NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

Component Units - As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations; thus, data from these units are 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 blended component units:

- Schertz Economic Development Corporation The Corporation was organized for the purpose of
 promoting economic development in order to eliminate unemployment and underemployment and to
 promote and encourage employment and public welfare of, for, and on behalf of the City. The board
 of directors consists of seven (7) members appointed by the city council. The City is financially
 accountable for the Corporation because the city council approves the Corporation's budget.
 Complete financial statements for the Schertz Economic Development Corporation may be obtained
 from City Hall.
- 2. Parks and Recreation Foundation The Corporation was organized to improve and expand the community parks, trails, venues, and recreational programs providing fun leisure and healthy activities. The foundation's governing board is comprised of Schertz residents and employees of the City, the accounting records are maintained by the finance department, cash is pooled with City funds, and the City provides financing for the foundation. In addition, the City includes the Foundation as part of the City budget process. The City and its citizens are the sole beneficiaries of the Foundation. Separate financials are not issued for the Parks and Recreation Foundation.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City reports the following major governmental funds:

<u>The General Fund</u> 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.

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

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

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

The government reports the following major proprietary funds:

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

D. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand and demand deposits.

E. Investments

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

F. Receivables and Payables

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

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

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

G. Inventories

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Restricted Assets

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

I. Capital Assets

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

Capital assets are valued at cost where historical records are available and at an estimated cost where no records exist. Donated capital assets are valued at their estimated fair market value at the date of donation.

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

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

	Useful Lives
Assets	(Years)
	<u>—</u>
Buildings and Improvements	10 - 50
Machinery, Equipment, and Vehicles	2 - 20
Infrastructure	15 - 30

J. Compensated Absences

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. 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 and discounts, losses on defeasance, as well as issuance costs, are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and losses on defeasance. 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.

L. Fund Equity

Fund balances in governmental funds are classified as follows:

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

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

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

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

Unassigned – Represents the residual balance that may be spent on any other purpose of the City.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. 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 assets are reported as restricted when there are limitations imposed by creditors, grantors, or laws or regulations of other governments.

N. 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.

O. Budgetary Information

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

P. Change in Accounting Method/Policy

For the year ending September 30, 2013, the City has made the following changes in their accounting policies:

- 1. Adoption of Governmental Accounting Standards Board (GASB) Statement No. 63 and 65. The adoption of these statements has resulted in the City removing unamortized bond issue costs from the financial statements. The effect on the current and prior periods was not significant to these financial statements. The adoption also resulted in some presentation changes: Net Assets is now referred to as Net Position and deferred losses on debt refundings, previously reported in liabilities, is now reported as a deferred outflow of resources on the Statement of Net Position.
- Component Units. Previously, the City reported the Economic Development Corporation, the Library Board, and the Parks and Recreation Foundation as discrete component units. In 2013, the City has reevaluated these entities and blended all three. All information presented for prior years has been updated to include these component units as if they were blended.
- 3. Split nonmajor funds. Previously, the nonmajor park fund help parkland dedication and tree mitigation fees. The tree mitigation fees have been segregated to a new fund. The restricted fund balance for tree mitigation previously in the park fund has been shown as a beginning fund balance in the new tree mitigation fund. Likewise, the beginning fund balance in the park fund has been reduced by the portion restricted for tree mitigation in the previous year. This split had no effect on beginning fund balance of nonmajor funds.

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

The City's operating deposits are held at one institution. The institution provides a combination of pledged collateral and FDIC insurance to completely collateralize the City's deposits.

As of September 30, 2013, the City had the following pooled investment funds:

				Weighted Average
	Book		Fair	Maturity
Investment Type	Value		Value	in Days
LOGIC	\$ 5,185,932	-\$	5,185,932	•
Lone Star Investment Pool	19,876,045		19,876,045	-
Texas CLASS	7,204,074		7,204,074	-
Schertz Bank & Trust -				
Certificate of Deposit	2,100,210		2,100,210	90
Capital One -				
U.S. Agency Securities	 3,062,758		3,062,758	712
Total	\$ 37,429,019	_\$	37,429,019	63

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

Credit Risk. State law limits investments in certificates of deposit to guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor or the National Credit Union Share Insurance Fund, or its successor and investment pools continuously rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. The City's investment policy does not further limit its investment choices. As of September 30, 2013, 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.

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, 2013, 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.

NOTE 3 - PROPERTY TAX

Taxes are levied on and payable as of October 1. The City has contracted with the Guadalupe County Tax Assessor-Collector to collect taxes on its behalf. Current taxes become delinquent February 1. Current year delinquent taxes not paid by July 1 are turned over to attorneys for collection action. The total taxable value as of October 1, 2012, upon which the fiscal 2013 levy was based, was \$2,769,417,187 (i.e., market value less exemptions). The estimated market value was \$2,877,621,822, making the taxable value 96.2% of the estimated market value.

The City is permitted by the Constitution of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to \$1.50 per \$100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt for the year ended September 30, 2013, was \$0.4999 per \$100 of assessed value, which means that the City has a tax margin of \$2.0001 for each \$100 value and could increase its annual tax levy by approximately \$55,391,114 based upon the present assessed valuation before the limit is reached.

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

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

NOTE 4 - RECEIVABLES

Receivables as of year-end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds					Proprieta	ary Funds
		Capital	Economic	Debt	Nonmajor	Water and	Schertz
	General	Projects	<u>Development</u>	Service	Funds	Sewer Fund	EMS
Receivables:							
Property Taxes	\$ 132,683	\$ -	\$ -	\$ 75,868	\$ -	\$ -	\$ -
Sales Taxes	1,138,518	-	569,259	-	-	-	-
Occupancy Taxes	-	_	-	-	80,726	-	-
Franchise Taxes	377,188	-	-	-	-	-	-
Customers	83,613	_	-	-	-	1,973,312	2,473,729
Court Fines	4,675,926	-	-	-	-	-	-
Grants	-	27,353	-	-	-	-	_
Other		46,542	1,197		3,640	_	30,572
Gross Receivables	6,407,928	73,895	570,456	75,868	84,366	1,973,312	2,504,301
Less: Allowance for							
Uncollectibles	2,781,034			4,694		59,330	1,113,804
Net Total Receivables	\$ 3,626,894	\$ 73,895	\$ 570,456	\$ 71,174	\$ 84,366	\$ 1,913,982	\$ 1,390,497

NOTE 4 – RECEIVABLES (Continued)

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. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unearned/unavailable revenue* and *unavailable revenue* reported in the governmental funds were as follows:

	Unavailable
General Fund	
Delinquent Property Taxes Receivable	\$ 124,474
Court Fines	1,903,102
Permits	5,809
Library	20,000
Other	21,577
Total General Fund	2,074,962
Debt Service Fund	
Delinquent Property Taxes Receivable	71,174
Total Debt Service Fund	71,174
Total Governmental Funds	\$ 2,146,136

The Schertz Economic Development Corporation approved a loan to SPV Ventures for \$150,000 for twenty years at 0%. The loan is repaid in increments upon the sale of real property or upon maturity, whichever occurs first. Management considers the loan to be fully collectible. Additionally, there is no imputed interest included in the face amount of the Note Receivable. The balance of the note as of September 30, 2013 was \$120,080.

