

**RESOLUTION NO. 24-R-34**

**A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF SCHERTZ, TEXAS AUTHORIZING THE APPROVAL OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR FISCAL YEAR 2022-23.**

**WHEREAS**, the City staff of the City of Schertz (the “City”) has recommended that the City Council approve the Annual Comprehensive Financial Report for Fiscal Year 2022-23 ; and

**WHEREAS**, the Audit Committee has recommended that it is in the best interest of the City to approve the Annual Comprehensive Financial Report for Fiscal Year 2022-23; and

**WHEREAS**, the City Council has determined that it is in the best interest of the City to approve the Annual Comprehensive Financial Report for Fiscal Year 2022-23.

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SCHERTZ, TEXAS THAT:**

Section 1. The City Council hereby authorizes the approval of the Annual Comprehensive Financial Report for Fiscal Year 2022-23, Exhibit A.

Section 2. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the City Council.

Section 3. All resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

Section 4. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 5. If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this Resolution would have been enacted without such invalid provision.

Section 6. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, Texas Government Code, as amended.

Section 7. This Resolution shall be in force and effect from and after its final passage, and it is so resolved.

PASSED AND ADOPTED, this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

CITY OF SCHERTZ, TEXAS

\_\_\_\_\_  
Rafael Gutierrez, Mayor

ATTEST:

\_\_\_\_\_  
Sheila Edmondson, City Secretary

Exhibit A

Annual Comprehensive Financial Report

September 30, 2023

**CITY OF SCHERTZ, TEXAS**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2023**



**OFFICIALS ISSUING REPORT**

Steve Williams  
City Manager

James Walters  
Director of Finance



**CITY OF SCHERTZ, TEXAS**

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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## **INTRODUCTORY SECTION**

March 19, 2024

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

State law requires that local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) and audited in accordance with generally accepted auditing standards in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Schertz for the fiscal year ended September 30, 2023.

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, 2023, 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, 2023, 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 43,010 in 2022 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 30<sup>th</sup>. 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 2023. The surrounding metro area saw growth evidenced by the Federal Reserve Bank of Dallas reporting the San Antonio Business-Cycle Index increase 3.98% year over year for September 2023. This Index has normalized to its long term trend and continues to potentially indicate a continued period of economic growth for the region. As of September 2023, the unemployment rate for Texas was 3.9% and San Antonio-New Braunfels area matched at 3.9%. Schertz, as included in the San Antonio-New Braunfels MSA, had an **unemployment rate of 3.6% during this time.**

As another indicator of economic growth, the City of Schertz realized a **10.4% increase year-over-year** in sales tax collections during the fiscal year. The City's average longer term growth is 7.2% which indicates the City has maintained its previous growth from the recent years and continued its growth above historic averages.

New residential construction has been slowing in the city the past few years, cutting revenue by 30.6% over last year. Despite the downward trend in new residential permits, overall new taxable value has grown by the historic average of 2.6%.

Industrial development continued to push North along IH-35 across FM 3009 with Phelan-Bennet filling 169,525 sq ft of speculative warehouse distribution on Four Oaks Lane. Doerr Lane Logistics Center is complete and leased and another Cavender and Hill Project, 3009 Distribution Center will add another 112,000 square foot warehouse/distribution to the city, conveniently located off of FM 3009 near IH 35.

In Northern Schertz, redevelopment, expansion, and significant speculative development characterized 2023. Caterpillar again invested in Schertz bringing the total investment to an estimated \$70,000,000 and settling on 194 jobs total with two new manufacturing lines. Sysco Central Texas site continued to produce for Schertz, taking advantage of the economic development incentives to secure their 100,000 sq ft expansion of their existing facility, currently under construction. The Economic Development Corporation also took steps to secure the

funding for waste water infrastructure for a large portion of Schertz, on the north side of IH 35 and close to our border with New Braunfels.

**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 and all funds have been paid to the Texas Department of Transportation as in April 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. All funds have been spent for this bond election.

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 the fire engine and the land have been purchased with engineering and design for the building are underway.

**Current Year Budget Initiatives.** For FY 2023-24, the city has made employee wages and benefits a priority. The City Council identified \$3.6 million citywide to address concerns of below average compensation. \$1.4 million is for an across-the-board employment cost index (ECI), \$1.9 million to implement recommendations on the 3<sup>rd</sup> party classification and compensation study, and \$344,700 to cover insurance premium increases.

There were 5 new positions approved in the General Fund, 1 position in Water & Sewer, and 4 in EMS. The General Fund included 3 Firefighters, an Engineering Administration Assistant, and a Part Time Records Clerk. Water & Sewer was approved for a second Senior Billing Clerk and EMS was approved for 4 new EMTs.

Other initiatives include \$1.2 million for additional street maintenance, \$675,000 for a new Vacuum Truck, \$550,000 replacement of all police cameras and TASERs annually for 5 years, and career progression adjustments.

#### 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 Pattillo, Brown & Hill, LLP. Certified Public Accountants, has been included in this report.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Schertz for its comprehensive annual financial report for the fiscal year ended September 30, 2022. This was the 38th 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

ALLISON HEYWARD

CITY COUNCIL

MARK E. DAVIS

MICHELLE WATSON

PAUL MACALUSO

TIFFANY GIBSON

ROBERT WESTBROOK

ALLISON HEYWARD

TIM BROWN

CITY MANAGER

STEVE WILLIAMS

DIRECTOR OF FINANCE

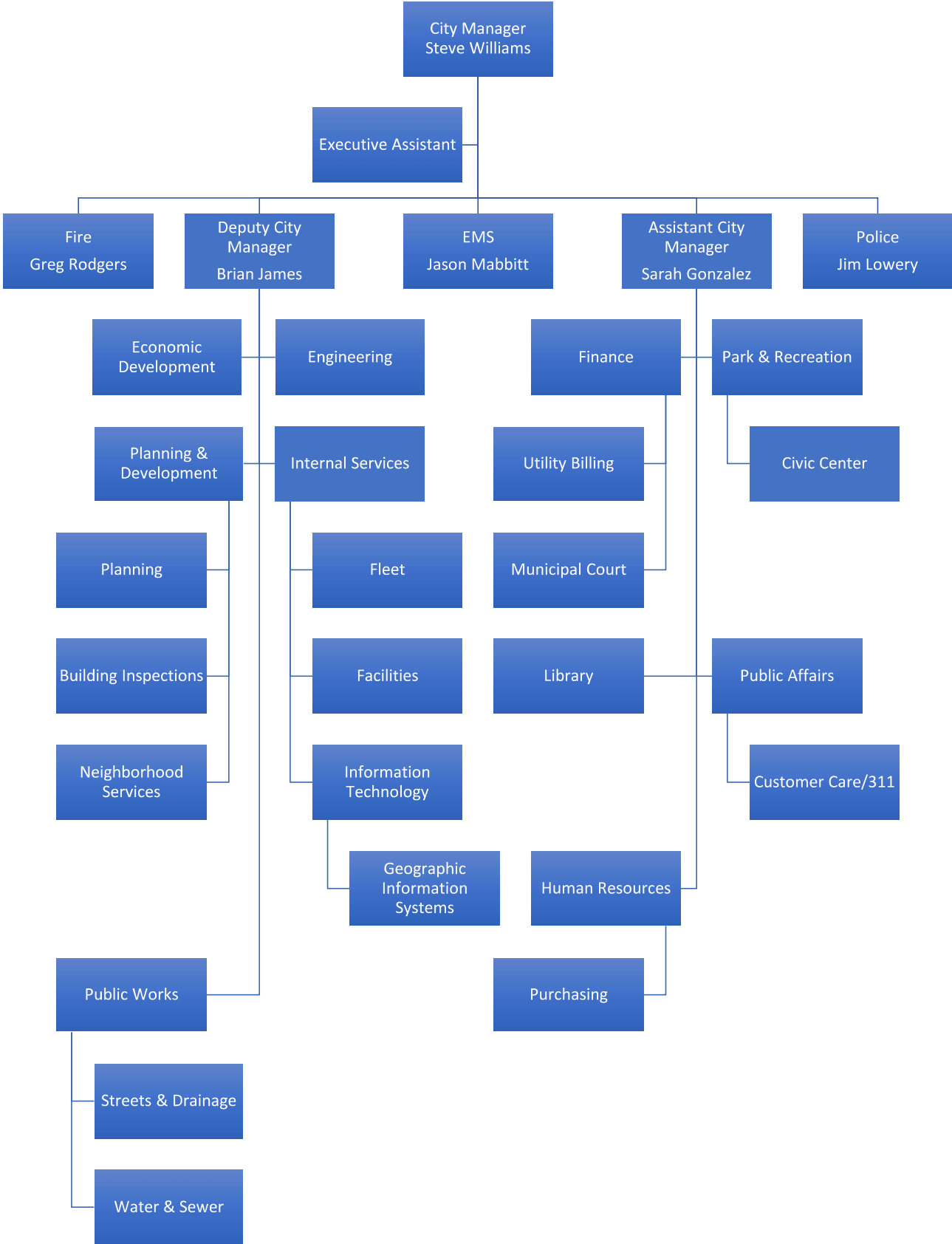
JAMES WALTERS

CITY ATTORNEY

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

# City of Schertz Organization Chart

FY 2022-2023





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Schertz  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2022

*Christopher P. Morill*

Executive Director/CEO

## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the 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, 2023, 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, 2023, 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 9.7 percent and 11.8 percent, respectively, of the assets and net position of the Water and Sewer Fund, and 9.3 percent and 11.7 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 28, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, 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 March 19, 2024, on our consideration of the City of Schertz, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Schertz, Texas' internal control over financial reporting and compliance.

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

Waco, Texas  
March 19, 2024

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**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, 2023. 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 \$345,135,343 (net position). Of this amount, \$46,909,951 (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 \$48,390,437. The primary reason for this increase was an increase in capital contributions of approximately \$32.6 million.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$82,693,803, a decrease of (\$8,490,003) in comparison with the prior year. The primary cause of this decrease was an increase in property and sales tax revenues that exceeded expenditure growth, coupled with spending of bond proceeds on capital projects.

At the end of the fiscal year, the combined total of the General Fund assigned and unassigned fund balances was \$15,519,596 which is 32.29% 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 \$345,135,343 at the close of the most recent fiscal year. The largest portion of the City's total net position (73%) 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 (14%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$46,909,951, 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.

<b>City of Schertz's Net Position Government-Wide</b>						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 97,512,162	\$ 105,714,129	\$ 64,573,716	\$ 73,186,420	\$ 162,085,878	\$ 178,900,549
Capital assets	<u>194,268,903</u>	<u>159,972,447</u>	<u>135,961,908</u>	<u>108,872,222</u>	<u>330,230,811</u>	<u>268,844,669</u>
Total assets	<u>291,781,065</u>	<u>265,686,576</u>	<u>200,535,624</u>	<u>182,058,642</u>	<u>492,316,689</u>	<u>447,745,218</u>
Deferred outflows of resources	<u>9,428,168</u>	<u>4,309,869</u>	<u>3,008,848</u>	<u>1,195,882</u>	<u>12,437,016</u>	<u>5,505,751</u>
Current liabilities	18,488,692	18,382,113	9,086,822	6,911,108	27,575,514	25,293,221
Long-term liabilities	<u>96,863,509</u>	<u>93,693,054</u>	<u>33,494,784</u>	<u>31,871,137</u>	<u>130,358,293</u>	<u>125,564,191</u>
Total liabilities	<u>115,352,201</u>	<u>112,075,167</u>	<u>42,581,606</u>	<u>38,782,245</u>	<u>157,933,807</u>	<u>150,857,412</u>
Deferred inflows of resources	<u>1,334,836</u>	<u>4,374,235</u>	<u>349,719</u>	<u>1,274,416</u>	<u>1,684,555</u>	<u>5,648,651</u>
Net position:						
Net investment in capital assets	136,442,093	109,746,340	114,831,425	94,997,863	251,273,518	204,744,203
Restricted	40,311,118	32,745,688	6,640,756	5,408,320	46,951,874	38,154,008
Unrestricted	<u>7,768,985</u>	<u>11,055,015</u>	<u>39,140,966</u>	<u>42,791,680</u>	<u>46,909,951</u>	<u>53,846,695</u>
Total net position	<u>\$ 184,522,196</u>	<u>\$ 153,547,043</u>	<u>\$ 160,613,147</u>	<u>\$ 143,197,863</u>	<u>\$ 345,135,343</u>	<u>\$ 296,744,906</u>

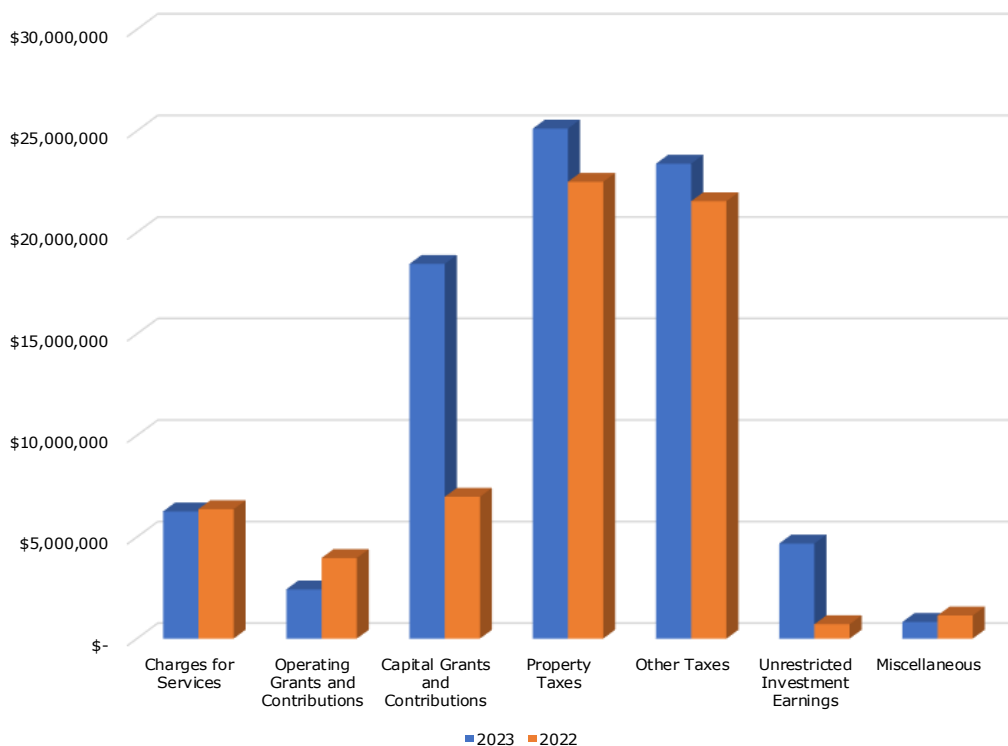
The government's net position increased by \$48,390,437 during the current fiscal year. The primary cause for the increase was increased revenues; the City recognized approximately \$32.6 million of capital contribution revenue related to dedicated infrastructure assets and also experienced sharp increases 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:

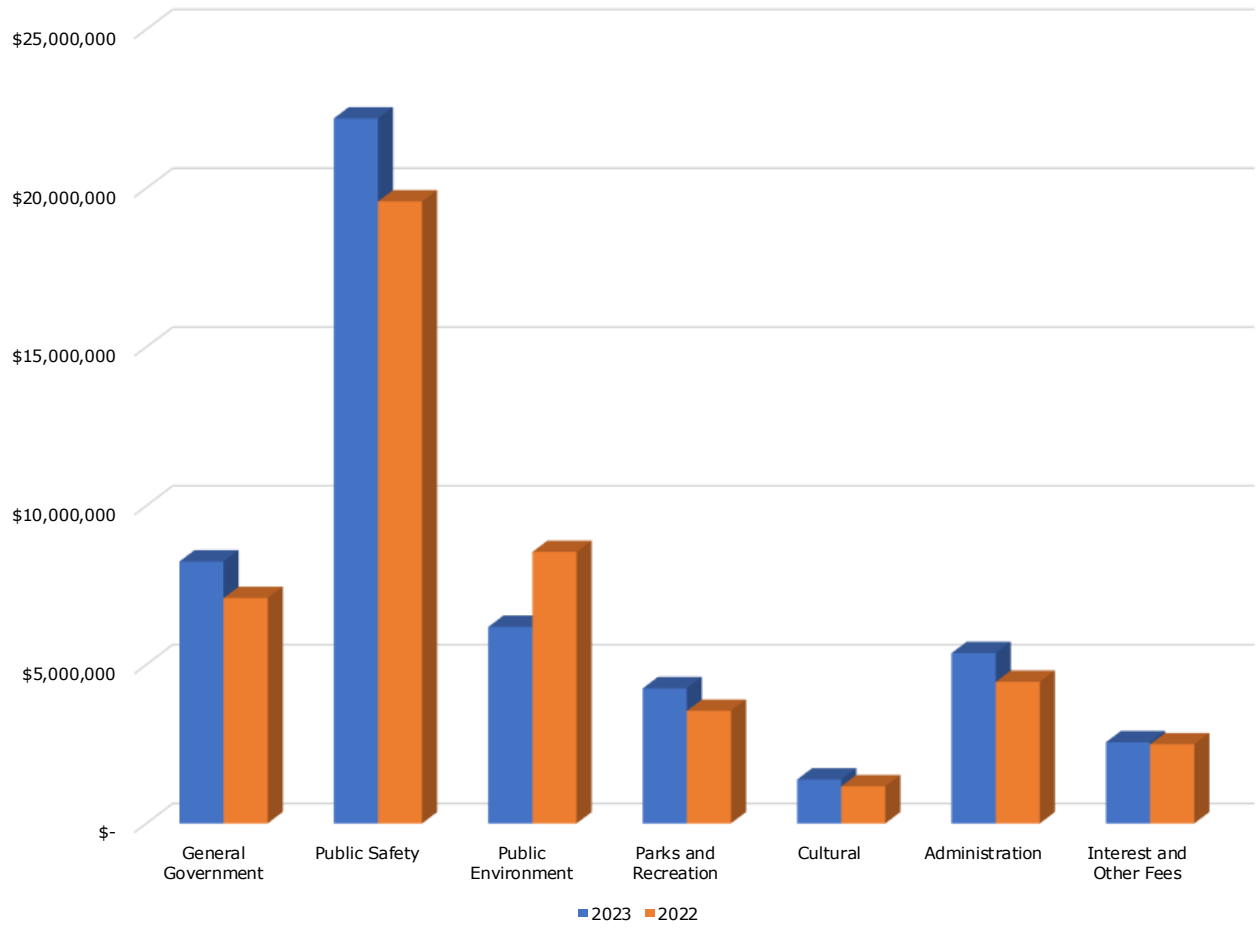
**City of Schertz's Changes in Net Position  
Government-Wide**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 6,267,868	\$ 6,371,968	\$ 41,093,604	\$ 40,098,475	\$ 47,361,472	\$ 46,470,443
Operating grants & contributions	2,425,937	3,970,029	-	-	2,425,937	3,970,029
Capital contributions	18,456,911	6,987,788	14,180,619	6,143,957	32,637,530	13,131,745
General revenues:						
Property taxes	25,118,429	22,495,628	-	-	25,118,429	22,495,628
Other taxes	23,388,656	21,537,297	-	-	23,388,656	21,537,297
Investment earnings	4,678,690	709,898	1,927,277	314,546	6,605,967	1,024,444
Miscellaneous	820,465	1,138,775	479,479	675,739	1,299,944	1,814,514
Total revenues	<u>81,156,956</u>	<u>63,211,383</u>	<u>57,680,979</u>	<u>47,232,717</u>	<u>138,837,935</u>	<u>110,444,100</u>
<b>Expenses:</b>						
General government	8,244,956	7,093,652	-	-	8,244,956	7,093,652
Public safety	22,195,399	19,580,703	-	-	22,195,399	19,580,703
Public environment	6,188,351	8,545,834	-	-	6,188,351	8,545,834
Parks and recreation	4,253,278	3,543,978	-	-	4,253,278	3,543,978
Cultural	1,380,793	1,168,815	-	-	1,380,793	1,168,815
Administration	5,363,700	4,455,947	-	-	5,363,700	4,455,947
Interest and other fees	2,555,917	2,490,474	-	-	2,555,917	2,490,474
Water and sewer	-	-	30,088,159	27,833,986	30,088,159	27,833,986
EMS	-	-	10,176,945	8,234,500	10,176,945	8,234,500
Total expenses	<u>50,182,394</u>	<u>46,879,403</u>	<u>40,265,104</u>	<u>36,068,486</u>	<u>90,447,498</u>	<u>82,947,889</u>
Increase in net position before transfers	<u>30,974,562</u>	<u>16,331,980</u>	<u>17,415,875</u>	<u>11,164,231</u>	<u>48,390,437</u>	<u>27,496,211</u>
Transfers	<u>591</u>	<u>(316,216)</u>	<u>(591)</u>	<u>316,216</u>	<u>-</u>	<u>-</u>
Change in net position	30,975,153	16,015,764	17,415,284	11,480,447	48,390,437	27,496,211
Net position - beginning of year	<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>
Net position - end of year	<u>\$184,522,196</u>	<u>\$153,547,043</u>	<u>\$160,613,147</u>	<u>\$143,197,863</u>	<u>\$345,135,343</u>	<u>\$296,744,906</u>

