

RESOLUTION NO. 26-R-044

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF SCHERTZ, TEXAS AUTHORIZING THE APPROVAL OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR FISCAL YEAR 2024-25.

WHEREAS, the City staff of the City of Schertz (the “City”) has recommended that the City Council approve the Annual Comprehensive Financial Report(ACFR) for Fiscal Year 2024-25 ; 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 2024-25; 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 2024-25.

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 2024-25, 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resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.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 APPROVED, this _____ day of _____, 2026.

CITY OF SCHERTZ, TEXAS

Ralph Rodriguez, Mayor

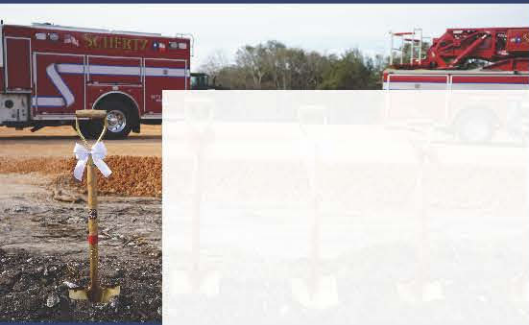
ATTEST:

Sheila Edmondson, TRMC
City Secretary

Exhibit A

Annual Comprehensive Financial Report

September 30, 2025



CITY OF SCHERTZ, TX

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

OFFICIALS ISSUING REPORT:

City Manager
Steve Williams

Director of Finance
James Walters



CITY OF SCHERTZ, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the year ended September 30, 2025

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INTRODUCTORY SECTION



March 17, 2026

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

State law requires that local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) and audited in accordance with generally accepted auditing standards in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City of Schertz for the fiscal year ended September 30, 2025.

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 aspects.

The City of Schertz's financial statements have been audited by ABIP, PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that financial statements of the City of Schertz for the fiscal year ended September 30, 2025, 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 on 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, 2025, 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 area in the country. The City of Schertz currently occupies a land area of 32.21 square miles with a population of 44,428 in 2024 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 is also empowered by state statute to expend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing body.



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

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

The annual budget and five-year forecast serve as the foundation for the City of Schertz's financial planning and control. All city departments are required to submit requests for appropriation to the City Manager by June of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents the proposed budget to the council for review in early August. The council then holds public hearings and community meetings on the proposed budget and to adopt a final budget by September 30th. The fiscal year for the City of 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 70-72 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 the City of Schertz remained strong in 2025. The surrounding metro area saw growth evidenced by the Federal Reserve Bank of Dallas reporting the San Antonio Business-Cycle Index increase 1.83% annual year over year for September 2025. This index has decreased below its long-term trend and continues to indicate economic expansion, however, the rate of expansion is slowing as markets had started to expect an economic downturn nationwide. As of December 2025, the unemployment rate for Texas was 3.7% and San Antonio-New Braunfels area was lower at 3.9%. The City of Schertz mirrors the local area unemployment rate still indicating full employment.

As another indicator of economic growth, the City of Schertz realized a 68.3% increase year-over-year in sales tax collections during the fiscal year. This increase is due to limited time contributions that are above the normal recurring sales tax collections and will cease in the second quarter of 2026. Without the additional one-time contribution, the annual sales tax growth was 5.1%. The City's average long-term growth is 7.0% which indicates the City is still growing above inflation but not at the average seen historically. This data mirrors the slowdown seen in the Business Cycle index for the local economy is growing but at a reduced rate.

The City of Schertz economy may be starting to pick back up as new residential construction was strong in 2025, more than tripling the amount of permit revenue on new home construction from 2023. New commercial development was not as strong with only 67 permits issued, down from 99 in 2024. This development indicates population growth and business growth could improve the Schertz economy in the coming years.

Industrial development continued along IH 35 with plans to construct 8 additional warehouse distribution buildings. East Group currently operates 6 of these buildings on Lookout Road, and this expansion further strengthens Schertz' industrial and logistics base.

A new retail development has begun with the Schertz Station Shopping Center, the first major retail development in 20 years. Final plans were completed in 2025 and construction continued on the 25,000 square feet of shopping space anchored by Home Depot.

Lone-term Financial Planning. The community approved bond propositions in November 2010 for quality of life projects which included an adequate facility, improvements to the baseball fields and soccer fields, building a new animal adoption facility, and improvements to Main Street. The only remaining project is the Main Street improvements, which is currently in the planning and engineering phase.

In November 2021, the City placed 1 bond proposition before voters totaling \$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 2025-2026, the City had \$415,000 for traffic safety projects, and \$1.7 million in discretionary items that include IT upgrades and police and fire equipment replacements in the General Fund.

This budget includes pay increases for employees totaling \$1.2 million based on rising public sector wages, performance, and tenure. This is broken down into a 1% employment cost index increase for all employees effective October and either a merit or non-uniformed public safety or a step increase for uniformed public safety employees up to 4% effective mid-year.

There are 26 new positions approved in the budget including 10 in the General Fund, 6 Water & Sewer Fund, 4 in EMS, and 6 in the Drainage Fund. The General Fund received 6 Firefighters to complete staffing for the upcoming Fire Station 4, an Assistant City Secretary, a Senior Center Supervisor, an Athletic s Coordination, and a Recreation Specialist. The Water & Sewer Fund was approved for 4 Water/Wastewater Worker I positions and Worker II. EMS was approved for 4 EMTs while the Drainage Fund was approved for 3 Worker I, a Worker II, a Crew Leader, and a Floodplain Manger.

Financial Information

Internal Control. Management is responsible for establishing and maintaining internal controls designed to ensure that assets for the City fare 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 starting on page 110. A more detailed summary of the City's Financial Performance is available in the Management Discussion and Analysis section on pages 5-14.

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 ABIP, 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 annual comprehensive financial report for the fiscal year ended September 30, 2024. This was the 39th consecutive year that the City as received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized annual comprehensive 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 annual comprehensive financial report continue 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.

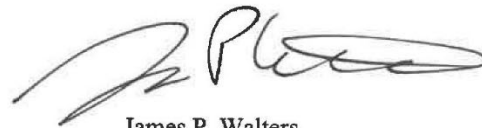
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report.

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 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

For the year ended September 30, 2025

CITY COUNCIL

MAYOR

RALPH GUTIERREZ

MAYOR PRO-TEM

TIM BROWN

CITY COUNCIL

MARK E. DAVIS

MICHELLE WATSON

PAUL MACALUSO

BENJAMIN GUERRERO

ROBERT WESTBROOK

ALLISON HEYWARD

CITY MANAGER

STEVE WILLIAMS

DIRECTOR OF FINANCE

JAMES WALTERS

CITY ATTORNEY

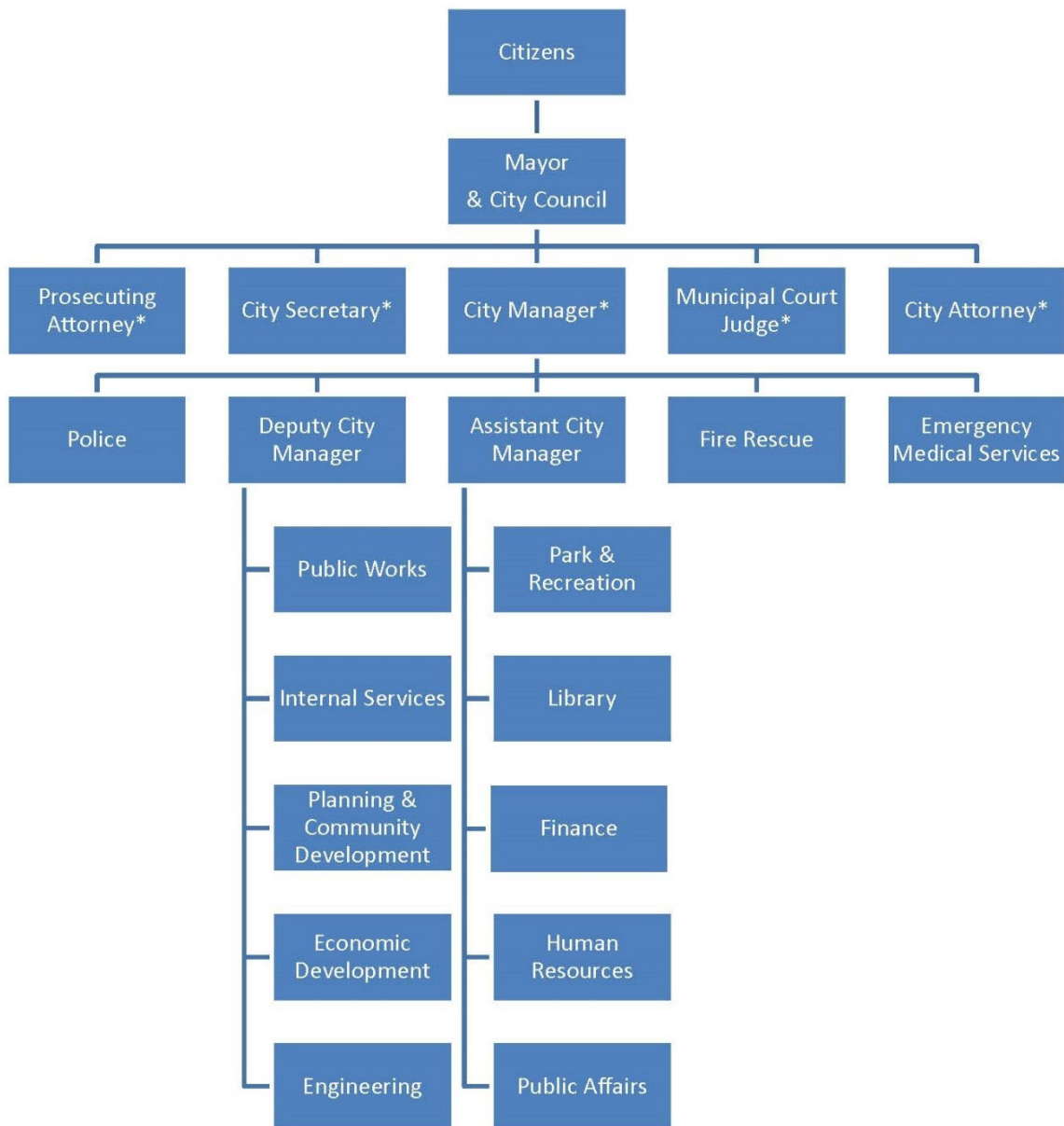
DAN SANTEE

CITY OF SCHERTZ, TEXAS

ORGANIZATIONAL CHART

For the year ended September 30, 2025

CITY OF SCHERTZ
ORGANIZATIONAL CHART
FY 2024-25



*Appointed by City Council



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, 2024

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the 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 accompanying 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, 2025, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of September 30, 2025, 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 8.9 percent and 11.5 percent, respectively, of the assets and net position of the Water and Sewer Fund, and 8.7 percent and 11.4 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.

Change in Accounting Principles

As described in note 1 to the financial statements, in 2025, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections* and GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 generally accepted auditing standards 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 generally accepted auditing standards 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.

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 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 and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of *Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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. The 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. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 17, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the City's 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's internal control over financial reporting and compliance.

San Antonio, Texas
March 17, 2026



CITY OF SCHERTZ, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

September 30, 2025

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 for the City of Schertz for the fiscal year ended September 30, 2025. 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 resources of the City of Schertz exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ending September 30, 2025, by \$445,020,423 (net position). Of this amount, \$83,727,599 (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 \$67,116,291. This increase was from capital contributions.
- At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$149,496,366, an increase of \$34,661,007 in comparison with the prior year. The primary cause of this increase was an increase in property and sales tax revenues that exceeded expenditure growth.
- At the end of the current fiscal year the combined total of the general fund assigned and unassigned fund balances was \$21,407,016 which is 47% 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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. The annual comprehensive financial report (ACFR) 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, using accounting methods 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 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 rise 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 not used 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 balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds are more narrow 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 (15) 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 (10) governmental funds are combined into a single, aggregated nonmajor fund presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds. The City 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.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

The combining statements referred to earlier in connection with nonmajor 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 \$445,020,423 at the close of the most recent fiscal year. The largest portion of the City’s total net position (67%) reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding, plus bond proceeds that have not yet been 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, \$85,727,599, 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.

TABLE 1
CITY OF SCHERTZ’S NET POSITION

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	\$ 157,098,554	\$ 125,153,191	\$ 98,066,644	\$ 66,639,490	255,165,198	\$ 191,792,681
Capital assets	212,548,731	194,684,599	180,054,249	144,205,606	392,602,980	338,890,205
Total assets	<u>369,647,285</u>	<u>319,837,790</u>	<u>278,120,893</u>	<u>210,845,096</u>	<u>647,768,178</u>	<u>530,682,886</u>
Deferred outflows of resources	<u>6,878,933</u>	<u>7,156,736</u>	<u>2,271,848</u>	<u>2,348,408</u>	<u>9,150,781</u>	<u>9,505,144</u>
Liabilities						
Other liabilities	6,181,525	17,855,465	6,990,621	8,146,445	13,172,146	26,001,910
Long-term liabilities	137,010,112	107,487,141	58,963,435	31,131,477	195,973,547	138,618,618
Total liabilities	<u>143,191,637</u>	<u>125,342,606</u>	<u>65,954,056</u>	<u>39,277,922</u>	<u>209,145,693</u>	<u>164,620,528</u>
Deferred inflows of resources	<u>2,112,327</u>	<u>1,355,792</u>	<u>640,516</u>	<u>373,930</u>	<u>2,752,843</u>	<u>1,729,722</u>
Net position						
Net investment in capital assets	169,821,032	142,891,901	128,188,819	125,867,091	298,009,851	268,758,992
Restricted	53,603,325	50,212,797	7,679,648	6,640,756	61,282,973	56,853,553
Unrestricted	7,797,897	7,191,430	77,929,702	41,033,805	85,727,599	48,225,235
Total net position	<u>\$ 231,222,254</u>	<u>\$ 200,296,128</u>	<u>\$ 213,798,169</u>	<u>\$ 173,541,652</u>	<u>\$ 445,020,423</u>	<u>\$ 373,837,780</u>

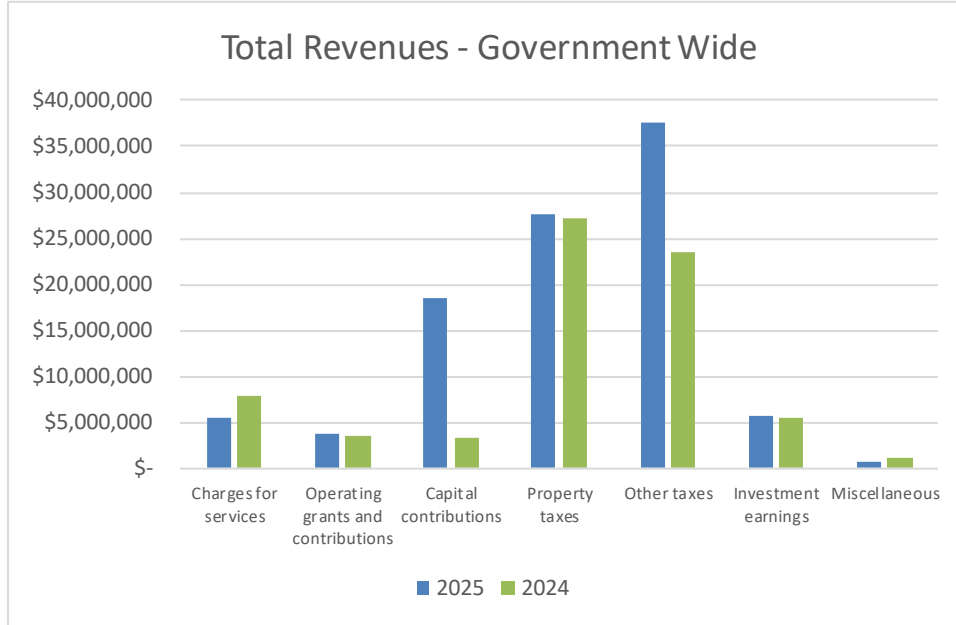
The government’s net position increased by \$67,116,291 during the current fiscal year. The primary cause for the increase was an increase in contributed capital; the City recognized approximately \$51.4 million of capital contribution revenue related to dedicated infrastructure assets and also experienced 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:

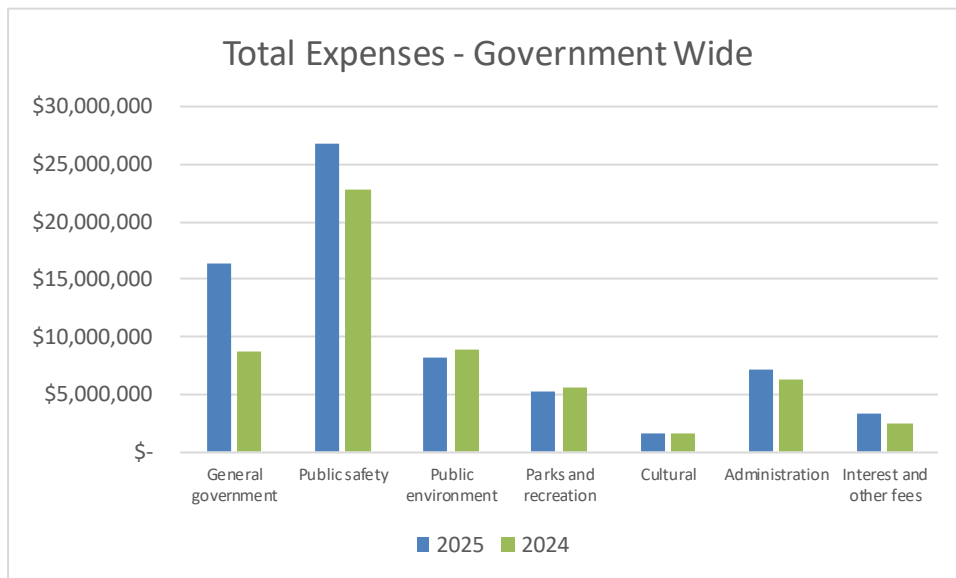
TABLE 2
CITY OF SCHERTZ'S CHANGES IN NET POSITION

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	ACTIVITIES		ACTIVITIES			
	2025	2024	2025	2024	2025	2024
REVENUES						
Program revenues:						
Charges for services	\$ 5,441,220	\$ 7,782,686	\$ 45,567,499	\$ 42,793,475	\$ 51,008,719	\$ 50,576,161
Operating grants and contributions	3,657,665	3,579,794	-	-	3,657,665	3,579,794
Capital contributions	18,408,023	3,293,373	33,036,134	8,431,343	51,444,157	11,724,716
General revenues:						
Property taxes	27,717,962	27,147,745	-	-	27,717,962	27,147,745
Other taxes	37,539,175	23,393,401	-	-	37,539,175	23,393,401
Investment earnings	5,704,453	5,569,055	3,977,901	4,535,559	9,682,354	10,104,614
Miscellaneous	781,729	1,119,844	-	974,786	781,729	2,094,630
Total revenues	<u>99,250,227</u>	<u>71,885,898</u>	<u>82,581,534</u>	<u>56,735,163</u>	<u>181,831,761</u>	<u>128,621,061</u>
EXPENSES						
General government	16,388,166	8,678,145	-	-	16,388,166	8,678,145
Public safety	26,692,587	22,719,864	-	-	26,692,587	22,719,864
Public environment	8,145,230	8,802,846	-	-	8,145,230	8,802,846
Parks and recreation	5,208,597	5,539,108	-	-	5,208,597	5,539,108
Cultural	1,627,098	1,520,759	-	-	1,627,098	1,520,759
Administration	7,198,709	6,343,146	-	-	7,198,709	6,343,146
Interest and other fees	3,334,685	2,508,098	-	-	3,334,685	2,508,098
Water and sewer	-	-	33,234,866	32,088,184	33,234,866	32,088,184
EMS	-	-	12,885,532	11,718,474	12,885,532	11,718,474
Total expenses	<u>68,595,072</u>	<u>56,111,966</u>	<u>46,120,398</u>	<u>43,806,658</u>	<u>114,715,470</u>	<u>99,918,624</u>
Increases (decreases) in net position before transfers	30,655,155	15,773,932	36,461,136	12,928,505	67,116,291	28,702,437
Transfers	169,768	-	(169,768)	-	-	-
Change in net position	30,824,923	15,773,932	36,291,368	12,928,505	67,116,291	28,702,437
NET POSITION - BEGINNING	<u>200,296,128</u>	<u>184,522,196</u>	<u>173,541,652</u>	<u>160,613,147</u>	<u>373,837,780</u>	<u>345,135,343</u>
RESTATEMENT	101,203	-	3,965,149	-	4,066,352	-
NET POSITION - ENDING	<u>\$ 231,222,254</u>	<u>\$ 200,296,128</u>	<u>\$ 213,798,169</u>	<u>\$ 173,541,652</u>	<u>\$ 445,020,423</u>	<u>\$ 373,837,780</u>

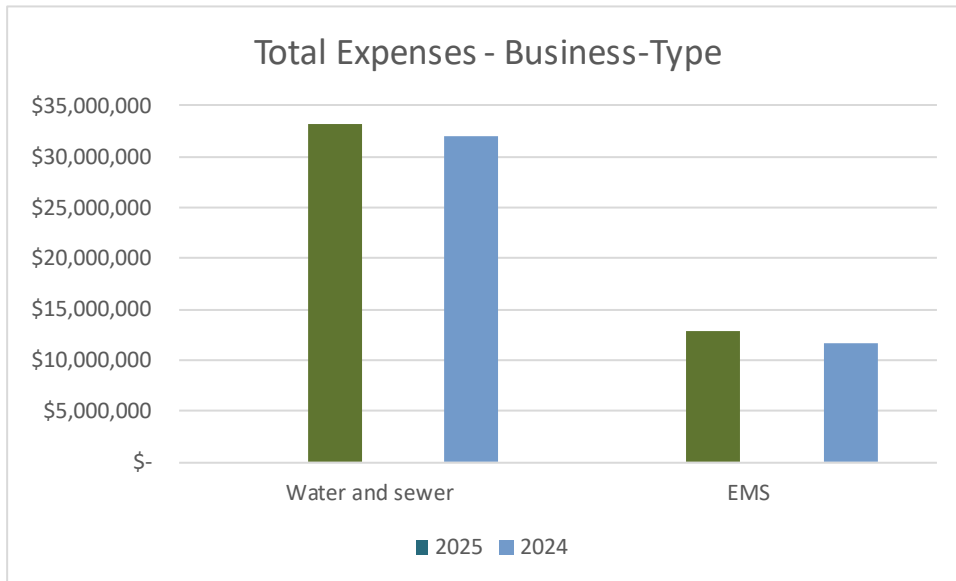
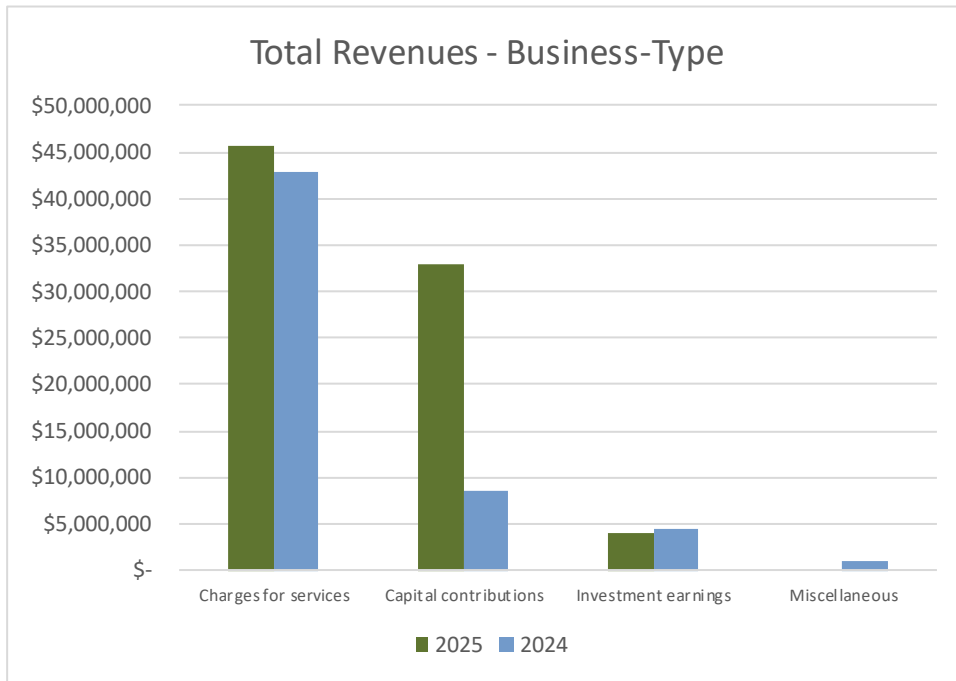
GENERAL REVENUE BY SOURCE – GOVERNMENTAL ACTIVITIES



TOTAL EXPENSES – GOVERNMENTAL



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 fund balances of \$149,496,366. Of this amount \$17,524,434 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 main operating fund of the City of Schertz. At the end of the current fiscal year, unassigned fund balance of the general fund was \$17,788,211, while total fund balance was \$24,418,544, an increase of \$4.5 million from the prior year. Overall, the increase was caused by property, and sales tax revenues over budget by \$5.5 million and expenditures being under budget by \$2.0 million. 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 39% of total general fund expenditures, not including capital outlay.

