC DEVELOPMENT CORPORATION

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>2019</u>	<u>2018</u>
REVENUES		
Taxes	\$ 4,172,238	\$ 4,223,053
Investment earnings	452,214	264,686
Investment earnings	<u>196,003</u>	<u>-</u>
Total Revenues	<u>4,820,455</u>	<u>4,487,739</u>
EXPENDITURES		
Current:		
General government	358,810	650,753
Administration	<u>496,357</u>	<u>468,670</u>
Total Expenditures	<u>855,167</u>	<u>1,119,423</u>
Excess (Deficiency) of Revenues Over Expenditures	3,965,288	3,368,316
OTHER FINANCING SOURCES (USES)		
Transfers out	<u>-</u>	<u>(625,769)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(625,769)</u>
NET CHANGE IN FUND BALANCE	3,965,288	2,742,547
FUND BALANCES - BEGINNING	<u>17,811,968</u>	<u>15,069,421</u>
FUND BALANCES - ENDING	<u>\$ 21,777,256</u>	<u>\$ 17,811,968</u>

CITY OF SCHERTZ, TEXAS

COMPARATIVE BALANCE SHEETS
DEBT SERVICE FUND

SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 91,510	\$ 27,896
Investments	910,716	1,071,962
Receivables, net of allowances: Taxes	<u>82,682</u>	<u>84,934</u>
Total Assets	<u>1,084,908</u>	<u>1,184,792</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues	<u>82,682</u>	<u>84,934</u>
Total Deferred Inflows of Resources	<u>82,682</u>	<u>84,934</u>
FUND BALANCES		
Restricted for:		
Debt service	<u>1,002,226</u>	<u>1,099,858</u>
Total Fund Balances	<u>1,002,226</u>	<u>1,099,858</u>
Total Deferred Inflows of Resources and Fund Balances	<u>\$ 1,084,908</u>	<u>\$ 1,184,792</u>

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CITY OF SCHERTZ, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DEBT SERVICE FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2019
(WITH COMPARATIVE ACTUAL TOTALS FOR 2018)

	Original Budget	Final Budget	2019 Actual Amounts
REVENUES			
Property taxes	\$ 6,384,000	\$ 6,384,000	\$ 6,414,868
Investment income	56,000	56,000	70,318
Miscellaneous	<u>100,000</u>	<u>100,000</u>	<u>100,277</u>
Total Revenue	<u>6,540,000</u>	<u>6,540,000</u>	<u>6,585,463</u>
EXPENDITURES			
Debt service:			
Principal	4,260,000	4,260,000	4,565,000
Interest and fiscal charges	2,388,725	2,388,725	2,069,215
Bond issue costs	5,000	5,000	120,869
Payment to refunded bond escrow agent	<u>-</u>	<u>-</u>	<u>5,489,912</u>
Total Expenditures	<u>6,653,725</u>	<u>6,653,725</u>	<u>12,244,996</u>
Excess (Deficiency) of Revenues over Expenditures	(113,725)	(113,725)	(5,659,533)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Issuance of refunding debt	-	-	5,225,000
Premiums from issuance of debt	<u>-</u>	<u>-</u>	<u>336,901</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>5,561,901</u>
NET CHANGE IN FUND BALANCE	(113,725)	(113,725)	(97,632)
FUND BALANCE - BEGINNING	<u>1,099,858</u>	<u>1,099,858</u>	<u>1,099,858</u>
FUND BALANCE - ENDING	<u>\$ 986,133</u>	<u>\$ 986,133</u>	<u>\$ 1,002,226</u>

Variance With Final Budget Positive (Negative)	2018 Actual Amounts
\$ 30,868	\$ 6,148,041
14,318	61,928
<u>277</u>	<u>100,000</u>
<u>45,463</u>	<u>6,309,969</u>
(305,000)	10,879,623
319,510	2,096,134
(115,869)	80,205
<u>(5,489,912)</u>	<u>-</u>
<u>(5,591,271)</u>	<u>13,055,962</u>
5,636,734	(6,745,993)
-	360,769
5,225,000	6,035,000
<u>336,901</u>	<u>-</u>
<u>5,561,901</u>	<u>6,395,769</u>
16,093	(350,224)
<u>-</u>	<u>1,450,082</u>
\$ <u>16,093</u>	\$ <u>1,099,858</u>

CITY OF SCHERTZ, TEXAS

COMPARATIVE BALANCE SHEETS
CAPITAL PROJECTS FUND

SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 34,120	\$ 361,260
Investments	14,147,499	16,469,940
Accounts receivable	52,248	-
Total Assets	<u>\$ 14,233,867</u>	<u>\$ 16,831,200</u>
LIABILITIES		
Accounts payable	\$ 825,769	\$ 658,395
Retainage payable	293,788	-
Due to other funds	-	116,040
Total Liabilities	<u>1,119,557</u>	<u>774,435</u>
FUND BALANCES		
Restricted for:		
Capital improvement	<u>13,114,310</u>	<u>16,056,765</u>
Total Fund Balances	<u>13,114,310</u>	<u>16,056,765</u>
Total Liabilities and Fund Balance	<u>\$ 14,233,867</u>	<u>\$ 16,831,200</u>

CITY OF SCHERTZ, TEXAS

COMPARATIVE SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2019
(WITH COMPARTIVE TOTALS FOR THE YEAR ENDED 2018)

	<u>2019</u>	<u>2018</u>
REVENUES		
Intergovernmental	\$ 91,913	\$ 79,009
Investment earnings	<u>382,850</u>	<u>282,213</u>
Total Revenues	<u>474,763</u>	<u>361,222</u>
EXPENDITURES		
Capital outlay	8,308,326	6,346,147
Debt service:		
Bond issue costs	<u>68,213</u>	<u>49,212</u>
Total Expenditures	<u>8,376,539</u>	<u>6,395,359</u>
Excess (Deficiency) of Revenues Over Expenditures	(7,901,776)	(6,034,137)
OTHER FINANCING SOURCES (USES)		
Issuance of debt	4,620,000	4,845,000
Premiums from issuance of debt	303,214	269,212
Transfers in	117,632	60,693
Transfers out	<u>(81,525)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>4,959,321</u>	<u>5,174,905</u>
NET CHANGE IN FUND BALANCE	(2,942,455)	(859,232)
FUND BALANCES - BEGINNING	<u>16,056,765</u>	<u>16,915,997</u>
FUND BALANCES - ENDING	<u>\$ 13,114,310</u>	<u>\$ 16,056,765</u>

CITY OF SCHERTZ, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

	Special Revenue Funds			
	Hotel Occupancy Fund	Park Fund	Tree Mitigation	Treasury Forfeitures
ASSETS				
Cash and cash equivalents	\$ 37,118	\$ 47,745	\$ 59,926	\$ 28,160
Investments	2,117,237	242,925	387,600	-
Accounts receivable, net of allowance	63,789	-	-	-
Total Assets	<u>\$ 2,218,144</u>	<u>\$ 290,670</u>	<u>\$ 447,526</u>	<u>\$ 28,160</u>
LIABILITIES				
Accounts payable	\$ 3,279	\$ -	\$ 14,120	\$ -
Total Liabilities	<u>3,279</u>	<u>-</u>	<u>14,120</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
Tourism development	2,214,865	-	-	-
Tree mitigation	-	-	433,406	-
Parks	-	290,670	-	-
Police forfeiture	-	-	-	28,160
Roadways	-	-	-	-
Library	-	-	-	-
Historical committee	-	-	-	-
Total Fund Balances	<u>2,214,865</u>	<u>290,670</u>	<u>433,406</u>	<u>28,160</u>
Total Liabilities and Fund Balances	<u>\$ 2,218,144</u>	<u>\$ 290,670</u>	<u>\$ 447,526</u>	<u>\$ 28,160</u>

Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
Justice Forfeitures	State Forfeitures	Library Advisory Board	Historical Committee Fund	Capital Recovery Roadways	
\$ 5,961	\$ 5,109	\$ 27,978	\$ 13,662	\$ 85,453	\$ 311,112
248,829	-	47,609	-	-	3,044,200
-	-	-	-	-	63,789
<u>\$ 254,790</u>	<u>\$ 5,109</u>	<u>\$ 75,587</u>	<u>\$ 13,662</u>	<u>\$ 85,453</u>	<u>\$ 3,419,101</u>
\$ -	\$ -	\$ 145	\$ -	\$ -	\$ 17,544
-	-	145	-	-	17,544
-	-	-	-	-	2,214,865
-	-	-	-	-	433,406
-	-	-	-	-	290,670
254,790	5,109	-	-	-	288,059
-	-	-	-	85,453	85,453
-	-	75,442	-	-	75,442
-	-	-	13,662	-	13,662
<u>254,790</u>	<u>5,109</u>	<u>75,442</u>	<u>13,662</u>	<u>85,453</u>	<u>3,401,557</u>
<u>\$ 254,790</u>	<u>\$ 5,109</u>	<u>\$ 75,587</u>	<u>\$ 13,662</u>	<u>\$ 85,453</u>	<u>\$ 3,419,101</u>

CITY OF SCHERTZ, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue Funds			
	Hotel Occupancy Fund	Park Fund	Tree Mitigation	Treasury Forfeiture
REVENUES				
Occupancy tax	\$ 514,679	\$ -	\$ -	\$ -
Permits and fees	-	11,000	19,162	-
Service fees	-	-	-	-
Fines and fees	-	-	-	900
Investment earnings	48,015	7,600	10,306	-
Miscellaneous	3,071	-	-	-
Total Revenues	<u>565,765</u>	<u>18,600</u>	<u>29,468</u>	<u>900</u>
EXPENDITURES				
Current:				
General government	130,265	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	15,250	27,867	-
Cultural	-	-	-	-
Administration	67,582	-	-	-
Capital outlay	-	86,841	-	206
Total Expenditures	<u>197,847</u>	<u>102,091</u>	<u>27,867</u>	<u>206</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>367,918</u>	<u>(83,491)</u>	<u>1,601</u>	<u>694</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>367,918</u>	<u>(83,491)</u>	<u>1,601</u>	<u>694</u>
FUND BALANCES - BEGINNING	<u>1,846,947</u>	<u>374,161</u>	<u>431,805</u>	<u>27,466</u>
FUND BALANCES - ENDING	<u>\$ 2,214,865</u>	<u>\$ 290,670</u>	<u>\$ 433,406</u>	<u>\$ 28,160</u>

Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
Justice Forfeitures	State Forfeitures	Library Advisory Board	Historical Committee Fund	Capital Recovery Roadways	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 514,679
-	-	-	-	-	30,162
-	-	21,365	708	138,920	160,993
23,509	2,548	-	-	-	26,957
6,600	-	1,853	-	1,451	75,825
-	-	7	17	-	3,095
<u>30,109</u>	<u>2,548</u>	<u>23,225</u>	<u>725</u>	<u>140,371</u>	<u>811,711</u>
-	-	-	2,871	-	133,136
50,306	8,773	-	-	-	59,079
-	-	-	-	-	43,117
-	-	19,664	-	-	19,664
-	-	-	-	-	67,582
39,144	-	-	-	-	126,191
<u>89,450</u>	<u>8,773</u>	<u>19,664</u>	<u>2,871</u>	<u>-</u>	<u>448,769</u>
(59,341)	(6,225)	3,561	(2,146)	140,371	362,942
-	-	-	2,871	-	2,871
-	-	-	-	(116,040)	(116,040)
-	-	-	2,871	(116,040)	(113,169)
(59,341)	(6,225)	3,561	725	24,331	249,773
<u>314,131</u>	<u>11,334</u>	<u>71,881</u>	<u>12,937</u>	<u>61,122</u>	<u>3,151,784</u>
\$ <u>254,790</u>	\$ <u>5,109</u>	\$ <u>75,442</u>	\$ <u>13,662</u>	\$ <u>85,453</u>	\$ <u>3,401,557</u>

CITY OF SCHERTZ, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOTEL OCCUPANCY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2019
(WITH COMPARATIVE ACTUAL TOTALS FOR 2018)

	Original Budget	Final Budget	2019 Actual Amounts
REVENUES			
Occupancy tax	\$ 500,000	\$ 500,000	\$ 514,679
Investment earnings	28,000	28,000	48,015
Miscellaneous	-	-	3,071
Total Revenues	<u>528,000</u>	<u>528,000</u>	<u>565,765</u>
EXPENDITURES			
Current:			
General government	189,150	189,150	130,265
Administration	67,582	67,582	67,582
Capital outlay	-	-	-
Total Expenditures	<u>256,732</u>	<u>256,732</u>	<u>197,847</u>
NET CHANGE IN FUND BALANCE	<u>271,268</u>	<u>271,268</u>	<u>367,918</u>
FUND BALANCE - BEGINNING	<u>1,846,947</u>	<u>1,846,947</u>	<u>1,846,947</u>
FUND BALANCE - ENDING	<u>\$ 2,118,215</u>	<u>\$ 2,118,215</u>	<u>\$ 2,214,865</u>

Variance With Final Budget Positive (Negative)	2018 Actual Amounts
\$ 14,679	\$ 520,424
20,015	28,838
3,071	-
<u>37,765</u>	<u>549,262</u>
58,885	130,328
-	67,605
-	8,255
<u>58,885</u>	<u>206,188</u>
<u>96,650</u>	<u>343,074</u>
-	<u>1,503,873</u>
<u>\$ 96,650</u>	<u>\$ 1,846,947</u>

CITY OF SCHERTZ, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PARK FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2019
(WITH COMPARATIVE ACTUAL TOTALS FOR 2018)

	Original Budget	Final Budget	2019 Actual Amounts
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Licenses and permits	\$ 70,000	\$ 70,000	\$ 11,000
Investment earnings	7,750	7,750	7,600
Total Revenues	<u>77,750</u>	<u>77,750</u>	<u>18,600</u>
 EXPENDITURES			
Current:			
Parks and recreation	15,000	25,204	15,250
Capital outlay	85,000	151,308	86,841
Total Expenditures	<u>100,000</u>	<u>176,512</u>	<u>102,091</u>
 NET CHANGE IN FUND BALANCE	<u>(22,250)</u>	<u>(98,762)</u>	<u>(83,491)</u>
 FUND BALANCE - BEGINNING	<u>374,161</u>	<u>374,161</u>	<u>374,161</u>
 FUND BALANCE - ENDING	<u>\$ 351,911</u>	<u>\$ 275,399</u>	<u>\$ 290,670</u>

Variance With Final Budget Positive (Negative)	2018 Actual Amounts
\$(59,000)	\$ 139,000
(150)	<u>6,848</u>
<u>(59,150)</u>	<u>145,848</u>
9,954	17,565
<u>64,467</u>	<u>121,934</u>
<u>74,421</u>	<u>139,499</u>
<u>15,271</u>	<u>6,349</u>
<u>-</u>	<u>367,812</u>
<u>\$ 15,271</u>	<u>\$ 374,161</u>

CITY OF SCHERTZ, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TREE MITITGATION FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2019
(WITH COMPARATIVE ACTUAL TOTALS FOR 2018)

	Original Budget	Final Budget	2019 Actual Amounts
REVENUES			
Licenses and permits	\$ 72,500	\$ 72,500	\$ 19,162
Investment earnings	7,750	7,750	10,306
Miscellaneous	-	-	-
Total Revenues	<u>80,250</u>	<u>80,250</u>	<u>29,468</u>
EXPENDITURES			
Current:			
Parks and recreation	75,000	75,000	27,867
Total Expenditures	<u>75,000</u>	<u>75,000</u>	<u>27,867</u>
NET CHANGE IN FUND BALANCE	<u>5,250</u>	<u>5,250</u>	<u>1,601</u>
FUND BALANCE - BEGINNING	<u>431,805</u>	<u>431,805</u>	<u>431,805</u>
FUND BALANCE - ENDING	<u>\$ 437,055</u>	<u>\$ 437,055</u>	<u>\$ 433,406</u>

Variance With Final Budget Positive (Negative)	2018 Actual Amounts
\$(53,338)	\$ 100,522
2,556	-
<u>-</u>	<u>6,888</u>
<u>(50,782)</u>	<u>107,410</u>
<u>47,133</u>	<u>7,518</u>
<u>47,133</u>	<u>7,518</u>
<u>(3,649)</u>	<u>99,892</u>
<u>-</u>	<u>331,913</u>
<u>\$(3,649)</u>	<u>\$ 431,805</u>

CITY OF SCHERTZ, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

TREASURY FORFEITURES FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
REVENUES		
Fines and fees	\$ 900	\$ 13,767
Investment earnings	-	33
Total Revenues	<u>900</u>	<u>13,800</u>
EXPENDITURES		
Capital outlay	<u>206</u>	<u>7,349</u>
Total Expenditures	<u>206</u>	<u>7,349</u>
NET CHANGE IN FUND BALANCE	<u>694</u>	<u>6,451</u>
FUND BALANCE - BEGINNING	<u>27,466</u>	<u>21,015</u>
FUND BALANCE - ENDING	<u>\$ 28,160</u>	<u>\$ 27,466</u>

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CITY OF SCHERTZ, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
JUSTICE FORFEITURES FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2019
(WITH COMPARATIVE ACTUAL TOTALS FOR 2018)

	Original Budget	Final Budget	2019 Actual Amounts
REVENUES			
Fines and fees	\$ 130,000	\$ 130,000	\$ 23,509
Investment earnings	2,200	2,200	6,600
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Total Revenues	<u>133,200</u>	<u>133,200</u>	<u>30,109</u>
EXPENDITURES			
Current:			
Public safety	-	-	50,306
Capital outlay	<u>10,000</u>	<u>10,000</u>	<u>39,144</u>
Total Expenditures	<u>10,000</u>	<u>10,000</u>	<u>89,450</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>123,200</u>	<u>123,200</u>	<u>(59,341)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>123,200</u>	<u>123,200</u>	<u>(59,341)</u>
FUND BALANCE - BEGINNING	<u>314,131</u>	<u>314,131</u>	<u>314,131</u>
FUND BALANCE - ENDING	<u>\$ 437,331</u>	<u>\$ 437,331</u>	<u>\$ 254,790</u>

Variance With Final Budget Positive (Negative)	2018 Actual Amounts
\$ (106,491)	\$ 167,347
4,400	4,247
(1,000)	-
<u>(103,091)</u>	<u>171,594</u>
(50,306)	10,152
<u>(29,144)</u>	<u>141,896</u>
<u>(79,450)</u>	<u>152,048</u>
<u>(182,541)</u>	<u>19,546</u>
-	(86,219)
<u>-</u>	<u>(86,219)</u>
<u>(182,541)</u>	<u>(66,673)</u>
<u>-</u>	<u>380,804</u>
<u>\$ (182,541)</u>	<u>\$ 314,131</u>

CITY OF SCHERTZ, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

STATE FORFEITURES FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
REVENUES		
Fines and fees	\$ 2,548	\$ -
Investment earnings	<u>-</u>	<u>64</u>
Total Revenues	<u>2,548</u>	<u>64</u>
EXPENDITURES		
Current:		
Public safety	<u>8,773</u>	<u>-</u>
Total Expenditures	<u>8,773</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(6,225)</u>	<u>64</u>
FUND BALANCE - BEGINNING	<u>11,334</u>	<u>11,270</u>
FUND BALANCE - ENDING	<u>\$ 5,109</u>	<u>\$ 11,334</u>