NOTE 5 - INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of September 30, 2013 is as follows:

Due From	Due To	Amount	Purpose
EMS	Water & Sewer	\$ 27,335	Structured loan between funds
Nonmajor Governmental	Nonmajor Governmental	20,000	Supplement funding
Capital Projects	Water & Sewer	795,804	Portion of bond proceeds for water projects
EMS	General	189,955	Short-term cash flow borrowing
Nonmajor Governmental	General	160,000	Short-term cash flow borrowing
Water & Sewer	General	117,453	Reimbursement

The following schedule briefly summarizes the City's transfer activity:

Transfer From	Transfer To	Amount	Purpose
Nonmajor Governmental	General	\$ 61,226	Hotel tax support of special events
General	Nonmajor Governmental	732	Supplement historical committee
Nonmajor Governmental	Nonmajor Governmental	20,000	Hotel tax support of parks and recreation
Economic Development	Debt Service	369,075	Pledge in support of debt service
General	Capital Projects	198,167	Supplement capital projects funding
Nonmajor Governmental	Capital Projects	138,884	Supplement capital projects funding
Water & Sewer	Governmental Activities	25,140	Transfer of equipment

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2013 was as follows:

	Beginning Balance	Increases	Deletions	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Not Being Depreciated.					
Land	\$ 7,442,117	\$ 3,000	\$ -	\$ -	\$ 7,445,117
Construction in Progress	751,277	2,944,879		(534,734)	3,161,422
Total Capital Assets Not Being Depreciated	8,193,394	2,947,879	_	(534,734)	10,606,539
Capital Assets, Being Depreciated:					
Buildings and Improvements	35,037,432	-	-	433,905	35,471,337
Machinery, Equipment, and Vehicles	6,121,702	277,038	(89,488)	45,428	6,354,680
Streets and Infrastructure	80,129,133	1,528,740		100,829	81,758,702
Total Capital Assets Being Depreciated	121,288,267	1,805,778	(89,488)	580,162	123,584,719
Accumulated Depreciation:					
Buildings and Improvements	(6,729,106)	(977,025)	-	-	(7,706,131)
Machinery, Equipment, and Vehicles	(3,678,562)	(504,625)	81,358	(20,288)	(4,122,117)
Streets and Infrastructure	(17,677,037)	(2,643,897)		-	(20,320,934)
Total Accumulated Depreciation	(28,084,705)	(4,125,547)	81,358	(20,288)	(32,149,182)
Total Capital Assets Being Depreciated, Net	93,203,562	(2,319,769)	(8,130)	559,874	91,435,537
Governmental Activities Capital Assets, Net	\$ 101,396,956	\$ 628,110	\$ (8,130)	\$ 25,140	\$ 102,042,076
	Beginning				Ending
	Balance	Increases	Deletions	Transfers	Balance
Business-Type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 910,413	\$ 344,111	\$ -	\$ -	\$ 1,254,524
Water Rights	70,245		-	-	70,245
Construction in Progress	84,996	991,852	-	(710,944)	365,904
Total Assets Not Being Depreciated	1,065,654	1,335,963	_	(710,944)	1,690,673
Capital Assets, Being Depreciated:					
Buildings and Improvements	76,417,848	2,707,786	-	710,944	79,836,578
Machinery, Equipment, and Vehicles	2,717,453	493,472	(114,291)	(45,428)	3,051,206
Total Capital Assets Being Depreciated	79,135,301	3,201,258	(114,291)	665,516	82,887,784
Accumulated Depreciation					
Buildings and Improvements	(18,858,720)	(1,745,702)	-	-	(20,604,422)
Machinery, Equipment, and Vehicles	(2,084,630)	(225,784)	101,490	20,288	(2,188,636)
Total Accumulated Depreciation	(20,943,350)	(1,971,486)	101,490	20,288	(22,793,058)
Total Capital Assets Being Depreciated, Net	58,191,951	1,229,772	(12,801)	685,804	60,094,726
Business-Type Activities Capital Assets, Net	\$ 59,257,605	\$ 2,565,735	\$ (12,801)	\$ (25,140)	\$ 61,785,399

NOTE 6 - CAPITAL ASSETS (Continued)

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

Governmental Activities:	
General Government	\$ 670,157
Public Safety	400,840
Public Environment	2,669,240
Parks and Recreation	301,275
Cultural	59,140
Health	5,953
Administration	18,942
Total Depreciation Expense - Governmental Activities	\$ 4,125,547
Business-Type Activities:	
Water and Sewer System	\$ 1,833,161
EMS	 138,325
Total Depreciation Expense - Business Type Activities	\$ 1,971,486

NOTE 7 - OPERATING LEASE

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

Fiscal Year Ending			
September 30,	 Total		
2014	\$ 176,931		
2015	184,009		
2016	191,369		
2017	199,024		
2018	206,985		
2019	40,032		
	\$ 998,350		

NOTE 8 - CAPITAL LEASE

The City has entered into a lease agreement to finance equipment. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments at the inception date. The assets acquired through capital lease are as follows:

Assets:	
Equipment	\$ 148,294
Less Accumulated Depreciation	 (51,903)
Total	\$ 96,391

NOTE 8 - CAPITAL LEASE (Continued)

Future minimum obligations and the net present value of these minimum lease payments as of September 30, 2013 are as follows:

Year Ending September 30, 2014	\$ 22,578
Total Payments	22,578
Less: Amount Representing Interest	 (180)
Present Value of Minimum Lease Payments	\$ 22,398

NOTE 9 - LONG TERM DEBT

The City issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities and equipment for governmental activities. These instruments include general obligation bonds, certificates of obligation, and capital leases. These debt obligations are secured by either future property or hotel tax revenue or liens on property and equipment.

In April 2013, the City issued \$835,000 in Tax Notes Series 2013 for a new fire truck. In June 2013, the City issued \$800,000 in Tax Notes Series 2013A for the purchase of P25 compliant radios. The payment of the related principal and interest is to be made from an annual ad valorem tax levied against all taxable property within the City.

Bonded debt of the City consists of various series of general obligation bonds, revenue bonds, certificates of obligation, and tax notes. General obligation bonds and certificates of obligation are direct obligations of the City for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the City. Revenue bonds are generally payable from pledged revenues generated by the water and sewer fund. The debenture agreement for water and sewer bonds requires that funds be available for 1/12th of the principal and 1/6th of the interest requirements of the next fiscal year.

The City is required to accumulate a reserve fund in an amount equal to the average principal and interest on the revenue bonds.

NOTE 9 - LONG-TERM DEBT (Continued)

A summary of the terms of general obligation bonds and combination of tax and revenue certificates of obligation outstanding at September 30, 2013, follows:

	Is	sue Amount	Maturity	Rate	 Balance
Primary Government			,		 _
General Obligation Bonds					
2006 Series	\$	15,000,000	2031	4.0% - 5.25%	\$ 13,455,000
2007 Series		6,000,000	2027	4.07%	4,540,000
2008 Series		9,900,000	2028	4.13%	8,260,000
2009 Series		9,500,000	2033	2.0% - 5.50%	7,680,000
2010 Series, Refunding		2,865,000	2021	2.0% - 4.0%	2,300,000
2011 Series		8,250,000	2036	3.0% - 6.0%	7,960,000
2011A Series, Refunding		6,745,000	2024	2.33%	6,535,000
2012 Series		7,625,000	2032	2.00%	7,330,000
Tax Notes					
2010 Notes		1,270,000	2015	1.2% - 2.55%	520,000
2013 Notes		835,000	2018	0.7% - 1.7%	835,000
2013A Notes		800,000	2018	1.30%	800,000
Certificates of Obligation					
2007 Series CIB 2		438,900	2016	4.01%	155,100
2007 Series CIB 4		569,500	2016	4.01%	196,667
2007 Series CIB 5		1,300,000	2016	4.01%	 450,000
Total Governmental Long-Term	Obligat	ions			\$ 61,016,767
Revenue Bonds					
2005 Series	\$	3,200,000	2025	3.0% - 4.0%	\$ 2,215,000
General Obligation Bonds					
2011 Series, Refunding		2,675,000	2021	2.0% - 3.0%	2,120,000
Certificates of Obligation					
2007 Series CIB 1		6,600,000	2026	4.01%	4,870,000
2007 Series CIB 2		226,100	2016	4.01%	79,900
2007 Series CIB 4		280,500	2016	4.01%	98,334
Tax Notes					
2010 Notes		310,000	2015	1.20% - 2.55%	 130,000
Total Business-Type Long-Term	Obligati	ons			\$ 9,513,234

NOTE 9 - LONG-TERM DEBT (Continued)

Changes in long-term debt for the year ending September 30, 2013 are as follows:

	Balance 9/30/2012	Additions	Reductions	Balance 9/30/2013	Due Within One Year
Governmental Activities:	7/30/2012	7 Idditions	reductions	9/30/2013	One rear
General Obligation Bonds	\$ 51,050,000	\$ -	\$ (1,825,000)	\$ 49,225,000	\$ 1,960,000
Unamortized Premium	569,948	-	(27,297)	542,651	27,297
General Obligation Refunding Bonds	9,155,000	-	(320,000)	8,835,000	875,000
Unamortized Premium	103,811	-	(12,712)	91,099	12,712
Certificates of Obligation	1,581,300	-	(779,533)	801,767	257,833
Tax Notes	775,000	1,635,000	(255,000)	2,155,000	570,000
Capital Lease	60,190	-	(37,792)	22,398	22,398
Compensated Absences	776,276	243,996	(160,704)	859,568	171,914
Total Governmental Activities	\$ 64,071,525	\$ 1,878,996	\$ (3,418,038)	\$ 62,532,483	\$ 3,897,154
Business-Type Activities:					
Revenue Bonds	\$ 2,355,000	\$ -	\$ (140,000)	\$ 2,215,000	\$ 145,000
Unamortized Discount	(12,344)	-	975	(11,369)	(975)
General Obligation Refunding Bonds	2,405,000	-	(285,000)	2,120,000	290,000
Unamortized Premium	8,471	-	(969)	7,502	975
Certificates of Obligation	5,383,700	-	(335,466)	5,048,234	347,167
Tax Notes	190,000	-	(60,000)	130,000	65,000
Compensated Absences Payable	219,001	51,069	(43,800)	226,270	45,254
Total Business-Type Activities	\$ 10,548,828	\$ 51,069	\$ (864,260)	\$ 9,735,637	\$ 892,421

Annual debt service requirements of bonded debt as of September 30, 2013, are as follows:

			Gover	nmental Activities		
September 30,	Principal		Interest		Total	
2014	\$	3,662,833	\$	2,318,482	\$	5,981,315
2015		3,806,134		2,197,435		6,003,569
2016		3,667,800		2,078,492		5,746,292
2017		3,505,000		1,957,974		5,462,974
2018		3,620,000		1,841,921		5,461,921
2019-2023		15,835,000		7,471,605		23,306,605
2024-2028		15,365,000		4,323,243		19,688,243
2029-2033		9,975,000		1,397,981		11,372,981
2034-2036		1,580,000		121,250		1,701,250
Total	\$	61,016,767	\$	23,708,383	<u>\$</u>	84,725,150

NOTE 9 - LONG-TERM DEBT (Continued)

	Business-Type Activities							
September 30,	 Principal		Interest	Total				
2014	\$ 847,167	\$	342,390	\$	1,189,557			
2015	883,867		315,121		1,198,988			
2016	837,200		287,414		1,124,614			
2017	795,000		259,802		1,054,802			
2018	735,000		233,869		968,869			
2019-2023	3,610,000		756,179		4,366,179			
2024-2026	 1,805,000		129,942		1,934,942			
Total	\$ 9,513,234	\$	2,324,717	\$	11,837,951			

NOTE 10 - RETIREMENT PLAN

A. Plan Description

The City provides pension benefits for its eligible employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contribution, benefits and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at www.TMRS.com.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year 2012	Plan Year 2013
Employee deposit rate	7.0%	7.0%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service) Updated Service Credit	60/5, 0/20 100% Repeating, Transfers	60/5, 0/20 100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

NOTE 10 - RETIREMENT PLAN (Continued)

B. Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for the City. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation (asset) are as follows:

			Annual		Actual	Percentage of	Ne	t Pension
	Fiscal Year	Pension Cost		Contribution Made		APC Contributed	01	oligation
Ī	2013	\$	2,190,352	\$	2,190,352	100%	\$	-
	2012		2,120,746		2,120,746	100%		-
	2011		2,089,658		2,089,658	100%		-

The required contribution rates for fiscal year 2013 were determined as part of the December 31, 2010 and 2011 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2012, also follows:

Actuarial Valuation Date Actuarial Cost Method Amortization Method Remaining Amortization Period	December 31, 2010 Projected Unit Credit Level Percent of Payroll 27.1 years - Closed	December 31, 2011 Projected Unit Credit Level Percent of Payroll 26.1 years - Closed	December 31, 2012 Projected Unit Credit Level Percent of Payroll 25.1 years - Closed
J	Period	Period	Period
Amortization of New Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Investment Rate of Return	7.0%	7.0%	7.0%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Inflation Rate	3.0%	3.0%	3.0%
Cost-of-Living Adjustments	2.1%	2.1%	2.1%

NOTE 10 - RETIREMENT PLAN (Continued)

B. Contributions (Continued)

The funded status as of December 31, 2012, the most recent actuarial valuation date, is as follows:

		Actuarial				UAAL as a
Actuarial	Actuarial Value	Accrued		Unfunded		Percentage of
Valuation Date	of Assets	Liability (AAL)	Funded Ratio	AAL (UAAL)	Covered Payroll	Covered Payroll
12/31/2012	\$ 26,273,784	\$ 38,771,665	67.8%	\$ 12,497,881	\$ 13,853,458	90.2%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used to include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

C. Other Post-Employment Benefits

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by TMRS known as Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City 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.

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); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree life insurance during the employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended 2013, 2012, and 2011 were \$21,251, \$22,274, and \$25,723, respectively, which equaled the required contributions each year.

NOTE 11 - 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. Contributions to the corporation are reflected as "operating expenses" in the water and sewer fund and totaled \$1,516,043 for the year ended September 30, 2013. 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. Following is a summary of financial data as reported in the Corporation's audited financial statements dated September 30, 2012:

ASSETS:	
Current Assets	\$ 5,349,235
Restricted Cash and Cash Equivalents	35,496,599
Property, Plant & Equipment (net)	63,425,232
Other Assets	2,271,147
TOTAL ASSETS	106,542,213
LIABILITIES:	
Current Liabilities	3,174,832
Revenue Bonds (Less Current Maturities)	98,800,023
TOTAL LIABILITIES	101,974,855
NET POSITION:	
Net Investment in Capital Assets	(3,183,819)
Restricted	4,846,559
Unrestricted	2,904,618
TOTAL NET POSITION	\$ 4,567,358

The Corporation had revenue bonds outstanding in the amount of \$101,120,000 (as of September 30, 2012) 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.

NOTE 11 - JOINT VENTURES (Continued)

Cibolo Valley Local Government Corporation

The Cibolo Valley Local Government Corporation (CVLGC) is a public nonprofit corporation incorporated in March 2012 to assist and act on behalf of the cities of Schertz, Converse and Cibolo to obtain additional water sources. The participating governments have an ongoing financial responsibility to fund the operation of the corporation through either purchase of services or by subsidizing the operations. Contributions to the corporation are reflected as "operating expenses" in the water and sewer fund. Separate financial statements for the CVLGC may be obtained from the City of Seguin, 210 East Gonzales Street, Seguin, Texas 78156.

The City of Schertz is jointly liable, together with the City of Seguin, City of Converse, and City of Cibolo, for operating deficits and long-term debt of CVLGC. Following is a summary of financial data as reported in the Corporation's audited financial statements dated September 30, 2012:

ASSETS:	
Current Assets	\$ 1,032,058
TOTAL ASSETS	 1,032,058
LIABILITIES:	
Current Liabilities	 18,975
TOTAL LIABILITIES	 18,975
NET POSITION:	
Unrestricted	 1,013,083_
TOTAL NET POSITION	\$ 1,013,083

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Tax Increment Financing (the "Zone")

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

At the time the Zone was created, the property tax base was "frozen" and increment taxes resulting from the increases to property tax base are being used to finance Zone improvements. The total projected cost is a combined figure of \$45,000,000. Project costs of the developer will be funded up to 100% of the tax increment generated by the City of Schertz, Bexar County, and San Antonio River Authority (SARA). The City of Schertz (combined with SARA) have committed up to \$32,877,000 of the total \$45,000,000. The Zone has a statutory termination date of December 31, 2027. The TIRZ has collected \$186,745 from taxing entities (net of administrative reimbursements) and remitted \$50,376 to the developer as of September 30, 2013.