The debt service fund has a total fund balance of \$1,231,229, 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 \$798,684. 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 \$67,641,341, an increase of \$26.1 million. This was caused by the issuance of the City's Series 2025 Certificates of Obligation.

The Economic Development Fund presents the activities of the Schertz Economic Development Corporation (the SEDC), which promotes economic development activities using a portion of the City's sales tax revenue. At year end, the SEDC fund reported an ending fund balance of \$43,115,693, which is an increase of \$2.8 million 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 total fund balance of \$807,499, which consists of interest earned on the funding received from the Coronavirus Local Fiscal Recovery Fund grant program and \$5.3 million of revenue recognized during the year. 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 water and sewer fund at the end of the year amounted to \$77.9 million, and those for the Schertz EMS fund amounted to a deficit of \$955 thousand, which are 268% and 7% of fund operating costs, respectively.

The water and sewer fund reported an increase in net position of \$37.2 million. Approximately three quarters of this increase related to revenue recognition 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 \$895,346. Expenses increased by approximately 9% 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 \$1,990,656 less than the \$49.9 million budget. Overall activity in the general fund increased during the current year as the City emerged from COVID-19 pandemic, although the amount of growth was less than expected. Revenues were \$5.3 million more than budgeted, primarily due to sales tax revenue increasing more than expected. Overall, ending fund balance in the general fund was \$8.0 million 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, 2025 amounts to \$392,602,980 (net of accumulated depreciation), including several projects in progress from voter approved bonds.

TABLE 3
CAPITAL ASSETS AT YEAR-END
(Net of accumulated depreciation)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2025	2024	2025	2024	2025	2024
Land	\$ 15,443,457	\$ 15,450,585	\$ 2,861,843	\$ 2,415,103	\$ 18,305,300	\$ 17,865,688
Water rights	-	-	70,245	70,245	70,245	70,245
Buildings and improvements	72,448,767	67,671,372	4,103,606	3,725,152	76,552,373	71,396,524
Machinery, equipment and vehicles	22,621,474	19,506,533	9,100,049	7,895,394	31,721,523	27,401,927
Infrastructure	194,375,915	175,820,607	180,190,441	143,743,449	374,566,356	319,564,056
Construction in progress	15,946,985	14,956,054	36,554,548	35,493,424	52,501,533	50,449,478
Accumulated depreciation	<u>(108,287,867)</u>	<u>(98,720,552)</u>	<u>(52,826,483)</u>	<u>(49,137,161)</u>	<u>(161,114,350)</u>	<u>(147,857,713)</u>
Total capital assets	<u>\$ 212,548,731</u>	<u>\$ 194,684,599</u>	<u>\$ 180,054,249</u>	<u>\$ 144,205,606</u>	<u>\$ 392,602,980</u>	<u>\$ 338,890,205</u>

Additional information on the City’s capital assets can be found in note 2 to the basic financial statements.

Long-term liabilities. At the end of the current fiscal year, the City of Schertz had total long-term debt outstanding of \$170,769,325. The related principal and interest payment for the bonds backed by an annual ad valorem tax levied against all taxable property within the City. The City of Schertz maintains an “AAA+” rating from Standard and Poor’s.

TABLE 4
OUTSTANDING LIABILITIES AT YEAR END

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2025	2024	2025	2024	2025	2024
General obligation bonds	\$ 42,540,000	\$ 46,395,000	\$ 1,940,000	\$ 2,750,000	\$ 44,480,000	\$ 49,145,000
Certificate of obligation	66,500,000	42,275,000	46,550,000	21,150,000	113,050,000	63,425,000
Financing arrangements	27,307	54,614	81,922	163,843	109,229	218,457
Premium on bonds	6,850,688	5,763,094	3,293,508	1,954,620	10,144,196	7,717,714
Compensated absences	2,276,327	1,405,718	709,573	572,632	2,985,900	1,978,350
Totals	<u>\$ 118,194,322</u>	<u>\$ 95,893,426</u>	<u>\$ 52,575,003</u>	<u>\$ 26,591,095</u>	<u>\$ 170,769,325</u>	<u>\$ 122,484,521</u>

Total debt increased compared to the prior year due to the issuance of the City’s Series 2025 Certificates of Obligation.

Additional information on the City’s long-term liabilities can be found in note 2 to the basic financial statements.

ECONOMIC FACTORS AND CURRENT YEAR BUDGETS AND RATES

At the end of the fiscal year, the fund balance in the general fund increased to \$24.4 million from \$19.9 million after the starting balance was increased \$1.9 million due to restatements. There was a planned decrease in fund balance budgeted of \$2.6 million in the original adopted budget but due to the above expected performance of sales taxes collected that decrease turned into a \$4.5 million increase.

The sales tax increase was confirmed to be a limited increase due to unique business activity in the City beginning in 2025 and may continue into the second quarter of 2026. The City is aware these increased sales tax payments will not continue long term and is factoring this in to our financial forecasts and planning.

The City of Schertz has appropriated \$1.7 million of the fund balance for spending in the 2026 fiscal year budget in accordance to the City’s fund balance policy in an effort to reduce the fund balance level. The approved tax rate increased to \$0.5118 from \$0.4900 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.

In 2025, the City of Schertz experienced continued growth in commercial development. Final plans for Schertz Station were completed, and construction continued on the 250,000-square-foot retail center anchored by Home Depot, located adjacent to the entertainment district initiated by EVO. The Schertz Economic Development Corporation (EDC) supported the project with an initial \$4,000,000 infrastructure investment to fund the extension of Ripps Kruesler Drive. Additional incentive payments will begin once Home Depot opens in 2027.

On the industrial side, EastGroup Properties began development of eight warehouse distribution buildings. EastGroup currently operates six buildings on Lookout Road, and this expansion further strengthens Schertz’s industrial and logistics base. As part of the agreement, the Schertz Economic Development Corporation (SEDC) committed to reimburse EastGroup for nearly 10,000 linear feet of sewer line to connect with approximately 6,500

linear feet of sewer infrastructure previously committed to the Boomerang and Lovett developments. Together, these improvements will extend sewer service to a significant portion of the city north of IH-35, from FM 3009 to Friesenhahn Road.

The SEDC also committed to assisting the property owners of the retail center that includes Murdoch's Ranch & Home Supply and Bob Mills Furniture by funding the extension of Four Oaks Drive. The 1,330-linear-foot roadway extension will run north of Walmart and ultimately connect to Cibolo Valley Drive, improving access and supporting continued growth in this active commercial corridor. The property owner is planning an additional 100,000 square feet of retail, office, and commercial development behind the existing center.

In addition to having the highest annual revenue on new residential building permits for the second year in a row with \$694,500 from 463 different permits.

Overall, the City of Schertz continues to be an extremely attractive option as a center for logistics and distribution being along the west side IH 35 where the current industrial development is centered with residential and residential businesses located along the east side. Continued development reinforces the City's projection of continued growth in both the residential and commercial sectors of 3% and 7%, respectively.

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 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, 2025

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$ 139,792,981	\$ 51,825,274	\$ 191,618,255
Investments	5,057,298	1,268,106	6,325,404
Internal balances	-	-	-
Receivables - net of allowances:			
Taxes	8,876,880	-	8,876,880
Accounts and other	2,206,976	8,939,385	11,146,361
Accrued interest	-	37,244	37,244
Prepays	-	69,500	69,500
Inventories	171,259	295,316	466,575
Restricted assets:			
Cash and cash equivalents	311,791	11,186,680	11,498,471
Service concession arrangement receivable:			
Due within one year	90,909	-	90,909
Due in more than one year	590,460	-	590,460
Investment in joint venture	-	24,445,139	24,445,139
Capital assets:			
Land	15,443,457	2,861,843	18,305,300
Water rights	-	70,245	70,245
Buildings and improvements	72,448,767	4,103,606	76,552,373
Equipment and vehicles	22,621,474	9,100,049	31,721,523
Infrastructure	194,375,915	180,190,441	374,566,356
Construction in progress	15,946,985	36,554,548	52,501,533
Accumulated depreciation	(108,287,867)	(52,826,483)	(161,114,350)
Total assets	<u>369,647,285</u>	<u>278,120,893</u>	<u>647,768,178</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on debt refunding	334,923	-	334,923
Deferred outflows related to OPEB	402,352	139,683	542,035
Deferred outflows related to pension	6,141,658	2,132,165	8,273,823
Total deferred outflows of resources	<u>6,878,933</u>	<u>2,271,848</u>	<u>9,150,781</u>

(continued)

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

CITY OF SCHERTZ, TEXAS

STATEMENT OF NET POSITION

September 30, 2025

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
LIABILITIES			
Accounts payable	\$ 2,752,416	\$ 4,371,130	\$ 7,123,546
Accrued liabilities	909,766	376,451	1,286,217
Retainage payable	134,024	1,014,481	1,148,505
Due to other governments	85,382	-	85,382
Unearned revenue	1,306,875	302,260	1,609,135
Accrued interest payable	950,946	397,770	1,348,716
Customer deposits	42,116	528,529	570,645
Noncurrent liabilities:			
Due within one year:			
Compensated absences	455,265	141,914	597,179
Total OPEB liability	91,273	32,874	124,147
Service concession arrangement	55,241	-	55,241
Long-term debt	7,526,508	2,385,000	9,911,508
Due in more than one year:			
Compensated absences	1,821,063	567,659	2,388,722
Total OPEB liability	2,336,743	810,048	3,146,791
Net pension liability	15,973,737	5,545,510	21,519,247
Service concession arrangement	358,795	-	358,795
Long-term debt	108,391,487	49,480,430	157,871,917
Total liabilities	<u>143,191,637</u>	<u>65,954,056</u>	<u>209,145,693</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred service concession arrangement	267,333	-	267,333
Deferred inflows related to pension	968,687	-	968,687
Deferred inflows related to TMRS SDBF	238,946	304,223	543,169
Deferred inflows related to retiree healthcare	637,361	336,293	973,654
Total deferred inflows of resources	<u>2,112,327</u>	<u>640,516</u>	<u>2,752,843</u>
NET POSITION			
Net investment in capital assets	169,821,032	128,188,819	298,009,851
Restricted for:			
Police and municipal court	1,616,214	-	1,616,214
PEG capital fees	135,581	-	135,581
Tourism development	4,316,603	-	4,316,603
Economic development	43,923,192	-	43,923,192
Parks and tree mitigation	2,017,655	-	2,017,655
Debt service	1,231,229	-	1,231,229
Scholarships and other purposes	362,851	-	362,851
Construction	-	7,679,648	7,679,648
Unrestricted	<u>7,797,897</u>	<u>77,929,702</u>	<u>85,727,599</u>
Total net position	<u>\$ 231,222,254</u>	<u>\$ 213,798,169</u>	<u>\$ 445,020,423</u>

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

CITY OF SCHERTZ, TEXAS

STATEMENT OF ACTIVITIES

For the year ended September 30, 2025

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Primary government				
Governmental activities				
General government	\$ 16,388,166	\$ 3,346,260	\$ 260,735	\$ -
Public safety	26,692,587	765,098	2,546,879	-
Public environment	8,145,230	177,313	724,878	18,408,023
Parks and recreation	5,208,597	569,727	100,000	-
Cultural	1,627,098	452,580	25,173	-
Administration	7,198,709	130,242	-	-
Interest	3,334,685	-	-	-
Total governmental activities	<u>68,595,072</u>	<u>5,441,220</u>	<u>3,657,665</u>	<u>18,408,023</u>
Business-type activities				
Water and sewer	33,234,866	33,577,314	-	33,036,134
EMS	<u>12,885,532</u>	<u>11,990,185</u>	-	-
Total business-type activities	<u>46,120,398</u>	<u>45,567,499</u>	-	<u>33,036,134</u>
Total government	<u>\$ 114,715,470</u>	<u>\$ 51,008,719</u>	<u>\$ 3,657,665</u>	<u>\$ 51,444,157</u>
General revenues				
Taxes:				
Ad valorem				
Sales taxes				
Franchise fees				
Hotel/motel taxes				
Mixed drink				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues				
Change in net position				
Net position - beginning				
Restatement				
Net position - ending				

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

NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION
PRIMARY GOVERNMENT

<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
\$ (12,781,171)	\$ -	\$ (12,781,171)
(23,380,610)	-	(23,380,610)
11,164,984	-	11,164,984
(4,538,870)	-	(4,538,870)
(1,149,345)	-	(1,149,345)
(7,068,467)	-	(7,068,467)
<u>(3,334,685)</u>	<u>-</u>	<u>(3,334,685)</u>
<u>(41,088,164)</u>	<u>-</u>	<u>(41,088,164)</u>
-	33,378,582	33,378,582
-	<u>(895,347)</u>	<u>(895,347)</u>
-	<u>32,483,235</u>	<u>32,483,235</u>
<u>(41,088,164)</u>	<u>32,483,235</u>	<u>(8,604,929)</u>
27,717,962	-	27,717,962
33,895,921	-	33,895,921
2,669,138	-	2,669,138
886,356	-	886,356
87,760	-	87,760
5,704,453	3,977,901	9,682,354
781,729	-	781,729
<u>169,768</u>	<u>(169,768)</u>	<u>-</u>
<u>71,913,087</u>	<u>3,808,133</u>	<u>75,721,220</u>
<u>30,824,923</u>	<u>36,291,368</u>	<u>67,116,291</u>
<u>200,296,128</u>	<u>173,541,652</u>	<u>373,837,780</u>
<u>101,203</u>	<u>3,965,149</u>	<u>4,066,352</u>
<u>\$ 231,222,254</u>	<u>\$ 213,798,169</u>	<u>\$ 445,020,423</u>

CITY OF SCHERTZ, TEXAS

BALANCE SHEET – GOVERNMENTAL FUNDS

September 30, 2025

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	ECONOMIC DEVELOPMENT FUNDS
ASSETS				
Cash and cash equivalents	\$ 16,840,907	\$ 68,027,666	\$ 1,391,373	\$ 38,106,233
Investments	2,638,072	-	-	2,419,226
Receivables - net of allowances				
Taxes, net	6,127,744	-	196,164	2,552,972
Accounts and other	2,165,643	-	-	41,333
Due from other funds	644,353	-	-	-
Inventory	171,259	-	-	-
Restricted assets:				
Cash and cash equivalents	157,539	-	-	-
Total assets	\$ 28,745,517	\$ 68,027,666	\$ 1,587,537	\$ 43,119,764
LIABILITIES				
Accounts payable	\$ 1,899,625	\$ 386,325	\$ 400	\$ 4,071
Accrued salaries and benefits	909,766	-	-	-
Retainage payable	-	-	-	-
Customer deposits	77,191	-	-	-
Due to other governments	85,382	-	-	-
Due to other funds	-	-	-	-
Interest payable	-	-	159,744	-
Unearned revenues	74,099	-	-	-
Total liabilities	3,046,063	386,325	160,144	4,071
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	1,280,910	-	196,164	-
FUND BALANCES				
Nonspendable:				
Inventory	171,259	-	-	-
Restricted for:				
Police and public safety/municipal court	416,416	-	-	-
Municipal court	647,172	-	-	-
PEG capital fees	135,581	-	-	-
Capital improvement	-	67,641,341	-	-
Debt service	-	-	1,231,229	-
Tourism development	-	-	-	-
Parks and tree mitigation	-	-	-	-
Historical committee and library	-	-	-	-
Economic development	-	-	-	43,115,693
Animal control	79,234	-	-	-
Scholarships	173,619	-	-	-
Committed for:				
Capital projects	-	-	-	-
Civic center/SIED	1,388,247	-	-	-
Assigned for:				
Property replacement	1,054,301	-	-	-
Subsequent year's budget	2,564,504	-	-	-
Unassigned	17,788,211	-	-	-
Total fund balances	24,418,544	67,641,341	1,231,229	43,115,693
Total liabilities, deferred inflows of resources and fund balances	\$ 28,745,517	\$ 68,027,666	\$ 1,587,537	\$ 43,119,764

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

AMERICAN RESCUE PLAN ACT FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 2,649,817	\$ 12,776,985	\$ 139,792,981
-	-	5,057,298
-	-	8,876,880
-	-	2,206,976
-	-	644,353
-	-	171,259
-	-	-
-	154,252	311,791
<u>\$ 2,649,817</u>	<u>\$ 12,931,237</u>	<u>\$ 157,061,538</u>
\$ 458,055	\$ 4,824	\$ 2,753,300
-	-	909,766
134,024	-	134,024
-	-	77,191
-	-	85,382
-	644,353	644,353
-	-	159,744
<u>1,250,239</u>	<u>-</u>	<u>1,324,338</u>
<u>1,842,318</u>	<u>649,177</u>	<u>6,088,098</u>
-	-	1,477,074
-	-	171,259
-	552,626	969,042
-	-	647,172
-	-	135,581
-	5,548,955	73,190,296
-	-	1,231,229
-	4,316,603	4,316,603
-	2,017,655	2,017,655
-	109,998	109,998
807,499	-	43,923,192
-	-	79,234
-	-	173,619
-	-	-
-	-	1,388,247
-	-	1,054,301
-	-	2,564,504
-	(263,777)	17,524,434
<u>807,499</u>	<u>12,282,060</u>	<u>149,496,366</u>
<u>\$ 2,649,817</u>	<u>\$ 12,931,237</u>	<u>\$ 157,061,538</u>

CITY OF SCHERTZ, TEXAS

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

September 30, 2025

Total fund balances - total governmental funds \$ 149,496,366

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. 212,548,731

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. (111,343,634)

Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, these expenditures are reported when due. (791,202)

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. (6,515,765)

Receivables from grants, property taxes and fines and fees are not available soon enough to pay for the current periods expenditures and are, therefore deferred in the fund financial statements

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 or resources 1,530,495

Net pension liability	(15,973,737)
Deferred outflows related to pensions	6,141,658
Deferred inflows related to pensions	(968,687)
Total OPEB liability	(2,428,016)
Deferred outflows related to OPEB	402,352
Deferred inflows related to OPEB	<u>(876,307)</u>

Net position of governmental activities - statement of net position \$ 231,222,254

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



CITY OF SCHERTZ, TEXAS

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

For the year ended September 30, 2025

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	ECONOMIC DEVELOPMENT CORPORATION
REVENUES				
Taxes	\$ 43,833,937	\$ -	\$ 9,239,261	\$ 11,298,737
Permits and fees	1,953,854	-	-	-
Service fees	2,833,131	-	-	-
Fines and fees	467,828	-	-	-
Intergovernmental	2,552,069	-	-	-
Investment earnings	940,915	2,166,319	100,303	1,736,318
Miscellaneous	996,957	-	100,000	-
Total revenues	<u>53,578,691</u>	<u>2,166,319</u>	<u>9,439,564</u>	<u>13,035,055</u>
EXPENDITURES				
Current:				
General government	7,310,443	-	-	7,774,577
Public safety	24,706,100	-	-	-
Public environment	1,755,359	-	-	-
Parks and recreation	3,800,651	-	-	-
Cultural	1,533,945	-	-	-
Administration	6,249,164	255,940	-	618,481
Capital outlay	2,516,318	7,877,460	-	-
Debt service:				
Principal	-	-	7,015,000	-
Interest and fiscal charges	-	-	3,227,327	-
Bond issue cost	-	141,719	-	-
Total expenditures	<u>47,871,980</u>	<u>8,275,119</u>	<u>10,242,327</u>	<u>8,393,058</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,706,711</u>	<u>(6,108,800)</u>	<u>(802,763)</u>	<u>4,641,997</u>
OTHER FINANCING SOURCES (USES)				
Issuance of bonds	-	27,385,000	-	-
Premium on issuance of bonds	-	1,531,795	-	-
Transfers in	282,976	3,493,792	4,079	-
Transfers out	<u>(1,477,241)</u>	<u>(204,079)</u>	<u>-</u>	<u>(1,849,500)</u>
Total other financing sources (uses)	<u>(1,194,265)</u>	<u>32,206,508</u>	<u>4,079</u>	<u>(1,849,500)</u>
Net change in fund balances	<u>4,512,446</u>	<u>26,097,708</u>	<u>(798,684)</u>	<u>2,792,497</u>
FUND BALANCES - BEGINNING	17,947,703	41,543,633	2,029,913	40,323,196
RESTATEMENT	<u>1,958,395</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 24,418,544</u>	<u>\$ 67,641,341</u>	<u>\$ 1,231,229</u>	<u>\$ 43,115,693</u>

AMERICAN RESCUE PLAN ACT FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 886,356	\$ 65,258,291
-	278,598	2,232,452
-	745,136	3,578,267
-	31,147	498,975
5,263,208	42,253	7,857,530
269,071	491,527	5,704,453
-	46	1,097,003
<u>5,532,279</u>	<u>2,475,063</u>	<u>86,226,971</u>
-	196,024	15,281,044
-	-	24,706,100
-	103,686	1,859,045
-	-	3,800,651
-	13,423	1,547,368
-	-	7,123,585
5,539,172	17,738	15,950,688
-	-	7,015,000
-	-	3,227,327
-	-	141,719
<u>5,539,172</u>	<u>330,871</u>	<u>80,652,527</u>
<u>(6,893)</u>	<u>2,144,192</u>	<u>5,574,444</u>
-	-	27,385,000
-	-	1,531,795
-	2,717	3,783,564
<u>-</u>	<u>(82,976)</u>	<u>(3,613,796)</u>
<u>-</u>	<u>(80,259)</u>	<u>29,086,563</u>
<u>(6,893)</u>	<u>2,063,933</u>	<u>34,661,007</u>
814,392	10,218,127	112,876,964
<u>-</u>	<u>-</u>	<u>1,958,395</u>
<u>\$ 807,499</u>	<u>\$ 12,282,060</u>	<u>\$ 149,496,366</u>

CITY OF SCHERTZ, TEXAS

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

For the year ended September 30, 2025

Net change in fund balances - total governmental funds \$ 34,661,007

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	15,950,688
Contributions of infrastructure	13,144,815
Depreciation expense	(10,608,313)

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

Property taxes	(1,154)
Court fines	(120,405)

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	7,042,307
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.

Issuance of bonds	(27,385,000)
Premium on issuance of bonds	(1,087,594)
Compensated absences	401,320
Net pension liability	(661,421)
Total OPEB liability	(101,487)

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.

(352,568)

Change in net position of governmental activities	<u>\$ 30,824,923</u>
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The accompanying notes are an integral part of the financial statements.