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CITY OF SCHERTZ, TEXAS

SCHEDULE OF REVENUES, EXPEDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LIBRARY ADVISORY BOARD

FOR THE YEAR ENDED SEPTEMBER 30, 2019
(WITH COMPARATIVE ACTUAL TOTALS FOR 2018)

	Original Budget	Final Budget	2019 Actual Amounts
REVENUES			
Service fees	\$ 22,000	\$ 22,000	\$ 21,365
Investment earnings	400	400	1,853
Miscellaneous	500	500	7
Total Revenues	<u>22,900</u>	<u>22,900</u>	<u>23,225</u>
EXPENDITURES			
Current:			
Cultural	<u>32,400</u>	<u>32,400</u>	<u>19,664</u>
Total Expenditures	<u>32,400</u>	<u>32,400</u>	<u>19,664</u>
NET CHANGE IN FUND BALANCE	<u>(9,500)</u>	<u>(9,500)</u>	<u>3,561</u>
FUND BALANCE - BEGINNING	<u>71,881</u>	<u>71,881</u>	<u>71,881</u>
FUND BALANCE - ENDING	<u>\$ 62,381</u>	<u>\$ 62,381</u>	<u>\$ 75,442</u>

Variance With Final Budget Positive (Negative)	2018 Actual Amounts
\$ (635)	\$ 18,863
1,453	1,207
(493)	1
<u>325</u>	<u>20,071</u>
<u>12,736</u>	<u>16,058</u>
<u>12,736</u>	<u>16,058</u>
<u>13,061</u>	<u>4,013</u>
<u>-</u>	<u>67,868</u>
\$ <u>13,061</u>	\$ <u>71,881</u>

CITY OF SCHERTZ, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HISTORICAL COMMITTEE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2019
(WITH COMPARATIVE ACTUAL TOTALS FOR 2018)

	Original Budget	Final Budget	2019 Actual Amounts
REVENUES			
Sale of merchandise	\$ 1,000	\$ 1,000	\$ 708
Miscellaneous	-	-	17
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>725</u>
EXPENDITURES			
Current:			
General government	<u>11,750</u>	<u>11,750</u>	<u>2,871</u>
Total Expenditures	<u>11,750</u>	<u>11,750</u>	<u>2,871</u>
Excess of Revenues Over Expenditures	<u>(10,750)</u>	<u>(10,750)</u>	<u>(2,146)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>10,750</u>	<u>10,750</u>	<u>2,871</u>
Total Other Financing Sources (Uses)	<u>10,750</u>	<u>10,750</u>	<u>2,871</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>725</u>
FUND BALANCE - BEGINNING	<u>12,937</u>	<u>12,937</u>	<u>12,937</u>
FUND BALANCE - ENDING	<u>\$ 12,937</u>	<u>\$ 12,937</u>	<u>\$ 13,662</u>

Variance With Final Budget Positive (Negative)	2018 Actual Amounts
\$(292)	\$ 756
<u>17</u>	<u>3</u>
<u>(275)</u>	<u>759</u>
<u>8,879</u>	<u>1,897</u>
<u>8,879</u>	<u>1,897</u>
<u>8,604</u>	<u>(1,138)</u>
<u>(7,879)</u>	<u>4,806</u>
<u>(7,879)</u>	<u>4,806</u>
<u>725</u>	<u>3,668</u>
<u>-</u>	<u>9,269</u>
<u>\$ 725</u>	<u>\$ 12,937</u>

CITY OF SCHERTZ, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

CAPITAL RECOVERY ROADWAYS

FOR THE YEAR ENDED SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
REVENUES		
Service fees	\$ 138,920	\$ 60,793
Investment earnings	<u>1,451</u>	<u>329</u>
Total Revenues	<u>140,371</u>	<u>61,122</u>
OTHER FINANCING SOURCES (USES)		
Transfers out	(116,040)	-
Total Other Financing Sources (Uses)	<u>(116,040)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>24,331</u>	<u>61,122</u>
FUND BALANCE - BEGINNING	<u>61,122</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 85,453</u>	<u>\$ 61,122</u>

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STATISTICAL SECTION

**STATISTICAL SECTION
(Unaudited)**

This part of the City of Schertz, Texas Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	101 - 110
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources.	111 - 121
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	122 - 127
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	128 - 131
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	132 - 137

CITY OF SCHERTZ, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2010	2011	2012	2013
Governmental activities				
Net investment in capital assets	\$ 54,010,139	\$ 55,415,699	\$ 56,616,809	\$ 57,543,618
Restricted	897,324	2,089,971	1,917,098	7,788,354
Unrestricted	<u>7,548,859</u>	<u>7,370,101</u>	<u>8,907,326</u>	<u>6,645,418</u>
Total Governmental Activities Net Position	<u>\$ 62,456,322</u>	<u>\$ 64,875,771</u>	<u>\$ 67,441,233</u>	<u>\$ 71,977,390</u>
Business-type activities				
Net investment in capital assets	\$ 50,778,490	\$ 51,838,589	\$ 50,161,157	\$ 53,071,836
Restricted	-	-	-	-
Unrestricted	<u>4,217,098</u>	<u>7,441,722</u>	<u>11,577,645</u>	<u>11,902,282</u>
Total Business-Type Activities Net Position	<u>\$ 54,995,588</u>	<u>\$ 59,280,311</u>	<u>\$ 61,738,802</u>	<u>\$ 64,974,118</u>
Primary government				
Net investment in capital assets	\$ 104,788,629	\$ 107,254,288	\$ 106,777,966	\$ 110,615,454
Restricted	897,324	2,089,971	1,917,098	7,788,354
Unrestricted	<u>11,765,957</u>	<u>14,811,823</u>	<u>20,484,971</u>	<u>18,547,700</u>
Total Primary Government Net Position	<u>\$ 117,451,910</u>	<u>\$ 124,156,082</u>	<u>\$ 129,180,035</u>	<u>\$ 136,951,508</u>

TABLE 1

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 62,792,671	\$ 68,125,738	\$ 74,237,004	\$ 84,537,238	\$ 89,266,885	\$ 89,869,766
10,401,728	13,343,280	17,095,325	20,437,116	23,391,047	28,088,355
<u>8,613,239</u>	<u>1,640,519</u>	<u>2,231,341</u>	<u>1,673,567</u>	<u>2,351,236</u>	<u>2,920,717</u>
<u>\$ 81,807,638</u>	<u>\$ 83,109,537</u>	<u>\$ 93,563,670</u>	<u>\$ 106,647,921</u>	<u>\$ 115,009,168</u>	<u>\$ 120,878,838</u>
\$ 53,674,437	\$ 59,625,205	\$ 64,210,231	\$ 70,361,035	\$ 64,871,629	\$ 68,271,075
-	-	-	10,565,463	12,626,526	13,232,638
<u>16,450,988</u>	<u>14,243,922</u>	<u>15,737,470</u>	<u>20,781,291</u>	<u>20,870,671</u>	<u>33,254,008</u>
<u>\$ 70,125,425</u>	<u>\$ 73,869,127</u>	<u>\$ 79,947,701</u>	<u>\$ 101,707,789</u>	<u>\$ 98,368,826</u>	<u>\$ 114,757,721</u>
\$ 116,467,108	\$ 127,750,943	\$ 138,447,235	\$ 154,898,273	\$ 154,138,514	\$ 158,140,841
10,401,728	13,343,280	17,095,325	20,437,116	23,391,047	41,320,993
<u>25,064,227</u>	<u>15,884,441</u>	<u>17,968,811</u>	<u>22,454,858</u>	<u>35,848,433</u>	<u>36,174,725</u>
<u>\$ 151,933,063</u>	<u>\$ 156,978,664</u>	<u>\$ 173,511,371</u>	<u>\$ 197,790,247</u>	<u>\$ 213,377,994</u>	<u>\$ 235,636,559</u>

CITY OF SCHERTZ, TEXAS

CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2010	2011	2012	2013
Expenses				
Governmental activities:				
General government	\$ 7,892,516	\$ 8,112,954	\$ 7,802,092	\$ 7,066,087
Public safety	7,897,298	8,390,740	9,103,676	9,567,595
Public environment	2,966,642	3,152,119	3,586,087	3,622,834
Parks and recreation	1,593,075	1,673,098	1,584,605	1,807,559
Cultural	809,323	876,339	916,967	907,676
Health	345,455	374,516	357,658	344,647
Administration	1,084,430	1,321,055	1,117,044	1,180,656
Interest and other fees	2,230,452	2,251,472	2,302,912	3,340,951
Total Governmental Activities Expenses	<u>24,819,191</u>	<u>26,152,293</u>	<u>26,771,041</u>	<u>27,838,005</u>
Business-type activities:				
Water and sewer	14,434,709	15,280,871	16,349,967	16,954,871
EMS	3,690,007	3,659,031	3,758,425	3,959,445
Total Business-Type Activities Expenses	<u>18,124,716</u>	<u>18,939,902</u>	<u>20,108,392</u>	<u>20,914,316</u>
Total Primary Government Expenses	<u>42,943,907</u>	<u>45,092,195</u>	<u>46,879,433</u>	<u>48,752,321</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	1,905,600	1,495,563	2,286,488	2,230,800
Public safety	1,986,536	2,815,029	2,216,385	2,516,547
Public environment	-	-	-	-
Parks and recreation	536,609	524,443	541,512	721,222
Cultural	265,714	228,242	279,267	305,932
Health	36,728	39,743	36,746	38,149
Operating grants and contributions	587,643	717,105	764,997	234,084
Capital grants and contributions	1,276,465	2,998,115	1,178,573	1,531,740
Total Governmental Activities Program Revenues	<u>6,595,295</u>	<u>8,818,240</u>	<u>7,303,968</u>	<u>7,578,474</u>
Business-type activities:				
Charges for services:				
Water and sewer	15,147,332	17,073,075	17,411,568	17,696,327
EMS	3,061,414	3,564,852	3,561,114	4,459,600
Capital grants and contributions	973,437	2,175,889	828,853	1,301,235
Total Business-Type Activities Program Revenues	<u>19,182,183</u>	<u>22,813,816</u>	<u>21,801,535</u>	<u>23,457,162</u>
Total Primary Government Program Revenues	<u>25,777,478</u>	<u>31,632,056</u>	<u>29,105,503</u>	<u>31,035,636</u>
Net (expense) revenue:				
Governmental activities	(18,223,896)	(17,334,053)	(19,467,073)	(20,259,531)
Business-type activities	<u>1,057,467</u>	<u>3,873,914</u>	<u>1,693,143</u>	<u>2,542,846</u>
Total Primary Government Net Expense	<u>(17,166,429)</u>	<u>(13,460,139)</u>	<u>(17,773,930)</u>	<u>(17,716,685)</u>

