

CITY OF SCHERTZ, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022



OFFICIALS ISSUING REPORT

Steve Williams
City Manager

James Walters
Director of Finance

CITY OF SCHERTZ, TEXAS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

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INTRODUCTORY SECTION

February 28, 2023

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 annual comprehensive financial report of the City of Schertz for the fiscal year ended September 30, 2022.

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, 2022, 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, 2022, 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 42,622 in 2021 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 on pages 55-56 as part of the required supplementary information.

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 2022. The surrounding metro area saw growth evidenced by the Federal Reserve Bank of Dallas reporting the San Antonio Business-Cycle Index increase 7.25% year over year for September 2022. This Index potentially indicates a continued period of economic growth around the state. As of September 2022, the unemployment rate for Texas was 3.8% and several metro areas including Austin, Dallas-Fort Worth, and San Antonio, are below the state average. Schertz, as included in the San Antonio-New Braunfels MSA, had an unemployment rate of 3.5% during this time.

As another indicator of economic growth, the City of Schertz realized a 7.4% increase year-over-year in sales tax collections during the fiscal year. The City's average longer term growth is 7% which indicates the City has maintained its previous growth from the recent years and continued its growth at historic averages.

New residential construction has been slowing in the city the past few years, cutting revenue by 20% over last year. Despite the downward trend in new residential permits, overall new taxable value has grown by the historic average of 3% led by commercial construction.

In the existing industrial park, Building 4 remains empty while Buildings 5,6 and 7 have all been leased. Industrial development continued to push North along IH-35 across FM 3009 with Phelan-Bennet completing and filling 169,525 sq ft of speculative warehouse distribution on Four Oaks Lane. Doerr Lane Logistics Center is almost complete, with 2/3 of the building pre-leased. Another 112,000 square foot warehouse/distribution center is set to begin construction this year off FM 3009.

In Northern Schertz, redevelopment, expansion, and significant speculative development characterized 2022. In June 2021, Caterpillar again invested in Schertz with an estimated \$24,000,000 adding an additional

manufacturing line. Sysco Central Texas site was awarded economic development incentives to secure a 100,000 sq ft expansion of their existing facility, currently under construction.

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, which is currently in the planning and engineering phase.

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. The remaining \$5 million for FM 1518 was issued in 2022 with the expected let date in 2023. In June 2018, the second \$4 million was issued for the Fire Station to begin construction. The fire station was completed in November 2021.

In November 2021, the City placed 1 bond proposition before voters totally \$15.45 million for Fire Station number 4 which passed. The funds for the new fire station were issued in 2022 and purchase of the fire engine and the land are underway.

Current Year Budget Initiatives. For FY 2022-23, the City has a host of new positions and initiatives approved for this year. Council also approved a 3% across the board pay raise based on the Employment Cost Index (ECI) as well as an additional increase based on tiers. The highest pay brackets received 1%, the middle pay brackets received 2% and the lowest bracket received 4%.

There were 24 new positions approved in the General Fund and 8 in EMS. The General Fund included 3 Firefighters, a Fire Inspector, an Engineering Inspector, an Engineer, an IT Public Safety Tech, a GIS Specialist, 3 Parks Maintenance Techs, a Recreation Coordinator, a Plans Examiner, a Permit Technician, a Neighborhood Services Officer, 2 School Police Officers, a Traffic Patrol Officer, a Records Specialist, a Parts Clerk, a Part-time Library Programming Specialist, a conversion of 2 10-hour positions in the Library to 20-hour positions, and a Event Attendant. EMS received 8 new ambulance staff to be phased in throughout the year.

In addition to the positions, the General Fund was also approved to create a new parking lot at Building 27 and had additional street maintenance funds added. Other improvements to operations included, internet and fiber upgrades, software for bid acceptance, an upgrade to the Police records management system, the return of the Library Hotspot loan program, new and replacement security cameras at public facilities, an increase in contract cleaning and mowing, an upgrade to inventory management software, Microsoft Office Training, and a hard drive shredder.

New initiatives included in the budget were the start of annual trail development funding and the Cibolo Creek Clean-Up program. These programs when combined with the new Parks and Neighborhood Services staff will help keep the city looking nice and provide for outdoor activities for citizens.

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 on pages 105-110. A more detailed summary of the City's Financial Performance is available in the Management Discussion and Analysis section on page 4.

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 Patillo, 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, 2021. This was the 37th 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,



Steve Williams
City Manager



James P. Walters
Finance Director

CITY OF SCHERTZ, TEXAS

CITY OFFICIALS

MAYOR

RALPH GUTIERREZ

MAYOR PRO-TEM

ROSEMARY SCOTT

CITY COUNCIL

MARK E. DAVIS

JILL WHITTAKER

MICHELLE WATSON

MICHAEL DAHLE

DAVID SCAGLIOLA

ALLISON HEYWARD

TIM BROWN

CITY MANAGER

STEVE WILLIAMS

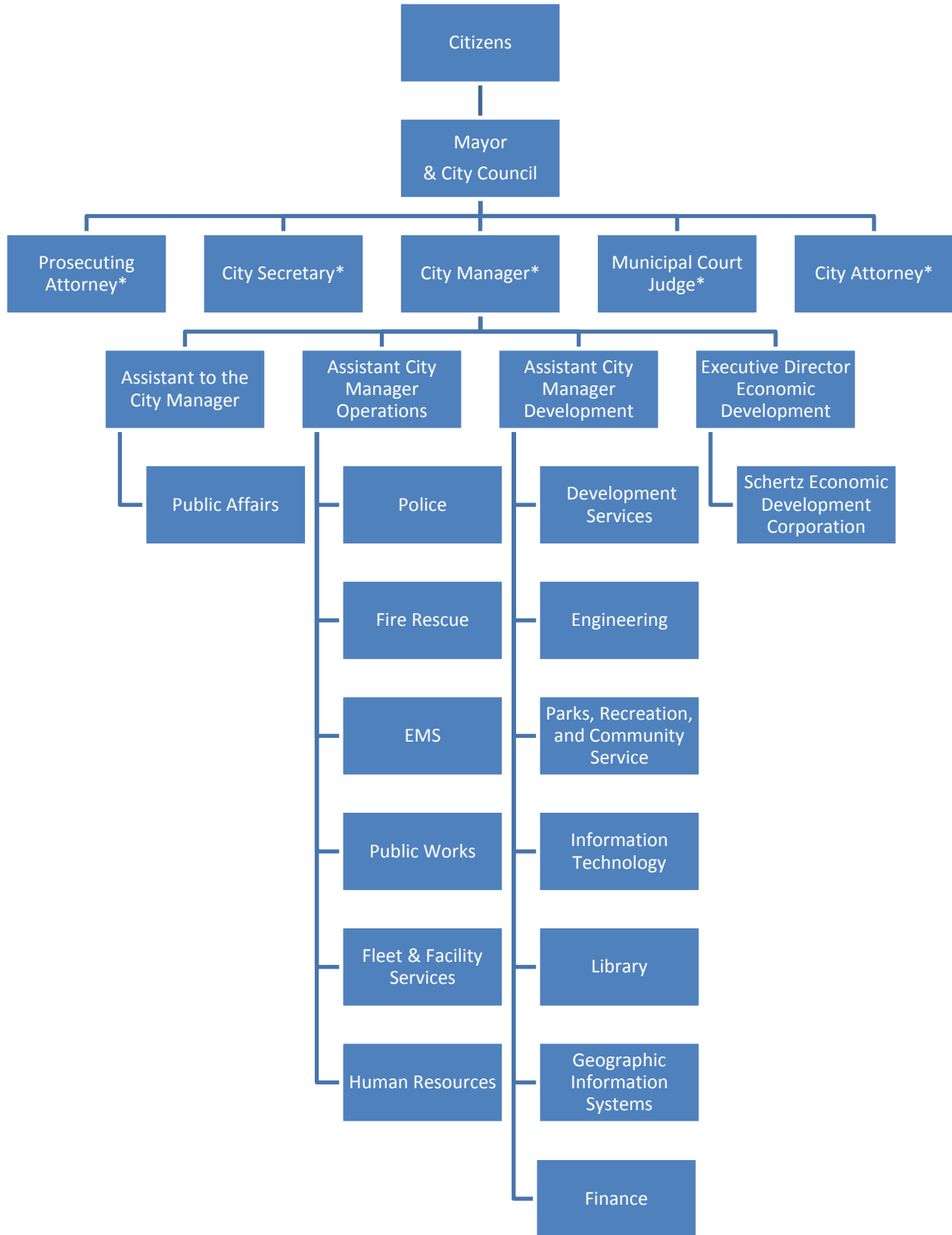
DIRECTOR OF FINANCE

JAMES WALTERS

CITY ATTORNEY

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

CITY OF SCHERTZ ORGANIZATIONAL CHART FY 2021-22



*Appointed by City Council



Government Finance Officers Association

Certificate of
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for Excellence
in Financial
Reporting

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**City of Schertz
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited 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 (the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, as of September 30, 2022, 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.

We did not audit the financial statements of the Schertz-Seguin Local Government Corporation, which represents 9.9 percent and 12.4 percent, respectively, of the assets and net position of the Water and Sewer Fund, and 9.5 percent and 12.1 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, is based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Report on Summarized Comparative Information

We have previously audited the City of Schertz, Texas' fiscal year 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 4, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated [REDACTED], 2023, 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.

Waco, Texas
[REDACTED], 2023

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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, 2022. 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 \$296,744,906 (net position). Of this amount, \$53,846,695 (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 \$27,496,211. The primary reason for this increase was an increase in capital contributions of approximately \$13 million from the prior year.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$91,183,806, an increase of \$34,064,774 in comparison with the prior year. The primary cause of this increase was a increases in property and sales tax revenues that exceeded expenditure growth.

At the end of the fiscal year, the combined total of the General Fund assigned and unassigned fund balances was \$13,602,769 which is 36.27% of the general fund expenditures not including capital outlay. The fund balance policy is to reserve at least a 26% balance.

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, deferred outflows, liabilities, and deferred inflows, with the difference between the former two and latter 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 fifteen 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, the capital projects fund, and the American Recovery Plan Act fund, all of which are considered to be major funds. Data from the other ten 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 two types of proprietary funds. 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. The City also maintains an internal service fund to account for internal charges for medical premiums.

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, as well as the internal service fund.

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 and deferred outflows exceeded liabilities and deferred inflows by \$296,744,906 at the close of the most recent fiscal year. The largest portion of the City's total net position (69%) 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 spent. 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 (13%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$53,846,695, 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	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 105,714,129	\$ 67,416,673	\$ 73,186,420	\$ 56,132,860	\$ 178,900,549	\$ 123,549,533
Capital assets	<u>159,972,447</u>	<u>149,570,599</u>	<u>108,872,222</u>	<u>98,743,525</u>	<u>268,844,669</u>	<u>248,314,124</u>
Total assets	<u>265,686,576</u>	<u>216,987,272</u>	<u>182,058,642</u>	<u>154,876,385</u>	<u>447,745,218</u>	<u>371,863,657</u>
Deferred outflows of resources	<u>4,309,869</u>	<u>3,488,506</u>	<u>1,195,882</u>	<u>954,384</u>	<u>5,505,751</u>	<u>4,442,890</u>
Current liabilities	18,382,113	12,946,000	6,911,108	5,316,572	25,293,221	18,262,572
Long-term liabilities	<u>93,693,054</u>	<u>67,867,628</u>	<u>31,871,137</u>	<u>18,214,795</u>	<u>125,564,191</u>	<u>86,082,423</u>
Total liabilities	<u>112,075,167</u>	<u>80,813,628</u>	<u>38,782,245</u>	<u>23,531,367</u>	<u>150,857,412</u>	<u>104,344,995</u>
Deferred inflows of resources	<u>4,374,235</u>	<u>2,130,871</u>	<u>1,274,416</u>	<u>581,986</u>	<u>5,648,651</u>	<u>2,712,857</u>
Net position:						
Net investment in capital assets	109,746,340	98,444,714	94,997,863	83,941,882	204,744,203	182,386,596
Restricted	32,745,688	28,342,438	5,408,320	8,368,736	38,154,008	36,711,174
Unrestricted	<u>11,055,015</u>	<u>10,744,127</u>	<u>42,791,680</u>	<u>39,406,798</u>	<u>53,846,695</u>	<u>50,150,925</u>
Total net position	<u>\$ 153,547,043</u>	<u>\$ 137,531,279</u>	<u>\$ 143,197,863</u>	<u>\$ 131,717,416</u>	<u>\$ 296,744,906</u>	<u>\$ 269,248,695</u>

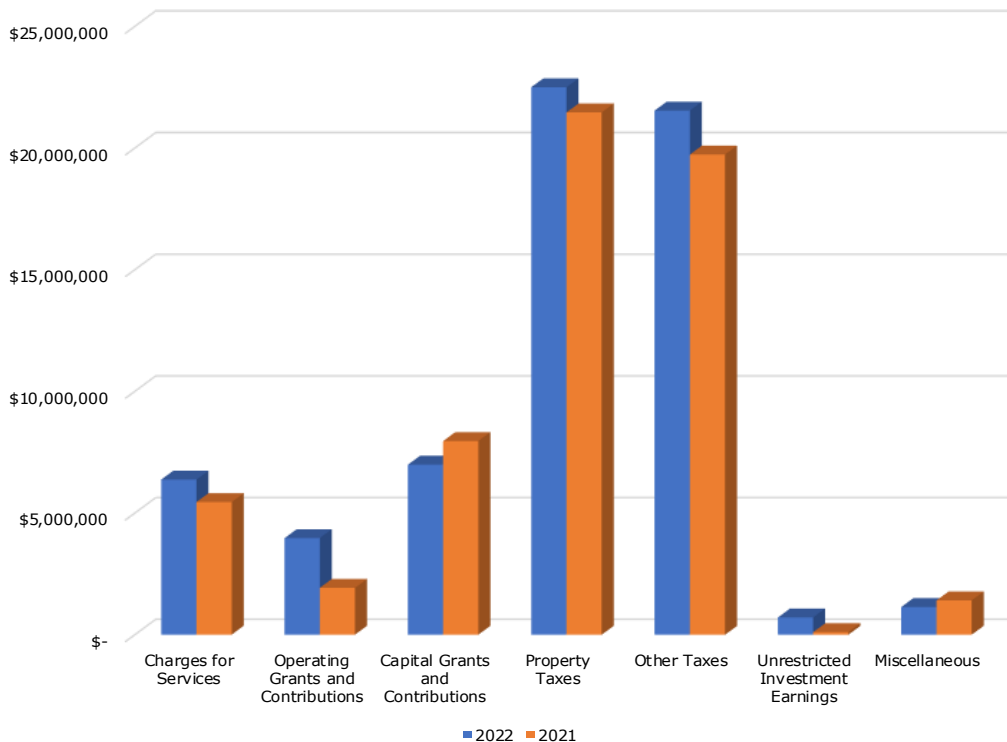
The government's net position increased by \$27,496,211 during the current fiscal year. The primary cause for the increase was increased revenues; the City recognized approximately \$13 million of capital contribution revenue related to dedicated infrastructure assets and also experienced sharp increases in property and sales taxes. These increases stem from the City's continued rapid population growth; continued new housing and business developments resulted in increased assessed value for property taxes and resulted in the creation of infrastructure that was dedicated to the City. The related population increases resulted in increased economic activity that increased sales tax revenues.

The following table indicates changes in net position for governmental and business-type activities followed by graphs displaying total revenues and expenses by type:

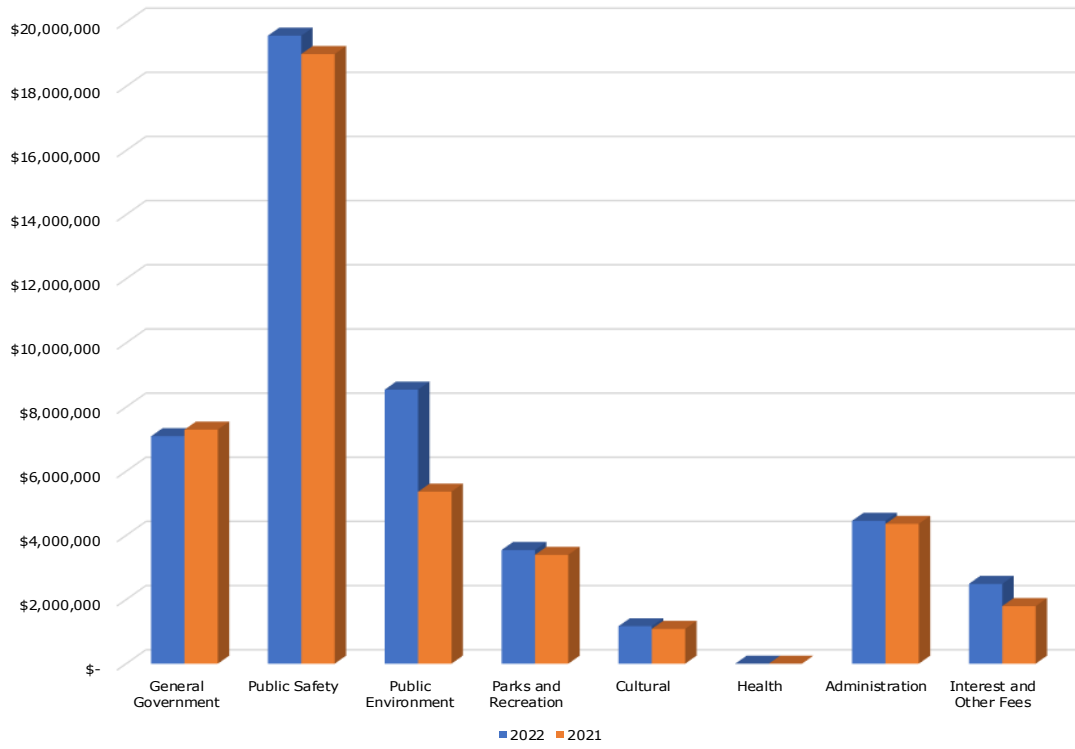
**City of Schertz's Changes in Net Position
Government-Wide**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 6,371,968	\$ 5,448,546	\$ 40,098,475	\$ 35,433,956	\$ 46,470,443	\$ 40,882,502
Operating grants & contributions	3,970,029	1,925,939	-	-	3,970,029	1,925,939
Capital contributions	6,987,788	7,959,576	6,143,957	6,935,191	13,131,745	14,894,767
General revenues:						
Property taxes	22,495,628	21,463,804	-	-	22,495,628	21,463,804
Other taxes	21,537,297	19,731,490	-	-	21,537,297	19,731,490
Investment earnings	709,898	104,613	314,546	68,354	1,024,444	172,967
Miscellaneous	1,138,775	1,408,270	675,739	754,268	1,814,514	2,162,538
Total revenues	63,211,383	58,042,238	47,232,717	43,191,769	110,444,100	101,234,007
Expenses:						
General government	7,093,652	7,298,193	-	-	7,093,652	7,298,193
Public safety	19,580,703	19,008,871	-	-	19,580,703	19,008,871
Public environment	8,545,834	5,364,408	-	-	8,545,834	5,364,408
Parks and recreation	3,543,978	3,395,458	-	-	3,543,978	3,395,458
Cultural	1,168,815	1,087,975	-	-	1,168,815	1,087,975
Health	-	-	-	-	-	-
Administration	4,455,947	4,360,229	-	-	4,455,947	4,360,229
Interest and other fees	2,490,474	1,797,520	-	-	2,490,474	1,797,520
Water and sewer	-	-	27,833,986	25,280,964	27,833,986	25,280,964
EMS	-	-	8,234,500	7,784,670	8,234,500	7,784,670
Total expenses	46,879,403	42,312,654	36,068,486	33,065,634	82,947,889	75,378,288
Increase in net position before transfers	16,331,980	15,729,584	11,164,231	10,126,135	27,496,211	25,855,719
Transfers	(316,216)	20,354	316,216	(20,354)	-	-
Change in net position	16,015,764	15,749,938	11,480,447	10,105,781	27,496,211	25,855,719
Net position - beginning of year	137,531,279	121,781,341	131,717,416	121,611,635	269,248,695	243,392,976
Net position - end of year	\$ 153,547,043	\$ 137,531,279	\$ 143,197,863	\$ 131,717,416	\$ 296,744,906	\$ 269,248,695