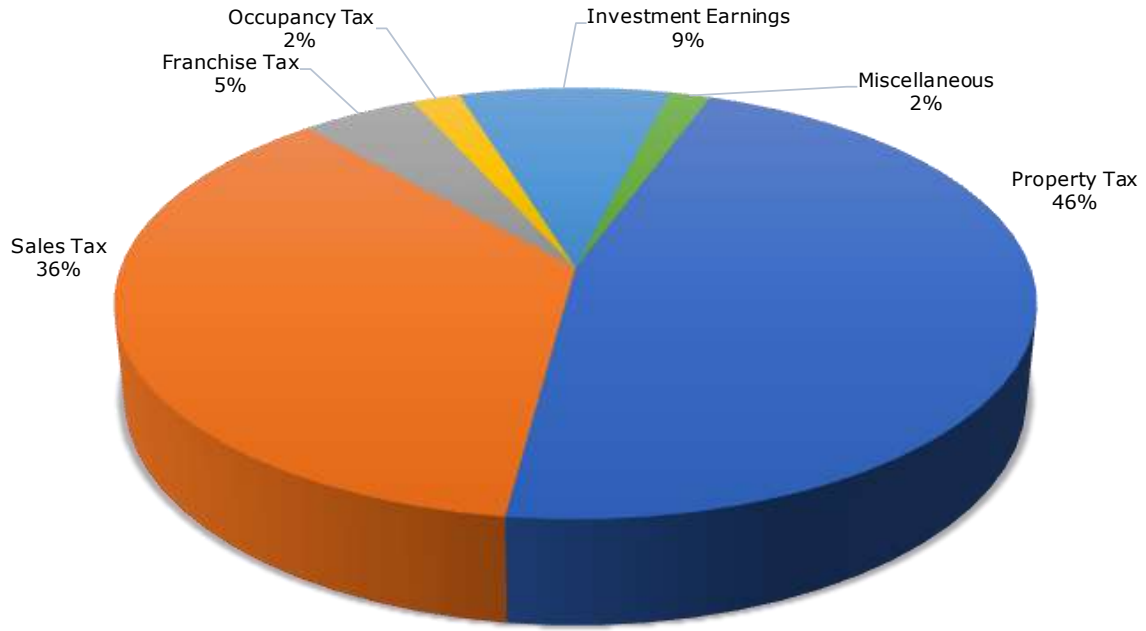
**TOTAL REVENUES – GOVERNMENT-WIDE**



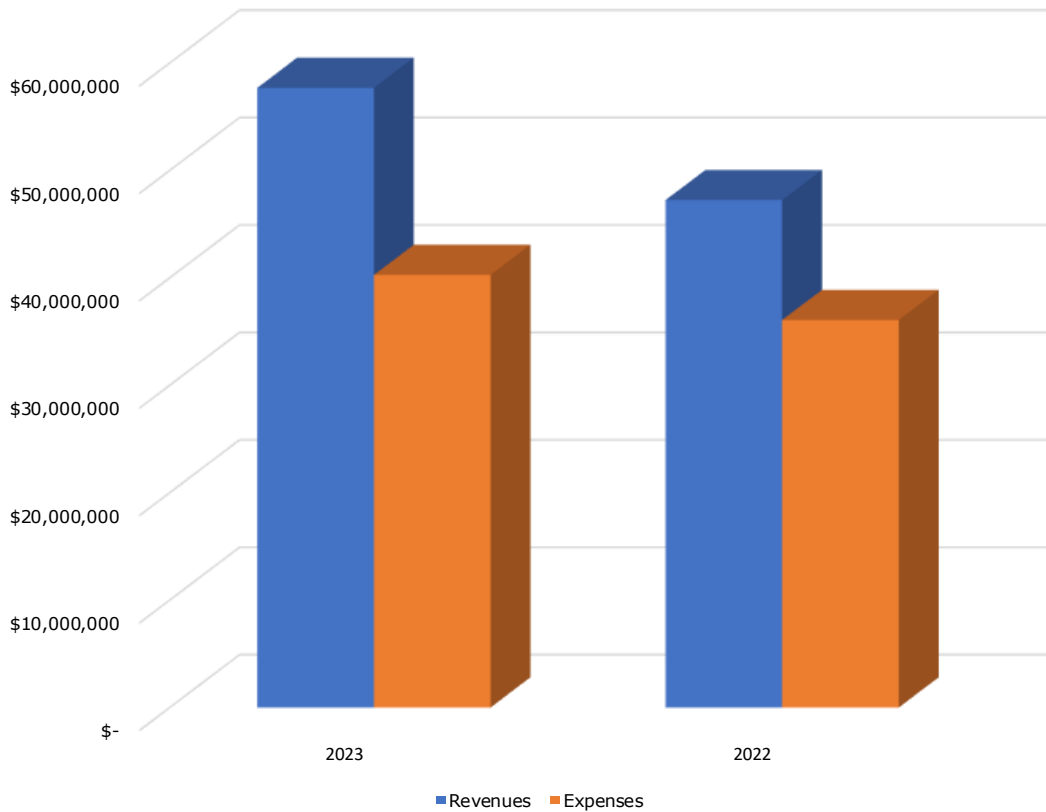
TOTAL EXPENSES – GOVERNMENT-WIDE



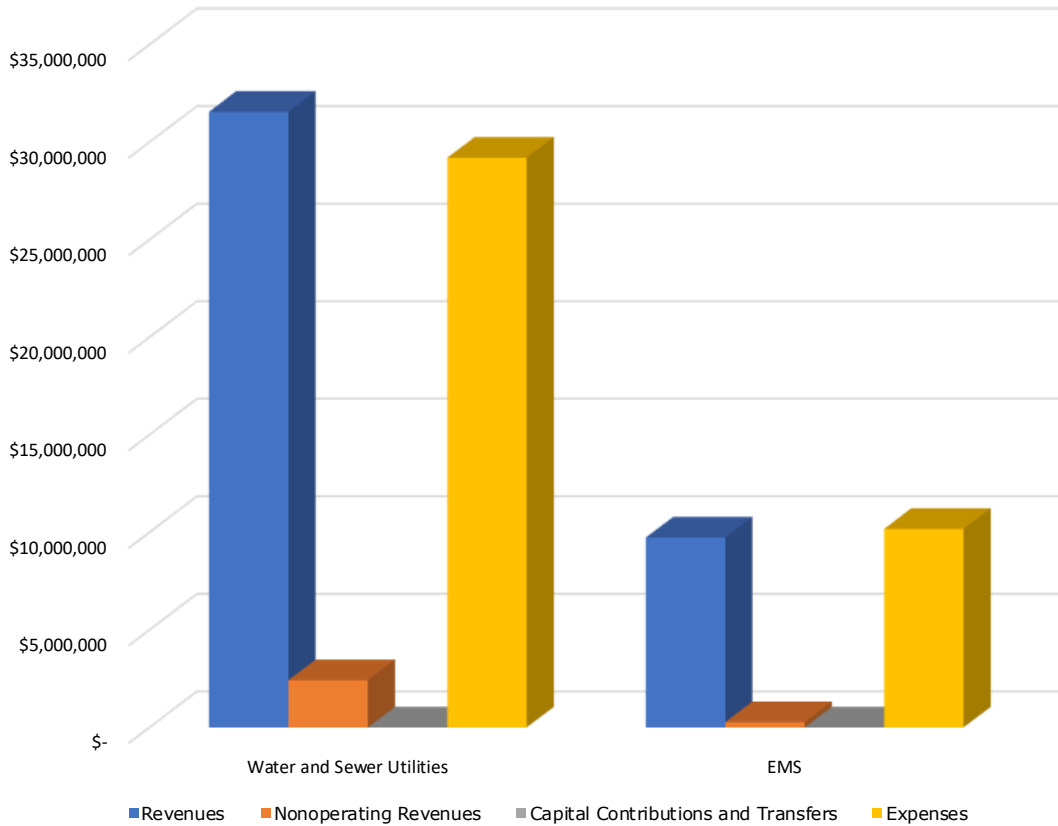
GENERAL REVENUE BY SOURCE – GOVERNMENTAL ACTIVITIES



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 \$82,693,803. Of this total amount, \$11,355,967 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 \$12,000,941, while total fund balance was \$19,237,616, an increase of \$2,170,717 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 investment earnings, property, and sales tax revenues. 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 32.29% of total general fund expenditures, not including capital outlay.

The debt service fund has a total fund balance of \$1,113,858, all of which is restricted for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$750,551. This decrease was due to regular principal and interest payments on long-term debt exceeding 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 \$22,753,182, a decrease of \$18,653,334. This was caused by using bond proceeds during the year to fund 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 \$32,995,834, which is an increase of \$6,952,706 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 \$399,681, 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 \$37,906,916 and those for the Schertz EMS fund amounted to \$1,234,050, which are 130% and 12% of fund operating costs, respectively.

The water and sewer fund reported an increase in net position of \$17.8 million. Approximately three quarters 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 decreased net position by \$403,518. Expenses increased by approximately \$1.9 million compared to the prior year. Revenues were consistent to the prior year as a result of approximately the same number of ambulance runs in the prior year. Expenses increased primarily from increased salaries that resulted from the compensation study discussed previously.

### General Fund Budgetary Highlights

The general fund expenditures were \$2,734,590 more than the \$41,488,769 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 \$1,379,545 more than budgeted, primarily due to increased property and sales tax revenues. Overall, ending fund balance in the general fund was \$4,113,646 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, 2023, amounts to \$330,230,811 (net of accumulated depreciation), including several projects in progress from voter approved bonds.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 15,214,261	\$ 8,883,427	\$ 2,415,102	\$ 2,415,017	\$ 17,629,363	\$ 11,298,444
Water rights	-	-	70,245	70,245	70,245	70,245
Buildings and improvements	53,420,797	52,701,579	3,725,152	3,703,626	57,145,949	56,405,205
Machinery, equipment, and vehicles	16,277,025	15,472,681	7,339,679	6,823,569	23,616,704	22,296,250
Infrastructure	175,473,306	136,194,073	137,700,969	115,715,584	313,174,275	251,909,657
Construction in progress	22,189,761	27,684,430	29,149,047	21,661,576	51,338,808	49,346,006
Accumulated depreciation	<u>(88,306,247)</u>	<u>(80,963,743)</u>	<u>(44,438,286)</u>	<u>(41,517,395)</u>	<u>(132,744,533)</u>	<u>(122,481,138)</u>
TOTALS	<u>\$194,268,903</u>	<u>\$159,972,447</u>	<u>\$135,961,908</u>	<u>\$108,872,222</u>	<u>\$330,230,811</u>	<u>\$268,844,669</u>

Significant capital asset activity for the year included improvements to streets and infrastructure of \$66.5 million and land purchases of \$6.3 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 \$110,190,670. 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 an "AA+" rating from Standard and Poor's.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 50,790,000	\$ 55,070,000	\$ 3,525,000	\$ 4,265,000	\$ 54,315,000	\$ 59,335,000
Certificates of obligation	24,565,000	26,135,000	22,005,000	22,845,000	46,570,000	48,980,000
Financing arrangements	81,921	109,228	245,764	327,685	327,685	436,913
Premium on bonds	5,133,058	5,501,635	2,086,300	2,217,980	7,219,358	7,719,615
Compensated absences	<u>1,259,918</u>	<u>1,200,065</u>	<u>498,709</u>	<u>364,852</u>	<u>1,758,627</u>	<u>1,564,917</u>
TOTALS	<u>\$ 81,829,897</u>	<u>\$ 88,015,928</u>	<u>\$ 28,360,773</u>	<u>\$ 30,020,517</u>	<u>\$ 110,190,670</u>	<u>\$ 118,036,445</u>

Total debt decreased compared to the prior year due to scheduled bond principal payments.

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 fiscal year, the assigned and unassigned fund balance in the general fund increased to \$15.5 million from \$13.6 million. There was a decrease in fund balance budgeted of \$1.1 million in the original adopted budget but due to the above expected performance of investment income, commercial permits and sales taxes, the city was able to increase the fund balance instead. The City of Schertz has appropriated \$2.5 million of this increase for spending in the 2024 fiscal year budget in accordance to the City's fund balance policy. These funds will be spent on street maintenance programs and front loading new operational programs. The approved tax rate decreased to \$0.4572 from \$0.4950 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.

Industrial development continued to push North along IH-35 across FM 3009 with Phelan-Bennet filling 169,525 sq ft of speculative warehouse distribution on Four Oaks Lane. Doerr Lane Logistics Center is complete and leased and another Cavender and Hill Project, 3009 Distribution Center will add another 112,000 square foot warehouse/distribution to the city, conveniently located off of FM 3009 near IH 35.

In Northern Schertz, redevelopment, expansion, and significant speculative development characterized 2023. Caterpillar again invested in Schertz bringing the total investment to an estimated \$70,000,000 and settling on 194 jobs total with two new manufacturing lines. Sysco Central Texas site continued to produce for Schertz, taking advantage of the economic development incentives to secure their 100,000 sq ft expansion of their existing facility, currently under construction. The Economic Development Corporation also took steps to secure the funding for waste water infrastructure for a large portion of Schertz, on the north side of IH 35 and close to our border with New Braunfels.

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' 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, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 84,610,716	\$ 22,402,988	\$ 107,013,704
Investments	4,691,975	1,183,797	5,875,772
Internal balances	(91,499)	91,499	-
Receivables, net of allowances:			
Taxes	4,700,323	-	4,700,323
Accounts and other	1,923,618	7,717,829	9,641,447
Accrued interest	-	6,324	6,324
Inventories	342,248	225,637	567,885
Restricted assets:			
Cash and cash equivalents	598,112	13,352,366	13,950,478
Service concession arrangement receivable:			
Due within one year	90,909	-	90,909
Due in more than one year	645,760	-	645,760
Investment in joint venture	-	19,593,276	19,593,276
Capital assets:			
Land	15,214,261	2,415,102	17,629,363
Water rights	-	70,245	70,245
Buildings and improvements	53,420,797	3,725,152	57,145,949
Equipment and vehicles	16,277,025	7,339,679	23,616,704
Infrastructure	175,473,306	137,700,969	313,174,275
Construction in progress	22,189,761	29,149,047	51,338,808
Accumulated depreciation	(88,306,247)	(44,438,286)	(132,744,533)
Total Assets	<u>291,781,065</u>	<u>200,535,624</u>	<u>492,316,689</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss on debt refunding	449,467	6,363	455,830
Deferred OPEB related outflows	543,637	181,794	725,431
Deferred pension related outflows	8,435,064	2,820,691	11,255,755
Total Deferred Outflows of Resources	<u>9,428,168</u>	<u>3,008,848</u>	<u>12,437,016</u>
<b>LIABILITIES</b>			
Accounts payable	3,924,413	5,326,209	9,250,622
Accrued liabilities	529,285	173,298	702,583
Retainage payable	36,284	468,045	504,329
Due to other governments	31,357	-	31,357
Unearned revenue	7,260,753	495,361	7,756,114
Accrued interest payable	455,705	167,430	623,135
Customer deposits	6,652	624,849	631,501

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

**CITY OF SCHERTZ, TEXAS**

STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b> (continued)			
Noncurrent liabilities:			
Due within one year:			
Compensated absences	\$ 251,984	\$ 99,742	\$ 351,726
Total OPEB liability	59,711	19,967	79,678
Service concession arrangement	55,241	-	55,241
Long-term debt	5,877,307	1,711,921	7,589,228
Due in more than one year:			
Compensated absences	1,007,934	398,967	1,406,901
Total OPEB liability	2,195,760	734,264	2,930,024
Net pension liability	18,574,745	6,211,410	24,786,155
Service concession arrangement	392,398	-	392,398
Long-term debt	74,692,672	26,150,143	100,842,815
Total Liabilities	<u>115,352,201</u>	<u>42,581,606</u>	<u>157,933,807</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred service concession arrangement	289,030	-	289,030
Deferred OPEB related inflows	979,343	327,493	1,306,836
Deferred pension related inflows	66,463	22,226	88,689
Total Deferred Inflows of Resources	<u>1,334,836</u>	<u>349,719</u>	<u>1,684,555</u>
<b>NET POSITION</b>			
Net investment in capital assets	136,442,093	114,831,425	251,273,518
Restricted for:			
Police and municipal court	674,628	-	674,628
PEG capital fees	884,536	-	884,536
Tourism development	2,616,414	-	2,616,414
Economic development	33,395,515	-	33,395,515
Parks and tree mitigation	785,703	-	785,703
Debt service	867,965	-	867,965
Scholarships and other purposes	1,086,357	-	1,086,357
Construction	-	6,640,756	6,640,756
Unrestricted	<u>7,768,985</u>	<u>39,140,966</u>	<u>46,909,951</u>
Total Net Position	<u>\$ 184,522,196</u>	<u>\$ 160,613,147</u>	<u>\$ 345,135,343</u>

**CITY OF SCHERTZ, TEXAS**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 8,244,956	\$ 470,879	\$ 1,683,811	\$ -
Public safety	22,195,399	4,067,387	734,606	-
Public environment	6,188,351	661,078	-	18,456,911
Parks and recreation	4,253,278	753,302	-	-
Cultural	1,380,793	315,222	7,520	-
Administration	5,363,700	-	-	-
Interest	2,555,917	-	-	-
Total Governmental Activities	<u>50,182,394</u>	<u>6,267,868</u>	<u>2,425,937</u>	<u>18,456,911</u>
Business-type activities:				
Water and sewer	30,088,159	31,589,783	-	14,180,619
EMS	10,176,945	9,503,821	-	-
Total Business-Type Activities	<u>40,265,104</u>	<u>41,093,604</u>	<u>-</u>	<u>14,180,619</u>
Total Primary Government	<u>\$ 90,447,498</u>	<u>\$ 47,361,472</u>	<u>\$ 2,425,937</u>	<u>\$ 32,637,530</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>
\$ (6,090,266)	\$ -	\$ (6,090,266)
(17,393,406)	-	(17,393,406)
12,929,638	-	12,929,638
(3,499,976)	-	(3,499,976)
(1,058,051)	-	(1,058,051)
(5,363,700)	-	(5,363,700)
(2,555,917)	-	(2,555,917)
<u>(23,031,678)</u>	<u>-</u>	<u>(23,031,678)</u>
-	15,682,243	15,682,243
-	(673,124)	(673,124)
-	15,009,119	15,009,119
<u>(23,031,678)</u>	<u>15,009,119</u>	<u>(8,022,559)</u>
25,118,429	-	25,118,429
19,646,841	-	19,646,841
2,593,660	-	2,593,660
1,059,808	-	1,059,808
88,347	-	88,347
4,678,690	1,927,277	6,605,967
820,465	479,479	1,299,944
591	(591)	-
<u>54,006,831</u>	<u>2,406,165</u>	<u>56,412,996</u>
<u>30,975,153</u>	<u>17,415,284</u>	<u>48,390,437</u>
<u>153,547,043</u>	<u>143,197,863</u>	<u>296,744,906</u>
<u>\$ 184,522,196</u>	<u>\$ 160,613,147</u>	<u>\$ 345,135,343</u>