TABLE 2

Fiscal Year						
2014	2015	2016	2017	2018	2019	
\$ 6,958,530	\$ 6,443,227	\$ 6,557,778	\$ 6,253,926	\$ 7,421,918	\$ 6,534,013	
10,025,703	10,836,712	12,141,968	13,061,120	13,899,278	15,448,886	
3,740,538	3,876,644	4,147,653	4,460,540	4,930,723	5,495,192	
1,807,136	2,164,604	2,034,964	2,859,974	2,707,292	3,022,278	
870,159	892,194	954,871	1,004,747	1,042,085	1,119,650	
407,114	470,468	570,204	776,494	724,780	516,890	
1,942,312	1,845,877	1,954,276	3,052,102	3,067,983	3,853,255	
2,352,856	2,226,635	2,240,783	2,355,714	2,125,687	2,196,180	
<u>28,104,348</u>	<u>28,756,361</u>	<u>30,602,497</u>	<u>33,824,617</u>	<u>35,919,746</u>	<u>38,186,344</u>	
17,762,116	18,440,959	20,269,111	21,346,078	23,579,854	25,608,390	
4,268,125	4,719,526	5,004,110	6,006,178	6,110,407	6,529,631	
<u>22,030,241</u>	<u>23,160,485</u>	<u>25,273,221</u>	<u>27,352,256</u>	<u>29,690,261</u>	<u>32,138,021</u>	
<u>50,134,589</u>	<u>51,916,846</u>	<u>55,875,718</u>	<u>61,176,873</u>	<u>65,610,007</u>	<u>70,324,365</u>	
1,974,637	1,840,547	1,507,252	874,737	1,013,698	947,538	
2,536,476	2,603,476	2,415,537	4,131,548	4,104,911	3,177,329	
-	-	-	-	-	138,920	
917,639	794,003	788,727	544,460	640,231	484,495	
309,897	325,178	326,079	330,412	313,668	311,575	
32,429	26,744	30,308	29,742	27,930	21,101	
220,264	336,252	342,485	552,878	776,942	692,042	
5,756,456	5,509,530	6,227,664	10,043,483	4,744,489	1,319,793	
<u>11,747,798</u>	<u>11,435,730</u>	<u>11,638,052</u>	<u>16,507,260</u>	<u>11,621,869</u>	<u>7,092,793</u>	
19,147,872	20,700,369	22,003,794	25,390,713	27,099,237	27,333,475	
4,533,753	4,415,126	5,921,223	6,366,894	6,092,559	6,596,618	
2,809,110	4,158,552	2,831,126	6,111,474	3,132,348	1,975,524	
<u>26,490,735</u>	<u>29,274,047</u>	<u>30,756,143</u>	<u>37,869,081</u>	<u>36,324,144</u>	<u>35,905,617</u>	
<u>38,238,533</u>	<u>40,709,777</u>	<u>42,394,195</u>	<u>54,376,341</u>	<u>47,946,013</u>	<u>42,998,410</u>	
(16,356,550)	(17,320,631)	(18,964,445)	(17,317,357)	(24,297,877)	(31,093,551)	
4,460,494	6,113,562	5,482,922	10,516,825	6,633,883	3,767,596	
<u>(11,896,056)</u>	<u>(11,207,069)</u>	<u>(13,481,523)</u>	<u>(6,800,532)</u>	<u>(17,663,994)</u>	<u>(27,325,955)</u>	

CITY OF SCHERTZ, TEXAS

CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2010	2011	2012	2013
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Ad valorem	\$ 9,715,645	\$ 10,280,768	\$ 11,298,204	\$ 12,359,146
Sales	6,240,749	7,054,394	7,968,212	9,637,097
Franchise fees	1,448,620	1,542,046	1,647,712	1,681,079
Hotel/motel	348,147	391,181	470,290	503,267
Mixed drink	32,144	33,630	28,586	30,421
Bingo	4,651	2,173	-	-
Investment income	117,776	48,235	60,265	54,270
Miscellaneous	611,510	316,840	621,560	505,268
Transfers	15,421	84,235	(62,294)	25,140
Total Governmental Activities	<u>18,534,663</u>	<u>19,753,502</u>	<u>22,032,535</u>	<u>24,795,688</u>
Business-type activities:				
Interest and investment earnings	36,824	37,950	36,409	53,089
Miscellaneous	236,173	457,094	666,645	664,521
Transfers	(15,421)	(84,235)	62,294	(25,140)
Total Business-Type Activities	<u>257,576</u>	<u>410,809</u>	<u>765,348</u>	<u>692,470</u>
 Total Primary Government	 <u>18,792,239</u>	 <u>20,164,311</u>	 <u>22,797,883</u>	 <u>25,488,158</u>
 Change in Net Position				
Governmental activities	310,767	2,419,449	2,565,462	4,536,157
Business-type activities	<u>1,315,043</u>	<u>4,284,723</u>	<u>2,458,491</u>	<u>3,235,316</u>
Total Primary Government	<u>\$ 1,625,810</u>	<u>\$ 6,704,172</u>	<u>\$ 5,023,953</u>	<u>\$ 7,771,473</u>

Source: City financial statements

TABLE 2

Fiscal Year						
2014	2015	2016	2017	2018	2019	
\$ 12,794,172	\$ 14,139,037	\$ 15,131,997	\$ 16,166,006	\$ 17,018,950	\$ 19,151,005	
10,553,382	10,315,125	10,921,489	10,844,503	12,668,555	12,506,879	
2,073,162	2,263,783	2,250,815	2,208,373	2,393,182	2,357,150	
552,570	563,734	544,871	499,466	520,424	514,679	
39,917	43,656	43,073	42,699	43,395	60,518	
-	-	-	-	-	-	
43,279	56,820	187,847	448,408	909,985	1,470,258	
180,316	197,881	309,275	182,754	283,496	984,257	
(50,000)	(42,235)	29,211	9,399	19,186	(81,525)	
<u>26,186,798</u>	<u>27,537,801</u>	<u>29,418,578</u>	<u>30,401,608</u>	<u>33,857,173</u>	<u>36,963,221</u>	
31,810	47,728	102,642	211,466	532,367	855,216	
609,003	344,731	522,221	475,733	453,374	267,788	
50,000	42,235	(29,211)	(9,399)	(19,186)	81,525	
<u>690,813</u>	<u>434,694</u>	<u>595,652</u>	<u>677,800</u>	<u>966,555</u>	<u>1,204,529</u>	
<u>26,877,611</u>	<u>27,972,495</u>	<u>30,014,230</u>	<u>31,079,408</u>	<u>34,823,728</u>	<u>38,167,750</u>	
9,830,248	10,217,170	10,454,133	13,084,251	9,559,296	5,869,670	
<u>5,151,307</u>	<u>6,548,256</u>	<u>6,078,574</u>	<u>11,194,625</u>	<u>7,600,438</u>	<u>4,972,125</u>	
<u>\$ 14,981,555</u>	<u>\$ 16,765,426</u>	<u>\$ 16,532,707</u>	<u>\$ 24,278,876</u>	<u>\$ 17,159,734</u>	<u>\$ 10,841,795</u>	

CITY OF SCHERTZ, TEXAS

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2010	2011	2012	2013
Nonspendable Fund Balance:				
Inventory	\$ 46,473	\$ 43,504	\$ 63,556	\$ 50,768
Prepaid items	-	-	2,367	754,443
Note receivable	<u>150,000</u>	<u>120,080</u>	<u>120,080</u>	<u>120,080</u>
Total Nonspendable Fund Balance	<u>196,473</u>	<u>163,584</u>	<u>186,003</u>	<u>925,291</u>
Restricted Fund Balance:				
Police and public safety	421,265	403,799	338,118	496,890
Municipal court	402,744	459,244	527,513	646,422
PEG capital fees	-	317,453	409,870	456,175
Capital improvement	3,914,323	10,219,300	17,104,595	15,360,800
Debt service	286,215	117,250	227,674	517,199
Tourism development	250,379	301,517	390,561	470,250
Tree mitigation	164,424	173,999	217,600	157,659
Parks	79,317	84,329	90,718	136,647
Historical Committee & library	200,359	231,686	65,409	77,554
Economic Development Corporation	3,548,067	3,394,850	4,366,005	6,022,128
Animal control	-	-	-	-
Veterans	-	-	-	-
Scholarship	-	-	-	-
Total Restricted Fund Balance	<u>9,267,093</u>	<u>15,703,427</u>	<u>23,738,063</u>	<u>24,341,724</u>
Committed Fund Balance:				
Capital improvement	-	-	-	165,000
Total Nonspendable Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,000</u>
Assigned Fund Balance:				
Property replacement	202,341	202,723	322,656	456,034
Special events	142,465	93,447	92,555	99,770
Capital improvement	-	162,113	243,546	145,167
Historical Committee	9,940	9,940	-	-
Subsequent year's budget	-	-	-	-
Youth activities	-	-	11,090	-
Total Assigned Fund Balance	<u>354,746</u>	<u>468,223</u>	<u>669,847</u>	<u>700,971</u>
Unassigned Fund Balance	<u>1,372,779</u>	<u>1,899,105</u>	<u>2,560,667</u>	<u>4,206,734</u>
Total Governmental Funds	\$ <u>11,191,091</u>	\$ <u>18,234,339</u>	\$ <u>27,154,580</u>	\$ <u>30,339,720</u>

Source: Balance Sheets - Governmental Funds in City's CAFRs.