NOTE 12 - COMMITMENTS AND CONTINGENCIES (Continued)

380 Agreements

To encourage economic growth, the City has entered into various 380 agreements with businesses in the City. These agreements involve rebates of future ad valorem taxes and or sales taxes. These agreements are rebates of future taxes, and should not have a significant impact on current tax base in future years. Once the terms of the 380 agreements expire, the tax base of the City will be increased to include these new businesses.

Construction Commitments

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

imary Government: Estimated Proj Cost to City		•	Expended to Date		Estimated Future Commitment	
Governmental Activities:						
Natatorium Project	\$	6,160,500	\$	221,499	\$	5,939,001
Woodland Oaks Detention Facility		32,000		5,830		26,170
Skate Park Project		137,000		1,800		135,200
Soccer Fields Improvement		4,051,000		625,233		3,425,767
Athletic Fields Improvements		1,727,150		504,833		1,222,317
Schertz Animal Services Facility		2,412,447		1,865,463		546,984
FM 78 and Main Street		1,000,000		20,430		979,570
Ware Seguin Road Improvements		487,499		11,786		475,713
Lower Seguin Road Improvements		544,841		6,510		538,331
Lazy Oak Drive		172,420		23,382		149,038
Laura Heights Projects		80,394		40,043		40,351
Total Governmental Commitments		16,805,251		3,326,809		13,478,442
Business-Type Activities:						
S. W.W. Treatment Plant		3,985,000		132,938		3,852,062
SE Quad Elevated Tank		200,552		12,251		188,301
Waterline at Maske Rd-FM1518		74,045		43,643		30,402
Aviation Heights Waterline Replacement		400,000		32,481		367,519
Northcliffe Waterline Upgrades		730,064		57,966		672,098
East Live Oak Water Plan Upgrades		245,000		22,847		222,153
Commercial Place Project		1,980,000		1,749,806		230,194
Town Creek Sewer Project - Phase III		695,807		980		694,827
Total Business-Type Activities		8,310,468		2,052,912		6,257,556
Total Estimated Future Commitments	\$	25,115,719	\$	5,379,721	_\$	19,735,998

NOTE 12 - COMMITMENTS AND CONTINGENCIES (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.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City contracts with the Texas Municipal League Intergovernmental Risk Pool, a public entity risk pool currently operating as a common risk management and insurance program providing insurance coverage in the following areas: general liability, automobile liability and physical damage, law enforcement liability, worker's compensation, real and personal property, mobile equipment, and errors and omissions liability. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2013 were \$393,834 for property and casualty and workers compensation coverage. There were no significant increases or decreases in coverage from fiscal year 2012.

NOTE 13 - SUBSEQUENT EVENTS

In October 2013, the City issued general obligation refunding bonds series 2013 for a principal amount of \$2,160,000. The bonds mature serially through 2025 and bear interest at 2.58%. The bonds were issued to advance refund the 2005 Revenue Bonds of \$2,070,000 on the call date of February 1, 2014. The refunding resulted in a total savings of \$155,573 with a present value of \$133,020.

Also in October 2013, the City issued certificates of obligation series 2013 for a principal amount of \$4,965,000. The bonds mature serially through 2033 and have interest rates ranging from 2.0%-4.0%. The bonds were issued to fund improvements to the utility system.

NOTE 14 - PRIOR PERIOD ADJUSTMENT

In a prior year, the City charged the incorrect amount for parkland dedication fees (recorded in a nonmajor special revenue fund). The error was discovered this year and the overcharges were refunded in the amount of \$189,650. A prior period adjustment was recorded to correct prior year overstated revenues which affected both nonmajor governmental beginning fund balance and governmental activities beginning net position.

NOTE 15 - RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2012, the GASB issued Statement 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27. The statement improves information provided by governments for defined benefit retirement plans. The Statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements and it may be significant.

City Of Schertz Sewer Service Area Certificate of Convenience and Necessity No. 20271 Comal, Guadalupe and Bexar Counties February 12, 2013 Project No. 1122.3804

The State Legislature, through House Bill 2876 (effective September 1, 2005), require that all entities holding a sewer purveyor's CCN up-date said map with metes and bounds description therein. The following is a meets and bounds description, describing the City Of Schertz Sewer Service Area CCN accordingly.

Being 29,494.81 acres of land situated in Comal County, Guadalupe County and Bexar County, Texas. The said 29,494.81 acre tract being more particularly described in metes and bounds as follows:

Beginning: at a common corner, being the North East corner of the City Of Selma CCN & City Limits Line, the South Line of the City of Garden Ridge CCN & City Limits Line and the North West corner of the City Of Schertz CCN No. 20271 (issued by the Texas Water Commission November 6, 1987 to the City of Schertz, Texas), said point being a point on the South Right of Way Line of the Union Pacific Railroad;

Thence: with the South right of way line of the Union Pacific Railroad, City of Garden Ridge City Limits Line and City Of Schertz City Limits Line as follows:

N 60°11'55" E - 1316.60 feet;

N 60°56'10" E - 460.69 feet:

N 64°01'57" E - 172.29 feet;

N 67°37'26" E - 1477.52 feet to a point on the West right of way line of Doerr Lane;

N 67°18'48" E - 60.09 feet to a point on the East line of said Doerr Lane,

N 67°35'20" E - 2271.28 feet to a point on the West right of way

line of F.M. 3009;

		•	

N 67°42'30" E - at 129.99 feet passing the East line of said F.M. 3009, continuing on for **a total distance of 5252.01 feet** to a point on the South line of the Union Pacific railroad:

Thence: departing and crossing over said railroad, in a Northwesterly direction, following courses:

N 19°33'22" W - 616.97 feet;

N 27°11'53" W - at 748.84 feet passing the South right of way line of F.M. 2252, at 819.07 feet passing the North line of F.M. 2252, continuing on for **a total distance of 3561.77 feet**:

Thence: in a Northeasterly direction, the following courses:

N 60°26'04" E - 1840.81 feet;

N $57^{\circ}35'43'' E - 6497.55 feet;$

N 58°21'44" E - 366.44 feet;

N $68^{\circ}28'25'' E - 1668.82$ feet to a point for a corner;

Thence: in a Northwesterly direction, with a curve to the left having an Arc Length of 5779.26 feet, a Radius of 26442.03 feet, a Delta angle of 12°31'22", a Tangent of 2901.19 feet, and a Chord bearing and distance of N 48°42'44" W – 5767.77 feet;

Thence: N 67°10'50" E – 2244.88 feet;

Thence: S 30°34'09" E - 1168.51 feet;

Thence: along and with the City of New Braunfels and City of Schertz E.T.J.'s, the following courses:

N 58°57'27" E - 2291.66 feet;

N 60°19'48" E at 1408.35 feet passing the West right of way line of Coyote Run, at 1460.67 feet passing the East line of Coyote Run, continuing on for **a total** distance of 5189.12 feet:

S 30°10'50" E – 4313.91 feet;

N 57°30'24" E - 1397.59 feet;

S 29°28'51" E - 2494.45 feet to a point on the North line of the Union Pacific Railroad;

N 56°45'30" E – 6794.41 feet along the North line of the Union Pacific Railroad to a point;

Thence: departing and crossing over the said railroad, S 29°17'29" E - 1931.16 feet;

S 70°43'20" W - 342.76 feet;

S 33°13'11" E at 1208.20 feet passing the North right of way line of the Union-Pacific railroad, continuing on for a total distance of 1478.07 feet to a point on the North line of F.M. 482;

S 63°39'14" W - 585.54 feet;

S 24°29'19" E – 3464.93 feet to a point on the North right of way line of Interstate Highway 35;

Thence: along and with the North line of I.H. 35, N 54°27'44" E – 525.94 feet;

Thence: crossing over I.H. 35, S 37°34'07" E - 300.83 feet to a point on the South right of way line of I.H. 35;

Thence: along and with the South line of I.H. 35, N 55°47'27" E - 1042.33 feet; Thence: departing the South right of way line of I.H. 35, S 25°15'18" E - 2618.07 feet;

N 62°09'57" E - 1080.28 feet to a point on the West line of Engel Road;

S 25°12'46" E – 3600.25 feet along and with said Engel Road;