**CITY OF SCHERTZ, TEXAS**

BALANCE SHEET  
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	General Fund	Capital Projects Fund	Debt Service Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 16,338,407	\$ 23,012,099	\$ 1,159,250
Investments	2,438,934	-	-
Receivables (net of allowances)			
Taxes	3,352,850	-	164,420
Accounts and other	1,840,329	-	-
Due from other funds	644,353	-	-
Inventory	342,248	-	-
Restricted assets:			
Cash and cash equivalents	598,112	-	-
Total Assets	<u>25,555,233</u>	<u>23,012,099</u>	<u>1,323,670</u>
<b>LIABILITIES</b>			
Accounts payable	3,522,925	253,110	-
Accrued salaries and benefits	529,285	-	-
Retainage payable	-	5,807	-
Customer deposits	6,652	-	-
Due to other governments	31,357	-	-
Due to other funds	91,499	-	-
Unearned revenues	52,765	-	-
Total Liabilities	<u>4,234,483</u>	<u>258,917</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues	2,083,134	-	209,812
Total Deferred Inflows of Resources	<u>2,083,134</u>	<u>-</u>	<u>209,812</u>
<b>FUND BALANCES</b>			
Nonspendable for:			
Inventory	342,248	-	-
Restricted for:			
Police and public safety/municipal court	355,469	-	-
Municipal court	786,902	-	-
PEG capital fees	884,536	-	-
Capital improvement	-	19,318,324	-
Debt service	-	-	1,113,858
Tourism development	-	-	-
Parks and tree mitigation	-	-	-
Historical Committee and library	-	-	-
Economic development	-	-	-
Animal control	44,690	-	-
Scholarships	149,097	-	-
Committed for:			
Capital Projects	-	3,434,858	-
Civic Center/SIED	1,155,078	-	-
Assigned for:			
Property replacement	954,151	-	-
Subsequent year's budget	2,564,504	-	-
Unassigned	12,000,941	-	-
Total Fund Balances	<u>19,237,616</u>	<u>22,753,182</u>	<u>1,113,858</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 25,555,233</u>	<u>\$ 23,012,099</u>	<u>\$ 1,323,670</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
\$ 29,560,533	\$ 7,723,892	\$ 6,816,535	\$ 84,610,716
2,253,041	-	-	4,691,975
1,183,053	-	-	4,700,323
7,949	-	75,340	1,923,618
-	-	-	644,353
-	-	-	342,248
-	-	-	598,112
<u>33,004,576</u>	<u>7,723,892</u>	<u>6,891,875</u>	<u>97,511,345</u>
8,742	85,746	53,890	3,924,413
-	-	-	529,285
-	30,477	-	36,284
-	-	-	6,652
-	-	-	31,357
-	-	644,353	735,852
-	7,207,988	-	7,260,753
<u>8,742</u>	<u>7,324,211</u>	<u>698,243</u>	<u>12,524,596</u>
-	-	-	2,292,946
-	-	-	2,292,946
-	-	-	342,248
-	-	319,159	674,628
-	-	-	786,902
-	-	-	884,536
-	-	3,011,662	22,329,986
-	-	-	1,113,858
-	-	2,616,414	2,616,414
-	-	785,703	785,703
-	-	105,668	105,668
32,995,834	399,681	-	33,395,515
-	-	-	44,690
-	-	-	149,097
-	-	-	3,434,858
-	-	-	1,155,078
-	-	-	954,151
-	-	-	2,564,504
-	-	(644,974)	11,355,967
<u>32,995,834</u>	<u>399,681</u>	<u>6,193,632</u>	<u>82,693,803</u>
<u>\$ 33,004,576</u>	<u>\$ 7,723,892</u>	<u>\$ 6,891,875</u>	<u>\$ 97,511,345</u>

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**CITY OF SCHERTZ, TEXAS**

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

SEPTEMBER 30, 2023

Total Fund Balances - Governmental Funds	\$	82,693,803
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.		194,268,903
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.		(76,696,839)
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.		(455,705)
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		(5,133,058)
Deferred loss		449,467
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.		2,292,946
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		(18,574,745)
Deferred outflows related to pensions		8,435,064
Deferred inflows related to pensions		(66,463)
Total OPEB liability		(2,255,471)
Deferred outflows related to OPEB		543,637
Deferred inflows related to OPEB		(979,343)
Net Position of Governmental Activities	\$	<u>184,522,196</u>

**CITY OF SCHERTZ, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Capital Projects Fund	Debt Service Fund
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>REVENUES</b>			
Taxes	\$ 33,136,640	\$ -	\$ 7,710,299
Permits and fees	2,077,759	-	-
Service fees	2,124,689	-	-
Fines and fees	448,805	-	-
Intergovernmental	2,319,760	201,621	-
Investment earnings	1,050,211	1,601,296	105,398
Miscellaneous	636,278	-	181,935
Total Revenues	<u>41,794,142</u>	<u>1,802,917</u>	<u>7,997,632</u>
<b>EXPENDITURES</b>			
Current:			
General government	6,943,385	-	-
Public safety	19,492,971	-	-
Public environment	1,782,809	-	-
Parks and recreation	3,134,333	-	-
Cultural	1,277,825	-	-
Administration	4,538,699	-	-
Capital outlay	1,584,157	21,307,128	-
Debt service:			
Principal	-	-	5,850,000
Interest and fiscal charges	-	-	2,893,986
Bond issue costs	-	-	4,200
Total Expenditures	<u>38,754,179</u>	<u>21,307,128</u>	<u>8,748,186</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,039,963</u>	<u>(19,504,211)</u>	<u>(750,554)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	850,880	3
Transfers out	<u>(869,246)</u>	<u>(3)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(869,246)</u>	<u>850,877</u>	<u>3</u>
<b>NET CHANGE IN FUND BALANCE</b>	2,170,717	(18,653,334)	(750,551)
<b>FUND BALANCES - BEGINNING</b>	<u>17,066,899</u>	<u>41,406,516</u>	<u>1,864,409</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 19,237,616</u>	<u>\$ 22,753,182</u>	<u>\$ 1,113,858</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
\$ 6,548,941	\$ -	\$ 1,059,808	\$ 48,455,688
-	-	251,565	2,329,324
-	-	681,595	2,806,284
-	-	211,080	659,885
-	504,579	35,671	3,061,631
1,262,346	376,272	283,167	4,678,690
-	-	2,252	820,465
<u>7,811,287</u>	<u>880,851</u>	<u>2,525,138</u>	<u>62,811,967</u>
264,776	-	116,815	7,324,976
-	-	86,793	19,579,764
-	-	-	1,782,809
-	-	93,032	3,227,365
-	-	17,123	1,294,948
593,805	-	69,915	5,202,419
-	515,788	735,021	24,142,094
-	-	-	5,850,000
-	-	-	2,893,986
-	-	-	4,200
<u>858,581</u>	<u>515,788</u>	<u>1,118,699</u>	<u>71,302,561</u>
<u>6,952,706</u>	<u>365,063</u>	<u>1,406,439</u>	<u>(8,490,594)</u>
-	-	18,957	869,840
-	-	-	(869,249)
-	-	18,957	591
6,952,706	365,063	1,425,396	(8,490,003)
<u>26,043,128</u>	<u>34,618</u>	<u>4,768,236</u>	<u>91,183,806</u>
<u>\$ 32,995,834</u>	<u>\$ 399,681</u>	<u>\$ 6,193,632</u>	<u>\$ 82,693,803</u>

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**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, 2023

Net Changes in Fund Balances - Governmental Funds \$ (8,490,003)

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

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

Capital outlay 42,437,393  
Depreciation expense (7,342,504)

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

(798,433)

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

Property taxes 38,302  
Court fines 51,397

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.

Repayment of principal of long-term debt 6,245,884  
Amortization of loss on refunding (57,272)

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

Compensated Absences (59,853)  
Net pension liability (970,449)  
Total OPEB liability (110,273)

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.

30,964

Change in Net Position of Governmental Activities \$ 30,975,153

**CITY OF SCHERTZ, TEXAS**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

SEPTEMBER 30, 2023

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer System	Schertz EMS	Total Enterprise Fund	Internal Service Fund
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 21,699,922	\$ 703,066	\$ 22,402,988	\$ -
Investments	1,183,797	-	1,183,797	-
Accounts receivable, net of allowance:				
Customer accounts	3,524,433	4,193,396	7,717,829	-
Due from other funds	91,499	-	91,499	-
Accrued interest	6,324	-	6,324	-
Inventory	<u>126,636</u>	<u>99,001</u>	<u>225,637</u>	<u>-</u>
Total Current Assets	<u>26,632,611</u>	<u>4,995,463</u>	<u>31,628,074</u>	<u>-</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	13,352,366	-	13,352,366	-
Investment in joint ventures	19,593,276	-	19,593,276	-
Capital assets:				
Land	2,415,102	-	2,415,102	-
Water rights	70,245	-	70,245	-
Buildings and improvements	3,630,652	94,500	3,725,152	-
Machinery, equipment, and vehicles	3,705,968	3,633,711	7,339,679	-
Infrastructure	137,700,969	-	137,700,969	-
Construction in progress	29,149,047	-	29,149,047	-
Less: accumulated depreciation	<u>(42,241,604)</u>	<u>(2,196,682)</u>	<u>(44,438,286)</u>	<u>-</u>
Total Noncurrent Assets	<u>167,376,021</u>	<u>1,531,529</u>	<u>168,907,550</u>	<u>-</u>
Total Assets	<u>194,008,632</u>	<u>6,526,992</u>	<u>200,535,624</u>	<u>-</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on refunding	6,363	-	6,363	-
Deferred OPEB related outflows	53,973	127,821	181,794	-
Deferred pension related outflows	<u>837,427</u>	<u>1,983,264</u>	<u>2,820,691</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>897,763</u>	<u>2,111,085</u>	<u>3,008,848</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, 2023

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer System	Schertz EMS	Total Enterprise Fund	Internal Service Fund
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 5,090,731	\$ 235,478	\$ 5,326,209	\$ -
Accrued liabilities	38,046	135,252	173,298	-
Retainage payable	468,045	-	468,045	-
Customer deposits	624,849	-	624,849	-
Accrued interest	167,430	-	167,430	-
Unearned revenue	493,926	1,435	495,361	-
Current portion of long-term liabilities:				
Compensated absences	28,379	71,363	99,742	-
Total OPEB liability	5,928	14,039	19,967	-
Long-term debt	<u>1,630,000</u>	<u>81,921</u>	<u>1,711,921</u>	<u>-</u>
Total Current Liabilities	<u>8,547,334</u>	<u>539,488</u>	<u>9,086,822</u>	<u>-</u>
Noncurrent liabilities:				
Compensated absences	113,517	285,450	398,967	-
Total OPEB liability	217,994	516,270	734,264	-
Net pension liability	1,844,090	4,367,320	6,211,410	-
Long-term debt	<u>25,986,300</u>	<u>163,843</u>	<u>26,150,143</u>	<u>-</u>
Total Noncurrent Liabilities	<u>28,161,901</u>	<u>5,332,883</u>	<u>33,494,784</u>	<u>-</u>
Total Liabilities	<u>36,709,235</u>	<u>5,872,371</u>	<u>42,581,606</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred OPEB related inflows	97,229	230,264	327,493	-
Deferred pension related inflows	<u>6,599</u>	<u>15,627</u>	<u>22,226</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>103,828</u>	<u>245,891</u>	<u>349,719</u>	<u>-</u>
Net investment in capital assets	113,545,660	1,285,765	114,831,425	-
Restricted for construction	6,640,756	-	6,640,756	-
Unrestricted	<u>37,906,916</u>	<u>1,234,050</u>	<u>39,140,966</u>	<u>-</u>
Total Net Position	<u>\$ 158,093,332</u>	<u>\$ 2,519,815</u>	<u>\$ 160,613,147</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, 2023

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer System	Schertz EMS	Total Enterprise Funds	Internal Service Fund
<b>OPERATING REVENUES</b>				
Fees charged to users	\$ 31,283,976	\$ 9,503,821	\$ 40,787,797	\$ -
Charges for premiums	-	-	-	4,916,591
Other charges	22,365	-	22,365	-
Miscellaneous	252,624	226,855	479,479	-
Total Operating Revenues	<u>31,558,965</u>	<u>9,730,676</u>	<u>41,289,641</u>	<u>4,916,591</u>
<b>OPERATING EXPENSES</b>				
Personnel services	3,133,344	7,495,019	10,628,363	4,916,591
General and administrative	3,437,318	826,089	4,263,407	-
Contractual services	19,339,339	725,326	20,064,665	-
Supplies and maintenance	484,010	684,047	1,168,057	-
Depreciation	2,806,641	446,464	3,253,105	-
Total Operating Costs	<u>29,200,652</u>	<u>10,176,945</u>	<u>39,377,597</u>	<u>4,916,591</u>
Operating Income (Loss)	<u>2,358,313</u>	<u>(446,269)</u>	<u>1,912,044</u>	<u>-</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment revenue	1,884,526	42,751	1,927,277	-
Rent revenue	283,442	-	283,442	-
Interest expense	(887,507)	-	(887,507)	-
Total Non-Operating Revenues (Expenses)	<u>1,280,461</u>	<u>42,751</u>	<u>1,323,212</u>	<u>-</u>
Income before contributions and transfers	3,638,774	(403,518)	3,235,256	-
Transfers out	(591)	-	(591)	-
Capital contributions - impact fees	1,198,349	-	1,198,349	-
Capital contributions - dedicated assets	12,982,270	-	12,982,270	-
<b>CHANGE IN NET POSITION</b>	<u>17,818,802</u>	<u>(403,518)</u>	<u>17,415,284</u>	<u>-</u>
<b>NET POSITION - BEGINNING</b>	<u>140,274,530</u>	<u>2,923,333</u>	<u>143,197,863</u>	<u>-</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 158,093,332</u>	<u>\$ 2,519,815</u>	<u>\$ 160,613,147</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, 2023

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer System	Schertz EMS	Total Enterprise	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers and users	\$ 31,518,539	\$ 9,346,596	\$ 40,865,135	\$ -
Cash received from interfund services	-	-	-	4,916,591
Cash paid to employees for services	(2,958,336)	(6,901,662)	(9,859,998)	(4,916,591)
Cash paid to suppliers for goods and services	(22,633,252)	(2,196,378)	(24,829,630)	-
Net Cash Provided By Operating Activities	<u>5,926,951</u>	<u>248,556</u>	<u>6,175,507</u>	<u>-</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	-	16,139	16,139	-
Transfers to other funds	(92,090)	-	(92,090)	-
Net Cash Used in Non-Capital Financing Activities	<u>(92,090)</u>	<u>16,139</u>	<u>(75,951)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(16,906,407)	(454,114)	(17,360,521)	-
Capital contributions - impact fees	1,198,349	-	1,198,349	-
Interest paid on long-term debt	(1,018,794)	-	(1,018,794)	-
Principal paid on long-term debt	(1,580,000)	(81,921)	(1,661,921)	-
Net Cash Used in Capital and Related Financing Activities	<u>(18,306,852)</u>	<u>(536,035)</u>	<u>(18,842,887)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Sale of investments	1,830,795	-	1,830,795	-
Payments from rentals	283,442	-	283,442	-
Interest and investment earnings	1,884,526	42,751	1,927,277	-
Net Cash Provided By (Used in) Investing Activities	<u>3,998,763</u>	<u>42,751</u>	<u>4,041,514</u>	<u>-</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(8,473,228)	(228,589)	(8,701,817)	-
Cash and cash equivalents at beginning of year:				
Cash and cash equivalents	27,484,127	931,655	28,415,782	-
Restricted cash and cash equivalents	16,041,389	-	16,041,389	-
	43,525,516	931,655	44,457,171	-
Cash and cash equivalents at end of year:				
Cash and cash equivalents	21,699,922	703,066	22,402,988	-
Restricted cash and cash equivalents	13,352,366	-	13,352,366	-
	<u>\$ 35,052,288</u>	<u>\$ 703,066</u>	<u>\$ 35,755,354</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, 2023

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer System	Schertz EMS	Total Enterprise	Internal Service Fund
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET</b>				
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 2,358,313	\$ (446,269)	\$ 1,912,044	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	2,806,641	446,464	3,253,105	-
Change in investment in joint venture	(1,412,676)	-	(1,412,676)	-
Decrease (increase) in accounts receivable	(42,561)	(384,403)	(426,964)	-
Decrease (increase) in inventory	(27,534)	20,315	(7,219)	-
Decrease (increase) in accounts receivable	-	2,311	2,311	-
Decrease (increase) in inventory	(532,946)	(1,299,635)	(1,832,581)	-
Decrease (increase) in accounts receivable	7,949	11,273	19,222	-
Increase (decrease) in accounts payable	2,067,625	16,458	2,084,083	-
Increase (decrease) in accrued liabilities	16,329	-	16,329	-
Increase (decrease) in customer deposits	(23,458)	-	(23,458)	-
Increase (decrease) in unearned revenue	25,593	323	25,916	-
Increase (decrease) in compensated absences	16,673	117,184	133,857	-
Increase (decrease) in net pension liability	1,002,386	2,477,501	3,479,887	-
Increase (decrease) in deferred OPEB inflows	57,175	140,312	197,487	-
Increase (decrease) in deferred pension inflows	(346,045)	(776,139)	(1,122,184)	-
Increase (decrease) in total OPEB liability	<u>(46,513)</u>	<u>(77,139)</u>	<u>(123,652)</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 5,926,951</u>	<u>\$ 248,556</u>	<u>\$ 6,175,507</u>	<u>\$ -</u>
<b>SCHEDULE OF NON-CASH CAPITAL ACTIVITIES</b>				
Developer contributions of capital assets	<u>12,982,270</u>	<u>-</u>	<u>12,982,270</u>	<u>-</u>
Total non-cash capital activities	<u>\$ 12,982,270</u>	<u>\$ -</u>	<u>\$ 12,982,270</u>	<u>\$ -</u>

## CITY OF SCHERTZ, TEXAS

### NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

#### 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. Elimination 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 receivables 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**

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.

**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, 2023, the City has a deficit unassigned fund balance of \$644,974 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, 2023, the City had the following cash, cash equivalents and investments:

	<u>Reported Value</u>	<u>Weighted Average Maturity (days)</u>
Investment type:		
LOGIC	\$ 45,184,902	39
Lone Star Investment Pool	28,596,255	21
Texas CLASS	43,105,965	23
Certificates of Deposit	3,436,837	79
U.S. Agency Securities	<u>2,402,680</u>	487
Subtotal	122,726,639	
Plus: depository and petty cash	<u>4,113,315</u>	
Total cash and investments	<u>\$ 126,839,954</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, 2023, 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, 2023, 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, 2023, 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, 2023, was \$0.4950 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, 2023 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	\$ 360,851	\$ -	\$ 174,915	\$ -	\$ -	\$ -
Sales tax	2,366,106	1,183,053	-	-	-	-
Occupancy taxes	-	-	-	75,340	-	-
Franchise taxes	622,754	-	-	-	-	-
Customers	-	-	-	-	3,610,656	11,773,966
Court fines	4,193,913	-	-	-	-	-
Other	165,240	7,949	-	-	-	-
Gross receivables	7,708,864	1,191,002	174,915	75,340	3,610,656	11,773,966
Less: allowance for uncollectible accounts	(2,515,685)	-	(10,495)	-	(86,223)	(7,580,570)
Net receivables	\$ 5,193,179	\$ 1,191,002	\$ 164,420	\$ 75,340	\$ 3,524,433	\$ 4,193,396

**D. Deferred Inflows and Outflows of Resources**

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

	<u>Unavailable</u>
General Fund	
Delinquent property taxes receivable	\$ 376,210
Court fines	<u>1,706,924</u>
Total General Fund	<u>2,083,134</u>
Debt Service Fund	
Delinquent property taxes receivable	<u>209,812</u>
Total Debt Service Fund	<u>209,812</u>
Total Governmental Funds	<u>\$ 2,292,946</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	\$ 449,467	\$ 6,363	\$ -	\$ 455,830
Related to pensions	8,435,064	837,427	1,983,264	11,255,755
Related to OPEB - SDBF	173,543	17,230	40,803	231,576
Related to OPEB - Retiree				
Health Plan	<u>370,094</u>	<u>36,743</u>	<u>87,018</u>	<u>493,855</u>
Total deferred outflow	<u>\$ 9,428,168</u>	<u>\$ 897,763</u>	<u>\$ 2,111,085</u>	<u>\$ 12,437,016</u>
Deferred inflows:				
Service concession arrangement	\$ 289,030	\$ -	\$ -	289,030
Related to pensions	66,463	6,599	15,627	88,689
Related to OPEB - SDBF	347,248	34,475	81,645	463,368
Related to OPEB - Retiree				
Health plan	<u>632,095</u>	<u>62,754</u>	<u>148,619</u>	<u>843,468</u>
Total deferred inflow	<u>\$ 1,334,836</u>	<u>\$ 103,828</u>	<u>\$ 245,891</u>	<u>\$ 1,684,555</u>

**E. Interfund Balances and Transfers**

The composition of interfund balances as of September 30, 2023, is as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Purpose</u>
Nonmajor Governmental	General	\$ 644,353	Short-term pool cash loan

The following schedule briefly summarizes the City's transfer activity for the year ending September 30, 2023:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General	Nonmajor governmental	\$ 18,957	Supplement funds sources
General	Capital Projects	850,204	Funding for various capital projects
Capital Projects	Debt Service	3	Supplement funds sources
General	Capital Projects	85	Supplement funds sources
Water and Sewer System	Capital Projects	591	Supplement funds sources