TABLE 3

	2014	2015	2016	2017	2018	2019
\$	88,518	\$ 101,084	\$ 107,529	\$ 98,263	\$ 94,876	\$ 117,009
	21,735	16,000	112,974	-	-	14,916
	-	-	-	-	-	-
	<u>110,253</u>	<u>117,084</u>	<u>220,503</u>	<u>98,263</u>	<u>94,876</u>	<u>131,925</u>
	529,264	494,337	555,722	514,931	454,773	514,152
	628,459	683,558	714,609	728,350	728,350	823,451
	489,509	509,535	577,590	638,506	723,353	723,353
	9,600,028	8,924,587	11,665,693	16,915,997	16,117,887	13,199,763
	625,435	847,178	1,311,577	1,450,082	1,099,858	1,002,226
	501,996	848,969	1,186,062	1,503,873	1,846,947	2,214,865
	359,205	331,149	340,386	331,913	431,805	433,406
	304,655	341,551	441,606	367,812	374,161	290,670
	78,098	76,787	75,420	77,137	84,818	89,104
	7,792,578	9,821,747	12,227,179	15,069,421	17,811,968	21,777,256
	-	-	18,667	35,660	35,660	33,408
	-	-	4,985	4,796	4,796	2,109
	54,176	60,944	63,048	77,458	84,989	101,673
	<u>20,963,403</u>	<u>22,940,342</u>	<u>29,182,544</u>	<u>37,715,936</u>	<u>39,799,365</u>	<u>41,205,436</u>
	31,718	-	342,519	454,376	454,376	687,779
	<u>31,718</u>	<u>-</u>	<u>342,519</u>	<u>454,376</u>	<u>454,376</u>	<u>687,779</u>
	694,916	785,005	752,503	854,198	854,198	891,321
	31,177	6,657	6,743	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	2,226,359	4,689,305
	-	-	-	-	-	-
	<u>726,093</u>	<u>791,662</u>	<u>759,246</u>	<u>854,198</u>	<u>3,080,557</u>	<u>5,580,626</u>
	<u>5,587,262</u>	<u>7,280,240</u>	<u>8,509,467</u>	<u>9,976,169</u>	<u>12,548,013</u>	<u>9,228,612</u>
\$	<u>27,418,729</u>	<u>\$ 31,129,328</u>	<u>\$ 39,014,279</u>	<u>\$ 49,098,942</u>	<u>\$ 55,977,187</u>	<u>\$ 56,834,378</u>

CITY OF SCHERTZ, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues				
Taxes	\$ 17,811,547	\$ 19,309,675	\$ 21,401,991	\$ 24,181,863
Permits and fees	1,160,197	1,776,292	1,363,461	1,609,954
Service fees	1,492,130	1,645,489	1,547,007	1,739,387
Fines and fees	1,655,183	1,452,610	2,027,613	1,927,744
Intergovernmental	570,386	1,216,211	1,000,413	492,332
Other revenue	<u>1,161,182</u>	<u>603,498</u>	<u>969,921</u>	<u>767,110</u>
Total Revenues	<u>23,850,625</u>	<u>26,003,775</u>	<u>28,310,406</u>	<u>30,718,390</u>
Expenditures				
Current:				
General government	6,989,561	7,164,667	7,094,834	6,311,276
Public safety	7,409,720	7,885,119	8,690,849	9,113,840
Public environment	816,939	846,150	976,327	951,528
Parks and recreation	1,178,455	1,195,171	1,398,692	1,412,329
Cultural	872,668	937,611	845,124	840,595
Health	331,860	360,746	346,318	341,961
Administration	1,251,368	1,506,831	1,249,557	1,289,078
Capital outlay	11,347,876	2,956,511	1,299,843	3,277,397
Debt service:				
Principal	1,893,086	2,371,070	2,704,898	3,217,325
Interest and fiscal charges	2,183,852	2,066,221	2,313,510	2,381,171
Bond issue costs	20,000	244,237	254,971	31,750
Payment to refund agent	-	-	-	-
Total Expenditures	<u>34,295,385</u>	<u>27,534,334</u>	<u>27,174,923</u>	<u>29,168,250</u>
Excess of Revenues Over (Under)				
Expenditures	(10,444,760)	(1,530,559)	1,135,483	1,550,140
Other Financing Sources (Uses)				
Bond & debt issuances	1,418,294	8,206,572	14,370,000	1,635,000
Refunding bond issuance	-	-	-	-
Premium (discount) on bond issue	-	283,000	175,473	-
Payment to refund agent	-	-	(6,698,421)	-
Transfer in	242,539	348,846	139,635	788,084
Transfer out	<u>(227,118)</u>	<u>(264,611)</u>	<u>(201,929)</u>	<u>(788,084)</u>
Net Other Financing Sources (Uses)	<u>1,433,715</u>	<u>8,573,807</u>	<u>7,784,758</u>	<u>1,635,000</u>
Net Change in Fund Balances	\$ <u>(9,011,045)</u>	\$ <u>7,043,248</u>	\$ <u>8,920,241</u>	\$ <u>3,185,140</u>
Debt Service as a Percentage of				
Noncapital Expenditures	<u>17.7%</u>	<u>17.4%</u>	<u>19.5%</u>	<u>21.6%</u>

Source: Statement of Revenues, Expenditures, and Changes in Fund Balance for Governmental Funds.

TABLE 4

	2014	2015	2016	2017	2018	2019
\$	26,021,730	\$ 27,348,297	\$ 28,865,727	\$ 29,720,578	\$ 32,632,702	\$ 34,590,008
	1,805,047	1,731,302	1,493,336	2,540,045	2,557,056	1,635,461
	1,763,964	1,797,151	1,789,321	2,132,299	2,159,193	2,070,293
	1,750,311	1,534,588	1,441,474	1,217,621	1,049,989	953,614
	221,769	393,607	401,494	397,073	609,131	1,057,681
	671,731	689,805	1,741,436	1,897,153	1,761,285	2,454,515
	<u>32,234,552</u>	<u>33,494,750</u>	<u>35,732,788</u>	<u>37,904,769</u>	<u>40,769,356</u>	<u>42,761,572</u>
	5,981,439	5,582,441	5,657,998	5,394,918	6,327,133	5,881,647
	9,409,894	10,158,401	11,048,767	11,870,636	12,728,222	13,985,443
	1,012,607	952,663	1,007,326	1,128,979	1,136,052	1,112,041
	1,338,232	1,658,197	1,528,356	1,885,915	1,697,872	2,393,487
	815,691	821,146	869,162	921,870	955,153	1,018,109
	394,918	404,008	480,175	672,934	628,054	498,871
	2,270,041	2,056,646	2,015,573	2,912,855	3,015,239	3,795,233
	8,000,467	2,314,668	10,192,398	5,492,196	7,708,625	9,083,572
	3,695,597	3,918,008	4,040,975	4,473,174	4,744,116	4,565,000
	2,108,610	2,112,746	1,896,911	2,113,679	2,099,190	2,069,215
	165,650	7,992	449,358	214,280	129,417	189,082
	-	-	-	-	-	5,489,912
	<u>35,193,146</u>	<u>29,986,916</u>	<u>39,186,999</u>	<u>37,081,436</u>	<u>41,169,073</u>	<u>50,081,612</u>
(	2,958,594)	3,507,834	(3,454,211)	823,333	(399,717)	(7,320,040)
	8,583,715	245,000	10,750,000	8,870,000	4,887,829	4,620,000
	-	-	4,185,000	-	6,035,000	5,225,000
	686,137	-	590,432	381,931	269,212	640,115
(	9,182,250)	-	(4,215,482)	-	(6,159,623)	-
	1,243,833	989,120	863,583	438,803	777,487	120,503
(	1,293,832)	(1,031,355)	(834,371)	(429,404)	(758,302)	(202,028)
	37,603	202,765	11,339,162	9,261,330	5,051,603	10,403,590
\$(	2,920,991)	\$ 3,710,599	\$ 7,884,951	\$ 10,084,663	\$ 4,651,886	\$ 3,083,550
	<u>21.3%</u>	<u>21.3%</u>	<u>20.5%</u>	<u>20.4%</u>	<u>22.2%</u>	<u>17.3%</u>

CITY OF SCHERTZ, TEXAS

GOVERNMENTAL FUNDS TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales & Use Tax</u>	<u>Franchise Tax</u>	<u>Mixed Beverage</u>
2010	\$ 9,737,236	\$ 6,240,749	\$ 1,448,620	\$ 32,144
2011	10,286,251	7,054,394	1,542,046	33,630
2012	11,287,191	7,968,212	1,647,712	28,586
2013	12,329,999	9,637,097	1,681,079	30,421
2014	12,802,668	10,553,382	2,073,162	39,917
2015	14,161,999	10,315,125	2,263,783	43,553
2016	15,105,480	10,921,489	2,250,815	43,072
2017	16,125,537	10,844,503	2,208,373	42,668
2018	17,007,148	12,668,555	2,393,182	43,384
2019	19,150,782	12,506,879	2,357,150	60,518