S 31°40'37" E - 4465.82 feet;

Thence: with a curve to the left having an Arc Length of 3548.61 feet, a Radius of 2715.91 feet, a Delta angle of 74°51'46", a Tangent of 2078.83 feet, and a Chord bearing and distance of S 02°16'57" E -3301.52 feet to a point for a corner;

Thence: with a curve to the left having an Arc Length of 988.76 feet, a Radius of 3870.81 feet, a Delta angle of 14°38'08", a Tangent of 497.09 feet, and a Chord bearing and distance of S 54°58'46" W - 986.07 feet;

Thence: with a curve to the left having an Arc Length of 1531.25 feet, a Radius of 2639.63 feet, a Delta angle of 33°14'14", a Tangent of 787.84 feet, and a Chord bearing and distance of S 58°29'26" W – 1509.87 feet;

Thence: with a curve to the left having an Arc Length of 2477.65 feet, a Radius of 2639.63 feet, a Delta angle of 53°46'47", a Tangent of 1338.58 feet, and a Chord bearing and distance of S 51°05'26" W – 2387.69 feet;

Thence: with a curve to the left having an Arc Length of 1194.63 feet, a Radius of 2639.63 feet, a Delta angle of 25°55'50", a Tangent of 607.72 feet, and a Chord bearing and distance of S 63°35'09" W – 1184.46 feet;

Thence: with a curve to the left having an Arc Length of 596.27 feet, a Radius of 2639.63 feet, a Delta angle of 12°56'33", a Tangent of 299.41 feet, and a Chord bearing and distance of S 78°38'08" W – 595.00 feet;

Thence: in a northerly direction, with a curve to the left having an Arc Length of 2511.05 feet, a Radius of 5403.60 feet, a Delta angle of 26°37'31", a Tangent of 1278.62 feet, and a Chord bearing and distance of N 08°03'39" W – 2488.51 feet;

Thence: N 69°57'05" E - 482.71 feet;

Thence: running parallel to Eckhardt Road, N 28°12'57" W - 5280.81 feet;

Thence: in a Southwesterly direction along the City of Schertz city limit line, the following courses:

Along Eckhardt Road, S 60°23'52" W - 2185.30 feet;

S 49°56'49" W – 4140.58 feet;

S 58°51'42" W - 536.75 feet:

S 59°21'39" W - 1056.55 feet;

N 30°50'04" W - 85.42 feet;

S $59^{\circ}32'38"$ W -873.52 feet continuing with City of Schertz city limit line to a point on the Eastern line of Northcliffe II, Unit 2;

Thence: S 30°41'54" E – 1000.42 feet continuing with the City of Schertz city limit line and the Eastern line of Northcliffe II, Units 2 and 4;

Thence: S 50°42'21" W – 1665.24 feet continuing with the City of Schertz city limit line and the Southern line of Northcliffe II, Units 3 and 4:

Thence: N 55°52'12" W – 360.42 feet continuing with the City of Schertz city limit line and line of Northcliffe II, Unit 3;

Thence: N 30°30'17" W – 865.74 feet continuing with the City of Schertz city limit line and a line of Northcliffe II, Unit 3;

Thence: N 29°52'27" W – 2013.63 feet continuing with the City of Schertz city limit line and the Southwestern line of Northcliffe II, Units 1, 2 & 3;

Thence: N 30°13'04" W – 781.10 feet continuing with the City of Schertz city limit line and the Southwestern line of Northcliffe Unit 5 to a point on the Southern line of Chelsea Drive;

Thence: S $59^{\circ}48'01"$ W - 193.64 feet continuing with the City of Schertz city limit line and the Southeastern line of Chelsea Drive;

Thence: S 27°27'38" E - 167.68 feet continuing with the City of Schertz city limit line;

Thence: S $59^{\circ}51'39"$ W - 914.78 feet continuing with the City of Schertz city limit line to the Eastern line of F.M. 1103;

Thence: S 29°32'33" E – 18.78 feet continuing with the City of Schertz city limit line and the Eastern line of F.M. 1103;

Thence: S $59^{\circ}25'56"$ W -2825.72 feet continuing with the City of Schertz city limit line and the South right of way of Old Wiederstein Road;

Thence: Continuing in a Southwesterly direction along the South right of way line of Old Wiederstein Road, the following courses:

S 40°57'56" W – 99.99 feet;

S 59°43'42" W at 2669.89 feet passing the East right of way line of borgfeld Road, at 2730.91 feet passing the West line of Borgfeld Road, continuing on a total distance of 5248.76 feet;

S $59^{\circ}59'05"$ W -2330.57 feet to a point on the West line of Wiederstein Road, **Thence:** along the West line of Wiederstein Road, the following courses:

N 31°08'23" W - 2677.70 feet;

N 57°07'30" W - 55.59 feet;

N 31°12'04" W - 99.98 feet;

N 84°58'28" W - 61.27 feet to a point on the South right of way line of Interstate Highway 35;

Thence: along and with the South right of way line of Interstate Highway 35, the following courses:

S 41°47'41" W - 317.32 feet;

S 47°09'41" W - 444.55 feet:

S 45°15'48" W - 805.84 feet;

S 41°37'07" W - 543.31 feet;

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S 45°57'51" W - 71.53 feet;
       S 36°44'03" W - 136.78 feet;
       S 41°44'48" W - 503.19 feet;
       S 38°39'58" W - 648.02 feet:
Thence: following along the City of Schertz city limit line, the following courses:
       S 30°53'54" E - 986.14 feet;
       N 59°24'57" E – 2257.74 feet;
      S 30°49'43" E - 837.47 feet:
      N 67°42'45" E - 61.67 feet;
      S 30°20'10" E - 1252.09 feet;
      N 59°18'09" E - 419.17 feet;
      S 30°23'54" E - 3190.47 feet;
      S 31°30'49" E - 2088.11 feet;
      S 59°44'46" W - 1899.48 feet:
      S 59°44'50" W - 1848.21 feet to a point on the East right of way line of F.M.
      3009:
Thence: along and with the East line of F.M. 3009, the following courses:
      S 31°19'47' E - 1131.86 feet;
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S 35°56'01" E - 193.37 feet;
S 31°17'08" E - 1041.49 feet; to a point on the South right of way line of Dietz
Road:
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Thence: following along the South and West lines of Dietz Road, the following courses:

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N 59°17'30" E - 963.82 feet;
S 30°33'16" E - 3639.21 feet;
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S 45°57'56" W - 92.54 feet;

Thence: crossing over Dietz Road, N 81°11'05" E - 55.16 feet to a point at the intersection of the East right of way line of Dietz Road and the South right of way line of

Borgfeld Road;

Road:

Thence: S 27°45'09" E - 70.49 feet to a point on the South right of way line of Borgfeld

Thence: along the meanders of East Dietz Creek more or less and with the City of Schertz city limit line, the following courses:

```
N 71°54'42" E - 31.96 feet;
S 80°24'23" E - 365.77 feet;
S 83°27'33" E - 375.90 feet;
S 87°29'02" E - 417.57 feet;
S 03°51'24 E - 89.13 feet;
S 33°58'54" E - 45.48 feet;
S 11°35'26" E - 405.32 feet;
S 57°21'12" W - 47.16 feet;
S 29°08'12" E - 119.45 feet;
N 62°47'37" E - 100.61 feet;
S 42°46'43" E - 56.63 feet;
S 01^{\circ}40'58'' E - 54.99 feet;
N 81°00'03" E - 213.24 feet;
S 59°40'38" E - 139.92 feet;
S 42°47'40" E - 256.25 feet;
S 54°33'39" E - 159.59 feet;
S 81°05'12" E - 102.41 feet;
S 80°12'13" E - 77.27 feet;
S 45°38'28" E - 46.66 feet;
S 18°48'25" E - 67.35 feet;
S 35°05'27" W - 342.42 feet;
S 08°37'53" W - 99.29 feet;
S 31°02'43" W - 380.71 feet;
S 39°17'06" W - 303.79 feet;
S 28°59'25" W - 125.38 feet:
S 50°04'10" W - 113.68 feet;
S 62°08'59" W - 81.70 feet;
S 31°38'43" E - 172.92 feet to a point on the North right of way line of F.M. 78;
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Thence: crossing over F.M. 78, S 03°43'26" E - 202.11 feet to a point on the South line of said F.M. 78;

Thence: continuing along the meanders of said east Dietz Creek and along the said city limits line of Schertz:

```
S 84°20'39" W - 378.64 feet;

S 17°59'28" W - 24.30 feet;

S 84°27'33" W - 34.92 feet;

S 28°00'05" W - 127.77 feet;

S 06°59'57" W - 143.50 feet;

S 26°02'57" E - 306.96 feet;

S 09°04'05" E - 193.11 feet;

S 14°29'59" E - 289.01 feet;
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Thence: S 27°46'09" E - 287.40 feet to a point in Dietz Creek;

Thence: departing from the Schertz city limit line, following the City of Schertz ETJ Boundary and following the meanders of Dietz Creek more or less, the following courses:

```
N 79°49'30" E - 1113.68 feet;

S 88°12'40" E - 1232.93 feet;

S 75°08'36" E - 645.44 feet;

S 49°06'11" E - 76.42 feet;

N 68°45'41" E - 74.37 feet;

S 68°01'16" E - 431.89 feet;

N 84°48'32" E - 170.14 feet;

S 62°33'19" E - 597.51 feet;

S 42°21'17" E - 468.72 feet;

S 46°32'19" E - 307.73 feet;

S 22°03'30" E - 1004.93 feet;

S 05°38'54" W - 547.72 feet;

S 05°48'58" E - 646.05 feet;

S 42°26'40" E - 485.04 feet;

N 77°56'22" E - 571.00 feet;
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N 53°50'14" E - 319.59 feet;

Thence: departing Dietz Creek momentarily, S 32°00'52" E - 1683.60 feet to a point in Dietz Creek;

Thence: continuing along said Dietz Creek, with the arc of a curve to the left having an Arc Length of 1408.15 feet, a Radius of 2810.97 feet, a Delta angle of 28°42'08", a Tangent of 719.18 feet, and a Chord bearing and distance of N 85°53'43" W – 1393.47 feet;

Thence: with a curve to the left having an Arc Length of 1234.14 feet, a Radius of 574.78 feet, a Delta angle of 123°01'21", a Tangent of 1059.11 feet, and a Chord bearing and distance of S 13°36'05" E – 1010.36 feet;

Thence: with a curve to the right having an Arc Length of 3143.36 feet, a Radius of 1673.79 feet, a Delta angle of 107°36'03", a Tangent of 2286.98 feet, and a Chord bearing and distance of S 42°08'51" E – 2701.38 feet;

Thence: with a curve to the left having an Arc Length of 2235.06 feet, a Radius of 3943.93 feet, a Delta angle of 32°28'12", a Tangent of 1148.43 feet, and a Chord bearing and distance of S 16°24'20" E – 2205.28 feet;

Thence: S 43°40'51" E - 207.20 feet;

Thence: S 33°40'51" E at 17 feet passing the north right of way line of Lower Seguin Road, at 77.5 feet passing the South line of Lower Seguin Road, continuing for **a total distance of Length: 450.61 feet** to a point for a corner of the City of Schertz City Limits;

Thence: departing from the City of Schertz ETJ Boundary and continuing with the meanders of said Dietz Creek, along the arc of a curve to the right having an Arc Length of 1316.94 feet, a Radius of 1801.21 feet, a Delta angle of 41°53'29", a Tangent of 689.46 feet, and a Chord bearing and distance of S 00°33'53" E – 1287.80 feet;

Thence: with the arc of a curve to the left having an Arc Length of 1032.85 feet, a Radius of 382.73 feet, a Delta angle of 154°37'15", a Tangent of 1699.76 feet, and a Chord bearing and distance of S 73°43'29" E – 746.77 feet;

Thence: with a curve to the right having an Arc Length of 509.04 feet, a Radius of 348.07 feet, a Delta angle of 83°47'36", a Tangent of 312.27 feet, and a Chord bearing and distance of S 85°02'00" E – 464.87 feet;

Thence: with a curve to the left having an Arc Length of 1415.48 feet, a Radius of 894.46 feet, a Delta angle of 90°40'13", a Tangent of 904.99 feet, and a Chord bearing and distance of S 78°52'29" E – 1272.34 feet;

Thence: with a curve to the right having an Arc Length of 1062.42 feet, a Radius of 949.67 feet, a Delta angle of $64^{\circ}05'56"$, a Tangent of 594.56 feet, and a Chord bearing and distance of S $73^{\circ}31'47"$ E -1007.88 feet;

Thence: S 84°15'42" E - 1075.73 feet;

Thence: S 49°02'27" E - 1003.29 feet;

Thence: with a curve to the right having an Arc Length of 611.13 feet, a Radius of 317.37 feet, a Delta angle of 110°19'36", a Tangent of 456.02 feet, and a Chord bearing and distance of S 25°48'43" E – 520.99 feet;

Thence: with a curve to the left having an Arc Length of 1404.11 feet, a Radius of 501.30 feet, a Delta angle of 160°28'53", a Tangent of 2914.55 feet, and a Chord bearing and distance of S 41°04'35" E – 988.09 feet;

Thence: with a curve to the right having an Arc Length of 1295.92 feet, a Radius of 625.45 feet, a Delta angle of $118^{\circ}42'56"$, a Tangent of 1055.80 feet, and a Chord bearing and distance of S $49^{\circ}48'55"$ E - 1076.23 feet;

Thence: with a curve to the right having an Arc Length of 344.24 feet, a Radius of 409.85 feet, a Delta angle of 48°07'26", a Tangent of 183.01 feet, and a Chord bearing and distance of S 49°43'46" W – 334.21 feet;

Thence: with a curve to the left having an Arc Length of 1916.53 feet, a Radius of 1148.90 feet, a Delta angle of 95°34'39", a Tangent of 1266.56 feet, and a Chord bearing and distance of S 14°39'24" W – 1701.92 feet;

Thence: with a curve to the left having an Arc Length of 1371.85 feet, a Radius of 926.86 feet, a Delta angle of $84^{\circ}48'13''$, a Tangent of 846.40 feet, and a Chord bearing and distance of N $78^{\circ}49'13''$ E - 1250.02 feet;

Thence, with a curve to the right having an Arc Length of 2403.38 feet, a Radius of 1546.10 feet, a Delta angle of 89°03′54″, a Tangent of 1521.07 feet, and a Chord bearing and distance of S 55°38′13″ E – 2168.60 feet;

Thence: with a curve to the left having an Arc Length of 1563.94 feet, a Radius of 1102.68 feet, a Delta angle of 81°15'48", a Tangent of 946.16 feet, and a Chord bearing and distance of S 27°43'20" E – 1436.11 feet;

Thence: S 39°19'13" E - 801.82 feet to a point on the North right of way line of Interstate Highway 10 for a corner;

Thence: along the north right of way line of Interstate Highway 10 in a Southwesterly direction, the following courses:

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S 70°28'16" W - 349.55 feet;
S 57°05'42" W - 683.55 feet;
S 66°11'03" W - 840.02 feet;
S 73°30'52" W - 503.90 feet;
S 66°14'49" W - 887.23 feet to a point for the intersection of the North right of
way line of I.H. 10 and the East right of way line of Weir Road;
S 64°12'50" W - 221.62 feet to a point for the intersection of the North right of
way line of I.H. 10 and the West right of way line of Weir Road;
S 66°14'38" W - 286.40 feet;
S 69°04'46" W - 330.20 feet;
S 63°05'49" W - 670.77 feet;
S 68°23'48" W - 3485.27 feet;
S 68°23'49" W - 2205.42 feet;
S 78°53'37" W - 138.83 feet;
S 63°33'55" W - 304.05 feet;
S 68°25'32" W - 664.49 feet;
S 76°10'10" W - 408.15 feet;
S 68°22'53" W - 756.18 feet to a point for the intersection of the North line of I.H.
10 with the East line of F.M. 1518 for a corner of the City of Schertz City Limits
Line:
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Thence: Continuing with the North line of Interstate Highway 10 and the City of Schertz City Limits line as follows:

N 71°03'38" W - 152.37 feet to point on the East line of F.M. 1518;

Thence: crossing over said F.M. 1518, S 68°36'40" W - 80.19 feet to a point on the West line of F.M. 1518;

S 18°54'28" W - 129.93 feet to a point for the intersection of the North line of I.H. 10 with the West line of F.M. 1518;

Thence: S 68°19'59' W – 662.81 feet continuing along the North line of I.H. 10 and the City of Schertz City Limits line;

