

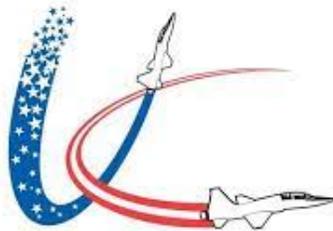
CITY OF UNIVERSAL CITY, TEXAS

ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2021

abip

CPAs | ADVISORS

CLIENT **FOCUSED**. RELATIONSHIP **DRIVEN**.



UNIVERSAL CITY
Gateway to Randolph AFB Est. 1960

CITY OF UNIVERSAL CITY, TEXAS

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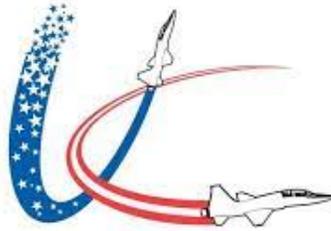
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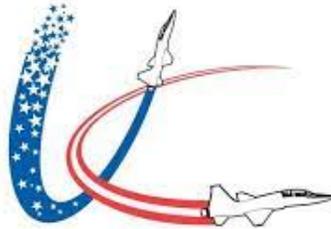
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UNIVERSAL CITY
Gateway to Randolph AFB Est. 1960

INTRODUCTORY SECTION



UNIVERSAL CITY
Gateway to Randolph AFB Est. 1960

CITY OF UNIVERSAL CITY, TEXAS

CITY OFFICIALS

For the year ended September 30, 2021

MAYOR

JOHN H. WILLIAMS

MAYOR PRO TEM

RICHARD NEVILLE

CITY COUNCIL

PAUL NAJARIAN

TOM MAXWELL

WILLIAM SHELBY

S. BEAR GOOLSBY

BEVERLY VOLLE

CITY MANAGER

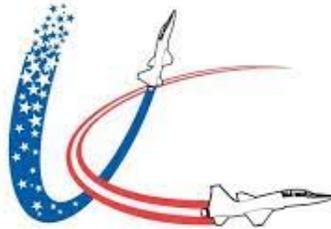
KIM TURNER

ATTORNEY

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

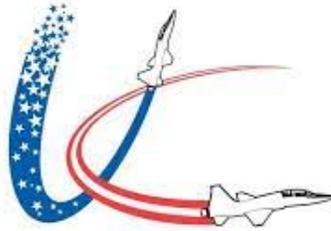
AUDITOR

ABIP, PC



UNIVERSAL CITY
Gateway to Randolph AFB Est. 1960

FINANCIAL SECTION



UNIVERSAL CITY
Gateway to Randolph AFB Est. 1960

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Universal City, Texas (the City) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Universal City, Texas as of September 30, 2021, 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

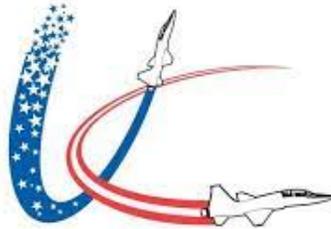
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 2, 2022, on our consideration of the City of Universal City, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

ABIP, PC

San Antonio, Texas
August 2, 2022



UNIVERSAL CITY
Gateway to Randolph AFB Est. 1960

CITY OF UNIVERSAL CITY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

For the year ended September 30, 2021

As management of the City of Universal City, Texas, we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- ❖ The assets and deferred outflows of resources of the City of Universal City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$75,502,682 (net position). Of this amount, \$17,948,876 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- ❖ The City's total net position increased by \$9,227,964.
- ❖ As of the close of the current fiscal year, the City of Universal City's governmental funds reported combined fund balances of \$21,903,105 of which \$14,411,455 is unassigned and available for spending at the City's discretion.
- ❖ The governmental fund balances increased by \$1,851,956. The increase was primarily due to a decrease in the funds expenditures compared to the prior year.

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 the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

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

The **statement of net position** presents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, 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 is improving or deteriorating.

The **statement of activities** presents information showing how the government'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 result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the City include general government and administration, public safety, development services, library services and recreation. The business-type activities of the City include water and sewer, golf course operations and stormwater management. The City has also included the information for the Universal City Economic Development Corporation, which is considered a component unit of the City.

Fund Financial Statements

A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City of Universal City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance and related legal requirements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources available at the end of the fiscal year. All of the funds of the City can be divided into two categories – governmental funds and proprietary funds.

The **governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information for governmental funds with information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

The City of Universal City maintains three (3) governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the general, capital projects, and debt service funds, which are all considered to be the City's major funds.

The City of Universal City adopts an annual budget for all of the governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12-19 of this report.

The **proprietary funds** provide the same type of information as the government-wide financial statements only in more detail. The City maintains only one type of proprietary fund, which is an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in government-wide financial statements. The City uses the enterprise funds to account for its water and sewer, golf operations and stormwater management, which are all considered major funds of the City.

The basic proprietary fund financial statements can be found on pages 20-24 of this report.

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. The notes to the financial statements can be found on pages 27-51 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the general fund budget and the net pension and OPEB liability for the City's obligation to provide pension and OPEB benefits to its employees and retirees. Required supplementary information can be found on pages 55-64 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City of Universal City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$75,502,682.

A portion of the City's net position (65%) reflects its investments in capital assets (land, buildings, improvements other than buildings, transportation and equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently these assets are not available for 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.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other assets	\$ 27,402,599	\$ 24,352,666	\$ 14,886,704	\$ 11,492,732	\$ 42,289,303	\$ 35,845,398
Capital assets	<u>39,439,325</u>	<u>37,696,725</u>	<u>36,168,485</u>	<u>34,959,575</u>	<u>75,607,810</u>	<u>72,656,300</u>
Total assets	<u>66,841,924</u>	<u>62,049,391</u>	<u>51,055,189</u>	<u>46,452,307</u>	<u>117,897,113</u>	<u>108,501,698</u>
Deferred outflows of resources	<u>1,443,798</u>	<u>1,345,669</u>	<u>373,503</u>	<u>335,391</u>	<u>1,817,301</u>	<u>1,681,060</u>
Liabilities:						
Long-term liabilities	23,595,201	25,244,507	9,843,936	10,594,438	33,439,137	35,838,945
Other liabilities	<u>6,634,660</u>	<u>3,986,922</u>	<u>3,152,339</u>	<u>2,939,568</u>	<u>9,786,999</u>	<u>6,926,490</u>
Total liabilities	<u>30,229,861</u>	<u>29,231,429</u>	<u>12,996,275</u>	<u>13,534,006</u>	<u>43,226,136</u>	<u>42,765,435</u>
Deferred inflows of resources	<u>768,765</u>	<u>891,232</u>	<u>216,831</u>	<u>251,373</u>	<u>985,596</u>	<u>1,142,605</u>
Net position:						
Net investment in capital assets	21,732,872	18,296,519	27,612,752	25,558,767	49,345,624	43,855,286
Restricted	5,999,830	7,344,100	2,208,352	1,716,449	8,208,182	9,060,549
Unrestricted	<u>9,554,394</u>	<u>7,631,780</u>	<u>8,394,482</u>	<u>5,727,103</u>	<u>17,948,876</u>	<u>13,358,883</u>
Total net position	<u>\$ 37,287,096</u>	<u>\$ 33,272,399</u>	<u>\$ 38,215,586</u>	<u>\$ 33,002,319</u>	<u>\$ 75,502,682</u>	<u>\$ 66,274,718</u>

An additional portion of the City's net position (11%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position \$17,948,876, may be used to meet the government's ongoing obligation to citizens and creditors.

As of September 30, 2021, the City 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 categories – governmental and business-type activities.

Analysis of the City's Operations

The following table provides a summary of the City's operations for the year ended September 30, 2021. Governmental activities increased the City of Universal City's net position by \$5,316,556, accounting for 58% of the total growth in net position. Business-type activities increased the City's net position by \$3,911,408, accounting for 42% of total growth in net position.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
<u>Program</u>						
Charges for services	\$ 3,101,047	\$ 3,166,736	\$ 12,598,446	\$ 11,365,593	\$ 15,699,493	\$ 14,532,329
Operating grants and contributions	75,097	810,191	20,636	30,608	95,733	840,799
Capital grants and contributions	2,317,264	1,704,760	333,300	600,000	2,650,564	2,304,760
<u>General</u>						
Property taxes	8,832,210	8,587,434	-	-	8,832,210	8,587,434
Franchise taxes	1,273,391	1,433,123	-	-	1,273,391	1,433,123
Sales taxes	4,773,439	4,103,837	-	-	4,773,439	4,103,837
Hotel/motel taxes	97,149	92,771	-	-	97,149	92,771
Mixed drink	68,476	61,396	-	-	68,476	61,396
Interest and investment earnings	30,209	118,274	16,034	46,395	46,243	164,669
Miscellaneous	326,389	82,577	-	-	326,389	82,577
Total revenues	<u>20,894,671</u>	<u>20,161,099</u>	<u>12,968,416</u>	<u>12,042,596</u>	<u>33,863,087</u>	<u>32,203,695</u>
Expenses:						
Administration	1,811,386	2,148,508	-	-	1,811,386	2,148,508
Planning and development	1,195,563	900,909	-	-	1,195,563	900,909
Finance	517,893	490,746	-	-	517,893	490,746
Municipal court	326,723	405,089	-	-	326,723	405,089
General services division	1,787,778	2,406,664	-	-	1,787,778	2,406,664
Police	3,695,403	4,091,163	-	-	3,695,403	4,091,163
Fire department	2,727,044	2,761,427	-	-	2,727,044	2,761,427
Library	497,050	517,204	-	-	497,050	517,204
Vehicle and equipment maintenance	219,849	198,833	-	-	219,849	198,833
Animal shelter	611,489	547,140	-	-	611,489	547,140
Parks and recreation	870,386	845,839	-	-	870,386	845,839
Golf course	116,672	241,424	-	-	116,672	241,424
Interest and other fees	556,407	687,874	-	-	556,407	687,874
Water and sewer utility	-	-	6,914,372	6,526,182	6,914,372	6,526,182
Golf course	-	-	2,158,998	2,161,938	2,158,998	2,161,938
Stormwater management	-	-	628,110	530,982	628,110	530,982
Total expenses	<u>14,933,643</u>	<u>16,242,820</u>	<u>9,701,480</u>	<u>9,219,102</u>	<u>24,635,123</u>	<u>25,461,922</u>
Increase in net position						
before transfers	5,961,028	3,918,279	3,266,936	2,823,494	9,227,964	6,741,773
Transfers	<u>(644,472)</u>	<u>(590,000)</u>	<u>644,472</u>	<u>590,000</u>	<u>-</u>	<u>-</u>
Change in net position	5,316,556	3,328,279	3,911,408	3,413,494	9,227,964	6,741,773
Net position:						
Net position - beginning	33,272,399	29,944,120	33,002,319	29,588,825	66,274,718	59,532,945
Restatement of net position	<u>(1,301,859)</u>	<u>-</u>	<u>1,301,859</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position - ending	<u>\$ 37,287,096</u>	<u>\$ 33,272,399</u>	<u>\$ 38,215,586</u>	<u>\$ 33,002,319</u>	<u>\$ 75,502,682</u>	<u>\$ 66,274,718</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

Governmental Funds

The focus of the City of Universal 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.