**F. Capital Assets**

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

	Beginning Balance	Additions	Reclassifications/ Retirements	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 8,883,427	\$ 6,330,834	\$ -	\$ 15,214,261
Construction in progress	<u>27,684,430</u>	<u>19,536,469</u>	<u>(25,031,138)</u>	<u>22,189,761</u>
Total capital assets not being depreciated	<u>36,567,857</u>	<u>25,867,303</u>	<u>(25,031,138)</u>	<u>37,404,022</u>
Capital assets being depreciated:				
Buildings and improvements	52,701,579	764,218	(45,000)	53,420,797
Machinery, equipment, and vehicles	15,472,681	1,133,948	(329,604)	16,277,025
Street and infrastructure	<u>136,194,073</u>	<u>39,703,062</u>	<u>(423,829)</u>	<u>175,473,306</u>
Total assets being depreciated	<u>204,368,333</u>	<u>41,601,228</u>	<u>(798,433)</u>	<u>245,171,128</u>
Less accumulated depreciation for:				
Buildings and improvements	(20,061,052)	(1,688,963)	-	(21,750,015)
Machinery, equipment, and vehicles	(9,287,505)	(1,268,419)	-	(10,555,924)
Street and infrastructure	<u>(51,615,186)</u>	<u>(4,385,122)</u>	<u>-</u>	<u>(56,000,308)</u>
Total accumulated depreciation	<u>(80,963,743)</u>	<u>(7,342,504)</u>	<u>-</u>	<u>(88,306,247)</u>
Total capital assets being depreciated, net	<u>123,404,590</u>	<u>34,258,724</u>	<u>(798,433)</u>	<u>156,864,881</u>
Governmental activities capital assets, net	<u>\$ 159,972,447</u>	<u>\$ 60,126,027</u>	<u>\$ (25,829,571)</u>	<u>\$ 194,268,903</u>
	Beginning Balance	Additions	Reclassifications/ Retirements	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,415,017	\$ 85	\$ -	\$ 2,415,102
Water rights	70,245	-	-	70,245
Construction in progress	<u>21,661,576</u>	<u>17,775,847</u>	<u>(10,288,376)</u>	<u>29,149,047</u>
Total capital assets, not being depreciated	<u>24,146,838</u>	<u>17,775,932</u>	<u>(10,288,376)</u>	<u>31,634,394</u>
Capital assets being depreciated:				
Buildings and improvements	3,703,626	21,526	-	3,725,152
Machinery, equipment, and vehicles	6,823,569	892,452	(376,342)	7,339,679
Infrastructure	<u>115,715,584</u>	<u>21,985,385</u>	<u>-</u>	<u>137,700,969</u>
Total assets being depreciated	<u>126,242,779</u>	<u>22,899,363</u>	<u>(376,342)</u>	<u>148,765,800</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,279,892)	(157,670)	-	(1,437,562)
Machinery, equipment, and vehicles	(5,990,529)	(728,555)	315,511	(6,403,573)
Infrastructure	<u>(34,246,974)</u>	<u>(2,350,177)</u>	<u>-</u>	<u>(36,597,151)</u>
Total accumulated depreciation	<u>(41,517,395)</u>	<u>(3,236,402)</u>	<u>315,511</u>	<u>(44,438,286)</u>
Total capital assets being depreciated, net	<u>84,725,384</u>	<u>19,662,961</u>	<u>(60,831)</u>	<u>104,327,514</u>
Business-type activities capital assets, net	<u>\$ 108,872,222</u>	<u>\$ 37,438,893</u>	<u>\$ (10,349,207)</u>	<u>\$ 135,961,908</u>

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

Governmental activities:	
General government	\$ 767,874
Public safety	1,183,347
Public environment	4,367,641
Parks and recreation	969,608
Cultural	46,324
Administration	7,710
Total	<u>\$ 7,342,504</u>
Business-type activities:	
Water and sewer system	\$ 2,792,230
EMS	444,172
Total	<u>\$ 3,236,402</u>
Total Depreciation	<u>\$ 10,578,906</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 primarily by 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, 2023 are as follows:

	Beginning Balance	Issued	Refunded/ Retired	Ending Balance	Amount Due Within One Year
<b>Governmental activities:</b>					
General Obligation Bonds	\$ 49,375,000	\$ -	\$ (3,330,000)	\$ 46,045,000	\$ 3,415,000
Certificates of Obligation	26,135,000	-	(1,570,000)	24,565,000	1,455,000
General Obligation Bonds- Private Placement	5,695,000	-	(950,000)	4,745,000	980,000
Premium from Debt	5,501,635	-	(368,577)	5,133,058	-
Financing Arrangement	109,228	-	(27,307)	81,921	27,307
Compensated Absences	1,200,065	539,879	(480,026)	1,259,918	251,984
<b>Total governmental</b>	<u>\$ 88,015,928</u>	<u>\$ 539,879</u>	<u>\$ (6,725,910)</u>	<u>\$ 81,829,897</u>	<u>\$ 6,129,291</u>
<b>Business-type activities:</b>					
General Obligation Bonds	\$ 3,630,000	\$ -	\$ (535,000)	\$ 3,095,000	\$ 560,000
Certificates of Obligation	22,845,000	-	(840,000)	22,005,000	855,000
General Obligation Bonds- Private Placement	635,000	-	(205,000)	430,000	215,000
Unamortized Premium	2,217,980	-	(131,680)	2,086,300	-
Financing Arrangement	327,685	-	(81,921)	245,764	81,921
Compensated Absences	364,852	279,798	(145,941)	498,709	99,743
<b>Total business-type</b>	<u>\$ 30,020,517</u>	<u>\$ 279,798</u>	<u>\$ (1,939,542)</u>	<u>\$ 28,360,773</u>	<u>\$ 1,811,664</u>

### 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, 2023, the City does not have bonds considered defeased and outstanding.

A summary of the terms of long-term debt outstanding at September 30, 2023, is as follows:

	Issue Amount	Maturity	Rate	Balance
<b>Governmental Activities</b>				
<b>General Obligation Bonds</b>				
2014 Series, Refunding	8,450,000	2030	2.0% - 4.0%	6,275,000
2015 Series, Refunding	4,185,000	2031	2.0% - 3.25%	1,140,000
2016 Series	5,880,000	2036	2.0% - 4.0%	4,095,000
2017 Series	3,935,000	2037	2.0% - 4.0%	3,000,000
2018 Series, Refunding	5,830,000	2033	3.125% - 5%	4,235,000
2020 Series, Refunding	7,555,000	2036	1.5% - 4%	5,660,000
2021 Series, Refunding	4,070,000	2033	2% - 4%	3,720,000
2022 Series	18,535,000	2042	4% - 5%	17,920,000
<b>Private Placement obligations</b>				
2007 Series GO	6,000,000	2027	4.07%	1,570,000
2018 Series GO Refunding	6,035,000	2028	2.12%	3,175,000
<b>Certificates of Obligation</b>				
2016 Series A	2,375,000	2036	2.0% - 4.0%	1,095,000
2016 Series B	1,475,000	2036	3.0% - 3.75%	1,065,000
2017 Series	4,935,000	2037	3.0% - 3.75%	3,205,000
2018 Series	4,845,000	2038	3.0% - 5.0%	3,675,000
2019 Series	4,015,000	2039	2.5% - 5%	2,970,000
2022 Series	4,740,000	2042	2% - 5%	4,565,000
2022 Series A	8,265,000	2042	4% - 5%	7,990,000
<b>Total Governmental Long-Term Obligations</b>				<b>\$ 75,355,000</b>
<b>Business-type Activities</b>				
<b>General Obligation Bonds</b>				
2018 Series, Refunding	2,740,000	2026	3.125% - 5%	\$ 1,295,000
2021 Series, Refunding	1,945,000	2033	2% - 3%	1,800,000
<b>Certificates of Obligation</b>				
2018 Series	5,595,000	2028	3.0% - 5.0%	4,620,000
2019 Series	3,480,000	2039	2.5% - 5%	2,960,000
2022 Series	4,650,000	2042	2% - 5%	4,500,000
2022 Series A	10,265,000	2042	1.5% - 5%	9,925,000
<b>Private Placement obligations</b>				
2013 Series GO Refunding	2,130,000	2025	2.58%	430,000
<b>Total Business-Type Long-Term Obligations</b>				<b>\$ 25,530,000</b>

Annual future debt service requirements of bonded debt as of September 30, 2023, are as follows:

*Governmental activities:*

Year Ended September 30,	General Obligation Bonds			Certificates of Obligation		
	Principal	Interest	Total	Principal	Interest	Total
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	3,510,000	1,150,263	4,660,263	1,235,000	675,456	1,910,456
2029-2033	16,460,000	3,846,984	20,306,984	7,015,000	2,569,272	9,584,272
2034-2038	8,655,000	1,717,388	10,372,388	7,600,000	1,199,806	8,799,806
2039-2042	5,100,000	418,000	5,518,000	3,380,000	233,088	3,613,088
Total	\$ 46,045,000	\$ 12,991,810	\$ 59,036,810	\$ 24,565,000	\$ 7,923,535	\$ 32,488,535

Private Placement Debt

Year Ended September 30,	General Obligation Bonds		
	Principal	Interest	Total
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	\$ 4,745,000	\$ 301,670	\$ 5,046,670

*Business-type activities:*

Year Ended September 30,	General Obligation Bonds			Certificates of Obligation		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 560,000	\$ 106,150	\$ 666,150	\$ 855,000	\$ 846,313	\$ 1,701,313
2025	595,000	78,825	673,825	890,000	803,813	1,693,813
2026	615,000	50,200	665,200	945,000	759,138	1,704,138
2027	175,000	32,150	207,150	985,000	712,263	1,697,263
2028	180,000	25,950	205,950	1,035,000	664,463	1,699,463
2029-2033	970,000	51,875	1,021,875	5,915,000	2,574,931	8,489,931
2034-2038	-	-	-	7,160,000	1,327,738	8,487,738
2039-2042	-	-	-	4,220,000	286,269	4,506,269
Total	\$ 3,095,000	\$ 345,150	\$ 3,440,150	\$ 22,005,000	\$ 7,974,926	\$ 29,979,926

Private Placement Debt

Year Ended September 30,	General Obligation Bonds		
	Principal	Interest	Total
2024	\$ 215,000	\$ 8,321	\$ 223,321
2025	215,000	2,774	217,774
Total	\$ 430,000	\$ 11,095	\$ 441,095



### 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](http://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, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	145
Inactive employees entitled to but not yet receiving benefits	294
Active employees	<u>379</u>
Total	<u>818</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 16.36% and 16.40% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2023 were \$4,349,322 and were equal to the required contributions.

**Net Pension Liability.** The City's Net Pension Liability (NPL) was measured as of December 31, 2022, 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, 2022, 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 weighing 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)
Global Equity	35.00%	7.70%
Core fixed income	6.00%	4.90%
Non-core fixed income	20.00%	8.70%
Other Public and Private Mar	12.00%	8.10%
Real estate	12.00%	5.80%
Hedge Funds	5.00%	6.90%
Private Equity	<u>10.00%</u>	11.80%
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, 2022:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2021	\$ 92,926,641	\$ 81,459,290	\$ 11,467,351
Changes for the year:			
Service cost	4,576,714	-	4,576,714
Interest	6,323,215	-	6,323,215
Difference between expected and actual experience	2,387,281	-	2,387,281
Change in assumptions	-	-	-
Contributions - employer	-	4,133,310	(4,133,310)
Contributions - employee	-	1,783,798	(1,783,798)
Net investment income	-	(5,958,648)	5,958,648
Benefit payments, including refunds of employee contributions	(3,075,473)	(3,075,473)	-
Administrative expense	-	(51,455)	51,455
Other changes	-	61,401	(61,401)
Net changes	<u>10,211,737</u>	<u>(3,107,067)</u>	<u>13,318,804</u>
Balance at 12/31/2022	<u>\$ 103,138,378</u>	<u>\$ 78,352,223</u>	<u>\$ 24,786,155</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	\$ 41,973,780	\$ 24,786,155	\$ 10,942,330

**Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions.** For the year ended September 30, 2023, the City recognized pension expense of \$5,793,266. Also, as of September 30, 2023, 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	\$ 2,516,875	\$ 88,689
Changes in actuarial assumptions	60,695	-
Difference between projected and actual investment earnings	5,398,546	-
Contributions subsequent to the measurement date	3,279,639	-
Total	<u>\$ 11,255,755</u>	<u>\$ 88,689</u>

\$3,279,639 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30,		
2024	\$	1,119,319
2025		2,004,523
2026		2,132,376
2027		2,631,209

**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, 2022, the valuation and measurement date, consisted of:

Inactive employees or beneficiaries currently receiving benefits	113
Inactive employees entitled to but not yet receiving benefits	78
Active employees	379
Total	<u>570</u>

**Contributions.** The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.22% for 2023 and 0.14% for 2022, of which 0.06% 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, 2023, were \$15,299 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, 2022 actuarial valuation was determined using the following actuarial assumptions and inputs:

Measurement year ended December 31,	2022
Inflation rate	2.50% per annum
Discount rate	4.05%
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, 2022, 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 4.05% 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, 2022.

**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 (4.05%) in measuring the total OPEB liability.

	1% Decrease in Discount Rate (3.05%)	Discount Rate (4.05%)	1% Increase in Discount Rate (5.05%)
Total SDB OPEB Liability	\$ 937,388	\$ 763,943	\$ 631,700

**Changes in the Total OPEB Liability.** Total City's Total OPEB Liability (TOL), based on the above actuarial factors, as of December 31, 2022, the measurement and actuarial valuation date, was calculated as follows:

	Total OPEB Liability
Balance at 12/31/2021	\$ 1,153,668
Changes for the year:	
Service cost	73,900
Interest	21,768
Difference between expected and actual experience	(7,347)
Changes of assumptions or other inputs	(462,756)
Benefit payments, including refunds of employee contributions	(15,290)
Net changes	<u>(389,725)</u>
Balance at 12/31/2022	<u>\$ 763,943</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 1.84% to 4.05%.

**OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB.** For the year ended September 30, 2023, the City recognized OPEB expense of \$70,745. Also, as of September 30, 2023, the City reported deferred outflows and inflows of resources related to the TMRS OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 27,345	\$ 53,924
Changes in actuarial assumptions	192,069	409,444
Contributions subsequent to the measurement date	<u>12,162</u>	<u>-</u>
Total	<u>\$ 231,576</u>	<u>\$ 463,368</u>

\$12,162 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, 2024. 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:

For the Year Ended September 30,	
2024	\$ (24,920)
2025	(30,239)
2026	(36,365)
2027	(45,188)
2028	(66,457)
Thereafter	(40,785)

**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, 2022, 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 \$582 for retiree only to \$2,056 for a retiree and their family.

The City's Retiree Health OPEB Liability (TOL) as of December 31, 2022, was calculated as follows:

	<u>Total OPEB Liability</u>
Balance at 12/31/2021	\$ 2,532,303
Changes for the year:	
Service cost	230,479
Interest	48,122
Difference between expected and actual experience	(4,764)
Changes of assumptions or other inputs	(495,992)
Benefit payments, including refunds of employee contributions	<u>(64,389)</u>
Net changes	<u>(286,544)</u>
Balance at 12/31/2022	<u>\$ 2,245,759</u>

The actuarial valuation was performed as of December 31, 2021. Changes of assumptions reflect a change in the discount rate from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022, 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 4.05% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower (3.05%) and 1-percentage point higher (5.05%) than the current rate:

	<u>1% Decrease in Discount Rate (3.05%)</u>	<u>Discount Rate (4.05%)</u>	<u>1% Increase in Discount Rate (5.05%)</u>
Total OPEB liability - retiree health	\$ 2,458,112	\$ 2,245,759	\$ 2,053,109

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	\$ 1,974,182	\$ 2,245,759	\$ 2,568,257

For the year ended September 30, 2023, the City recognized OPEB expense of \$234,324. Also, as of September 30, 2023, 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	\$ 117,049	\$ 205,267
Changes in actuarial assumptions	311,224	638,201
Contributions subsequent to the measurement date	65,582	-
Total	<u>\$ 493,855</u>	<u>\$ 843,468</u>

\$65,582 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, 2024. 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>	
2024	\$ (44,278)
2025	(44,278)
2026	(44,278)
2027	(44,278)
2028	(52,557)
Thereafter	(185,526)

### **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 4,128,161 for the year ended September 30, 2023. 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 \$154,757,663 (as of September 30, 2022, 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 \$18,725,100. This amount reflects the City's portion of the net position of SSLGC as of September 30, 2022, 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, 2023. 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 \$868,176 as of September 30, 2022.

## **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 \$32,186,700 of the total \$45,000,000. The Zone has a statutory termination date of December 31, 2027. The TIRZ has collected \$5,309,333 from taxing entities (net of administrative reimbursements) and remitted \$4,100,000 to the developer as of September 30, 2023.

### **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, 2023, 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, 2023, 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 2022-23 Amt.</u>	<u>Est. Remaining Grant</u>
SEDC - LGC 501.101	\$ 71,944	\$ 509,704
SEDC - LGC 501.103	50,000	13,028,000

### **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 \$736,669. 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, 2023, 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 \$736,669 on the government-wide statements at year-end pursuant to the service concession arrangement, and a liability of \$392,398 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 commitments to CCMA are as follows:

Year Ended September 30,		
2024	\$	715,050
2025		714,050
2026		710,850
2027		717,200
2028		712,650
2029-2033		3,569,100
2034-2038		3,567,950
2039-2043		3,571,600
2044		<u>712,400</u>
Total	\$	<u>14,990,850</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	\$ 3,283,216	\$ 1,237,979	\$ 2,045,237
FM 2252 Water Relocation	275,000	235,844	39,156
SCADA Upgrade	189,000	18,725	170,275
Lookout Rd Signalization	60,000	42,233	17,767
Lookout Rd Reconstruction	330,000	222,959	107,041
Fire Station 4	762,168	755,952	6,216
Badge Access Upgrade	65,639	44,280	21,359
Great N Trail 2	160,000	56,911	103,089
Energy Efficient Projects	<u>1,264,323</u>	<u>14,323</u>	<u>1,250,000</u>
Total Governmental Commitments	<u>6,389,346</u>	<u>2,629,206</u>	<u>3,760,140</u>
Business-Type Activities:			
Woman Hollering WasteWater	13,252,837	10,864,028	2,388,809
E Live Oak Pump Additions	1,603,509	1,602,509	1,000
Corbett Ground Storage	8,673,060	1,305,635	7,367,425
Riata Lift Station Relocation	143,000	131,541	11,459
E Live Oak -IH35 24" Line	1,806,076	1,330,233	475,843
FM1518 Utility Relocation	2,128,920	1,789,828	339,092
Loop Lines Project 1	200,000	121,265	78,735
Total Business-Type Activities	<u>27,807,402</u>	<u>17,145,039</u>	<u>10,662,363</u>
Total Estimated Future Commitments	<u>\$ 34,196,748</u>	<u>\$ 19,774,245</u>	<u>\$ 14,422,503</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 Guidance

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

The Government Accounting Standards Board (GASB) has amended the existing standards regarding capitalization thresholds for assets. The amended guidance for the capitalization threshold comes from GASB Implementation Guide 2021-1, Question 5.1. Capitalization policies adopted by governments include many considerations such as finding an appropriate balance between ensuring that all significant capital assets, collectively, are capitalized and minimizing the cost of recordkeeping for capital assets. A government should capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. Computers, classroom furniture and library books are examples of asset types that may not meet a capitalization policy on an individual basis yet could be significantly collectively. In this example, if the \$150,000 aggregate amount (100 computers costing \$1,500 each) is significant, the government should capitalize the computers. The amended guidance is effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 99, *Omnibus 2022* – The objective of this Statement is to correct practice issues identified during implementation and application of certain GASB Statements and financial reporting for financial guarantees. There are various effective dates 1.) upon issuance 2.) fiscal years beginning after June 15, 2022, and 3.) fiscal years beginning after June 15, 2023.

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.