CITY OF SCHERTZ, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

September 30, 2025

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER AND SEWER SYSTEM	SCHERTZ EMS	TOTAL ENTERPRISE FUND
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 54,115,592	\$ (2,290,318)	\$ 51,825,274
Investments	1,268,106	-	1,268,106
Accounts receivable, net of allowance:			
Customer accounts	3,293,392	5,645,993	8,939,385
Accrued interest	37,244	-	37,244
Prepays	-	69,500	69,500
Inventory	<u>129,758</u>	<u>165,558</u>	<u>295,316</u>
Total current assets	<u>58,844,092</u>	<u>3,590,733</u>	<u>62,434,825</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	11,186,680	-	11,186,680
Investment in joint ventures	24,445,139	-	24,445,139
Capital assets:			
Land	2,861,843	-	2,861,843
Water rights	70,245	-	70,245
Buildings and improvements	4,009,106	94,500	4,103,606
Machinery, equipment, and vehicles	5,328,981	3,771,068	9,100,049
Infrastructure	180,190,441	-	180,190,441
Construction in progress	36,554,548	-	36,554,548
Less accumulated depreciation	<u>(50,446,754)</u>	<u>(2,379,729)</u>	<u>(52,826,483)</u>
Total noncurrent assets	<u>214,200,229</u>	<u>1,485,839</u>	<u>215,686,068</u>
Total assets	273,044,321	5,076,572	278,120,893
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB	39,514	100,169	139,683
Deferred outflows related to pension	<u>603,162</u>	<u>1,529,003</u>	<u>2,132,165</u>
Total deferred outflows of resources	<u>642,676</u>	<u>1,629,172</u>	<u>2,271,848</u>
Total assets and deferred outflows of resources	<u>\$ 273,686,997</u>	<u>\$ 6,705,744</u>	<u>\$ 280,392,741</u>

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

CITY OF SCHERTZ, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

September 30, 2025

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER AND SEWER SYSTEM	SCHERTZ EMS	TOTAL ENTERPRISE FUND
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Current liabilities:			
Accounts payable	\$ 3,996,201	\$ 374,929	\$ 4,371,130
Accrued liabilities	109,050	267,401	376,451
Retainage payable	1,014,481	-	1,014,481
Customer deposits	528,529	-	528,529
Accrued interest	397,770	-	397,770
Due to other funds	-	-	-
Unearned revenue	300,000	2,260	302,260
Current portion of long-term liabilities:			
Compensated absences	44,048	97,866	141,914
Total OPEB liability	9,300	23,574	32,874
Long-term liabilities	<u>2,385,000</u>	<u>-</u>	<u>2,385,000</u>
Total current liabilities	<u>8,784,379</u>	<u>766,030</u>	<u>9,550,409</u>
Noncurrent liabilities:			
Compensated absences	176,194	391,465	567,659
Total OPEB liability	229,152	580,896	810,048
Net pension liability	1,568,753	3,976,757	5,545,510
Long-term liabilities	<u>49,398,508</u>	<u>81,922</u>	<u>49,480,430</u>
Total noncurrent liabilities	<u>51,372,607</u>	<u>5,031,040</u>	<u>56,403,647</u>
Total liabilities	<u>60,156,986</u>	<u>5,797,070</u>	<u>65,954,056</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to OPEB	86,060	218,163	304,223
Deferred inflows related to pension	<u>95,133</u>	<u>241,160</u>	<u>336,293</u>
Total deferred inflows of resources	<u>181,193</u>	<u>459,323</u>	<u>640,516</u>
NET POSITION			
Net investment in capital assets	126,784,902	1,403,917	128,188,819
Restricted for construction	7,679,648	-	7,679,648
Unrestricted	<u>78,884,268</u>	<u>(954,566)</u>	<u>77,929,702</u>
Total net position	<u>213,348,818</u>	<u>449,351</u>	<u>213,798,169</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 273,686,997</u>	<u>\$ 6,705,744</u>	<u>\$ 280,392,741</u>

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

CITY OF SCHERTZ, TEXAS

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

For the year ended September 30, 2025

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER AND SEWER SYSTEM	SCHERTZ EMS	TOTAL ENTERPRISE FUND
OPERATING REVENUES			
Fees charged to users	\$ 32,807,875	\$ 11,680,561	\$ 44,488,436
Intergovernmental	-	-	-
Other charges	102,170	-	102,170
Miscellaneous	<u>338,152</u>	<u>309,624</u>	<u>647,776</u>
Total operating revenues	<u>33,248,197</u>	<u>11,990,185</u>	<u>45,238,382</u>
OPERATING EXPENSES			
Personnel services	4,186,867	9,676,961	13,863,828
General and administrative	3,723,446	1,187,290	4,910,736
Contractual services	18,992,151	872,643	19,864,794
Supplies and maintenance	1,400,585	737,280	2,137,865
Depreciation	<u>3,946,072</u>	<u>305,784</u>	<u>4,251,856</u>
Total operating expenses	<u>32,249,121</u>	<u>12,779,958</u>	<u>45,029,079</u>
Operating income (loss)	<u>999,076</u>	<u>(789,773)</u>	<u>209,303</u>
NONOPERATING REVENUES (EXPENSES)			
Investment revenue	3,977,900	1	3,977,901
Loss on sale of asset	-	(105,574)	(105,574)
Rent revenue	329,117	-	329,117
Interest expense and fees	<u>(985,745)</u>	<u>-</u>	<u>(985,745)</u>
Total nonoperating revenues (expenses)	<u>3,321,272</u>	<u>(105,573)</u>	<u>3,215,699</u>
Income (loss) before contributions and transfers	4,320,348	(895,346)	3,425,002
Transfer in	1,232	-	1,232
Transfer out	(171,000)	-	(171,000)
Capital contributions - impact fees	2,454,275	-	2,454,275
Capital contributions - dedicated assets	<u>30,581,859</u>	<u>-</u>	<u>30,581,859</u>
Change in net position	37,186,714	(895,346)	36,291,368
TOTAL NET POSITION - BEGINNING	172,234,483	1,307,169	173,541,652
Restatement of net position	<u>3,927,621</u>	<u>37,528</u>	<u>3,965,149</u>
TOTAL NET POSITION - ENDING	<u>\$ 213,348,818</u>	<u>\$ 449,351</u>	<u>\$ 213,798,169</u>

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

CITY OF SCHERTZ, TEXAS

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

For the year ended September 30, 2025

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER AND SEWER SYSTEM	SCHERTZ EMS	TOTAL ENTERPRISE FUND
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers and users	\$ 31,609,562	\$ 11,057,352	\$ 42,666,914
Cash paid to employees for services	(3,934,332)	(9,604,735)	(13,539,067)
Cash paid to suppliers for goods and services	<u>(23,535,606)</u>	<u>(3,030,578)</u>	<u>(26,566,184)</u>
Net cash provided by (used in) operating activities	<u>4,139,624</u>	<u>(1,577,961)</u>	<u>2,561,663</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from/to other funds	<u>(169,768)</u>	<u>-</u>	<u>(169,768)</u>
Net cash provided by (used in) noncapital financing activities	<u>(169,768)</u>	<u>-</u>	<u>(169,768)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase/construction of capital assets	(5,650,590)	(630,908)	(6,281,498)
Capital contributions - impact fees	2,454,275	-	2,454,275
Proceeds from issuance of debt	27,760,568	-	27,760,568
Interest paid on long-term debt	(742,939)	-	(742,939)
Principal paid on long-term debt	<u>(1,831,680)</u>	<u>(81,921)</u>	<u>(1,913,601)</u>
Net cash provided by (used in) capital and related financing activities	<u>21,989,634</u>	<u>(712,829)</u>	<u>21,276,805</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(45,836)	-	(45,836)
Payments from rentals	329,117	-	329,117
Interest and investment earnings	<u>3,946,980</u>	<u>1</u>	<u>3,946,981</u>
Net cash provided by (used in) investing activities	<u>4,230,261</u>	<u>1</u>	<u>4,230,262</u>
Net increase (decrease) in cash and cash equivalents	30,189,751	(2,290,789)	27,898,962
CASH AND CASH EQUIVALENTS - BEGINNING	<u>35,112,521</u>	<u>471</u>	<u>35,112,992</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 65,302,272</u>	<u>\$ (2,290,318)</u>	<u>\$ 63,011,954</u>

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

CITY OF SCHERTZ, TEXAS

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

For the year ended September 30, 2025

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER AND SEWER SYSTEM	SCHERTZ EMS	TOTAL ENTERPRISE FUND
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	\$ 999,076	\$ (789,773)	\$ 209,303
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	3,946,072	305,784	4,251,856
Change in investment in joint venture	(2,236,433)	-	(2,236,433)
Decrease (increase) in accounts receivable	640,106	(989,233)	(349,127)
Decrease (increase) in inventory	(20,008)	(165,558)	(185,566)
Decrease (increase) in prepaids	-	(69,500)	(69,500)
Increase (decrease) in accounts payable	(443,839)	(57,874)	(501,713)
Increase (decrease) in accrued liabilities	1,044,423	57,307	1,101,730
Increase (decrease) in customer deposits	(72,308)	-	(72,308)
Increase (decrease) in unearned revenue	-	2,260	2,260
Increase (decrease) in compensated absences	80,541	56,400	136,941
Increase (decrease) in net pension liability	(948,422)	164,665	(783,757)
Increase (decrease) in total OPEB liability	<u>1,150,416</u>	<u>(92,439)</u>	<u>1,057,977</u>
Net cash provided by (used in) operations	<u>\$ 4,139,624</u>	<u>\$ (1,577,961)</u>	<u>\$ 2,561,663</u>
SCHEDULE OF NONCASH CAPITAL ACTIVITIES			
Developer contributions of capital assets	<u>\$ 30,581,859</u>	<u>\$ -</u>	<u>\$ 30,581,859</u>
Total noncash capital activities	<u>\$ 30,581,859</u>	<u>\$ -</u>	<u>\$ 30,581,859</u>

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

NOTES TO FINANCIAL STATEMENTS



CITY OF SCHERTZ, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2025

(1) Summary of significant accounting policies

The City of Schertz, Texas (the City) is a municipal corporation governed by an elected mayor and a seven-member council. The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental 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:

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 to be 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 (SEDC) – 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 the SEDC would be expected to be paid using City resources. Thus, the 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, 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 or services or by subsidizing the operations.

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.

CITY OF SCHERTZ, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2025

(1) Summary of significant accounting policies (continued)**Government-wide and fund financial statements (continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to 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 revenue are reported instead as general revenues.

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

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 it is both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if 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 services 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 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.

CITY OF SCHERTZ, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2025

(1) Summary of significant accounting policies (continued)

Measurement focus, basis of accounting and financial statement presentation (continued)

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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule 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 revenue reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants 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 revenue and expenses not meeting this definition are reported as nonoperating revenue 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.

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.

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 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.

CITY OF SCHERTZ, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2025

(1) Summary of significant accounting policies (continued)**Investments (continued)**

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 quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs.

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.

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.

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.

CITY OF SCHERTZ, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2025

(1) Summary of significant accounting policies (continued)

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 assets' 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>ASSET</u>	<u>USE LIVES (YEARS)</u>
Buildings and improvements	10 - 50
Machinery, equipment, and vehicles	2 - 20
Infrastructure	15 - 50

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, represent 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 – the 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.

CITY OF SCHERTZ, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2025

(1) Summary of significant accounting policies (continued)**Deferred inflows / outflows of resources (continued)**

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.

Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation is accrued depending on level of employment and years of service. Vacation can be accrued depending on years of service with the City. Accrued vacation is paid upon retirement or termination of employment in accordance with City policy. As of October 1, 2024 the City has implemented GASB Statement No. 101 *Compensated Absences*. This required all vacation and sick leave carried by employees at the City as well as the fringe benefits associated with the leave balances to be included in the calculation of compensated absences and required a restatement of net position of \$1,493,374.

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 additional 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.

Other postemployment benefits

Supplemental Death Benefits Fund. For purposes of measuring the total Texas Municipal Retirement System Supplemental Death Benefits 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 inflow of resources related to TMRS SDBF.

CITY OF SCHERTZ, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2025

(1) Summary of significant accounting policies (continued)**Other postemployment benefits**

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 and Company.

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.

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 specific purposes 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 take (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.
- **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.

CITY OF SCHERTZ, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2025

(1) Summary of significant accounting policies (continued)

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.

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.

Deficit equity

At September 30, 2025, the City has a deficit unassigned fund balance of \$263,777 in the grant fund. This deficit is due to timing differences between expenditures and reimbursements of grant funds.

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.

(2) Detailed notes on all funds and activities

Cash, cash equivalents and investments

As of September 30, 2025, the City had the following cash, cash equivalents, and investments:

DESCRIPTION	REPORTED VALUE	WEIGHTED AVERAGE MATURITY (DAYS)	FAIR VALUE MEASUREMENTS USING - LEVEL 2
Investment type:			
Logic	\$ 88,247,080	48	\$ -
Lone Star Investment Pool	32,525,504	21	-
Texas CLASS	71,004,544	34	-
Certificates of deposit	4,174,332	79	4,174,332
U.S. agency securities	1,902,072	487	-
Subtotal	<u>197,853,532</u>		<u>\$ 4,174,332</u>
Plus depository and petty cash	<u>11,588,598</u>		
Total cash and investments	<u>\$ 209,442,130</u>		

CITY OF SCHERTZ, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2025

(2) Detailed notes on all funds and activities (continued)**Cash, cash equivalents and investments (continued)**

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.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs other than quoted market prices for similar assets; Level 3 inputs are significant unobservable inputs. All of the City's fair value investments were valued using either documented trade history in exact security pricing, option-adjusted discounted cash flow, or present value of expected future cash flow pricing models (Level 2 inputs).

Interest rate risk – as a means of limiting its exposure to fair value losses arising from 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, 2025, 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, 2025, 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, 2025, 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.

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.

CITY OF SCHERTZ, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2025

(2) Detailed notes on all funds and activities (continued)

Property taxes (continued)

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, 2025, was \$0.4900 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.

Receivables

Receivables as of September 30, 2025 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		TOTAL
	GENERAL	ECONOMIC	DEBT	WATER AND	SCHERTZ	
	FUND	DEVELOPMENT	SERVICE	SEWER FUND	EMS	
Receivables:						
Property taxes	\$ 440,541	\$ -	\$ 208,685	\$ -	\$ -	\$ 649,226
Sales tax	5,105,943	2,552,972	-	-	-	7,658,915
Occupancy taxes	-	-	-	-	-	-
Franchise taxes	586,262	-	-	-	-	586,262
Customers	-	-	-	3,352,010	8,917,427	12,269,437
Court fines	2,129,735	-	-	-	-	2,129,735
Other	1,400,103	41,333	-	-	2,667	1,444,103
Gross receivables	9,662,584	2,594,305	208,685	3,352,010	8,920,094	24,737,678
Less allowance for uncollectible accounts	(1,369,197)	-	(12,521)	(58,618)	(3,274,101)	(4,714,437)
Net receivables	\$ 8,293,387	\$ 2,594,305	\$ 196,164	\$ 3,293,392	\$ 5,645,993	\$ 20,023,241

CITY OF SCHERTZ, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2025

(2) Detailed notes on all funds and activities (continued)

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 governmental funds were as follows:

General fund	
Delinquent property taxes receivable	\$ 414,108
Court fines	<u>866,802</u>
Total general fund	<u>1,280,910</u>
Debt service fund	
Delinquent property taxes receivable	<u>196,164</u>
Total debt service fund	<u>196,164</u>
Total governmental funds	<u>\$ 1,477,074</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	WATER/ SEWER	EMS	TOTALS
Deferred outflows:				
Charge on refunding	\$ 334,923	\$ -	\$ -	\$ 334,923
Related to pensions	6,141,658	603,162	1,529,003	8,273,823
Related to OPEB-SDBF	104,101	10,223	25,917	140,241
Related to OPEB-retiree health plan	<u>298,251</u>	<u>29,291</u>	<u>74,252</u>	<u>401,794</u>
Total deferred outflows	<u>\$ 6,878,933</u>	<u>\$ 642,676</u>	<u>\$ 1,629,172</u>	<u>\$ 9,150,781</u>
Deferred inflows:				
Service concession arrangement	\$ 267,333	\$ -	\$ -	\$ 267,333
Related to pensions	968,687	95,133	241,160	1,304,980
Related to OPEB-SDBF	238,946	23,466	59,487	321,899
Related to OPEB-retiree health plan	<u>637,361</u>	<u>62,594</u>	<u>158,676</u>	<u>858,631</u>
Total deferred inflows	<u>\$ 2,112,327</u>	<u>\$ 181,193</u>	<u>\$ 459,323</u>	<u>\$ 2,752,843</u>

CITY OF SCHERTZ, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2025

(2) Detailed notes on all funds and activities (continued)

Interfund balances and transfers

The composition of interfund balances as of September 30, 2025, is as follows:

Due From	Due To	Amount	Purpose
Nonmajor governmental fund	General fund	\$ 644,353	Short-term pool cash loan

The following schedule briefly summarizes the City’s transfer activity for the year ending September 30, 2025:

Transfer From	Transfer To	Amount	Purpose
Nonmajor governmental fund	General fund	\$ 82,976	Supplement funds sources
Capital projects fund	General fund	200,000	Supplement funds sources
Capital projects fund	Debt service fund	4,079	Supplement funds sources
Economic development corporation	Capital projects fund	1,849,500	Funding for various capital projects
General fund	Capital projects fund	1,473,292	Funding for various capital projects
General fund	Water and sewer fund	1,232	Supplement funds sources
Water and sewer fund	Capital projects fund	171,000	Supplement funds sources
General fund	Nonmajor governmental fund	2,717	Supplement funds sources

Capital assets

Capital asset activity for the year ended September 30, 2025 was as follows:

	BALANCE AS RESTATED	ADDITIONS	TRANSFERS/ DELETIONS	ENDING BALANCE
Governmental activities				
Capital assets not being depreciated				
Land	\$ 15,299,666	\$ 143,791	\$ -	\$ 15,443,457
Construction in progress	5,624,109	13,135,971	(2,813,095)	15,946,985
Total capital assets not being depreciated	20,923,775	13,279,762	(2,813,095)	31,390,442
Capital assets being depreciated				
Buildings and improvements	70,157,099	2,291,668	-	72,448,767
Machinery, equipment, and vehicles	21,022,952	2,677,316	(1,078,794)	22,621,474
Street and infrastructure	180,716,063	13,659,852	-	194,375,915
Total capital assets being depreciated	271,896,114	18,628,836	(1,078,794)	289,446,156
Less accumulated depreciation:				
Buildings and improvements	(25,386,017)	(2,593,714)	-	(27,979,731)
Machinery, equipment, and vehicles	(11,769,989)	(2,190,098)	1,040,998	(12,919,089)
Street and infrastructure	(61,564,546)	(5,824,501)	-	(67,389,047)
Total accumulated depreciation	(98,720,552)	(10,608,313)	1,040,998	(108,287,867)
Total capital assets being depreciated - net	173,175,562	8,020,523	(37,796)	181,158,289
Governmental activities capital assets - net	\$ 194,099,337	\$ 21,300,285	\$ (2,850,891)	\$ 212,548,731

CITY OF SCHERTZ, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2025

(2) Detailed notes on all funds and activities (continued)

Capital assets (continued)

	BALANCE AS RESTATED	ADDITIONS	TRANSFERS/ DELETIONS	ENDING BALANCE
Business-type activities				
Capital assets not being depreciated				
Land	\$ 2,684,967	\$ 176,876	\$ -	\$ 2,861,843
Water rights	70,245	-	-	70,245
Construction in progress	29,281,294	7,273,254	-	36,554,548
Total capital assets not being depreciated	<u>32,036,506</u>	<u>7,450,130</u>	<u>-</u>	<u>39,486,636</u>
Capital assets being depreciated				
Buildings and improvements	3,725,152	-	378,454	4,103,606
Machinery, equipment, and vehicles	7,978,454	1,748,742	(627,147)	9,100,049
Street and infrastructure	149,987,037	30,581,858	(378,454)	180,190,441
Total capital assets being depreciated	<u>161,690,643</u>	<u>32,330,600</u>	<u>(627,147)</u>	<u>193,394,096</u>
Less accumulated depreciaton:				
Buildings and improvements	(1,556,681)	(258,509)	-	(1,815,190)
Machinery, equipment, and vehicles	(5,178,544)	(571,854)	521,573	(5,228,825)
Street and infrastructure	(42,416,972)	(3,421,493)	55,997	(45,782,468)
Total accumulated depreciation	<u>(49,152,197)</u>	<u>(4,251,856)</u>	<u>577,570</u>	<u>(52,826,483)</u>
Total capital assets being depreciated - net	<u>112,538,446</u>	<u>28,078,744</u>	<u>(49,577)</u>	<u>140,567,613</u>
Business-type activities capital assets - net	<u>\$ 144,574,952</u>	<u>\$ 35,528,874</u>	<u>\$ (49,577)</u>	<u>\$ 180,054,249</u>

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

Governmental activities	
General government	\$ 1,113,873
Public safety	1,707,938
Public environment	6,311,947
Parks and recreation	1,400,297
Cultural	63,650
Administration	<u>10,608</u>
Total depreciation expense - governmental activities	<u>\$ 10,608,313</u>
Business-type activities	
Water and sewer system	\$ 3,946,072
EMS	<u>305,784</u>
Total depreciation expense - business-type activities	<u>\$ 4,251,856</u>

CITY OF SCHERTZ, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2025

(2) Detailed notes on all funds and activities (continued)

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 and certificates of obligation. 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 \$45 million and sales tax revenues was \$34 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, 2025 are as follows:

	BALANCE AS RESTATED	ISSUED	REFUNDED/ RETIRED	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities					
General obligation bonds	\$ 42,630,000	\$ -	\$ (2,845,000)	\$ 39,785,000	\$ 2,970,000
Certificates of obligation	42,275,000	27,385,000	(3,160,000)	66,500,000	3,050,000
General obligation bonds- private placement	3,765,000	-	(1,010,000)	2,755,000	1,035,000
Premium from debt	5,763,094	1,531,795	(444,201)	6,850,688	444,201
Financing arrangement	54,614	-	(27,307)	27,307	27,307
Compensated absences	2,531,848	-	(255,521)	2,276,327	455,265
Total governmental activities long-term liabilities	<u>\$ 97,019,556</u>	<u>\$ 28,916,795</u>	<u>\$ (7,742,029)</u>	<u>\$ 118,194,322</u>	<u>\$ 7,981,773</u>
Business-type activities					
General obligation bonds	\$ 2,535,000	\$ -	\$ (595,000)	\$ 1,940,000	\$ 615,000
Certificates of obligation	21,150,000	26,290,000	(890,000)	46,550,000	1,770,000
General obligation bonds- private placement	215,000	-	(215,000)	-	-
Premium from debt	1,954,620	1,470,568	(131,680)	3,293,508	131,680
Financing arrangement	163,843	-	(81,921)	81,922	81,922
Compensated absences	794,077	-	(84,504)	709,573	141,914
Business-type activity long-term liabilities	<u>\$ 26,812,540</u>	<u>\$ 27,760,568</u>	<u>\$ (1,998,105)</u>	<u>\$ 52,575,003</u>	<u>\$ 2,740,516</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 not included in the City’s financial statements. As of September 30, 2025, the City does not have bonds considered defeased and outstanding.