At the end of the current fiscal year, the City of Universal City's governmental funds reported combined ending fund balances of \$21,903,105. Approximately 65% of this total amount (\$14,411,455) constitutes unassigned fund balance. The remainder of the fund balance is nonspendable, restricted, or assigned.

The general fund is the primary operating fund of the City. During the year, revenues exceeded expenditures in the general fund by \$2,267,972. Net transfers of \$(146,722) decreased this to \$2,121,250. In the capital projects fund, expenditures exceeded revenues by \$887,266. Transfers increased this to \$355,295. In the debt service fund, revenues exceeded expenditures by \$1,115,722. Transfers decreased this to \$86,001.

Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the respective proprietary funds are water and sewer - \$7,777,571, stormwater management - \$496,981 and golf course - \$119,930. The funds had changes in net position in 2021 as follows: water and sewer - \$2,932,050, stormwater management - \$367,327, and golf course - \$612,031.

General Fund Budgetary Highlights

An annual budget is legally adopted for the general fund and was amended in 2021 to reflect increases in capital expenditures. Expenditures were under budget by \$284,708 due to a combined effort by department management to monitor and control expenditures.

CAPITAL ASSETS

The City of Universal City's investment in capital assets for its governmental and business type activities as of September 30, 2021, amounts to \$75,607,810 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and improvements other than buildings, equipment, water rights, infrastructure and construction in progress.

CAPITAL ASSETS AT YEAR END (NET OF ACCUMULATED DEPRECIATION)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 6,976,157	\$ 6,976,157	\$ 332,602	\$ 323,152	\$ 7,308,759	\$ 7,299,309
Building and improvements	8,131,946	8,486,524	1,333,138	1,389,037	9,465,084	9,875,561
Improvements other than buildings	1,810,901	783,680	-	-	1,810,901	783,680
Utility plant and easements	-	-	24,829,680	22,245,811	24,829,680	22,245,811
Transportation and equipment	1,677,930	2,173,325	1,377,669	1,345,887	3,055,599	3,519,212
Water rights	-	-	8,293,301	8,198,719	8,293,301	8,198,719
Infrastructure	13,699,430	14,577,820	-	-	13,699,430	14,577,820
Construction in progress	7,142,961	4,699,219	2,095	1,456,969	7,145,056	6,156,188
Totals	<u>\$ 39,439,325</u>	<u>\$ 37,696,725</u>	<u>\$ 36,168,485</u>	<u>\$ 34,959,575</u>	<u>\$ 75,607,810</u>	<u>\$ 72,656,300</u>

Additional information on capital assets can be found in note 5 on pages 37-38.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Universal City had total outstanding debt of \$24,914,789. Of this amount, \$16,299,000 comprises bonded debt backed by the full faith and credit of the government and \$7,675,000 represents bonds secured solely by water and sewer revenues. Notes payables of \$940,789 are capital leases secured by a fire truck, equipment, a street sweeper, golf carts, and golf equipment.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 14,069,000	\$ 15,475,000	\$ -	\$ -	\$ 14,069,000	\$ 15,475,000
Revenue bonds	-	-	7,675,000	8,680,000	7,675,000	8,680,000
Certificates of obligation	2,230,000	2,360,000	-	-	2,230,000	2,360,000
Notes payable	<u>330,047</u>	<u>398,117</u>	<u>610,742</u>	<u>553,628</u>	<u>940,789</u>	<u>951,745</u>
Totals	16,629,047	18,233,117	8,285,742	9,233,628	24,914,789	27,466,745
Compensated absences	<u>487,793</u>	<u>493,272</u>	<u>147,093</u>	<u>158,129</u>	<u>634,886</u>	<u>651,401</u>
Total debt	<u>\$ 17,116,840</u>	<u>\$ 18,726,389</u>	<u>\$ 8,432,835</u>	<u>\$ 9,391,757</u>	<u>\$ 25,549,675</u>	<u>\$ 28,118,146</u>

The City of Universal City maintains an AA+ rating from Standard and Poor's, with municipal bond insurance. Additional information on the City of Universal City's long-term debt can be found in note 6 pages 39-40.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Taxable values used for the 2022 budget preparation was up by 4.687% reflecting the condition of the current economy as well as including new properties added to the existing tax roll. The general operating fund spending increased in 2022 to incorporate capital expenditures for general services, fire, and police.

New commercial structures were opened in the City during the 2021 fiscal year. The tenancy of the structures will supply new property tax revenues for the future and support sales tax revenues used to fund capital projects and City operations included in the general fund.

Despite the international pandemic, the City's sales tax revenue remained healthy with 2021 monthly increases occurring each month over the 2020 figures. Also, new home sales continued at an accelerated pace making way for additional subdivisions to be approved for future construction.

The Aviation District Master Plan was completed thus providing the City and the EDC with a roadmap to revitalize and improve the economic viability of that area.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Finance Department, Attention: Finance Director, at 2150 Universal City Boulevard, Universal City, Texas 78148, or call (210) 659-0333.

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the Government Accounting Standards Board (GASB).

The sets of statements include:

- Government–Wide Financial Statements
- Fund Financial Statements:
 - Governmental Funds
 - Proprietary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF UNIVERSAL CITY, TEXAS

STATEMENT OF NET POSITION

September 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Busines-Type Activities	Total	Universal City Economic Development Corporation
Assets:				
Cash and investments	\$ 23,905,544	\$ 10,783,525	\$ 34,689,069	\$ 5,724,216
Receivables: (net of allowances for uncollectibles)				
Taxes	199,834	-	199,834	-
Accounts	-	1,361,360	1,361,360	-
Other	958,766	-	958,766	-
Due from other governments	1,216,898	-	1,216,898	276,393
Due from primary government	-	-	-	270,014
Due from component unit	304,198	-	304,198	-
Internal balances	815,988	(815,988)	-	-
Inventories	1,371	193,071	194,442	-
Restricted assets:				
Cash	-	3,364,736	3,364,736	-
Capital assets:				
Land	6,976,157	332,602	7,308,759	-
Building and improvements	12,610,204	2,253,028	14,863,232	-
Improvements other than buildings	7,092,795	-	7,092,795	-
Utility plant and easements	-	36,155,804	36,155,804	-
Transportation and equipment	10,259,745	4,968,442	15,228,187	2,729
Water rights	-	8,293,301	8,293,301	-
Infrastructure	27,025,845	-	27,025,845	-
Construction in progress	7,142,961	2,095	7,145,056	-
Accumulated depreciation	<u>(31,668,382)</u>	<u>(15,836,787)</u>	<u>(47,505,169)</u>	<u>(2,729)</u>
 Total assets	 <u>66,841,924</u>	 <u>51,055,189</u>	 <u>117,897,113</u>	 <u>6,270,623</u>
 Deferred outflows of resources:				
Deferred charge on bond refunding	119,561	-	119,561	-
Deferred charge on pension - TMRS	1,244,892	351,124	1,596,016	-
Deferred charge on OPEB - TMRS	<u>79,345</u>	<u>22,379</u>	<u>101,724</u>	<u>-</u>
 Total deferred outflows of resources	 <u>1,443,798</u>	 <u>373,503</u>	 <u>1,817,301</u>	 <u>-</u>
 Total assets and deferred outflows of resources	 <u>\$ 68,285,722</u>	 <u>\$ 51,428,692</u>	 <u>\$ 119,714,414</u>	 <u>\$ 6,270,623</u>

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

CITY OF UNIVERSAL CITY, TEXAS

STATEMENT OF NET POSITION

September 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Busines-Type Activities	Total	Universal City Economic Development Corporation
Liabilities and net position:				
Liabilities:				
Accounts payable and other				
current liabilities	\$ 1,479,598	\$ 964,516	\$ 2,444,114	\$ -
Accrued interest payable	68,515	-	68,515	9,351
Customer deposits	-	965,943	965,943	-
Due to component unit	270,014	-	270,014	-
Due to primary government	-	-	-	304,198
Unearned revenues	2,588,124	88,124	2,676,248	-
Payable from restricted assets:				
Current portion of long-term debt	-	761,776	761,776	-
Accrued interest payable	-	21,094	21,094	-
Noncurrent liabilities:				
Net pension liability	7,284,501	2,054,603	9,339,104	-
OPEB liability	344,863	97,270	442,133	-
Due within one year	2,228,409	350,886	2,579,295	364,000
Due in more than one year	<u>15,965,837</u>	<u>7,692,063</u>	<u>23,657,900</u>	<u>3,807,000</u>
Total liabilities	<u>30,229,861</u>	<u>12,996,275</u>	<u>43,226,136</u>	<u>4,484,549</u>
Deferred inflows of resources:				
Deferred inflow on pension - TMRS	745,716	210,330	956,046	-
Deferred inflow on OPEB - TMRS	<u>23,049</u>	<u>6,501</u>	<u>29,550</u>	<u>-</u>
Total deferred inflows of resources	<u>768,765</u>	<u>216,831</u>	<u>985,596</u>	<u>-</u>
Net position:				
Net investment in capital assets	21,732,872	27,612,752	49,345,624	-
Restricted for:				
Inventory	1,371	-	1,371	-
Special revenue	1,831,393	-	1,831,393	-
Debt service	1,079,615	-	1,079,615	-
Capital projects	3,087,451	-	3,087,451	-
Impact fees	-	2,208,352	2,208,352	-
Unrestricted	<u>9,554,394</u>	<u>8,394,482</u>	<u>17,948,876</u>	<u>1,786,074</u>
Total net position	<u>37,287,096</u>	<u>38,215,586</u>	<u>75,502,682</u>	<u>1,786,074</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 68,285,722</u>	<u>\$ 51,428,692</u>	<u>\$ 119,714,414</u>	<u>\$ 6,270,623</u>