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**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, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 33,237,400	\$ 33,237,400	\$ 33,136,640	\$ (100,760)
Permits and fees	1,763,420	1,763,420	2,077,759	314,339
Service fees	1,896,334	1,896,334	2,124,689	228,355
Fines and fees	694,450	694,450	448,805	(245,645)
Intergovernmental	1,934,268	1,934,268	2,319,760	385,492
Investment earnings	275,000	275,000	1,050,211	775,211
Miscellaneous	<u>613,725</u>	<u>613,725</u>	<u>636,278</u>	<u>22,553</u>
Total Revenues	<u>40,414,597</u>	<u>40,414,597</u>	<u>41,794,142</u>	<u>1,379,545</u>
<b>EXPENDITURES</b>				
General government:				
Council	133,870	133,870	119,967	13,903
City manager	1,379,658	1,379,658	1,217,444	162,214
Municipal court	416,604	416,702	414,254	2,448
311 customer relations	121,062	121,062	130,382	(9,320)
Planning & zoning	376,096	376,096	339,307	36,789
Legal	137,200	137,200	69,233	67,967
City secretary	233,574	265,574	199,001	66,573
Nondepartmental	2,846,352	2,846,352	2,522,461	323,891
Public affairs	662,484	662,484	612,060	50,424
Engineering	1,263,845	1,263,845	1,065,116	198,729
Citizens assistance	339,806	339,806	288,081	51,725
Special events	<u>24,000</u>	<u>24,000</u>	<u>47,750</u>	<u>(23,750)</u>
Total General Government	<u>7,934,551</u>	<u>7,966,649</u>	<u>7,025,056</u>	<u>941,593</u>
Public safety:				
Police department	12,279,644	12,279,644	11,422,254	857,390
Fire department	7,653,804	7,653,804	7,756,540	(102,736)
Inspection	<u>1,271,297</u>	<u>1,271,297</u>	<u>1,141,246</u>	<u>130,051</u>
Total Public Safety	<u>21,204,745</u>	<u>21,204,745</u>	<u>20,320,040</u>	<u>884,705</u>
Public environment:				
Streets	<u>2,587,507</u>	<u>2,587,507</u>	<u>2,278,233</u>	<u>309,274</u>
Total Public Environment	<u>2,587,507</u>	<u>2,587,507</u>	<u>2,278,233</u>	<u>309,274</u>
Parks and recreation:				
Parks	2,312,157	2,312,157	2,064,222	247,935
Pools	580,824	580,824	562,063	18,761
Community/Civic Center	<u>466,985</u>	<u>466,985</u>	<u>523,587</u>	<u>(56,602)</u>
Total Parks and Recreation	<u>3,359,966</u>	<u>3,359,966</u>	<u>3,149,872</u>	<u>210,094</u>
Cultural:				
Library	<u>1,292,795</u>	<u>1,292,795</u>	<u>1,277,825</u>	<u>14,970</u>
Total Cultural	<u>1,292,795</u>	<u>1,292,795</u>	<u>1,277,825</u>	<u>14,970</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, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
<b>EXPENDITURES (CONTINUED)</b>				
Administration:				
Information technology	3,063,097	3,063,097	2,884,167	178,930
Human resources	768,340	768,340	750,341	17,999
Finance	755,468	755,468	729,239	26,229
Purchasing & asset management	295,370	295,370	282,934	12,436
Building maintenance	1,956,575	1,956,575	2,000,292	(43,717)
Fleet service	1,351,130	1,351,130	1,212,819	138,311
Interfund charges	<u>(3,112,873)</u>	<u>(3,112,873)</u>	<u>(3,156,639)</u>	<u>43,766</u>
Total Administration	<u>5,077,107</u>	<u>5,077,107</u>	<u>4,703,153</u>	<u>373,954</u>
Total Expenditures	<u>41,456,671</u>	<u>41,488,769</u>	<u>38,754,179</u>	<u>2,734,590</u>
Excess of revenues over expenditures	(1,042,074)	(1,074,172)	3,039,963	4,114,135
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	9,000	9,000	-	(9,000)
Transfers out	<u>(877,757)</u>	<u>(877,757)</u>	<u>(869,246)</u>	<u>8,511</u>
Total Other Financing Sources (Uses)	<u>(868,757)</u>	<u>(868,757)</u>	<u>(869,246)</u>	<u>(489)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,910,831)	(1,942,929)	2,170,717	4,113,646
<b>FUND BALANCE - BEGINNING</b>	<u>17,066,899</u>	<u>17,066,899</u>	<u>17,066,899</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 15,156,068</u>	<u>\$ 15,123,970</u>	<u>\$ 19,237,616</u>	<u>\$ 4,113,646</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, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 6,548,000	\$ 6,548,000	\$ 6,548,941	\$ 941
Investment income	182,000	182,000	1,262,346	1,080,346
Total Revenues	<u>6,730,000</u>	<u>6,730,000</u>	<u>7,811,287</u>	<u>1,081,287</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,687,439	3,685,798	264,776	3,421,022
Administration	613,521	615,162	593,805	21,357
Total Expenditures	<u>4,300,960</u>	<u>4,300,960</u>	<u>858,581</u>	<u>3,442,379</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(5,750,000)</u>	<u>(5,750,000)</u>	-	5,750,000
Total Other Financing Sources (Uses)	<u>(5,750,000)</u>	<u>(5,750,000)</u>	-	<u>5,750,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(3,320,960)</u>	<u>(3,320,960)</u>	<u>6,952,706</u>	<u>10,273,666</u>
<b>FUND BALANCE - BEGINNING</b>	<u>26,043,128</u>	<u>26,043,128</u>	<u>26,043,128</u>	-
<b>FUND BALANCE - ENDING</b>	<u>\$ 22,722,168</u>	<u>\$ 22,722,168</u>	<u>\$ 32,995,834</u>	<u>\$ 10,273,666</u>

**CITY OF SCHERTZ, TEXAS**

NOTES TO BUDGETARY SCHEDULES

SEPTEMBER 30, 2023

**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, 2023, 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, 2023

<b>Measurement Date December 31,</b>	<u><b>2022</b></u>	<u><b>2021</b></u>	<u><b>2020</b></u>
<b>Total pension liability</b>			
Service cost	\$ 4,576,714	\$ 4,211,795	\$ 3,761,994
Interest on total pension liability	6,323,215	5,766,957	5,326,206
Difference between expected and actual experience	2,387,281	1,060,260	(154,592)
Change of assumptions	-	-	-
Benefit payments/refunds of contributions	<u>(3,075,473)</u>	<u>(2,885,733)</u>	<u>(2,372,023)</u>
Net Change in Total Pension Liability	10,211,737	8,153,279	6,561,585
Total Pension Liability, Beginning	<u>92,926,641</u>	<u>84,773,362</u>	<u>78,211,777</u>
Total Pension Liability, Ending (a)	<u>\$ 103,138,378</u>	<u>\$ 92,926,641</u>	<u>\$ 84,773,362</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 4,133,310	\$ 3,831,461	\$ 3,327,434
Contributions - employee	1,783,798	1,643,398	1,474,466
Net investment income	(5,958,648)	9,113,755	4,760,749
Benefit payments/refunds of contributions	(3,075,473)	(2,885,733)	(2,372,023)
Administrative expenses	(51,455)	(42,101)	(30,767)
Other	<u>61,401</u>	<u>288</u>	<u>(1,200)</u>
Net Change in Fiduciary Position	(3,107,067)	11,661,068	7,158,659
Fiduciary Net Position, Beginning	<u>81,459,290</u>	<u>69,798,222</u>	<u>62,639,563</u>
Fiduciary Net Position, Ending (b)	<u>78,352,223</u>	<u>81,459,290</u>	<u>69,798,222</u>
<b>Net pension liability = (a)-(b)</b>	<u>\$ 24,786,155</u>	<u>\$ 11,467,351</u>	<u>\$ 14,975,140</u>
Fiduciary Net Position as a Percentage of Total Pension Liability	75.97%	87.66%	82.34%
Covered Payroll	\$ 25,497,946	\$ 23,477,118	\$ 21,063,794
Net Pension Liability as a Percentage of Covered Payroll	97.21%	48.84%	71.09%

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.

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$	3,421,878	\$ 3,301,265	\$ 3,073,538	\$ 2,855,745	\$ 2,724,337	\$ 2,558,743
	4,898,478	4,505,483	4,111,517	3,763,562	3,556,428	3,245,266
	(108,478)	34,393	416,585	139,216	120,434	(122,286)
	263,015	-	-	-	59,193	-
	<u>(2,244,447)</u>	<u>(1,914,159)</u>	<u>(1,843,774)</u>	<u>(1,581,272)</u>	<u>(1,570,211)</u>	<u>(1,068,487)</u>
	6,230,446	5,926,982	5,757,866	5,177,251	4,890,181	4,613,236
	<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>	<u>45,615,815</u>
\$	<u>78,211,777</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>
\$	3,163,340	\$ 3,033,936	\$ 2,793,644	\$ 2,627,335	\$ 2,542,565	\$ 2,403,929
	1,380,585	1,326,518	1,232,232	1,152,864	1,095,260	1,077,097
	8,093,416	(1,540,890)	5,999,805	2,602,572	53,742	1,841,586
	(2,244,447)	(1,914,159)	(1,843,774)	(1,581,272)	(1,570,211)	(1,068,487)
	(45,681)	(29,768)	(31,080)	(29,385)	(32,727)	(19,219)
	<u>(1,373)</u>	<u>(1,554)</u>	<u>(1,575)</u>	<u>(1,583)</u>	<u>(1,616)</u>	<u>(1,580)</u>
	10,345,840	874,083	8,149,252	4,770,531	2,087,013	4,233,326
	<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>32,179,518</u>
	<u>62,639,563</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>15,572,214</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>
	80.09%	72.65%	77.84%	71.76%	69.85%	72.49%
\$	19,722,641	\$ 18,896,766	\$ 17,603,310	\$ 16,478,620	\$ 15,648,114	\$ 15,389,154
	78.96%	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, 2023

<b>Fiscal Year Ended September 30,</b>	<u><b>2023</b></u>	<u><b>2022</b></u>	<u><b>2021</b></u>
Actuarially determined contribution	\$ 4,349,322	\$ 4,245,872	\$ 3,700,948
Contributions in relation to the actuarially determined contribution	<u>4,349,322</u>	<u>4,245,872</u>	<u>3,700,948</u>
Contribution deficiency (excess)	-	-	-
Covered payroll	26,535,541	26,163,046	22,879,083
Contributions as a percentage of covered payroll	16.39%	16.23%	16.18%

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	23 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.

<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
\$ 3,235,479	\$ 3,129,413	\$ 2,971,592	\$ 2,756,511	\$ 2,592,593	\$ 2,487,856
<u>3,235,479</u>	<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>
-	-	-	-	-	-
20,401,412	19,520,269	18,605,654	17,347,849	16,175,988	15,486,735
15.86%	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, 2023

Measurement Date December 31,	2022	2021	2020	2019	2018	2017
<b>Total OPEB liability</b>						
Service cost	\$ 73,900	\$ 70,429	\$ 50,554	\$ 33,528	\$ 37,794	\$ 29,926
Interest on total OPEB liability	21,768	21,248	22,915	26,904	21,182	20,123
Differences in actuarial experience	(7,347)	(1,360)	(4,382)	(105,282)	86,276	-
Change of assumptions	(462,756)	42,012	158,118	148,494	(54,027)	57,257
Benefit payments	(15,290)	(11,739)	(4,213)	(3,945)	(3,779)	(3,521)
Net change in total OPEB liability	(389,725)	120,590	222,992	99,699	87,446	103,785
Total OPEB liability, beginning	1,153,668	1,033,078	810,086	710,387	622,941	519,156
Total OPEB liability, ending (a)	\$ 763,943	\$ 1,153,668	\$ 1,033,078	\$ 810,086	\$ 710,387	\$ 622,941
Covered-employee payroll	\$ 25,497,946	\$ 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	3.00%	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	4.05%
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.

**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, 2023

<b>Measurement Date December 31,</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total OPEB liability</b>					
Service cost	\$ 230,479	\$ 161,830	\$ 141,084	\$ 125,648	\$ 121,821
Interest on total OPEB liability	48,122	50,064	60,561	78,646	67,947
Difference in actuarial experience	(4,764)	134,106	4,341	(343,086)	14,962
Change of assumptions	(495,992)	(191,684)	161,146	275,398	(81,106)
Benefit payments	<u>(64,389)</u>	<u>(88,569)</u>	<u>(64,499)</u>	<u>(59,401)</u>	<u>(57,530)</u>
Net change in total OPEB liability	(286,544)	65,747	302,633	77,205	66,094
Total OPEB liability, beginning	<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>
Total OPEB liability, ending (a)	<u>\$ 2,245,759</u>	<u>\$ 2,532,303</u>	<u>\$ 2,466,556</u>	<u>\$ 2,163,923</u>	<u>\$ 2,086,718</u>
Covered payroll	\$ 25,255,936	\$ 23,290,477	\$ 20,870,983	\$ 19,521,924	\$ 18,974,951
Total OPEB liability as a percentage of covered payroll	8.89%	10.87%	11.82%	11.08%	11.00%

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**

<b>Valuation Date:</b>	December 31, 2021
<b>Methods and Assumptions Used to Determine Contribution Rates:</b>	
Actuarial cost method	Individual entry-age
Discount rate	4.05% 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 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022.

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## SUPPLEMENTARY INFORMATION

### Comparative Schedules – Governmental Funds

**General Fund**  
**Economic Development Corporation**  
**Debt Service Fund**  
**Capital Projects Fund**  
**American Recovery Program 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, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 16,338,407	\$ 12,128,331
Investments	2,438,934	2,404,552
Receivables (net of allowances)		
Taxes	3,352,850	3,174,973
Accounts and other	1,840,329	2,128,452
Due from other funds	644,353	648,630
Inventory	342,248	154,096
Prepaid items	-	28,090
Restricted assets:		
Cash and cash equivalents	<u>598,112</u>	<u>869,564</u>
Total Assets	<u>25,555,233</u>	<u>21,536,688</u>
<b>LIABILITIES</b>		
Accounts payable	3,522,925	1,752,626
Accrued salaries and benefits	529,285	431,088
Customer deposits	6,652	105,891
Due to other governments	31,357	83,060
Due to other funds	91,499	16,139
Unearned revenues	<u>52,765</u>	<u>50,078</u>
Total Liabilities	<u>4,234,483</u>	<u>2,438,882</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenues	<u>2,083,134</u>	<u>2,030,907</u>
Total Deferred Inflows of Resources	<u>2,083,134</u>	<u>2,030,907</u>
<b>FUND BALANCES</b>		
Nonspendable for:		
Inventory	342,248	154,096
Prepaid items	-	28,090
Restricted for:		
Police and public safety/municipal court	355,469	302,725
Municipal court	786,902	812,283
PEG capital fees	884,536	967,885
Animal control	44,690	42,825
Scholarships	149,097	134,632
Committed for:		
Civic Center/CIED	1,155,078	1,021,594
Assigned for:		
Property replacement	954,151	909,889
Subsequent year's budget	2,564,504	446,341
Unassigned	<u>12,000,941</u>	<u>12,246,539</u>
Total Fund Balances	<u>19,237,616</u>	<u>17,066,899</u>
Total Liabilities, Deferred inflows of Resources, and Fund Balances	<u>\$ 25,555,233</u>	<u>\$ 21,536,688</u>

**CITY OF SCHERTZ, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2022)

	<u>2023</u>	<u>2022</u>
<b>REVENUES</b>		
Taxes	\$ 33,136,640	\$ 29,892,435
Permits and fees	2,077,759	2,204,543
Service fees	2,124,689	2,134,517
Fines and fees	448,805	657,480
Intergovernmental	2,319,760	1,730,576
Investment earnings	1,050,211	90,883
Miscellaneous	636,278	613,268
Total Revenues	<u>41,794,142</u>	<u>37,323,702</u>
<b>EXPENDITURES</b>		
Current:		
General government	6,943,385	6,051,339
Public safety	19,492,971	18,243,849
Public environment	1,782,809	1,766,558
Parks and recreation	3,134,333	2,567,764
Cultural	1,277,825	1,144,684
Administration	4,538,699	3,991,262
Capital outlay	1,584,157	646,563
Total Expenditures	<u>38,754,179</u>	<u>34,412,019</u>
Excess (Deficiency) of Revenues Over Expenditures	3,039,963	2,911,683
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	-	37,853
Transfers out	(869,246)	(2,361,204)
Total Other Financing Sources (Uses)	<u>(869,246)</u>	<u>(2,323,351)</u>
<b>NET CHANGE IN FUND BALANCE</b>	2,170,717	588,332
<b>FUND BALANCES - BEGINNING</b>	<u>17,066,899</u>	<u>16,478,567</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 19,237,616</u>	<u>\$ 17,066,899</u>

**CITY OF SCHERTZ, TEXAS**

COMPARATIVE BALANCE SHEETS

ECONOMIC DEVELOPMENT CORPORATION

SEPTEMBER 30, 2023

(WITH COMPARATIVE TOTALS FOR 2022)

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 29,560,533	\$ 22,721,336
Investments	2,253,041	2,227,105
Receivables, net of allowances:		
Taxes	1,183,053	1,101,960
Accounts and other	7,949	7,949
Prepaid items	-	990
Total Assets	<u>33,004,576</u>	<u>26,059,340</u>
<b>LIABILITIES</b>		
Accounts payable	<u>8,742</u>	<u>16,212</u>
Total Liabilities	<u>8,742</u>	<u>16,212</u>
<b>FUND BALANCES</b>		
Restricted for:		
Economic development	<u>32,995,834</u>	<u>26,043,128</u>
Total Fund Balances	<u>32,995,834</u>	<u>26,043,128</u>
Total Liabilities and Fund Balances	<u>\$ 33,004,576</u>	<u>\$ 26,059,340</u>

**CITY OF SCHERTZ, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2022)

	<u>2023</u>	<u>2022</u>
<b>REVENUES</b>		
Taxes	\$ 6,548,941	\$ 6,025,703
Investment earnings	<u>1,262,346</u>	<u>201,279</u>
Total Revenues	<u>7,811,287</u>	<u>6,226,982</u>
<b>EXPENDITURES</b>		
Current:		
General government	264,776	218,302
Administration	<u>593,805</u>	<u>531,783</u>
Total Expenditures	<u>858,581</u>	<u>750,085</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,952,706	5,476,897
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers out	<u>-</u>	<u>(1,240,000)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,240,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	6,952,706	4,236,897
<b>FUND BALANCES - BEGINNING</b>	<u>26,043,128</u>	<u>21,806,231</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 32,995,834</u>	<u>\$ 26,043,128</u>

**CITY OF SCHERTZ, TEXAS**

COMPARATIVE BALANCE SHEETS  
DEBT SERVICE FUND

SEPTEMBER 30, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,159,250	\$ 1,864,408
Receivables, net of allowances:		
Taxes	<u>164,420</u>	<u>172,341</u>
Total Assets	<u>1,323,670</u>	<u>2,036,749</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenues	<u>209,812</u>	<u>172,340</u>
Total Deferred Inflows of Resources	<u>209,812</u>	<u>172,340</u>
<b>FUND BALANCES</b>		
Restricted for:		
Debt service	<u>1,113,858</u>	<u>1,864,409</u>
Total Fund Balances	<u>1,113,858</u>	<u>1,864,409</u>
Total Deferred Inflows of Resources and Fund Balances	\$ <u>1,323,670</u>	\$ <u>2,036,749</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, 2023  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2022)

	Original Budget	Final Budget	2023 Actual Amounts	Variance With Final Budget Positive (Negative)	2022 Actual Amounts
<b>REVENUES</b>					
Property taxes	\$ 7,696,355	\$ 7,696,355	\$ 7,710,299	\$ 13,944	\$ 7,182,900
Investment income	75,750	75,750	105,398	29,648	143,428
Miscellaneous	100,000	100,000	181,935	81,935	75,000
Total Revenue	<u>7,872,105</u>	<u>7,872,105</u>	<u>7,997,632</u>	<u>125,527</u>	<u>7,401,328</u>
<b>EXPENDITURES</b>					
Debt service:					
Principal	6,888,900	6,888,900	5,850,000	1,038,900	4,805,000
Interest and fiscal charges	1,713,348	1,713,348	2,893,986	(1,180,638)	1,779,157
Bond issue costs	84,000	84,000	4,200	79,800	90,626
Total Expenditures	<u>8,686,248</u>	<u>8,686,248</u>	<u>8,748,186</u>	<u>(61,938)</u>	<u>6,674,783</u>
Excess (Deficiency) of Revenues over Expenditures	(814,143)	(814,143)	(750,554)	187,465	726,545
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of refunding debt	-	-	-	-	4,070,000
Premium on issuance of debt	-	-	-	-	421,632
Payment to refunding escrow agent	-	-	-	-	(4,443,881)
Transfers in	-	-	3	3	2,737
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>	<u>50,488</u>
<b>NET CHANGE IN FUND BALANCE</b>	(814,143)	(814,143)	(750,551)	63,592	777,033
<b>FUND BALANCE - BEGINNING</b>	<u>1,864,409</u>	<u>1,864,409</u>	<u>1,864,409</u>	-	<u>1,087,376</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 1,050,266</u>	<u>\$ 1,050,266</u>	<u>\$ 1,113,858</u>	<u>\$ 63,592</u>	<u>\$ 1,864,409</u>