CITY OF SCHERTZ, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2025

(2) Detailed notes on all funds and activities (continued)

Long-term debt (continued)

A summary of the terms of long-term debt outstanding at September 30, 2025, is as follows:

	ISSUE AMOUNT	MATURITY	INTEREST RATES	BALANCE
<u>Governmental activities</u>				
General obligation bonds				
2014 Series, refunding	\$ 8,450,000	2030	2.0%-4.0%	\$ 4,645,000
2015 Series, refunding	4,185,000	2031	2.0%-3.25%	1,140,000
2016 Series	5,880,000	2036	2.0%-4.0%	3,555,000
2017 Series	3,935,000	2037	2.0%-4.0%	2,645,000
2018 Series, refunding	5,830,000	2033	3.125%-5%	3,750,000
2020 Series, refunding	7,555,000	2036	1.5%-4.0%	4,360,000
2021 Series, refunding	4,070,000	2033	2.0%-4.0%	2,990,000
2022 Series	18,535,000	2042	4.0%-5.0%	16,700,000
Private Placement obligations				
2007 Series GO	6,000,000	2027	4.07%	815,000
2018 Series GO refunding	6,035,000	2028	2.12%	1,940,000
Certificates of obligation				
2016 Series A	2,375,000	2036	2.0%-4.0%	950,000
2016 Series B	1,475,000	2036	3.0%-3.75%	930,000
2017 Series	4,935,000	2037	3.0%-3.75%	2,695,000
2018 Series	4,845,000	2038	3.0%-5.0%	3,120,000
2019 Series	4,015,000	2039	2.5%-5.0%	2,400,000
2022 Series	4,740,000	2042	2.0%-5.0%	4,195,000
2022 Series A	8,265,000	2042	4.0%-5.0%	7,445,000
2024 Series	19,165,000	2044	4.0%-5.0%	17,380,000
2025 Series	27,385,000	2045	5.00%	27,385,000
Total governmental activities long-term obligations				<u>\$ 109,040,000</u>

	ISSUE AMOUNT	MATURITY	INTEREST RATES	BALANCE
<u>Business-type activities</u>				
General obligation bonds				
2018 Series, refunding	\$ 2,740,000	2026	3.125%-5.0%	\$ 450,000
2021 Series, refunding	1,945,000	2033	2.0%-3.0%	1,490,000
Certificates of obligation				
2018 Series	5,595,000	2028	3.0%-5.0%	4,160,000
2019 Series	3,480,000	2039	2.5%-5.0%	2,675,000
2022 Series	4,650,000	2042	2.0%-5.0%	4,175,000
2022 Series A	10,265,000	2042	1.5%-5.0%	9,250,000
2025 Series	26,290,000	2045	5.00%	26,290,000
Total business-type long-term obligations				<u>\$ 48,490,000</u>

CITY OF SCHERTZ, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2025

(2) Detailed notes on all funds and activities (continued)

Long-term debt (continued)

YEAR ENDING SEPTEMBER 30,	GOVERNMENTAL ACTIVITIES								
	GENERAL OBLIGATION BONDS			CERTIFICATES OF OBLIGATION			PRIVATE PLACEMENT DEBT- GO BONDS		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2026	\$ 2,970,000	\$ 1,438,288	\$ 4,408,288	\$ 3,050,000	\$ 3,022,423	\$ 6,072,423	\$ 1,035,000	\$ 59,428	\$ 1,094,428
2027	3,090,000	1,291,038	4,381,038	2,275,000	2,784,456	5,059,456	1,060,000	29,274	1,089,274
2028	3,510,000	1,167,513	4,677,513	2,360,000	2,677,431	5,037,431	660,000	6,996	666,996
2029	3,540,000	1,038,322	4,578,322	2,915,000	2,555,631	5,470,631	-	-	-
2030	3,675,000	912,182	4,587,182	3,050,000	2,418,613	5,468,613	-	-	-
2031-2035	13,270,000	3,110,529	16,380,529	17,490,000	9,866,578	27,356,578	-	-	-
2036-2040	7,080,000	1,498,413	8,578,413	18,885,000	5,774,763	24,659,763	-	-	-
2041-2045	2,650,000	381,700	3,031,700	16,475,000	1,762,006	18,237,006	-	-	-
	<u>\$ 39,785,000</u>	<u>\$ 10,837,985</u>	<u>\$ 50,622,985</u>	<u>\$ 66,500,000</u>	<u>\$ 30,861,901</u>	<u>\$ 97,361,901</u>	<u>\$ 2,755,000</u>	<u>\$ 95,698</u>	<u>\$ 2,850,698</u>

YEAR ENDING SEPTEMBER 30,	BUSINESS-TYPE ACTIVITIES					
	GENERAL OBLIGATION BONDS			CERTIFICATES OF OBLIGATION		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2026	\$ 615,000	\$ 50,200	\$ 665,200	\$ 1,770,000	\$ 2,168,854	\$ 3,938,854
2027	175,000	32,150	207,150	1,810,000	1,971,388	3,781,388
2028	180,000	25,950	205,950	1,900,000	1,880,263	3,780,263
2029	190,000	20,400	210,400	1,995,000	1,785,837	3,780,837
2030	195,000	14,625	209,625	2,090,000	1,689,088	3,779,088
2031-2035	585,000	16,850	601,850	11,985,000	6,913,962	18,898,962
2036-2040	-	-	-	13,755,000	4,109,134	17,864,134
2041-2045	-	-	-	11,245,000	1,266,416	12,511,416
	<u>\$ 1,940,000</u>	<u>\$ 160,175</u>	<u>\$ 2,100,175</u>	<u>\$ 46,550,000</u>	<u>\$ 21,784,942</u>	<u>\$ 68,334,942</u>

Financing arrangements

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

FISCAL YEAR	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2026	\$ 27,307	\$ 819	\$ 28,126	\$ 81,922	\$ 2,458	\$ 84,380
	<u>\$ 27,307</u>	<u>\$ 819</u>	<u>\$ 28,126</u>	<u>\$ 81,922</u>	<u>\$ 2,458</u>	<u>\$ 84,380</u>

CITY OF SCHERTZ, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2025

(2) Detailed notes on all funds and activities (continued)

Net pension and total OPEB liabilities and expenses

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

	Governmental Activities	Business-Type Activities		Totals
		Water/ Sewer	EMS	
Net pension liability	<u>\$ 15,973,737</u>	<u>\$ 1,568,753</u>	<u>\$ 3,976,757</u>	<u>\$ 21,519,247</u>
Total OPEB liability				
TMRS SDBF	645,297	63,374	160,651	869,322
Retiree health plan	<u>1,782,719</u>	<u>175,078</u>	<u>443,819</u>	<u>2,401,616</u>
Total OPEB liability	<u>\$ 2,428,016</u>	<u>\$ 238,452</u>	<u>\$ 604,470</u>	<u>\$ 3,270,938</u>

	Governmental Activities	Business-Type Activities		Totals
		Water/ Sewer	EMS	
Pension expense	<u>\$ 4,998,100</u>	<u>\$ 490,855</u>	<u>\$ 1,244,307</u>	<u>\$ 6,733,262</u>
OPEB expense:				
TMRS SDBF	\$ 34,798	\$ 3,417	\$ 8,663	\$ 46,878
Retiree health plan	<u>167,084</u>	<u>16,409</u>	<u>41,596</u>	<u>225,089</u>
Total OPEB expense	<u>\$ 201,881</u>	<u>\$ 19,826</u>	<u>\$ 50,260</u>	<u>\$ 271,967</u>

CITY OF SCHERTZ, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2025

(3) Other information

Retirement plan

Plan description - The City of Schertz participates as one of 934 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 Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmr.com.

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

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

At retirement, the benefit is calculated as if the sum of the member's contributions, with interest, and the City-financed monetary credits with interest, were used to purchase an annuity. Members may 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, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	168
Inactive employees entitled to but not yet receiving benefits	320
Active employees	<u>417</u>
Total	<u>905</u>

Contributions - Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, 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 City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

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 16.81% and 17.25% for calendar years 2024 and 2025, respectively. The City's total contributions to TMRS for the year ended September 30, 2025 was \$5,875,394, which were equal to the required contributions.

CITY OF SCHERTZ, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2025

(3) Other information (continued)

Retirement plan (continued)

Net pension liability - The City’s net pension liability (NPL) was measured as of December 31, 2024, 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, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
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 110% of the Public Safety table used for males and 100% of 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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are 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 is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income 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 by best estimated ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocated percentage. The target allocation and best estimates of expected return for each major asset class in fiscal year 2023 are summarized in the following table:

ASSET CLASS	TARGET ALLOCATION	LONG-TERM EXPECTED REAL RATE OF RETURN (ARITHMETIC)
Global Equity	35.0%	7.10%
Core Fixed Income	6.0%	5.00%
Non-Core Fixed Income	6.0%	6.80%
Hedge funds	5.0%	6.40%
Private Equity	13.0%	8.50%
Private Debt	13.0%	8.20%
Real Estate	12.0%	6.70%
Infrastructure	6.0%	6.00%
Other Private Markets	4.0%	7.30%
Total	<u>100.0%</u>	

CITY OF SCHERTZ, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2025

(3) Other information (continued)

Retirement plan (continued)

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 member 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 members. 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.

Changes in the net pension liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2023	\$ 112,090,714	\$ 90,096,861	\$ 21,993,853
Changes for the year:			
Service cost	5,987,060	-	5,987,060
Interest	7,650,458	-	7,650,458
Change of benefit terms	-	-	-
Difference between expected and actual experience	2,869,702	-	2,869,702
Changes of assumptions	-	-	-
Contributions - employer	-	5,383,484	(5,383,484)
Contributions - employee	-	2,271,513	(2,271,513)
Net investment income	-	9,388,272	(9,388,272)
Benefit payments, including refunds of employee contributions	(3,488,246)	(3,488,246)	-
Administrative expense	-	(60,039)	60,039
Other changes	-	(1,404)	1,404
Net changes	<u>13,018,974</u>	<u>13,493,580</u>	<u>(474,606)</u>
Balance at December 31, 2024	<u>\$ 125,109,688</u>	<u>\$ 103,590,441</u>	<u>\$ 21,519,247</u>

Sensitivity of the net pension liability to changes in the discount rate

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	<u>\$ 41,903,862</u>	<u>\$ 21,519,247</u>	<u>\$ 5,036,587</u>

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the schedule of changes in fiduciary net position, by participant city. The report may be obtained at www.tnrs.com.

CITY OF SCHERTZ, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2025

(3) Other information (continued)

Retirement plan (continued)

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the year ended September 30, 2025, the City recognized pension expense of \$6,733,262. Also, as of September 30, 2025, 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
Difference between expected and actual economic experience	\$ 3,740,014	\$ 3,032
Changes in actuarial assumptions	-	74,869
Difference between projected and actual investment earnings	-	1,227,079
Contributions subsequent to the measurement date	4,533,809	-
Total	\$ 8,273,823	\$ 1,304,980

The City reported \$4,533,809 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the year ending September 30, 2025. 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,	
2025	\$ 1,515,205
2026	2,014,030
2027	(681,821)
2028	(412,380)
2029	-
Thereafter	-
Total	\$ 2,435,034

The City participates in two defined-benefit other postemployment 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.

CITY OF SCHERTZ, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2025

(3) Other information (continued)

Other postemployment benefits (OPEB) (continued)

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 postemployment benefit and is a fixed amount of \$7,500.

Membership in the plan at December 31, 2024, the valuation and measurement date, consisted of:

Inactive employees or beneficiaries currently receiving benefits	132
Inactive employees entitled to but not yet receiving benefits	79
Active employees	<u>417</u>
Total	<u>628</u>

Contributions - The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.19% for 2025 and 0.22% for 2023, of which 0.07% 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 payments for the upcoming year; the intent is not to prefund retiree term life insurance during employee’s entire careers. The City’s contributions to the SDBF for the year ended September 30, 2024, were \$23,455 representing contributions for both active and retiree coverage, which equaled the required contributions each year.

CITY OF SCHERTZ, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2025

(3) Other information (continued)

Other postemployment benefits (OPEB) (continued)

OPEB liability - The City’s total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions and inputs:

Inflation	2.50%
Salary increases	3.6% to 11.85% including inflation
Discount rate*	4.08%
Retirees' share of benefit-related costs	\$0
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 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.
Other information	There were no benefit changes during the year.

* The discount rate was based on the Bond Buyer "20-Bond GO Index" rate closet to, but not later than December 31, 2024.

Note: The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

Changes in the total OPEB liability – Total City’s Total OPEB liability (TOL), based on the above actuarial factors, as of December 31, 2024, the measurement and actuarial valuation date, was calculated as follows:

Balance at December 31, 2023	\$ 857,430
Changes for the year:	
Service cost	45,430
Interest on the total OPEB liability	32,814
Changes of benefit terms	-
Difference between expected and actual experience	6,200
Change of assumptions	(53,082)
Benefit payments	(19,470)
Net changes	<u>11,892</u>
Balance at December 31, 2024	<u>\$ 869,322</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.77% to 4.08%.

CITY OF SCHERTZ, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2025

(3) Other information (continued)

Other postemployment benefits (OPEB) (continued)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB -

For the year ended September 30, 2025, the City recognized OPEB expense of \$46,878. Also, as of September 30, 2025, 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
Difference between expected and actual economic experience	\$ 9,009	\$ 23,262
Changes in actuarial assumptions	112,629	298,637
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 121,638</u>	<u>\$ 321,899</u>

\$0 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 ended September 30, 2025. 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,	
2025	\$ (37,489)
2026	(46,313)
2027	(67,583)
2028	(41,904)
2029	(3,836)
Thereafter	<u>(3,136)</u>
Total	<u>\$ (200,261)</u>

CITY OF SCHERTZ, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2025

(3) Other information (continued)

City of Schertz retiree health other postemployment 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. No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75.

The City provides postemployment 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, 2024, the valuation date, consisted of:

Inactive employees or beneficiaries currently receiving benefits	8
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>376</u>
Total	<u>384</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 a City participating in TMRS. 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 \$5 for retiree only to \$1,737 for a retiree and their family.

The City’s Retiree Health OPEB Liability (TOL) as of December 31, 2024 was calculated as follows:

Balance at December 31, 2023	\$ 2,242,715
Changes for the year:	
Service cost	207,210
Interest	86,564
Changes of benefit terms	-
Difference between expected and actual experience	33,237
Change of assumptions	(67,709)
Benefit payments	<u>(100,401)</u>
Net changes	<u>158,901</u>
Balance at December 31, 2024	<u>\$ 2,401,616</u>

Changes of assumptions reflect a change in the discount rate from 3.77% as of December 31, 2024, to 4.08% as of December 31, 2025. Additionally, the demographic and salary increase assumptions were updated to reflect the 2023 TMRS Experience Study, and both the participation assumption and health care trend rates assumptions were updated to reflect the plan’s anticipated experience.

CITY OF SCHERTZ, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2025

(3) Other information (continued)

City of Schertz retiree health other postemployment benefit plan (continued)

The following presents the TOL of the City, calculated using the discount rate of 4.08% as well as what the City’s TOL would be if it were calculated using a discount rate that is 1-percentage point lower (3.08%) and 1-percentage point higher (5.08%) than the current rate.

	1% Decrease in Discount Rate (3.08%)	Discount Rate (4.08%)	1% Increase in Discount Rate (5.08%)
Total OPEB liability - retiree health	\$ 2,626,813	\$ 2,401,616	\$ 2,197,418

The following presents what the total OPEB 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:

	1% Decrease	Current Health Cost Trend Rate Assumption	1% Increase
Total OPEB liability - retiree health	\$ 2,115,278	\$ 2,401,616	\$ 2,741,036

For the year ended September 30, 2025, the City recognized OPEB expense of \$225,089. Also, as of September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 137,997	\$ 133,239
Changes in actuarial assumptions	201,602	725,393
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	62,195	-
Total	\$ 401,794	\$ 858,632

\$62,125 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to the City’s retiree health OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2026	\$ (68,685)
2027	(68,685)
2028	(76,961)
2029	(70,084)
2030	(71,757)
Thereafter	(162,861)
Total	\$ (519,033)

CITY OF SCHERTZ, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2025

(3) Other information (continued)**Joint ventures**Schertz/Seguin Local Government Corporation

The Schertz/Seguin Local Government Corporation is a public, nonprofit corporation organized to aid, assist, and act on behalf of the cities of Schertz and Seguin in acquiring, constructing, maintaining, and operating a water utility system. The participating governments have an ongoing financial responsibility to fund the operation of the corporation through either purchase of services or by subsidizing the operations. Payments to the corporation are generally for the purchase of water treatment and for covering the Corporation's debt service requirements; they are reflected as "operating expenses" in the water and sewer fund and totaled \$3,556,918 for the year ended September 30, 2025. Separate financial statements for the Schertz/Seguin Local Government Corporation may be obtained from the City of Seguin, 210 East Gonzales Street, Seguin, Texas 78156.

The City of Schertz is jointly liable, together with the City of Seguin, for operating deficits and long-term debt of the Schertz/Seguin Local Government Corporation. The Corporation had net revenue bonds outstanding in the amount of \$150,537,292 (as of September 30, 2024, 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 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 \$23,360,862 as of September 30, 2025.

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, 2025. 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 \$1,084,277 as of September 30, 2025.

CITY OF SCHERTZ, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2025

(3) Other information (continued)**Commitments and contingencies**Tax increment financing - the Zone

The City is a principal in the City of Schertz Tax Increment Reinvestment Zone #2 (TIRZ), 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 \$66,000,000. 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 \$46,177,456 of the total \$66,000,000. The Zone has a statutory termination date of December 31, 2041. The TIRZ has collected \$8,378,436 from taxing entities (net administrative reimbursements) and remitted \$1,500,000 to the developer as of September 30, 2025.

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 \$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, 2025, 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 agreements on behalf of the SEDC and the City of Schertz (the City) on an individual basis. As of September 30, 2025, the City had 16 active incentive agreements.

On May 2, 2017, the City and the SEDC 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 with 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 SEDC to fund allowable projects from the collection of one-half 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 the 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).

CITY OF SCHERTZ, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2025

(3) Other information (continued)

Commitments and contingencies (continued)

Economic development incentive agreements (continued)

The City and SEDC’s outstanding incentive agreement grants are as follows:

	FY 2024-2025 Amount	Estimated Remaining Grant
<u>SEDC - 501.101 (Primary Jobs):</u>		
Ace Mart	\$ 33,818	\$ -
Caterpillar Expansion	127,722	233,838
Project Caterpillar	-	1,633,870
Sysco	25,000	-
	<u>186,540</u>	<u>1,867,708</u>
<u>SEDC - 501.103 (Infrastructure)</u>		
Boom Connect Upsize	-	1,900,000
Boomerang Lovette	-	4,700,000
Core 5	-	350,000
Freckles Schertz	-	50,000
Kellum Medical	350,000	-
Lookout Road	-	6,150,000
Main Street	-	7,500,000
MOB	30,000	-
Palapas Schertz	77,050	77,050
Schertz 312 Phase II	2,500,000	-
Schertz Station, Ripps	4,419,259	4,000,000
	<u>7,376,309</u>	<u>24,727,050</u>
<u>SEDC - 501.152 (Parks):</u>		
Parks CIP	1,849,500	10,675,600
Total	<u>\$ 9,412,349</u>	<u>\$ 37,270,358</u>

Service concession agreement

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 through 2037. 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 \$710,336. The City will approve the rates and services that YMCA will provide, however, YMCA will retail 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.

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 \$710,336 on the government-wide statements at year end pursuant to the service concession arrangement, and a deferred inflow of \$278,698 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 deferred inflow of resources.

CITY OF SCHERTZ, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2025

(3) Other information (continued)

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 and will begin sharing costs of the project. Should additional members join, the City’s share of the costs would be reduced.

Future commitments to CCMA are as follows:

Year Ended September 30,	
2026	\$ 505,725
2027	510,775
2028	356,325
2029	356,325
2030	358,500
2031-2035	1,781,750
2036-2037	300,975
Total	<u>\$ 4,170,375</u>

Restatements and changes in accounting principles

The beginning net positions and fund balances have been corrected for the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>General Fund</u>	<u>Water and Sewer System</u>	<u>EMS</u>
Beginning net position	\$ 200,296,128	\$ 173,541,652	\$ 17,947,703	\$ 172,234,483	\$ 1,307,169
Correction of error-accounts receivable	1,790,782	-	1,790,782.00	-	-
Correction of error-capital assets	167,613	4,186,594	167,613.00	4,006,518	180,076
Correction of error-capital assets	(585,262)	-	-	-	-
Change in accounting principle - GASB 101	<u>(1,271,930)</u>	<u>(221,445)</u>	<u>-</u>	<u>(78,897)</u>	<u>(142,548)</u>
Total restatements	<u>101,203</u>	<u>3,965,149</u>	<u>1,958,395</u>	<u>3,927,621</u>	<u>37,528</u>
Beginning net position, as restated	<u>\$ 200,397,331</u>	<u>\$ 177,506,801</u>	<u>\$ 19,906,098</u>	<u>\$ 176,162,104</u>	<u>\$ 1,344,697</u>

CITY OF SCHERTZ, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2025

(3) Other information (continued)

Construction commitments

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

Primary Government	Project Cost to the City	Extended to Date	Future Commitment
Governmental activities			
Lookout Road Reconstruct	\$ 7,309,092	\$ 437,015	\$ 6,872,077
Main Street Improvements	25,880,893	2,875,948	23,004,945
Soccer Complex Irrigation	29,100	9,754	19,346
FIRE STATION 4	14,267,056	3,169,957	11,097,099
Energy Efficient Projects	1,264,323	14,323	1,250,000
Lower Seguin Road Reconstruction	18,200,000	2,394,887	15,805,113
Boening Road Reconstruction	3,240,000	203,920	3,036,080
2025 SPAM Projects	1,282,231	72,976	1,209,255
Kramer Farms Subdivision Rehabilitation	1,446,562	73,598	1,372,964
2024 SPAM RESURFACING	5,970,978	2,358,416	3,612,562
Buffalo Valley South Utility Replacement and Rehab	5,977,000	2,896,700	3,080,300
FM 1518 Aztec Lane	1,000,000	916,002	83,998
FM78 S. CHANNEL	300,000	12,226	287,775
Lookout Rd Signalization	60,000	52,285	7,715
Paving Grassy Areas	250,000	52,016	197,984
Building 11 Renovation	81,300	71,269	10,031
Total government commitments	<u>86,558,535</u>	<u>15,611,290</u>	<u>70,947,244</u>
FM1518 City Park Underground Drainage Upgrade	\$ 6,545,000	\$ 4,291	\$ 6,540,709
Wendy Swan Drainage Improvements	1,225,000	24,686	1,200,314
Woman Hollering Creek Wastewater Interceptor Main	13,438,870	12,668,967	769,903
Corbett Ground Storage	9,212,320	7,424,931	1,787,389
RIATA LIFT STATION RELOC	3,278,000	2,701,184	576,816
IH 35 Dedicated Water Transmission Main	32,075,000	1,327,060	30,747,940
FM1518 Utility Relocation	14,507,417	10,251,397	4,256,020
Northcliffe Country Club Estates Water Main Replac	8,733,400	54,253	8,679,147
IH 35 NEX North Utility Relocations	12,448,906	1,206,393	11,242,513
Backflow prevention device	80,000	54,181	25,819
CIBOLO WEST WASTEWATER TRUNK MAIN	26,743,000	242,924	26,500,076
Schwab Road to Eckhardt Road	1,620,000	12,540	1,607,460
Robin Hood Way Waterline Replacement	5,350,000	426,505	4,923,495
Bell North Drive Gravity Sewer Main Construction	1,000,000	69,250	930,750
Schertz Parkway 16" Replacement Waterline	1,795,000	45,621	1,749,379
Elevated Storage Tank Pipe Replacement	2,600,000	471	2,599,529
Elevated and Ground Storage Tank Painting	6,000,000	11,725	5,988,275
IH35 Ground Storage Tank and Pumping Station	14,550,000	24,136	14,525,865
Ware Seguin/Lower Seguin/Graytown/Pfeil Loop Line	4,892,302	223,557	4,668,745
Total business-type commitments	<u>166,094,215</u>	<u>36,774,072</u>	<u>129,320,143</u>
Total estimated future commitments	<u>\$ 252,652,750</u>	<u>\$ 52,385,362</u>	<u>\$ 200,267,388</u>

CITY OF SCHERTZ, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2025

(3) Other information (continued)**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 amount 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.

New accounting guidance

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

GASB Statement No. 102, *Certain Risk Disclosures* – the objective of this statement is to provide users of governmental financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. This statement will become effective for reporting periods beginning after June 15, 2024, and the impact has not yet been determined.

GASB Statement No. 103, *Financial Reporting Model Improvements* – the objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. This statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – the objective of this statement is to provide users of governmental financial statements with essential information about certain types of capital assets. This statement requires certain types of capital assets to be presented separately in the note disclosures, including right-to-use assets related to leases. Subscription-based information technology arrangements, and public-private or public-public partnerships. Other intangible assets are also required to be presented separately by major class. Additional disclosures have also been required for capital assets held for sale. This statement will become effective for reporting periods beginning June 15, 2025, and the impact has not yet been determined.