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

CITY OF UNIVERSAL CITY, TEXAS

STATEMENT OF ACTIVITIES

For the year ended September 30, 2021

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Administration	\$ 1,811,386	\$ 410,000	\$ 75,097	\$ 171,556
Planning and development	1,195,563	1,076,580	-	-
Finance	517,893	-	-	-
Municipal court	326,723	1,462,313	-	-
General services division	1,787,778	-	-	2,017,003
Police	3,695,403	31,825	-	-
Fire	2,727,044	-	-	-
Library	497,050	62	-	150
Vehicle and equipment maintenance	219,849	18,374	-	-
Animal shelter	611,489	-	-	8,744
Parks and recreation	870,386	61,901	-	119,811
Golf course	116,672	39,992	-	-
Interest and other fees	556,407	-	-	-
Total government activities	<u>14,933,643</u>	<u>3,101,047</u>	<u>75,097</u>	<u>2,317,264</u>
Business-type activities:				
Water / sewage utility	6,914,372	9,832,580	-	-
Golf course	2,158,998	2,104,102	20,636	-
Stormwater management	628,110	661,764	-	333,300
Total business-type activities	<u>9,701,480</u>	<u>12,598,446</u>	<u>20,636</u>	<u>333,300</u>
Total primary government	<u>\$ 24,635,123</u>	<u>\$ 15,699,493</u>	<u>\$ 95,733</u>	<u>\$ 2,650,564</u>
Component unit:				
Economic Development Corporation	<u>\$ 988,471</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Taxes

- General property taxes
- Franchise taxes
- Sales taxes
- Hotel / motel taxes
- Mixed drink taxes
- Interest and investment earnings
- Miscellaneous

Transfers

Total general revenues

Change in net position

Net position - beginning of year

Restatement of net position

Net position - end of year

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

Changes in Net Position				
Primary Government			Component Unit	
			Universal City	
Governmental	Business-Type		Economic Development	
Activities	Activities	Total	Corporation	
\$ (1,154,733)	\$ -	\$ (1,154,733)	\$ -	
(118,983)	-	(118,983)	-	
(517,893)	-	(517,893)	-	
1,135,590	-	1,135,590	-	
229,225	-	229,225	-	
(3,663,578)	-	(3,663,578)	-	
(2,727,044)	-	(2,727,044)	-	
(496,838)	-	(496,838)	-	
(201,475)	-	(201,475)	-	
(602,745)	-	(602,745)	-	
(688,674)	-	(688,674)	-	
(76,680)	-	(76,680)	-	
(556,407)	-	(556,407)	-	
<u>(9,440,235)</u>	<u>-</u>	<u>(9,440,235)</u>	<u>-</u>	
-	2,918,208	2,918,208	-	
-	(34,260)	(34,260)	-	
<u>-</u>	<u>366,954</u>	<u>366,954</u>	<u>-</u>	
<u>-</u>	<u>3,250,902</u>	<u>3,250,902</u>	<u>-</u>	
<u>(9,440,235)</u>	<u>3,250,902</u>	<u>(6,189,333)</u>	<u>-</u>	
			<u>(988,471)</u>	
8,832,210	-	8,832,210	-	
1,273,391	-	1,273,391	-	
4,773,439	-	4,773,439	1,531,981	
97,149	-	97,149	-	
68,476	-	68,476	-	
30,209	16,034	46,243	3,838	
326,389	-	326,389	375	
(644,472)	644,472	-	-	
<u>14,756,791</u>	<u>660,506</u>	<u>15,417,297</u>	<u>1,536,194</u>	
5,316,556	3,911,408	9,227,964	547,723	
33,272,399	33,002,319	66,274,718	1,238,351	
<u>(1,301,859)</u>	<u>1,301,859</u>	<u>-</u>	<u>-</u>	
<u>\$ 37,287,096</u>	<u>\$ 38,215,586</u>	<u>\$ 75,502,682</u>	<u>\$ 1,786,074</u>	

CITY OF UNIVERSAL CITY, TEXAS

BALANCE SHEET – GOVERNMENTAL FUNDS

September 30, 2021

	Major Funds			Total Governmental Funds
	General Fund	Capital Projects Fund	Debt Service Fund	
Assets:				
Cash and temporary investments	\$ 19,584,339	\$ 3,006,490	\$ 1,314,715	\$ 23,905,544
Receivables: (net of allowances for uncollectibles)				
Property taxes, net	152,543	-	47,291	199,834
Accounts	958,766	-	-	958,766
Due from other governments	552,786	387,719	276,393	1,216,898
Due from other funds	3,708,774	-	2,281,392	5,990,166
Due from component unit	304,198	-	-	304,198
Inventory	1,371	-	-	1,371
Total assets	<u>\$ 25,262,777</u>	<u>\$ 3,394,209</u>	<u>\$ 3,919,791</u>	<u>\$ 32,576,777</u>
Liabilities:				
Accounts payable	\$ 973,633	\$ 306,758	\$ -	\$ 1,280,391
Accrued expenditures	198,950	-	257	199,207
Due to other funds	2,381,550	-	2,792,628	5,174,178
Due to component unit	270,014	-	-	270,014
Unearned revenues	<u>3,550,048</u>	<u>-</u>	<u>-</u>	<u>3,550,048</u>
Total liabilities	<u>7,374,195</u>	<u>306,758</u>	<u>2,792,885</u>	<u>10,473,838</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	<u>152,543</u>	<u>-</u>	<u>47,291</u>	<u>199,834</u>
Fund balances:				
Nonspendable:				
Inventory	1,371	-	-	1,371
Restricted:				
PEG funds	353,999	-	-	353,999
Public safety	54,972	-	-	54,972
Fire	300	-	-	300
Library improvements	11,474	-	-	11,474
Hotel / motel	511,065	-	-	511,065
Child safety	91,882	-	-	91,882
Blue Santa	100	-	-	100
Animal shelter	67,935	-	-	67,935
Court technology	153,251	-	-	153,251
Court security	205,291	-	-	205,291
Northlake roads	150,000	-	-	150,000
Park improvements	209,380	-	-	209,380
Veterans park	14,642	-	-	14,642
Dog park	3,421	-	-	3,421
Animal shelter memorial	3,681	-	-	3,681
Debt service	-	-	1,079,615	1,079,615
Capital projects	-	3,087,451	-	3,087,451
Committed:				
CPS	341,868	-	-	341,868
CPS 1%	479,870	-	-	479,870
Assigned:				
Capital projects	670,082	-	-	670,082
Unassigned	<u>14,411,455</u>	<u>-</u>	<u>-</u>	<u>14,411,455</u>
Total fund balances	<u>17,736,039</u>	<u>3,087,451</u>	<u>1,079,615</u>	<u>21,903,105</u>
Total liabilities, deferred inflows of resources and fund balances				
	<u>\$ 25,262,777</u>	<u>\$ 3,394,209</u>	<u>\$ 3,919,791</u>	<u>\$ 32,576,777</u>

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

CITY OF UNIVERSAL CITY, TEXAS

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

September 30, 2021

Total fund balance - total governmental funds	\$ 21,903,105
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	39,439,325
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,836,791
Accrued vacation leave payable is not due and payable in the current period and, therefore, not reported in the funds.	(487,793)
Long-term liabilities are not due and payable in the current period and, therefore, not reported in the funds:	
Bonds and notes payable	(17,706,453)
Net pension liability	(7,284,501)
OPEB liability	(344,863)
Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the funds.	<u>(68,515)</u>
Total net position of governmental activities	<u>\$ 37,287,096</u>

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

CITY OF UNIVERSAL CITY, TEXAS

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

For the year ended September 30, 2021

	Major Funds			Total Governmental Funds
	General Fund	Capital Projects Fund	Debt Service Fund	
Revenues:				
Taxes	\$ 11,999,509	\$ -	\$ 3,251,007	\$ 15,250,516
Licenses and permits	1,410,596	-	-	1,410,596
Intergovernmental	496,653	2,017,003	-	2,513,656
Contributions from component unit	160,000	-	-	160,000
Fines and forfeitures	1,156,821	-	-	1,156,821
Interest	22,142	4,331	3,736	30,209
Miscellaneous	485,979	-	-	485,979
Total revenues	<u>15,731,700</u>	<u>2,021,334</u>	<u>3,254,743</u>	<u>21,007,777</u>
Expenditures:				
Current:				
Administrative	1,768,319	-	-	1,768,319
Planning and development	712,745	-	-	712,745
Finance	518,278	-	-	518,278
Municipal court	306,423	-	-	306,423
General services division	1,245,127	-	-	1,245,127
Police	3,620,349	-	-	3,620,349
Fire	2,494,575	-	-	2,494,575
Library	321,419	-	-	321,419
Vehicle and equipment maintenance	219,750	-	-	219,750
Animal shelter	567,099	-	-	567,099
Parks and recreation	535,876	-	-	535,876
Capital outlay	1,153,768	2,827,871	-	3,981,639
Debt service:				
Principal	-	68,070	1,536,000	1,604,070
Interest and fiscal charges	-	12,659	603,021	615,680
Total expenditures	<u>13,463,728</u>	<u>2,908,600</u>	<u>2,139,021</u>	<u>18,511,349</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,267,972</u>	<u>(887,266)</u>	<u>1,115,722</u>	<u>2,496,428</u>
Other financing sources (uses):				
Transfers in	385,249	531,971	-	917,220
Transfers out	(531,971)	-	(1,029,721)	(1,561,692)
Total other financing sources (uses)	<u>(146,722)</u>	<u>531,971</u>	<u>(1,029,721)</u>	<u>(644,472)</u>
Net change in fund balances	2,121,250	(355,295)	86,001	1,851,956
Fund balances at beginning of year	15,614,789	3,442,746	2,295,473	21,353,008
Restatement of fund balance	-	-	(1,301,859)	(1,301,859)
Fund balances at end of year	<u>\$ 17,736,039</u>	<u>\$ 3,087,451</u>	<u>\$ 1,079,615</u>	<u>\$ 21,903,105</u>