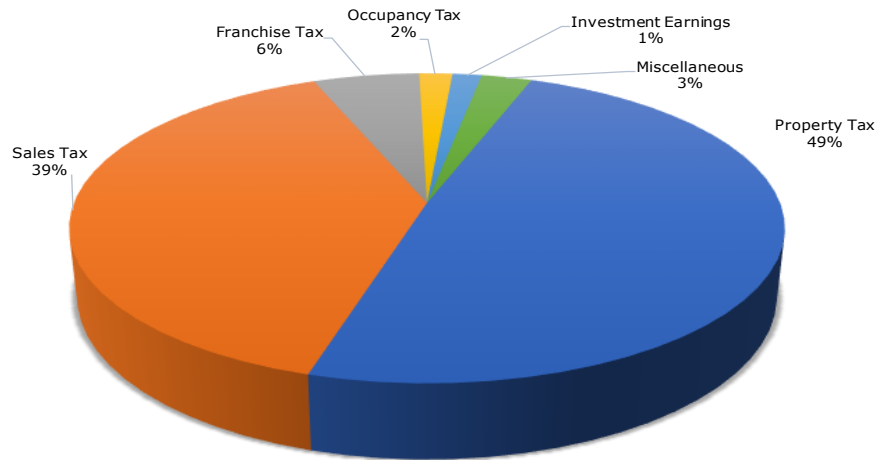
TOTAL REVENUES – GOVERNMENT-WIDE



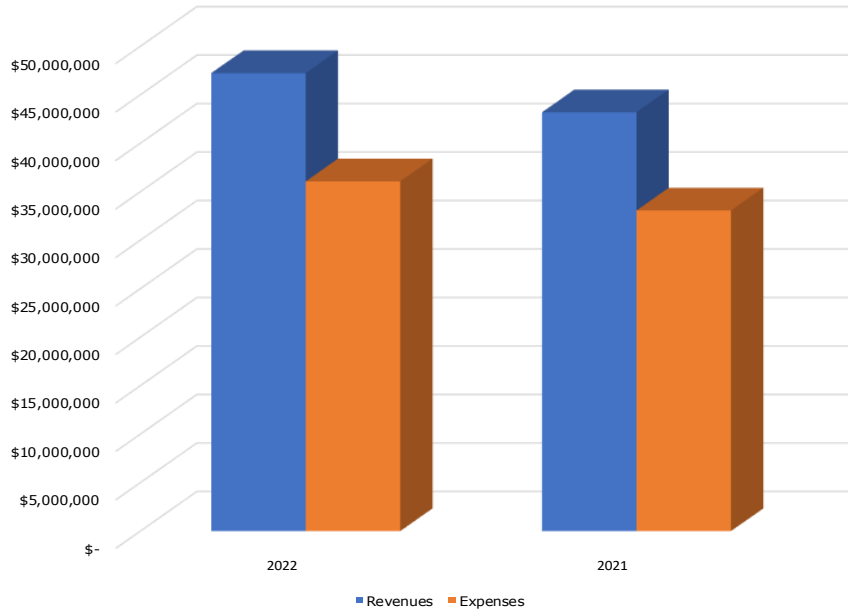
TOTAL EXPENSES – GOVERNMENT-WIDE



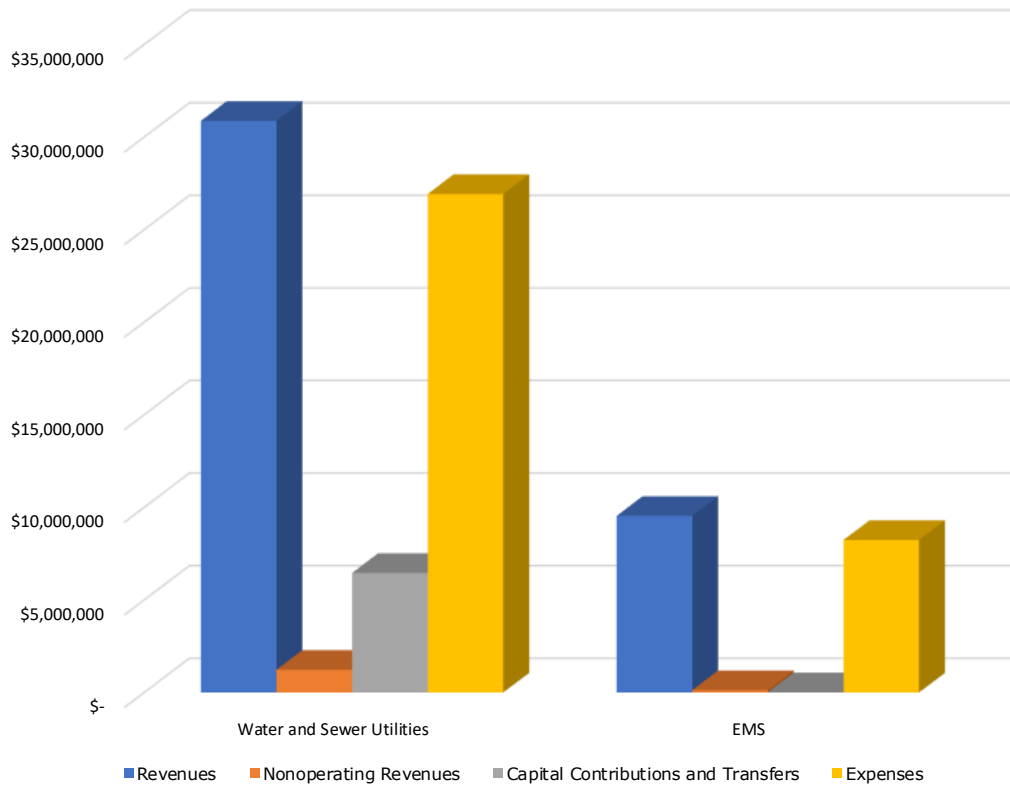
GENERAL REVENUE BY SOURCE – GOVERNMENTAL ACTIVITIES



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 \$91,183,806. Of this total amount, \$11,597,909 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is non-spendable, restricted, committed, 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 \$12,246,539, while total fund balance was \$17,066,899, an increase of (\$588,332) from the prior year. Overall, the increase was caused by a large budgeted transfer out for capital projects, but the fund also experienced increases in property and sales tax revenues in spite of the COVID-19 pandemic. 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 36.27% of total general fund expenditures, not including capital outlay.

The debt service fund has a total fund balance of \$1,864,409, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$777,033. This increase was due to regular principal and interest payments on long-term debt being exceeded by interest and sinking property tax revenue during the year. Over time, however, the debt service fund has sufficient cash and equivalents on hand to remain liquid if tax revenues decrease.

The capital projects fund has a total fund balance of \$41,406,516, an increase of \$28,235,552. This was caused by the issuance of multiple new bonds by the City during the year in order to fund future construction 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 year end, the EDC fund reported an ending fund balance of \$26,043,128, which is an increase of \$4,236,897 compared to the prior year. The primary cause of this change was sales tax revenue growing faster than expenditures.

The American Rescue Plan Act Fund has a total fund balance of \$34,618, which consists of interest earned on the \$7,816,119 received from the Coronavirus Local Fiscal Recovery Fund grant program. Amounts not spent as of year end are presented as unearned revenue until spent in accordance with the terms of the grant agreement in future years.

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 \$41,064,541 and those for the Schertz EMS fund amounted to \$1,727,139, which are 153% and 21% of fund operating costs, respectively.

The water and sewer fund reported an increase in net position of \$10 million. Approximately half of this increase related to revenue recognized for contributed infrastructure assets; the remaining portion of the increase was from operating income, which was consistent with the prior year. Management's intent is to accumulate operating surplus to fund construction of new water and sewer infrastructure in future years with less reliance on bonded debt.

The Schertz EMS fund increased net position by \$1.3 million. Revenues and expenses both increased by approximately \$1.6 million compared to the prior year. Revenues increased due to increased number of ambulance runs caused by the growth in the population of the EMS service area. Expenses increased primarily from increased salaries that resulted from the compensation study discussed previously.

General Fund Budgetary Highlights

The general fund expenditures were \$2,743,503 more than the \$37,155,522 budget. Overall activity in the General Fund increased during the current year as the City emerged from the COVID-19 pandemic, although the amount of growth was less than expected. Revenues were \$1,144,325 more than budgeted, primarily due to increased property and sales tax revenues. Overall, ending fund balance in the general fund was \$3,284,862 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, 2022, amounts to \$268,844,669 (net of accumulated depreciation), including several projects in progress from voter approved bonds.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 8,883,427	\$ 8,310,986	\$ 2,415,017	\$ 1,844,488	\$ 11,298,444	\$ 10,155,474
Water rights	-	-	70,245	70,245	70,245	70,245
Buildings and improvements	52,701,579	44,588,777	3,703,626	3,609,126	56,405,205	48,197,903
Machinery, equipment, and vehicles	15,472,681	14,833,547	6,823,569	6,214,967	22,296,250	21,048,514
Infrastructure	136,194,073	129,206,285	115,715,584	105,832,113	251,909,657	235,038,398
Construction in progress	27,684,430	26,695,151	21,661,576	19,942,794	49,346,006	46,637,945
Accumulated depreciation	(80,963,743)	(74,064,147)	(41,517,395)	(38,770,208)	(122,481,138)	(112,834,355)
TOTALS	\$ 159,972,447	\$ 149,570,599	\$ 108,872,222	\$ 98,743,525	\$ 268,844,669	\$ 248,314,124

Significant capital asset activity for the year included improvements to streets and infrastructure of \$16 million and land purchases of \$1.1 million.

Additional information on the City's capital assets can be found in note II.F. to the basic financial statements.

LONG TERM DEBT

At the end of the current fiscal year, the City of Schertz had total long-term debt outstanding of \$118,036,445. 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.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 55,070,000	\$ 40,390,000	\$ 4,265,000	\$ 2,895,000	\$ 59,335,000	\$ 43,285,000
Certificates of obligation	26,135,000	14,200,000	22,845,000	10,655,000	48,980,000	24,855,000
Financing arrangements	109,228	291,535	327,685	475,121	436,913	766,656
Premium on bonds	5,501,635	2,502,146	2,217,980	772,802	7,719,615	3,274,948
Compensated absences	1,200,065	1,178,062	364,852	364,852	1,564,917	1,542,914
TOTALS	\$ 88,015,928	\$ 58,561,743	\$ 30,020,517	\$ 15,162,775	\$ 118,036,445	\$ 73,724,518

Total debt increased compared to the prior year due to the issuance of multiple new bonds issued to fund future construction and capital improvement projects throughout the City.

Additional information on the City's long-term debt can be found in note II.G. to the basic financial statements.

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 \$13.6 million from \$13.0 million. There was a decrease budgeted of \$600 thousand in the original adopted budget but due to the above expected performance of sales taxes and new commercial permits, the city was able to increase the fund balance instead. The City of Schertz has appropriated \$446,341 of this amount for spending in the 2023 fiscal year budget in accordance to the City's fund balance policy. The approved tax rate decreased to \$0.4950 from \$0.5121 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. The City's property tax base continues to expand at around 3% per year while the long term sales taxes are growing at 7% annually.

Through 2022 the Schertz industrial parks continued to see rising but competitive vacancy rates supporting brisk speculative development, redevelopment and expansion in the existing industrial park, Northern Schertz, and Southern Schertz.

In the existing industrial park, Building 4 remains empty while Buildings 5, 6 and 7 have all been leased. Industrial development continued to push North along IH-35 across FM 3009 with Phelan-Bennet completing and filling 169,525 sq ft of speculative warehouse distribution on Four Oaks Lane. Doerr Lane Logistics Center is almost complete, with 2/3 of the building pre-leased. Another 112,000 square foot warehouse/distribution center is set to begin construction this year off FM 3009.

In Northern Schertz, redevelopment, expansion, and significant speculative development characterized 2022. In June 2021, Caterpillar again invested in Schertz with an estimated \$24,000,000 adding an additional manufacturing line. Sysco Central Texas site was awarded economic development incentives to secure a 100,000 sq ft expansion of their existing facility, currently under construction.

In Southern Schertz, the SEDC and City staff continue to work with CORE5 on a 1.7M sq. ft. development of speculative industrial product near the intersection of Loop 1604 and IH-10, kicking off industrial development along IH-10.

Staff will continue to watch as the economy slows down. During COVID and the great recession, property values continued to rise and no discernable impacts of foreclosures. Sales taxes have been recession resistant in Schertz due to the business types and markets however, new residential development has slowed down over the past few years. Staff is factoring this in its 5-year forecast for slower growth.

Overall, the City of Schertz continues to be an extremely attractive option as a center for logistics and distribution. Accelerated by the rising demand for delivery to consumers and changes in supply chain management philosophy moving from "just in time" to "just in case," Schertz's location along IH-35 and IH-10 corridor continues to be a strong advantage.

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.

**BASIC
FINANCIAL STATEMENTS**

CITY OF SCHERTZ, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 92,621,639	\$ 28,415,782	\$ 121,037,421
Investments	4,631,657	1,174,985	5,806,642
Receivables, net of allowances:			
Taxes	4,449,274	-	4,449,274
Accounts and other	2,214,350	7,290,865	9,505,215
Accrued interest	-	6,324	6,324
Inventories	154,096	218,418	372,514
Prepays	29,080	2,311	31,391
Internal balances	(16,139)	16,139	-
Restricted assets:			
Cash and cash equivalents	869,564	16,041,389	16,910,953
Investments	-	1,839,607	1,839,607
Service concession arrangement receivable:			
Due within one year	90,909	-	90,909
Due in more than one year	669,699	-	669,699
Investment in joint venture	-	18,180,600	18,180,600
Capital assets:			
Land	8,883,427	2,415,017	11,298,444
Water rights	-	70,245	70,245
Buildings and improvements	52,701,579	3,703,626	56,405,205
Equipment and vehicles	15,472,681	6,823,569	22,296,250
Infrastructure	136,194,073	115,715,584	251,909,657
Construction in progress	27,684,430	21,661,576	49,346,006
Accumulated depreciation	(80,963,743)	(41,517,395)	(122,481,138)
Total Assets	<u>265,686,576</u>	<u>182,058,642</u>	<u>447,745,218</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on debt refunding	506,739	6,756	513,495
Deferred OPEB related outflows	643,003	201,016	844,019
Deferred pension related outflows	3,160,127	988,110	4,148,237
Total Deferred Outflows of Resources	<u>4,309,869</u>	<u>1,195,882</u>	<u>5,505,751</u>
LIABILITIES			
Accounts payable	2,839,420	3,436,486	6,275,906
Accrued liabilities	431,088	142,223	573,311
Retainage payable	344,364	266,714	611,078
Due to other governments	83,060	-	83,060
Unearned revenue	7,762,645	469,445	8,232,090
Accrued interest payable	486,669	189,147	675,816
Customer deposits	105,891	648,307	754,198

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

CITY OF SCHERTZ, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES (continued)			
Noncurrent liabilities:			
Due within one year:			
Compensated absences	\$ 240,013	\$ 72,971	\$ 312,984
Total OPEB liability	76,415	23,894	100,309
Service concession arrangement	55,241	-	55,241
Long-term debt	5,957,307	1,661,921	7,619,228
Due in more than one year:			
Compensated absences	960,052	291,881	1,251,933
Total OPEB liability	2,731,673	853,989	3,585,662
Net pension liability	8,735,828	2,731,523	11,467,351
Service concession arrangement	406,945	-	406,945
Long-term debt	<u>80,858,556</u>	<u>27,993,744</u>	<u>108,852,300</u>
Total Liabilities	<u>112,075,167</u>	<u>38,782,245</u>	<u>150,857,412</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred service concession arrangement	298,422	-	298,422
Deferred OPEB related inflows	415,819	130,006	545,825
Deferred pension related inflows	<u>3,659,994</u>	<u>1,144,410</u>	<u>4,804,404</u>
Total Deferred Inflows of Resources	<u>4,374,235</u>	<u>1,274,416</u>	<u>5,648,651</u>
NET POSITION			
Net investment in capital assets	109,746,340	94,997,863	204,744,203
Restricted for:			
Police and municipal court	447,481	-	447,481
PEG capital fees	967,885	-	967,885
Tourism development	1,646,618	-	1,646,618
Economic development	26,077,746	-	26,077,746
Parks and tree mitigation	969,581	-	969,581
Debt service	1,550,080	-	1,550,080
Scholarships and other purposes	1,086,297	-	1,086,297
Construction	-	5,408,320	5,408,320
Unrestricted	<u>11,055,015</u>	<u>42,791,680</u>	<u>53,846,695</u>
Total Net Position	<u>\$ 153,547,043</u>	<u>\$ 143,197,863</u>	<u>\$ 296,744,906</u>

CITY OF SCHERTZ, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 7,093,652	\$ 686,470	\$ 3,320,407	\$ -
Public safety	19,580,703	3,922,957	641,528	-
Public environment	8,545,834	798,955	-	6,987,788
Parks and recreation	3,543,978	652,727	-	-
Cultural	1,168,815	310,859	8,094	-
Administration	4,455,947	-	-	-
Interest	2,490,474	-	-	-
Total Governmental Activities	<u>46,879,403</u>	<u>6,371,968</u>	<u>3,970,029</u>	<u>6,987,788</u>
Business-type activities:				
Water and sewer	27,833,986	30,677,566	-	6,143,957
EMS	8,234,500	9,420,909	-	-
Total Business-Type Activities	<u>36,068,486</u>	<u>40,098,475</u>	<u>-</u>	<u>6,143,957</u>
Total Primary Government	<u>\$ 82,947,889</u>	<u>\$ 46,470,443</u>	<u>\$ 3,970,029</u>	<u>\$ 13,131,745</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

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>
\$(3,086,775)	\$ -	\$(3,086,775)
(15,016,218)	-	(15,016,218)
(759,091)	-	(759,091)
(2,891,251)	-	(2,891,251)
(849,862)	-	(849,862)
(4,455,947)	-	(4,455,947)
(2,490,474)	-	(2,490,474)
<u>(29,549,618)</u>	<u>-</u>	<u>(29,549,618)</u>
-	8,987,537	8,987,537
-	<u>1,186,409</u>	<u>1,186,409</u>
-	<u>10,173,946</u>	<u>10,173,946</u>
<u>(29,549,618)</u>	<u>10,173,946</u>	<u>(19,375,672)</u>
22,495,628	-	22,495,628
18,075,733	-	18,075,733
2,574,041	-	2,574,041
804,132	-	804,132
83,391	-	83,391
709,898	314,546	1,024,444
1,138,775	675,739	1,814,514
<u>(316,216)</u>	<u>316,216</u>	<u>-</u>
<u>45,565,382</u>	<u>1,306,501</u>	<u>46,871,883</u>
<u>16,015,764</u>	<u>11,480,447</u>	<u>27,496,211</u>
<u>137,531,279</u>	<u>131,717,416</u>	<u>269,248,695</u>
<u>\$ 153,547,043</u>	<u>\$ 143,197,863</u>	<u>\$ 296,744,906</u>

CITY OF SCHERTZ, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	General Fund	Capital Projects Fund	Debt Service Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 12,128,331	\$ 42,594,424	\$ 1,864,408
Investments	2,404,552	-	-
Receivables (net of allowances)			
Taxes	3,174,973	-	172,341
Accounts and other	2,128,452	-	-
Due from other funds	648,630	-	-
Inventory	154,096	-	-
Prepaid items	28,090	-	-
Restricted assets:			
Cash and cash equivalents	<u>869,564</u>	<u>-</u>	<u>-</u>
Total Assets	<u>21,536,688</u>	<u>42,594,424</u>	<u>2,036,749</u>
LIABILITIES			
Accounts payable	1,752,626	906,624	-
Accrued salaries and benefits	431,088	-	-
Retainage payable	-	281,284	-
Customer deposits	105,891	-	-
Due to other governments	83,060	-	-
Due to other funds	16,139	-	-
Unearned revenues	<u>50,078</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>2,438,882</u>	<u>1,187,908</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	<u>2,030,907</u>	<u>-</u>	<u>172,340</u>
Total Deferred Inflows of Resources	<u>2,030,907</u>	<u>-</u>	<u>172,340</u>
FUND BALANCES			
Nonspendable for:			
Inventory	154,096	-	-
Prepaid items	28,090	-	-
Restricted for:			
Police and public safety/municipal court	302,725	-	-
Municipal court	812,283	-	-
PEG capital fees	967,885	-	-
Capital improvement	-	35,863,370	-
Debt service	-	-	1,864,409
Tourism development	-	-	-
Parks and tree mitigation	-	-	-
Historical Committee and library	-	-	-
Economic development	-	-	-
Animal control	42,825	-	-
Scholarships	134,632	-	-
Committed for:			
Capital Projects	-	5,543,146	-
Civic Center/CIED	1,021,594	-	-
Assigned for:			
Property replacement	909,889	-	-
Subsequent year's budget	446,341	-	-
Unassigned	<u>12,246,539</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>17,066,899</u>	<u>41,406,516</u>	<u>1,864,409</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 21,536,688</u>	<u>\$ 42,594,424</u>	<u>\$ 2,036,749</u>

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

Economic Development Corporation	American Rescue Plan Act Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 22,721,336	\$ 7,816,119	\$ 5,497,021	\$ 92,621,639
2,227,105	-	-	4,631,657
1,101,960	-	-	4,449,274
7,949	-	77,949	2,214,350
-	-	-	648,630
-	-	-	154,096
990	-	-	29,080
-	-	-	869,564
<u>26,059,340</u>	<u>7,816,119</u>	<u>5,574,970</u>	<u>105,618,290</u>
16,212	62,041	101,917	2,839,420
-	-	-	431,088
-	6,893	56,187	344,364
-	-	-	105,891
-	-	-	83,060
-	-	648,630	664,769
-	<u>7,712,567</u>	-	<u>7,762,645</u>
<u>16,212</u>	<u>7,781,501</u>	<u>806,734</u>	<u>12,231,237</u>
-	-	-	2,203,247
-	-	-	2,203,247
-	-	-	154,096
-	-	-	28,090
-	-	144,756	447,481
-	-	-	812,283
-	-	-	967,885
-	-	2,559,354	38,422,724
-	-	-	1,864,409
-	-	1,646,618	1,646,618
-	-	969,581	969,581
-	-	96,557	96,557
26,043,128	34,618	-	26,077,746
-	-	-	42,825
-	-	-	134,632
-	-	-	5,543,146
-	-	-	1,021,594
-	-	-	909,889
-	-	-	446,341
-	-	(648,630)	11,597,909
<u>26,043,128</u>	<u>34,618</u>	<u>4,768,236</u>	<u>91,183,806</u>
\$ <u>26,059,340</u>	\$ <u>7,816,119</u>	\$ <u>5,574,970</u>	\$ <u>105,618,290</u>

CITY OF SCHERTZ, TEXAS

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

SEPTEMBER 30, 2022

Total Fund Balances - Governmental Funds	\$	91,183,806
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.		159,972,447
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.	(	82,514,293)
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.	(	486,669)
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	(	5,501,635)
Deferred loss		506,739
Receivables from grants, 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.		2,203,247
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	(	8,735,828)
Deferred outflows related to pensions		3,160,127
Deferred inflows related to pensions	(	3,659,994)
Total OPEB liability	(	2,808,088)
Deferred outflows related to OPEB		643,003
Deferred inflows related to OPEB	(	<u>415,819)</u>
Net Position of Governmental Activities	\$	<u>153,547,043</u>