TABLE 5

<u>Bingo</u>	<u>Hotel Occupancy</u>	<u>Total</u>
\$ 4,651	\$ 348,147	\$ 17,811,547
2,173	391,181	19,309,675
-	470,290	21,401,991
-	503,267	24,181,863
31	552,570	26,021,730
103	563,734	27,348,297
1	544,870	28,865,727
31	499,466	29,720,578
11	520,424	32,632,704
24	514,679	34,590,032

CITY OF SCHERTZ, TEXAS

TABLE 6

TOTAL WATER AND SEWER CONSUMPTION AND RATES

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Total Water & Sewer Consumption (In Gallons)	Water & Sewer Base Rate	Water & Sewer Initial Rate Per 1,000 Gallons
2019	1,622,930,500	\$ 37.15	\$ 6.84
2018	1,583,312,400	35.61	6.53
2017	1,583,462,300	34.35	6.21
2016	1,509,250,000	30.11	5.73
2015	1,472,948,300	26.54	5.43
2014	1,543,351,600	24.38	5.17
2013	1,550,039,700	22.69	4.84
2012	1,604,952,300	22.69	4.84
2011	1,676,323,900	22.69	4.75
2010	1,231,376,600	22.69	4.75

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CITY OF SCHERTZ, TEXAS

PRINCIPAL WATER AND SEWER CONSUMERS

CURRENT YEAR AND NINE YEARS AGO

TAXPAYERS	2019		
	Total Water Consumption (In Gallons)	Rank	Percentage of Total City Water Consumption
Caterpillar Inc.	21,614,000	1	1.33%
Beck Readymix Concrete	13,419,600	2	0.83%
Sycamore Creek Apartments	6,462,900	3	0.40%
SA WFR Partners, LLC	6,623,900	4	0.41%
IPT San Antonio Logistics CTR	5,633,200	5	0.35%
Sebastian Apartments	4,893,200	6	0.30%
Val Verde 6561	4,426,700	7	0.27%
Sysco / Cooling Tower	4,763,400	8	0.29%
Legacy Oaks Apartments	4,106,200	9	0.25%
Pecan Grove TXLLC	4,880,500	10	0.30%
Wal-Mart Supermarket #3391 spk			
Sedona Master Community, INC			
Lowe's Home Improvement Warehouse			
CCMA			
TOTAL	<u>76,823,600</u>		4.73%
Total City Water Consumption	1,622,930,500		

TABLE 7

2010		
Total Water Consumption (In Gallons)	Rank	Percentage of Total City Water Consumption
7,879,600	1	0.64%
3,979,100	8	0.32%
6,701,600	3	0.54%
4,793,700	5	0.39%
4,228,800	7	0.34%
5,321,100	4	0.43%
7,368,700	2	0.60%
4,674,900	6	0.38%
3,646,600	9	0.30%
3,318,900	10	0.27%
<u>51,913,000</u>		4.22%
1,231,376,600		

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	City Direct Rates			Overlapping School Districts		
	Basic Rate	Debt Service	Total	Schertz-Cibolo-Universal City ISD	Comal ISD	
2019	0.3497	0.1649	0.5146	1.4900	1.3200	
2018	0.3248	0.1662	0.4910	1.4900	1.3900	
2017	0.3168	0.1743	0.4911	1.4700	1.3900	
2016	0.3159	0.1752	0.4911	1.4900	1.3900	
2015	0.3164	0.1810	0.4974	1.4900	1.3900	
2014	0.3010	0.1964	0.4974	1.4900	1.4300	
2013	0.2993	0.2006	0.4999	1.4600	1.4300	
2012	0.2993	0.1850	0.4843	1.4350	1.4300	
2011	0.2993	0.1500	0.4493	1.4350	1.3700	
2010	0.2842	0.1500	0.4342	1.4200	1.3100	

Fiscal Year	Overlapping Counties					
	Bexar County	Hospital District	River Authority	Community College District	Comal County	Guadalupe County
2019	0.2774	0.2762	0.0186	0.1492	0.2952	0.3319
2018	0.2928	0.2762	0.0173	0.1492	0.3078	0.3799
2017	0.2928	0.2762	0.0173	0.1492	0.2928	0.3851
2016	0.2929	0.2762	0.0173	0.1492	0.2929	0.3851
2015	0.2929	0.2762	0.0178	0.1492	0.2929	0.3941
2014	0.2782	0.2762	0.0174	0.1492	0.2782	0.3999
2013	0.3052	0.2762	0.0174	0.1416	0.3504	0.4036
2012	0.3269	0.2762	0.0167	0.1416	0.3340	0.4036
2011	0.3269	0.2662	0.0160	0.1359	0.3130	0.3999
2010	0.3269	0.2610	0.0160	0.1359	0.3080	0.3895

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CITY OF SCHERTZ, TEXAS

PRINCIPAL PROPERTY OF TAX PAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2019		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Caterpillar Inc.	\$ 127,829,440	1	3.28%
SYSCO San Antonio, Inc.	108,437,649	2	2.78%
US Real Estate, LP	60,564,813	3	1.55%
Republic Beverage Co. Distribution	56,088,100	4	1.44%
Colfin 2018-3 Industrial Owner	44,527,470	5	1.14%
Shell US Gas & Power LLC	37,942,000	6	0.97%
Amazon.com KYDC LLC	36,498,147	7	0.94%
GE Oil & Gas LLC	28,301,316	8	0.73%
Amazon Com Services Inc	27,545,385	9	0.71%
SA WFR Partners LLC	26,108,900	10	0.67%
Lack Properties Inc.			
San Antonio MTA LP			
Eye Care Centers of America Inc.			
Aoh-Vantage at Schertz LLC			
Wal-Mart Real Estate Business Trust			
Sprint Spectrum LP			
H.E.B Grocery Co.			
EM Limited Partnership			
Mid Cities 35 Partners LTD			
TOTALS	\$ 553,843,220		14.20%
TOTAL TAXABLE ASSESSED VALUE	\$ 3,900,769,022		

TABLE 9

2010		
<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
44,558,524	1	2.30%
22,970,530	2	1.19%
22,115,750	3	1.14%
16,572,315	4	0.86%
16,560,000	5	0.86%
14,529,843	6	0.75%
12,051,870	7	0.62%
11,876,268	8	0.61%
10,992,086	9	0.57%
10,607,005	10	0.55%
<u>\$ 182,834,191</u>		<u>9.46%</u>
<u>\$ 1,933,159,122</u>		

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected Within Fiscal Year of Levy		Collections In Subsequent Years	Total Collections To Date	
		Amount	% of Levy		Amount	% of Levy
2019	\$ 19,922,568	\$ 19,825,244	99.51%	\$ -	19,825,244	99.51%
2018	18,010,824	17,899,825	99.38%	85,062	17,984,887	99.86%
2017	17,356,822	17,241,556	99.34%	72,675	17,314,231	99.75%
2016	16,238,180	16,160,248	99.52%	57,835	16,218,083	99.88%
2015	14,793,867	14,738,760	99.63%	44,730	14,783,490	99.93%
2014	13,383,759	13,297,258	99.35%	68,412	13,365,670	99.86%
2013	12,536,540	12,455,336	99.35%	71,432	12,526,768	99.92%
2012	11,239,572	11,159,974	99.29%	71,740	11,231,714	99.93%
2011	9,978,430	9,895,240	99.17%	74,770	9,970,010	99.92%
2010	9,639,945	9,559,899	99.17%	74,503	9,634,402	99.94%

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CITY OF SCHERTZ, TEXAS

TAXABLE ASSESSED VALUE

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended September 30,	Taxable Value January 1,	Residential Property	Commercial Property
2019	2018	\$ 2,860,333,982	\$ 1,401,636,211
2018	2017	2,049,067,806	2,344,365,139
2017	2016	1,895,085,016	2,269,590,522
2016	2015	1,702,601,947	2,087,223,204
2015	2014	1,568,651,309	1,793,803,709
2014	2013	1,445,731,509	1,540,565,195
2013	2012	1,383,423,359	1,396,349,905
2012	2011	1,337,223,390	1,233,687,039
2011	2010	1,272,970,256	1,253,600,729
2010	2009	1,234,950,439	1,237,284,878

*Taxable Assessed Value is before any applicable freeze adjustments.

Source: Bexar, Comal and Guadalupe County Appraisal Districts.

TABLE 11

Tax-Exempt Property	Other Property	Total Taxable Assessed Value*	Total Direct Tax Rate
\$ (621,773,006)	\$ 260,571,835	\$ 3,900,769,022	0.5146
(757,265,921)	146,860,809	3,647,504,903	0.4911
(649,173,041)	132,002,406	3,375,850,131	0.4911
(544,328,535)	130,353,515	3,037,267,611	0.4974
(460,271,461)	135,084,054	2,752,562,574	0.4974
(340,747,650)	107,013,520	2,600,365,551	0.4999
(285,245,142)	105,837,429	2,411,270,623	0.4843
(262,591,896)	102,952,090	2,363,893,708	0.4493
(280,015,063)	117,337,786	2,342,355,490	0.4342
(251,217,268)	121,337,441	1,933,159,122	0.4090

CITY OF SCHERTZ, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities					
	General Obligation Bonds	Certificates of Obligation	Tax Notes	Capital Lease	Revenue Bonds	Certificates of Obligation
2019	\$ 48,320,000	\$ 16,235,000	\$ 530,000	\$ 25,699	\$ -	\$ 12,330,000
2018	52,752,896	13,636,966	715,000	34,264	-	13,211,178
2017	56,613,614	9,011,415	1,230,000	25,147	-	8,174,779
2016	56,352,272	4,057,189	1,740,000	58,321	-	8,331,966
2015	53,410,128	277,801	1,210,000	91,495	-	8,946,153
2014	56,487,433	543,934	1,585,000	123,370	-	9,561,204
2013	58,693,750	801,767	2,155,000	22,398	2,215,000	5,048,233
2012	60,878,759	1,581,300	190,000	60,190	2,342,656	5,383,700
2011	48,035,253	8,615,077	250,000	97,188	2,476,681	5,704,200
2010	37,804,450	12,404,034	310,000	133,408	5,436,773	6,149,350