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

CITY OF UNIVERSAL CITY, 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, 2021

Net change in fund balances - governmental funds	\$ 1,851,956
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense.	1,742,600
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(113,106)
The issuance of long-term debt (i.e. bonds, capital leases) provides current financial resources to governmental funds, while the repayment of the principal consumes the current financial resources of governmental funds. This amount is the net effect of these differences.	1,604,070
The change in the liability for net pension and OPEB liability does not consume a current financial resource and is therefore not reported as an expenditure in the governmental funds.	166,284
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>64,752</u>
Change in net position of governmental activities	<u>\$ 5,316,556</u>

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

CITY OF UNIVERSAL CITY, TEXAS

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

September 30, 2021

	Business-Type Activities - Enterprise Funds			
	Water / Sewer	Golf Course	Stormwater	Total
	Fund	Fund	Fund	
Current assets:				
Cash and investments	\$ 8,671,779	\$ 1,528,104	\$ 583,642	\$ 10,783,525
Receivables (net of allowances for uncollectibles)				
Accounts	1,202,116	1,275	157,969	1,361,360
Due from other funds	100,158	1,946,331	146,324	2,192,813
Inventories	151,963	41,108	-	193,071
Cash - restricted	<u>3,364,736</u>	<u>-</u>	<u>-</u>	<u>3,364,736</u>
Total current assets	<u>13,490,752</u>	<u>3,516,818</u>	<u>887,935</u>	<u>17,895,505</u>
Deferred outflows of resources:				
Deferred outflow - TMRS OPEB	12,532	8,280	1,567	22,379
Deferred outflow - TMRS pension	<u>196,629</u>	<u>129,916</u>	<u>24,579</u>	<u>351,124</u>
Total deferred outflows of resources	<u>209,161</u>	<u>138,196</u>	<u>26,146</u>	<u>373,503</u>
Capital assets:				
Land	332,602	-	-	332,602
Building and improvements	2,253,028	-	-	2,253,028
Utility plant and easements	30,223,099	-	5,932,705	36,155,804
Transportation and equipment	2,459,371	1,957,109	551,962	4,968,442
Water rights	8,293,301	-	-	8,293,301
Construction in progress	-	-	2,095	2,095
Accumulated depreciation	<u>(13,755,880)</u>	<u>(1,093,500)</u>	<u>(987,407)</u>	<u>(15,836,787)</u>
Capital assets net of accumulated depreciation	<u>29,805,521</u>	<u>863,609</u>	<u>5,499,355</u>	<u>36,168,485</u>
Total assets and deferred outflows of resources	<u>\$ 43,505,434</u>	<u>\$ 4,518,623</u>	<u>\$ 6,413,436</u>	<u>\$ 54,437,493</u>

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

CITY OF UNIVERSAL CITY, TEXAS

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

September 30, 2021

	Business-Type Activities - Enterprise Funds			
	Water / Sewer Fund	Golf Course Fund	Stormwater Fund	Total
Liabilities and net position:				
Current liabilities:				
Accounts payable	\$ 788,724	\$ 40,874	\$ 56,528	\$ 886,126
Accrued wages	33,245	40,564	4,581	78,390
Compensated absences/vacation leave	82,809	54,624	9,660	147,093
Due to other funds	495,700	2,434,478	78,623	3,008,801
Customer deposits	965,943	-	-	965,943
Unearned revenues	-	88,124	-	88,124
Current portion of notes payable	-	178,196	25,597	203,793
Total current liabilities	<u>2,366,421</u>	<u>2,836,860</u>	<u>174,989</u>	<u>5,378,270</u>
Current liabilities payable from				
Restricted assets:				
Current portion of revenue bonds	761,776	-	-	761,776
Accrued interest payable	21,094	-	-	21,094
Total current liabilities payable from restricted assets	<u>782,870</u>	<u>-</u>	<u>-</u>	<u>782,870</u>
Noncurrent liabilities:				
Net pension liability	1,150,578	760,203	143,822	2,054,603
OPEB liability	54,471	35,990	6,809	97,270
Notes payable	-	330,647	76,302	406,949
Revenue bonds	7,285,114	-	-	7,285,114
Total noncurrent liabilities	<u>8,490,163</u>	<u>1,126,840</u>	<u>226,933</u>	<u>9,843,936</u>
Total liabilities	<u>11,639,454</u>	<u>3,963,700</u>	<u>401,922</u>	<u>16,005,076</u>
Deferred inflows of resources:				
Deferred inflow - TMRS pension	117,785	77,822	14,723	210,330
Deferred inflow - TMRS OPEB	3,641	2,405	455	6,501
Total deferred inflows of resources	<u>121,426</u>	<u>80,227</u>	<u>15,178</u>	<u>216,831</u>
Net position:				
Net investment in capital assets	21,758,631	354,766	5,499,355	27,612,752
Restricted - impact fees	2,208,352	-	-	2,208,352
Unrestricted	7,777,571	119,930	496,981	8,394,482
Total net position	<u>31,744,554</u>	<u>474,696</u>	<u>5,996,336</u>	<u>38,215,586</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 43,505,434</u>	<u>\$ 4,518,623</u>	<u>\$ 6,413,436</u>	<u>\$ 54,437,493</u>

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

CITY OF UNIVERSAL CITY, TEXAS

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

For the year ended September 30, 2021

	Business-Type Activities - Enterprise Funds			Total
	Water / Sewer Fund	Golf Course Fund	Stormwater Fund	
Operating revenues:				
Water revenues	\$ 5,122,297	\$ -	\$ -	\$ 5,122,297
Sewer revenues	4,045,562	-	-	4,045,562
Stormwater revenues	-	-	660,223	660,223
Golf course fees	-	1,523,693	-	1,523,693
Other fees and service charges	632,273	-	-	632,273
Sales, net of costs of goods sold	-	560,928	-	560,928
Miscellaneous revenues	<u>32,448</u>	<u>19,481</u>	<u>1,541</u>	<u>53,470</u>
Total operating revenues	<u>9,832,580</u>	<u>2,104,102</u>	<u>661,764</u>	<u>12,598,446</u>
Operating expenses:				
Public works	1,224,825	-	-	1,224,825
Administration	271,173	-	-	271,173
Water department	2,082,349	-	-	2,082,349
Sewer department	2,351,101	-	-	2,351,101
Stormwater department	-	-	451,468	451,468
Golf course operating cost	-	1,941,597	-	1,941,597
Depreciation	<u>783,622</u>	<u>217,401</u>	<u>176,642</u>	<u>1,177,665</u>
Total operating expenses	<u>6,713,070</u>	<u>2,158,998</u>	<u>628,110</u>	<u>9,500,178</u>
Operating income (loss)	<u>3,119,510</u>	<u>(54,896)</u>	<u>33,654</u>	<u>3,098,268</u>
Nonoperating revenues (expenses):				
Transfers in	-	644,472	-	644,472
Interest income	13,842	1,819	373	16,034
Grants	-	-	333,300	333,300
Gain on sale of capital assets	-	20,636	-	20,636
Interest and fiscal charges	<u>(201,302)</u>	<u>-</u>	<u>-</u>	<u>(201,302)</u>
Total nonoperating revenues (expenses)	<u>(187,460)</u>	<u>666,927</u>	<u>333,673</u>	<u>813,140</u>
Change in net position	2,932,050	612,031	367,327	3,911,408
Net position at beginning of year	28,812,504	(1,439,194)	5,629,009	33,002,319
Restatement of net position	<u>-</u>	<u>1,301,859</u>	<u>-</u>	<u>1,301,859</u>
Net position at end of year	<u>\$ 31,744,554</u>	<u>\$ 474,696</u>	<u>\$ 5,996,336</u>	<u>\$ 38,215,586</u>

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

CITY OF UNIVERSAL CITY, TEXAS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the year ended September 30, 2021

	Business-Type Activities - Enterprise Funds			
	Water / Sewer Fund	Golf Course Fund	Stormwater Fund	Total
Cash flows from operating activities:				
Cash received from customers	\$ 9,700,350	\$ 2,121,355	\$ 573,156	\$ 12,394,861
Cash paid for employee wages and benefits	(1,315,502)	(1,202,170)	(166,900)	(2,684,572)
Cash paid to suppliers for goods and services	(3,856,536)	(646,439)	(304,247)	(4,807,222)
Net cash provided by operating activities	<u>4,528,312</u>	<u>272,746</u>	<u>102,009</u>	<u>4,903,067</u>
Cash flows from capital and related financing activities:				
Purchase/construction of capital assets	(1,493,581)	(397,336)	(509,522)	(2,400,439)
Principal payments on long-term debt	(1,005,000)	(128,614)	(149,587)	(1,283,201)
Proceeds from bonds and notes	-	335,315	-	335,315
Proceeds from sale of capital assets	-	34,499	-	34,499
Interest and fiscal charges paid	(247,735)	-	-	(247,735)
Net cash used in capital and related financing activities	<u>(2,746,316)</u>	<u>(156,136)</u>	<u>(659,109)</u>	<u>(3,561,561)</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	-	644,472	-	644,472
Grants	-	-	333,300	333,300
Net cash provided by noncapital financing activities	<u>-</u>	<u>644,472</u>	<u>333,300</u>	<u>977,772</u>
Cash flows from investing activities:				
Investment interest received	<u>13,842</u>	<u>1,819</u>	<u>373</u>	<u>16,034</u>
Net increase (decrease) in cash and cash equivalents	<u>1,795,838</u>	<u>762,901</u>	<u>(223,427)</u>	<u>2,335,312</u>
Cash and cash equivalents at beginning of year:				
Cash and equivalents	6,881,292	765,203	807,069	8,453,564
Restricted cash and equivalents	<u>3,359,385</u>	<u>-</u>	<u>-</u>	<u>3,359,385</u>
Total cash and equivalents at beginning of year	<u>10,240,677</u>	<u>765,203</u>	<u>807,069</u>	<u>11,812,949</u>
Cash and equivalents at end of year:				
Cash and equivalents	8,671,779	1,528,104	583,642	10,783,525
Restricted cash and equivalents	<u>3,364,736</u>	<u>-</u>	<u>-</u>	<u>3,364,736</u>
Total cash and equivalents at end of year	<u>\$ 12,036,515</u>	<u>\$ 1,528,104</u>	<u>\$ 583,642</u>	<u>\$ 14,148,261</u>