CITY OF SCHERTZ, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General Fund	Capital Projects Fund	Debt Service Fund
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Taxes	\$ 29,892,435	\$ -	\$ 7,182,900
Permits and fees	2,204,543	-	-
Service fees	2,134,517	-	-
Fines and fees	657,480	-	-
Intergovernmental	1,730,576	-	-
Investment earnings	90,883	196,624	143,428
Miscellaneous	613,268	450,000	75,000
Total Revenues	<u>37,323,702</u>	<u>646,624</u>	<u>7,401,328</u>
EXPENDITURES			
Current:			
General government	6,051,339	-	-
Public safety	18,243,849	-	-
Public environment	1,766,558	-	-
Parks and recreation	2,567,764	-	-
Cultural	1,144,684	-	-
Administration	3,991,262	-	-
Capital outlay	646,563	9,544,074	-
Debt service:			
Principal	-	-	4,805,000
Interest and fiscal charges	-	-	1,779,157
Bond issue costs	-	468,285	90,626
Total Expenditures	<u>34,412,019</u>	<u>10,012,359</u>	<u>6,674,783</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,911,683</u>	<u>(9,365,735)</u>	<u>726,545</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	31,540,000	-
Issuance of refunding debt	-	-	4,070,000
Premium on issuance of debt	-	2,778,912	421,632
Payment to refunding escrow agent	-	-	(4,443,881)
Transfers in	37,853	3,285,112	2,737
Transfers out	<u>(2,361,204)</u>	<u>(2,737)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(2,323,351)</u>	<u>37,601,287</u>	<u>50,488</u>
NET CHANGE IN FUND BALANCE	588,332	28,235,552	777,033
FUND BALANCES - BEGINNING	<u>16,478,567</u>	<u>13,170,964</u>	<u>1,087,376</u>
FUND BALANCES - ENDING	<u>\$ 17,066,899</u>	<u>\$ 41,406,516</u>	<u>\$ 1,864,409</u>

Economic Development Corporation	American Rescue Plan Act Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 6,025,703	\$ -	\$ 804,132	\$ 43,905,170
-	-	136,950	2,341,493
-	-	819,190	2,953,707
-	-	97,078	754,558
-	2,422,438	94,509	4,247,523
201,279	34,375	43,309	709,898
-	-	507	1,138,775
<u>6,226,982</u>	<u>2,456,813</u>	<u>1,995,675</u>	<u>56,051,124</u>
218,302	-	245,991	6,515,632
-	838,268	16,256	19,098,373
-	-	-	1,766,558
-	-	92,150	2,659,914
-	-	14,340	1,159,024
531,783	-	74,443	4,597,488
-	1,584,170	1,321,933	13,096,740
-	-	-	4,805,000
-	-	-	1,779,157
-	-	-	558,911
<u>750,085</u>	<u>2,422,438</u>	<u>1,765,113</u>	<u>56,036,797</u>
<u>5,476,897</u>	<u>34,375</u>	<u>230,562</u>	<u>14,327</u>
-	-	-	31,540,000
-	-	-	4,070,000
-	-	-	3,200,544
-	-	-	(4,443,881)
-	-	13,863	3,339,565
(1,240,000)	-	(51,840)	(3,655,781)
(1,240,000)	-	(37,977)	34,050,447
4,236,897	34,375	192,585	34,064,774
<u>21,806,231</u>	<u>243</u>	<u>4,575,651</u>	<u>57,119,032</u>
\$ <u>26,043,128</u>	\$ <u>34,618</u>	\$ <u>4,768,236</u>	\$ <u>91,183,806</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, 2022

Net Changes in Fund Balances - Governmental Funds	\$ 34,064,774
Amounts reported for governmental activities in the statement of activities are different because:	
<p>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.</p>	
Capital outlay	17,443,747
Depreciation expense	(7,019,485)
<p>The net effect of miscellaneous transactions involving capital assets (i.e., sales, trade-ins, or donations) is to decrease net position.</p>	
	(22,414)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Property taxes	44,716
Court fines	127,755
<p>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.</p>	
Issuance of long-term debt	(38,810,544)
Payment to escrow agent	4,443,881
Repayment of principal of long-term debt	4,937,587
Amortization of loss on refunding	(60,378)
<p>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.</p>	
Compensated Absences	(22,003)
Net pension liability	1,305,763
Total OPEB liability	(217,221)
<p>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.</p>	
	(200,414)
Change in Net Position of Governmental Activities	<u>\$ 16,015,764</u>

CITY OF SCHERTZ, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2022

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer System	Schertz EMS	Total Enterprise Fund	Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 27,484,127	\$ 931,655	\$ 28,415,782	\$ -
Investments	1,174,985	-	1,174,985	-
Accounts receivable, net of allowance:				
Customer accounts	3,481,872	3,808,993	7,290,865	-
Due from other funds	-	16,139	16,139	-
Accrued interest	6,324	-	6,324	-
Inventory	99,102	119,316	218,418	-
Prepays	-	2,311	2,311	-
Total Current Assets	<u>32,246,410</u>	<u>4,878,414</u>	<u>37,124,824</u>	<u>-</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	16,041,389	-	16,041,389	-
Investments	1,839,607	-	1,839,607	-
Investment in joint ventures	18,180,600	-	18,180,600	-
Capital assets:				
Land	2,415,017	-	2,415,017	-
Water rights	70,245	-	70,245	-
Buildings and improvements	3,609,126	94,500	3,703,626	-
Machinery, equipment, and vehicles	3,400,352	3,423,217	6,823,569	-
Infrastructure	115,715,584	-	115,715,584	-
Construction in progress	21,661,576	-	21,661,576	-
Less: accumulated depreciation	(39,523,557)	(1,993,838)	(41,517,395)	-
Total Noncurrent Assets	<u>143,409,939</u>	<u>1,523,879</u>	<u>144,933,818</u>	<u>-</u>
Total Assets	<u>175,656,349</u>	<u>6,402,293</u>	<u>182,058,642</u>	<u>-</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding	6,756	-	6,756	-
Deferred OPEB related outflows	61,922	139,094	201,016	-
Deferred pension related outflows	304,481	683,629	988,110	-
Total Deferred Outflows of Resources	<u>373,159</u>	<u>822,723</u>	<u>1,195,882</u>	<u>-</u>

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

CITY OF SCHERTZ, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2022

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer System	Schertz EMS	Total Enterprise Fund	Internal Service Fund
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 3,224,437	\$ 212,049	\$ 3,436,486	\$ -
Accrued liabilities	-	142,223	142,223	-
Retainage payable	266,714	-	266,714	-
Customer deposits	648,307	-	648,307	-
Due to other funds	-	-	-	-
Accrued interest	189,147	-	189,147	-
Unearned revenue	468,333	1,112	469,445	-
Current portion of long-term liabilities:				
Compensated absences	25,045	47,926	72,971	-
Total OPEB liability	7,363	16,531	23,894	-
Long-term debt	<u>1,580,000</u>	<u>81,921</u>	<u>1,661,921</u>	<u>-</u>
Total Current Liabilities	<u>6,409,346</u>	<u>501,762</u>	<u>6,911,108</u>	<u>-</u>
Noncurrent liabilities:				
Compensated absences	100,178	191,703	291,881	-
Total OPEB liability	263,072	590,917	853,989	-
Net pension liability	841,704	1,889,819	2,731,523	-
Long-term debt	<u>27,747,980</u>	<u>245,764</u>	<u>27,993,744</u>	<u>-</u>
Total Noncurrent Liabilities	<u>28,952,934</u>	<u>2,918,203</u>	<u>31,871,137</u>	<u>-</u>
Total Liabilities	<u>35,362,280</u>	<u>3,419,965</u>	<u>38,782,245</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred OPEB related inflows	40,054	89,952	130,006	-
Deferred pension related inflows	<u>352,644</u>	<u>791,766</u>	<u>1,144,410</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>392,698</u>	<u>881,718</u>	<u>1,274,416</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	93,801,669	1,196,194	94,997,863	-
Restricted for construction	5,408,320	-	5,408,320	-
Unrestricted	<u>41,064,541</u>	<u>1,727,139</u>	<u>42,791,680</u>	<u>-</u>
Total Net Position	<u>\$ 140,274,530</u>	<u>\$ 2,923,333</u>	<u>\$ 143,197,863</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, 2022

	Business-Type Activities Enterprise Funds		Total Enterprise Funds	Governmental Activities
	Water and Sewer System	Schertz EMS		Internal Service Fund
OPERATING REVENUES				
Fees charged to users	\$ 30,298,038	\$ 9,420,909	\$ 39,718,947	\$ -
Charges for premiums	-	-	-	4,292,996
Other charges	19,109	-	19,109	-
Miscellaneous	559,412	116,327	675,739	-
Total Operating Revenues	<u>30,876,559</u>	<u>9,537,236</u>	<u>40,413,795</u>	<u>4,292,996</u>
OPERATING EXPENSES				
Personnel services	2,531,095	5,748,214	8,279,309	4,292,996
General and administrative	3,340,401	697,978	4,038,379	-
Contractual services	17,967,935	762,178	18,730,113	-
Supplies and maintenance	522,667	623,987	1,146,654	-
Depreciation	2,559,869	402,143	2,962,012	-
Total Operating Costs	<u>26,921,967</u>	<u>8,234,500</u>	<u>35,156,467</u>	<u>4,292,996</u>
Operating Income (Loss)	<u>3,954,592</u>	<u>1,302,736</u>	<u>5,257,328</u>	<u>-</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment revenue	307,487	7,059	314,546	-
Rent revenue	360,419	-	360,419	-
Interest expense	(912,019)	-	(912,019)	-
Total Non-Operating Revenues (Expenses)	<u>(244,113)</u>	<u>7,059</u>	<u>(237,054)</u>	<u>-</u>
Income before contributions and transfers	3,710,479	1,309,795	5,020,274	-
Transfers in	308,835	7,381	316,216	-
Capital contributions - impact fees	1,203,925	-	1,203,925	-
Capital contributions - dedicated assets	4,940,032	-	4,940,032	-
CHANGE IN NET POSITION	<u>10,163,271</u>	<u>1,317,176</u>	<u>11,480,447</u>	<u>-</u>
NET POSITION - BEGINNING	<u>130,111,259</u>	<u>1,606,157</u>	<u>131,717,416</u>	<u>-</u>
NET POSITION - END OF YEAR	<u>\$ 140,274,530</u>	<u>\$ 2,923,333</u>	<u>\$ 143,197,863</u>	<u>\$ -</u>

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

CITY OF SCHERTZ, TEXAS

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer System	Schertz EMS	Total Enterprise	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	\$ 30,702,467	\$ 8,911,870	\$ 39,614,337	\$ -
Cash received from interfund services	-	-	-	4,292,996
Cash paid to employees for services	(2,637,637)	(6,037,877)	(8,675,514)	(4,292,996)
Cash paid to suppliers for goods and services	(22,047,319)	(2,142,119)	(24,189,438)	-
Net Cash Provided By Operating Activities	<u>6,017,511</u>	<u>731,874</u>	<u>6,749,385</u>	<u>-</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers from other funds	<u>308,835</u>	<u>7,381</u>	<u>316,216</u>	<u>-</u>
Net Cash Used in Non-Capital Financing Activities	<u>308,835</u>	<u>7,381</u>	<u>316,216</u>	<u>-</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(7,350,994)	(808,166)	(8,159,160)	-
Capital contributions - impact fees	1,203,925	-	1,203,925	-
Proceeds from issuance of debt	16,860,000	-	16,860,000	-
Premium from issuance of debt	1,572,881	-	1,572,881	-
Interest paid on long-term debt	(902,571)	(3,880)	(906,451)	-
Principal paid on long-term debt	(3,300,000)	(262,436)	(3,562,436)	-
Net Cash Used in Capital and Related Financing Activities	<u>8,083,241</u>	<u>(1,074,482)</u>	<u>7,008,759</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale (purchase) of investments	(20,954)	-	(20,954)	-
Payments from rentals	360,419	-	360,419	-
Interest and investment earnings	<u>307,487</u>	<u>7,059</u>	<u>314,546</u>	<u>-</u>
Net Cash Provided By (Used in) Investing Activities	<u>646,952</u>	<u>7,059</u>	<u>654,011</u>	<u>-</u>
Net (Decrease) Increase in Cash and Cash Equivalents	15,056,539	(328,168)	14,728,371	-
Cash and cash equivalents at beginning of year:				
Cash and cash equivalents	8,197,023	1,259,823	9,456,846	-
Restricted cash and cash equivalents	<u>20,271,954</u>	<u>-</u>	<u>20,271,954</u>	<u>-</u>
	28,468,977	1,259,823	29,728,800	-
Cash and cash equivalents at end of year:				
Cash and cash equivalents	27,484,127	931,655	28,415,782	-
Restricted cash and cash equivalents	<u>16,041,389</u>	<u>-</u>	<u>16,041,389</u>	<u>-</u>
	<u>\$ 43,525,516</u>	<u>\$ 931,655</u>	<u>\$ 44,457,171</u>	<u>\$ -</u>

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

CITY OF SCHERTZ, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer System	Schertz EMS	Total Enterprise	Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET				
CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 3,954,592	\$ 1,302,736	\$ 5,257,328	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	2,559,869	402,143	2,962,012	-
Change in investment in joint venture	(1,438,934)	-	(1,438,934)	-
Decrease (increase) in accounts receivable	(208,117)	(623,221)	(831,338)	-
Decrease (increase) in inventory	(16,219)	(17,744)	(33,963)	-
Increase (decrease) in deferred pension outflows	(76,750)	(176,851)	(253,601)	-
Increase (decrease) in deferred OPEB outflows	646	(6,814)	(6,168)	-
Increase (decrease) in accounts payable	1,238,837	(40,232)	1,198,605	-
Increase (decrease) in accrued liabilities	30,776	-	30,776	-
Increase (decrease) in customer deposits	21,155	(2,145)	19,010	-
Increase (decrease) in unearned revenue	12,870	-	12,870	-
Increase (decrease) in compensated absences	-	-	-	-
Increase (decrease) in net pension liability	(281,432)	(609,531)	(890,963)	-
Increase (decrease) in deferred OPEB inflows	7,090	16,596	23,686	-
Increase (decrease) in deferred pension inflows	205,166	463,578	668,744	-
Increase (decrease) in total OPEB liability	7,962	23,359	31,321	-
Net cash provided by operating activities	<u>\$ 6,017,511</u>	<u>\$ 731,874</u>	<u>\$ 6,749,385</u>	<u>\$ -</u>
SCHEDULE OF NON-CASH CAPITAL ACTIVITIES				
Developer contributions of capital assets	\$ 4,940,032	\$ -	\$ 4,940,032	\$ -
Total non-cash capital activities	<u>\$ 4,940,032</u>	<u>\$ -</u>	<u>\$ 4,940,032</u>	<u>\$ -</u>

CITY OF SCHERTZ, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Schertz is a municipal corporation governed by an elected mayor and seven-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 Capital Projects Fund accounts for the acquisition and construction of major capital facilities financed from bond proceeds, grants, and transfers from other funds.

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

The American Rescue Plan Act Fund records revenue and expenditures related to the City's COVID-19 funding from the American Rescue Plan Act.

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:

The 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.

For purposes of the statement of cash flows, the City considers cash and other investments with maturities of three months or less from the date of purchase to be cash and cash equivalents.

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 or 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". The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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 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.

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 assets 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 assets 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. Deficit Equity

At September 30, 2022, the City has a deficit unassigned fund balance of \$648,630 in the Grant Fund. This deficit is due to timing differences between expenditures and reimbursements of grant funds.

S. Budgetary Information

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

II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Cash, Cash Equivalents and Investments

As of September 30, 2022, the City had the following cash, cash equivalents and investments:

	<u>Reported Value</u>	<u>Weighted Average Maturity (days)</u>
Investment type:		
LOGIC	\$ 58,465,243	55
Lone Star Investment Pool	26,675,705	46
Texas CLASS	44,849,126	53
Certificates of Deposit	3,372,040	139
U.S. Agency Securities	<u>3,235,363</u>	535
Subtotal	136,597,477	
Plus: depository and petty cash	<u>9,027,493</u>	
Total cash and investments	<u>\$ 145,624,970</u>	

LOGIC, Lone Star Investment Pool and Texas CLASS are recorded as cash equivalents in the financial statements. All of the pools have redemption notice periods of one day and may redeem daily. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pools' liquidity.

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, 2022, 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, 2022, 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, 2022, 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 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, 2022, was \$0.5121 per \$100 of assessed value.

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 3.5% 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, 2022 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	Debt Service	Nonmajor Funds	Water and Sewer Fund	Schertz EMS
Receivables:						
Property taxes	\$ 385,410	\$ -	\$ 183,341	\$ -	\$ -	\$ -
Sales tax	2,518,079	1,259,040	-	-	-	-
Occupancy taxes	-	-	-	77,949	-	-
Franchise taxes	587,337	-	-	-	-	-
Customers	-	-	-	-	3,555,135	9,379,959
Court fines	4,099,809	-	-	-	-	-
Other	<u>488,356</u>	<u>7,949</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Gross receivables	8,078,991	1,266,989	183,341	77,949	3,555,135	9,379,959
Less: allowance for uncollectible accounts	<u>(2,461,407)</u>	<u>-</u>	<u>(11,000)</u>	<u>-</u>	<u>(73,263)</u>	<u>(5,570,966)</u>
Net receivables	<u>\$ 5,617,584</u>	<u>\$ 1,266,989</u>	<u>\$ 172,341</u>	<u>\$ 77,949</u>	<u>\$ 3,481,872</u>	<u>\$ 3,808,993</u>

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:

	Unavailable
General Fund	
Delinquent property taxes receivable	\$ 362,285
Court fines	<u>1,668,622</u>
Total General Fund	<u>2,030,907</u>
Debt Service Fund	
Delinquent property taxes receivable	<u>172,340</u>
Total Debt Service Fund	<u>172,340</u>
Total Governmental Funds	<u>\$ 2,203,247</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	\$ 506,739	\$ 6,756	\$ -	\$ 513,495
Related to pensions	3,160,127	304,481	683,629	4,148,237
Related to OPEB - SDBF	223,514	21,504	48,346	293,364
Related to OPEB - Retiree				
Health Plan	<u>419,489</u>	<u>40,418</u>	<u>90,748</u>	<u>550,655</u>
Total deferred outflow	<u>\$ 4,309,869</u>	<u>\$ 373,159</u>	<u>\$ 822,723</u>	<u>\$ 5,505,751</u>
Deferred inflows:				
Service concession arrangement	\$ 298,422	\$ -	\$ -	298,422
Related to pensions	3,659,994	352,643	791,766	4,804,403
Related to OPEB - SDBF	67,267	6,472	14,550	88,289
Related to OPEB - Retiree				
Health plan	<u>348,552</u>	<u>33,583</u>	<u>75,402</u>	<u>457,537</u>
Total deferred inflow	<u>\$ 4,374,235</u>	<u>\$ 392,698</u>	<u>\$ 881,718</u>	<u>\$ 5,648,651</u>

E. Interfund Balances and Transfers

The composition of interfund balances as of September 30, 2022 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
General	Nonmajor Governmental	648,630	Short-term pool cash loan

The following schedule briefly summarizes the City's transfer activity for the year ending September 30, 2022:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General	Nonmajor governmental	\$ 13,863	Supplement funds sources
General	Capital Projects	2,045,112	Funding for various capital projects
General	Water and Sewer System	302,229	Supplement funds sources
Nonmajor governmental	General	37,853	Close out completed grant into local funds
Nonmajor governmental	Water and Sewer System	6,606	Close out completed grant into local funds
Nonmajor governmental	EMS	7,381	Close out completed grant into local funds
EDC	Capital Projects	1,240,000	Funding for various capital projects
Capital Projects	Debt Service	2,737	Supplement funds sources

F. Capital Assets

Capital asset activity for the year ended September 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclassifications/ Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 8,310,986	\$ 572,441	\$ -	\$ 8,883,427
Construction in progress	<u>26,695,151</u>	<u>9,056,294</u>	<u>(8,067,015)</u>	<u>27,684,430</u>
Total capital assets not being depreciated	<u>35,006,137</u>	<u>9,628,735</u>	<u>(8,067,015)</u>	<u>36,567,857</u>
Capital assets being depreciated:				
Buildings and improvements	44,588,777	45,787	8,067,015	52,701,579
Machinery, equipment, and vehicles	14,833,547	817,998	(178,864)	15,472,681
Street and infrastructure	<u>129,206,285</u>	<u>6,987,788</u>	<u>-</u>	<u>136,194,073</u>
Total assets being depreciated	<u>188,628,609</u>	<u>7,851,573</u>	<u>7,888,151</u>	<u>204,368,333</u>
Less accumulated depreciation for:				
Buildings and improvements	(18,448,517)	(1,612,535)	-	(20,061,052)
Machinery, equipment, and vehicles	(8,165,845)	(1,241,549)	119,889	(9,287,505)
Street and infrastructure	<u>(47,449,785)</u>	<u>(4,165,401)</u>	<u>-</u>	<u>(51,615,186)</u>
Total accumulated depreciation	<u>(74,064,147)</u>	<u>(7,019,485)</u>	<u>119,889</u>	<u>(80,963,743)</u>
Total capital assets being depreciated, net	<u>114,564,462</u>	<u>832,088</u>	<u>8,008,040</u>	<u>123,404,590</u>
Governmental activities capital assets, net	<u>\$ 149,570,599</u>	<u>\$ 10,460,823</u>	<u>\$ (58,975)</u>	<u>\$ 159,972,447</u>

	Beginning Balance	Additions	Reclassifications/ Retirements	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,844,488	\$ 570,529	\$ -	\$ 2,415,017
Water rights	70,245	-	-	70,245
Construction in progress	<u>19,942,794</u>	<u>6,662,221</u>	<u>(4,943,439)</u>	<u>21,661,576</u>
Total capital assets, not being depreciated	<u>21,857,527</u>	<u>7,232,750</u>	<u>(4,943,439)</u>	<u>24,146,838</u>
Capital assets being depreciated:				
Buildings and improvements	3,609,126	94,500	-	3,703,626
Machinery, equipment, and vehicles	6,214,966	823,427	(214,824)	6,823,569
Infrastructure	<u>105,832,113</u>	<u>9,883,471</u>	<u>-</u>	<u>115,715,584</u>
Total assets being depreciated	<u>115,656,205</u>	<u>10,801,398</u>	<u>(214,824)</u>	<u>126,242,779</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,121,106)	(158,786)	-	(1,279,892)
Machinery, equipment, and vehicles	(5,543,597)	(661,756)	214,824	(5,990,529)
Infrastructure	<u>(32,105,504)</u>	<u>(2,141,470)</u>	<u>-</u>	<u>(34,246,974)</u>
Total accumulated depreciation	<u>(38,770,207)</u>	<u>(2,962,012)</u>	<u>214,824</u>	<u>(41,517,395)</u>
Total capital assets being depreciated, net	<u>76,885,998</u>	<u>7,839,386</u>	<u>-</u>	<u>84,725,384</u>
Business-type activities capital assets, net	<u>\$ 98,743,525</u>	<u>\$ 15,072,136</u>	<u>\$(4,943,439)</u>	<u>\$ 108,872,222</u>

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

Governmental activities:	
General government	\$ 734,093
Public safety	1,131,288
Public environment	4,175,495
Parks and recreation	926,952
Cultural	44,286
Administration	<u>7,371</u>
Total	<u>\$ 7,019,485</u>
Business-type activities:	
Water and sewer system	\$ 2,559,869
EMS	<u>402,143</u>
Total	<u>\$ 2,962,012</u>
Total Depreciation	<u>\$ 9,981,497</u>

G. Long-Term Debt

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 \$50.4 million and sales tax revenue was \$18.5 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.