**CITY OF SCHERTZ, TEXAS**

COMPARATIVE BALANCE SHEETS  
CAPITAL PROJECTS FUND

SEPTEMBER 30, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 23,012,099	\$ 42,594,424
Total Assets	<u>23,012,099</u>	<u>42,594,424</u>
<b>LIABILITIES</b>		
Accounts payable	253,110	906,624
Retainage payable	5,807	281,284
Total Liabilities	<u>258,917</u>	<u>1,187,908</u>
<b>FUND BALANCES</b>		
Restricted for:		
Capital improvement	19,318,324	35,863,370
Committed for:		
Capital projects	<u>3,434,858</u>	<u>5,543,146</u>
Total Fund Balances	<u>22,753,182</u>	<u>41,406,516</u>
Total Liabilities and Fund Balance	<u>\$ 23,012,099</u>	<u>\$ 42,594,424</u>

**CITY OF SCHERTZ, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023  
(WITH COMPARTIVE TOTALS FOR THE YEAR ENDED 2022)

	<u>2023</u>	<u>2022</u>
<b>REVENUES</b>		
Intergovernmental	\$ 201,621	\$ -
Investment earnings	1,601,296	196,624
Miscellaneous	<u>-</u>	<u>450,000</u>
Total Revenues	<u>1,802,917</u>	<u>646,624</u>
<b>EXPENDITURES</b>		
Capital outlay	21,307,128	9,544,074
Debt service:		
Bond issue costs	<u>-</u>	<u>468,285</u>
Total Expenditures	<u>21,307,128</u>	<u>10,012,359</u>
Excess (Deficiency) of Revenues Over Expenditures	(19,504,211)	(9,365,735)
<b>OTHER FINANCING SOURCES (USES)</b>		
Issuance of debt	-	31,540,000
Premium on issuance of debt	-	2,778,912
Transfers in	850,880	3,285,112
Transfers out	<u>(3)</u>	<u>(2,737)</u>
Total Other Financing Sources (Uses)	<u>850,877</u>	<u>37,601,287</u>
<b>NET CHANGE IN FUND BALANCE</b>	(18,653,334)	28,235,552
<b>FUND BALANCES - BEGINNING</b>	<u>41,406,516</u>	<u>13,170,964</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 22,753,182</u>	<u>\$ 41,406,516</u>

**CITY OF SCHERTZ, TEXAS**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	Special Revenue Funds			
	Hotel Occupancy Fund	Park Fund	Tree Mitigation	Treasury Forfeitures
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,542,360	\$ 89,126	\$ 748,523	\$ 5,404
Accounts receivable, net of allowance	75,247	-	-	-
Total Assets	<u>2,617,607</u>	<u>89,126</u>	<u>748,523</u>	<u>5,404</u>
<b>LIABILITIES</b>				
Accounts payable	1,193	2,116	49,830	-
Due to other funds	-	-	-	-
Total Liabilities	<u>1,193</u>	<u>2,116</u>	<u>49,830</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted for:				
Tourism development	2,616,414	-	-	-
Parks and tree mitigation	-	87,010	698,693	-
Police forfeiture	-	-	-	5,404
Roadways	-	-	-	-
Historical Committee and library	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>2,616,414</u>	<u>87,010</u>	<u>698,693</u>	<u>5,404</u>
Total Liabilities and Fund Balances	<u>\$ 2,617,607</u>	<u>\$ 89,126</u>	<u>\$ 748,523</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	
\$ 239,435	\$ 74,320	\$ -	\$ 76,365	\$ 29,340	\$ 3,011,662	\$ 6,816,535
-	-	-	-	93	-	75,340
<u>239,435</u>	<u>74,320</u>	<u>-</u>	<u>76,365</u>	<u>29,433</u>	<u>3,011,662</u>	<u>6,891,875</u>
-	-	621	130	-	-	53,890
-	-	644,353	-	-	-	644,353
-	-	<u>644,974</u>	<u>130</u>	-	-	<u>698,243</u>
-	-	-	-	-	-	2,616,414
-	-	-	-	-	-	785,703
239,435	74,320	-	-	-	-	319,159
-	-	-	-	-	3,011,662	3,011,662
-	-	-	76,235	29,433	-	105,668
-	-	(644,974)	-	-	-	(644,974)
<u>239,435</u>	<u>74,320</u>	<u>(644,974)</u>	<u>76,235</u>	<u>29,433</u>	<u>3,011,662</u>	<u>6,193,632</u>
\$ 239,435	\$ 74,320	\$ -	\$ 76,365	\$ 29,433	\$ 3,011,662	\$ 6,891,875

**CITY OF SCHERTZ, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue Funds			
	Hotel Occupancy Fund	Park Fund	Tree Mitigation	Treasury Forfeiture
<b>REVENUES</b>				
Occupancy tax	\$ 1,059,808	\$ -	\$ -	\$ -
Permits and fees	-	203,500	48,065	-
Service fees	-	-	-	-
Fines and fees	-	-	-	-
Intergovernmental	-	-	-	-
Investment earnings	92,825	9,057	35,600	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<u>1,152,633</u>	<u>212,557</u>	<u>83,665</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General government	107,656	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	93,032	-
Cultural	-	-	-	-
Administration	69,915	-	-	-
Capital outlay	5,266	387,068	-	-
<b>Total Expenditures</b>	<u>182,837</u>	<u>387,068</u>	<u>93,032</u>	<u>-</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>969,796</u>	<u>(174,511)</u>	<u>(9,367)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>969,796</u>	<u>(174,511)</u>	<u>(9,367)</u>	<u>-</u>
<b>FUND BALANCES - BEGINNING</b>	<u>1,646,618</u>	<u>261,521</u>	<u>708,060</u>	<u>5,404</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 2,616,414</u>	<u>\$ 87,010</u>	<u>\$ 698,693</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	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,059,808
-	-	-	-	-	-	251,565
-	-	-	20,318	199	661,078	681,595
141,539	69,541	-	-	-	-	211,080
-	-	35,671	-	-	-	35,671
8,305	-	-	3,463	-	133,917	283,167
-	-	-	8	2,244	-	2,252
<u>149,844</u>	<u>69,541</u>	<u>35,671</u>	<u>23,789</u>	<u>2,443</u>	<u>794,995</u>	<u>2,525,138</u>
-	-	-	-	9,159	-	116,815
44,982	-	41,811	-	-	-	86,793
-	-	-	-	-	-	93,032
-	-	-	17,123	-	-	17,123
-	-	-	-	-	-	69,915
-	-	-	-	-	342,687	735,021
<u>44,982</u>	<u>-</u>	<u>41,811</u>	<u>17,123</u>	<u>9,159</u>	<u>342,687</u>	<u>1,118,699</u>
<u>104,862</u>	<u>69,541</u>	<u>(6,140)</u>	<u>6,666</u>	<u>(6,716)</u>	<u>452,308</u>	<u>1,406,439</u>
-	-	9,796	-	9,161	-	18,957
-	-	9,796	-	9,161	-	18,957
<u>104,862</u>	<u>69,541</u>	<u>3,656</u>	<u>6,666</u>	<u>2,445</u>	<u>452,308</u>	<u>1,425,396</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>\$ 239,435</u>	<u>\$ 74,320</u>	<u>\$ (644,974)</u>	<u>\$ 76,235</u>	<u>\$ 29,433</u>	<u>\$ 3,011,662</u>	<u>\$ 6,193,632</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, 2023  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2022)

	Original Budget	Final Budget	2023 Actual Amounts	Variance With Final Budget Positive (Negative)	2022 Actual Amounts
<b>REVENUES</b>					
Occupancy tax	\$ 640,000	\$ 640,000	\$ 1,059,808	\$ 419,808	\$ 804,132
Investment earnings	8,500	8,500	92,825	84,325	14,583
Total Revenues	<u>648,500</u>	<u>648,500</u>	<u>1,152,633</u>	<u>504,133</u>	<u>818,715</u>
<b>EXPENDITURES</b>					
Current:					
General government	197,700	197,700	107,656	90,044	242,875
Administration	69,915	69,915	69,915	-	74,443
Capital outlay	5,300	5,300	5,266	34	1,156,495
Total Expenditures	<u>272,915</u>	<u>272,915</u>	<u>182,837</u>	<u>90,078</u>	<u>1,473,813</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>375,585</u>	<u>375,585</u>	<u>969,796</u>	<u>594,211</u>	<u>(655,098)</u>
<b>FUND BALANCE - BEGINNING</b>	<u>1,646,618</u>	<u>1,646,618</u>	<u>1,646,618</u>	<u>-</u>	<u>2,301,716</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 2,022,203</u>	<u>\$ 2,022,203</u>	<u>\$ 2,616,414</u>	<u>\$ 594,211</u>	<u>\$ 1,646,618</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, 2023  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2022)

	Original Budget	Final Budget	2023 Actual Amounts	Variance With Final Budget Positive (Negative)	2022 Actual Amounts
<b>REVENUES</b>					
Licenses and permits	\$ 318,000	\$ 318,000	\$ 203,500	\$ (114,500)	\$ -
Investment earnings	1,025	1,025	9,057	8,032	2,194
Total Revenues	<u>319,025</u>	<u>319,025</u>	<u>212,557</u>	<u>(106,468)</u>	<u>2,194</u>
<b>EXPENDITURES</b>					
Current:					
Parks and recreation	25,000	25,000	-	25,000	10,040
Capital outlay	<u>362,068</u>	<u>362,068</u>	<u>387,068</u>	<u>(25,000)</u>	<u>17,650</u>
Total Expenditures	<u>387,068</u>	<u>387,068</u>	<u>387,068</u>	<u>-</u>	<u>27,690</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(68,043)</u>	<u>(68,043)</u>	<u>(174,511)</u>	<u>(106,468)</u>	<u>(25,496)</u>
<b>FUND BALANCE - BEGINNING</b>	<u>261,521</u>	<u>261,521</u>	<u>261,521</u>	<u>-</u>	<u>287,017</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 193,478</u>	<u>\$ 193,478</u>	<u>\$ 87,010</u>	<u>\$ (106,468)</u>	<u>\$ 261,521</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, 2023  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2022)

	Original Budget	Final Budget	2023 Actual Amounts	Variance With Final Budget Positive (Negative)	2022 Actual Amounts
<b>REVENUES</b>					
Licenses and permits	\$ 70,000	\$ 70,000	\$ 48,065	\$ (21,935)	\$ 136,950
Investment earnings	<u>1,400</u>	<u>1,400</u>	<u>35,600</u>	<u>34,200</u>	<u>5,324</u>
Total Revenues	<u>71,400</u>	<u>71,400</u>	<u>83,665</u>	<u>12,265</u>	<u>142,274</u>
<b>EXPENDITURES</b>					
Current:					
Parks and recreation	<u>70,000</u>	<u>70,000</u>	<u>93,032</u>	<u>(23,032)</u>	<u>82,110</u>
Total Expenditures	<u>70,000</u>	<u>70,000</u>	<u>93,032</u>	<u>(23,032)</u>	<u>82,110</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>1,400</u>	<u>1,400</u>	<u>(9,367)</u>	<u>(10,767)</u>	<u>60,164</u>
<b>FUND BALANCE - BEGINNING</b>	<u>708,060</u>	<u>708,060</u>	<u>708,060</u>	<u>-</u>	<u>647,896</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 709,460</u>	<u>\$ 709,460</u>	<u>\$ 698,693</u>	<u>\$ (10,767)</u>	<u>\$ 708,060</u>

**CITY OF SCHERTZ, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)

	<u>2023</u>	<u>2022</u>
<b>REVENUES</b>		
Fines and fees	\$ -	\$ 50,840
Total Revenues	<u>-</u>	<u>50,840</u>
<b>EXPENDITURES</b>		
Capital outlay	<u>-</u>	<u>77,996</u>
Total Expenditures	<u>-</u>	<u>77,996</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>(27,156)</u>
<b>FUND BALANCE - BEGINNING</b>	<u>5,404</u>	<u>32,560</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 5,404</u>	<u>\$ 5,404</u>

**CITY OF SCHERTZ, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)

	<u>2023</u>	<u>2022</u>
<b>REVENUES</b>		
Fines and fees	\$ 141,539	\$ 46,238
Investment earnings	<u>8,305</u>	<u>784</u>
Total Revenues	<u>149,844</u>	<u>47,022</u>
<b>EXPENDITURES</b>		
Current:		
Public safety	44,982	-
Capital outlay	<u>-</u>	<u>9,273</u>
Total Expenditures	<u>44,982</u>	<u>9,273</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>104,862</u>	<u>37,749</u>
<b>FUND BALANCE - BEGINNING</b>	<u>134,573</u>	<u>96,824</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 239,435</u>	<u>\$ 134,573</u>

**CITY OF SCHERTZ, TEXAS**

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

**STATE FORFEITURES FUND**

**FOR THE YEAR ENDED SEPTEMBER 30, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)**

	<u>2023</u>	<u>2022</u>
<b>REVENUES</b>		
Fines and fees	\$ <u>69,541</u>	\$ <u>-</u>
Total Revenues	<u>69,541</u>	<u>-</u>
<b>EXPENDITURES</b>		
Current:		
Public safety	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>69,541</u>	<u>-</u>
<b>FUND BALANCE - BEGINNING</b>	<u>4,779</u>	<u>4,779</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 74,320</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, 2023  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2022)

	Original Budget	Final Budget	2023 Actual Amounts	Variance With Final Budget Positive (Negative)	2022 Actual Amounts
<b>REVENUES</b>					
Service fees	\$ 17,000	\$ 17,000	\$ 20,318	\$ 3,318	\$ 18,292
Investment earnings	35	35	3,463	3,428	546
Miscellaneous	-	-	8	8	507
Total Revenues	<u>17,035</u>	<u>17,035</u>	<u>23,789</u>	<u>6,754</u>	<u>19,345</u>
<b>EXPENDITURES</b>					
Current:					
Cultural	<u>22,200</u>	<u>22,200</u>	<u>17,123</u>	<u>5,077</u>	<u>14,340</u>
Total Expenditures	<u>22,200</u>	<u>22,200</u>	<u>17,123</u>	<u>5,077</u>	<u>14,340</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(5,165)</u>	<u>(5,165)</u>	<u>6,666</u>	<u>11,831</u>	<u>5,005</u>
<b>FUND BALANCE - BEGINNING</b>	<u>69,569</u>	<u>69,569</u>	<u>69,569</u>	<u>-</u>	<u>64,564</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 64,404</u>	<u>\$ 64,404</u>	<u>\$ 76,235</u>	<u>\$ 11,831</u>	<u>\$ 69,569</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, 2023  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2022)

	Original Budget	Final Budget	2023 Actual Amounts	Variance With Final Budget Positive (Negative)	2022 Actual Amounts
<b>REVENUES</b>					
Sale of merchandise	\$ 1,000	\$ 1,000	\$ 199	\$ (801)	\$ 1,943
Miscellaneous	-	-	2,244	2,244	-
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>2,443</u>	<u>1,443</u>	<u>1,943</u>
<b>EXPENDITURES</b>					
Current:					
General government	<u>11,750</u>	<u>11,750</u>	<u>9,159</u>	<u>2,591</u>	<u>3,116</u>
Total Expenditures	<u>11,750</u>	<u>11,750</u>	<u>9,159</u>	<u>2,591</u>	<u>3,116</u>
Excess of Revenues Over Expenditures	<u>(10,750)</u>	<u>(10,750)</u>	<u>(6,716)</u>	<u>4,034</u>	<u>(1,173)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	<u>10,750</u>	<u>10,750</u>	<u>9,161</u>	<u>(1,589)</u>	<u>13,863</u>
Total Other Financing Sources (Uses)	<u>10,750</u>	<u>10,750</u>	<u>9,161</u>	<u>(1,589)</u>	<u>13,863</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>-</u>	<u>2,445</u>	<u>2,445</u>	<u>12,690</u>
<b>FUND BALANCE - BEGINNING</b>	<u>26,988</u>	<u>26,988</u>	<u>26,988</u>	<u>-</u>	<u>14,298</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 26,988</u>	<u>\$ 26,988</u>	<u>\$ 29,433</u>	<u>\$ 2,445</u>	<u>\$ 26,988</u>

**CITY OF SCHERTZ, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)

	<u>2023</u>	<u>2022</u>
<b>REVENUES</b>		
Service fees	\$ 661,078	\$ 798,955
Investment earnings	<u>133,917</u>	<u>19,878</u>
Total Revenues	<u>794,995</u>	<u>818,833</u>
<b>EXPENDITURES</b>		
Capital outlay	<u>342,687</u>	<u>60,519</u>
Total Expenditures	<u>342,687</u>	<u>60,519</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>452,308</u>	<u>758,314</u>
<b>FUND BALANCE - BEGINNING</b>	<u>2,559,354</u>	<u>1,801,040</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 3,011,662</u>	<u>\$ 2,559,354</u>

## **STATISTICAL SECTION**

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**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.

<b>Contents</b>	<b>Page</b>
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			
	2014	2015	2016	2017
<b>Governmental activities</b>				
Net investment in capital assets	\$ 62,792,671	\$ 68,125,738	\$ 74,237,004	\$ 84,537,238
Restricted	10,401,728	13,343,280	17,095,325	20,437,116
Unrestricted	<u>8,613,239</u>	<u>1,640,519</u>	<u>2,231,341</u>	<u>1,673,567</u>
Total Governmental Activities Net Position	<u>\$ 81,807,638</u>	<u>\$ 83,109,537</u>	<u>\$ 93,563,670</u>	<u>\$ 106,647,921</u>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 53,674,437	\$ 59,625,205	\$ 64,210,231	\$ 70,361,035
Restricted	-	-	-	10,565,463
Unrestricted	<u>16,450,988</u>	<u>14,243,922</u>	<u>15,737,470</u>	<u>20,781,291</u>
Total Business-Type Activities Net Position	<u>\$ 70,125,425</u>	<u>\$ 73,869,127</u>	<u>\$ 79,947,701</u>	<u>\$ 101,707,789</u>
<b>Primary government</b>				
Net investment in capital assets	\$ 116,467,108	\$ 127,750,943	\$ 138,447,235	\$ 154,898,273
Restricted	10,401,728	13,343,280	17,095,325	20,437,116
Unrestricted	<u>25,064,227</u>	<u>15,884,441</u>	<u>17,968,811</u>	<u>22,454,858</u>
Total Primary Government Net Position	<u>\$ 151,933,063</u>	<u>\$ 156,978,664</u>	<u>\$ 173,511,371</u>	<u>\$ 197,790,247</u>

**TABLE 1**

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 89,266,885	\$ 89,869,766	\$ 88,959,102	\$ 98,444,714	\$ 109,746,340	\$ 136,442,093
23,391,047	28,088,355	28,664,438	28,342,438	32,745,688	40,311,118
<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>7,768,985</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>	<u>\$ 184,522,196</u>
\$ 64,871,629	\$ 68,271,075	\$ 75,969,319	\$ 83,941,882	\$ 94,997,863	\$ 114,831,425
12,626,526	13,232,638	15,071,599	5,408,320	5,408,320	6,640,756
<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>39,140,966</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>	<u>\$ 160,613,147</u>
\$ 154,138,514	\$ 158,140,841	\$ 164,928,421	\$ 182,386,596	\$ 204,744,203	\$ 251,273,518
23,391,047	41,320,993	43,736,037	33,750,758	38,154,008	46,951,874
<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>46,909,951</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>	<u>\$ 345,135,343</u>