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

CITY OF UNIVERSAL CITY, TEXAS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the year ended September 30, 2021

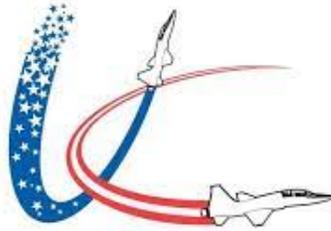
	Business-Type Activities - Enterprise Funds			Total
	Water / Sewer Fund	Golf Course Fund	Stormwater Fund	
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income	\$ 3,119,510	\$ (54,896)	\$ 33,654	\$ 3,098,268
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	783,622	217,401	176,642	1,177,665
Change in net pension and OPEB expense	(26,262)	(17,353)	(3,284)	(46,899)
(Increase) decrease in operating assets:				
Accounts receivable	(163,220)	1,747	(88,608)	(250,081)
Inventory	-	1,457	-	1,457
Due from other funds	109,749	(1,390,487)	(137,882)	(1,418,620)
Increase (decrease) in operating liabilities:				
Accounts payable	320,213	23,106	45,655	388,974
Accrued wages and benefits	(10,375)	4,404	1,335	(4,636)
Due to other funds	364,085	1,471,862	74,497	1,910,444
Utility deposits	30,990	-	-	30,990
Deferred revenue	-	15,505	-	15,505
Total adjustments	<u>1,408,802</u>	<u>327,642</u>	<u>68,355</u>	<u>1,804,799</u>
Net cash provided by operating activities	<u>\$ 4,528,312</u>	<u>\$ 272,746</u>	<u>\$ 102,009</u>	<u>\$ 4,903,067</u>

SCHEDULE OF NONCASH ACTIVITIES

Actuarially determined change in				
Net pension liability	\$ 36,197	\$ 23,917	\$ 4,525	\$ 64,639
Other postemployment benefit liability	4,579	3,025	573	8,177

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

NOTES TO BASIC FINANCIAL STATEMENTS



UNIVERSAL CITY
Gateway to Randolph AFB Est. 1960

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2021

(1) Summary of significant accounting policies

The City of Universal City, Texas, (City), was incorporated on September 6, 1960 by Ordinance Number 1. The City Charter was adopted on April 18, 1972, under the provisions of the Home Rule Charter Act of the State of Texas using Ordinance Number 237. The City operates under a council-manager form of government and provides the following services as authorized by its charter: police and fire protection, maintenance of streets, planning and zoning, parks and recreation, general administrative services, water and sewer services, and a golf course.

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.

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, if any existed, would be combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

The City of Universal City has a component unit displayed as a discretely presented component unit. The component unit, Universal City Economic Development Corporation (EDC), was organized under Vernon's Civil Statutes, Section 4B 5190.6, to establish a nonprofit corporation for the sole purpose of economic development and enhancement of Universal City. The fiscal year of the EDC is October 1 through September 30. The EDC has seven (7) board members, with the city manager acting as an advisor to the Board. The EDC provides direct services and benefits to the City, its business community, and citizens and functions as an integral part of the City's operations by promoting and incentivizing economic growth and development for the community.

The Universal City Economic Development Corporation is included within the financial statements of the City of Universal City due to the significance of the corporation's operational and financial relationship with the City. The financial data of the component unit is recognized in the financial statements as a discretely presented component unit. It is reported in a separate column on the government-wide financial statements to emphasize it is legally separate from the government. Separately issued financial statements for the Universal City Economic Development Corporation may be obtained at the Universal City Municipal Complex.

Government-wide and fund financial statements

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the City and its component unit. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. The primary government is reported separately from the component unit within the government-wide statements.

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2021

(1) Summary of significant accounting policies (continued)

Government-wide and fund financial statements (continued)

The statement of activities reflects 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. 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, 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 as general revenues.

Separate fund financial statements are provided for governmental funds and proprietary funds. The general fund, capital projects fund, and debt service fund all meet the criteria of a major governmental fund.

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. This measurement focus is also used for 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. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as program revenues and general revenues. 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, grants not restricted to specific programs and investment earnings.

Governmental fund level financial statements are reported using 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year end.

Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue. Property taxes which were levied prior to September 30, 2021 and became due October 1, 2020, have been assessed to finance the budget of the fiscal year beginning October 1, 2020, and accordingly, have been reflected as deferred inflows of resources and taxes receivable in the fund financial statements at September 30, 2021.

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2021

(1) Summary of significant accounting policies (continued)

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

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The City reports the following major governmental funds:

The general fund is the general operating fund of the City and is always classified as a major fund. The general fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, licenses and permits, fines and forfeitures, sales tax, and franchise taxes. Primary expenditures are for general administration, public safety, and capital acquisition.

The capital projects fund accounts for financial resources to be used for the acquisition and construction of major capital projects and is principally financed by the sale of bonds and tax notes.

The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

Proprietary fund financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The City's proprietary funds are water/sewer fund (used to account for the provision of water and sewer services to residents), the golf course fund, and the stormwater fund. All the proprietary funds qualify as major funds.

The proprietary funds are accounted for using the accrual basis of accounting as follows:

1. Revenues are recognized when earned, and expenses are recognized when liabilities are incurred.
2. Current-year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Cash and cash equivalents

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the City.

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2021

(1) Summary of significant accounting policies (continued)

Investments

State statutes authorize the City to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any other state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC), or its successor; or, (ii) secured by obligations that are described by (a) – (d). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase agreements involving those same obligations. Investments are stated at fair value.

At September 30, 2021, the City has all its monies in interest-bearing checking accounts, savings accounts, and TexPool.

Accounts receivable

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1 and past due after January 31. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectibles.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectibles.

Short-term interfund receivables / payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2021

(1) Summary of significant accounting policies (continued)

Inventories

Inventories of consumable supplies are valued at cost, which approximates market, using the first in/first out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

Inventories of repair and replacement parts for the utility system are valued at cost, which approximates market, using the FIFO method.

Restricted assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Funds are segregated to report those proceeds of revenue bond issuances that are restricted for use in construction.

Capital assets

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$2,500 or more. Infrastructure assets include City-owned streets, sidewalks, curbs and bridges. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40 years
Improvements other than buildings	20 years
Transportation and equipment	5 to 15 years
Water and sewer system	15 to 50 years
Infrastructure	10 to 30 years

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2021

(1) Summary of significant accounting policies (continued)

Compensated absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that is attributable to services already rendered which is not contingent on a specific event that is outside the control of the government and its employees is accrued as employees earn the rights to benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or in which such events take place.

Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e., are due for payment). Compensated absences are accrued in the government-wide statements.

Deferred inflows of resources

Property tax revenues are recognized when they become both measurable and available within the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property tax revenues not expected to be available for the current period are reflected as deferred inflows of resources.

Long-term obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. On new bond issues, bond premiums and discounts are deferred and amortized over the life of the bond.

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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund balance

The City implemented GASB Statement 54 “*Fund Balance Reporting and Governmental Fund Type Definitions*”. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2021

(1) Summary of significant accounting policies (continued)

Fund balance (continued)

- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose, positive amounts are reported only in the general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. Assigned fund balance is delegated by the City Council to the City Manager.

Net position

Net position represents the difference between assets and deferred outflows of resources and 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. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Interfund transactions

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both governmental and proprietary funds.

The City allocates to the water/sewer fund an indirect overhead cost percentage of general government administration expenses that is paid to the general fund. During the year ended September 30, 2021, the City allocated \$250,000 from the water/sewer fund as transfers for such services. The indirect overhead cost allocation is reflected as an operating expense in the water/sewer fund and the stormwater fund, and as revenue in the general fund.

Operating revenues and expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise funds. For the City, those revenues are charges for water, sewer and stormwater services, golf course green fees, and other direct sales. Operating expenses are the necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as nonoperating.

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2021

(1) Summary of significant accounting policies (continued)

Use of 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pensions

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

Other postemployment benefits

The fiduciary net position of the Texas Municipal Retirement System (TMRS) Supplemental Death Plan (SDBF) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net other postemployment benefit (OPEB) liability, deferred outflows of resources, and deferred inflows of resources related to the other postemployment benefits, OPEB expense, and information about additions to/deductions from the TMRS OPEB's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. Contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net position available for benefits.

(2) Cash, cash equivalents, and investments

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation insurance.

Cash

At September 30, 2021, the carrying amount of the primary government's (the City) cash on hand was \$12,253, deposits in the bank were \$38,385,692 and the book balance was \$38,041,552. The City's depository had pledged securities having a market value of \$32,320,623 as collateral for the City's deposits at September 30, 2021. The City's cash was under collateralized by \$672,100 at September 30, 2021.

The discretely presented component unit had deposits in the bank of \$5,762,579 and the book balance was \$5,724,216. Deposits were fully collateralized.

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2021

(2) Cash, cash equivalents, and investments (continued)

Investments

The City is required by Governmental Code Chapter 2256, the Public Funds Investment Act, to adopt, implement, and publicize an investment policy. The policy must address the following areas: 1) safety of principal and liquidity, 2) portfolio diversification, 3) allowable investments, 4) acceptable risk levels, 5) expected rates of return, 6) maximum allowable stated maturity of portfolio investments, 7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, 8) investment staff quality and capabilities, and 9) bid solicitation preferences for certificates of deposit.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. Agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

Analysis of specific deposit and investment risks

GASB Statement Number 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, reporting of certain related disclosures:

Credit risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not exposed to credit risk.

Custodial credit risk - Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name.

At year end, the City was exposed to custodial credit risk due to the deposits being under collateralized by \$672,100. At year end, the discretely presented component unit was not exposed to custodial credit risk.

Concentration of credit risk – This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to concentration risk.

Interest rate risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2021

(3) Property tax calendar

The City’s property tax is levied and becomes collectible each October 1 based on the assessed values listed as of the prior January 1, which is the date a lien attaches to all taxable property in the City. Assessed values are established by the Bexar County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2020 upon which the 2020 levy was based was \$1,505,808,896 (i.e., market value less exemptions). The estimated market value was \$1,701,542,230 making the taxable value 88% of the estimated market value.

Property taxes are recorded as receivables and deferred inflows of resources 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 time to be a resource for payment of obligations incurred during the fiscal year and therefore are susceptible to accrual in accordance with generally accepted accounting principles and have been recognized as revenue. In the government-wide financial statements, the entire levy is recognized as revenue, net of estimated uncollectible amounts, at the levy date.