Changes in long-term debt for the year ending September 30, 2022 are as follows:

	Beginning Balance	Issued	Refunded/ Retired	Ending Balance	Amount Due Within One Year
Governmental activities:					
General Obligation Bonds	\$ 33,770,000	\$ 22,605,000	\$(7,000,000)	\$ 49,375,000	\$ 3,330,000
Certificates of Obligation	14,200,000	13,005,000	(1,070,000)	26,135,000	1,570,000
General Obligation Bonds- Private Placement	6,620,000	-	(925,000)	5,695,000	950,000
Tax Notes- Private Placement	155,000	-	(155,000)	-	-
Premium from Debt	2,502,146	3,200,544	(201,055)	5,501,635	-
Financing Arrangement	136,535	-	(27,307)	109,228	27,307
Compensated Absences	<u>1,178,062</u>	<u>493,228</u>	<u>(471,225)</u>	<u>1,200,065</u>	<u>240,013</u>
Total governmental	\$ <u>58,561,743</u>	\$ <u>39,303,772</u>	\$(<u>9,849,587</u>)	\$ <u>88,015,928</u>	\$ <u>6,117,320</u>
Business-type activities:					
General Obligation Bonds	\$ 2,055,000	\$ 1,945,000	\$(370,000)	\$ 3,630,000	\$ 535,000
Certificates of Obligation	10,655,000	14,915,000	(2,725,000)	22,845,000	840,000
General Obligation Bonds- Private Placement	840,000	-	(205,000)	635,000	205,000
Unamortized Premium	772,802	1,572,881	(127,703)	2,217,980	-
Financing Arrangement	475,121	-	(147,436)	327,685	81,921
Compensated Absences	<u>364,852</u>	<u>145,941</u>	<u>(145,941)</u>	<u>364,852</u>	<u>72,971</u>
Total business-type	\$ <u>15,162,775</u>	\$ <u>18,578,822</u>	\$(<u>3,721,080</u>)	\$ <u>30,020,517</u>	\$ <u>1,734,892</u>

New Bonds Issued

In January 2022, the City issued Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2022 in the amount of \$9,390,000. These certificates have interest rates ranging from 2.125% and 3.00% and will mature in February 2032. These certificates will be used to fund multiple public improvement projects and are secured by the City's ad valorem tax revenue and utility system revenue.

In August 2022, the City issued Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2022A in the amount of \$18,530,000. These certificates have interest rates ranging from 1.50% and 5.00% and will mature in February 2042. These certificates will be used to fund multiple public improvement projects and are secured by the City's ad valorem tax revenue and utility system revenue.

In August 2022, the City issued General Obligation Bonds, Series 2022 in the amount of \$18,535,000. These certificates have interest rates ranging from 4.00% and 5.00% and will mature in February 2042. These certificates will be used to fund multiple public improvement projects and are secured by the City's ad valorem tax revenue and utility system revenue.

Refunding Bonds Issued (Current Refunding)

In October 2021, the City issued General Obligation Refunding Bonds, Series 2021 in the amount of \$6,015,000. These bonds have interest rates ranging from 2.00% and 3.00% and will mature in February 2028. These bonds will be used to refund the General Obligation Bonds, Series 2012 and the Tax and Limited Pledge Revenue Certificates of Obligation, Series 2013 to provide a present value savings. The net proceeds of \$6,567,554 (net of costs of issuance, a premium of \$623,125, and a cash contribution of \$65,192) were placed in an irrevocable escrow account to call the old bonds on the call date of February 1, 2022. The refunding transaction reduced the City's total debt service payments by \$710,634 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$668,440. The reacquisition price exceeded the book value of the old debt by \$6,779, which was expensed in the current year.

Prior Year Refunding of Debt

The City defeased certain outstanding bonds by placing proceeds of new bonds in irrevocable trusts to provide for all future debt service payments. Accordingly, the respective trust accounts and liability for the defeased bonds are not included in the City's financial statements. As of September 30, 2022, the City does not have bonds considered defeased and outstanding.

A summary of the terms of long-term debt outstanding at September 30, 2022, is as follows:

	Issue Amount	Maturity	Rate	Balance
<u>Governmental Activities</u>				
General Obligation Bonds				
2014 Series, Refunding	8,450,000	2030	2.0% - 4.0%	7,050,000
2015 Series, Refunding	4,185,000	2031	2.0% - 3.25%	1,140,000
2016 Series	5,880,000	2036	2.0% - 4.0%	4,350,000
2017 Series	3,935,000	2037	2.0% - 4.0%	3,170,000
2018 Series, Refunding	5,830,000	2033	3.125% - 5%	4,440,000
2020 Series, Refunding	7,555,000	2036	1.5% - 4%	6,620,000
2021 Series, Refunding	4,070,000	2033	2% - 4%	4,070,000
2022 Series	18,535,000	2042	4% - 5%	18,535,000
Private Placement obligations				
2007 Series GO	6,000,000	2027	4.07%	1,925,000
2018 Series GO Refunding	6,035,000	2028	2.12%	3,770,000
Certificates of Obligation				
2016 Series A	2,375,000	2036	2.0% - 4.0%	1,300,000
2016 Series B	1,475,000	2036	3.0% - 3.75%	1,130,000
2017 Series	4,935,000	2037	3.0% - 3.75%	3,520,000
2018 Series	4,845,000	2038	3.0% - 5.0%	3,935,000
2019 Series	4,015,000	2039	2.5% - 5%	3,245,000
2022 Series	4,740,000	2042	2% - 5%	4,740,000
2022 Series A	8,265,000	2042	4% - 5%	<u>8,265,000</u>
Total Governmental Long-Term Obligations				\$ <u>81,205,000</u>

	Issue Amount	Maturity	Rate	Balance
<u>Business-type Activities</u>				
General Obligation Bonds				
2018 Series, Refunding	2,740,000	2026	3.125% - 5%	\$ 1,685,000
2021 Series, Refunding	1,945,000	2033	2% - 3%	1,945,000
Certificates of Obligation				
2018 Series	5,595,000	2028	3.0% - 5.0%	4,835,000
2019 Series	3,480,000	2039	2.5% - 5%	3,095,000
2022 Series	4,650,000	2042	2% - 5%	4,650,000
2022 Series A	10,265,000	2042	1.5% - 5%	10,265,000
Private Placement obligations				
2013 Series GO Refunding	2,130,000	2025	2.58%	<u>635,000</u>
Total Business-Type Long-Term Obligations				\$ <u>27,110,000</u>

Annual future debt service requirements of bonded debt as of September 30, 2022, are as follows:

Governmental activities:

Year Ended September 30,	General Obligation Bonds			Certificates of Obligation		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 3,330,000	\$ 1,786,738	\$ 5,116,738	\$ 1,570,000	\$ 963,069	\$ 2,533,069
2024	3,415,000	1,651,112	5,066,112	1,455,000	899,619	2,354,619
2025	2,845,000	1,523,238	4,368,238	1,375,000	838,219	2,213,219
2026	2,970,000	1,404,163	4,374,163	1,310,000	780,719	2,090,719
2027	3,090,000	1,280,663	4,370,663	1,195,000	727,356	1,922,356
2028-2032	17,490,000	4,442,890	21,932,890	6,735,000	2,839,534	9,574,534
2033-2037	9,985,000	2,044,744	12,029,744	7,910,000	1,467,100	9,377,100
2038-2042	6,250,000	645,000	6,895,000	4,585,000	370,988	4,955,988
Total	<u>\$ 49,375,000</u>	<u>\$ 14,778,547</u>	<u>\$ 64,153,547</u>	<u>\$ 26,135,000</u>	<u>\$ 8,886,603</u>	<u>\$ 35,021,603</u>

Private Placement Debt

Year Ended September 30,	General Obligation Bonds		
	Principal	Interest	Total
2023	\$ 950,000	\$ 144,740	\$ 1,094,740
2024	980,000	117,214	1,097,214
2025	1,010,000	88,758	1,098,758
2026	1,035,000	59,428	1,094,428
2027	1,060,000	29,274	1,089,274
2028	660,000	6,996	666,996
Total	<u>\$ 5,695,000</u>	<u>\$ 446,410</u>	<u>\$ 6,141,410</u>

Business-type activities:

Year Ended September 30,	General Obligation Bonds			Certificates of Obligation		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 535,000	\$ 132,050	\$ 667,050	\$ 840,000	\$ 893,738	\$ 1,733,738
2024	560,000	106,150	666,150	855,000	852,713	1,707,713
2025	595,000	78,825	673,825	890,000	809,813	1,699,813
2026	615,000	50,200	665,200	945,000	765,438	1,710,438
2027	175,000	32,150	207,150	985,000	718,763	1,703,763
2028-2032	980,000	76,125	1,056,125	5,665,000	2,850,288	8,515,288
2033-2037	170,000	1,700	171,700	6,910,000	1,609,481	8,519,481
2038-2042	-	-	-	5,755,000	461,931	6,216,931
Total	<u>\$ 3,630,000</u>	<u>\$ 477,200</u>	<u>\$ 4,107,200</u>	<u>\$ 22,845,000</u>	<u>\$ 8,962,163</u>	<u>\$ 31,807,163</u>

Private Placement Debt

Year Ended September 30,	General Obligation Bonds		
	Principal	Interest	Total
2023	\$ 205,000	\$ 13,739	\$ 218,739
2024	215,000	8,321	223,321
2025	215,000	2,774	217,774
Total	<u>\$ 635,000</u>	<u>\$ 24,833</u>	<u>\$ 659,833</u>

Financing Arrangements

The City enters into various agreements to finance machinery and equipment; they are classified as financing arrangements due to the title of the financed assets transferring to the City. Therefore, capital assets and a related financing arrangement obligation have been recorded at the present value of the future minimum payments at the inception date. This private placement debt is secured by the purchased equipment.

Future minimum payments on the financing arrangements are as follows:

Year Ended September 30,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 27,307	\$ 819	\$ 28,126	\$ 81,921	\$ 2,458	\$ 84,379
2024	27,307	819	28,126	81,921	2,458	84,379
2025	27,307	819	28,126	81,921	2,458	84,379
2026	27,307	819	28,126	81,922	2,458	84,380
Total	\$ <u>109,228</u>	\$ <u>3,276</u>	\$ <u>112,504</u>	\$ <u>327,685</u>	\$ <u>9,832</u>	\$ <u>337,517</u>

H. 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>8,735,828</u>	\$ <u>841,704</u>	\$ <u>1,889,819</u>	\$ <u>11,467,351</u>
Total OPEB liability:				
Due within one year:				
TMRS SDBF	\$ 8,943	\$ 862	\$ 1,935	\$ 11,740
Retiree health plan	<u>67,472</u>	<u>6,501</u>	<u>14,596</u>	<u>88,569</u>
Total due within one year	<u>76,415</u>	<u>7,363</u>	<u>16,531</u>	<u>100,309</u>
Due in more than one year:				
TMRS SDBF	870,037	83,702	188,189	1,141,928
Retiree health plan	<u>1,861,636</u>	<u>179,370</u>	<u>402,728</u>	<u>2,443,734</u>
Total due in more than one year	<u>2,731,673</u>	<u>263,072</u>	<u>590,917</u>	<u>3,585,662</u>
Total OPEB liability	\$ <u>2,808,088</u>	\$ <u>270,435</u>	\$ <u>607,448</u>	\$ <u>3,685,971</u>
Pension expense	\$ <u>(1,305,762)</u>	\$ <u>(153,016)</u>	\$ <u>(322,806)</u>	\$ <u>(1,781,584)</u>
OPEB expense:				
TMRS SDBF	99,151	7,840	19,043	126,034
Retiree Health Plan	<u>118,071</u>	<u>7,860</u>	<u>14,099</u>	<u>140,030</u>
Total OPEB expense	\$ <u>217,222</u>	\$ <u>15,700</u>	\$ <u>33,142</u>	\$ <u>266,064</u>

III. OTHER INFORMATION

A. Retirement Plan

Plan Description. The City of Schertz participates as one of 901 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 annual comprehensive financial report (ACFR) that can be obtained at www.tMrs.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, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	138
Inactive employees entitled to but not yet receiving benefits	267
Active employees	356
Total	<u>761</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 16.45% and 16.36% in calendar years 2022 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2022 were \$4,245,872 and were equal to the required contributions.

Net Pension Liability. The City's Net Pension Liability (NPL) was measured as of December 31, 2021, 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, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75% net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. 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 real rates of return by the target asset allocation percentage and by adding 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) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	10.00%	5.30%
Non-Core Fixed Income	20.00%	1.25%
Global Public Equity	30.00%	4.14%
Real Estate	10.00%	3.85%
Real Return	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	<u>10.00%</u>	7.75%
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, 2021:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2020	\$ 84,773,362	\$ 69,798,222	\$ 14,975,140
Changes for the year:			
Service cost	4,211,795	-	4,211,795
Interest	5,766,957	-	5,766,957
Difference between expected and actual experience	1,060,260	-	1,060,260
Change in assumptions	-	-	-
Contributions - employer	-	3,831,461	(3,831,461)
Contributions - employee	-	1,643,398	(1,643,398)
Net investment income	-	9,113,755	(9,113,755)
Benefit payments, including refunds of employee contributions	(2,885,733)	(2,885,733)	-
Administrative expense	-	(42,101)	42,101
Other changes	-	288	(288)
Net changes	<u>8,153,279</u>	<u>11,661,068</u>	<u>(3,507,789)</u>
Balance at 12/31/2021	<u>\$ 92,926,641</u>	<u>\$ 81,459,290</u>	<u>\$ 11,467,351</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	\$ 27,021,857	\$ 11,467,351	\$(1,052,499)

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions. For the year ended September 30, 2022, the City recognized pension expense of \$2,464,440. Also, as of September 30, 2022, 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	\$ 921,703	\$ 139,864
Changes in actuarial assumptions	111,275	-
Difference between projected and actual investment earnings	-	4,664,539
Contributions subsequent to the measurement date	<u>3,115,259</u>	<u>-</u>
Total	<u>\$ 4,148,237</u>	<u>\$ 4,804,403</u>

\$3,115,259 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>For the Year Ended September 30,</u>	
2023	\$(620,349)
2024	(1,686,611)
2025	(801,407)
2026	(673,554)
2027	10,496

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.

Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other employment benefit and is a fixed amount of \$7,500.

Membership in the plan at December 31, 2021, the valuation and measurement date, consisted of:

Inactive employees or beneficiaries currently receiving benefits	107
Inactive employees entitled to but not yet receiving benefits	74
Active employees	<u>356</u>
Total	<u>537</u>

Contributions. The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.14% for 2022 and 0.13% for 2021, of which 0.06% and 0.05%, respectively, 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 year ended September 30, 2021 were \$5,233 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, 2021 actuarial valuation was determined using the following actuarial assumptions and inputs:

Measurement year ended December 31,	2021
Inflation rate	2.50% per annum
Discount rate	1.84%
Actuarial cost method	Entry Age Normal Method
Projected salary increases	3.50% to 11.5% including inflation
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	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational bases with scale UMP.
Mortality Rates - Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set forward for males and a 3 year set forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the floor.

Changes in assumptions reflect the annual change in the municipal bond rate. The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Discount Rate. 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 2.00% 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, 2020.

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 (1.84%) in measuring the total OPEB liability.

	1% Decrease in Discount Rate (0.84%)	Discount Rate (1.84%)	1% Increase in Discount Rate (2.84%)
Total SDB OPEB Liability	\$ 1,470,379	\$ 1,153,668	\$ 920,379

Changes in the Total OPEB Liability. Total City's Total OPEB Liability (TOL), based on the above actuarial factors, as of December 31, 2021, the measurement and actuarial valuation date, was calculated as follows:

	<u>Total OPEB Liability</u>
Balance at 12/31/2020	\$ 1,033,078
Changes for the year:	
Service cost	70,429
Interest	21,248
Difference between expected and actual experience	(1,360)
Changes of assumptions or other inputs	42,012
Benefit payments, including refunds of employee contributions	(11,739)
Net changes	<u>120,590</u>
Balance at 12/31/2021	<u>\$ 1,153,668</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.00% to 1.84%.

OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB. For the year ended September 30, 2022, the City recognized OPEB expense of \$138,311. Also, as of September 30, 2022, 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	\$ 39,131	\$ 63,785
Changes in actuarial assumptions	250,387	24,504
Contributions subsequent to the measurement date	<u>3,846</u>	<u>-</u>
Total	<u>\$ 293,364</u>	<u>\$ 88,289</u>

\$3,846 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, 2023. 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>	
2023	\$ 46,633
2024	46,633
2025	41,314
2026	35,188
2027	26,365
Thereafter	5,096

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, 2021, the valuation date, consisted of:

Inactive employees or beneficiaries currently receiving benefits	9
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>314</u>
Total	<u><u>323</u></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 100% of the monthly premiums which range based on the type of plan from \$508 for a retiree only to \$1,796 for a retiree and their family.

The City's Retiree Health OPEB Liability (TOL) as of December 31, 2021, was calculated as follows:

	<u>Total OPEB Liability</u>
Balance at 12/31/2020	\$ 2,466,556
Changes for the year:	
Service cost	161,830
Interest	50,064
Difference between expected and actual experience	134,106
Changes of assumptions or other inputs	(191,684)
Benefit payments, including refunds of employee contributions	<u>(88,569)</u>
Net changes	<u>65,747</u>
Balance at 12/31/2021	<u><u>\$ 2,532,303</u></u>

The actuarial valuation was performed as of December 31, 2021. Changes of assumptions reflect a change in the discount rate from 2.00% as of December 31, 2020 to 1.84% as of December 31, 2021, revised TMRS demographic assumptions, and updates to both the health care trend and participation assumptions.

The following presents the TOL of the City, calculated using the discount rate of 1.84% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower (0.84%) and 1-percentage point higher (2.84%) than the current rate:

	<u>1% Decrease in Discount Rate (0.84%)</u>	<u>Discount Rate (1.84%)</u>	<u>1% Increase in Discount Rate (2.84%)</u>
Total OPEB liability - retiree health	\$ 2,774,522	\$ 2,532,303	\$ 2,308,980

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 or 1-percentage point higher 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	\$ 2,218,593	\$ 2,532,303	\$ 2,905,944

For the year ended September 30, 2022, the City recognized OPEB expense of \$219,176. Also, as of September 30, 2022, 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	\$ 132,787	\$ 236,516
Changes in actuarial assumptions	366,035	221,021
Contributions subsequent to the measurement date	<u>51,833</u>	<u>-</u>
Total	<u>\$ 550,655</u>	<u>\$ 457,537</u>

\$51,833 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, 2023. 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:

<u>For the Year Ended September 30,</u>	
2023	\$ 7,281
2024	7,281
2025	7,281
2026	7,281
2027	7,281
Thereafter	4,880

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 \$3,913,110 for the year ended September 30, 2022. 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 \$150,094,421 (as of September 30, 2021, the most recent year for which information is available) 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 \$17,358,291. This amount reflects the City's portion of the net position of SSLGC as of September 30, 2021, 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 organized to aid, assist, and act on behalf of the cities of Schertz and Cibolo 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 \$300,000 for the year ended September 30, 2022. Separate financial statements for the CVLGC may be obtained from the City of Schertz, 1400 Schertz Parkway, Schertz, Texas 78154.

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 \$822,309 as of September 30, 2021.

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 \$4,093,278 from taxing entities (net of administrative reimbursements) and remitted \$3,325,000 to the developer as of September 30, 2022.

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, 2022, the City did not reimburse any property taxes paid under the terms of a Chapter 380 agreement.