TABLE 12

Business-Type Activities						
Public Facility Loan	General Obligation Bonds	Capital Lease	Tax Notes	Total Primary Government	Percent of Gross Income	Per Capita
\$ -	\$ 4,445,000	\$ 199,421	\$ 460,000	\$ 82,545,120	5.60%	1,968
-	2,127,657	289,553	765,000	83,532,514	5.98%	2,028
-	2,533,626	92,721	1,065,000	75,076,605	6.22%	1,996
-	3,014,595	162,262	1,360,000	75,076,605	6.39%	1,979
-	3,490,564	231,803	1,640,000	69,297,944	5.99%	1,830
-	3,966,533	347,705	65,000	72,680,179	6.35%	1,992
-	2,127,502	-	130,000	71,193,650	6.50%	1,982
-	2,413,471	-	190,000	73,040,076	8.15%	2,117
-	2,684,440	-	250,000	68,112,839	8.01%	2,031
-	-	-	310,000	62,548,015	7.07%	1,923

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding				Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Certificates of Obligation	Amounts Available for Debt Service	Total		
2019	\$ 52,765,000	\$ 16,235,000	\$(1,084,908)	\$ 67,915,092	1.74%	1,649
2018	54,880,553	13,636,966	(809,427)	67,708,092	1.86%	1,716
2017	59,147,240	9,011,415	(517,199)	67,641,456	2.00%	1,783
2016	59,366,867	4,057,189	(227,674)	63,196,382	2.08%	1,669
2015	56,900,692	277,801	(117,250)	57,061,243	2.07%	1,564
2014	60,453,966	543,934	(286,215)	60,711,685	2.33%	1,690
2013	60,821,252	801,767	(444,369)	61,178,650	2.54%	1,773
2012	63,292,230	1,581,300	(429,289)	64,444,241	2.73%	1,921
2011	50,719,693	8,615,077	(556,884)	58,777,886	2.51%	1,807
2010	37,804,450	12,404,034	(347,739)	49,860,745	2.58%	1,585

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

CURRENT YEAR

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
<i>Debt repaid with property taxes:</i>			
Alamo CCD	\$ 479,445,000	0.29%	\$ 1,390,391
Bexar County	1,271,192,300	0.29%	3,686,458
Bexar County Hospital District	876,814,000	0.29%	2,542,761
Comal County	122,864,914	4.84%	5,946,662
Comal ISD	767,165,107	4.92%	37,744,523
Guadalupe County	13,655,000	20.26%	2,766,503
Schertz-Cibolo-Universal ISD	415,664,359	48.79%	<u>202,802,640</u>
Subtotal, Overlapping Debt			256,879,937
City Governmental Activities Direct Debt			<u>67,104,862</u>
TOTAL NET OVERLAPPING DEBT			<u><u>\$ 323,984,799</u></u>

NOTES: The overlapping debt was received from the Municipal Advisory Council of Texas. Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.

Overlapping debt is the proportionate share of the debts of local jurisdictions located wholly or in part within the limits of the City of Shertz. This schedule is intended to demonstrate the total debt that the City of Shertz property tax payers will be expected to repay. The amount of debt applicable to the City of Schertz is computed by (a) determining what portion of total assessed value of the overlapping jurisdiction lies within the limits of the City and (b) applying this percentage to the total governmental activities debt of the overlapping jurisdiction.

DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

Assessed Value, 2018 Tax Roll			\$ <u>3,900,769,022</u>
Debt Limit - Texas statues do not provide a legal debt limit for cities; however, through accepted practice a practical "economic" debt limit is considered to be 10% of the assessed value.			\$ 390,076,902
Amount of Applicable Debt:			
General Bonded Debt	\$	67,104,862	
Less Debt Service Net Position	(	1,084,908)	<u>66,019,954</u>
DEBT MARGIN			\$ <u>324,056,948</u>
Total Net Debt as a Percentage of Debt Margin			20.37%

	Fiscal Year		
	2016	2017	2018
Assessed Value	\$ 3,375,850,131	\$ 3,647,504,903	\$ 3,783,027,833
Debt Limit	337,585,013	364,750,490	378,302,783
Total Net Debt Applicable to Limit	<u>61,181,169</u>	<u>65,792,916</u>	<u>66,329,699</u>
Total Debt Margin	\$ <u>276,403,844</u>	\$ <u>298,957,574</u>	\$ <u>311,973,084</u>
	2013	2014	2015
Assessed Value	\$ 2,600,365,551	\$ 2,752,562,574	\$ 3,037,267,611
Debt Limit	260,036,555	275,256,257	303,726,761
Total Net Debt Applicable to Limit	<u>60,499,568</u>	<u>56,803,499</u>	<u>53,424,303</u>
Total Debt Margin	\$ <u>199,536,987</u>	\$ <u>218,452,758</u>	\$ <u>250,302,458</u>
	2010	2011	2012
Assessed Value	\$ 2,363,893,708	\$ 2,411,270,623	\$ 2,600,365,551
Debt Limit	236,389,371	241,127,062	260,036,555
Total Net Debt Applicable to Limit	<u>55,298,550</u>	<u>60,973,626</u>	<u>60,499,568</u>
Total Debt Margin	\$ <u>181,090,821</u>	\$ <u>180,153,436</u>	\$ <u>199,536,987</u>

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

Fiscal Year	Water Revenue Bonds						Coverage
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2019	\$ 27,246,250	\$ 22,622,986	\$ 4,623,264	\$ 1,845,132	\$ 561,880	1.92	
2018	27,099,237	20,802,263	6,296,974	1,671,134	391,609	3.05	
2017	25,390,713	18,697,162	6,693,551	1,554,541	368,390	3.48	
2016	22,003,794	17,603,487	4,400,307	1,441,741	417,346	2.37	
2015	20,700,369	15,916,597	4,783,772	1,448,407	428,912	2.55	
2014	19,147,872	15,246,653	3,901,219	1,010,500	426,100	2.72	
2013	17,696,327	14,553,274	3,143,053	728,800	359,680	2.89	
2012	17,411,568	14,185,126	3,226,442	697,100	396,968	2.95	
2011	16,843,780	13,229,037	3,614,743	577,824	409,801	3.66	
2010	14,993,648	12,399,880	2,593,768	615,400	502,629	3.74	

NOTE: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements. Operating expenses do not include the depreciation, interest, or amortization expenses.

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
2019	41,948	1,473,255,708	35,121	38.0	16.2	15,925	2.7%
2018	41,182	1,396,481,620	33,910	37.3	15.9	15,817	3.2%
2017	39,453	1,266,046,770	32,090	37.2	15.9	15,497	3.8%
2016	37,938	1,175,319,240	30,980	36.9	15.8	15,460	3.4%
2015	37,865	1,157,835,970	30,578	36.1	15.6	15,009	3.2%
2014	36,477	1,144,465,875	31,375	36.9	15.4	14,515	5.1%
2013	35,929	1,095,331,494	30,486	37.1	15.4	14,058	5.5%
2012	34,499	895,739,206	25,964	36.8	15.4	13,016	5.6%
2011	33,544	850,069,800	25,342	37.8	15.4	12,533	5.7%
2010	32,523	885,015,876	27,212	34.4	15.4	12,330	5.1%
2009	31,465	913,919,790	27,923	36.5	13.9	11,700	5.0%

Sources: Population, personal income, median age and education level information provided by City Economic Development Corporation. School enrollment provided by Schertz-Cibolo-Universal City Independent School District. Unemployment data provided by Texas Workforce Commission.

CITY OF SCHERTZ, TEXAS

TABLE 18

TOP TEN PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2019		2010	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Schertz/Cibolo/US ISD	1,992	10.93%	1,615	11.71%
Amazon	900	4.94%		
Sysco	806	4.42%		
Visionworks	593	3.25%		
FedEx Ground	580	3.18%		
The Brandt Companies, LLC	537	2.95%		
H.E.B Grocery Co.	500	2.74%	300	2.17%
Republic National Distributing Company	413	2.27%		
City of Schertz	392	2.15%	320	2.32%
FedEx Freight	325	1.78%		
Wal-Mart Stores		-	350	2.54%
EyeCare Centers of America		-	321	2.33%
Block			220	1.59%
Valero			200	1.45%
Theis Distributing Co.			125	0.91%
Federal Express Freight			120	0.87%
Manco		-	120	0.87%
TOTAL	<u>7,038</u>	<u>38.61%</u>	<u>3,691</u>	<u>26.76%</u>

Source: City Economic Development Corporation

CITY OF SCHERTZ, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENTAL EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Function	Full-Time Equivalent Employees as of September 30,			
	2010	2011	2012	2013
<u>General Government</u>				
City Manager	6	6	7	7
Court Support	-	-	-	-
Municipal Court	5	5	6	6
Customer Relations	4	5	5	5
Planning and Zoning	4	4	3	3
General Services	14	15	15	13
City Secretary	2	2	2	2
Public Affairs	3	3	4	4
Records Management	1	1	1	1
Schertz Magazine	-	2	2	2
Engineer	2	2	4	3
GIS	2	2	2	2
Information Technology	3	4	4	6
Human Resources	4	4	4	4
Finance	6	6	6	6
Purchasing	5	5	5	4
Fleet Service	3	4	4	4
Building Maintenance	-	-	-	2
Facility Services	-	-	-	-
<u>Public Safety</u>				
Police	65	65	70	75
Fire	32	32	32	32
Inspections	6	7	7	7
Marshal Services	5	8	8	8
<u>Health</u>				
Animal Control	6	6	6	6
Environmental Health	-	-	-	-
<u>Parks and Culture</u>				
Parks	8	9	9	9
Pools	-	-	-	-
Event Facilities	2	1	1	1
Library	14	14	14	14
<u>Public Environment</u>				
Streets	13	14	14	14
<u>Public Works</u>				
Public Works	5	4	4	6
Business Office	10	10	10	10
<u>Water and Sewer</u>	16	17	17	16
<u>Drainage</u>	7	7	7	8
<u>EMS</u>	34	34	35	35
<u>Economic Development</u>	4	3	4	4
TOTAL	290	299	311	318