(4) Interfund receivable / payable

During the course of its operations, the City has numerous routine transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of September 30, 2021, balances of interfund amounts receivable or payable have been recorded as follows:

	Due From	Due To
Primary government		
General fund:		
Debt service fund	\$ 846,297	\$ 2,281,392
Water/sewer fund	349,376	100,158
Golf course fund	2,434,478	-
Stormwater fund	<u>78,623</u>	<u>-</u>
Total	<u>3,708,774</u>	<u>2,381,550</u>
Debt service fund:		
General fund	2,281,392	846,297
Golf course	<u>-</u>	<u>1,946,331</u>
Total	<u>2,281,392</u>	<u>2,792,628</u>
Water/sewer fund:		
General fund	100,158	349,376
Stormwater fund	<u>-</u>	<u>146,324</u>
Total	<u>100,158</u>	<u>495,700</u>
Golf course fund:		
General fund	-	2,434,478
Debt service fund	<u>1,946,331</u>	<u>-</u>
Total	<u>1,946,331</u>	<u>2,434,478</u>
Stormwater fund:		
General fund	-	78,623
Water/sewer fund	<u>146,324</u>	<u>-</u>
Total	<u>146,324</u>	<u>78,623</u>
Totals	<u>\$ 8,182,979</u>	<u>\$ 8,182,979</u>

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2021

(4) Interfund receivable / payable (continued)

	Due From	Due To
Governmental fund/component unit		
General fund:		
Component unit	\$ 304,198	\$ 270,014
Component unit:		
General fund	270,014	304,198
Totals	\$ 574,212	\$ 574,212

(5) Capital assets

Capital asset activity for the year ended September 30, 2021, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 6,976,157	\$ -	\$ -	\$ 6,976,157
Construction in progress	4,699,219	2,443,742	-	7,142,961
Total capital assets, not being depreciated	11,675,376	2,443,742	-	14,119,118
Capital assets, being depreciated:				
Buildings	12,587,967	22,237	-	12,610,204
Improvements other than buildings	5,961,937	1,130,858	-	7,092,795
Transportation and equipment	9,874,943	384,802	-	10,259,745
Infrastructure	27,025,845	-	-	27,025,845
Total capital assets, being depreciated	55,450,692	1,537,897	-	56,988,589
Less accumulated depreciation:				
Buildings	(4,103,567)	(374,691)	-	(4,478,258)
Improvements other than buildings	(5,166,568)	(115,326)	-	(5,281,894)
Transportation and equipment	(7,723,813)	(858,002)	-	(8,581,815)
Infrastructure	(12,435,395)	(891,020)	-	(13,326,415)
Total accumulated depreciation	(29,429,343)	(2,239,039)	-	(31,668,382)
Total capital assets being depreciated, net	26,021,349	(701,142)	-	25,320,207
Governmental activities capital assets, net	\$ 37,696,725	\$ 1,742,600	\$ -	\$ 39,439,325

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2021

(5) Capital assets (continued)

	Beginning Balance	Increase	Decrease	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 323,152	\$ 9,450	\$ -	\$ 332,602
Construction in progress	1,456,969	1,325,291	(2,780,165)	2,095
Water rights	8,198,719	94,582	-	8,293,301
Total capital assets, not being depreciated	9,978,840	1,429,323	(2,780,165)	8,627,998
Capital assets, being depreciated:				
Buildings and improvements	2,253,028	-	-	2,253,028
Utility plant	32,886,936	3,268,868	-	36,155,804
Transportation and equipment	4,693,421	482,414	(207,393)	4,968,442
Total capital assets, being depreciated	39,833,385	3,751,282	(207,393)	43,377,274
Less accumulated depreciation:				
Buildings and improvements	(863,991)	(55,899)	-	(919,890)
Utility plant	(10,641,125)	(684,999)	-	(11,326,124)
Transportation and equipment	(3,347,534)	(436,767)	193,528	(3,590,773)
Total accumulated depreciation	(14,852,650)	(1,177,665)	193,528	(15,836,787)
Total capital assets being depreciated, net	24,980,735	2,573,617	(13,865)	27,540,487
Business-type capital assets, net	\$ 34,959,575	\$ 4,002,940	\$ (2,794,030)	\$ 36,168,485

Depreciation expense was charged to the governmental functions as follows:

Administration	\$ 50,283
Planning and development	493,701
Finance	7,058
Municipal court	24,609
General services division	555,779
Police	150,937
Fire	269,258
Library	178,432
Vehicle and equipment maintenance	3,120
Animal shelter	50,483
Parks and recreation	338,707
Golf course	116,672
Total depreciation expense - governmental activities	\$ 2,239,039

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2021

(6) Long-term debt:

The City had the following changes in long-term debt outstanding for the year ended September 30, 2021:

	Original Amount	Interest Rates	Outstanding October 1, 2020	Issued	Retired	Balance September 30, 2021	Amounts Due in One Year
Governmental activities:							
General obligation refunding bonds (2008)	\$ 3,694,000	3.67%	\$ 1,365,000	\$ -	\$ (436,000)	\$ 929,000	\$ 455,000
Unamortized premium			1,167,089	-	(89,683)	1,077,406	89,683
General obligation bonds (2013)	1,195,000	4.00-5.00	890,000	-	(50,000)	840,000	55,000
Certificates of obligation (2014)	3,090,000	2.00-4.00	2,360,000	-	(130,000)	2,230,000	135,000
General obligation refunding bonds (2015)	3,015,000	3.00-4.00	1,805,000	-	(285,000)	1,520,000	290,000
General obligation bonds (2016)	4,935,000	2.00-3.00	4,125,000	-	(215,000)	3,910,000	220,000
General obligation bonds (2019)	7,705,000	2.00-4.00	<u>7,290,000</u>	<u>-</u>	<u>(420,000)</u>	<u>6,870,000</u>	<u>440,000</u>
Total bonds payable			19,002,089	-	(1,625,683)	17,376,406	1,684,683
Note payable, Schertz Bank & Trust	130,567	3.30	14,057	-	(14,057)	-	-
Note payable, Schertz Bank & Trust	546,698	3.45	384,060	-	(54,013)	330,047	55,933
Compensated absences			<u>493,272</u>	<u>123,318</u>	<u>(128,797)</u>	<u>487,793</u>	<u>487,793</u>
Total governmental activities			<u>19,893,478</u>	<u>123,318</u>	<u>(1,822,550)</u>	<u>18,194,246</u>	<u>2,228,409</u>
Business-type activities:							
Revenue and refunding bonds:							
Bonds (2012)	3,600,000	2.00-4.00	1,620,000	-	(305,000)	1,315,000	310,000
Bonds (2015)	2,830,000	2.00-4.00	2,335,000	-	(120,000)	2,215,000	125,000
Bonds (2017)	2,970,000	3.00-3.125	2,645,000	-	(120,000)	2,525,000	125,000
Bonds (2020)	2,080,000	1.095	2,080,000	-	(460,000)	1,620,000	155,000
Unamortized premium			<u>418,666</u>	<u>-</u>	<u>(46,776)</u>	<u>371,890</u>	<u>46,776</u>
Total bonds payable			<u>9,098,666</u>	<u>-</u>	<u>(1,051,776)</u>	<u>8,046,890</u>	<u>761,776</u>
Note payable, John Deere	-	3.00	24,939	-	(21,295)	3,644	3,644
Note payable, TexStar National Bank	335,315	4.198	-	335,316	-	335,316	62,517
Note payable, PNC Equipment	329,100	4.25	277,203	-	(107,320)	169,883	112,035
Note payable, Street Sweeper	263,870	2.64	<u>251,486</u>	<u>-</u>	<u>(149,587)</u>	<u>101,899</u>	<u>25,597</u>
Total notes payable			<u>553,628</u>	<u>335,316</u>	<u>(278,202)</u>	<u>610,742</u>	<u>203,793</u>
Compensated absences			<u>158,129</u>	<u>36,773</u>	<u>(47,809)</u>	<u>147,093</u>	<u>147,093</u>
Total business-type activities			<u>9,810,423</u>	<u>372,089</u>	<u>(1,377,787)</u>	<u>8,804,725</u>	<u>1,112,662</u>
Total primary government			<u>\$ 29,703,901</u>	<u>\$ 495,407</u>	<u>\$ (3,200,337)</u>	<u>\$ 26,998,971</u>	<u>\$ 3,341,071</u>

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2021

(6) Long-term debt (continued):

	Original Amount	Interest Rates	Outstanding October 1, 2020	Issued	Retired	Balance September 30, 2021	Amounts Due in One Year
Component unit activities:							
Revenue Bonds (2020)	\$ 3,500,000	2.97%	\$ -	\$ 3,500,000	(213,000)	\$ 3,287,000	\$ 193,000
Revenue bonds (2016)	1,700,000	1.650	<u>1,052,000</u>	<u>-</u>	<u>(168,000)</u>	<u>884,000</u>	<u>171,000</u>
Total component unit activities			<u>\$ 1,052,000</u>	<u>\$ 3,500,000</u>	<u>\$ (381,000)</u>	<u>\$ 4,171,000</u>	<u>\$ 364,000</u>

Annual debt service requirements as of September 30, 2021, for revenue bonds, general obligation bonds, and certificates of obligation are as follows:

Fiscal Year	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 1,595,000	\$ 548,119	\$ 2,143,119	\$ 715,000	\$ 223,377	\$ 938,377
2023	1,654,000	489,596	2,143,596	740,000	200,529	940,529
2024	1,215,000	438,025	1,653,025	760,000	176,732	936,732
2025	1,265,000	392,450	1,657,450	780,000	152,280	932,280
2026	1,255,000	344,250	1,599,250	445,000	129,528	574,528
2027-2031	4,950,000	1,201,050	6,151,050	2,405,000	465,627	2,870,627
2032-2036	3,490,000	497,600	3,987,600	1,635,000	174,450	1,809,450
2037-2039	<u>875,000</u>	<u>71,000</u>	<u>946,000</u>	<u>195,000</u>	<u>6,094</u>	<u>201,094</u>
Totals	<u>\$ 16,299,000</u>	<u>\$ 3,982,090</u>	<u>\$ 20,281,090</u>	<u>\$ 7,675,000</u>	<u>\$ 1,528,617</u>	<u>\$ 9,203,617</u>

Annual debt service requirements as of September 30, 2021, for notes payable are as follows:

Fiscal Year	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 55,933	\$ 10,637	\$ 66,570	\$ 203,793	\$ 19,210	\$ 223,003
2023	57,921	8,648	66,569	148,103	12,658	160,761
2024	58,961	7,608	66,569	93,696	8,489	102,185
2025	62,111	4,458	66,569	92,605	4,918	97,523
2026	64,618	2,250	66,868	72,545	1,660	74,205
2027	<u>30,503</u>	<u>209</u>	<u>30,712</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 330,047</u>	<u>\$ 33,810</u>	<u>\$ 363,857</u>	<u>\$ 610,742</u>	<u>\$ 46,935</u>	<u>\$ 657,677</u>

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2021

(7) Defined benefit pension plan

Plan description

The City participates as one of 895 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan 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 employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available annual comprehensive financial report (Annual Report) that can be obtained at tmrs.com.