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, 2022, 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 2020-21 Amt.</u>	<u>Est. Remaining Grant</u>
SEDC - LGC 501.101	\$ -	\$ 555,554
SEDC - LGC 501.103	-	2,940,000

Service Concession Arrangement

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 \$782,371. 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, 2022, 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 \$760,608 on the government-wide statements at year-end pursuant to the service concession arrangement, and a liability of \$406,945 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
2023	\$ 170,000	\$ 242,800	\$ 412,800
2024	175,000	237,700	412,700
2025	180,000	232,450	412,450
2026	185,000	225,250	410,250
2027	195,000	217,850	412,850
2028-2032	1,090,000	969,450	2,059,450
2033-2037	1,340,000	721,950	2,061,950
2038-2042	1,680,000	372,050	2,052,050
2043-2044	<u>775,000</u>	<u>46,800</u>	<u>821,800</u>
Total	<u>\$ 5,790,000</u>	<u>\$ 3,266,300</u>	<u>\$ 9,056,300</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:			
FM 78 and Main Street	\$ 1,000,000	\$ 235,006	\$ 764,994
Fire Station 3	8,480,775	8,480,775	-
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	149,234	200,766
Senior Center	800,000	793,181	6,819
YMCA-Bathroom Reovation	540,500	505,707	34,793
Window Replacement-Recreation Center	<u>1,152,264</u>	<u>792,198</u>	<u>360,066</u>
Total Governmental Commitments	<u>19,330,596</u>	<u>11,629,317</u>	<u>7,701,279</u>
Business-Type Activities:			
Woman Hollering WasteWater	5,940,424	1,211,157	4,729,267
Corbett Ground Storage Tank & Pumps	1,650,000	930	1,649,070
Corbett Elevated Water Tank	5,500,000	4,892,528	607,472
Trainer Hale Road Distribution Main	500,000	-	500,000
Scenic Hills/Greenridge	73,252	12,495	60,757
Oil-Water Separator	120,000	79,883	40,117
E Dietz Creek De-Silting	573,055	508,834	64,221
FM1103 Utility Relocation	<u>1,315,000</u>	<u>1,265,958</u>	<u>49,042</u>
Total Business-Type Activities	<u>15,671,731</u>	<u>7,971,785</u>	<u>7,699,946</u>
Total Estimated Future Commitments	<u>\$ 35,002,327</u>	<u>\$ 19,601,102</u>	<u>\$ 15,401,225</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. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. GASB 94 will become effective for reporting periods beginning after June 15, 2022, and the impact has not yet been determined.

Statement No. 96, *Subscription-Based Information Technology Arrangements* - This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This Statement will become effective for reporting periods beginning after June 15, 2022, and the impact has not yet been determined.

GASB Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62 - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF SCHERTZ, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 28,327,000	\$ 28,799,800	\$ 29,892,435	\$ 1,092,635
Permits and fees	1,767,470	1,767,470	2,204,543	437,073
Service fees	1,802,762	1,802,762	2,134,517	331,755
Fines and fees	832,281	832,281	657,480	(174,801)
Intergovernmental	1,669,014	2,219,014	1,730,576	(488,438)
Investment earnings	135,000	135,000	90,883	(44,117)
Miscellaneous	<u>623,050</u>	<u>623,050</u>	<u>613,268</u>	<u>(9,782)</u>
Total Revenues	<u>35,156,577</u>	<u>36,179,377</u>	<u>37,323,702</u>	<u>1,144,325</u>
EXPENDITURES				
General government:				
Council	129,252	129,252	100,694	28,558
City manager	1,333,588	1,397,729	1,341,557	56,172
Municipal court	388,838	404,538	372,395	32,143
311 customer relations	117,235	124,385	118,400	5,985
Planning & zoning	326,153	677,715	230,653	447,062
Legal	140,000	140,000	110,717	29,283
City secretary	216,259	224,159	221,127	3,032
Nondepartmental	1,874,372	2,099,804	1,699,984	399,820
Public affairs	642,486	681,986	632,794	49,192
Engineering	946,519	991,034	904,710	86,324
Citizens assistance	342,666	312,666	282,518	30,148
Special events	<u>24,000</u>	<u>24,000</u>	<u>29,568</u>	<u>(5,568)</u>
Total General Government	<u>6,481,368</u>	<u>7,207,268</u>	<u>6,045,117</u>	<u>1,162,151</u>
Public safety:				
Police department	10,672,966	11,015,766	10,592,956	422,810
Fire department	6,614,057	7,217,866	7,029,409	188,457
Inspection	<u>1,088,400</u>	<u>1,045,000</u>	<u>1,011,446</u>	<u>33,554</u>
Total Public Safety	<u>18,375,423</u>	<u>19,278,632</u>	<u>18,633,811</u>	<u>644,821</u>
Public environment:				
Streets	<u>1,926,970</u>	<u>2,002,970</u>	<u>1,926,603</u>	<u>76,367</u>
Total Public Environment	<u>1,926,970</u>	<u>2,002,970</u>	<u>1,926,603</u>	<u>76,367</u>
Parks and recreation:				
Parks	1,661,936	1,823,731	1,593,522	230,209
Pools	569,878	569,878	589,272	(19,394)
Community/Civic Center	<u>384,945</u>	<u>414,245</u>	<u>395,000</u>	<u>19,245</u>
Total Parks and Recreation	<u>2,616,759</u>	<u>2,807,854</u>	<u>2,577,794</u>	<u>230,060</u>
Cultural:				
Library	<u>1,161,611</u>	<u>1,189,773</u>	<u>1,144,684</u>	<u>45,089</u>
Total Cultural	<u>1,161,611</u>	<u>1,189,773</u>	<u>1,144,684</u>	<u>45,089</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, 2022

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
EXPENDITURES (CONTINUED)				
Administration:				
Information technology	2,707,439	2,743,139	2,653,434	89,705
Human resources	738,019	755,469	654,569	100,900
Finance	704,969	738,569	728,343	10,226
Purchasing & asset management	257,714	281,914	277,858	4,056
Building maintenance	1,816,339	1,929,739	1,638,402	291,337
Fleet service	1,304,158	1,306,111	1,217,320	88,791
Interfund charges	<u>(3,085,916)</u>	<u>(3,085,916)</u>	<u>(3,085,916)</u>	<u>-</u>
Total Administration	<u>4,442,722</u>	<u>4,669,025</u>	<u>4,084,010</u>	<u>585,015</u>
Total Expenditures	<u>35,004,853</u>	<u>37,155,522</u>	<u>34,412,019</u>	<u>2,743,503</u>
Excess of revenues over expenditures	151,724	(976,145)	2,911,683	3,887,828
OTHER FINANCING SOURCES (USES)				
Transfers in	237,706	237,706	37,853	(199,853)
Transfers out	<u>(877,979)</u>	<u>(1,958,091)</u>	<u>(2,361,204)</u>	<u>(403,113)</u>
Total Other Financing Sources (Uses)	<u>(640,273)</u>	<u>(1,720,385)</u>	<u>(2,323,351)</u>	<u>(602,966)</u>
NET CHANGE IN FUND BALANCE	<u>(488,549)</u>	<u>(2,696,530)</u>	588,332	3,284,862
FUND BALANCE - BEGINNING	<u>16,478,567</u>	<u>16,478,567</u>	<u>16,478,567</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 15,990,018</u>	<u>\$ 13,782,037</u>	<u>\$ 17,066,899</u>	<u>\$ 3,284,862</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, 2022

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 5,408,000	\$ 5,408,000	\$ 6,025,703	\$ 617,703
Investment income	<u>141,000</u>	<u>141,000</u>	<u>201,279</u>	<u>60,279</u>
Total Revenues	<u>5,549,000</u>	<u>5,549,000</u>	<u>6,226,982</u>	<u>677,982</u>
EXPENDITURES				
Current:				
General government	3,726,923	3,725,423	218,302	3,507,121
Administration	<u>573,784</u>	<u>575,284</u>	<u>531,783</u>	<u>43,501</u>
Total Expenditures	<u>4,300,707</u>	<u>4,300,707</u>	<u>750,085</u>	<u>3,550,622</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>-</u>	<u>(1,240,000)</u>	<u>(1,240,000)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,240,000)</u>	<u>(1,240,000)</u>
NET CHANGE IN FUND BALANCE	<u>1,248,293</u>	<u>1,248,293</u>	<u>4,236,897</u>	<u>2,988,604</u>
FUND BALANCE - BEGINNING	<u>21,806,231</u>	<u>21,806,231</u>	<u>21,806,231</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 23,054,524</u>	<u>\$ 23,054,524</u>	<u>\$ 26,043,128</u>	<u>\$ 2,988,604</u>

CITY OF SCHERTZ, TEXAS

NOTES TO BUDGETARY SCHEDULES

SEPTEMBER 30, 2022

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, economic development corporation fund, hotel occupancy tax fund, 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.

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, 2022, actual expenditures did not exceed budgeted expenditures at the fund level for any of the City's funds.

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

CITY OF SCHERTZ, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Measurement Date December 31,	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability			
Service cost	\$ 4,211,795	\$ 3,761,994	\$ 3,421,878
Interest on total pension liability	5,766,957	5,326,206	4,898,478
Difference between expected and actual experience	1,060,260	(154,592)	(108,478)
Change of assumptions	-	-	263,015
Benefit payments/refunds of contributions	(2,885,733)	(2,372,023)	(2,244,447)
Net Change in Total Pension Liability	8,153,279	6,561,585	6,230,446
Total Pension Liability, Beginning	<u>84,773,362</u>	<u>78,211,777</u>	<u>71,981,331</u>
Total Pension Liability, Ending (a)	<u>\$ 92,926,641</u>	<u>\$ 84,773,362</u>	<u>\$ 78,211,777</u>
Plan fiduciary net position			
Contributions - employer	\$ 3,831,461	\$ 3,327,434	\$ 3,163,340
Contributions - employee	1,643,398	1,474,466	1,380,585
Net investment income	9,113,755	4,760,749	8,093,416
Benefit payments/refunds of contributions	(2,885,733)	(2,372,023)	(2,244,447)
Administrative expenses	(42,101)	(30,767)	(45,681)
Other	<u>288</u>	<u>(1,200)</u>	<u>(1,373)</u>
Net Change in Fiduciary Position	11,661,068	7,158,659	10,345,840
Fiduciary Net Position, Beginning	<u>69,798,222</u>	<u>62,639,563</u>	<u>52,293,723</u>
Fiduciary Net Position, Ending (b)	<u>81,459,290</u>	<u>69,798,222</u>	<u>62,639,563</u>
Net pension liability = (a)-(b)	<u>\$ 11,467,351</u>	<u>\$ 14,975,140</u>	<u>\$ 15,572,214</u>
Fiduciary Net Position as a Percentage of Total Pension Liability	87.66%	82.34%	80.09%
Covered Payroll	\$ 23,477,118	\$ 21,063,794	\$ 19,722,641
Net Pension Liability as a Percentage of Covered Payroll	48.84%	71.09%	78.96%

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.

	2018	2017	2016	2015	2014
\$	3,301,265	\$ 3,073,538	\$ 2,855,745	\$ 2,724,337	\$ 2,558,743
	4,505,483	4,111,517	3,763,562	3,556,428	3,245,266
	34,393	416,585	139,216	120,434	(122,286)
	-	-	-	59,193	-
(	1,914,159)	(1,843,774)	(1,581,272)	(1,570,211)	(1,068,487)
	5,926,982	5,757,866	5,177,251	4,890,181	4,613,236
	<u>66,054,349</u>	<u>60,296,483</u>	<u>55,119,232</u>	<u>50,229,051</u>	<u>45,615,815</u>
\$	<u>71,981,331</u>	\$ <u>66,054,349</u>	\$ <u>60,296,483</u>	\$ <u>55,119,232</u>	\$ <u>50,229,051</u>
\$	3,033,936	\$ 2,793,644	\$ 2,627,335	\$ 2,542,565	\$ 2,403,929
	1,326,518	1,232,232	1,152,864	1,095,260	1,077,097
(	1,540,890)	5,999,805	2,602,572	53,742	1,841,586
(	1,914,159)	(1,843,774)	(1,581,272)	(1,570,211)	(1,068,487)
(	29,768)	(31,080)	(29,385)	(32,727)	(19,219)
(	1,554)	(1,575)	(1,583)	(1,616)	(1,580)
	874,083	8,149,252	4,770,531	2,087,013	4,233,326
	<u>51,419,640</u>	<u>43,270,388</u>	<u>38,499,857</u>	<u>36,412,844</u>	<u>32,179,518</u>
	<u>52,293,723</u>	<u>51,419,640</u>	<u>43,270,388</u>	<u>38,499,857</u>	<u>36,412,844</u>
\$	<u>19,687,608</u>	\$ <u>14,634,709</u>	\$ <u>17,026,095</u>	\$ <u>16,619,375</u>	\$ <u>13,816,207</u>
	72.65%	77.84%	71.76%	69.85%	72.49%
\$	18,896,766	\$ 17,603,310	\$ 16,478,620	\$ 15,648,114	\$ 15,389,154
	104.19%	83.14%	103.32%	106.21%	89.78%

CITY OF SCHERTZ, TEXAS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Fiscal Year Ended September 30,	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contribution	\$ 4,245,872	\$ 3,700,948	\$ 3,235,479
Contributions in relation to the actuarially determined contribution	<u>4,245,872</u>	<u>3,700,948</u>	<u>3,235,479</u>
Contribution deficiency (excess)	-	-	-
Covered payroll	26,163,046	22,879,083	20,401,412
Contributions as a percentage of covered payroll	16.23%	16.18%	15.86%

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	25 years
Asset valuation method	10 year smoothed market; 12% soft corridor
Inflation	2.5%
Salary increases	3.50% to 11.50% 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 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

2019	2018	2017	2016	2015
\$ 3,129,413	\$ 2,971,592	\$ 2,756,511	\$ 2,592,593	\$ 2,487,856
<u>3,129,413</u>	<u>2,971,592</u>	<u>2,756,511</u>	<u>2,592,593</u>	<u>2,487,856</u>
-	-	-	-	-
19,520,269	18,605,654	17,347,849	16,175,988	15,486,735
16.03%	15.97%	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, 2022

Measurement Date December 31,	2021	2020	2019	2018	2017
Total OPEB liability					
Service cost	\$ 70,429	\$ 50,554	\$ 33,528	\$ 37,794	\$ 29,926
Interest on total OPEB liability	21,248	22,915	26,904	21,182	20,123
Differences in actuarial experience	(1,360)	(4,382)	(105,282)	86,276	-
Change of assumptions	42,012	158,118	148,494	(54,027)	57,257
Benefit payments	(11,739)	(4,213)	(3,945)	(3,779)	(3,521)
Net change in total OPEB liability	120,590	222,992	99,699	87,446	103,785
Total OPEB liability, beginning	<u>1,033,078</u>	<u>810,086</u>	<u>710,387</u>	<u>622,941</u>	<u>519,156</u>
Total OPEB liability, ending (a)	<u>\$ 1,153,668</u>	<u>\$ 1,033,078</u>	<u>\$ 810,086</u>	<u>\$ 710,387</u>	<u>\$ 622,941</u>
Covered-employee payroll	\$ 23,477,118	\$ 21,063,794	\$ 19,722,641	\$ 18,896,766	\$ 17,603,310
Total OPEB liability as a percentage of covered-employee payroll	4.91%	4.90%	4.11%	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 11.50% including inflation
Discount rate	2.00%
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	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year setforward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP 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. Changes in actuarial assumptions reflect changes in the discount rate and, in 2019, changes in assumptions adopted from review of plan provisions.

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, 2022

Measurement Date December 31,	2021	2020	2019	2018	2017
Total OPEB liability					
Service cost	\$ 161,830	\$ 141,084	\$ 125,648	\$ 121,821	\$ 107,517
Interest on total OPEB liability	50,064	60,561	78,646	67,947	69,435
Difference in actuarial experience	134,106	4,341	(343,086)	14,962	-
Change of assumptions	(191,684)	161,146	275,398	(81,106)	96,092
Benefit payments	(88,569)	(64,499)	(59,401)	(57,530)	(42,189)
Net change in total OPEB liability	65,747	302,633	77,205	66,094	230,855
Total OPEB liability, beginning	<u>2,466,556</u>	<u>2,163,923</u>	<u>2,086,718</u>	<u>2,020,624</u>	<u>1,789,769</u>
Total OPEB liability, ending (a)	<u>\$ 2,532,303</u>	<u>\$ 2,466,556</u>	<u>\$ 2,163,923</u>	<u>\$ 2,086,718</u>	<u>\$ 2,020,624</u>
Covered payroll	\$ 23,290,477	\$ 20,870,983	\$ 19,521,924	\$ 18,974,951	\$ 16,068,891
Total OPEB liability as a percentage of covered payroll	10.87%	11.82%	11.08%	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, 2021

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Individual entry-age
Discount rate	1.84% as of December 31, 2021
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Demographic assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Health care trend rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 13 years.
Participation rates	For all non-Medicare retirees, 30% if retiring from age 50 to 59, and 35% if retiring from age 60 to 64.
Other information	The discount rate changed from 2.00% as of December 31, 2020 to 1.84% as of December 31, 2021. Additionally, the period of service used for the allocation of service costs was changed to only reflect service with the City of Schertz and the dependent coverage assumption for males was increased.

SUPPLEMENTARY INFORMATION

Comparative Schedules – Governmental Funds

General Fund
Economic Development Corporation
Debt Service Fund
Capital Projects Fund
American Rescue Plan Act 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.

Grant Fund - will account for revenue and expenditures related to federal and state grant programs.

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.

CITY OF SCHERTZ, TEXAS

COMPARATIVE BALANCE SHEETS
GENERAL FUND

SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 12,128,331	\$ 11,733,703
Investments	2,404,552	2,514,059
Receivables (net of allowances)		
Taxes	3,174,973	2,924,472
Accounts and other	2,128,452	1,636,735
Due from other funds	648,630	678,444
Inventory	154,096	134,373
Prepaid items	28,090	28,090
Restricted assets:		
Cash and cash equivalents	<u>869,564</u>	<u>946,454</u>
Total Assets	<u>21,536,688</u>	<u>20,596,330</u>
LIABILITIES		
Accounts payable	1,752,626	921,978
Accrued salaries and benefits	431,088	1,180,560
Retainage payable	-	1,007
Customer deposits	105,891	60,492
Due to other governments	83,060	16,139
Due to other funds	16,139	40,589
Unearned revenues	<u>50,078</u>	<u>-</u>
Total Liabilities	<u>2,438,882</u>	<u>2,220,765</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues	<u>2,030,907</u>	<u>1,896,998</u>
Total Deferred Inflows of Resources	<u>2,030,907</u>	<u>1,896,998</u>
FUND BALANCES		
Nonspendable for:		
Inventory	154,096	134,373
Prepaid items	28,090	28,090
Restricted for:		
Police and public safety/municipal court	302,725	287,199
Municipal court	812,283	816,152
PEG capital fees	967,885	889,139
Animal control	42,825	42,416
Scholarships	134,632	116,505
Committed for:		
Civic Center/CIED	1,021,594	907,676
Assigned for:		
Property replacement	909,889	902,849
Subsequent year's budget	446,341	598,549
Unassigned	<u>12,246,539</u>	<u>11,755,619</u>
Total Fund Balances	<u>17,066,899</u>	<u>16,478,567</u>
Total Liabilities, Deferred inflows of Resources, and Fund Balances	\$ <u>21,536,688</u>	\$ <u>20,596,330</u>

CITY OF SCHERTZ, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2021)

	<u>2022</u>	<u>2021</u>
REVENUES		
Taxes	\$ 29,892,435	\$ 27,913,222
Permits and fees	2,204,543	1,593,382
Service fees	2,134,517	1,628,589
Fines and fees	657,480	637,638
Intergovernmental	1,730,576	1,623,282
Investment earnings	90,883	29,147
Miscellaneous	<u>613,268</u>	<u>781,333</u>
Total Revenues	<u>37,323,702</u>	<u>34,206,593</u>
EXPENDITURES		
Current:		
General government	6,051,339	6,008,482
Public safety	18,243,849	17,166,400
Public environment	1,766,558	1,382,185
Parks and recreation	2,567,764	2,494,684
Cultural	1,144,684	1,040,276
Administration	3,991,262	3,858,317
Capital outlay	<u>646,563</u>	<u>566,078</u>
Total Expenditures	<u>34,412,019</u>	<u>32,516,422</u>
Excess (Deficiency) of Revenues Over Expenditures	2,911,683	1,690,171
OTHER FINANCING SOURCES (USES)		
Proceeds from	-	136,535
	37,853	-
Transfers in	<u>(2,361,204)</u>	<u>(2,317,117)</u>
Total Other Financing Sources (Uses)	<u>(2,323,351)</u>	<u>(2,180,582)</u>
NET CHANGE IN FUND BALANCE	588,332	(490,411)
FUND BALANCES - BEGINNING	<u>16,478,567</u>	<u>16,968,978</u>
FUND BALANCES - ENDING	<u>\$ 17,066,899</u>	<u>\$ 16,478,567</u>

CITY OF SCHERTZ, TEXAS

COMPARATIVE BALANCE SHEETS

ECONOMIC DEVELOPMENT CORPORATION

SEPTEMBER 30, 2022

(WITH COMPARATIVE TOTALS FOR 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 22,721,336	\$ 18,542,752
Investments	2,227,105	2,206,135
Receivables, net of allowances:		
Taxes	1,101,960	1,054,214
Accounts and other	7,949	7,949
Prepaid items	<u>990</u>	<u>990</u>
Total Assets	<u>26,059,340</u>	<u>21,812,040</u>
LIABILITIES		
Accounts payable	<u>16,212</u>	<u>5,809</u>
Total Liabilities	<u>16,212</u>	<u>5,809</u>
FUND BALANCES		
Restricted for:		
Economic development	<u>26,043,128</u>	<u>21,806,231</u>
Total Fund Balances	<u>26,043,128</u>	<u>21,806,231</u>
Total Liabilities and Fund Balances	<u>\$ 26,059,340</u>	<u>\$ 21,812,040</u>

CITY OF SCHERTZ, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2021)

	<u>2022</u>	<u>2021</u>
REVENUES		
Taxes	\$ 6,025,703	\$ 5,615,928
Investment earnings	<u>201,279</u>	<u>56,144</u>
Total Revenues	<u>6,226,982</u>	<u>5,672,072</u>
EXPENDITURES		
Current:		
General government	218,302	306,025
Administration	<u>531,783</u>	<u>528,442</u>
Total Expenditures	<u>750,085</u>	<u>834,467</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,476,897	4,837,605
OTHER FINANCING SOURCES (USES)		
Transfers out	<u>(1,240,000)</u>	<u>(4,050,000)</u>
Total Other Financing Sources (Uses)	<u>(1,240,000)</u>	<u>(4,050,000)</u>
NET CHANGE IN FUND BALANCE	4,236,897	787,605
FUND BALANCES - BEGINNING	<u>21,806,231</u>	<u>21,018,626</u>
FUND BALANCES - ENDING	\$ <u>26,043,128</u>	\$ <u>21,806,231</u>