REQUIRED SUPPLEMENTARY INFORMATION



CITY OF SCHERTZ, TEXAS

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

For the year ended September 30, 2025

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 38,313,308	38,313,308	\$ 43,833,937	\$ 5,520,629
Permits and fees	2,065,700	2,065,700	1,953,854	(111,846)
Service fees	2,906,022	2,906,022	2,833,131	(72,891)
Fines and fees	404,840	404,840	467,828	62,988
Intergovernmental	2,959,148	2,959,148	2,552,069	(407,079)
Investment earnings	950,000	950,000	940,915	(9,085)
Miscellaneous	<u>692,000</u>	<u>692,000</u>	<u>996,957</u>	<u>304,957</u>
Total revenues	<u>48,291,018</u>	<u>48,291,018</u>	<u>53,578,691</u>	<u>5,287,673</u>
EXPENDITURES				
General government:				
Council	215,639	215,639	232,779	(17,140)
City manager	1,032,488	1,032,488	1,067,877	(35,389)
Municipal court	452,060	452,060	431,358	20,702
311 customer service	96,039	96,039	132,994	(36,955)
Planning and zoning	462,611	462,611	434,833	27,778
Legal	90,000	90,000	84,497	5,503
City secretary	373,045	373,045	289,858	83,187
Nondepartmental	2,552,107	2,552,107	1,915,311	636,796
Public affairs	699,073	699,073	618,019	81,054
Engineering	1,348,659	1,348,659	1,261,099	87,560
Economic development	609,589	609,589	526,452	83,137
Citizens assistance	192,687	67,666	265,299	(197,633)
Special events	<u>55,000</u>	<u>55,000</u>	<u>50,067</u>	<u>4,933</u>
Total general government	<u>8,178,997</u>	<u>8,053,976</u>	<u>7,310,443</u>	<u>743,533</u>
Public safety:				
Police department	14,604,882	14,604,882	14,355,552	249,330
Fire department	9,412,656	9,412,656	8,894,949	517,707
Inspection	<u>1,495,647</u>	<u>1,495,647</u>	<u>1,455,599</u>	<u>40,048</u>
Total public safety	<u>25,513,185</u>	<u>25,513,185</u>	<u>24,706,100</u>	<u>807,085</u>
Public environment:				
Streets	<u>2,071,616</u>	<u>2,071,616</u>	<u>1,755,359</u>	<u>316,257</u>
Total public environment	<u>2,071,616</u>	<u>2,071,616</u>	<u>1,755,359</u>	<u>316,257</u>
Parks and recreation:				
Parks	2,612,911	2,737,932	2,510,589	227,343
Pools	666,368	666,368	658,327	8,041
Community/civic center	<u>638,452</u>	<u>638,452</u>	<u>631,735</u>	<u>6,717</u>
Total parks and recreation	<u>3,917,731</u>	<u>4,042,752</u>	<u>3,800,651</u>	<u>242,101</u>
Cultural:				
Library	<u>1,558,704</u>	<u>1,558,704</u>	<u>1,533,945</u>	<u>24,759</u>
Total cultural	<u>1,558,704</u>	<u>1,558,704</u>	<u>1,533,945</u>	<u>24,759</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, 2025

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
EXPENDITURES (CONTINUED)				
Administration:				
Information technology	\$ 4,016,670	\$ 4,146,720	\$ 3,744,641	\$ 402,079
Human resources	908,937	908,937	871,104	37,833
Finance	877,866	877,866	866,874	10,992
Purchasing and asset management	316,274	316,274	315,775	499
Building maintenance	1,855,208	1,960,208	2,233,320	(273,112)
Fleet service	1,458,231	1,458,231	1,611,048	(152,817)
Interfund charges	(3,394,458)	(3,394,458)	(3,393,598)	(860)
Total administration	<u>6,038,728</u>	<u>6,273,778</u>	<u>6,249,164</u>	<u>24,614</u>
Capital outlay	<u>2,348,623</u>	<u>2,348,625</u>	<u>2,516,318</u>	<u>(167,693)</u>
Total expenditures	<u>49,627,584</u>	<u>49,862,636</u>	<u>47,871,980</u>	<u>1,990,656</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,336,566)</u>	<u>(1,571,618)</u>	<u>5,706,711</u>	<u>7,278,329</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	98,940	98,940	282,976	184,036
Transfers out	<u>(28,818)</u>	<u>(28,818)</u>	<u>(1,477,241)</u>	<u>(1,448,423)</u>
Total other financing sources (uses)	<u>70,122</u>	<u>70,122</u>	<u>(1,194,265)</u>	<u>(1,264,387)</u>
NET CHANGE IN FUND BALANCE	(1,266,444)	(1,501,496)	4,512,446	6,013,942
FUND BALANCE - BEGINNING	<u>17,947,703</u>	<u>17,947,703</u>	<u>17,947,703</u>	<u>-</u>
RESTATEMENT	<u>-</u>	<u>-</u>	<u>1,958,395</u>	<u>1,958,395</u>
FUND BALANCE - ENDING	<u>\$ 16,681,259</u>	<u>\$ 16,446,207</u>	<u>\$ 24,418,544</u>	<u>\$ 7,972,337</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, 2025

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 7,668,608	\$ 7,668,608	\$ 11,298,737	\$ 3,630,129
Investment earnings	1,260,000	1,260,000	1,736,318	476,318
Miscellaneous	-	-	-	-
Total revenues	<u>8,928,608</u>	<u>8,928,608</u>	<u>13,035,055</u>	<u>4,106,447</u>
EXPENDITURES				
Current:				
General government	9,170,960	9,170,960	7,774,577	1,396,383
Administration	<u>710,503</u>	<u>710,503</u>	<u>618,481</u>	<u>92,022</u>
Total expenditures	<u>9,881,463</u>	<u>9,881,463</u>	<u>8,393,058</u>	<u>1,488,405</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(952,855)</u>	<u>(952,855)</u>	<u>4,641,997</u>	<u>5,594,852</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(6,820,000)</u>	<u>(6,820,000)</u>	<u>(1,849,500)</u>	<u>4,970,500</u>
Total other financing sources (uses)	<u>(6,820,000)</u>	<u>(6,820,000)</u>	<u>(1,849,500)</u>	<u>4,970,500</u>
NET CHANGE IN FUND BALANCE	(7,772,855)	(7,772,855)	2,792,497	10,565,352
FUND BALANCE - BEGINNING	<u>37,067,781</u>	<u>37,067,781</u>	<u>40,323,196</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 29,294,926</u>	<u>\$ 29,294,926</u>	<u>\$ 43,115,693</u>	<u>\$ 13,820,767</u>

CITY OF SCHERTZ, TEXAS

NOTE TO BUDGETARY SCHEDULES

September 30, 2025

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 fund, 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, 2025, 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, 2025

	2024	2023	2022	2021
Total pension liability				
Service cost	\$ 5,987,060	\$ 4,835,113	\$ 4,576,714	\$ 4,211,795
Interest (on the total pension liability)	7,650,458	7,004,394	6,323,215	5,766,957
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	2,869,702	820,236	2,387,281	1,060,260
Change of assumptions	-	(133,135)	-	-
Benefit payments, including refunds of employee contributions	<u>(3,488,246)</u>	<u>(3,574,272)</u>	<u>(3,075,473)</u>	<u>(2,885,733)</u>
Net change in total pension liability	13,018,974	8,952,336	10,211,737	8,153,279
Total pension liability - beginning	<u>112,090,714</u>	<u>103,138,378</u>	<u>92,926,641</u>	<u>84,773,362</u>
Total pension liability - ending (a)	<u>\$ 125,109,688</u>	<u>\$ 112,090,714</u>	<u>\$ 103,138,378</u>	<u>\$ 92,926,641</u>
Plan fiduciary net position				
Contributions - employer	\$ 5,383,484	\$ 4,384,538	\$ 4,133,310	\$ 3,831,461
Contributions - employee	2,271,513	1,896,896	1,783,798	1,643,398
Net investment income	9,388,272	9,095,570	(5,958,648)	9,113,755
Benefit payments, including refunds of employee contributions	(3,488,246)	(3,574,272)	(3,075,473)	(2,885,733)
Administrative expense	(60,039)	(57,691)	(51,455)	(42,101)
Other	<u>(1,404)</u>	<u>(402)</u>	<u>61,401</u>	<u>288</u>
Net change in plan fiduciary net position	13,493,580	11,744,639	(3,107,067)	11,661,068
Plan fiduciary net position - beginning	<u>90,096,862</u>	<u>78,352,223</u>	<u>81,459,290</u>	<u>69,798,222</u>
Plan fiduciary net position - ending (b)	<u>\$ 103,590,442</u>	<u>\$ 90,096,862</u>	<u>\$ 78,352,223</u>	<u>\$ 81,459,290</u>
Net pension liability (a) - (b)	<u>\$ 21,519,246</u>	<u>\$ 21,993,852</u>	<u>\$ 24,786,155</u>	<u>\$ 11,467,351</u>
Plan fiduciary net position as a percentage of total pension liability	<u>82.80%</u>	<u>80.38%</u>	<u>75.97%</u>	<u>87.66%</u>
Covered payroll	<u>\$ 32,450,187</u>	<u>\$ 27,072,303</u>	<u>\$ 25,497,976</u>	<u>\$ 23,477,118</u>
Net pension liability as a percentage of total covered payroll	<u>66.31%</u>	<u>81.24%</u>	<u>97.21%</u>	<u>48.84%</u>

	2020	2019	2018	2017	2016	2015
\$	3,761,994	\$ 3,421,878	\$ 3,301,265	\$ 3,073,538	\$ 2,855,745	\$ 2,724,337
	5,326,206	4,898,478	4,505,483	4,111,517	3,763,562	3,556,428
	-	-	-	-	-	-
	(154,592)	(108,478)	34,393	416,585	139,216	120,434
	-	263,015	-	-	-	59,193
	<u>(2,372,023)</u>	<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>
	6,561,585	6,230,446	5,926,982	5,757,866	5,177,251	4,890,181
	<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>
\$	<u>84,773,362</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>
\$	3,327,434	\$ 3,163,340	\$ 3,033,936	\$ 2,793,644	\$ 2,627,335	\$ 2,542,565
	1,474,466	1,380,585	1,326,518	1,232,232	1,152,864	1,095,260
	4,760,749	8,093,416	(1,540,890)	5,999,805	2,602,572	53,742
	(2,372,023)	(2,244,447)	(1,914,159)	(1,843,774)	(1,581,272)	(1,570,211)
	(30,767)	(45,681)	(29,768)	(31,080)	(29,385)	(32,727)
	<u>(1,200)</u>	<u>(1,373)</u>	<u>(1,554)</u>	<u>(1,575)</u>	<u>(1,583)</u>	<u>(1,616)</u>
	7,158,659	10,345,840	874,083	8,149,252	4,770,531	2,087,013
	<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>69,798,222</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>14,975,140</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>82.34%</u>	<u>80.09%</u>	<u>72.65%</u>	<u>77.84%</u>	<u>71.76%</u>	<u>69.85%</u>
\$	<u>21,063,794</u>	<u>19,722,641</u>	<u>18,896,766</u>	<u>17,603,310</u>	<u>16,478,620</u>	<u>15,648,114</u>
	<u>71.09%</u>	<u>78.96%</u>	<u>104.19%</u>	<u>83.14%</u>	<u>103.32%</u>	<u>106.21%</u>

CITY OF SCHERTZ, TEXAS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM

For the year ended September 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially determined contributions	\$ 5,875,394	\$ 5,206,428	\$ 4,349,322	\$ 4,245,872
Contributions in relation to the actuarially determined contributions	<u>5,875,394</u>	<u>5,206,428</u>	<u>4,349,322</u>	<u>4,245,872</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 34,662,376</u>	<u>\$ 31,140,466</u>	<u>\$ 26,535,541</u>	<u>\$ 26,163,046</u>
Contributions as a percentage of covered payroll	<u>16.95%</u>	<u>16.72%</u>	<u>16.39%</u>	<u>16.23%</u>

Note to Schedule of Contributions

Valuation date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

Methods and assumption used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	21 years (longest amortization ladder)
Asset valuation method	10 year smoothed market, 12% soft corridor
Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis with scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and 100% of the General Employee table used for females. The rates are projected on a fully generational basis with scale MP-2021 (with immediate convergence).
Other information:	There were no benefit changes during the year.

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 3,700,948	\$ 3,235,479	\$ 3,129,413	\$ 2,971,592	\$ 2,756,511	\$ 2,592,593
<u>3,700,948</u>	<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>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 22,879,083</u>	<u>\$ 20,401,412</u>	<u>\$ 19,521,269</u>	<u>\$ 18,605,654</u>	<u>\$ 17,347,849</u>	<u>\$ 16,175,988</u>
<u>16.18%</u>	<u>15.86%</u>	<u>16.03%</u>	<u>15.97%</u>	<u>15.89%</u>	<u>16.03%</u>

CITY OF SCHERTZ, TEXAS

SCHEDULE OF CHANGES IN TMRS OTHER POSTEMPLOYMENT BENEFIT LIABILITY AND RELATED RATIOS

For the year ended September 30, 2025

	2024	2023	2022	2021
Total OPEB liability				
Service cost	\$ 45,430	\$ 37,901	\$ 73,900	\$ 70,429
Interest on the total OPEB liability	32,814	31,378	21,768	21,248
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	6,200	(5,407)	(7,347)	(1,360)
Change of assumptions	(53,082)	45,858	(462,756)	42,012
Benefit payments	(19,470)	(16,243)	(15,290)	(11,739)
Net change in total OPEB liability	11,892	93,487	(389,725)	120,590
Total OPEB liability - beginning	<u>857,430</u>	<u>763,943</u>	<u>1,153,668</u>	<u>1,033,078</u>
Total OPEB liability - ending	<u>\$ 869,322</u>	<u>\$ 857,430</u>	<u>\$ 763,943</u>	<u>\$ 1,153,668</u>
Covered-employee payroll	<u>\$ 32,450,187</u>	<u>\$ 27,072,303</u>	<u>\$ 25,497,946</u>	<u>\$ 23,477,118</u>
Total OPEB liability as a percentage of covered payroll	<u>2.68%</u>	<u>3.17%</u>	<u>3.00%</u>	<u>4.91%</u>

GASB 75 requires 10 fiscal years of data to be provided in this schedule. This is the eighth year of implementation of GASB 75. The City will develop the schedule prospectively.

2020	2019	2018	2017
\$ 50,554	\$ 33,528	\$ 37,794	\$ 29,926
22,915	26,904	21,182	20,123
-	-	-	-
(4,382)	(105,282)	86,276	-
158,118	148,494	(54,027)	57,257
<u>(4,213)</u>	<u>(3,945)</u>	<u>(3,779)</u>	<u>(3,521)</u>
222,992	99,699	87,446	103,785
<u>810,086</u>	<u>710,387</u>	<u>622,941</u>	<u>519,156</u>
<u>\$ 1,033,078</u>	<u>\$ 810,086</u>	<u>\$ 710,387</u>	<u>\$ 622,941</u>
<u>\$ 21,063,794</u>	<u>\$ 19,722,641</u>	<u>\$ 18,896,766</u>	<u>\$ 17,603,310</u>
<u>4.90%</u>	<u>4.11%</u>	<u>3.76%</u>	<u>3.54%</u>

CITY OF SCHERTZ, TEXAS

SCHEDULE OF CHANGES IN CITY RETIREE HEALTH OTHER POSTEMPLOYMENT
BENEFIT LIABILITY AND RELATED RATIOS

For the year ended September 30, 2025

	2024	2023	2022	2021
Total OPEB liability				
Service cost	\$ 207,210	\$ 207,231	\$ 230,479	\$ 161,830
Interest on the total OPEB liability	86,564	93,119	48,122	50,064
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	33,237	28,527	(4,764)	134,106
Change of assumptions	(67,709)	(231,625)	(495,992)	(191,684)
Benefit payments	<u>(100,401)</u>	<u>(100,296)</u>	<u>(64,389)</u>	<u>(88,569)</u>
Net change in total OPEB liability	158,901	(3,044)	(286,544)	65,747
Total OPEB liability - beginning	<u>2,242,715</u>	<u>2,245,759</u>	<u>2,532,303</u>	<u>2,466,556</u>
Total OPEB liability - ending	<u>\$ 2,401,616</u>	<u>\$ 2,242,715</u>	<u>\$ 2,245,759</u>	<u>\$ 2,532,303</u>
Covered-employee payroll	<u>\$ 32,278,495</u>	<u>\$ 26,795,229</u>	<u>\$ 25,255,936</u>	<u>\$ 22,290,477</u>
Total OPEB liability as a percentage of covered payroll	7.44%	8.37%	8.89%	10.87%

GASB 75 requires 10 fiscal years of data to be provided in this schedule. This is the eighth year of implementation of GASB 75. The City will develop the schedule prospectively.

Note to Schedule

Valuation date: December 31, 2023

Methods and assumption used to determine contribution rates:

Actuarial cost method Entry age normal
Discount rate 4.08% as of December 31, 2024
Inflation 2.50%
Salary increases 3.60% to 11.85% including inflation

Demographic assumptions Based on the 2023 experience study conducted for the Texas Municipal Retirement System (TMRS).
Mortality For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used, with male rates multiplied by 103% and female rates multiplied by 105%. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP-2021 table to account for future mortality improvements.

Health care trend rates Initial rate of 7.20% declining to an ultimate rate of 4.25% after 15 years.

Participation rates For all non-Medicare retirees, 25% if retiring from age 50 to 64.

Other information The discount rate changed from 3.77% as of December 31, 2023 to 4.25% as of December 31, 2024.

	2020	2019	2018	2017
\$	141,084	\$ 125,648	\$ 121,821	\$ 107,517
	60,561	78,646	67,947	69,435
	-	-	-	-
	4,341	(343,086)	14,962	-
	161,146	275,398	(81,106)	96,092
	<u>(64,499)</u>	<u>(59,401)</u>	<u>(57,530)</u>	<u>(42,189)</u>
	302,633	77,205	66,094	230,855
	<u>2,163,923</u>	<u>2,086,718</u>	<u>2,020,624</u>	<u>1,789,769</u>
\$	<u>2,466,556</u>	<u>\$ 2,163,923</u>	<u>\$ 2,086,718</u>	<u>\$ 2,020,624</u>
\$	<u>20,870,983</u>	<u>\$ 19,521,924</u>	<u>\$ 18,974,951</u>	<u>\$ 16,068,891</u>
	11.82%	11.08%	11.00%	12.57%

OTHER SUPPLEMENTARY INFORMATION



COMPARATIVE SCHEDULES – GOVERNMENTAL FUNDS

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.

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

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

Capital Projects Fund accounts for the acquisition and construction of major capital facilities financed from bond proceeds, grants, and transfers from other funds.

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

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 developer’s 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 Forfeiture 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 U.S. Department of Justice.

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

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, 2025
(with comparative totals for 2024)

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 16,840,907	\$ 14,004,790
Investments	2,638,072	2,499,161
Receivables (net of allowances)		
Taxes	6,127,744	3,293,402
Accounts and other	2,165,643	1,134,923
Due from other funds	644,353	1,376,444
Inventory	171,259	285,571
Restricted assets:		
Cash and cash equivalents	157,539	110,791
Total assets	<u>\$ 28,745,517</u>	<u>\$ 22,705,082</u>
LIABILITIES		
Accounts payable	\$ 1,899,625	\$ 2,446,518
Accrued salaries and benefits	909,766	777,467
Retainage Payable	-	-
Customer deposits	77,191	33,027
Due to other governments	85,382	50,043
Due to other funds	-	-
Unearned revenues	74,099	31,498
Total liabilities	<u>3,046,063</u>	<u>3,338,553</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues	1,280,910	1,418,826
Total deferred inflows of resources	<u>1,280,910</u>	<u>1,418,826</u>
FUND BALANCES		
Nonspendable for:		
Inventory	171,259	285,571
Restricted for:		
Police and public safety/municipal court	416,416	409,637
Municipal court	647,172	715,579
PEG capital fees	135,581	136,899
Animal control	79,234	47,461
Scholarships	173,619	149,097
Committed for:		
Civic center/SIED	1,388,247	1,260,939
Assigned for:		
Property replacement	1,054,301	1,007,626
Subsequent year's budget	2,564,504	2,596,149
Unassigned	17,788,211	11,338,745
Total fund balances	<u>24,418,544</u>	<u>17,947,703</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 28,745,517</u>	<u>\$ 22,705,082</u>

CITY OF SCHERTZ, TEXAS

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

For the year ended September 30, 2025
(with comparative totals for 2024)

	<u>2025</u>	<u>2024</u>
REVENUES		
Taxes	\$ 43,833,937	\$ 34,041,974
Permits and fees	1,953,854	2,627,370
Service fees	2,833,131	2,339,769
Fines and fees	467,828	366,823
Intergovernmental	2,552,069	2,940,640
Investment earnings	940,915	1,251,166
Miscellaneous	<u>996,957</u>	<u>897,538</u>
Total revenues	<u>53,578,691</u>	<u>44,465,280</u>
EXPENDITURES		
Current		
General government	7,310,443	7,106,636
Public safety	24,706,100	23,365,331
Public environment	1,755,359	2,518,012
Parks and recreation	3,800,651	4,161,603
Cultural	1,533,945	1,429,406
Administration	6,249,164	5,688,426
Capital outlay	<u>2,516,318</u>	<u>1,771,018</u>
Total expenditures	<u>47,871,980</u>	<u>46,040,432</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,706,711</u>	<u>(1,575,152)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	282,976	285,239
Transfers out	<u>(1,477,241)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,194,265)</u>	<u>285,239</u>
NET CHANGE IN FUND BALANCE	4,512,446	(1,289,913)
FUND BALANCES - BEGINNING	<u>17,947,703</u>	<u>19,237,616</u>
RESTATEMENT	<u>1,958,395</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 24,418,544</u>	<u>\$ 17,947,703</u>

CITY OF SCHERTZ, TEXAS

COMPARATIVE BALANCE SHEETS
ECONOMIC DEVELOPMENT CORPORATION

September 30, 2025
(with comparative totals for 2024)

	2025	2024
ASSETS		
Cash and cash equivalents	\$ 38,106,233	\$ 36,851,691
Investments	2,419,226	2,330,549
Receivables (net of allowances)		
Taxes	2,552,972	1,141,814
Accounts and other	41,333	7,949
Total assets	\$ 43,119,764	\$ 40,332,003
LIABILITIES		
Accounts payable	\$ 4,071	\$ 8,807
Total liabilities	4,071	8,807
FUND BALANCES		
Restricted for:		
Economic development	43,115,693	40,323,196
Total fund balances	43,115,693	40,323,196
Total liabilities and fund balances	\$ 43,119,764	\$ 40,332,003

CITY OF SCHERTZ, TEXAS

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

For the year ended September 30, 2025
(with comparative totals for 2024)

	<u>2025</u>	<u>2024</u>
REVENUES		
Taxes	\$ 11,298,737	\$ 6,698,059
Investment earnings	1,736,318	1,868,124
Miscellaneous	-	<u>1,101</u>
Total revenues	<u>13,035,055</u>	<u>8,567,284</u>
EXPENDITURES		
Current		
General government	7,774,577	384,286
Administration	<u>618,481</u>	<u>557,505</u>
Total expenditures	<u>8,393,058</u>	<u>941,791</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,641,997</u>	<u>7,625,493</u>
OTHER FINANCING SOURCES (USES)		
Transfers out	<u>(1,849,500)</u>	<u>(298,131)</u>
Total other financing sources (uses)	<u>(1,849,500)</u>	<u>(298,131)</u>
NET CHANGE IN FUND BALANCE	2,792,497	7,327,362
FUND BALANCES - BEGINNING	<u>40,323,196</u>	<u>32,995,834</u>
FUND BALANCES - ENDING	<u>\$ 43,115,693</u>	<u>\$ 40,323,196</u>

CITY OF SCHERTZ, TEXAS

COMPARATIVE BALANCE SHEETS
DEBT SERVICE FUND

September 30, 2025
(with comparative totals for 2024)