**CITY OF SCHERTZ, TEXAS**

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

	Fiscal Year			
	2014	2015	2016	2017
<b>Expenses</b>				
Governmental activities:				
General government	\$ 6,958,530	\$ 6,443,227	\$ 6,557,778	\$ 6,253,926
Public safety	10,025,703	10,836,712	12,141,968	13,061,120
Public environment	3,740,538	3,876,644	4,147,653	4,460,540
Parks and recreation	1,807,136	2,164,604	2,034,964	2,859,974
Cultural	870,159	892,194	954,871	1,004,747
Health	407,114	470,468	570,204	776,494
Administration	1,942,312	1,845,877	1,954,276	3,052,102
Interest and other fees	2,352,856	2,226,635	2,240,783	2,355,714
Total Governmental Activities Expenses	<u>28,104,348</u>	<u>28,756,361</u>	<u>30,602,497</u>	<u>33,824,617</u>
Business-type activities:				
Water and sewer	17,762,116	18,440,959	20,269,111	21,346,078
EMS	4,268,125	4,719,526	5,004,110	6,006,178
Total Business-Type Activities Expenses	<u>22,030,241</u>	<u>23,160,485</u>	<u>25,273,221</u>	<u>27,352,256</u>
Total Primary Government Expenses	<u>50,134,589</u>	<u>51,916,846</u>	<u>55,875,718</u>	<u>61,176,873</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	1,974,637	1,840,547	1,507,252	874,737
Public safety	2,536,476	2,603,476	2,415,537	4,131,548
Public environment	-	-	-	-
Parks and recreation	917,639	794,003	788,727	544,460
Cultural	309,897	325,178	326,079	330,412
Health	32,429	26,744	30,308	29,742
Operating grants and contributions	220,264	336,252	342,485	552,878
Capital grants and contributions	5,756,456	5,509,530	6,227,664	10,043,483
Total Governmental Activities Program Revenues	<u>11,747,798</u>	<u>11,435,730</u>	<u>11,638,052</u>	<u>16,507,260</u>
Business-type activities:				
Charges for services:				
Water and sewer	19,147,872	20,700,369	22,003,794	25,390,713
EMS	4,533,753	4,415,126	5,921,223	6,366,894
Capital grants and contributions	2,809,110	4,158,552	2,831,126	6,111,474
Total Business-Type Activities Program Revenues	<u>26,490,735</u>	<u>29,274,047</u>	<u>30,756,143</u>	<u>37,869,081</u>
Total Primary Government Program Revenues	<u>38,238,533</u>	<u>40,709,777</u>	<u>42,394,195</u>	<u>54,376,341</u>
Net (expense) revenue:				
Governmental activities	(16,356,550)	(17,320,631)	(18,964,445)	(17,317,357)
Business-type activities	4,460,494	6,113,562	5,482,922	10,516,825
Total Primary Government Net Expense	<u>(11,896,056)</u>	<u>(11,207,069)</u>	<u>(13,481,523)</u>	<u>(6,800,532)</u>

**TABLE 2**

		Fiscal Year									
		2018	2019	2020	2021	2022	2023				
\$	7,421,918	\$	6,534,013	\$	10,310,363	\$	7,298,193	\$	7,093,652	\$	8,244,956
	13,899,278		15,448,886		16,575,191		19,008,871		19,580,703		22,195,399
	4,930,723		5,495,192		8,825,099		5,364,408		8,545,834		6,188,351
	2,707,292		3,022,278		3,012,134		3,395,458		3,543,978		4,253,278
	1,042,085		1,119,650		1,089,564		1,087,975		1,168,815		1,380,793
	724,780		516,890		596,288		-		-		-
	3,067,983		3,853,255		3,419,407		4,360,229		4,455,947		5,363,700
	2,125,687		2,196,180		2,028,065		1,797,520		2,490,474		2,555,917
	<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>		<u>50,182,394</u>
	23,579,854		25,608,390		24,349,219		25,280,964		27,833,986		30,088,159
	6,110,407		6,529,631		6,051,296		7,784,670		8,234,500		10,176,945
	<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>40,265,104</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>		<u>90,447,498</u>
	1,013,698		947,538		836,246		651,211		686,470		470,879
	4,104,911		3,177,329		3,276,129		3,079,945		3,922,957		4,067,387
	-		138,920		850,201		902,712		798,955		661,078
	640,231		484,495		331,174		528,886		652,727		753,302
	313,668		311,575		299,944		285,792		310,859		315,222
	27,930		21,101		26,304		-		-		-
	776,942		692,042		2,113,673		1,925,939		3,970,029		2,425,937
	<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>18,456,911</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>		<u>27,150,716</u>
	27,099,237		27,333,475		29,709,279		27,724,929		30,677,566		31,589,783
	6,092,559		6,596,618		6,114,891		7,709,027		9,420,909		9,503,821
	<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>14,180,619</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>55,274,223</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>		<u>82,424,939</u>
	(24,297,877)		(31,093,551)		(37,591,344)		(26,978,593)		(29,549,618)		(23,031,678)
	<u>6,633,883</u>		<u>3,767,596</u>		<u>5,716,063</u>		<u>9,303,513</u>		<u>10,173,946</u>		<u>15,009,119</u>
	<u>(17,663,994)</u>		<u>(27,325,955)</u>		<u>(31,875,281)</u>		<u>(17,675,080)</u>		<u>(19,375,672)</u>		<u>(8,022,559)</u>

**CITY OF SCHERTZ, TEXAS**

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

	Fiscal Year			
	2014	2015	2016	2017
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
Ad valorem	\$ 12,794,172	\$ 14,139,037	\$ 15,131,997	\$ 16,166,006
Sales	10,553,382	10,315,125	10,921,489	10,844,503
Franchise fees	2,073,162	2,263,783	2,250,815	2,208,373
Hotel/motel	552,570	563,734	544,871	499,466
Mixed drink	39,917	43,656	43,073	42,699
Investment income	43,279	56,820	187,847	448,408
Miscellaneous	180,316	197,881	309,275	182,754
Transfers	(50,000)	(42,235)	29,211	9,399
Total Governmental Activities	<u>26,186,798</u>	<u>27,537,801</u>	<u>29,418,578</u>	<u>30,401,608</u>
Business-type activities:				
Interest and investment earnings	31,810	47,728	102,642	211,466
Miscellaneous	609,003	344,731	522,221	475,733
Transfers	50,000	42,235	(29,211)	(9,399)
Total Business-Type Activities	<u>690,813</u>	<u>434,694</u>	<u>595,652</u>	<u>677,800</u>
 Total Primary Government	 <u>26,877,611</u>	 <u>27,972,495</u>	 <u>30,014,230</u>	 <u>31,079,408</u>
 <b>Change in Net Position</b>				
Governmental activities	9,830,248	10,217,170	10,454,133	13,084,251
Business-type activities	<u>5,151,307</u>	<u>6,548,256</u>	<u>6,078,574</u>	<u>11,194,625</u>
Total Primary Government	<u>\$ 14,981,555</u>	<u>\$ 16,765,426</u>	<u>\$ 16,532,707</u>	<u>\$ 24,278,876</u>

Source: City financial statements

**TABLE 2**

		Fiscal Year									
		2018	2019	2020	2021	2022	2023				
\$	17,018,950	\$	19,151,005	\$	19,844,912	\$	21,463,804	\$	22,495,628	\$	25,118,429
	12,668,555		12,506,879		14,432,152		16,838,731		18,075,733		19,646,841
	2,393,182		2,357,150		2,305,225		2,305,108		2,574,041		2,593,660
	520,424		514,679		268,946		518,921		804,132		1,059,808
	43,395		60,518		70,139		68,730		83,391		88,347
	909,985		1,470,258		804,674		104,613		709,898		4,678,690
	283,496		984,257		767,779		1,408,270		1,138,775		820,465
	19,186		(81,525)		-		-		(316,216)		-
	<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>		<u>54,006,240</u>
	532,367		855,216		431,555		68,354		314,546		1,927,277
	453,374		267,788		706,296		754,268		675,739		479,479
	(19,186)		81,525		-		-		316,216		-
	<u>966,555</u>		<u>1,204,529</u>		<u>1,137,851</u>		<u>822,622</u>		<u>1,306,501</u>		<u>2,406,756</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>		<u>56,412,996</u>
	9,559,296		5,869,670		902,503		15,729,584		16,015,764		30,975,153
	<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>17,415,284</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>	\$	<u>48,390,437</u>

**CITY OF SCHERTZ, TEXAS**

FUND BALANCES OF GOVERNMENTAL FUNDS

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

	Fiscal Year			
	2014	2015	2016	2017
General fund				
Non-spendable	\$ 110,253	\$ 117,084	\$ 220,503	\$ 98,263
Restricted	1,701,408	1,748,374	1,929,636	1,994,905
Committed	-	-	-	-
Assigned	694,916	785,005	752,503	854,198
Unassigned	<u>5,587,262</u>	<u>7,280,240</u>	<u>8,509,467</u>	<u>9,976,169</u>
Total general fund	<u>\$ 8,093,839</u>	<u>\$ 9,930,703</u>	<u>\$ 11,412,109</u>	<u>\$ 12,923,535</u>
All other governmental funds				
Restricted	\$ 19,261,995	\$ 21,191,968	\$ 27,252,908	\$ 35,721,031
Committed	31,718	-	342,519	454,376
Assigned	31,177	6,657	6,743	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 19,324,890</u>	<u>\$ 21,198,625</u>	<u>\$ 27,602,170</u>	<u>\$ 36,175,407</u>

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

**TABLE 3**

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 94,876	\$ 131,925	\$ 114,787	\$ 162,463	\$ 182,186	\$ 342,248
2,027,125	2,196,037	1,996,357	2,151,411	2,260,350	2,220,694
-	-	687,780	907,676	1,021,594	1,155,078
3,080,557	5,580,626	1,972,479	1,501,398	1,356,230	3,518,655
<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>12,000,941</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>	<u>\$ 19,237,616</u>
\$ 37,772,240	\$ 39,009,399	\$ 32,024,252	\$ 33,329,710	\$ 69,222,391	\$ 60,666,303
454,376	687,779	4,071,942	7,985,798	5,543,146	3,434,858
-	-	-	-	-	-
-	-	(2,071,518)	(675,043)	(648,630)	(644,974)
<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>	<u>\$ 63,456,187</u>

**CITY OF SCHERTZ, TEXAS**

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

	Fiscal Year			
	2014	2015	2016	2017
<b>Revenues</b>				
Taxes	\$ 26,021,730	\$ 27,348,297	\$ 28,865,727	\$ 29,720,578
Permits and fees	1,805,047	1,731,302	1,493,336	2,540,045
Service fees	1,763,964	1,797,151	1,789,321	2,132,299
Fines and fees	1,750,311	1,534,588	1,441,474	1,217,621
Intergovernmental	221,769	393,607	401,494	397,073
Other revenue	671,731	689,805	1,741,436	1,897,153
<b>Total Revenues</b>	<u>32,234,552</u>	<u>33,494,750</u>	<u>35,732,788</u>	<u>37,904,769</u>
<b>Expenditures</b>				
Current:				
General government	5,981,439	5,582,441	5,657,998	5,394,918
Public safety	9,409,894	10,158,401	11,048,767	11,870,636
Public environment	1,012,607	952,663	1,007,326	1,128,979
Parks and recreation	1,338,232	1,658,197	1,528,356	1,885,915
Cultural	815,691	821,146	869,162	921,870
Health	394,918	404,008	480,175	672,934
Administration	2,270,041	2,056,646	2,015,573	2,912,855
Capital outlay	8,000,467	2,314,668	10,192,398	5,492,196
Debt service:				
Principal	3,695,597	3,918,008	4,040,975	4,473,174
Interest and fiscal charges	2,108,610	2,112,746	1,896,911	2,113,679
Bond issue costs	165,650	7,992	449,358	214,280
Payment to refund agent	-	-	-	-
<b>Total Expenditures</b>	<u>35,193,146</u>	<u>29,986,916</u>	<u>39,186,999</u>	<u>37,081,436</u>
Excess of Revenues Over (Under)				
Expenditures	(2,958,594)	3,507,834	(3,454,211)	823,333
<b>Other Financing Sources (Uses)</b>				
Bond & debt issuances	8,583,715	245,000	10,750,000	8,870,000
Refunding bond issuance	-	-	4,185,000	-
Premium (discount) on bond issue	686,137	-	590,432	381,931
Payment to refund agent	(9,182,250)	-	(4,215,482)	-
Transfer in	1,243,833	989,120	863,583	438,803
Transfer out	(1,293,832)	(1,031,355)	(834,371)	(429,404)
<b>Net Other Financing Sources (Uses)</b>	<u>37,603</u>	<u>202,765</u>	<u>11,339,162</u>	<u>9,261,330</u>
<b>Net Change in Fund Balances</b>	<u>\$ (2,920,991)</u>	<u>\$ 3,710,599</u>	<u>\$ 7,884,951</u>	<u>\$ 10,084,663</u>
Debt Service as a Percentage of				
Noncapital Expenditures	<u>21.3%</u>	<u>21.3%</u>	<u>20.5%</u>	<u>20.4%</u>

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

**TABLE 4**

		Fiscal Year									
		2018	2019	2020	2021	2022	2023				
\$	32,632,702	\$	34,590,008	\$	36,802,913	\$	41,150,087	\$	43,905,170	\$	48,455,688
	2,557,056		1,635,461		1,807,264		1,812,895		2,341,493		2,329,324
	2,159,193		2,070,293		2,583,598		2,540,995		2,953,707		2,806,284
	1,049,989		953,614		880,657		643,482		754,558		659,885
	609,131		1,057,681		951,604		4,582,874		4,247,523		3,061,631
	1,761,285		2,454,515		1,572,473		1,512,883		1,848,673		5,499,155
	<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>		<u>62,811,967</u>
	6,327,133		5,881,647		10,364,369		6,580,915		6,515,632		7,324,976
	12,728,222		13,985,443		15,366,593		18,107,418		19,098,373		19,579,764
	1,136,052		1,112,041		1,270,894		1,382,185		1,766,558		1,782,809
	1,697,872		2,393,487		2,102,083		2,534,679		2,659,914		3,227,365
	955,153		1,018,109		1,044,891		1,059,984		1,159,024		1,294,948
	628,054		498,871		589,616		-		-		-
	3,015,239		3,795,233		3,353,634		4,459,223		4,597,488		5,202,419
	7,708,625		9,083,572		9,276,886		5,215,256		13,096,740		24,142,094
	4,744,116		4,565,000		4,929,544		4,955,000		4,805,000		5,850,000
	2,099,190		2,069,215		2,136,523		1,801,467		1,779,157		2,893,986
	129,417		189,082		4,200		140,140		558,911		4,200
	-		5,489,912		-		-		-		-
	<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>		<u>71,302,561</u>
	(399,717)		(7,320,040)		(5,840,724)		6,006,949		14,327		(8,490,594)
	4,887,829		4,620,000		-		136,535		31,540,000		-
	6,035,000		5,225,000		-		7,555,000		4,070,000		-
	269,212		640,115		-		629,992		3,200,544		-
	(6,159,623)		-		-		(8,223,452)		(4,443,881)		-
	777,487		120,503		4,500,169		6,395,386		3,339,565		869,840
	<u>(758,302)</u>		<u>(202,028)</u>		<u>(4,500,169)</u>		<u>(6,375,032)</u>		<u>(3,655,781)</u>		<u>(869,249)</u>
	<u>5,051,603</u>		<u>10,403,590</u>		<u>-</u>		<u>118,429</u>		<u>34,050,447</u>		<u>591</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>(8,490,003)</u>
	<u>22.2%</u>		<u>17.3%</u>		<u>16.2%</u>		<u>19.9%</u>		<u>17.1%</u>		<u>30.3%</u>

**CITY OF SCHERTZ, TEXAS**

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales &amp; Use Tax</u>	<u>Franchise Tax</u>	<u>Mixed Beverage</u>
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
2023	25,067,032	19,646,841	2,593,660	88,347

**TABLE 5**

<u>Bingo</u>	<u>Hotel Occupancy</u>	<u>Total</u>
\$ 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
-	1,059,808	48,455,688

**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 &amp; Sewer Consumption (In Gallons)</u>	<u>Water &amp; Sewer Base Rate</u>	<u>Water &amp; Sewer Initial Rate Per 1,000 Gallons</u>
2023	2,363,742,000	40.85	8.13
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

Source: Schertz Utility System

**CITY OF SCHERTZ, TEXAS**

**TABLE 7**

**PRINCIPAL WATER AND SEWER CONSUMERS**

**LAST TEN FISCAL YEARS**

TAXPAYERS	2023			2014		
	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	312,077,500	1	13.20%			
Scenic Hills Lawn Care	15,758,800	2	0.67%			
WHC Schertz Apts, LLC	14,287,200	3	0.60%			
City of Cibolo	12,822,500	4	0.54%			
Crossvine Master Community	12,051,600	5	0.51%			
Pecan Grove	9,768,200	6	0.41%	7,725,100	8	0.50%
Sycamore Creek Apartments	8,581,900	7	0.36%	10,869,700	3	0.70%
Comal ISD	7,150,300	8	0.30%			
APG Texas 1LP	6,158,400	9	0.26%			
City of Schertz (Soccor Field)	<u>6,095,200</u>	10	0.26%			
SYSCO				23,384,500	1	1.52%
Caterpillar				20,741,100	2	1.34%
Waterford Ridge Apartments				9,537,700	4	0.62%
Beck Readymix				9,366,900	5	0.61%
Ray D. Corbett Jr High School				8,695,600	6	0.56%
Big Time Management				8,200,700	7	0.53%
Val Verde				6,301,600	9	0.41%
YMCA/Splash Pad				<u>5,281,200</u>	10	0.34%
<b>TOTAL</b>	<u>404,751,600</u>		17.12%	<u>110,104,100</u>		7.13%
Total City Water Consumption	<u>2,363,742,000</u>			<u>1,543,351,600</u>		

Source: Schertz Utility System

**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	
2023	0.3470	0.1480	0.4950	1.3246	1.2746	
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	
Overlapping Counties						
Fiscal Year	Bexar			Community		
	Bexar County	Hospital District	River Authority	College District	Comal County	Guadalupe County
2023	0.2624	0.2762	0.0184	0.1492	0.2847	0.3439
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

Source: Guadalupe, Bexar, and Comal Appraisal Districts

**CITY OF SCHERTZ, TEXAS**

**TABLE 9**

PRINCIPAL PROPERTY OF TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2023			2014		
	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	\$ 140,910,461	1	2.09%	\$ 95,931,063	2	3.49%
Sun Life Assurance Company of Canada	103,976,267	2	1.54%			
Caterpillar Inc.	100,507,470	3	1.49%	105,162,397	1	3.82%
Republic Beverage Company	68,123,480	4	1.01%	46,370,700	3	1.68%
Amazon Com Services Inc	62,136,947	5	0.92%			
HGIT Schertz Parkway LP	59,349,999	6	0.88%			
Eastgroup Properties LP	48,116,511	7	0.71%			
DG Industrial Portfolio II Property Owner LF	29,719,290	8	0.44%			
WHC Schertz Apts LLC	28,500,000	9	0.42%			
QR AMZ 1150 Schwab RD LLC	<u>22,222,590</u>	10	<u>0.33%</u>			
Capital Group Companies Inc.				37,581,105	4	1.37%
San Antonio MTA LP				22,907,035	5	0.83%
SC Schertz LLC				16,240,300	6	0.59%
GE Oil & Gas Inc.				16,011,420	7	0.58%
Wal-Mart Real Estate Business Trust				13,239,871	8	0.48%
H.E.Butt Grocery Co.				11,650,124	9	0.42%
EM Limited Partnership				<u>9,922,009</u>	10	<u>0.36%</u>
Totals	<u>\$ 663,563,015</u>		<u>9.84%</u>	<u>\$ 375,016,024</u>		<u>13.62%</u>
Total Taxable Assessed Value	<u>\$ 6,740,344,392</u>			<u>\$ 2,752,562,574</u>		

\*Source: Guadalupe, Bexar, and Comal Appraisal Districts

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**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
2023	\$ 26,144,518	\$ 25,757,953	98.52%	\$ -	\$ 25,924,108	99.16%
2022	22,951,478	22,775,565	99.23%	137,846	22,788,154	99.29%
2021	22,011,090	21,787,625	98.98%	42,135	21,829,760	99.18%
2020	20,854,329	20,758,493	99.54%	83,627	20,842,120	99.94%
2019	19,922,568	19,825,244	99.51%	87,805	19,913,049	99.95%
2018	18,010,824	17,899,825	99.38%	74,548	17,974,373	99.80%
2017	17,356,822	17,241,556	99.34%	74,294	17,314,231	99.75%
2016	16,238,180	16,160,248	99.52%	59,072	16,218,083	99.88%
2015	14,793,867	14,738,760	99.63%	45,615	14,783,490	99.93%
2014	13,383,759	13,297,258	99.35%	68,652	13,365,670	99.86%

**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>
2023	2022	\$ 4,734,929,478	\$ 2,047,253,554
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

\*Taxable Assessed Value is before any applicable freeze adjustments.

Source: Bexar, Comal and Guadalupe County Appraisal Districts.