CITY OF SCHERTZ, TEXAS

COMPARATIVE BALANCE SHEETS
DEBT SERVICE FUND

SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 1,864,408	\$ 1,087,376
Receivables, net of allowances:		
Taxes	<u>172,341</u>	<u>133,778</u>
Total Assets	<u>2,036,749</u>	<u>1,221,154</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues	<u>172,340</u>	<u>133,778</u>
Total Deferred Inflows of Resources	<u>172,340</u>	<u>133,778</u>
FUND BALANCES		
Restricted for:		
Debt service	<u>1,864,409</u>	<u>1,087,376</u>
Total Fund Balances	<u>1,864,409</u>	<u>1,087,376</u>
Total Deferred Inflows of Resources and Fund Balances	<u>\$ 2,036,749</u>	<u>\$ 1,221,154</u>

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, 2022
(WITH COMPARATIVE ACTUAL TOTALS FOR 2021)

	Original Budget	Final Budget	2022 Actual Amounts	Variance With Final Budget Positive (Negative)	2021 Actual Amounts
REVENUES					
Property taxes	\$ 7,329,862	\$ 7,329,862	\$ 7,182,900	\$(146,962)	\$ 7,102,016
Investment income	5,000	5,000	143,428	138,428	1,593
Miscellaneous	<u>100,000</u>	<u>100,000</u>	<u>75,000</u>	<u>(25,000)</u>	<u>125,000</u>
Total Revenue	<u>7,434,862</u>	<u>7,434,862</u>	<u>7,401,328</u>	<u>(33,534)</u>	<u>7,228,609</u>
EXPENDITURES					
Debt service:					
Principal	4,920,000	4,920,000	4,805,000	115,000	4,955,000
Interest and fiscal charges	1,706,915	1,706,915	1,779,157	(72,242)	1,801,467
Bond issue costs	<u>50,000</u>	<u>50,000</u>	<u>90,626</u>	<u>(40,626)</u>	<u>140,140</u>
Total Expenditures	<u>6,676,915</u>	<u>6,676,915</u>	<u>6,674,783</u>	<u>2,132</u>	<u>6,896,607</u>
Excess (Deficiency) of Revenues over Expenditures	757,947	757,947	726,545	(35,666)	332,002
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	-	-	-	7,555,000
Issuance of refunding debt	-	-	4,070,000	4,070,000	-
Premium on issuance of debt	-	-	421,632	421,632	-
Payment to refunding escrow agent	-	-	(4,443,881)	(4,443,881)	629,992
Transfers in	-	-	2,737	2,737	(8,223,452)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,915</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>50,488</u>	<u>50,488</u>	<u>(30,545)</u>
NET CHANGE IN FUND BALANCE	757,947	757,947	777,033	19,086	301,457
FUND BALANCE - BEGINNING	<u>1,087,376</u>	<u>1,087,376</u>	<u>1,087,376</u>	<u>-</u>	<u>785,919</u>
FUND BALANCE - ENDING	<u>\$ 1,845,323</u>	<u>\$ 1,845,323</u>	<u>\$ 1,864,409</u>	<u>\$ 19,086</u>	<u>\$ 1,087,376</u>

CITY OF SCHERTZ, TEXAS

COMPARATIVE BALANCE SHEETS
CAPITAL PROJECTS FUND

SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 42,594,424	\$ 13,229,954
Accounts receivable, net of allowance	-	258,142
Total Assets	<u>42,594,424</u>	<u>13,488,096</u>
LIABILITIES		
Accounts payable	906,624	162,695
Retainage payable	<u>281,284</u>	<u>154,437</u>
Total Liabilities	<u>1,187,908</u>	<u>317,132</u>
FUND BALANCES		
Restricted for:		
Capital improvement	35,863,370	5,185,166
Committed for:		
Capital projects	<u>5,543,146</u>	<u>7,985,798</u>
Total Fund Balances	<u>41,406,516</u>	<u>13,170,964</u>
Total Liabilities and Fund Balance	<u>\$ 42,594,424</u>	<u>\$ 13,488,096</u>

CITY OF SCHERTZ, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARTIVE TOTALS FOR THE YEAR ENDED 2021)

	<u>2022</u>	<u>2021</u>
REVENUES		
Intergovernmental	\$ -	\$ 724,993
Investment earnings	196,624	12,333
Miscellaneous	<u>450,000</u>	<u>501,922</u>
Total Revenues	<u>646,624</u>	<u>1,239,248</u>
EXPENDITURES		
Capital outlay	9,544,074	4,582,289
Debt service:		
Bond issue costs	<u>468,285</u>	<u>-</u>
Total Expenditures	<u>10,012,359</u>	<u>4,582,289</u>
Excess (Deficiency) of Revenues Over Expenditures	(9,365,735)	(3,343,041)
OTHER FINANCING SOURCES (USES)		
Issuance of debt	31,540,000	6,384,362
Premium on issuance of debt	2,778,912	-
Transfers in	3,285,112	-
Transfers out	<u>(2,737)</u>	<u>(7,915)</u>
Total Other Financing Sources (Uses)	<u>37,601,287</u>	<u>6,376,447</u>
NET CHANGE IN FUND BALANCE	28,235,552	3,033,406
FUND BALANCES - BEGINNING	<u>13,170,964</u>	<u>10,137,558</u>
FUND BALANCES - ENDING	\$ <u>41,406,516</u>	\$ <u>13,170,964</u>

CITY OF SCHERTZ, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	Special Revenue Funds			
	Hotel Occupancy Fund	Park Fund	Tree Mitigation	Treasury Forfeitures
ASSETS				
Cash and cash equivalents	\$ 1,631,582	\$ 264,072	\$ 722,434	\$ 83,400
Accounts receivable, net of allowance	<u>77,949</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>1,709,531</u>	<u>264,072</u>	<u>722,434</u>	<u>83,400</u>
LIABILITIES				
Accounts payable	6,726	2,551	14,374	77,996
Retainage payable	56,187	-	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>62,913</u>	<u>2,551</u>	<u>14,374</u>	<u>77,996</u>
FUND BALANCES				
Restricted for:				
Tourism development	1,646,618	-	-	-
Parks and tree mitigation	-	261,521	708,060	-
Police forfeiture	-	-	-	5,404
Roadways	-	-	-	-
Historical Committee and library	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>1,646,618</u>	<u>261,521</u>	<u>708,060</u>	<u>5,404</u>
 Total Liabilities and Fund Balances	 <u>\$ 1,709,531</u>	 <u>\$ 264,072</u>	 <u>\$ 722,434</u>	 <u>\$ 83,400</u>

Special Revenue Funds					Capital Projects Fund	Total Nonmajor Governmental Funds
Justice Forfeitures	State Forfeitures	Grant Fund	Library Advisory Board	Historical Committee Fund	Capital Recovery Roadways	
\$ 134,573	\$ 4,779	\$ -	\$ 69,839	\$ 26,988	\$ 2,559,354	\$ 5,497,021
-	-	-	-	-	-	77,949
<u>134,573</u>	<u>4,779</u>	<u>-</u>	<u>69,839</u>	<u>26,988</u>	<u>2,559,354</u>	<u>5,574,970</u>
-	-	-	270	-	-	101,917
-	-	-	-	-	-	56,187
-	-	648,630	-	-	-	648,630
<u>-</u>	<u>-</u>	<u>648,630</u>	<u>270</u>	<u>-</u>	<u>-</u>	<u>806,734</u>
-	-	-	-	-	-	1,646,618
-	-	-	-	-	-	969,581
134,573	4,779	-	-	-	-	144,756
-	-	-	-	-	2,559,354	2,559,354
-	-	-	69,569	26,988	-	96,557
<u>-</u>	<u>-</u>	<u>(648,630)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(648,630)</u>
<u>134,573</u>	<u>4,779</u>	<u>(648,630)</u>	<u>69,569</u>	<u>26,988</u>	<u>2,559,354</u>	<u>4,768,236</u>
<u>\$ 134,573</u>	<u>\$ 4,779</u>	<u>\$ -</u>	<u>\$ 69,839</u>	<u>\$ 26,988</u>	<u>\$ 2,559,354</u>	<u>\$ 5,574,970</u>

CITY OF SCHERTZ, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Special Revenue Funds			
	Hotel Occupancy Fund	Park Fund	Tree Mitigation	Treasury Forfeiture
REVENUES				
Occupancy tax	\$ 804,132	\$ -	\$ -	\$ -
Permits and fees	-	-	136,950	-
Service fees	-	-	-	-
Fines and fees	-	-	-	50,840
Intergovernmental	-	-	-	-
Investment earnings	14,583	2,194	5,324	-
Miscellaneous	-	-	-	-
Total Revenues	<u>818,715</u>	<u>2,194</u>	<u>142,274</u>	<u>50,840</u>
EXPENDITURES				
Current:				
General government	242,875	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	10,040	82,110	-
Cultural	-	-	-	-
Administration	74,443	-	-	-
Capital outlay	1,156,495	17,650	-	77,996
Total Expenditures	<u>1,473,813</u>	<u>27,690</u>	<u>82,110</u>	<u>77,996</u>
Excess (Deficiency) of Revenue Over Expenditures	(655,098)	(25,496)	60,164	(27,156)
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>(655,098)</u>	<u>(25,496)</u>	<u>60,164</u>	<u>(27,156)</u>
FUND BALANCES - BEGINNING	<u>2,301,716</u>	<u>287,017</u>	<u>647,896</u>	<u>32,560</u>
FUND BALANCES - ENDING	<u>\$ 1,646,618</u>	<u>\$ 261,521</u>	<u>\$ 708,060</u>	<u>\$ 5,404</u>

Special Revenue Funds					Capital Projects Fund	Total Nonmajor Governmental Funds
Justice Forfeitures	State Forfeitures	Grant Fund	Library Advisory Board	Historical Committee Fund	Capital Recovery Roadways	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 804,132
-	-	-	-	-	-	136,950
-	-	-	18,292	1,943	798,955	819,190
46,238	-	-	-	-	-	97,078
-	-	94,509	-	-	-	94,509
784	-	-	546	-	19,878	43,309
-	-	-	507	-	-	507
<u>47,022</u>	<u>-</u>	<u>94,509</u>	<u>19,345</u>	<u>1,943</u>	<u>818,833</u>	<u>1,995,675</u>
-	-	-	-	3,116	-	245,991
-	-	16,256	-	-	-	16,256
-	-	-	-	-	-	92,150
-	-	-	14,340	-	-	14,340
-	-	-	-	-	-	74,443
<u>9,273</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,519</u>	<u>1,321,933</u>
<u>9,273</u>	<u>-</u>	<u>16,256</u>	<u>14,340</u>	<u>3,116</u>	<u>60,519</u>	<u>1,765,113</u>
<u>37,749</u>	<u>-</u>	<u>78,253</u>	<u>5,005</u>	<u>(1,173)</u>	<u>758,314</u>	<u>230,562</u>
-	-	-	-	13,863	-	13,863
-	-	(51,840)	-	-	-	(51,840)
-	-	(51,840)	-	13,863	-	(37,977)
<u>37,749</u>	<u>-</u>	<u>26,413</u>	<u>5,005</u>	<u>12,690</u>	<u>758,314</u>	<u>192,585</u>
<u>96,824</u>	<u>4,779</u>	<u>(675,043)</u>	<u>64,564</u>	<u>14,298</u>	<u>1,801,040</u>	<u>4,575,651</u>
\$ <u>134,573</u>	\$ <u>4,779</u>	\$ <u>(648,630)</u>	\$ <u>69,569</u>	\$ <u>26,988</u>	\$ <u>2,559,354</u>	\$ <u>4,768,236</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, 2022
(WITH COMPARATIVE ACTUAL TOTALS FOR 2021)

	Original Budget	Final Budget	2022 Actual Amounts	Variance With Final Budget Positive (Negative)	2021 Actual Amounts
REVENUES					
Occupancy tax	\$ 520,000	\$ 520,000	\$ 804,132	\$ 284,132	\$ 518,921
Investment earnings	5,250	5,250	14,583	9,333	2,095
Total Revenues	<u>525,250</u>	<u>525,250</u>	<u>818,715</u>	<u>293,465</u>	<u>521,016</u>
EXPENDITURES					
Current:					
General government	196,966	335,354	242,875	92,479	263,300
Administration	74,443	74,443	74,443	-	72,464
Capital outlay	20,000	1,170,000	1,156,495	13,505	-
Total Expenditures	<u>291,409</u>	<u>1,579,797</u>	<u>1,473,813</u>	<u>105,984</u>	<u>335,764</u>
NET CHANGE IN FUND BALANCE	<u>233,841</u>	<u>(1,054,547)</u>	<u>(655,098)</u>	<u>399,449</u>	<u>185,252</u>
FUND BALANCE - BEGINNING	<u>2,301,716</u>	<u>2,301,716</u>	<u>2,301,716</u>	<u>-</u>	<u>2,116,464</u>
FUND BALANCE - ENDING	<u>\$ 2,535,557</u>	<u>\$ 1,247,169</u>	<u>\$ 1,646,618</u>	<u>\$ 399,449</u>	<u>\$ 2,301,716</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, 2022
(WITH COMPARATIVE ACTUAL TOTALS FOR 2021)

	Original Budget	Final Budget	2022 Actual Amounts	Variance With Final Budget Positive (Negative)	2021 Actual Amounts
REVENUES					
Licenses and permits	\$ 318,000	\$ 318,000	\$ -	\$(318,000)	\$ -
Investment earnings	<u>1,025</u>	<u>1,025</u>	<u>2,194</u>	<u>1,169</u>	<u>293</u>
Total Revenues	<u>319,025</u>	<u>319,025</u>	<u>2,194</u>	<u>(316,831)</u>	<u>293</u>
EXPENDITURES					
Current:					
Parks and recreation	25,000	25,000	10,040	14,960	4,500
Capital outlay	<u>100,000</u>	<u>100,000</u>	<u>17,650</u>	<u>82,350</u>	<u>1,012</u>
Total Expenditures	<u>125,000</u>	<u>125,000</u>	<u>27,690</u>	<u>97,310</u>	<u>5,512</u>
NET CHANGE IN FUND BALANCE	<u>194,025</u>	<u>194,025</u>	<u>(25,496)</u>	<u>(414,141)</u>	<u>(5,219)</u>
FUND BALANCE - BEGINNING	<u>287,017</u>	<u>287,017</u>	<u>287,017</u>	<u>-</u>	<u>292,236</u>
FUND BALANCE - ENDING	<u>\$ 481,042</u>	<u>\$ 481,042</u>	<u>\$ 261,521</u>	<u>\$(219,521)</u>	<u>\$ 287,017</u>

CITY OF SCHERTZ, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE ACTUAL TOTALS FOR 2021)

	Original Budget	Final Budget	2022 Actual Amounts	Variance With Final Budget Positive (Negative)	2021 Actual Amounts
REVENUES					
Licenses and permits	\$ 70,000	\$ 70,000	\$ 136,950	\$ 66,950	\$ 219,513
Investment earnings	<u>1,400</u>	<u>1,400</u>	<u>5,324</u>	<u>3,924</u>	<u>650</u>
Total Revenues	<u>71,400</u>	<u>71,400</u>	<u>142,274</u>	<u>70,874</u>	<u>220,163</u>
EXPENDITURES					
Current:					
Parks and recreation	<u>70,000</u>	<u>70,000</u>	<u>82,110</u>	<u>(12,110)</u>	<u>35,495</u>
Total Expenditures	<u>70,000</u>	<u>70,000</u>	<u>82,110</u>	<u>(12,110)</u>	<u>35,495</u>
NET CHANGE IN FUND BALANCE	<u>1,400</u>	<u>1,400</u>	<u>60,164</u>	<u>58,764</u>	<u>184,668</u>
FUND BALANCE - BEGINNING	<u>647,896</u>	<u>647,896</u>	<u>647,896</u>	<u>-</u>	<u>463,228</u>
FUND BALANCE - ENDING	<u>\$ 649,296</u>	<u>\$ 649,296</u>	<u>\$ 708,060</u>	<u>\$ 58,764</u>	<u>\$ 647,896</u>

CITY OF SCHERTZ, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
TREASURY FORFEITURES FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	<u>2022</u>	<u>2021</u>
REVENUES		
Fines and fees	\$ <u>50,840</u>	\$ <u>-</u>
Total Revenues	<u>50,840</u>	<u>-</u>
EXPENDITURES		
Capital outlay	<u>77,996</u>	<u>-</u>
Total Expenditures	<u>77,996</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(27,156)</u>	<u>-</u>
FUND BALANCE - BEGINNING	<u>32,560</u>	<u>32,560</u>
FUND BALANCE - ENDING	\$ <u>5,404</u>	\$ <u>32,560</u>

CITY OF SCHERTZ, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	<u>2022</u>	<u>2021</u>
REVENUES		
Fines and fees	\$ 46,238	\$ 5,844
Investment earnings	<u>784</u>	<u>176</u>
Total Revenues	<u>47,022</u>	<u>6,020</u>
EXPENDITURES		
Current:		
Public safety	-	94,899
Capital outlay	<u>9,273</u>	<u>24,750</u>
Total Expenditures	<u>9,273</u>	<u>119,649</u>
NET CHANGE IN FUND BALANCE	<u>37,749</u>	<u>(113,629)</u>
FUND BALANCE - BEGINNING	<u>96,824</u>	<u>210,453</u>
FUND BALANCE - ENDING	<u>\$ 134,573</u>	<u>\$ 96,824</u>

CITY OF SCHERTZ, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE**

STATE FORFEITURES FUND

**FOR THE YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)**

	<u>2022</u>	<u>2021</u>
REVENUES		
Fines and fees	\$ -	\$ -
Investment earnings	-	-
Total Revenues	<u>-</u>	<u>-</u>
EXPENDITURES		
Current:		
Public safety	-	<u>7,995</u>
Total Expenditures	<u>-</u>	<u>7,995</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>(7,995)</u>
FUND BALANCE - BEGINNING	<u>4,779</u>	<u>12,774</u>
FUND BALANCE - ENDING	<u>\$ 4,779</u>	<u>\$ 4,779</u>

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, 2022
(WITH COMPARATIVE ACTUAL TOTALS FOR 2021)

	Original Budget	Final Budget	2022 Actual Amounts	Variance With Final Budget Positive (Negative)	2021 Actual Amounts
REVENUES					
Service fees	\$ 16,000	\$ 16,000	\$ 18,292	\$ 2,292	\$ 9,104
Investment earnings	200	200	546	346	111
Miscellaneous	-	-	507	507	13
Total Revenues	<u>16,200</u>	<u>16,200</u>	<u>19,345</u>	<u>3,145</u>	<u>9,228</u>
EXPENDITURES					
Current:					
Cultural	<u>22,200</u>	<u>22,200</u>	<u>14,340</u>	<u>7,860</u>	<u>19,708</u>
Total Expenditures	<u>22,200</u>	<u>22,200</u>	<u>14,340</u>	<u>7,860</u>	<u>19,708</u>
NET CHANGE IN FUND BALANCE	<u>(6,000)</u>	<u>(6,000)</u>	<u>5,005</u>	<u>11,005</u>	<u>(10,480)</u>
FUND BALANCE - BEGINNING	<u>64,564</u>	<u>64,564</u>	<u>64,564</u>	<u>-</u>	<u>75,044</u>
FUND BALANCE - ENDING	<u>\$ 58,564</u>	<u>\$ 58,564</u>	<u>\$ 69,569</u>	<u>\$ 11,005</u>	<u>\$ 64,564</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, 2022
(WITH COMPARATIVE ACTUAL TOTALS FOR 2021)

	Original Budget	Final Budget	2022 Actual Amounts	Variance With Final Budget Positive (Negative)	2021 Actual Amounts
REVENUES					
Sale of merchandise	\$ 1,000	\$ 1,000	\$ 1,943	\$ 943	\$ 590
Miscellaneous	-	-	-	-	2
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>1,943</u>	<u>943</u>	<u>592</u>
EXPENDITURES					
Current:					
General government	<u>11,750</u>	<u>11,750</u>	<u>3,116</u>	<u>8,634</u>	<u>3,108</u>
Total Expenditures	<u>11,750</u>	<u>11,750</u>	<u>3,116</u>	<u>8,634</u>	<u>3,108</u>
Excess of Revenues Over Expenditures	<u>(10,750)</u>	<u>(10,750)</u>	<u>(1,173)</u>	<u>9,577</u>	<u>(2,516)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	<u>10,750</u>	<u>10,750</u>	<u>13,863</u>	<u>3,113</u>	<u>3,109</u>
Total Other Financing Sources (Uses)	<u>10,750</u>	<u>10,750</u>	<u>13,863</u>	<u>3,113</u>	<u>3,109</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>12,690</u>	<u>12,690</u>	<u>593</u>
FUND BALANCE - BEGINNING	<u>14,298</u>	<u>14,298</u>	<u>14,298</u>	<u>-</u>	<u>13,705</u>
FUND BALANCE - ENDING	<u>\$ 14,298</u>	<u>\$ 14,298</u>	<u>\$ 26,988</u>	<u>\$ 12,690</u>	<u>\$ 14,298</u>

CITY OF SCHERTZ, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
CAPITAL RECOVERY ROADWAYS

FOR THE YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	<u>2022</u>	<u>2021</u>
REVENUES		
Service fees	\$ 798,955	\$ 902,712
Investment earnings	<u>19,878</u>	<u>1,828</u>
Total Revenues	<u>818,833</u>	<u>904,540</u>
EXPENDITURES		
Capital outlay	<u>60,519</u>	<u>41,127</u>
Total Expenditures	<u>60,519</u>	<u>41,127</u>
NET CHANGE IN FUND BALANCE	<u>758,314</u>	<u>863,413</u>
FUND BALANCE - BEGINNING	<u>1,801,040</u>	<u>937,627</u>
FUND BALANCE - ENDING	<u>\$ 2,559,354</u>	<u>\$ 1,801,040</u>