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

Benefits provided

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

At retirement, the member's benefit is calculated based on the sum of the member's contributions, with interest, and the City-financed monetary credits with interest. The retiring member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Members are eligible to retire at age sixty (60) and above with five (5) or more years of service or with twenty (20) years of service regardless of age. A member is vested after five (5) years. The contribution rate for the employees is 7%, and the City matching percent is currently 2 to 1.

Employees covered by benefit terms

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	74
Inactive employees entitled to but not yet receiving benefits	104
Active employees	<u>129</u>
	<u>307</u>

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2021

(7) Defined benefit pension plan (continued)

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 compensation during the fiscal year. The contribution rates for the City were 18.57% and 18.38% in calendar years 2020 and 2021 respectively. The City's contributions to TMRS for the year ended September 30, 2021 were \$1,556,754 and were equal to the required contributions.

Net pension liability

The City's net pension liability (NPL) was measured as of December 31, 2020, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The total pension liability in the December 31, 2020 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 were based on a service-related table. Mortality rates for active members are based on the PUB (10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees 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 scale UMP to account for future mortality improvements subject to the floor.

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2021

(7) Defined benefit pension plan (continued)

Net pension liability (continued)

Actuarial assumptions (continued):

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 through December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 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 in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global equity	30.0%	5.30%
Core fixed income	10.0%	1.25%
Non-core fixed income	20.0%	4.14%
Real return	10.0%	3.85%
Real estate	10.0%	4.00%
Absolute return	10.0%	3.48%
Private equity	10.0%	7.75%
Total	100.0%	

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2021

(7) Defined benefit pension plan (continued)

Net pension liability (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, 2019	\$ 42,130,779	\$ 32,831,177	\$ 9,299,602
Changes for the year:			
Service cost	1,464,899	-	1,464,899
Interest	2,850,807	-	2,850,807
Changes in current period benefits	-	-	-
Difference between expected and actual experience	423,878	-	423,878
Changes of assumptions	-	-	-
Contributions - employer	-	1,613,475	(1,613,475)
Contributions - employee	-	608,202	(608,202)
Net investment income	-	2,495,159	(2,495,159)
Benefit payments, including refunds of employee contributions	(1,258,103)	(1,258,103)	-
Administrative expense	-	(16,126)	16,126
Other changes	-	(628)	628
Net changes	<u>3,481,481</u>	<u>3,441,979</u>	<u>39,502</u>
Balance at December 31, 2020	<u>\$ 45,612,260</u>	<u>\$ 36,273,156</u>	<u>\$ 9,339,104</u>

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2021

(7) Defined pension benefit plan (continued)

Net pension liability (continued)

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%)
City's net pension liability	\$ 16,091,019	\$ 9,339,104	\$ 3,817,774

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 participating city. That report may be obtained at tmrs.com.

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

For the year ended September 30, 2021, the City recognized pension expense of \$1,288,348.

At September 30, 2021, 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	\$ 482,165	\$ 24,287
Changes in actuarial assumptions	5,782	-
Difference between projected and actual investment earnings	-	931,759
Contributions subsequent to the measurement date	1,108,069	-
Total	\$ 1,596,016	\$ 956,046

The City reported \$1,108,069 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

September 30,	Net Deferred Outflows/Inflows of Resources
2021	\$ (160,774)
2022	175,090
2023	(430,119)
2024	(52,296)
Thereafter	-
Total	\$ (468,099)

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2021

(7) Defined benefit pension plan (continued)

Other postemployment benefits (OPEB)

Plan description

The City participates in a single-employer defined benefit which operates like a group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired members. The City may terminate coverage and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Benefits provided

The death benefit for active members provides a lump-sum payment approximately equal to the member'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. As the SDBF covers both active and retiree members, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. There is a one-year delay between the actuarial valuation that serves as the basis for the City's contribution rate and the calendar year when the rate goes into effect. 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 term life insurance during employees' entire careers.

The contribution rate for the City was 0.17% and 0.18% for calendar years 2021 and 2020, respectively. The City's contribution to TMRS SDBF for the years ended September 30, 2021 was \$14,458 which equaled the required contribution.

Employees covered by benefit terms

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	42
Inactive employees entitled to but not yet receiving benefits	21
Active employees	<u>129</u>
	<u>192</u>

OPEB liability

The City's OPEB liability of \$442,133 was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date.

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2021

(7) Defined benefit pension plan (continued)

Other postemployment benefits (OPEB) (continued)

Actuarial assumptions:

The OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 11.5% including inflation
Discount rate *	2.00%
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.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2021

(7) Defined benefit pension plan (continued)

Other postemployment benefits (OPEB) (continued)

Changes in the OPEB liability:

Balance at December 31, 2019	\$ 364,570
Changes for the year:	
Service cost	18,246
Interest on the OPEB liability	10,241
Changes of benefit terms	-
Difference between expected and actual experience	(8,423)
Change in assumptions or other inputs	60,105
Benefit payments	<u>(2,606)</u>
Net changes	<u>77,563</u>
Balance at December 31, 2020	<u>\$ 442,133</u>

Sensitivity of the OPEB liability to changes in the discount rate:

The following presents the OPEB liability of the City, calculated using the discount rate of 2.00%, as well as what the City's OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.00%) or 1-percentage-point higher (3.00%) than the current rate:

	<u>1% Decrease in Discount Rate (1.00%)</u>	<u>Current Discount Rate (2.00%)</u>	<u>1% Increase in Discount Rate (3.00%)</u>
City's OPEB liability	<u>\$ 542,500</u>	<u>\$ 442,133</u>	<u>\$ 364,489</u>

OPEB expense, deferred outflows of resources, and deferred inflows of resources related to OPEB:

For the year ended September 30, 2021, the City recognized OPEB expense of \$43,639.

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual economic experience	\$ -	\$ 17,673
Changes in actuarial assumptions	99,916	11,877
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	<u>1,808</u>	<u>-</u>
Total	<u>\$ 101,724</u>	<u>\$ 29,550</u>

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2021

(7) Retirement plan (continued)

Other postemployment benefits (OPEB) (continued)

The City reported \$1,808 as deferred outflows of resources related to the OPEB liability resulting from contributions subsequent to the measurement date which will be recognized as a reduction of the OPEB liability for the year ending September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB liability will be recognized in OPEB expense as follows:

<u>September 30,</u>	<u>Net Deferred Outflows/Inflows of Resources</u>
2021	\$ 15,152
2022	15,152
2023	12,594
2024	14,509
2025	10,183
Thereafter	<u>2,776</u>
Total	<u><u>\$ 70,366</u></u>

(8) Interfund transfers

Interfund transfers during the year ended September 30, 2021, were the result of normal transactions between the funds:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 385,249	\$ 531,971
Debt service fund	-	1,029,721
Capital projects fund	531,971	-
Golf course fund	<u>644,472</u>	<u>-</u>
Totals	<u><u>\$ 1,561,692</u></u>	<u><u>\$ 1,561,692</u></u>

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2021

(9) Commitments and contingencies

The City has entered into contracts for future commitments as follows:

	Estimated Cost to City	Expended to Date	Estimated Future Commitment
General government:			
East Aviation	\$ 4,800,000	\$ 3,650,842	\$ 1,149,158
Totals	\$ 4,800,000	\$ 3,650,842	\$ 1,149,158
Stormwater fund:			
CDBG	\$ 400,000	\$ 200,000	\$ 200,000
Totals	\$ 400,000	\$ 200,000	\$ 200,000

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Risk management

The City has identified possible risk of losses arising from events such as the following:

1. Torts,
2. Theft of, damage to, or destruction of assets,
3. Errors and omissions,
4. Job-related illnesses or injuries to employees, and
5. Acts of God.

The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property/casualty and worker's compensation. TML is a multi-employer group that provides for a combination for risk sharing among pool participants and stop loss coverage. Contributions are set annually by TML. Liability by the City is generally limited to the contributed amounts.

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2021

(10) Conduit debt obligation

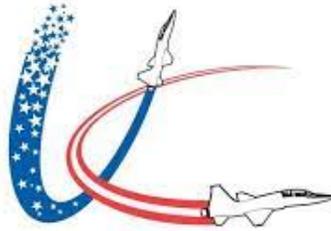
The City of Universal City created a nonprofit education facilities corporation, City of Universal City, Texas Education Facilities Corporation; pursuant to Section 53.35(b) of the Higher Education Authority Act. The Corporation issued the City of Universal City, Texas Education Facilities Corporation Revenue Bonds (Wayland Baptist University) Series 2001, in the aggregate principal amount of \$7,480,000. The bonds are backed solely by the revenues derived from the University pursuant to provisions of the Bond Resolution and the Loan Agreement between the Corporation and Wayland Baptist University. The City has no obligation associated with the bonds. As of September 30, 2021, the total outstanding debt from this issue was \$2,330,000.

(11) Restatement of net position and fund balance

During fiscal year 2021 the City recorded an adjustment to transfer the excess sales tax from the debt service fund to the golf fund in the amount of \$1,301,859. This amount decreased the net position of the governmental activities and the fund balance of the debt service fund and increased the net position of the business-type activities and the golf fund.

(12) Subsequent event

In April 2022 the City issued \$3,120,000 General Obligation Bonds, Series 2022 to be used for street repairs.