**TABLE 11**

<u>Tax-Exempt Property</u>	<u>Other Property</u>	<u>Total Taxable Assessed Value*</u>	<u>Total Direct Tax Rate</u>
\$ (784,132,143)	\$ 742,293,503	\$ 6,740,344,392	0.4950
(961,929,765)	232,196,469	4,205,887,894	0.5121
(716,028,336)	276,109,231	4,126,637,372	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	3,783,027,833	0.4911
(649,173,041)	132,002,406	3,647,504,903	0.4911
(544,328,535)	130,353,515	3,375,850,131	0.4974
(460,271,461)	135,084,054	3,037,267,611	0.4974
(340,747,650)	107,013,520	2,752,562,574	0.4999

**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	Certificates of Obligation	General Obligation Bonds
2023	\$ 54,504,618	\$ 25,983,440	\$ -	\$ 113,779	\$ 23,529,237	\$ 4,087,062
2022	58,837,302	27,869,333	-	109,228	24,216,388	5,111,592
2021	40,390,000	14,200,000	155,000	136,535	10,655,000	2,895,000
2020	44,620,000	15,415,000	345,000	25,695	11,200,000	3,685,000
2019	48,320,000	16,235,000	530,000	25,699	12,330,000	4,445,000
2018	52,752,896	13,636,966	715,000	34,264	13,211,178	2,127,657
2017	56,613,614	9,011,415	1,230,000	25,147	8,174,779	2,533,626
2016	56,352,272	4,057,189	1,740,000	58,321	8,331,966	3,014,595
2015	53,410,128	277,801	1,210,000	91,495	8,946,153	3,490,564
2014	56,487,433	543,934	1,585,000	123,370	9,561,204	3,966,533

**TABLE 12**Business-Type Activities

<u>Financing Arrangement</u>	<u>Tax Notes</u>	<u>Total Primary Government</u>	<u>Percent of Gross Income</u>	<u>Per Capita</u>
\$ 410,877	\$ -	\$ 108,629,013	5.82%	\$ 2,526
327,685	-	116,471,528	5.24%	2,034
475,121	-	68,906,656	4.25%	1,619
134,662	150,000	75,575,357	4.50%	1,769
199,421	460,000	82,545,120	5.60%	1,932
289,553	765,000	83,532,514	5.98%	2,028
92,721	1,065,000	78,746,302	6.22%	1,996
162,262	1,360,000	75,076,605	6.39%	1,979
231,803	1,640,000	69,297,944	5.99%	1,830
347,705	65,000	72,680,179	6.35%	1,992

RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
 LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding			Total	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Certificates of Obligation	Less: Amounts Available for Debt Service			
2023	\$ 58,591,680	\$ 49,512,677	\$ (867,965)	\$ 107,236,392	1.59%	\$ 2,493
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	1.63%	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

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	\$ 809,962,090	0.38%	\$ 3,077,856
Bexar County	2,207,225,000	0.38%	8,387,455
Bexar County Hospital District	1,168,200,000	0.38%	4,439,160
Comal County	121,175,000	3.59%	4,350,183
Comal ISD	1,049,362,848	3.98%	41,764,641
East Central ISD	101,935,155	3.34%	3,404,634
Guadalupe County	13,145,000	18.29%	2,404,221
Judson ISD	552,986,085	0.03%	165,896
Schertz-Cibolo-Universal ISD	374,839,507	46.55%	<u>174,487,790</u>
Subtotal, Overlapping Debt			242,481,835
City Governmental Activities Direct Debt			<u>80,601,837</u>
<b>TOTAL NET OVERLAPPING DEBT</b>			<u>\$ 323,083,672</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.

**CITY OF SCHERTZ, TEXAS**

**TABLE 15**

DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

Assessed Value, 2022 Tax Roll \$ 6,740,344,392

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. \$ 674,034,439

Amount of Applicable Debt:

General Bonded Debt	\$ 75,468,779	
Less Debt Service Net Position	(867,965)	<u>74,600,814</u>

DEBT MARGIN \$ 599,433,625

Total Net Debt as a Percentage of Debt Margin 12.45%

	Fiscal Year			
	2019	2020	2021	2022
Assessed Value	\$ 3,900,769,022	\$ 4,152,459,607	\$ 4,070,815,340	\$ 6,740,344,392
Debt Limit	390,076,902	415,245,961	407,081,534	674,034,439
Total Net Debt Applicable to Limit	<u>66,019,954</u>	<u>61,318,507</u>	<u>53,946,636</u>	<u>74,600,814</u>
Total Debt Margin	<u>\$ 324,056,948</u>	<u>\$ 353,927,454</u>	<u>\$ 353,134,898</u>	<u>\$ 599,433,625</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**

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

Fiscal Year	Water Revenue Bonds						Coverage
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2023	\$ 31,283,976	\$ 29,200,652	\$ 2,083,324	\$ 1,580,000	\$ 1,017,794	0.80	
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	

*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
2023	43,010	\$ 1,734,335,240	\$ 40,324	39.0	15.9	15,573	3.6%
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%

*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	2023		2014	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Schertz-Cibolo-Universal City ISD	1,900	8.33%	1,753	10.92%
Amazon	1,061	4.65%	674	4.20%
Sysco Central Texas, Inc	827	3.62%	810	5.04%
FedEx Ground - Doerr Lane, Schertz	700	3.07%	-	-
Republic National Distributing Company	639	2.80%	250	1.56%
Brandt Companies	527	2.31%	450	2.80%
Visionworks	450	1.97%	410	2.55%
City of Schertz	437	1.92%	345	2.15%
Hollingsworth Logistics Group	400	1.75%	-	-
FedEx Freight	<u>300</u>	<u>1.31%</u>	-	-
H.E.B Grocery Co.			350	2.18%
Wal-mart Stores			320	1.99%
CST Distribution			<u>305</u>	<u>1.90%</u>
TOTAL	<u>7,241</u>	<u>31.74%</u>	<u>5,667</u>	<u>35.29%</u>

Source: City Economic Development Corporation

**CITY OF SCHERTZ, TEXAS**

FULL-TIME EQUIVALENT CITY GOVERNMENTAL EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

<b>Function</b>	Full-Time Equivalent Employees as of September 30,			
	2014	2015	2016	2017
<u>General Government</u>				
City Manager	6	6	5	5
Court Support	-	-	-	-
Municipal Court	6	6	6	6
Customer Relations	5	5	5	5
Planning and Zoning	3	3	4	4
General Services	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	7	7
GIS	2	2	2	2
Information Technology	6	6	6	7
Human Resources	4	4	5	5
Finance	6	8	8	8
Purchasing	3	3	3	3
Fleet Service	4	6	6	6
Building Maintenance	2	3	-	-
Facility Services	-	-	16	16
<u>Public Safety</u>				
Police	75	75	78	81
Fire	33	33	36	39
Inspections	8	9	8	8
Marshal Services	8	8	8	5
<u>Health</u>				
Animal Control	7	7	8	8
Environmental Health	-	-	3	3
<u>Parks and Culture</u>				
Parks	9	9	9	10
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	4	4
Business Office	10	10	10	10
<u>Water and Sewer</u>	16	16	16	16
<u>Drainage</u>	8	8	6	6
<u>EMS</u>	36	37	39	41
<u>Economic Development</u>	4	4	4	4
<b>TOTAL</b>	<b>321</b>	<b>328</b>	<b>340</b>	<b>347</b>

Source: City Adopted Budgets

**TABLE 19**

Full-Time Equivalent Employees as of September 30,

2018	2019	2020	2021	2022	2023
5	5	5	5	5	5
-	-	-	-	-	-
6	4	4	4	4	4
5	3	3	3	3	3
4	3	3	4	4	4
-	-	-	-	-	-
2	2	2	2	2	2
5	5	5	4	4	4
-	-	-	-	-	-
-	-	-	-	-	-
7	7	8	8	10	10
2	2	2	2	3	3
8	8	8	8	9	9
5	5	5	5	5	5
8	7	7	7	7	7
3	3	3	3	3	3
6	7	8	8	9	9
-	-	-	-	-	-
17	10	10	11	11	11
86	86	87	90	94	94
45	45	46	46	50	50
11	12	12	12	14	14
-	-	-	-	-	-
7	7	8	9	9	9
4	4	4	5	6	6
12	11	11	11	15	15
-	-	-	-	-	-
1	5	5	6	7	7
15	14	14	14	15	15
14	14	17	17	17	17
4	4	4	4	4	4
10	9	9	9	9	9
19	19	19	21	21	21
8	8	8	8	8	8
45	45	45	55	65	65
4	4	4	4	4	4
<u>368</u>	<u>358</u>	<u>366</u>	<u>385</u>	<u>417</u>	<u>416</u>

**CITY OF SCHERTZ, TEXAS**

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

<u><b>Function</b></u>	Fiscal Year			
	2014	2015	2016	2017
<u><b>General Government</b></u>				
Building Project Permits Issued	2,869	3,087	5,919	4,800
Food Establishment Permits	82	135	145	201
Food Establishment Inspection	218	136	153	133
Foster/Adoption Inspections	16	22	21	21
<u><b>Schertz Magazine</b></u>				
Number of Magazines printed	180,000	180,000	180,000	180,000
<u><b>Police</b></u>				
CFS	19,067	36,138	39,064	34,428
Arrests	686	595	603	423
Traffic Violations	15,077	12,306	8,960	8,001
Accidents	1,823	2,040	2,119	2,057
<u><b>Fire</b></u>				
Number of Rescue/Other Responses	1,759	2,167	2,327	2,758
Number of Fire Responses	110	99	67	86
Number of Inspections	252	698	440	519
Number of Training Classes Conducted	125	150	460	340
Number of Pre-Plan Inspections	735	980	867	922
<u><b>EMS</b></u>				
Requests for Transport	8,840	9,286	9,723	9,956
Actual Transports	5,713	6,118	6,123	6,201
EMT Students	87	84	89	90
<u><b>Marshal's Office</b></u>				
Warrants Issues	2,354	3,798	2,587	2,816
Warrants Cleared	3,781	3,691	3,492	2,822
<u><b>Parks</b></u>				
Facility Reservations	301	275	240	251
<u><b>Community and Civic Centers</b></u>				
Civic Center Reservations	458	478	483	590
Community Center Reservations	437	455	370	455
North Community Center Reservations	244	209	185	230
<u><b>Animal Services</b></u>				
Number of Animals Handled	1,218	1,304	1,313	1,283
Number of Adoptions	309	357	410	348
Number of Return to Owners	222	213	205	228
Number of Transfers	316	296	316	326
<u><b>Library</b></u>				
Annual Circulation	395,998	394,766	399,622	385,206
Library Visits	253,237	259,413	255,109	235,428
Library Program Attendance	15,048	13,825	15,282	16,814
Registered Users	30,759	31,138	30,702	31,432

**TABLE 20**

Fiscal Year						
2018	2019	2020	2021	2022	2023	
5,251	4,748	2,993	4,474	4,000	3,500	
181	55	189	159	173	172	
211	96	209	192	142	146	
18	8	10	11	5	9	
180,000	180,000	187,500	189,700	191,700	192,000	
45,190	41,327	57,149	29,007	32,170	30,667	
624	603	527	416	326	355	
11,359	12,541	8,326	6,980	6,504	5,924	
2,244	2,304	1,752	2,076	2,341	2,085	
3,055	3,804	3,953	4,837	4,895	4,994	
161	100	108	205	232	182	
562	528	500	548	547	674	
600	804	763	770	632	1,032	
788	865	814	848	324	320	
10,059	10,759	10,713	12,251	13,520	14,495	
6,165	6,738	6,549	7,444	8,332	9,154	
90	90	84	123	154	136	
1,598	2,036	1,738	2,095	1,708	1,083	
2,022	1,834	664	1,451	1,373	4,243	
248	241	75	237	294	334	
516	441	293	353	354	416	
381	326	193	291	299	276	
235	188	92	153	197	196	
926	1,157	1,015	1,070	1,125	1,217	
319	366	450	329	371	419	
218	233	335	284	252	279	
297	227	188	152	205	202	
414,790	447,379	254,643	281,659	359,272	397,156	
258,695	237,821	102,297	91,291	157,428	194,260	
16,945	18,412	6,524	2,541	11,357	14,700	
30,806	33,104	31,296	30,291	29,612	28,734	

**CITY OF SCHERTZ, TEXAS**

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

<b>Function</b>	Fiscal Year			
	2014	2015	2016	2017
<u>Water</u>				
New Connections	235	369	213	303
Water Main Breaks	45	45	45	45
Total Consumption (hundreds of gallons)	15,497,071	14,757,134	16,097,931	15,222,373
Daily Average Consumption (thousands of gallons)	42,458	40,431	43,942	41,705
Peak Daily Consumption (thousands of gallons)	10,089	8,385	10,985	11,000
Total Customers	13,324	13,570	13,877	14,124
Average Use Per Connection	5,467	5,135	5,352	5,244
<u>Sewer</u>				
Total Customers	11,748	12,058	12,282	12,398
<u>Facilities Maintenance</u>				
Number of Buildings Maintained	19	21	21	21
Square Footage	166,591	234,202	234,202	234,202

Source: Various City Department

**TABLE 20**

Fiscal Year					
2018	2019	2020	2021	2022	2023
235	300	357	342	291	460
50	52	65	38	64	
15,833,124	17,602,330	19,766,870	16,171,200	21,606,589	23,637,420
43,378	48,225	54,155	59,377	59,190	64,760
9,083	11,094	14,011	9,160	8,429	
14,678	16,434	13,683	15,861	16,228	16,037
5,294	4,587	5,600	101,955	133,143	5,156
12,866	12,853	13,112	14,128	14,295	14,334
25	26	27	26	28	24
245,218	257,218	257,218	257,218	257,218	273,970

**CITY OF SCHERTZ, TEXAS**

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

<u><b>Function</b></u>	Fiscal Year			
	2014	2015	2016	2017
<u>Police</u>				
Stations	1	1	1	1
Police Vehicles	42	48	50	64
<u>Fire</u>				
Stations	2	2	2	2
Training Facility	-	-	-	-
Fire Vehicles	15	16	16	16
<u>EMS</u>				
Ambulances	7	9	9	8
<u>Marshal's Office</u>				
Vehicles	7	7	7	7
<u>Streets</u>				
Streets, paved (miles)	141	149	153	159
Streets, unpaved (miles)	5	5	5	5
Sidewalks (miles)				
<u>Parks and Recreation</u>				
Parks - Developed	13	14	15	20
Parks - Undeveloped	8	9	10	4
Playground	16	18	19	19
Swimming Pools	2	2	2	4
Baby Pools	2	2	2	2
Baseball/Softball Diamonds	12	15	15	15
Soccer Fields	12	12	12	12
Community Centers	4	4	4	4
Splash Pads				
<u>Animal Services</u>				
Control Vehicle	3	3	4	3
<u>Library</u>				
Facility	1	1	1	1
Volumes in Collection	100,478	113,085	97,412	107,382
<u>Water</u>				
Number of Reservoirs	-	-	-	-
Number of Pump Stations	5	5	5	5
Water Mains (miles)	199	210	213	221
<u>Sewer</u>				
Sanitary Sewers (miles)	90	96	98	110
Storm Sewers (miles)	11	12	12	12
<u>Facilities Services</u>				
Vehicles	5	6	6	6
<u>Fleet</u>				
Generators	3	4	4	4
Vehicles & Equipment	NA	NA	NA	NA

Source: Various City Department

Notes: No Capital Asset indicators are available for the General Government or EMS function.

**TABLE 21**

Fiscal Year						
2018	2019	2020	2021	2022	2023	
1	1	1	1	1	1	1
69	68	72	66	76		90
3	3	3	3	3	3	3
-	-	-	-	-	-	-
18	19	20	20	24		24
8	9	9	10	11		12
7	7	7	7	3	NA	
153	165	165	168	172		180
5	5	5	5	5		5
21	21	21	21	21		21
4	4	4	5	5		5
19	20	21	21	36		36
4	4	4	4	3		3
2	2	2	2	1		1
15	15	15	15	15		15
12	12	12	12	12		12
4	4	4	4	4		4
						2
4	4	6	6	8		8
1	1	1	1	1		1
110,266	150,972	139,447	149,965	155,715		160,533
-	-	-	-	-		-
5	5	6	7	6		6
225	228	229	231	236		246
113	116	116	120	124		133
14	14	14	15	16		17
11	11	10	8	10		9
7	10	7	8	11		11
384	352	341	376	373		420

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**CITY OF SCHERTZ, TEXAS**

**SINGLE AUDIT REPORT**

**FOR THE YEAR ENDED SEPTEMBER 30, 2023**



**CITY OF SCHERTZ, TEXAS**

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Schertz, Texas' (the "City") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

**Responsibilities of Management for Compliance**

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

## **Auditor's Responsibilities for the Audit of Compliance**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control over Compliance**

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## Report on Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Schertz, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 19, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Waco, Texas  
March 19, 2024

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

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Schertz, Texas (the "City") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 19, 2024. Our report includes a reference to other auditors who audited the financial statements of Schertz-Seguin Local Government Corporation, as described in our report on City of Schertz, Texas' financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

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

Waco, Texas  
March 19, 2024

**CITY OF SCHERTZ, TEXAS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Justice</u>			
Direct Programs:			
Equitable Sharing Agreement and Certification	16.922	N/A	<u>44,982</u>
Total Direct Programs			<u>44,982</u>
Total U.S. Department of Justice			<u>44,982</u>
<u>U.S. Department of Transportation</u>			
Passed through the Texas Department of Transportation:			
Highway Planning and Construction	20.205	N/A	<u>201,621</u>
Total Texas Department of Transportation			<u>201,621</u>
Total U.S. Department of Transportation			<u>201,621</u>
<u>U.S. Department of Treasury</u>			
Passed through the Texas Division of Emergency Management:			
COVID-19 - State and Local Fiscal Recovery Fund (ARP Act)	21.027	TX2511	<u>504,579</u>
Total Texas Division of Emergency Management			<u>504,579</u>
Total U.S. Department of Treasury			<u>504,579</u>
<u>National Endowment for the Humanities (NEH)</u>			
Passed through the Texas State Library and Archives Commission:			
Grants to States - Interlibrary Loan Program (ILL)	45.310	902524	<u>7,520</u>
Total Texas State Library and Archives Commission			<u>7,520</u>
Total National Endowment for the Humanities (NEH)			<u>7,520</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through the Texas Health and Human Services Commission:			
Medicaid Cluster - Ambulance Services - Uncompensated Care Costs	93.778	N/A	<u>84,588</u>
Total Texas Health and Human Services Commission			<u>84,588</u>
Total U.S. Health and Human Services Commission			<u>84,588</u>
<u>U.S. Department of Homeland Security</u>			
Passed through Texas Division of Emergency Management:			
Disaster Grants - Public Assistance	97.036	N/A	<u>498,810</u>
Total Texas Division of Emergency Management			<u>498,810</u>
Total U.S. Department of Homeland Security			<u>498,810</u>
Total Expenditures of Federal Awards			\$ <u>1,342,100</u>

The accompanying notes are an integral part of this schedule.

**CITY OF SCHERTZ, TEXAS**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

**1. GENERAL**

The accompanying schedule of expenditures of federal awards presents the activity of all applicable federal awards of the City of Schertz, Texas. The City's reporting entity is defined in Note I to the City's basic financial statements. Federal awards received directly from federal and state agencies as well as federal awards passed through other government agencies are included in the respective schedule.

**2. BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards is presented using modified accrual basis of accounting, which is described in Note I to the City's basic financial statements.

**3. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

Grant expenditure reports as of September 30, 2023, which have been submitted to grantor agencies will, in some cases, differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of year-end accruals. The reports will agree at termination of the grant as the discrepancies noted are timing differences.

**4. INDIRECT COSTS**

The City has not elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

**5. PASS-THROUGH EXPENDITURES**

None of the federal programs expended by the City were passed through to subrecipients.

**CITY OF SCHERTZ, TEXAS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

**Summary of the Auditor's Results**

**Financial Statements:**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered a material weakness?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards:**

Internal control over major programs: Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered a material weakness?	None reported
Type of auditor's report issued on compliance for major federal programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	None

Identification of major federal programs:

<u>Assistance Listing Number(s):</u>	<u>Name of Federal Program or Cluster:</u>
21.027	COVID-19 - State and Local Fiscal Recovery Fund (ARP Act)

The dollar threshold used to distinguish between type A and type B federal programs.	\$750,000
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Auditee qualified as low-risk auditee?	Yes
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**Findings Relating to the Financial Statements Which  
are Required to be Reported in Accordance With  
Generally Accepted Government Auditing Standards**

None reported

**Findings and Questioned Costs for Federal Awards**

None reported

**CITY OF SCHERTZ, TEXAS**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

None