STATISTICAL SECTION

**STATISTICAL SECTION
(Unaudited)**

This part of the City of Schertz, Texas Annual Comprehensive 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.	86 – 95
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources.	96 – 104
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.	105 – 110
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.	111 – 114
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.	115 – 120

CITY OF SCHERTZ, TEXAS

NET POSITION BY COMPONENT

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

	Fiscal Year			
	2013	2014	2015	2016
Governmental activities				
Net investment in capital assets	\$ 57,543,618	\$ 62,792,671	\$ 68,125,738	\$ 74,237,004
Restricted	7,788,354	10,401,728	13,343,280	17,095,325
Unrestricted	<u>6,645,418</u>	<u>8,613,239</u>	<u>1,640,519</u>	<u>2,231,341</u>
Total Governmental Activities Net Position	<u>\$ 71,977,390</u>	<u>\$ 81,807,638</u>	<u>\$ 83,109,537</u>	<u>\$ 93,563,670</u>
Business-type activities				
Net investment in capital assets	\$ 53,071,836	\$ 53,674,437	\$ 59,625,205	\$ 64,210,231
Restricted	-	-	-	-
Unrestricted	<u>11,902,282</u>	<u>16,450,988</u>	<u>14,243,922</u>	<u>15,737,470</u>
Total Business-Type Activities Net Position	<u>\$ 64,974,118</u>	<u>\$ 70,125,425</u>	<u>\$ 73,869,127</u>	<u>\$ 79,947,701</u>
Primary government				
Net investment in capital assets	\$ 110,615,454	\$ 116,467,108	\$ 127,750,943	\$ 138,447,235
Restricted	7,788,354	10,401,728	13,343,280	17,095,325
Unrestricted	<u>18,547,700</u>	<u>25,064,227</u>	<u>15,884,441</u>	<u>17,968,811</u>
Total Primary Government Net Position	<u>\$ 136,951,508</u>	<u>\$ 151,933,063</u>	<u>\$ 156,978,664</u>	<u>\$ 173,511,371</u>

TABLE 1

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 84,537,238	\$ 89,266,885	\$ 89,869,766	\$ 88,959,102	\$ 98,444,714	\$ 109,746,340
20,437,116	23,391,047	28,088,355	28,664,438	28,342,438	32,745,688
<u>1,673,567</u>	<u>2,351,236</u>	<u>2,920,717</u>	<u>4,157,801</u>	<u>10,744,127</u>	<u>11,055,015</u>
<u>\$ 106,647,921</u>	<u>\$ 115,009,168</u>	<u>\$ 120,878,838</u>	<u>\$ 121,781,341</u>	<u>\$ 137,531,279</u>	<u>\$ 153,547,043</u>
\$ 70,361,035	\$ 64,871,629	\$ 68,271,075	\$ 75,969,319	\$ 83,941,882	\$ 94,997,863
10,565,463	12,626,526	13,232,638	15,071,599	5,408,320	5,408,320
<u>20,781,291</u>	<u>20,870,671</u>	<u>33,254,008</u>	<u>30,570,717</u>	<u>39,406,798</u>	<u>42,791,680</u>
<u>\$ 101,707,789</u>	<u>\$ 98,368,826</u>	<u>\$ 114,757,721</u>	<u>\$ 121,611,635</u>	<u>\$ 128,757,000</u>	<u>\$ 143,197,863</u>
\$ 154,898,273	\$ 154,138,514	\$ 158,140,841	\$ 164,928,421	\$ 182,386,596	\$ 204,744,203
20,437,116	23,391,047	41,320,993	43,736,037	33,750,758	38,154,008
<u>22,454,858</u>	<u>35,848,433</u>	<u>36,174,725</u>	<u>34,728,518</u>	<u>50,150,925</u>	<u>53,846,695</u>
<u>\$ 197,790,247</u>	<u>\$ 213,377,994</u>	<u>\$ 235,636,559</u>	<u>\$ 243,392,976</u>	<u>\$ 266,288,279</u>	<u>\$ 296,744,906</u>

CITY OF SCHERTZ, TEXAS

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

	Fiscal Year			
	2013	2014	2015	2016
Expenses				
Governmental activities:				
General government	\$ 7,066,087	\$ 6,958,530	\$ 6,443,227	\$ 6,557,778
Public safety	9,567,595	10,025,703	10,836,712	12,141,968
Public environment	3,622,834	3,740,538	3,876,644	4,147,653
Parks and recreation	1,807,559	1,807,136	2,164,604	2,034,964
Cultural	907,676	870,159	892,194	954,871
Health	344,647	407,114	470,468	570,204
Administration	1,180,656	1,942,312	1,845,877	1,954,276
Interest and other fees	3,340,951	2,352,856	2,226,635	2,240,783
Total Governmental Activities Expenses	<u>27,838,005</u>	<u>28,104,348</u>	<u>28,756,361</u>	<u>30,602,497</u>
Business-type activities:				
Water and sewer	16,954,871	17,762,116	18,440,959	20,269,111
EMS	3,959,445	4,268,125	4,719,526	5,004,110
Total Business-Type Activities Expenses	<u>20,914,316</u>	<u>22,030,241</u>	<u>23,160,485</u>	<u>25,273,221</u>
Total Primary Government Expenses	<u>48,752,321</u>	<u>50,134,589</u>	<u>51,916,846</u>	<u>55,875,718</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	2,230,800	1,974,637	1,840,547	1,507,252
Public safety	2,516,547	2,536,476	2,603,476	2,415,537
Public environment	-	-	-	-
Parks and recreation	721,222	917,639	794,003	788,727
Cultural	305,932	309,897	325,178	326,079
Health	38,149	32,429	26,744	30,308
Operating grants and contributions	234,084	220,264	336,252	342,485
Capital grants and contributions	1,531,740	5,756,456	5,509,530	6,227,664
Total Governmental Activities Program Revenues	<u>7,578,474</u>	<u>11,747,798</u>	<u>11,435,730</u>	<u>11,638,052</u>
Business-type activities:				
Charges for services:				
Water and sewer	17,696,327	19,147,872	20,700,369	22,003,794
EMS	4,459,600	4,533,753	4,415,126	5,921,223
Capital grants and contributions	1,301,235	2,809,110	4,158,552	2,831,126
Total Business-Type Activities Program Revenues	<u>23,457,162</u>	<u>26,490,735</u>	<u>29,274,047</u>	<u>30,756,143</u>
Total Primary Government Program Revenues	<u>31,035,636</u>	<u>38,238,533</u>	<u>40,709,777</u>	<u>42,394,195</u>
Net (expense) revenue:				
Governmental activities	(20,259,531)	(16,356,550)	(17,320,631)	(18,964,445)
Business-type activities	2,542,846	4,460,494	6,113,562	5,482,922
Total Primary Government Net Expense	<u>(17,716,685)</u>	<u>(11,896,056)</u>	<u>(11,207,069)</u>	<u>(13,481,523)</u>

TABLE 2

		Fiscal Year									
		2017	2018	2019	2020	2021	2022				
\$	6,253,926	\$	7,421,918	\$	6,534,013	\$	10,310,363	\$	7,298,193	\$	7,093,652
	13,061,120		13,899,278		15,448,886		16,575,191		19,008,871		19,580,703
	4,460,540		4,930,723		5,495,192		8,825,099		5,364,408		8,545,834
	2,859,974		2,707,292		3,022,278		3,012,134		3,395,458		3,543,978
	1,004,747		1,042,085		1,119,650		1,089,564		1,087,975		1,168,815
	776,494		724,780		516,890		596,288		-		-
	3,052,102		3,067,983		3,853,255		3,419,407		4,360,229		4,455,947
	2,355,714		2,125,687		2,196,180		2,028,065		1,797,520		2,490,474
	<u>33,824,617</u>		<u>35,919,746</u>		<u>38,186,344</u>		<u>45,856,111</u>		<u>42,312,654</u>		<u>46,879,403</u>
	21,346,078		23,579,854		25,608,390		24,349,219		25,280,964		27,833,986
	6,006,178		6,110,407		6,529,631		6,051,296		7,784,670		8,234,500
	<u>27,352,256</u>		<u>29,690,261</u>		<u>32,138,021</u>		<u>30,400,515</u>		<u>33,065,634</u>		<u>36,068,486</u>
	<u>61,176,873</u>		<u>65,610,007</u>		<u>70,324,365</u>		<u>76,256,626</u>		<u>75,378,288</u>		<u>82,947,889</u>
	874,737		1,013,698		947,538		836,246		651,211		686,470
	4,131,548		4,104,911		3,177,329		3,276,129		3,079,945		3,922,957
	-		-		138,920		850,201		902,712		798,955
	544,460		640,231		484,495		331,174		528,886		652,727
	330,412		313,668		311,575		299,944		285,792		310,859
	29,742		27,930		21,101		26,304		-		-
	552,878		776,942		692,042		2,113,673		1,925,939		3,970,029
	<u>10,043,483</u>		<u>4,744,489</u>		<u>1,319,793</u>		<u>531,096</u>		<u>7,959,576</u>		<u>6,987,788</u>
	<u>16,507,260</u>		<u>11,621,869</u>		<u>7,092,793</u>		<u>8,264,767</u>		<u>15,334,061</u>		<u>17,329,785</u>
	25,390,713		27,099,237		27,333,475		29,709,279		27,724,929		30,677,566
	6,366,894		6,092,559		6,596,618		6,114,891		7,709,027		9,420,909
	<u>6,111,474</u>		<u>3,132,348</u>		<u>1,975,524</u>		<u>292,408</u>		<u>6,935,191</u>		<u>6,143,957</u>
	<u>37,869,081</u>		<u>36,324,144</u>		<u>35,905,617</u>		<u>36,116,578</u>		<u>42,369,147</u>		<u>46,242,432</u>
	<u>54,376,341</u>		<u>47,946,013</u>		<u>42,998,410</u>		<u>44,381,345</u>		<u>57,703,208</u>		<u>63,572,217</u>
(	17,317,357)	(	24,297,877)	(	31,093,551)	(	37,591,344)	(	26,978,593)	(	29,549,618)
	10,516,825		6,633,883		3,767,596		5,716,063		9,303,513		10,173,946
(	6,800,532)	(	17,663,994)	(	27,325,955)	(	31,875,281)	(	17,675,080)	(	19,375,672)

CITY OF SCHERTZ, TEXAS

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

	Fiscal Year			
	2013	2014	2015	2016
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Ad valorem	\$ 12,359,146	\$ 12,794,172	\$ 14,139,037	\$ 15,131,997
Sales	9,637,097	10,553,382	10,315,125	10,921,489
Franchise fees	1,681,079	2,073,162	2,263,783	2,250,815
Hotel/motel	503,267	552,570	563,734	544,871
Mixed drink	30,421	39,917	43,656	43,073
Investment income	54,270	43,279	56,820	187,847
Miscellaneous	505,268	180,316	197,881	309,275
Transfers	25,140	(50,000)	(42,235)	29,211
Total Governmental Activities	<u>24,795,688</u>	<u>26,186,798</u>	<u>27,537,801</u>	<u>29,418,578</u>
Business-type activities:				
Interest and investment earnings	53,089	31,810	47,728	102,642
Miscellaneous	664,521	609,003	344,731	522,221
Transfers	(25,140)	50,000	42,235	(29,211)
Total Business-Type Activities	<u>692,470</u>	<u>690,813</u>	<u>434,694</u>	<u>595,652</u>
Total Primary Government	<u>25,488,158</u>	<u>26,877,611</u>	<u>27,972,495</u>	<u>30,014,230</u>
Change in Net Position				
Governmental activities	4,536,157	9,830,248	10,217,170	10,454,133
Business-type activities	<u>3,235,316</u>	<u>5,151,307</u>	<u>6,548,256</u>	<u>6,078,574</u>
Total Primary Government	<u>\$ 7,771,473</u>	<u>\$ 14,981,555</u>	<u>\$ 16,765,426</u>	<u>\$ 16,532,707</u>

Source: City financial statements

TABLE 2

		Fiscal Year									
		2017	2018	2019	2020	2021	2022				
\$	16,166,006	\$	17,018,950	\$	19,151,005	\$	19,844,912	\$	21,463,804	\$	22,495,628
	10,844,503		12,668,555		12,506,879		14,432,152		16,838,731		18,075,733
	2,208,373		2,393,182		2,357,150		2,305,225		2,305,108		2,574,041
	499,466		520,424		514,679		268,946		518,921		804,132
	42,699		43,395		60,518		70,139		68,730		83,391
	448,408		909,985		1,470,258		804,674		104,613		709,898
	182,754		283,496		984,257		767,779		1,408,270		1,138,775
	9,399		19,186		(81,525)		-		-		(316,216)
	<u>30,401,608</u>		<u>33,857,173</u>		<u>36,963,221</u>		<u>38,493,827</u>		<u>42,708,177</u>		<u>45,565,382</u>
	211,466		532,367		855,216		431,555		68,354		314,546
	475,733		453,374		267,788		706,296		754,268		675,739
	(9,399)		(19,186)		81,525		-		-		316,216
	<u>677,800</u>		<u>966,555</u>		<u>1,204,529</u>		<u>1,137,851</u>		<u>822,622</u>		<u>1,306,501</u>
	<u>31,079,408</u>		<u>34,823,728</u>		<u>38,167,750</u>		<u>39,631,678</u>		<u>43,530,799</u>		<u>46,871,883</u>
	13,084,251		9,559,296		5,869,670		902,503		15,729,584		16,015,764
	<u>11,194,625</u>		<u>7,600,438</u>		<u>4,972,125</u>		<u>6,853,914</u>		<u>10,126,135</u>		<u>11,480,447</u>
\$	<u>24,278,876</u>	\$	<u>17,159,734</u>	\$	<u>10,841,795</u>	\$	<u>7,756,417</u>	\$	<u>25,855,719</u>	\$	<u>27,496,211</u>

CITY OF SCHERTZ, TEXAS

FUND BALANCES OF GOVERNMENTAL FUNDS

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

	Fiscal Year			
	2013	2014	2015	2016
General fund				
Non-spendable	\$ 925,291	\$ 110,253	\$ 117,084	\$ 220,503
Restricted	1,599,487	1,701,408	1,748,374	1,929,636
Committed	-	-	-	-
Assigned	456,034	694,916	785,005	752,503
Unassigned	<u>4,206,734</u>	<u>5,587,262</u>	<u>7,280,240</u>	<u>8,509,467</u>
Total general fund	<u>\$ 7,187,546</u>	<u>\$ 8,093,839</u>	<u>\$ 9,930,703</u>	<u>\$ 11,412,109</u>
All other governmental funds				
Restricted	\$ 22,742,237	\$ 19,261,995	\$ 21,191,968	\$ 27,252,908
Committed	165,000	31,718	-	342,519
Assigned	244,937	31,177	6,657	6,743
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 23,152,174</u>	<u>\$ 19,324,890</u>	<u>\$ 21,198,625</u>	<u>\$ 27,602,170</u>

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

TABLE 3

		Fiscal Year									
		2017	2018	2019	2020	2021	2022				
\$	98,263	\$	94,876	\$	131,925	\$	114,787	\$	162,463	\$	182,186
	1,994,905		2,027,125		2,196,037		1,996,357		2,151,411		2,260,350
	-		-		-		687,780		907,676		1,021,594
	854,198		3,080,557		5,580,626		1,972,479		1,501,398		1,356,230
	<u>9,976,169</u>		<u>12,548,013</u>		<u>9,228,612</u>		<u>12,197,575</u>		<u>11,755,619</u>		<u>12,246,539</u>
\$	<u>12,923,535</u>	\$	<u>17,750,571</u>	\$	<u>17,137,200</u>	\$	<u>16,968,978</u>	\$	<u>16,478,567</u>	\$	<u>17,066,899</u>
\$	35,721,031	\$	37,772,240	\$	39,009,399	\$	32,024,252	\$	33,329,710	\$	69,222,391
	454,376		454,376		687,779		4,071,942		7,985,798		5,543,146
	-		-		-		-		-		-
	-		-		-		(2,071,518)		(675,043)		(648,630)
\$	<u>36,175,407</u>	\$	<u>38,226,616</u>	\$	<u>39,697,178</u>	\$	<u>34,024,676</u>	\$	<u>40,640,465</u>	\$	<u>74,116,907</u>

CITY OF SCHERTZ, TEXAS

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

	Fiscal Year			
	2013	2014	2015	2016
Revenues				
Taxes	\$ 24,181,863	\$ 26,021,730	\$ 27,348,297	\$ 28,865,727
Permits and fees	1,609,954	1,805,047	1,731,302	1,493,336
Service fees	1,739,387	1,763,964	1,797,151	1,789,321
Fines and fees	1,927,744	1,750,311	1,534,588	1,441,474
Intergovernmental	492,332	221,769	393,607	401,494
Other revenue	767,110	671,731	689,805	1,741,436
Total Revenues	<u>30,718,390</u>	<u>32,234,552</u>	<u>33,494,750</u>	<u>35,732,788</u>
Expenditures				
Current:				
General government	6,311,276	5,981,439	5,582,441	5,657,998
Public safety	9,113,840	9,409,894	10,158,401	11,048,767
Public environment	951,528	1,012,607	952,663	1,007,326
Parks and recreation	1,412,329	1,338,232	1,658,197	1,528,356
Cultural	840,595	815,691	821,146	869,162
Health	341,961	394,918	404,008	480,175
Administration	1,289,078	2,270,041	2,056,646	2,015,573
Capital outlay	3,277,397	8,000,467	2,314,668	10,192,398
Debt service:				
Principal	3,217,325	3,695,597	3,918,008	4,040,975
Interest and fiscal charges	2,381,171	2,108,610	2,112,746	1,896,911
Bond issue costs	31,750	165,650	7,992	449,358
Payment to refund agent	-	-	-	-
Total Expenditures	<u>29,168,250</u>	<u>35,193,146</u>	<u>29,986,916</u>	<u>39,186,999</u>
Excess of Revenues Over (Under) Expenditures	1,550,140	(2,958,594)	3,507,834	(3,454,211)
Other Financing Sources (Uses)				
Bond & debt issuances	1,635,000	8,583,715	245,000	10,750,000
Refunding bond issuance	-	-	-	4,185,000
Premium (discount) on bond issue	-	686,137	-	590,432
Payment to refund agent	-	(9,182,250)	-	(4,215,482)
Transfer in	788,084	1,243,833	989,120	863,583
Transfer out	(788,084)	(1,293,832)	(1,031,355)	(834,371)
Net Other Financing Sources (Uses)	<u>1,635,000</u>	<u>37,603</u>	<u>202,765</u>	<u>11,339,162</u>
Net Change in Fund Balances	<u>\$ 3,185,140</u>	<u>\$(2,920,991)</u>	<u>\$ 3,710,599</u>	<u>\$ 7,884,951</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>21.6%</u>	<u>21.3%</u>	<u>21.3%</u>	<u>20.5%</u>

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

TABLE 4

		Fiscal Year									
		2017	2018	2019	2020	2021	2022				
\$	29,720,578	\$	32,632,702	\$	34,590,008	\$	36,802,913	\$	41,150,087	\$	43,905,170
	2,540,045		2,557,056		1,635,461		1,807,264		1,812,895		2,341,493
	2,132,299		2,159,193		2,070,293		2,583,598		2,540,995		2,953,707
	1,217,621		1,049,989		953,614		880,657		643,482		754,558
	397,073		609,131		1,057,681		951,604		4,582,874		4,247,523
	1,897,153		1,761,285		2,454,515		1,572,473		1,512,883		1,848,673
	<u>37,904,769</u>		<u>40,769,356</u>		<u>42,761,572</u>		<u>44,598,509</u>		<u>52,243,216</u>		<u>56,051,124</u>
	5,394,918		6,327,133		5,881,647		10,364,369		6,580,915		6,515,632
	11,870,636		12,728,222		13,985,443		15,366,593		18,107,418		19,098,373
	1,128,979		1,136,052		1,112,041		1,270,894		1,382,185		1,766,558
	1,885,915		1,697,872		2,393,487		2,102,083		2,534,679		2,659,914
	921,870		955,153		1,018,109		1,044,891		1,059,984		1,159,024
	672,934		628,054		498,871		589,616		-		-
	2,912,855		3,015,239		3,795,233		3,353,634		4,459,223		4,597,488
	5,492,196		7,708,625		9,083,572		9,276,886		5,215,256		13,096,740
	4,473,174		4,744,116		4,565,000		4,929,544		4,955,000		4,805,000
	2,113,679		2,099,190		2,069,215		2,136,523		1,801,467		1,779,157
	214,280		129,417		189,082		4,200		140,140		558,911
	-		-		5,489,912		-		-		-
	<u>37,081,436</u>		<u>41,169,073</u>		<u>50,081,612</u>		<u>50,439,233</u>		<u>46,236,267</u>		<u>56,036,797</u>
	823,333	(	399,717)	(	7,320,040)	(	5,840,724)		6,006,949		14,327
	8,870,000		4,887,829		4,620,000		-		136,535		31,540,000
	-		6,035,000		5,225,000		-		7,555,000		4,070,000
	381,931		269,212		640,115		-		629,992		3,200,544
	-	(	6,159,623)		-		-		(8,223,452)	(	4,443,881)
	438,803		777,487		120,503		4,500,169		6,395,386		3,339,565
	(429,404)	(	758,302)	(	202,028)	(	4,500,169)	(	6,375,032)	(	3,655,781)
	<u>9,261,330</u>		<u>5,051,603</u>		<u>10,403,590</u>		<u>-</u>		<u>118,429</u>		<u>34,050,447</u>
\$	<u>10,084,663</u>	\$	<u>4,651,886</u>	\$	<u>3,083,550</u>	\$	<u>(5,840,724)</u>	\$	<u>6,125,378</u>	\$	<u>34,064,774</u>
	<u>20.4%</u>		<u>22.2%</u>		<u>17.3%</u>		<u>16.2%</u>		<u>19.9%</u>		<u>17.1%</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>
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
2020	19,726,451	14,432,152	2,305,225	70,139
2021	21,418,597	16,838,731	2,305,108	68,730
2022	22,367,873	18,075,733	2,574,041	83,391