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 1,391,373	\$ 2,029,913
Receivables, net of allowance		
Taxes	<u>196,164</u>	<u>195,433</u>
Total assets	<u>\$ 1,587,537</u>	<u>\$ 2,225,346</u>
LIABILITIES		
Accounts payable	<u>\$ 400</u>	<u>\$ -</u>
Total liabilities	<u>400</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Interest payable	159,744	-
Unavailable revenues	<u>196,164</u>	<u>195,433</u>
Total deferred inflows of resources	<u>355,908</u>	<u>195,433</u>
FUND BALANCES		
Restricted for:		
Debt service	<u>1,231,229</u>	<u>2,029,913</u>
Total fund balances	<u>1,231,229</u>	<u>2,029,913</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 1,587,537</u>	 <u>\$ 2,225,346</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, 2025
(with comparative actual totals for 2024)

	BUDGETED AMOUNTS		2025 ACTUAL AMOUNTS	VARIANCE WITH	2024 ACTUAL AMOUNTS
	ORIGINAL	FINAL		FINAL BUDGET - POSITIVE (NEGATIVE)	
REVENUES					
Property taxes	\$ 10,270,000	\$ 10,270,000	\$ 9,239,261	\$ (1,030,739)	\$ 8,917,461
Investment income	105,000	105,000	100,303	(4,697)	195,912
Miscellaneous	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>221,136</u>
Total revenues	<u>10,475,000</u>	<u>10,475,000</u>	<u>9,439,564</u>	<u>(1,035,436)</u>	<u>9,334,509</u>
EXPENDITURES					
Debt service:					
Principal	7,055,000	7,055,000	7,015,000	40,000	5,850,000
Interest and fiscal charges	4,486,012	4,486,012	3,227,327	1,258,685	2,667,861
Bond issue costs	<u>4,200</u>	<u>4,200</u>	<u>-</u>	<u>4,200</u>	<u>5,000</u>
Total expenditures	<u>11,545,212</u>	<u>11,545,212</u>	<u>10,242,327</u>	<u>1,302,885</u>	<u>8,522,861</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,070,212)</u>	<u>(1,070,212)</u>	<u>(802,763)</u>	<u>267,449</u>	<u>811,648</u>
OTHER FINANCING SOURCES (USES)					
Issuance of bonds	-	-	-	-	-
Premium on issuance of bonds	-	-	-	-	-
Transfers in	-	-	4,079	4,079	104,407
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>4,079</u>	<u>4,079</u>	<u>104,407</u>
NET CHANGE IN FUND BALANCE	(1,070,212)	(1,070,212)	(798,684)	271,528	916,055
FUND BALANCE - BEGINNING	<u>1,846,111</u>	<u>1,846,111</u>	<u>2,029,913</u>	<u>-</u>	<u>1,113,858</u>
FUND BALANCE - ENDING	<u>\$ 775,899</u>	<u>\$ 775,899</u>	<u>\$ 1,231,229</u>	<u>\$ 455,330</u>	<u>\$ 2,029,913</u>

CITY OF SCHERTZ, TEXAS

COMPARATIVE BALANCE SHEETS
CAPITAL PROJECTS FUND

September 30, 2025
(with comparative totals for 2024)

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 68,027,666	\$ 41,622,628
Total assets	<u>\$ 68,027,666</u>	<u>\$ 41,622,628</u>
LIABILITIES		
Accounts payable	\$ 386,325	\$ 78,995
Retainage payable	<u>-</u>	<u>-</u>
Total liabilities	<u>386,325</u>	<u>78,995</u>
FUND BALANCES		
Restricted for:		
Capital improvement	67,641,341	37,654,911
Committed for:		
Capital projects	<u>-</u>	<u>3,888,722</u>
Total fund balances	<u>67,641,341</u>	<u>41,543,633</u>
 Total liabilities and fund balances	 <u>\$ 68,027,666</u>	 <u>\$ 41,622,628</u>

CITY OF SCHERTZ, TEXAS

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

For the year ended September 30, 2025
(with comparative totals for 2024)

	<u>2025</u>	<u>2024</u>
REVENUES		
Intergovernmental	\$ -	\$ -
Investment earnings	<u>2,166,319</u>	<u>1,379,778</u>
Total revenues	<u>2,166,319</u>	<u>1,379,778</u>
EXPENDITURES		
Administration	255,940	240,989
Capital outlay	7,877,460	2,256,823
Debt service:		
Bond issue costs	<u>141,719</u>	<u>163,613</u>
Total expenditures	<u>8,275,119</u>	<u>2,661,425</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,108,800)</u>	<u>(1,281,647)</u>
OTHER FINANCING SOURCES (USES)		
Issuance of debt	27,385,000	19,165,000
Premium on issuance of debt	1,531,795	998,613
Transfers in	3,493,792	(94,609)
Transfers out	<u>(204,079)</u>	<u>3,094</u>
Total other financing sources (uses)	<u>32,206,508</u>	<u>20,072,098</u>
NET CHANGE IN FUND BALANCE	26,097,708	18,790,451
FUND BALANCES - BEGINNING	<u>41,543,633</u>	<u>22,753,182</u>
FUND BALANCES - ENDING	<u>\$ 67,641,341</u>	<u>\$ 41,543,633</u>



CITY OF SCHERTZ, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

September 30, 2025

	SPECIAL REVENUE FUNDS			
	HOTEL OCCUPANCY FUND	PARK FUND	TREE MITIGATION	TREASURY FORFEITURES
ASSETS				
Cash and cash equivalents	\$ 4,162,351	\$ 608,811	\$ 1,408,844	\$ 201,329
Accounts receivable, net of allowance	<u>154,252</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 4,316,603</u>	<u>\$ 608,811</u>	<u>\$ 1,408,844</u>	<u>\$ 201,329</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Restricted for				
Tourism development	4,316,603	-	-	-
Parks and tree mitigation	-	608,811	1,408,844	-
Police forfeiture	-	-	-	201,329
Roadways	-	-	-	-
Historical committee and library	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>4,316,603</u>	<u>608,811</u>	<u>1,408,844</u>	<u>201,329</u>
Total liabilities and fund balances	<u>\$ 4,316,603</u>	<u>\$ 608,811</u>	<u>\$ 1,408,844</u>	<u>\$ 201,329</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	
\$ 272,270	\$ 79,027	\$ 380,576	\$ 86,075	\$ 23,923	\$ 5,553,779	\$ 12,776,985
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>154,252</u>
<u>\$ 272,270</u>	<u>\$ 79,027</u>	<u>\$ 380,576</u>	<u>\$ 86,075</u>	<u>\$ 23,923</u>	<u>\$ 5,553,779</u>	<u>\$ 12,931,237</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,824	\$ 4,824
<u>-</u>	<u>-</u>	<u>644,353</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>644,353</u>
<u>-</u>	<u>-</u>	<u>644,353</u>	<u>-</u>	<u>-</u>	<u>4,824</u>	<u>649,177</u>
-	-	-	-	-	-	4,316,603
-	-	-	-	-	-	2,017,655
272,270	79,027	-	-	-	-	552,626
-	-	-	-	-	5,548,955	5,548,955
-	-	-	86,075	23,923	-	109,998
<u>-</u>	<u>-</u>	<u>(263,777)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(263,777)</u>
<u>272,270</u>	<u>79,027</u>	<u>(263,777)</u>	<u>86,075</u>	<u>23,923</u>	<u>5,548,955</u>	<u>12,282,060</u>
<u>\$ 272,270</u>	<u>\$ 79,027</u>	<u>\$ 380,576</u>	<u>\$ 86,075</u>	<u>\$ 23,923</u>	<u>\$ 5,553,779</u>	<u>\$ 12,931,237</u>

CITY OF SCHERTZ, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

For the year ended September 30, 2025

	SPECIAL REVENUE FUNDS			
	HOTEL		TREE	TREASURY
	OCCUPANCY	PARK	MITIGATION	FORFEITURE
	FUND	FUND		
REVENUES				
Occupancy tax	\$ 886,356	\$ -	\$ -	\$ -
Permits and fees	-	60,116	218,482	-
Service fees	-	-	-	-
Fines and fees	-	-	-	-
Intergovernmental;	-	-	-	-
Investment earnings	165,507	24,310	58,676	-
Miscellaneous	-	-	-	-
Total revenues	<u>1,051,863</u>	<u>84,426</u>	<u>277,158</u>	<u>-</u>
EXPENDITURES				
Current				
General government	92,142	-	-	-
Public safety	-	-	-	-
Public environment	-	-	103,686	-
Cultural	-	-	-	-
Administration	-	-	-	-
Capital outlay	-	17,738	-	-
Total expenditures	<u>92,142</u>	<u>17,738</u>	<u>103,686</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	959,721	66,688	173,472	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>(82,976)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(82,976)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	876,745	66,688	173,472	-
FUND BALANCES - BEGINNING	<u>3,439,858</u>	<u>542,123</u>	<u>1,235,372</u>	<u>201,329</u>
FUND BALANCES - ENDING	<u>\$ 4,316,603</u>	<u>\$ 608,811</u>	<u>\$ 1,408,844</u>	<u>\$ 201,329</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	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 886,356
-	-	-	-	-	-	278,598
-	-	-	19,937	321	724,878	745,136
31,147	-	-	-	-	-	31,147
-	-	42,253	-	-	-	42,253
10,401	-	-	3,553	-	229,080	491,527
<u>-</u>	<u>-</u>	<u>-</u>	<u>46</u>	<u>-</u>	<u>-</u>	<u>46</u>
<u>41,548</u>	<u>-</u>	<u>42,253</u>	<u>23,536</u>	<u>321</u>	<u>953,958</u>	<u>2,475,063</u>
		42,253	-	1,829	59,800	196,024
		-	-	-	-	-
		-	-	-	-	103,686
		-	13,423	-	-	13,423
		-	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,738</u>
		<u>-</u>	<u>13,423</u>	<u>1,829</u>	<u>59,800</u>	<u>330,871</u>
41,548	-	-	10,113	(1,508)	894,158	2,144,192
-	-	2,717	-	-	-	2,717
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(82,976)</u>
<u>-</u>	<u>-</u>	<u>2,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(80,259)</u>
41,548	-	2,717	10,113	(1,508)	894,158	2,063,933
<u>230,722</u>	<u>79,027</u>	<u>(266,494)</u>	<u>75,962</u>	<u>25,431</u>	<u>4,654,797</u>	<u>10,218,127</u>
<u>\$ 272,270</u>	<u>\$ 79,027</u>	<u>\$ (263,777)</u>	<u>\$ 86,075</u>	<u>\$ 23,923</u>	<u>\$ 5,548,955</u>	<u>\$ 12,282,060</u>

CITY OF SCHERTZ, TEXAS

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

For the year ended September 30, 2025
(with comparative actual totals for 2024)

	BUDGETED AMOUNTS		2025 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	2024 ACTUAL AMOUNTS
	ORIGINAL	FINAL			
REVENUES					
Occupancy tax	\$ 1,100,000	\$ 1,100,000	\$ 886,356	\$ (213,644)	\$ 849,265
Investment earnings	126,500	126,500	165,507	39,007	154,833
Total revenues	1,226,500	1,226,500	1,051,863	(174,637)	1,004,098
EXPENDITURES					
Current:					
General government	170,322	170,322	92,142	78,180	100,389
Administration	-	-	-	-	80,265
Capital outlay	-	-	-	-	-
Total expenditures	170,322	170,322	92,142	78,180	180,654
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	(82,976)	(82,976)	-
Net change in fund balance	1,056,178	1,056,178	959,721	(252,817)	823,444
FUND BALANCES - BEGINNING	3,439,858	3,439,858	3,439,858	182,809	2,616,414
FUND BALANCES - ENDING	\$ 4,496,036	\$ 4,496,036	\$ 4,316,603	\$ (70,008)	\$ 3,439,858

CITY OF SCHERTZ, TEXAS

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

For the year ended September 30, 2025
(with comparative actual totals for 2024)

	BUDGETED AMOUNTS		2025 ACTUAL AMOUNTS	VARIANCE WITH	2024 ACTUAL AMOUNTS
	ORIGINAL	FINAL		FINAL BUDGET - POSITIVE (NEGATIVE)	
REVENUES					
Licenses and permits	\$ 150,000	\$ 150,000	\$ 60,116	\$ (89,884)	\$ 446,138
Investment earnings	4,750	4,750	24,310	19,560	8,975
Total revenues	<u>154,750</u>	<u>154,750</u>	<u>84,426</u>	<u>(70,324)</u>	<u>455,113</u>
EXPENDITURES					
Capital outlay	-	-	17,738	(17,738)	-
Total expenditures	<u>-</u>	<u>-</u>	<u>17,738</u>	<u>(17,738)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	154,750	154,750	66,688	(52,586)	455,113
FUND BALANCES - BEGINNING	<u>87,010</u>	<u>87,010</u>	<u>542,123</u>	-	<u>87,010</u>
FUND BALANCES - ENDING	<u>\$ 241,760</u>	<u>\$ 241,760</u>	<u>\$ 608,811</u>	<u>\$ 367,051</u>	<u>\$ 542,123</u>

CITY OF SCHERTZ, TEXAS

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

For the year ended September 30, 2025
 (with comparative actual totals for 2024)

	BUDGETED AMOUNTS		2025 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	2024 ACTUAL AMOUNTS
	ORIGINAL	FINAL			
REVENUES					
Licenses and permits	\$ 100,000	\$ 100,000	\$ 218,482	\$ 118,482	\$ 555,380
Investment earnings	49,250	49,250	58,676	9,426	62,728
Total revenues	149,250	149,250	277,158	127,908	618,108
EXPENDITURES					
Current:					
Parks and recreation	85,000	85,000	103,686	(18,686)	81,429
Total expenditures	85,000	85,000	103,686	(18,686)	81,429
NET CHANGE IN FUND BALANCE	64,250	64,250	173,472	146,594	536,679
FUND BALANCES - BEGINNING	709,443	709,443	1,235,372	-	698,693
FUND BALANCES - ENDING	\$ 773,693	\$ 773,693	\$ 1,408,844	\$ 146,594	\$ 1,235,372

CITY OF SCHERTZ, TEXAS

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

For the year ended September 30, 2025
(with comparative totals for 2024)

	<u>2025</u>	<u>2024</u>
REVENUES		
Fines and fees	\$ -	\$ 195,925
Total revenues	<u>-</u>	<u>195,925</u>
EXPENDITURES		
Total expenditures	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	195,925
FUND BALANCES - BEGINNING	<u>201,329</u>	<u>5,404</u>
FUND BALANCES - ENDING	<u><u>\$ 201,329</u></u>	<u><u>\$ 201,329</u></u>

CITY OF SCHERTZ, TEXAS

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

For the year ended September 30, 2025
(with comparative totals for 2024)

	<u>2025</u>	<u>2024</u>
REVENUES		
Fines and fees	\$ 31,147	\$ 23,519
Investment earnings	<u>10,401</u>	<u>11,312</u>
Total revenues	<u>41,548</u>	<u>34,831</u>
EXPENDITURES		
Current:		
Public safety	<u>-</u>	<u>43,544</u>
Total expenditures	<u>-</u>	<u>43,544</u>
NET CHANGE IN FUND BALANCE	41,548	(8,713)
FUND BALANCES - BEGINNING	<u>230,722</u>	<u>239,435</u>
FUND BALANCES - ENDING	<u>\$ 272,270</u>	<u>\$ 230,722</u>

CITY OF SCHERTZ, TEXAS

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

For the year ended September 30, 2025
(with comparative totals for 2024)

	<u>2025</u>	<u>2024</u>
REVENUES		
Fines and fees	\$ -	\$ 4,707
Total revenues	<u>-</u>	<u>4,707</u>
EXPENDITURES		
Total expenditures	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	4,707
FUND BALANCES - BEGINNING	<u>79,027</u>	<u>74,320</u>
FUND BALANCES - ENDING	<u>\$ 79,027</u>	<u>\$ 79,027</u>

CITY OF SCHERTZ, TEXAS

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

For the year ended September 30, 2025
(with comparative actual totals for 2024)

	BUDGETED AMOUNTS		2025 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	2024 ACTUAL AMOUNTS
	ORIGINAL	FINAL			
REVENUES					
Service fees	\$ 20,000	\$ 20,000	\$ 19,937	\$ (63)	\$ 19,008
Investment earnings	1,500	1,500	3,553	2,053	4,115
Miscellaneous	-	-	46	46	69
Total revenues	<u>21,500</u>	<u>21,500</u>	<u>23,536</u>	<u>2,036</u>	<u>23,192</u>
EXPENDITURES					
Current:					
Cultural	20,500	31,500	13,423	18,077	16,880
Capital outlay	-	-	-	-	6,585
Total expenditures	<u>20,500</u>	<u>31,500</u>	<u>13,423</u>	<u>18,077</u>	<u>23,465</u>
NET CHANGE IN FUND BALANCE	1,000	(10,000)	10,113	(16,041)	(273)
FUND BALANCES - BEGINNING	<u>75,962</u>	<u>75,962</u>	<u>75,962</u>	-	<u>76,235</u>
FUND BALANCES - ENDING	<u>\$ 76,962</u>	<u>\$ 65,962</u>	<u>\$ 86,075</u>	<u>\$ (16,041)</u>	<u>\$ 75,962</u>

CITY OF SCHERTZ, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
HISTORIAL COMMITTEE BOARD – BUDGET AND ACTUAL

For the year ended September 30, 2025
(with comparative actual totals for 2024)

	BUDGETED AMOUNTS		2025 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	2024 ACTUAL AMOUNTS
	ORIGINAL	FINAL			
REVENUES					
Sale of merchandise	\$ 1,000	\$ 1,000	\$ 321	\$ (679)	\$ 215
Miscellaneous	-	-	-	-	-
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>321</u>	<u>(679)</u>	<u>215</u>
EXPENDITURES					
Current:					
General government	<u>11,750</u>	<u>11,750</u>	<u>1,829</u>	<u>9,921</u>	<u>4,217</u>
Total expenditures	<u>11,750</u>	<u>11,750</u>	<u>1,829</u>	<u>9,921</u>	<u>4,217</u>
Excess of revenues over expenditures	<u>(10,750)</u>	<u>(10,750)</u>	<u>(1,508)</u>	<u>(10,600)</u>	<u>(4,002)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	<u>10,750</u>	<u>10,750</u>	<u>-</u>	<u>10,750</u>	<u>-</u>
Total other financing sources (uses)	<u>10,750</u>	<u>10,750</u>	<u>-</u>	<u>10,750</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	(1,508)	150	(4,002)
FUND BALANCES - BEGINNING	<u>25,431</u>	<u>25,431</u>	<u>25,431</u>	<u>-</u>	<u>29,433</u>
FUND BALANCES - ENDING	<u>\$ 25,431</u>	<u>\$ 25,431</u>	<u>\$ 23,923</u>	<u>\$ 150</u>	<u>\$ 25,431</u>

CITY OF SCHERTZ, TEXAS

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

For the year ended September 30, 2025
(with comparative totals for 2024)

	<u>2025</u>	<u>2024</u>
REVENUES		
Service fees	\$ 724,878	\$ 1,483,039
Investment earnings	<u>229,080</u>	<u>217,401</u>
Total revenues	<u>953,958</u>	<u>1,700,440</u>
 EXPENDITURES		
Current:		
General government	59,800	-
Capital outlay	<u>-</u>	<u>57,305</u>
Total expenditures	<u>59,800</u>	<u>57,305</u>
 NET CHANGE IN FUND BALANCE	894,158	1,643,135
 FUND BALANCES - BEGINNING	<u>4,654,797</u>	<u>3,011,662</u>
 FUND BALANCES - ENDING	<u>\$ 5,548,955</u>	<u>\$ 4,654,797</u>



STATISTICAL SECTION

STATISTICAL SECTION

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.

<u>Contents</u>	<u>Page Numbers</u>
Financial Trends These schedules contain trend information to help readers understand how the City’s financial performance and well-being have changed over time.	110 - 119
Revenue Capacity These schedules contain information to help the reader assess the City’s most significant local revenue sources.	120 - 126
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.	128 - 138
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.	139 - 140
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.	142 - 149

CITY OF SCHERTZ, TEXAS

NET POSITION BY COMPONENT

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

	2016	2017	2018	2019
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 74,237,004	\$ 84,537,238	\$ 89,266,885	\$ 89,869,766
Restricted	17,095,325	20,437,116	23,391,047	28,088,355
Unrestricted	<u>2,231,341</u>	<u>1,673,567</u>	<u>2,351,236</u>	<u>2,920,717</u>
 Total governmental activities - Net position	 <u>\$ 93,563,670</u>	 <u>\$ 106,647,921</u>	 <u>\$ 115,009,168</u>	 <u>\$ 120,878,838</u>
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 64,210,231	\$ 70,361,035	\$ 64,871,629	\$ 68,271,075
Restricted	-	10,565,463	12,626,526	13,232,638
Unrestricted	<u>15,737,470</u>	<u>20,781,291</u>	<u>20,870,671</u>	<u>33,254,008</u>
 Total business-type activities - Net position	 <u>\$ 79,947,701</u>	 <u>\$ 101,707,789</u>	 <u>\$ 98,368,826</u>	 <u>\$ 114,757,721</u>
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 138,447,235	\$ 154,898,273	\$ 154,138,514	\$ 158,140,841
Restricted	17,095,325	31,002,579	36,017,573	41,320,993
Unrestricted	<u>17,968,811</u>	<u>22,454,858</u>	<u>23,221,907</u>	<u>36,174,725</u>
 Total primary government net position	 <u>\$ 173,511,371</u>	 <u>\$ 208,355,710</u>	 <u>\$ 213,377,994</u>	 <u>\$ 235,636,559</u>

TABLE 1

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 88,959,102	\$ 98,444,714	\$ 109,746,340	\$ 136,442,093	\$ 142,891,901	\$ 169,821,032
28,664,438	28,342,438	32,745,688	40,311,118	50,212,797	53,603,325
<u>4,157,801</u>	<u>10,744,127</u>	<u>11,055,015</u>	<u>7,768,985</u>	<u>7,191,430</u>	<u>7,797,897</u>
<u>\$ 121,781,341</u>	<u>\$ 137,531,279</u>	<u>\$ 153,547,043</u>	<u>\$ 184,522,196</u>	<u>\$ 200,296,128</u>	<u>\$ 231,222,254</u>
\$ 75,969,319	\$ 83,941,882	\$ 94,997,863	\$ 114,831,425	\$ 125,867,091	\$ 128,188,819
15,071,599	5,408,320	5,408,320	6,640,756	6,640,756	7,679,648
<u>30,570,717</u>	<u>39,406,798</u>	<u>42,791,680</u>	<u>39,140,966</u>	<u>41,033,805</u>	<u>77,929,702</u>
<u>\$ 121,611,635</u>	<u>\$ 128,757,000</u>	<u>\$ 143,197,863</u>	<u>\$ 160,613,147</u>	<u>\$ 173,541,652</u>	<u>\$ 213,798,169</u>
\$ 164,928,421	\$ 182,386,596	\$ 204,744,203	\$ 251,273,518	\$ 268,758,992	\$ 298,009,851
43,736,037	33,750,758	38,154,008	46,951,874	56,853,553	61,282,973
<u>34,728,518</u>	<u>50,150,925</u>	<u>53,846,695</u>	<u>46,909,951</u>	<u>48,225,235</u>	<u>85,727,599</u>
<u>\$ 243,392,976</u>	<u>\$ 266,288,279</u>	<u>\$ 296,744,906</u>	<u>\$ 345,135,343</u>	<u>\$ 373,837,780</u>	<u>\$ 445,020,423</u>