S 60°30'12" W - 403.59 feet:

S 68°19'57" W – 1676.12 feet;

S 76°49'56" W – 132.09 feet;

Thence: with a curve to the left having an Arc length of 450.20 feet, a Radius of 3152.49 feet, a Delta angle of 08°10'56", a Tangent of 225.48 feet and a Chord bearing of S 73°48'08" W – 449.82 feet;

Thence: with a curve to the left having an Arc length of 136.80 feet, a Radius of 6229.97 feet, a Delta angle of 01°15'29", a Tangent of 68.41 feet and a Chord bearing of S 68°34'44" W – 136.80 feet;

S 68°18'01" W - 115.18 feet;

Thence: with a curve to the left having an Arc length of 410.72 feet, a Radius of 3076.57 feet, a Delta angle of 07°38'56", a Tangent of 205.67 feet, a Chord bearing of S 63°53'20" W – 410.42 feet;

S 59°50'09" W - 210.74 feet;

S 68°19'58" W – 5870.04 feet:

S 78°55'59" W – 315.25 feet;

S 68°19'57" W – 449.99 feet;

S 59°06'59" W – 129.97 feet;

S 58°57'49" W – 224.67 feet;

S 68°44'50" W – 334.22 feet;

S 69°24'45' W - 604.75 feet:

S 69°24'48" W – 858.15 feet;

S 78°29'49' W - 506.66 feet;

S 69°24'49" W – 657.14 feet:

N 69°11'41" W – 152.37 feet along the flair at the intersection of Interstate Highway 10 and Graytown Road;

S 47°52'15" W – 66.15 feet across said Graytown Road;

S 20°47'46" W – 125.18 feet along the flair at the intersection of Graytown Road and Interstate Highway 10;

Thence: S 69°24'49' W – 286.86 feet continuing along the Northern line of Interstate Highway 10;

S 60°19'43" W - 506.18 feet;

S 69°24'49" W - 4430.34 feet;

N 61°04'25' W – 132.06 feet along the flair at the intersection of Scenic Lake Drive and Interstate Highway 10;

S 59°54'21" W – 58.72 feet across Scenic Lake Drive;

S 42°12'12" W – 198.47 feet along the flair at the intersection of Scenic Lake Drive and Interstate Highway 10;

S 69°24'49" W – 662.93 feet to a point on the North ROW line of Interstate Highway 10 for the Southwest corner of the City of Schertz city limits on a line of the City of San Antonio City Limits;

Thence: along the common city limits line of the City of San Antonio and the City of Schertz as follows:

N 59°12'27" W - 1711.54 feet;

N 75°31'13" W – 1233.85 feet;

N $15^{\circ}49'47'' E - 3133.05 feet;$

N 74°40'53" W – 1155.71 feet:

N 13°57'58" E – 1139.56 feet to a point on the South ROW line of Scenic Lake Drive;

Thence: with the South ROW line of Scenic Lake Drive, along the common city limits line of the City of San Antonio and the City of Schertz as follows:

S 74°50'30" E – 1562.84 feet;

S 73°53'38" E – 2265.58 feet:

N $16^{\circ}18'46''$ E -49.99 feet crossing Scenic Lake Drive to a point of intersection with the west ROW line of Boenig Drive;

Thence: with the West ROW line of Boenig Drive along the common city limits line of the City of San Antonio and the City of Schertz as follows:

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N 71°09'21" E - 93.12 feet;

N 29°53'36" E - 2295.94 feet;

N 32°14'02" E - 617.43 feet;

N 29°37'27" E - 754.60 feet;

N 34°58'22" E - 103.56 feet;

N 45°00'10" E - 103.60 feet;

N 50°01'30" E - 623.98 feet;

N 46°40'33" E - 94.51 feet;

N 33°34'46" E - 98.99 feet;

N 29°46'27" E - 2051.88 feet;

N 60°19'00" W - 10.58 feet;

N 29°47'06" E - 99.63 feet;
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Thence: with a curve to the left having an Arc length of 87.21 feet, a Radius of 97.65 feet, a Delta angle of $51^{\circ}10'26"$, a Tangent of 46.76 feet and Chord bearing of N $04^{\circ}08'47"$ E - 84.34 feet to a point on the South ROW line of Ware-Seguin Road;

Thence: along the South line ROW line of Ware Seguin Road, continuing along the common city limits line of the City of San Antonio and the City of Schertz as follows;

N 74°55'21" W – 648.34 feet:

N 75°01'55" W - 746.76 feet to a point on the South ROW line of Ware-Seguin road, said point being the common point of intersection for the city limits for the City of San Antonio, the City of Converse and the City of Schertz;

N 74°37'09" W – 1714.92 feet along the common city limits line for the City of Converse and the City of Schertz, continuing along the south ROW line of Ware – Seguin road;

N 15°33'27" E – at 49.99 feet pass the North ROW line of Ware-Seguin road, a distance in all of 1900.12 feet;

N 74°48'48" W – 2405.64 feet continuing with the common city limits line for the City of Converse and the City of Schertz to a point on the North ROW line of Lower Seguin Road;

Thence: N 59°14'29" E – 1707.99 feet along the North line of Lower Seguin Road, continuing with the common city limits for the City of Converse and the City of Schertz; **Thence:** N 30°15'07" W – 863.84 feet continuing with the common city limits line for the City of Converse and the City of Schertz to a point of intersection of the common city limits line for the City of Converse, the City of Schertz and Randolph Air Force Base City Limts;

Thence: with the common city limits for Randolph Air Force Base and the City of Schertz as follows;

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N 59°02'22" E – 263.24 feet;
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N 59-59-51 E - 1835.41 feet;

N 60°00'00" E - 96.29 feet;

N 30°00'10" W - 1022.20 feet;

N 59°38'09" E - 457.51 feet;

Thence: with a curve to the left having an Arc Length of 615.62 feet, a Radius of 695.18 feet, a Delta angle of 50°44'18", a Tangent of 329.64 feet, and a Chord bearing and distance of S 62°39'17" E – 595.70 feet;

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S 87°59'34" E - 1528.29 feet;
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S 70°51'10" E - 337.63 feet;

N 14°40'39" E - 1249.77 feet;

N 14°29'15" E - 774.41 feet;

N 14°29'19" E - 176.12 feet;

N 60°09'15" E - 385.48 feet;

S 30°25'26" E - 1276.39 feet;

N 59°49'14" E - 778.48 feet;

S 30°32'04" E - 590.90 feet to a point on Lower Seguin Road;

N 60°17'19" E - 278.36 feet along Lower Seguin Road;

Thence: departing Lower Seguin Road, N 30°11'41" W - 596.55 feet;

Thence: continuing along said Randolph Air Force Base boundary line;

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N 60°18'19" E - 354.03 feet:
N 33°11'24" W - 58.56 feet;
N 58°11'23" E - 207.33 feet;
N 13°46'41" E - 212.72 feet;
N 31°13'29" W - 1090.25 feet:
N 61°20'27" E - 220.05 feet;
N 61°55'17" E - 42.70 feet;
N 59°18'48" E - 82.24 feet;
N 30°24'45" W - 505.03 feet;
S 59°33'48" W - 343.67 feet;
N 30°11'29" W - 578.58 feet;
N 29°09'59" E - 1533.70 feet to a point on the South right of way line of Schaefer
Road:
N 28°04'00" W - 47.72 feet to a point on the north right of way line of said
Schaefer Road;
N 30°15'41" W - 1079.60 feet;
N 30°10'00" W - 329.99 feet:
N 30°09'36" W - 131.76 feet:
N 14°30'22" E - 2271.42 feet:
Thence: with a curve to the right having an Arc Length of 331.21 feet, a Radius
of 4151.84 feet, a Delta angle of 04°34'14", a Tangent of 165.69 feet, and a
Chord bearing and distance of N 60°44'20" W - 331.12 feet;
Thence: with a curve to the left having an Arc Length of 169.72 feet, a Radius of
498.91 feet, a Delta angle of 19°29'28", a Tangent of 85.69 feet, and a Chord
bearing and distance of N 68°07'11 W – 168.90 feet;