TABLE 5

<u>Bingo</u>	<u>Hotel Occupancy</u>	<u>Total</u>
\$ -	\$ 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
24	268,946	36,802,937
24	518,921	41,150,111
24	804,132	43,905,194

CITY OF SCHERTZ, TEXAS

TABLE 6

TOTAL WATER AND SEWER CONSUMPTION AND RATES

LAST TEN FISCAL YEARS

<u>Fiscal Year Ended September 30,</u>	<u>Total Water & Sewer Consumption (In Gallons)</u>	<u>Water & Sewer Base Rate</u>	<u>Water & Sewer Initial Rate Per 1,000 Gallons</u>
2022	1,700,418,300	39.04	7.79
2021	1,629,336,300	38.15	6.97
2020	1,982,664,200	38.15	6.97
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

CITY OF SCHERTZ, TEXAS

TABLE 7

PRINCIPAL WATER AND SEWER CONSUMERS

LAST TEN FISCAL YEARS

TAXPAYERS	2022			2013		
	Total Water Consumption (In Gallons)	Rank	Percentage of Total City Water Consumption	Total Water Consumption (In Gallons)	Rank	Percentage of Total City Water Consumption
City of Selma	231,927,200	1	13.64%			
City of Cibolo	21,715,000	2	1.28%			
Crossvine Master Community	15,447,000	3	0.91%			
WHC Schertz Apts, LLC	11,787,500	4	0.69%			
Pecan Grove	10,628,900	5	0.63%	8,567,600	3	0.55%
Sycamore Creek Apartments	8,381,500	6	0.49%	6,447,400	5	0.42%
Comal ISD Middle School	7,743,900	7	0.46%			
DDC Ashton, LTD	6,534,100	8	0.38%			
APG Texas 1LP	5,772,600	9	0.34%	6,766,200	4	
Sysco	5,059,800	10	0.30%	20,104,300	2	
Lions Fut Ball Club				25,141,000	1	1.62%
Manco Structures				6,304,900	6	0.41%
Big Time Management				6,275,400	7	0.40%
Legacy Oaks Apartments				4,554,000	8	0.29%
City of Schertz (Soccor Field)				4,444,100	9	0.29%
YMCA/Splash Pad				4,196,400	10	0.27%
TOTAL	<u>324,997,500</u>		19.11%	<u>92,801,300</u>		4.25%
Total City Water Consumption	1,700,418,300			1,550,039,700		

CITY OF SCHERTZ, TEXAS

TABLE 8

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	
2022	0.3517	0.1604	0.5121	1.3950	1.2920	
2021	0.3470	0.1651	0.5121	1.4106	1.2757	
2020	0.3496	0.1650	0.5146	1.4200	1.3200	
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	

Fiscal Year	Overlapping Counties					
	Bexar County	Hospital District	River Authority	Community College District	Comal County	Guadalupe County
2022	0.2763	0.2762	0.0186	0.1492	0.3140	0.3799
2021	0.2624	0.2762	0.0186	0.1492	0.3224	0.3854
2020	0.2774	0.2762	0.0186	0.1492	0.3224	0.3319
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

CITY OF SCHERTZ, TEXAS

TABLE 9

PRINCIPAL PROPERTY OF TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
SYSCO Central Texas	\$ 122,083,920	1	2.99%			
Caterpillar Inc.	101,547,810	2	2.49%	19,098,384	5	0.97%
Amazon Com Services Inc	74,629,384	3	1.83%			
Texas Circle 161 LLC	59,963,917	4	1.47%			
Republic Beverage Company	56,575,395	5	1.39%	47,821,320	1	2.43%
Colfin 2018-3 Industrial Owner LLC	51,009,011	6	1.25%			
Sun Life Assurance Company of Canada	28,164,560	7	0.69%			
DG Industrial Portfolio II Property Owner LF	25,685,820	8	0.63%			
SA WFR Partners LLC	23,400,000	9	0.57%			
1290 Entertainment LLC	<u>23,400,000</u>	10	<u>0.57%</u>			
SYSCO San Antonio, Inc.				44,955,071	2	2.28%
Capital Group Companies Inc.				41,515,938	3	2.11%
San Antonio MTA LP				23,026,185	4	1.17%
SC Schertz LLC				16,900,000	6	0.86%
Visionworks				14,471,578	7	0.74%
Salof Properties II LLC				14,300,000	8	0.73%
Wal-Mart Real Estate Business Trust				13,137,327	9	0.67%
H.E.Butt Grocery Co.				<u>11,682,083</u>	10	<u>0.59%</u>
Totals	\$ <u>566,459,817</u>		<u>13.87%</u>	\$ <u>246,907,886</u>		<u>12.54%</u>
Total Taxable Assessed Value	\$ <u>4,084,425,464</u>			\$ <u>1,968,808,829</u>		

CITY OF SCHERTZ, TEXAS

TABLE 10

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
2022	\$ 22,951,478	\$ 22,775,565	99.23%	\$ -	\$ 22,788,154	99.29%
2021	22,011,090	21,787,625	98.98%	40,262	21,827,887	99.17%
2020	20,854,329	20,758,493	99.54%	68,692	20,827,185	99.87%
2019	19,922,568	19,825,244	99.51%	85,062	19,910,306	99.94%
2018	18,010,824	17,899,825	99.38%	71,342	17,971,167	99.78%
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%

CITY OF SCHERTZ, TEXAS

TAXABLE ASSESSED VALUE

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year Ended September 30,</u>	<u>Taxable Value January 1,</u>	<u>Residential Property</u>	<u>Commercial Property</u>
2022	2021	\$ 3,618,134,708	\$ 1,317,486,482
2021	2020	3,060,963,760	1,505,592,717
2020	2019	3,004,686,341	1,613,615,732
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

*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
\$ (961,929,765)	\$ 232,196,469	\$ 4,205,887,894	0.5121
(716,028,336)	276,109,231	4,070,815,340	0.5121
(716,028,336)	250,185,870	4,152,459,607	0.5146
(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

CITY OF SCHERTZ, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Business-Type Activities	
	General Obligation Bonds	Certificates of Obligation	Tax Notes	Financing Arrangement	Revenue Bonds	Certificates of Obligation
2022	\$ 58,837,302	\$ 27,869,333	\$ -	\$ 109,228	\$ -	\$ 24,216,388
2021	40,390,000	14,200,000	155,000	136,535	-	10,655,000
2020	44,620,000	15,415,000	345,000	25,695	-	11,200,000
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

TABLE 12

Business-Type Activities					
General Obligation Bonds	Financing Arrangement	Tax Notes	Total Primary Government	Percent of Gross Income	Per Capita
\$ 5,111,592	\$ 327,685	\$ -	\$ 116,471,528	5.24%	\$ 2,034
2,895,000	475,121	-	68,906,656	4.25%	1,619
3,685,000	134,662	150,000	75,575,357	4.50%	1,769
4,445,000	199,421	460,000	82,545,120	5.60%	1,932
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

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	Less: Amounts Available for Debt Service	Total		
2022	\$ 63,948,894	\$ 52,085,721	\$ (1,550,080)	\$ 114,484,535	2.72%	\$ 2,581
2021	43,285,000	24,855,000	(934,899)	67,205,101	1.65%	1,558
2020	46,223,908	15,801,473	(1,051,874)	60,973,507	1.47%	1,481
2019	54,687,960	16,834,029	(1,084,908)	70,437,081	1.81%	1,785
2018	54,880,553	13,636,966	(809,427)	67,708,092	1.86%	1,785
2017	59,147,240	9,011,415	(924,989)	67,233,666	1.99%	1,776
2016	59,366,867	4,057,189	(813,306)	62,610,750	2.06%	1,716
2015	56,900,692	277,801	(847,178)	56,331,315	2.05%	1,568
2014	60,453,966	543,934	(517,199)	60,480,701	2.33%	1,753
2013	60,821,252	801,767	(227,674)	61,395,345	2.55%	1,830

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

CURRENT YEAR

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
<i>Debt repaid with property taxes:</i>			
Alamo CCD	\$ 538,300,000	0.32%	\$ 1,722,560
Bexar County	2,006,080,000	0.32%	6,419,456
Bexar County Hospital District	874,490,000	0.32%	2,798,368
Comal County	122,040,000	4.18%	5,101,272
Comal ISD	1,049,362,848	4.42%	46,381,838
Guadalupe County	13,145,000	20.10%	2,642,145
Schertz-Cibolo-Universal ISD	378,843,715	48.29%	<u>182,943,629</u>
Subtotal, Overlapping Debt			248,009,268
City Governmental Activities Direct Debt			<u>86,815,863</u>
TOTAL NET OVERLAPPING DEBT			<u>\$ 334,825,131</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, 2021 Tax Roll \$ 4,070,815,340

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. \$ 407,081,534

Amount of Applicable Debt:

General Bonded Debt	\$	86,815,863	
Less Debt Service Net Position	(	934,899)	<u>85,880,964</u>

DEBT MARGIN \$ 321,200,570

Total Net Debt as a Percentage of Debt Margin 26.74%

	Fiscal Year		
	2019	2020	2021
Assessed Value	\$ 3,900,769,022	\$ 4,152,459,607	\$ 4,070,815,340
Debt Limit	390,076,902	415,245,961	407,081,534
Total Net Debt Applicable to Limit	<u>66,019,954</u>	<u>61,318,507</u>	<u>53,946,636</u>
Total Debt Margin	\$ <u>324,056,948</u>	\$ <u>353,927,454</u>	\$ <u>353,134,898</u>
	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>

CITY OF SCHERTZ, TEXAS

TABLE 16

PLEGDED 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		
2022	\$ 30,876,559	\$ 24,362,098	\$ 6,514,461	\$ 1,180,000	\$ 912,019	3.11	
2021	28,030,614	22,231,246	5,799,368	1,856,953	515,413	2.44	
2020	29,735,911	24,032,772	5,703,139	1,961,953	612,643	2.22	
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	

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.

CITY OF SCHERTZ, TEXAS

TABLE 17

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
2022	44,360	\$ 1,722,143,920	\$ 38,822	37.9	15.9	15,877	3.3%
2021	43,125	1,641,725,625	38,069	37.6	16.2	15,887	3.9%
2020	42,734	1,680,129,944	39,316	37.4	16.2	15,675	5.1%
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%

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	2022		2013	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Schertz-Cibolo-Universal City ISD	1,890	9.00%	900	5.56%
Amazon	1,221	5.90%	-	-
Sysco Central Texas, Inc	843	4.00%	350	4.02%
Republic National Distributing Company	685	3.30%	250	1.55%
Brandt Companies	652	3.10%	350	2.16%
Fed Ex Ground - Doerr Lane, Schertz	600	1.40%	300	-
City of Schertz	404	1.90%	350	2.16%
FedEx Freight	350	1.70%	175	1.08%
Visionworks	350	1.70%	550	3.40%
Hollingsworth Logistics Group	<u>275</u>	<u>1.30%</u>	-	-
Wal-mart Stores			400	2.47%
H.E.B Grocery Co.			350	2.16%
CST Distribution			<u>200</u>	<u>1.24%</u>
TOTAL	<u>7,270</u>	<u>33.30%</u>	<u>4,175</u>	<u>25.80%</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,			
	2013	2014	2015	2016
<u>General Government</u>				
City Manager	7	6	6	5
Court Support	-	-	-	-
Municipal Court	6	6	6	6
Customer Relations	5	5	5	5
Planning and Zoning	3	3	3	4
General Services	13	13	13	-
City Secretary	2	2	2	2
Public Affairs	4	4	4	4
Records Management	1	1	1	1
Schertz Magazine	2	2	2	2
Engineer	3	3	3	7
GIS	2	2	2	2
Information Technology	6	6	6	6
Human Resources	4	4	4	5
Finance	6	6	8	8
Purchasing	4	3	3	3
Fleet Service	4	4	6	6
Building Maintenance	2	2	3	-
Facility Services	-	-	-	16
<u>Public Safety</u>				
Police	75	75	75	78
Fire	32	33	33	36
Inspections	7	8	9	8
Marshal Services	8	8	8	8
<u>Health</u>				
Animal Control	6	7	7	8
Environmental Health	-	-	-	3
<u>Parks and Culture</u>				
Parks	9	9	9	9
Pools	-	-	-	-
Event Facilities	1	1	1	1
Library	14	14	14	14
<u>Public Environment</u>				
Streets	14	14	14	14
<u>Public Works</u>				
Public Works	6	6	6	4
Business Office	10	10	10	10
<u>Water and Sewer</u>	16	16	16	16
<u>Drainage</u>	8	8	8	6
<u>EMS</u>	35	36	37	39
<u>Economic Development</u>	4	4	4	4
TOTAL	318	320	327	339

TABLE 19

Full-Time Equivalent Employees as of September 30,						
2017	2018	2019	2020	2021	2022	
5	5	5	5	5	5	5
-	-	-	-	-	-	-
6	6	4	4	4	4	4
5	5	3	3	3	3	3
4	4	3	3	4	4	4
-	-	-	-	-	-	-
2	2	2	2	2	2	2
4	5	5	5	4	4	4
1	-	-	-	-	-	-
2	-	-	-	-	-	-
7	7	7	8	8	10	10
2	2	2	2	2	3	3
7	8	8	8	8	9	9
5	5	5	5	5	5	5
8	8	7	7	7	7	7
3	3	3	3	3	3	3
6	6	7	8	8	9	9
-	-	-	-	-	-	-
16	17	10	10	11	11	11
81	86	86	87	90	94	94
39	45	45	46	46	50	50
8	11	12	12	12	14	14
5	-	-	-	-	-	-
8	7	7	8	9	9	9
3	4	4	4	5	6	6
10	12	11	11	11	15	15
-	-	-	-	-	-	-
1	1	5	5	6	7	7
14	15	14	14	14	15	15
14	14	14	17	17	17	17
4	4	4	4	4	4	4
10	10	9	9	9	9	9
16	19	19	19	21	21	21
6	8	8	8	8	8	8
41	45	45	45	55	65	65
4	4	4	4	4	4	4
<u>346</u>	<u>366</u>	<u>357</u>	<u>365</u>	<u>384</u>	<u>416</u>	

CITY OF SCHERTZ, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function	Fiscal Year			
	2013	2014	2015	2016
<u>General Government</u>				
Building Permits Issued	3,054	2,869	3,087	5,919
<u>Schertz Tales</u>				
Number of Magazines Printed	168,000	180,000	180,000	180,000
<u>Police</u>				
CFS	19,894	19,067	36,138	39,064
Arrests	800	776	595	603
Traffic Violations	19,335	15,077	12,306	8,960
Accidents	1,960	1,823	2,040	2,119
<u>Fire</u>				
Number of Rescue/Other Responses	2,046	1,759	2,167	2,327
Number of Fire Responses	108	110	99	67
Number of Inspections	332	252	698	440
Number of Training Classes Conducted	132	125	150	460
Number of Pre-Plan Inspections	729	735	980	867
<u>EMS</u>				
Requests for Transport	8,391	8,840	9,286	9,723
Actual Transports	5,451	5,713	6,118	6,123
EMT Students	116	87	84	89
<u>Marshal Service</u>				
Warrants Issued	3,344	2,354	3,798	2,587
Warrants Cleared	4,687	3,781	3,691	3,492
Food Establishment Permits	127	82	135	145
Food Establishment Inspection	281	218	136	153
Foster/Adoption Inspections	24	16	22	21
<u>Parks</u>				
Facility Reservations	258	301	275	240
<u>Community and Civic Centers</u>				
Civic Center	444	458	478	483
Community Center Rentals	735	437	455	370
North Community Center Rentals	288	244	209	185

TABLE 20

Fiscal Year					
2017	2018	2019	2020	2021	2022
4,800	5,251	4,748	2,993	4,474	4,000
180,000	180,000	180,000	187,500	189,700	191,700
34,428	45,190	41,327	57,149	29,007	32,170
423	624	603	527	416	326
8,001	11,359	12,541	8,326	6,980	6,504
2,057	2,244	2,304	1,752	2,076	2,341
2,758	3,055	3,804	3,953	4,837	4,895
86	161	100	108	205	232
519	562	528	500	548	547
340	600	804	763	770	632
922	788	865	814	848	324
9,956	10,059	10,759	10,713	12,251	13,520
6,201	6,165	6,738	6,549	7,444	8,332
90	90	90	84	123	154
2,816	1,598	2,036	1,738	2,095	1,708
2,822	2,022	1,834	664	1,451	1,373
201	181	55	189	142	173
13	211	96	209	172	142
21	18	8	10	12	5
251	248	241	75	237	294
590	516	441	293	253	354
455	381	326	193	291	299
230	235	188	92	153	197

CITY OF SCHERTZ, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function	Fiscal Year			
	2013	2014	2015	2016
<u>Animal Services</u>				
Number of Animals Handled	1,326	1,218	1,304	1,313
Number of Adoptions	362	309	357	410
Number of Return to Owners	231	222	213	205
Number of Transfers	301	316	296	316
<u>Library</u>				
Annual Circulation	404,691	395,998	394,766	399,622
Library Visits	254,633	253,237	259,413	255,109
Library Program Attendance	12,581	15,048	13,825	15,282
Registered Users	31,658	30,759	31,138	30,702
<u>Water</u>				
New Connections	168	235	369	213
Water Main Breaks	38	45	45	45
Total Consumption (Thousands of Gallons)	15,500,413	15,497,071	14,757,134	16,097,931
Daily Average Consumption (Thousands of Gallons)	42,466	42,458	40,431	43,942
Peak Daily Consumption (Thousands of Gallons)	9,483	10,089	8,385	10,985
Total Customers	12,757	13,324	13,570	13,877
Average Use Per Connection	5,905	5,467	5,135	5,352
<u>Sewer</u>				
Total Customers	11,456	11,578	11,413	12,282
<u>Facilities Maintenance</u>				
Number of Buildings Maintained	19	19	21	21
Square Footage	166,591	166,591	234,202	234,202

TABLE 20

Fiscal Year					
2017	2018	2019	2020	2021	2022
1,283	926	1,157	1,015	1,070	1,125
348	319	366	450	329	371
228	218	233	335	284	252
326	297	227	188	152	205
385,206	414,790	447,379	254,643	281,659	359,272
235,428	258,695	237,821	102,297	91,291	157,428
16,814	16,945	18,412	6,524	2,541	11,357
31,432	30,806	33,104	31,296	30,291	29,612
303	235	300	357	342	291
45	50	52	65	38	64
15,222,373	15,833,124	17,602,330	1,976,687	1,617,120	21,606,589
41,705	43,378	48,225	54,155	59,377	5,919
11,000	9,083	11,094	14,011	9,160	8,429
14,124	14,678	16,434	13,683	15,861	16,228
5,244	5,294	4,587	5,600	101,955	133,143
12,398	12,866	12,853	13,112	14,128	14,295
21	25	26	27	26	28
234,202	245,218	257,218	301,656	257,218	257,218

CITY OF SCHERTZ, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function	Fiscal Year			
	2013	2014	2015	2016
<u>Police</u>				
Stations	1	1	1	1
Patrol Units	42	42	48	50
<u>Fire</u>				
Stations	2	2	2	2
Fire Vehicles	13	15	16	16
<u>EMS</u>				
Ambulances	7	7	9	9
<u>Marshal Service</u>				
Vehicles	7	7	7	7
<u>Streets</u>				
Streets, Paved (Miles)	137	141	149	153
Streets, Unpaved (Miles)	5	5	5	5
<u>Parks and Recreation</u>				
Parks - Developed	13	13	14	15
Parks - Undeveloped	8	8	9	10
Playground	16	16	18	19
Swimming Pools	2	2	2	2
Baby Pools	2	2	2	2
Baseball/Softball Diamonds	12	12	15	15
Soccer Fields	12	12	12	12
Community Centers	4	4	4	4
<u>Animal Control</u>				
Control Vehicle	3	3	3	4
<u>Library</u>				
Facility	1	1	1	1
Volumes in Collection	86,221	100,478	113,085	97,412
<u>Water</u>				
Number of Pump Stations	5	5	5	5
Water Mains (Miles)	197	199	210	211
<u>Sewer</u>				
Sanitary Sewers (Miles)	87	90	96	98
Storm Sewers (Miles)	11	11	12	12
<u>Facilities Maintenance</u>				
Vehicles	5	5	6	6
<u>Fleet</u>				
Generators	3	3	4	4
Vehicles & Equipment	N/A	N/A	N/A	N/A

TABLE 21

Fiscal Year						
2017	2018	2019	2020	2021	2022	
1	1	1	1	1	1	1
64	69	68	72	66	76	
2	3	3	3	3	3	3
16	18	19	20	20	24	
8	8	9	9	10	11	
7	7	7	7	7	3	
159	153	165.4	165	167.5	172	
5	5	5	5	5	5	
20	21	21	21	21	21	21
4	4	4	4	5	5	
19	19	20	21	21	36	
4	4	4	4	4	3	
2	2	2	2	2	1	
15	15	15	15	15	15	
12	12	12	12	12	12	
4	4	4	4	4	4	
3	4	4	6	6	8	
1	1	1	1	1	1	1
107,382	110,266	150,972	139,447	149,965	155,715	
5	5	5	6	7	6	
221	225	228	228.5	231.4	236	
110	113	116	116.2	119.5	124	
12	13.6	13.8	13.8	14.7	16	
6	11	11	10	8	10	
4	7	10	7	8	8	
N/A	384	352	341	376	373	