CITY OF SCHERTZ, TEXAS

CHANGE IN NET POSITION

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

	2016	2017	2018	2019
EXPENSES				
Governmental activities				
General government	\$ 6,557,778	\$ 6,253,926	\$ 7,421,918	\$ 6,534,013
Public safety	12,141,968	13,061,120	13,899,278	15,448,886
Public environment	4,147,653	4,460,540	4,930,723	5,495,192
Parks and recreation	2,034,964	2,859,974	2,707,292	3,022,278
Cultural	954,871	1,004,747	1,042,085	1,119,650
Health	570,204	776,494	724,780	516,890
Administration	1,954,276	3,052,102	3,067,983	3,853,255
Interest and other fees	2,240,783	2,355,714	2,125,687	2,196,180
Total governmental activities expenses	<u>30,602,497</u>	<u>33,824,617</u>	<u>35,919,746</u>	<u>38,186,344</u>
Business-type activities				
Water and sewer	20,269,111	21,346,078	23,579,854	25,608,390
EMS	5,004,110	6,006,178	6,110,407	6,529,631
Total business-type activities expenses	<u>25,273,221</u>	<u>27,352,256</u>	<u>29,690,261</u>	<u>32,138,021</u>
Total primary government expenses	<u>55,875,718</u>	<u>61,176,873</u>	<u>65,610,007</u>	<u>70,324,365</u>
PROGRAM REVENUES				
Governmental activities				
Charges for services				
General government	1,507,252	874,737	1,013,698	947,538
Public safety	2,415,537	4,131,548	4,104,911	3,177,329
Public environment	-	-	-	138,920
Parks and recreation	788,727	544,460	640,231	484,495
Cultural	326,079	330,412	313,668	311,575
Health	30,308	29,742	27,930	21,101
Operating grants and contributions	342,485	552,878	776,942	692,042
Capital grants and contributions	6,227,664	10,043,483	4,744,489	1,319,793
Total governmental activities program revenues	<u>11,638,052</u>	<u>16,507,260</u>	<u>11,621,869</u>	<u>7,092,793</u>
Business-type activities				
Charges for services				
Water and sewer	22,003,794	25,390,713	27,099,237	27,333,475
EMS	5,921,223	6,366,894	6,092,559	6,596,618
Capital grants and contributions	2,831,126	6,111,474	3,132,348	1,975,524
Total business-type activities program revenues	<u>30,756,143</u>	<u>37,869,081</u>	<u>36,324,144</u>	<u>35,905,617</u>
Total primary government program revenues	<u>42,394,195</u>	<u>54,376,341</u>	<u>47,946,013</u>	<u>42,998,410</u>

TABLE 2

	2020	2021	2022	2023	2024	2025
\$	10,310,363	\$ 7,298,193	\$ 7,093,652	\$ 8,244,956	\$ 8,678,145	\$ 16,388,166
	16,575,191	19,008,871	19,580,703	22,195,399	22,719,864	26,692,587
	8,825,099	5,364,408	8,545,834	6,188,351	8,802,846	8,145,230
	3,012,134	3,395,458	3,543,978	4,253,278	5,539,108	5,208,597
	1,089,564	1,087,975	1,168,815	1,380,793	1,520,759	1,627,098
	596,288	-	-	-	-	-
	3,419,407	4,360,229	4,455,947	5,363,700	6,343,146	7,198,709
	<u>2,028,065</u>	<u>1,797,520</u>	<u>2,490,474</u>	<u>2,555,917</u>	<u>2,508,098</u>	<u>3,334,685</u>
	<u>45,856,111</u>	<u>42,312,654</u>	<u>46,879,403</u>	<u>50,182,394</u>	<u>56,111,966</u>	<u>68,595,072</u>
	24,349,219	25,280,964	27,833,986	30,088,159	32,088,184	33,234,866
	<u>6,051,296</u>	<u>7,784,670</u>	<u>8,234,500</u>	<u>10,176,945</u>	<u>11,718,474</u>	<u>12,885,532</u>
	<u>30,400,515</u>	<u>33,065,634</u>	<u>36,068,486</u>	<u>40,265,104</u>	<u>43,806,658</u>	<u>46,120,398</u>
	<u>76,256,626</u>	<u>75,378,288</u>	<u>82,947,889</u>	<u>90,447,498</u>	<u>99,918,624</u>	<u>114,715,470</u>
	836,246	651,211	686,470	470,879	418,302	3,346,260
	3,276,129	3,079,945	3,922,957	4,067,387	4,068,931	765,098
	850,201	902,712	798,955	661,078	2,038,419	177,313
	331,174	528,886	652,727	753,302	932,437	569,727
	299,944	285,792	310,859	315,222	324,597	452,580
	26,304	-	-	-	-	130,242
	2,113,673	1,925,939	3,970,029	2,425,937	3,579,794	3,657,665
	<u>531,096</u>	<u>7,959,576</u>	<u>6,987,788</u>	<u>18,456,911</u>	<u>3,293,373</u>	<u>18,408,023</u>
	<u>8,264,767</u>	<u>15,334,061</u>	<u>17,329,785</u>	<u>27,150,716</u>	<u>14,655,853</u>	<u>27,506,908</u>
	29,709,279	27,724,929	30,677,566	31,589,783	32,562,394	33,577,314
	6,114,891	7,709,027	9,420,909	9,503,821	10,231,081	11,990,185
	<u>292,408</u>	<u>6,935,191</u>	<u>6,143,957</u>	<u>14,180,619</u>	<u>8,431,343</u>	<u>33,036,134</u>
	<u>36,116,578</u>	<u>42,369,147</u>	<u>46,242,432</u>	<u>55,274,223</u>	<u>51,224,818</u>	<u>78,603,633</u>
	<u>44,381,345</u>	<u>57,703,208</u>	<u>63,572,217</u>	<u>82,424,939</u>	<u>65,880,671</u>	<u>106,110,541</u>

CITY OF SCHERTZ, TEXAS

CHANGE IN NET POSITION

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

	2016	2017	2018	2019
Net (expense) revenues				
Governmental activities	\$ (18,964,445)	\$ (17,317,357)	\$ (24,297,877)	\$ (31,093,551)
Business-type activities	<u>5,482,922</u>	<u>10,516,825</u>	<u>6,633,883</u>	<u>3,767,596</u>
Total primary government net expenses	<u>(13,481,523)</u>	<u>(6,800,532)</u>	<u>(17,663,994)</u>	<u>(27,325,955)</u>
GOVERNMENTAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities				
Taxes				
Ad valorem	15,131,997	16,166,006	17,018,950	19,151,005
Sales taxes	10,921,489	10,844,503	12,668,555	12,506,879
Franchise fees	2,250,815	2,208,373	2,393,182	2,357,150
Hotel/motel	544,871	499,466	520,424	514,679
Mixed drink	43,073	42,699	43,395	60,518
Investment income	187,847	448,408	909,985	1,470,258
Miscellaneous	309,275	182,754	283,496	984,257
Transfers	<u>29,211</u>	<u>9,399</u>	<u>19,186</u>	<u>(81,525)</u>
Total governmental activities	<u>29,418,578</u>	<u>30,401,608</u>	<u>33,857,173</u>	<u>36,963,221</u>
Business-type activities				
Interest and investment earnings	102,642	211,466	532,367	855,216
Miscellaneous	522,221	475,733	453,374	267,788
Transfers	<u>(29,211)</u>	<u>(9,399)</u>	<u>(19,186)</u>	<u>81,525</u>
Total business-type activities	<u>595,652</u>	<u>677,800</u>	<u>966,555</u>	<u>1,204,529</u>
Total primary government	<u>30,014,230</u>	<u>31,079,408</u>	<u>34,823,728</u>	<u>38,167,750</u>
CHANGES IN NET POSITION				
Governmental activities	10,454,133	13,084,251	9,559,296	5,869,670
Business-type activities	<u>6,078,574</u>	<u>11,194,625</u>	<u>7,600,438</u>	<u>4,972,125</u>
Total primary government	<u>\$ 16,532,707</u>	<u>\$ 24,278,876</u>	<u>\$ 17,159,734</u>	<u>\$ 10,841,795</u>

TABLE 2 (continued)

2020	2021	2022	2023	2024	2025
\$ (37,591,344)	\$ (26,978,593)	\$ (29,549,618)	\$ (23,031,678)	\$ (41,456,113)	\$ (41,088,164)
<u>5,716,063</u>	<u>9,303,513</u>	<u>10,173,946</u>	<u>15,009,119</u>	<u>7,418,160</u>	<u>32,483,235</u>
<u>(31,875,281)</u>	<u>(17,675,080)</u>	<u>(19,375,672)</u>	<u>(8,022,559)</u>	<u>(34,037,953)</u>	<u>(8,604,929)</u>
19,844,912	21,463,804	22,495,628	25,118,429	27,147,745	27,717,962
14,432,152	16,838,731	18,075,733	19,646,841	20,095,955	33,895,921
2,305,225	2,305,108	2,574,041	2,593,660	2,354,657	2,669,138
268,946	518,921	804,132	1,059,808	849,265	886,356
70,139	68,730	83,391	88,347	93,524	87,760
804,674	104,613	709,898	4,678,690	5,569,055	5,704,453
767,779	1,408,270	1,138,775	820,465	1,119,844	781,729
-	-	(316,216)	-	-	169,768
<u>38,493,827</u>	<u>42,708,177</u>	<u>45,565,382</u>	<u>54,006,240</u>	<u>57,230,045</u>	<u>71,913,087</u>
431,555	68,354	314,546	1,927,277	4,535,559	3,977,901
706,296	754,268	675,739	479,479	974,786	-
-	-	316,216	-	-	(169,768)
<u>1,137,851</u>	<u>822,622</u>	<u>1,306,501</u>	<u>2,406,756</u>	<u>5,510,345</u>	<u>3,808,133</u>
<u>39,631,678</u>	<u>43,530,799</u>	<u>46,871,883</u>	<u>56,412,996</u>	<u>62,740,390</u>	<u>75,721,220</u>
902,503	15,729,584	16,015,764	30,975,153	15,773,932	30,824,923
<u>6,853,914</u>	<u>10,126,135</u>	<u>11,480,447</u>	<u>17,415,284</u>	<u>12,928,505</u>	<u>36,291,368</u>
<u>\$ 7,756,417</u>	<u>\$ 25,855,719</u>	<u>\$ 27,496,211</u>	<u>\$ 48,390,437</u>	<u>\$ 28,702,437</u>	<u>\$ 67,116,291</u>

CITY OF SCHERTZ, TEXAS

FUND BALANCES OF GOVERNMENTAL FUNDS

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
GENERAL FUND				
Nonspendable	\$ 220,503	\$ 98,263	\$ 94,876	\$ 131,925
Restricted	1,929,636	1,994,905	2,027,125	2,196,037
Committed	-	-	-	-
Assigned	752,503	854,198	3,080,557	5,580,626
Unassigned	<u>8,509,467</u>	<u>9,976,169</u>	<u>12,548,013</u>	<u>9,228,612</u>
 Total general fund	 <u>\$ 11,412,109</u>	 <u>\$ 12,923,535</u>	 <u>\$ 17,750,571</u>	 <u>\$ 17,137,200</u>
ALL OTHER GOVERNMENTAL FUNDS				
Restricted	\$ 27,252,908	\$ 35,721,031	\$ 37,772,240	\$ 39,009,399
Committed	342,519	454,376	454,376	687,779
Assigned	6,743	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total all other governmental funds	 <u>\$ 27,602,170</u>	 <u>\$ 36,175,407</u>	 <u>\$ 38,226,616</u>	 <u>\$ 39,697,178</u>

TABLE 3

2020	2021	2022	2023	2024	2025
\$ 114,787	\$ 162,463	\$ 182,186	\$ 342,248	\$ 285,571	\$ 171,259
1,996,357	2,151,411	2,260,350	2,220,694	1,458,673	1,452,022
687,780	907,676	1,021,594	1,155,078	1,260,939	1,388,247
1,972,479	1,501,398	1,356,230	3,518,655	3,603,775	3,618,805
<u>12,197,575</u>	<u>11,755,619</u>	<u>12,246,539</u>	<u>12,000,941</u>	<u>11,338,745</u>	<u>17,788,211</u>
<u>\$ 16,968,978</u>	<u>\$ 16,478,567</u>	<u>\$ 17,066,899</u>	<u>\$ 19,237,616</u>	<u>\$ 17,947,703</u>	<u>\$ 24,418,544</u>
\$ 32,024,252	\$ 33,329,710	\$ 69,222,391	\$ 60,666,303	\$ 91,307,033	\$ 125,341,599
4,071,942	7,985,798	5,543,146	3,888,722	3,888,722	-
-	-	-	-	-	-
<u>(2,071,518)</u>	<u>(675,043)</u>	<u>(648,630)</u>	<u>(644,974)</u>	<u>(266,494)</u>	<u>(263,777)</u>
<u>\$ 34,024,676</u>	<u>\$ 40,640,465</u>	<u>\$ 74,116,907</u>	<u>\$ 63,910,051</u>	<u>\$ 94,929,261</u>	<u>\$ 125,077,822</u>

CITY OF SCHERTZ, TEXAS

CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS

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

	2016	2017	2018	2019
REVENUES				
Taxes	\$ 28,865,727	\$ 29,720,578	\$ 32,632,702	\$ 34,590,008
Permits and fees	1,493,336	2,540,045	2,557,056	1,635,461
Service fees	1,789,321	2,132,299	2,159,193	2,070,293
Fines and fees	1,441,474	1,217,621	1,049,989	953,614
Intergovernmental	401,494	397,073	609,131	1,057,681
Other revenues	1,741,436	1,897,153	1,761,285	2,454,515
Total revenues	<u>35,732,788</u>	<u>37,904,769</u>	<u>40,769,356</u>	<u>42,761,572</u>
EXPENDITURES				
Current:				
General government	5,657,998	5,394,918	6,327,133	5,881,647
Public safety	11,048,767	11,870,636	12,728,222	13,985,443
Public environment	1,007,326	1,128,979	1,136,052	1,112,041
Parks and recreation	1,528,356	1,885,915	1,697,872	2,393,487
Cultural	869,162	921,870	955,153	1,018,109
Health	480,175	672,934	628,054	498,871
Administration	2,015,573	2,912,855	3,015,239	3,795,233
Capital outlay	10,192,398	5,492,196	7,708,625	9,083,572
Debt service:				
Principal	4,040,975	4,473,174	4,744,116	4,565,000
Interest and fiscal charges	1,896,911	2,113,679	2,099,190	2,069,215
Bond issue costs	449,358	214,280	129,417	189,082
Payment to refund agent	-	-	-	5,489,912
Total expenditures	<u>39,186,999</u>	<u>37,081,436</u>	<u>41,169,073</u>	<u>50,081,612</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,454,211)</u>	<u>823,333</u>	<u>(399,717)</u>	<u>(7,320,040)</u>
OTHER FINANCING SOURCES (USES)				
Bond and debt issuances	10,750,000	8,870,000	4,887,829	4,620,000
Refunding bond issuance	4,185,000	-	6,035,000	5,225,000
Premium (discount) on bond issue	590,432	381,931	269,212	640,115
Payment to refund agent	(4,215,482)	-	(6,159,623)	-
Transfers in	863,583	438,803	777,487	120,503
Transfers out	(834,371)	(429,404)	(758,302)	(202,028)
Total other financing sources (uses)	<u>11,339,162</u>	<u>9,261,330</u>	<u>5,051,603</u>	<u>10,403,590</u>
Net change in fund balances	<u>\$ 7,884,951</u>	<u>\$ 10,084,663</u>	<u>\$ 4,651,886</u>	<u>\$ 3,083,550</u>
Debt service as a percentage of noncapital expenditures	20.5%	20.4%	22.2%	17.3%

TABLE 4

	2020	2021	2022	2023	2024	2025
\$	36,802,913	\$ 41,150,087	\$ 43,905,170	\$ 48,455,688	\$ 50,506,759	\$ 65,258,291
	1,807,264	1,812,895	2,341,493	2,329,324	3,628,888	2,232,452
	2,583,598	2,540,995	2,953,707	2,806,284	3,842,031	3,578,267
	880,657	643,482	754,558	659,885	590,974	498,975
	951,604	4,582,874	4,247,523	3,061,631	4,013,661	7,857,530
	1,572,473	1,512,883	1,848,673	5,499,155	6,688,899	6,801,456
	<u>44,598,509</u>	<u>52,243,216</u>	<u>56,051,124</u>	<u>62,811,967</u>	<u>69,271,212</u>	<u>86,226,971</u>
	10,364,369	6,580,915	6,515,632	7,324,976	7,547,457	15,281,044
	15,366,593	18,107,418	19,098,373	19,579,764	23,408,875	24,706,100
	1,270,894	1,382,185	1,766,558	1,782,809	2,599,441	1,859,045
	2,102,083	2,534,679	2,659,914	3,227,365	4,161,603	3,800,651
	1,044,891	1,059,984	1,159,024	1,294,948	1,446,286	1,547,368
	589,616	-	-	-	-	-
	3,353,634	4,459,223	4,597,488	5,202,419	6,326,196	7,123,585
	9,276,886	5,215,256	13,096,740	24,142,094	5,075,332	15,950,688
	4,929,544	4,955,000	4,805,000	5,850,000	5,850,000	7,015,000
	2,136,523	1,801,467	1,779,157	2,893,986	2,667,861	3,227,327
	4,200	140,140	558,911	4,200	168,613	141,719
	-	-	-	-	-	-
	<u>50,439,233</u>	<u>46,236,267</u>	<u>56,036,797</u>	<u>71,302,561</u>	<u>59,251,664</u>	<u>80,652,527</u>
	<u>(5,840,724)</u>	<u>6,006,949</u>	<u>14,327</u>	<u>(8,490,594)</u>	<u>10,019,548</u>	<u>5,574,444</u>
	-	136,535	31,540,000	-	19,165,000	27,385,000
	-	7,555,000	4,070,000	-	-	-
	-	629,992	3,200,544	-	998,613	1,531,795
	-	(8,223,452)	(4,443,881)	-	-	-
	4,500,169	6,395,386	3,339,565	869,840	402,538	3,783,564
	<u>(4,500,169)</u>	<u>(6,375,032)</u>	<u>(3,655,781)</u>	<u>(869,249)</u>	<u>(402,538)</u>	<u>(3,613,796)</u>
	-	118,429	34,050,447	591	20,163,613	29,086,563
\$	<u>(5,840,724)</u>	<u>\$ 6,125,378</u>	<u>\$ 34,064,774</u>	<u>\$ (8,490,003)</u>	<u>\$ 30,183,161</u>	<u>\$ 34,661,007</u>

16.2%

19.9%

17.1%

30.3%

17.6%

16.0%

CITY OF SCHERTZ, TEXAS

GOVERNMENTAL FUNDS TAX REVENUES BY SOURCE

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

FISCAL YEAR	PROPERTY TAX	SALES AND USE TAX	FRANCHISE TAX	MIXED BEVERAGE	BINGO
2016	\$ 15,105,480	\$ 10,921,489	\$ 2,250,815	\$ 43,072	\$ 1
2017	16,125,537	10,844,503	2,208,373	42,668	31
2018	17,007,148	12,668,555	2,393,182	43,384	11
2019	19,150,782	12,506,879	2,357,150	60,518	24
2020	19,726,451	14,432,152	2,305,225	70,139	24
2021	21,418,597	16,838,731	2,305,108	68,730	24
2022	22,367,873	18,075,733	2,574,041	83,391	24
2023	25,067,032	19,646,841	2,593,660	88,347	-
2024	27,122,341	20,095,955	2,354,657	93,524	-
2025	27,717,962	33,895,921	2,669,138	87,760	-

TABLE 5

<u>HOTEL</u>		<u>TOTAL</u>	
<u>OCCUPANCY</u>			
\$	544,870	\$	28,865,727
	499,466		29,720,578
	520,424		32,632,704
	514,679		34,590,032
	268,946		36,802,937
	518,921		41,150,111
	804,132		43,905,194
	1,059,808		48,455,688
	849,265		50,515,742
	886,356		65,257,137

CITY OF SCHERTZ, TEXAS

TOTAL WATER AND SEWER CONSUMPTION AND RATES

LAST TEN FISCAL YEARS

TABLE 6

<u>FISCAL YEAR ENDED SEPTEMBER 30,</u>	<u>TOTAL WATER AND SEWER CONSUMPTION (IN GALLONS)</u>	<u>WATER AND SEWER BASE RATE</u>	<u>WATER AND SEWER INITIAL RATE PER 1,000 GALLONS</u>
2025	2,257,230,800	42.81	8.56
2024	2,425,608,700	42.35	8.41
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

Source: Schertz Utility System

CITY OF SCHERTZ, TEXAS

PRINCIPAL WATER AND SEWER CONSUMERS

LAST TEN FISCAL YEARS

TABLE 7

TAXPAYER	2025			2016		
	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 Cibolo	15,031,600	1	0.62%			
WHC Schertz Apts, LLC	12,848,700	2	0.41%			
Homestead Residential Master	9,970,800	3	0.38%			
Sycamore Creek Apartments	9,277,000	4	0.34%			
Pecan Grove TxLLC	8,293,700	5	0.28%	8,690,000	2	0.58%
Crossvine Master Community	6,830,500	6	0.25%			
Sebastian Apartments	6,025,200	7	0.22%	4,678,100	10	0.31%
Apg Texas 1 LP	5,441,400	8	0.22%	4,868,800	9	0.33%
QT South, LLC	5,362,700	9	0.22%			
Legacy Oaks Apartments	5,023,000	10	0.21%			
Caterpillar Inc.				15,108,800	1	1.01%
Big Time Management Properties				8,248,200	3	0.55%
SYSCO				5,389,300	4	0.36%
Legacy at Forest Ridge				5,387,700	5	0.36%
Caterpillar Inc.				5,384,600	6	0.36%
Wal-Mart Supercenter #3391				5,022,100	7	0.34%
Manco Structures LTD				1,921,100	8	0.33%
Total	84,104,600		3.22%	64,698,700		4.52%
Total City Water Consumption	2,425,608,700			1,497,065,900		

Source: Schertz Utility System

CITY OF SCHERTZ, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 8

FISCAL YEAR	CITY DIRECT RATES			OVERLAPPING SCHOOL DISTRICTS		
	BASIC RATE	DEBT SERVICE	TOTAL	SCHERTZ-CIBOLO UNIVERSAL CITY ISD	COMAL ISD	
2025	0.3326	0.1574	0.4900	1.1256	1.0748	
2024	0.3324	0.1548	0.4872	1.1392	1.2746	
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	

FISCAL YEAR	OVERLAPPING COUNTIES					
	BEXAR COUNTY	HOSPITAL DISTRICT	RIVER AUTHORITY	COMMUNITY COLLEGE DISTRICT	COMAL COUNTY	GUADALUPE COUNTY
2025	0.2763	0.2762	0.0183	0.1492	0.2690	0.2627
2024	0.2763	0.2762	0.0184	0.1492	0.2262	0.2731
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

CITY OF SCHERTZ, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

CURRENT AND NINE YEARS AGO
(UNAUDITED)

TABLE 9

TAXPAYER	2025			2016		
	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	\$ 153,333,010	1	1.94%	\$ 98,606,500	3	2.92%
Caterpillar Inc.	138,438,996	2	1.75%	148,835,540	1	4.41%
Sun Life Assurance Company of Canada	113,370,335	3	1.43%			
Amazon Com Services Inc.	86,066,000	4	1.09%	130,180,924	2	3.86%
Republic Beverage Company	63,862,720	5	0.81%	47,547,466	5	1.41%
HGIT Schertz Parkway LP	59,581,077	6	0.75%			
Eastgroup Properties LP	46,781,521	7	0.59%			
WHC Schertz Apts LLC	32,600,000	8	0.41%			
DG Industrial Portfolio II Property Owner LP	25,661,224	9	0.32%			
AR AMZ 1150 Schwab Rd LLC	<u>22,500,000</u>	10	0.28%			
US Real Estate, LP				57,155,244	4	1.69%
Shell US Gas and Power LLC				27,250,420	6	0.81%
San Antonio MTA LP				24,351,699	7	0.72%
SC Schertz LLC				23,430,800	8	0.69%
H.E. Butt Grocery Co.				20,524,572	9	0.61%
Visionary Properties				<u>15,736,627</u>	10	<u>0.47%</u>
Totals	<u>\$ 742,194,883</u>		<u>9.39%</u>	<u>\$ 593,619,792</u>		<u>17.59%</u>
Total taxable assessed value	<u>\$ 7,900,676,187</u>			<u>\$ 3,375,850,131</u>		