TABLE 19

Full-Time Equivalent Employees as of September 30,						
2014	2015	2016	2017	2018	2019	
6	6	5	5	5	5	5
-	-	-	-	-	-	-
6	6	6	6	6	6	4
5	5	5	5	5	5	3
3	3	4	4	4	4	3
13	13	-	-	-	-	-
2	2	2	2	2	2	2
4	4	4	4	4	5	5
1	1	1	1	1	-	-
2	2	2	2	2	-	-
3	3	7	7	7	7	7
2	2	2	2	2	2	2
6	6	6	7	7	8	8
4	4	5	5	5	5	5
6	8	8	8	8	8	7
3	3	3	3	3	3	3
4	6	6	6	6	6	7
2	3	-	-	-	-	-
-	-	16	16	16	17	10
75	75	78	81	86	86	86
33	33	36	39	45	45	45
8	9	8	8	11	11	12
8	8	8	5	-	-	-
7	7	8	8	7	7	7
-	-	3	3	4	4	4
9	9	9	10	12	11	11
-	-	-	-	-	-	-
1	1	1	1	1	1	5
14	14	14	14	15	14	14
14	14	14	14	14	14	14
6	6	4	4	4	4	4
10	10	10	10	10	10	9
16	16	16	16	19	19	19
8	8	6	6	8	8	8
36	37	39	41	45	45	45
4	4	4	4	4	4	4
<u>320</u>	<u>327</u>	<u>339</u>	<u>346</u>	<u>366</u>	<u>357</u>	

CITY OF SCHERTZ, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function	Fiscal Year			
	2010	2011	2012	2013
<u>General Government</u>				
Building Permits Issued	4,806	4,950	2,643	3,054
<u>Schertz Tales</u>				
Number of Magazines Printed	144,000	168,000	168,000	168,000
<u>Police</u>				
CFS	37,269	26,205	19,434	19,894
Arrests	790	762	666	800
Traffic Violations	19,259	13,231	20,881	19,335
Accidents	1,606	1,575	1,665	1,960
<u>Fire</u>				
Number of Rescue/Other Responses	1,671	1,657	1,799	2,046
Number of Fire Responses	76	110	74	108
Number of Inspections	425	616	429	332
Number of Training Classes Conducted	107	142	168	132
Number of Pre-Plan Inspections	642	536	714	729
<u>EMS</u>				
Requests for Transport	7,281	7,443	7,545	8,391
Actual Transports	4,575	4,801	4,766	5,451
EMT Students	80	85	79	116
<u>Marshal Service</u>				
Warrants Issued	5,444	4,141	2,888	3,344
Warrants Cleared	4,023	3,985	4,118	4,687
Food Establishment Permits	129	118	123	127
Food Establishment Inspection	202	244	180	281
Foster/Adoption Inspections	27	18	14	24
<u>Parks</u>				
Facility Reservations	719	237	234	258
<u>Community and Civic Centers</u>				
Civic Center	594	354	325	444
Community Center Rentals	635	666	816	735
North Community Center Rentals	-	241	307	288

TABLE 20

Fiscal Year					
2014	2015	2016	2017	2018	2019
2,869	3,087	5,919	4,800	5,251	4,748
180,000	180,000	180,000	180,000	180,000	180,000
19,067	36,138	39,064	34,428	45,190	41,327
776	595	603	423	624	603
15,077	12,306	8,960	8,001	11,359	12,541
1,823	2,040	2,119	2,057	2,244	2,304
1,759	2,167	2,327	2,758	3055	3804
110	99	67	86	161	100
252	698	440	519	562	528
125	150	460	340	600	804
735	980	867	922	788	865
8,840	9,286	9,723	9,956	10,059	10,759
5,713	6,118	6,123	6,201	6,165	6,738
87	84	89	90	90	90
2,354	3,798	2,587	2,816	1,598	2,036
3,781	3,691	3,492	2,822	2,022	1,834
82	135	145	201	181	55
218	136	153	13	211	96
16	22	21	21	18	8
301	275	240	251	248	241
458	478	483	590	516	441
437	455	370	455	381	326
244	209	185	230	235	188

CITY OF SCHERTZ, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function	Fiscal Year			
	2010	2011	2012	2013
<u>Animal Services</u>				
Number of Animals Handled	2,021	1,802	1,463	1,326
Number of Adoptions	249	257	291	362
Number of Return to Owners	279	313	149	231
Number of Transfers	451	300	312	301
<u>Library</u>				
Annual Circulation	392,528	414,074	410,312	404,691
Library Visits	257,235	254,934	256,349	254,633
Library Program Attendance	10,610	13,767	16,035	12,581
Registered Users	24,628	28,589	30,475	31,658
<u>Water</u>				
New Connections	509	439	271	168
Water Main Breaks	25	76	52	38
Total Consumption (Thousands of Gallons)	12,313,766	16,763,239	16,131,415	15,500,413
Daily Average Consumption (Thousands of Gallons)	33,736	45,927	44,196	42,466
Peak Daily Consumption (Thousands of Gallons)	7,040	11,000	9,290	9,483
Total Customers	10,134	12,234	12,557	12,757
Average Use Per Connection	5,054	5,725	5,517	5,905
<u>Sewer</u>				
Total Customers	9,499	10,907	10,988	11,456
<u>Facilities Maintenance</u>				
Number of Buildings Maintained	19	19	19	19
Square Footage	166,591	166,591	166,591	166,591

TABLE 20

Fiscal Year					
2014	2015	2016	2017	2018	2019
1,218	1,304	1,313	1,283	926	1157
309	357	410	348	319	366
222	213	205	228	218	233
316	296	316	326	297	227
395,998	394,766	399,622	385,206	414,790	447,379
253,237	259,413	255,109	235,428	258,695	237,821
15,048	13,825	15,282	16,814	16,945	18,412
30,759	31,138	30,702	31,432	30,806	33,104
235	369	213	303	235	300
45	45	45	45	50	52
15,497,071	14,757,134	16,097,931	15,222,373	15,833,124	17,602,330
42,458	40,431	43,942	41,705	43,378	48225
10,089	8,385	10,985	11,000	9,083	11094
13,324	13,570	13,877	14,124	14678	16,434
5,467	5,135	5,352	5,244	5294	4587
11,578	11,413	12,282	12,398	12866	12853
19	21	21	21	25	26
166,591	234,202	234,202	234,202	245,218	257,218

CITY OF SCHERTZ, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function	Fiscal Year			
	2010	2011	2012	2013
<u>Police</u>				
Stations	1	1	1	1
Patrol Units	40	42	42	42
<u>Fire</u>				
Stations	2	2	2	2
Training Facility	-	-	-	-
Fire Vehicles	13	13	13	13
<u>EMS</u>				
Ambulances	6	6	6	7
<u>Marshal Service</u>				
Vehicles	7	8	8	7
<u>Streets</u>				
Streets, Paved (Miles)	125	132	134	137
Streets, Unpaved (Miles)	7	5	5	5
<u>Parks and Recreation</u>				
Parks - Developed	12	17	17	13
Parks - Undeveloped	4	4	4	8
Playground	19	15	15	16
Swimming Pools	2	2	2	2
Baby Pools	2	2	2	2
Baseball/Softball Diamonds	12	9	9	12
Soccer Fields	12	12	12	12
Community Centers	4	4	4	4
<u>Animal Control</u>				
Control Vehicle	3	3	3	3
<u>Library</u>				
Facility	1	1	1	1
Volumes in Collection	71,929	73,904	81,468	86,221
<u>Water</u>				
Number of Reservoirs	-	-	-	-
Number of Pump Stations	5	5	5	5
Water Mains (Miles)	190	192	192	197
<u>Sewer</u>				
Sanitary Sewers (Miles)	78	84	85	87
Storm Sewers (Miles)	9	10	10	11
<u>Facilities Maintenance</u>				
Vehicles	5	5	4	5
Generators	3	3	3	3

TABLE 21

Fiscal Year						
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	
1	1	1	1	1	1	1
42	48	50	64	69	68	68
2	2	2	2	3	3	3
-	-	-	-	-	0	0
15	16	16	16	18	19	19
7	9	9	8	8	9	9
7	7	7	7	7	7	7
141	149	153	159	153	165.4	165.4
5	5	5	5	5	5	5
13	14	15	20	21	21	21
8	9	10	4	4	4	4
16	18	19	19	19	20	20
2	2	2	4	4	4	4
2	2	2	2	2	2	2
12	15	15	15	15	15	15
12	12	12	12	12	12	12
4	4	4	4	4	4	4
3	3	4	3	4	4	4
1	1	1	1	1	1	1
100,478	113,085	97,412	107,382	110,266	150,972	150,972
-	-	-	-	0	0	0
5	5	5	5	5	5	5
199	210	211	221	225	228	228
90	96	98	110	113	116	116
11	12	12	12	13.6	13.8	13.8
5	6	6	6	11	11	11
3	4	4	4	7	10	10

COMPLIANCE SECTION

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

Honorable Mayor
and Members of City Council
City of Schertz, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Schertz, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Schertz, Texas' basic financial statements, and have issued our report thereon dated March 18, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Schertz, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Schertz, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Schertz, Texas' internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 18, 2020