Thence: with a curve to the right having an Arc Length of 488.49 feet, a Radius
of 4012.72 feet, a Delta angle of 6°58'30", a Tangent of 244.55 feet, and a Chord
bearing and distance of N 74°22'40" W – 488.19 feet;
N 67°41'33" W - 833.70 feet;
S 58°41'54" W - 352.36 feet;
S 30°03'40" E - 497.07 feet;
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S 60°24'30" W - 144.71 feet;

N 31°04'13" W - 303.35 feet;

N 56°40'00" W - 1340.64 feet;

N 58°48'42" W - 382.89 feet;

N 71°30'54" W - 553.64 feet;

N 31°08'31" W - 371.64 feet;

N 59°13'14" E - 834.08 feet to a point on the West right of way line of F.M. 1518;

Thence: along and with the West line of F.M. 1518, the following courses:

N 36°54'28" W - 415.81 feet;

N 37°06'15" W - 517.59 feet;

N 34°41'55" W - 105.61 feet;

N 32°41'22" W - 98.09 feet;

N 29°53'19" W - 52.51 feet;
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Thence: departing the West line of F.M. 1518 and continuing along the boundary line of Randolph Air Force Base, the following courses:

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S 60°27'36" W - 732.17 feet;
N 27°52'19" W - 254.82 feet;
N 62°07'41" E - 11.41 feet;
N 28°07'20" W - 98.19 feet;
N 58°45'18" W - 37.05 feet;
N 13°56'10" W - 87.56 feet;
N 34°52'02" W - 10.07 feet;
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N 28°12'23" W - 124.96 feet to a point on the South right of way line of F.M. 78;

Thence: N 62°03'47" E – along the South line of F.M. 78, at 669.79 feet passing the West line of F.M. 1518, at 849.80 feet passing the East line of F.M. 1518, continuing on for a total distance of Length: 1115.91 feet;

Thence: departing F.M. 78 and crossing over the Union-Pacific railroad, along the common line between Guadalupe County and Bexar County in a Northwesterly direction, the following courses:

With a curve to the left having an Arc Length of 529.41 feet, a Radius of 592.45 feet, a Delta angle of 51°11'54", a Tangent of 283.85 feet, and a Chord bearing and distance of N 68°42'29" W – 511.97 feet;

Thence: with a curve to the right having an Arc Length of 292.07 feet, a Radius of 1778.29 feet, a Delta angle of 9°24'37", a Tangent of 146.36 feet, and a Chord bearing and distance of N 89°36'07" W – 291.74 feet;

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N 84°37'12" W - 450.81 feet;
S 83°57'01" W - 574.37 feet;
S 87°49'13" W - 449.94 feet;
N 76°40'47" W - 727.90 feet;
N 55°40'47" W - 532.93 feet;
N 44°10'47" W - 569.92 feet;
N 26°10'47" W - 330.95 feet;
N 35°00'47" W - 268.96 feet;
N 13°14'38" W - 307.93 feet;
N 01°29'36" W - 119.83 feet;
N 06°10'31" W - 341.65 feet;
N 40°34'29" E - 158.28 feet;
N 32°40'31" W - 647.11 feet;
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Thence: with a curve to the left having an Arc Length of 756.21 feet, a Radius of 29887.44 feet, a Delta angle of 1°26'59", a Tangent of 378.13 feet, and a Chord bearing and distance of N 57°40'31" W – 756.19 feet;

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N 64°37'31" W - 879.78 feet;
N 71°29'46" W - 488.76 feet;
N 86°43'29" W - 346.82 feet;
S 78°46'04" W - 462.83 feet:
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Thence: departing said county line, N 59°34'01" E at 735.13 feet passing the West right of way line of F.M. 1518, and continuing along the North right of way line of Maske Road for a total distance of 1729.40 feet;

Thence: continuing in a Northerly direction more or less, the following courses; N 30°43'20" W - 2410.17 feet;

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N 59°08'29" E - 1416.08 feet;

N 30°29'05" W - 2548.05 feet;

N 60°01'54" E - 1624.35 feet;

N 29°57'13" W - 1179.78 feet;

S 60°04'48" W - 99.99 feet;

N 29°43'51" W - 1284.67 feet;

N 60°05'32" E - 299.95 feet;

N 60°05'22" E - 1143.31 feet;

N 30°18'22" W - 1586.19 feet to a point on the South line of Interstate Highway 35;
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Thence: continuing along and with the South line of I.H. 35, the following courses:

N 59°40'12" E - 416.84 feet; N 67°03'33" E - 233.01 feet; N 59°39'46" E - 193.83 feet:

Thence: departing and crossing over I.H. 35, N 30°33'07" W at 407.06 feet joining and following along the East right of way line of Lookout Road, continuing **on a total distance of Length: 4013.30 feet** to a point on the North right of way line of Lookout Road;

Thence: along the North line of Lookout Road, S 58°56'50" W - 122.30 feet; **Thence:** departing the North line of Lookout Road, N 29°54'54" W at 2657.79 feet passing the North line of the Union-Pacific railroad, continuing on for **a total distance of 2660.68 feet**;

Thence: N 30°32'05" W - 2742.49 feet to the **POINT OF BEGINNING** and containing 29,494.81 acres of land.

The Acreage and Distances shown are based on Lambert Grid, Texas South Central Zone, NAD 83.



UT-GRAY-GC

November 8, 2013

Brian Crowell, P.E.
Briones Consulting & Engineering
8118 Broadway
San Antonio, Texas 78209

RECEIVED

NOV 1 8 2013

BY:

Reference:

San Antonio River Authority Wastewater Treatment System -

The Reserve at Schertz Subdivision Unit II

Subject:

Sewer Availability

Dear Mr. Crowell:

This development is within the Certificate of Convenience and Necessity (CCN) of the San Antonio River Authority and more specifically in the Graytown sewer shed where there are no trunk lines nearby to provide service.

At this time, SARA cannot serve this development. We cannot anticipate when segments 7A, 7B, 8, 9, 13 will be installed to serve this development.

If you have any questions, please contact me at (210) 227-1373.

Sincerely,

TERRY PLOETZ

Utilities Assistant Development Superintendent

TP:ddv

Cc: John Gomez, San Antonio River Authority
George Carrasco, San Antonio River Authority
Jim Doersam, San Antonio River Authority
Andy Rodriguez, Briones Consulting & Engineering

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Constitute to the contract of

William Barre



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UT-GRAY-GC

August 1, 2013

Mr. Sam D. Willoughby City of Schertz 10 Commercial Place Schertz, Texas 78154

Reference:

Application for Retail Sewer Certificate of Convenience and Necessity with

the Texas Commission on Environmental Quality

Dear Mr. Willoughby:

The San Antonio River Authority supports the City of Schertz's wastewater CCN application to provide retail sewer service within the city limits of Schertz.

For areas within the City's proposed CCN that may overlap with the San Antonio River Authority's (SARA) wastewater CCN, SARA is supportive of dual certification and should SARA's wastewater services be required, we would be pleased to serve the City.

I wish you well with your application and if you have any questions or need further information, please contact John Gomez at (210) 302-4204.

SÚZANNE SCOTT

San Antonio River Authority Manager

SS/ddv

CC:

Mr. John Gomez, San Antonio River Authority

Mr. Terry Ploetz, San Antonio River Authority

Ms. Bernadette James, San Antonio River Authority

Mr. George Carrasco, San Antonio River Authority

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FOR ANY QUESTIONS

PLEASE CALL CENTRAL RECORDS

MAIN LINE (512) 936-7180