Source: Guadalupe, Bexar, and Comal Appraisal Districts

CITY OF SCHERTZ, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 10

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	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
2025	\$ 28,969,659	\$ 28,699,318	99.07%	\$ -	\$ 28,699,318	99.07%
2024	28,354,039	28,021,525	98.83%	(56,314)	27,965,210	98.63%
2023	26,144,518	25,757,953	98.52%	(36,735)	25,721,218	98.38%
2022	22,951,478	22,775,565	99.23%	115,380	22,890,945	99.74%
2021	22,011,090	21,787,625	98.98%	26,406	21,814,031	99.10%
2020	20,854,329	20,758,493	99.54%	6,527	20,765,020	99.57%
2019	19,922,568	19,825,244	99.51%	92,209	19,917,453	99.97%
2018	18,010,824	17,899,825	99.38%	75,000	17,974,825	99.80%
2017	17,356,822	17,241,556	99.34%	74,923	17,316,479	99.77%
2016	16,238,180	16,160,248	99.52%	59,242	16,218,083	99.88%



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>	<u>TAX-EXEMPT PROPERTY</u>	<u>OTHER PROPERTY</u>
2025	2024	\$ 3,784,470,844	\$ 2,263,909,270	\$ 1,656,208,660	\$ 196,087,413
2024	2023	4,664,462,438	2,345,387,513	(386,038,551)	222,037,649
2023	2022	4,734,929,478	2,047,253,554	(784,132,143)	742,293,503
2022	2021	3,618,134,708	1,317,486,482	(961,929,765)	232,196,469
2021	2020	3,060,963,760	1,505,592,717	(716,028,336)	276,109,231
2020	2019	3,004,686,341	1,613,615,732	(716,028,336)	250,185,870
2019	2018	2,860,333,982	1,401,636,211	(621,773,006)	260,571,835
2018	2017	2,049,067,806	2,344,365,139	(757,265,921)	146,860,809
2017	2016	1,895,085,016	2,269,590,522	(649,173,041)	132,002,406
2016	2015	1,702,601,947	2,087,223,204	(544,328,535)	130,353,515

*Taxable Assessed Value is before any applicable freeze adjustments

Source: Bexar, Comal and Guadalupe County Appraisal Districts

TABLE 11

<u>TOTAL TAXABLE ASSESSED VALUE*</u>	<u>TOTAL DIRECT TAX RATE</u>
\$ 7,900,676,187	0.4900
7,617,926,151	0.4872
6,740,344,392	0.4950
4,205,887,894	0.5121
4,126,637,372	0.5121
4,152,459,607	0.5146
3,900,769,022	0.5146
3,783,027,833	0.4911
3,647,504,903	0.4911
3,375,850,131	0.4974

CITY OF SCHERTZ, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

FISCAL YEAR	GOVERNMENTAL ACTIVITIES				BUSINESS-TYPE ACTIVITIES	
	GENERAL	CERTIFICATES	TAX NOTES	FINANCING	REVENUE	CERTIFICATES
	OBLIGATION	OF			BONDS	OF
	BONDS	OBLIGATION		ARRANGEMENT		OBLIGATION
2025	\$ 42,540,000	\$ 39,115,000	\$ -	\$ -	\$ -	\$ 20,260,000
2024	49,860,745	44,612,349	-	54,614	-	22,590,898
2023	54,504,618	25,983,440	-	81,921	-	23,529,237
2022	58,837,302	27,869,333	-	109,228	-	24,216,388
2021	40,390,000	14,200,000	155,000	136,535	-	10,655,000
2020	44,620,000	15,415,000	345,000	25,695	-	11,200,000
2019	48,320,000	16,235,000	530,000	25,699	-	12,330,000
2018	52,752,896	13,636,966	715,000	34,264	-	13,211,178
2017	56,613,614	9,011,415	1,230,000	25,147	-	8,174,779
2016	56,352,272	4,057,189	1,740,000	58,321	-	8,331,966

TABLE 12

BUSINESS-TYPE ACTIVITIES					
GENERAL OBLIGATION BONDS	FINANCING ARRANGEMENT	TAX NOTES	TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF GROSS INCOME	PER CAPITA
\$ 1,940,000	\$ -	\$ -	\$ 103,855,000	5.40%	2,371
3,263,722	163,843	-	120,546,171	6.73%	2,742
4,087,062	245,764	-	108,432,042	5.82%	2,521
5,111,592	327,685	-	116,471,528	5.24%	2,729
2,895,000	475,121	-	68,906,656	4.25%	1,628
3,685,000	134,662	150,000	75,575,357	4.50%	1,799
4,445,000	199,421	460,000	82,545,120	5.60%	1,932
2,127,657	289,553	765,000	83,532,514	5.98%	2,028
2,533,626	92,721	1,065,000	78,746,302	6.22%	1,996
3,014,595	162,262	1,360,000	75,076,605	6.39%	1,979

CITY OF SCHERTZ, TEXAS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

FISCAL YEAR	GENERAL BONDED DEBT OUTSTANDING			
	GENERAL OBLIGATION BONDS	CERTIFICATES OF OBLIGATION	LESS: AMOUNTS AVAILABLE FOR DEBT SERVICE	TOTAL
2025	\$ 44,480,000	\$ 59,375,000	\$ (1,231,229)	\$ 102,623,771
2024	53,124,467	67,203,247	(1,786,712)	118,541,002
2023	58,591,680	49,512,677	(867,965)	107,236,392
2022	63,948,894	52,085,721	(1,550,080)	114,484,535
2021	43,285,000	24,855,000	(934,899)	67,205,101
2020	46,223,908	15,801,473	(1,051,874)	60,973,507
2019	54,687,960	16,834,029	(1,084,908)	70,437,081
2018	54,880,553	13,636,966	(809,427)	67,708,092
2017	59,147,240	9,011,415	(924,989)	67,233,666
2016	59,366,897	4,057,189	(813,306)	62,610,780

TABLE 13

<u>PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY</u>	<u>PER CAPITA</u>	<u>POPULATION</u>	<u>TAXABLE ASSESSED VALUE</u>
1.30%	\$ 2,310	44,428	\$ 7,900,676,187
1.56%	2,742	43,239	7,617,926,151
1.59%	2,493	43,010	6,740,344,392
2.72%	2,683	42,673	4,205,887,894
1.63%	1,587	42,337	4,306,840,068
1.47%	1,481	42,000	4,152,459,607
1.81%	1,785	41,948	3,900,769,022
1.86%	1,785	41,182	3,647,504,903
1.99%	1,776	39,453	3,375,850,131
2.06%	1,716	37,938	3,037,267,611

CITY OF SCHERTZ, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

CURRENT YEAR

TABLE 14

GOVERNMENT UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	ESTIMATED SHARE OF OVERLAPPING DEBT
Debt repaid with property taxes			
Alamo CCD	\$ 688,781,519	0.44%	\$ 3,030,639
Bexar County	1,811,473,106	0.44%	7,970,482
Bexar County Hospital District	1,238,865,000	0.44%	5,451,006
Comal County	93,665,900	4.09%	3,830,935
Comal ISD	1,440,220,214	3.79%	54,584,346
East Central ISD	368,946,301	2.98%	10,994,600
Guadalupe County	5,405,000	15.81%	854,531
Judson ISD	783,928,458	0.03%	235,179
Randolph Field ISD	2,102,000	89.24%	1,875,825
Schertz-Cibolo-Universal ISD	299,475,612	43.78%	<u>131,110,422</u>
Subtotal overlapping debt			219,937,965
City Governmental Activities Direct Debt			<u>81,655,000</u>
Total net overlapping debt			<u>\$ 301,592,965</u>

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 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 Schertz. This schedule is intended to demonstrate the total debt that the City of Schertz property owners 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
DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Assessed value	\$ 3,037,267,611	\$ 3,375,850,131	\$ 3,647,504,903	\$ 3,783,027,833
Debt limit	303,726,761	337,585,013	364,750,490	378,302,783
Total net debt applicable to limit	<u>53,424,303</u>	<u>61,181,169</u>	<u>65,792,916</u>	<u>66,329,699</u>
Total debt margin	<u>\$ 250,302,458</u>	<u>\$ 276,403,844</u>	<u>\$ 298,957,574</u>	<u>\$ 311,973,084</u>
Total net debt as a percentage of debt margin	21.34%	22.13%	22.01%	21.26%

TABLE 15

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2024

Assessed value, 2024 tax roll		\$ 7,900,676,187
Debt limit (10% of assessed value)		790,067,619
Amount of applicable debt:		
General bonded debt	\$ 81,655,000	-
Less debt service net position	<u>(1,231,229)</u>	<u>80,423,771</u>
Debt margin		<u><u>\$ 709,643,848</u></u>

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 3,900,769,022	\$ 4,152,459,607	\$ 4,070,815,340	\$ 6,740,344,392	\$ 7,617,926,151	\$ 7,900,676,187
390,076,902	415,245,961	407,081,534	674,034,439	761,792,615	790,067,619
<u>66,019,954</u>	<u>61,318,507</u>	<u>53,946,636</u>	<u>93,659,743</u>	<u>92,497,795</u>	<u>80,423,771</u>
<u><u>\$ 324,056,948</u></u>	<u><u>\$ 353,927,454</u></u>	<u><u>\$ 353,134,898</u></u>	<u><u>\$ 580,374,696</u></u>	<u><u>\$ 669,294,820</u></u>	<u><u>\$ 709,643,848</u></u>
20.37%	17.33%	15.28%	16.14%	13.82%	11.33%

CITY OF SCHERTZ, TEXAS
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

TABLE 16

FISCAL YEAR	WATER REVENUE BONDS						COVERAGE
	UTILITY SERVICE CHARGES	LESS: OPERATING EXPENSES	NET AVAILABLE REVENUE	DEBT SERVICE			
				PRINCIPAL	INTEREST		
2025	\$ 33,248,197	\$ 28,303,049	\$ 4,945,148	\$ 1,700,000	\$ 985,745	1.84	
2024	32,811,920	31,257,030	1,554,890	1,630,000	967,183	0.60	
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	

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

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

TABLE 17

FISCAL YEAR	POPULATION	PERSONAL INCOME	PER CAPITA PERSONAL INCOME	MEDIAN AGE	EDUCATION LEVELS IN YEARS OF SCHOOLING	SCHOOL ENROLLMENT	UNEMPLOYMENT RATE
2025	43,811	\$ 1,922,993,256	\$ 43,896	38.9	16.0	14,946	4.1%
2024	43,239	1,790,872,902	41,418	42.0	16.0	15,758	3.2%
2023	43,010	1,734,335,240	40,324	39.0	15.9	15,573	3.6%
2022	42,673	1,656,664,147	38,822	37.9	15.9	15,877	3.3%
2021	42,337	1,611,714,563	38,069	37.6	16.2	15,887	3.9%
2020	42,000	1,651,272,000	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%

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
TOP TEN PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

TABLE 18

EMPLOYER	2025		2016	
	EMPLOYEES	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Schertz-Cibolo-Universal City ISD	2,100	9.08%	1,877	10.85%
Amazon	800	3.46%	1,256	7.26%
Sysco Central Texas, Inc.	700	3.03%	815	4.71%
FedEx Ground - Doerr Lane, Schertz	700	3.03%	500	2.89%
Republic National Distributing Company	700	3.03%	408	2.36%
Brandt Companies	600	2.60%	396	2.29%
City of Schertz	600	2.60%	351	2.03%
Visionworks	480	2.08%		
Hollingsworth Logistics Group	403	1.74%		
H.E.B. Grocery Company	400	1.73%	350	2.02%
GE Oil and Gas			552	3.19%
HVHC			420	2.43%
TOTAL	7,483	32.38%	6,925	40.03%

Source: City Economic Development Corporation



CITY OF SCHERTZ, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENTAL EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

FUNCTION	FULL-TIME EQUIVALENT EMPLOYEES AS OF SEPTEMBER 30,				
	2016	2017	2018	2019	2020
General Government					
City Manager	5	5	5	5	5
Municipal Court	6	6	6	4	4
Customer Relations	5	5	5	3	3
Planning and Zoning	4	4	4	3	3
General Services	-	-	-	-	-
City Secretary	2	2	2	2	2
Public Affairs	4	4	5	5	5
Records Management	1	1	-	-	-
Schertz Magazine	2	2	-	-	-
Engineer	7	7	7	7	8
GIS	2	2	2	2	2
Information Technology	6	7	8	8	8
Human Resources	5	5	5	5	5
Finance	8	8	8	7	7
Purchasing	3	3	3	3	3
Fleet Service	6	6	6	7	8
Building Maintenance	-	-	-	-	-
Facility Services	16	16	17	10	10
Public Safety					
Police	78	81	86	86	87
Fire	36	39	45	45	46
Inspections	8	8	11	12	12
Marshall Services	8	5	-	-	-
Health					
Animal Control	8	8	7	7	8
Environmental Health	3	3	4	4	4
Parks and Culture					
Parks and Culture	9	10	12	11	11
Pools	-	-	-	-	-
Event Facilities	1	1	1	5	5
Library	14	14	15	14	14
Public Environment					
Streets	14	14	14	14	17
Public Works					
Public Works	4	4	4	4	4
Business Office	10	10	10	9	9
Water and Sewer	16	16	19	19	19
Drainage	6	6	8	8	8
EMS	39	41	45	45	45
Economic Development	4	4	4	4	4
TOTAL	<u>340</u>	<u>347</u>	<u>368</u>	<u>358</u>	<u>366</u>

Source: City adopted budgets

TABLE 19

<u>FULL-TIME EQUIVALENT EMPLOYEES AS OF SEPTEMBER 30,</u>				
<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
5	5	5	4	4
4	4	4	4	4
3	3	2.5	2.5	2
4	4	4	4	4
-	-	-	-	-
2	2	2	3	3
4	4	4	3	4
-	-	-	-	-
-	-	-	-	-
8	8	10	11	11
2	2	3	3	3
8	8	9	9	9
5	5	5	5	5
7	7	7	7	7
3	3	3	3	3
8	8	9	9	9
-	-	-	-	-
11	11	11	11	11
88	90	94	95	100
46	46	50	53	53
12	12	14	14	14
-	-	-	-	-
9	9	9	9	9
5	5	6	6	6
11	11	15	16	16
-	-	-	-	-
6	6	6.5	6.5	6
14	14	15	15	9
17	17	17	17	17
4	4	4	4	4
9	9	9	10	11
21	21	21	21	26
8	8	8	8	8
55	55	65	70	71
4	4	4	4	4
<u>383</u>	<u>385</u>	<u>416</u>	<u>427</u>	<u>433</u>

CITY OF SCHERTZ, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	FISCAL YEAR				
	2016	2017	2018	2019	2020
General Government					
Building Project Permits Issued	5,919	4,800	5,251	4,748	2,993
Food Establishment Permits	145	201	181	55	189
Food Establishment Inspection	153	133	211	96	209
Foster/Adoption Inspections	21	21	18	8	10
Schertz Magazine					
Number of Magazines Printed	180,000	180,000	180,000	180,000	187,500
Police					
CFS	39,064	34,428	45,190	41,327	57,149
Arrests	603	423	624	603	527
Traffic Violations	8,960	8,001	11,359	12,541	8,326
Accidents	2,119	2,057	2,244	2,304	1,752
Fire					
Number of Rescue/Other Responses	2,327	2,758	3,055	3,804	3,953
Number of Fire Responses	67	86	161	100	108
Number of Inspections	440	519	562	528	500
Number of Training Classes Conducted	460	340	600	804	763
Number of Pre-Plan Inspections	867	922	788	865	814
EMS					
Requests for Transport	9,723	9,956	10,059	10,759	10,713
Actual Transports	6,123	6,201	6,165	6,738	6,549
EMT Students	89	90	90	90	84
Marshal's Office					
Warrants Issues	2,587	2,816	1,598	2,036	1,738
Warrants Cleared	3,492	2,822	2,022	1,834	664
Parks					
Facility Reservations	240	251	248	241	75
Community and Civic Centers					
Civic Center Reservations	483	590	516	441	293
Community Center Reservations	370	455	381	326	193
North Community Center Reservations	185	230	235	188	92
Animal Services					
Number of Animals Handled	1,313	1,283	926	1,157	1,015
Number of Adoptions	410	348	319	366	450
Number of Return to Owners	205	228	218	233	335
Number of Transfers	316	326	297	227	188
Library					
Annual Circulation	399,622	385,206	414,790	447,379	254,643
Library Visits	255,109	235,428	258,695	237,821	102,297
Library Program Attendance	15,282	16,814	16,945	18,412	6,524
Registered Users	30,702	31,432	30,806	33,104	31,296

TABLE 20

FISCAL YEAR				
2021	2022	2023	2024	2025
4,474	4,000	3,500	4,000	3,900
159	173	172	189	175
192	142	146	237	287
11	5	9	-	3
189,700	191,700	192,000	192,000	192,000
29,007	32,170	30,667	32,622	39,925
416	326	355	456	323
6,980	6,504	5,924	5,159	8,644
2,076	2,341	2,085	2,143	1,892
4,837	4,895	4,994	5,296	5,585
205	232	182	234	189
548	547	674	599	858
770	632	1,032	698	842
848	324	320	1,007	810
12,251	13,520	14,495	14,997	16,474
7,444	8,332	9,154	9,612	10,054
123	154	136	141	146
2,095	1,708	1,083	810	1,195
1,451	1,373	4,243	877	802
237	294	334	441	601
353	354	416	430	318
291	299	276	299	489
153	197	196	199	335
1,070	1,125	1,217	1,275	1,238
329	371	419	377	486
284	252	279	228	228
152	205	202	317	228
281,659	359,272	397,156	411,073	400,774
91,291	157,428	194,260	223,391	254,099
2,541	11,357	14,700	19,686	21,413
30,291	29,612	28,734	30,788	34,883

CITY OF SCHERTZ, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	FISCAL YEAR				
	2016	2017	2018	2019	2020
Water					
New Connections	213	303	235	300	357
Water Main Breaks	45	45	50	52	65
Total Consumption (hundreds of gallons)	16,097,931	15,222,373	15,833,124	17,602,330	19,766,870
Daily Average Consumption (thousand of gallons)	43,942	41,705	42,378	48,225	54,155
Peak Daily Consumption (thousands of gallons)	10,985	11,000	9,083	11,094	14,011
Total Customers	13,877	14,124	14,678	16,434	13,683
Average Use Per Connection	5,352	5,244	5,294	4,587	5,600
Sewer					
Total Customers	12,282	12,398	12,866	12,853	13,112
Facilities Maintenance					
Number of Buildings Maintained	21	21	25	26	27
Square Footage	234,202	234,202	245,218	257,218	257,218

Source: Various City Departments

CITY OF SCHERTZ, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

TABLE 20 (Continued)

FISCAL YEAR				
2021	2022	2023	2024	2025
342	291	460	257	389
38	64	-	63	46
16,171,200	21,606,589	23,637,420	19,724,748	24,803,990
59,377	59,190	64,760	54,040	67,956
9,160	8,429	14,309	10,730	8,390
15,524	15,719	15,869	16,504	16,257
101,955	133,143	5,156	1,195	1,526
10,879	11,954	13,016	14,181	14,988
26	28	24	24	24
257,218	257,218	273,970	273,970	273,970

CITY OF SCHERTZ, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

FUNCTION	FISCAL YEAR				
	2016	2017	2018	2019	2020
Police					
Stations	1	1	1	1	1
Police Vehicles	50	64	69	68	72
Fire					
Stations	2	2	3	3	3
Training Facility	-	-	-	-	-
Fire Vehicles	16	16	18	19	20
EMS					
Ambulances	9	8	8	9	9
Marshal's Office					
Vehicles	7	7	7	7	7
Streets					
Streets, paved (miles)	153	159	153	165	165
Streets, unpaved (miles)	5	5	5	5	5
Sidewalks (miles)	-	-	-	-	-
Parks and Recreation					
Parks - Developed	15	20	21	21	21
Parks - Undeveloped	10	4	4	4	4
Playground	19	19	19	20	21
Swimming Pools	2	4	4	4	4
Baby Pools	2	2	2	2	2
Baseball/Softball Diamonds	15	15	15	15	15
Soccer Fields	12	12	12	12	12
Community Centers	4	4	4	4	4
Splash Pads	-	-	-	-	-
Animal Services					
Control Vehicle	4	3	4	4	6
Library					
Facility	1	1	1	1	1
Volumes in Collection	97,412	107,382	110,266	150,972	139,447
Water					
Number of Reservoirs	-	-	-	-	-
Number of Pump Stations	5	5	5	5	6
Water Mains (miles)	213	221	225	228	229
Sewer					
Sanitary Sewers (miles)	98	110	113	116	116
Storm Sewers (miles)	12	12	14	14	14
Facilities Services					
Vehicles	6	6	11	11	10
Fleet					
Generators	4	4	7	10	7
Vehilces and Equipment	N/A	N/A	384	352	341

Source: Various City Departments

Notes: No capital asset indicators are available for the general government or EMS function.

TABLE 21

FISCAL YEAR				
2021	2022	2023	2024	2025
1	1	1	1	1
66	76	90	97	92
3	3	3	3	3
-	-	-	-	-
20	24	24	25	25
10	11	12	13	13
7	3	N/A	N/A	N/A
168	172	180	182	190
5	5	5	5	5
-	-	-	-	-
21	21	21	21	21
5	5	5	5	5
21	36	36	36	36
4	3	3	3	3
2	1	1	1	1
15	15	15	15	15
12	12	12	12	12
4	4	4	4	4
-	-	2	2	2
6	8	8	8	6
1	1	1	1	1
149,965	155,715	160,533	170,265	229,943
-	-	-	-	-
7	6	6	6	6
231	236	246	251	259
120	124	133	142	146
15	16	17	18	19
8	10	9	10	10
8	11	11	13	21
376	373	420	428	440

COMPLIANCE SECTION



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*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Schertz, Texas, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Schertz, Texas' basic financial statements, and have issued our report thereon dated March 17, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control 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 were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Schertz, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

San Antonio, Texas
March 17, 2026

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Schertz, Texas' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Schertz, Texas' major federal programs for the year ended September 30, 2025. The City of Schertz, Texas' 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 of Schertz, Texas complied, in all material respects, with the types of 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, 2025.

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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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 of Schertz, Texas 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 of Schertz, Texas' 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 of Schertz, Texas' 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 of Schertz, Texas' 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 generally accepted auditing standards, *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 of Schertz, Texas' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 of Schertz, Texas' 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 of Schertz, Texas' 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 of Schertz, Texas' 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not 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.

San Antonio, Texas
March 17, 2026



CITY OF SCHERTZ, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended September 30, 2025

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL ASSISTANCE LISTING NUMBER	GRANTOR'S PASS-THROUGH NUMBER	FEDERAL EXPENDITURES
<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	\$ 5,405,147
Total Texas Division of Emergency Management			<u>5,405,147</u>
Total U.S. Department of Treasury			<u>5,405,147</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	5,190
Total Texas State Library and Archives Commission			<u>5,190</u>
Total National Endowment for the Humanities (NEH)			<u>5,190</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	90,141
Total Texas Health and Human Services Commission			<u>90,141</u>
Total U.S. Department of Health and Human Services			<u>90,141</u>
<u>U.S. Department of Homeland Security</u>			
Passed through the Texas Division of Emergency Management:			
Disaster Grants - Public Assistance	97.036	FEMA-4871-DR	173,035
Total Texas Division of Emergency Management			<u>173,035</u>
Total U.S. Department of Homeland Security			<u>173,035</u>
TOTAL FEDERAL AWARDS			<u>\$ 5,673,513</u>

CITY OF SCHERTZ, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended September 30, 2025

(1) General

The accompanying schedule of expenditures of federal awards presents the activity of all applicable federal awards for the City of Schertz, Texas (the City). The City's reporting entity is defined in note 1 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 1 to the City's basic financial statements.

(3) Relationship to federal financial reports

Grant expenditure reports of September 30, 2025, 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 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, 2025

Summary of 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? None Reported

Noncompliance material to financial statements noted? None

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None Reported

Type of auditor’s report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? None

Identification of Major Programs:

Federal Assistance Listing Number

#21.027

Name of Federal Program or Cluster:

Coronavirus State and Local Fiscal Recovery Funds – American Rescue Plan Act of 2021

Dollar threshold used to distinguish between Type A and Type B programs \$1,000,000

Auditee qualified as low-risk auditee? Yes

Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

None

Findings and Questioned Costs for Major Federal Award Programs

None

CITY OF SCHERTZ, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the year ended September 30, 2025

None