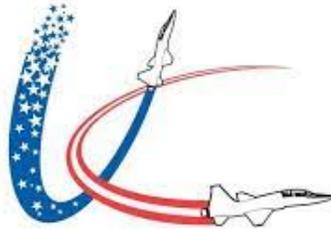


UNIVERSAL CITY
Gateway to Randolph AFB Est. 1960

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of Changes in Net Pension Liability, OPEB and Related Ratios
- Schedule of Contributions – Net Pension Liability and OPEB



UNIVERSAL CITY
Gateway to Randolph AFB Est. 1960

CITY OF UNIVERSAL CITY, TEXAS

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

For the year ended September 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem	\$ 7,194,481	\$ 7,194,481	\$ 7,228,502	\$ 34,021
Penalty and interest	25,000	25,000	73,153	48,153
Total taxes	<u>7,219,481</u>	<u>7,219,481</u>	<u>7,301,655</u>	<u>82,174</u>
Nonproperty taxes:				
Franchise taxes	1,390,000	1,390,000	1,239,760	(150,240)
Sales taxes	2,450,000	2,862,053	3,054,413	192,360
PEG funds	-	-	33,631	33,631
CPS funds - 1%	-	-	182,490	182,490
Mixed drink taxes	75,000	75,000	68,476	(6,524)
Hotel occupancy tax	90,000	90,000	97,149	7,149
School crossing guard tax	<u>20,000</u>	<u>20,000</u>	<u>21,935</u>	<u>1,935</u>
Total nonproperty taxes	<u>4,025,000</u>	<u>4,437,053</u>	<u>4,697,854</u>	<u>260,801</u>
Licenses and permits	<u>1,030,000</u>	<u>1,387,340</u>	<u>1,410,596</u>	<u>23,256</u>
Grants	2,408	2,408	246,653	244,245
Contributions from component unit	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>	<u>-</u>
Total government allocations	<u>162,408</u>	<u>162,408</u>	<u>406,653</u>	<u>244,245</u>
Municipal court fines	<u>1,100,000</u>	<u>1,156,821</u>	<u>1,156,821</u>	<u>-</u>
Donations and contributions	<u>-</u>	<u>-</u>	<u>128,705</u>	<u>128,705</u>
Utility department overhead	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Interest and other revenue	<u>160,000</u>	<u>205,878</u>	<u>379,416</u>	<u>173,538</u>
Total revenues	<u>13,946,889</u>	<u>14,818,981</u>	<u>15,731,700</u>	<u>912,719</u>

CITY OF UNIVERSAL CITY, TEXAS

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

For the year ended September 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Expenditures:				
Administrative:				
Payroll	\$ 353,792	\$ 353,792	\$ 277,888	\$ 75,904
Allowances	24,300	24,300	36,643	(12,343)
Communications	261,000	261,000	221,922	39,078
Utilities	15,000	15,000	52,628	(37,628)
Support services	67,000	67,000	83,194	(16,194)
Contract services	1,107,970	1,107,970	1,068,035	39,935
Supplies and materials	17,000	17,000	28,009	(11,009)
Real property and equipment	4,000	4,000	159,934	(155,934)
Total administrative	<u>1,850,062</u>	<u>1,850,062</u>	<u>1,928,253</u>	<u>(78,191)</u>
Development services:				
Payroll	544,597	544,597	537,871	6,726
Allowances	17,579	17,579	7,763	9,816
Communications	10,855	10,855	1,031	9,824
Support services	184,256	268,419	133,648	134,771
Contract services	73,110	73,110	25,953	47,157
Supplies and materials	10,526	10,526	6,479	4,047
Real property and equipment	31,494	31,494	2,586	28,908
Total development services	<u>872,417</u>	<u>956,580</u>	<u>715,331</u>	<u>241,249</u>
Finance:				
Payroll	444,174	444,174	413,847	30,327
Allowances	4,500	4,500	3,343	1,157
Communications	2,000	2,000	2,285	(285)
Support services	58,000	58,000	52,199	5,801
Contract services	39,000	39,000	43,303	(4,303)
Supplies and materials	6,500	6,500	3,301	3,199
Real property and equipment	2,000	2,000	-	2,000
Total finance	<u>556,174</u>	<u>556,174</u>	<u>518,278</u>	<u>37,896</u>
Municipal court:				
Payroll	213,828	213,828	207,183	6,645
Allowances	1,700	1,700	230	1,470
Communications	3,200	3,200	277	2,923
Support services	35,000	35,000	30,211	4,789
Contract services	2,350	21,433	68,398	(46,965)
Supplies and materials	550	450	124	326
Real property and equipment	74,500	74,500	12,405	62,095
Total municipal court	<u>331,128</u>	<u>350,111</u>	<u>318,828</u>	<u>31,283</u>

CITY OF UNIVERSAL CITY, TEXAS

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

For the year ended September 30, 2021

	Budget Amounts		Actual Amounts	Variance with Budget Positive (Negative)
	Original	Final		
Expenditures (continued):				
General services division:				
Payroll	\$ 683,014	\$ 683,014	\$ 668,994	\$ 14,020
Allowances	19,600	19,600	13,802	5,798
Communications	9,940	9,940	14,278	(4,338)
Utilities	166,500	166,500	153,782	12,718
Contract services	279,820	279,820	232,180	47,640
Supplies and materials	161,880	161,880	162,091	(211)
Real property and equipment	98,100	98,100	85,158	12,942
Total general services division	<u>1,418,854</u>	<u>1,418,854</u>	<u>1,330,285</u>	<u>88,569</u>
Police department:				
Payroll	3,281,621	3,281,621	3,242,922	38,699
Allowances	64,800	64,800	59,168	5,632
Communications	44,780	44,780	56,697	(11,917)
Utilities	12,000	12,000	30,370	(18,370)
Contract services	117,500	117,500	128,079	(10,579)
Supplies and materials	87,000	87,000	103,113	(16,113)
Real property and equipment	224,000	259,952	151,637	108,315
Total police department	<u>3,831,701</u>	<u>3,867,653</u>	<u>3,771,986</u>	<u>95,667</u>
Fire department:				
Payroll	1,750,151	1,750,151	1,922,799	(172,648)
Allowances	63,000	63,000	51,707	11,293
Communications	25,981	25,981	22,661	3,320
Utilities	16,000	16,000	17,395	(1,395)
Contract services	474,936	474,936	411,808	63,128
Supplies and materials	66,750	66,750	68,205	(1,455)
Real property and equipment	78,943	78,943	110,589	(31,646)
Total fire department	<u>2,475,761</u>	<u>2,475,761</u>	<u>2,605,164</u>	<u>(129,403)</u>
Vehicle and equipment maintenance:				
Payroll	170,908	170,908	174,987	(4,079)
Allowances	5,204	5,204	3,222	1,982
Communications	10,400	10,400	6,025	4,375
Contract services	4,700	4,700	2,321	2,379
Supplies and materials	17,800	17,800	33,195	(15,395)
Real property and equipment	3,975	3,975	-	3,975
Total vehicle and equipment maintenance	<u>212,987</u>	<u>212,987</u>	<u>219,750</u>	<u>(6,763)</u>

CITY OF UNIVERSAL CITY, TEXAS

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

For the year ended September 30, 2021

	Budget Amounts		Actual Amounts	Variance with Budget Positive (Negative)
	Original	Final		
Expenditures (continued):				
Animal shelter:				
Payroll	\$ 345,829	\$ 345,829	\$ 357,562	\$ (11,733)
Allowances	10,359	10,359	3,203	7,156
Communications	19,560	19,560	8,478	11,082
Utilities	25,000	25,000	27,971	(2,971)
Contract services	69,492	69,492	97,466	(27,974)
Supplies and materials	25,100	25,100	72,419	(47,319)
Real property and equipment	49,958	49,958	14,919	35,039
Total animal shelter	<u>545,298</u>	<u>545,298</u>	<u>582,018</u>	<u>(36,720)</u>
Library:				
Payroll	183,839	183,839	194,762	(10,923)
Allowances	4,000	4,000	1,591	2,409
Communications	13,866	13,866	8,135	5,731
Utilities	12,000	12,000	13,991	(1,991)
Contract services	71,680	71,680	55,344	16,336
Supplies and materials	41,000	41,000	47,596	(6,596)
Real property and equipment	8,801	8,801	-	8,801
Total library	<u>335,186</u>	<u>335,186</u>	<u>321,419</u>	<u>13,767</u>
Parks and recreation:				
Payroll	200,625	200,625	202,897	(2,272)
Allowances	1,100	1,100	3,401	(2,301)
Communications	19,891	19,891	4,806	15,085
Utilities	-	-	4,639	(4,639)
Contract services	274,725	274,725	271,648	3,077
Supplies and materials	70,000	70,000	48,485	21,515
Real property and equipment	253,703	513,429	231,291	282,138
Total parks and recreation	<u>820,044</u>	<u>1,079,770</u>	<u>767,167</u>	<u>312,603</u>
Golf course:				
Real property and equipment	-	-	385,249	(385,249)
Total golf course	<u>-</u>	<u>-</u>	<u>385,249</u>	<u>(385,249)</u>
Promotion and development:				
Supplies and materials	100,000	100,000	-	100,000
Total expenditures	<u>13,349,612</u>	<u>13,748,436</u>	<u>13,463,728</u>	<u>284,708</u>

CITY OF UNIVERSAL CITY, TEXAS

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

For the year ended September 30, 2021

	Budget Amounts		Actual Amounts	Variance with Budget Positive (Negative)
	Original	Final		
Excess (deficiency) of revenues over (under) expenditures	\$ 597,277	\$ 1,070,545	\$ 2,267,972	\$ 1,197,427
Other financing sources (uses):				
Transfers in	-	62,022	385,249	323,227
Transfers out	<u>(380,768)</u>	<u>(380,768)</u>	<u>(531,971)</u>	<u>(151,203)</u>
Total other financing sources (uses)	<u>(380,768)</u>	<u>(318,746)</u>	<u>(146,722)</u>	<u>172,024</u>
Net change in fund balance	<u>\$ 216,509</u>	<u>\$ 751,799</u>	2,121,250	<u>\$ 1,369,451</u>
Fund balance - beginning of year			<u>15,614,789</u>	
Fund balance - end of year			<u>\$ 17,736,039</u>	

CITY OF UNIVERSAL CITY, TEXAS

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

For the measurement year ended December 31,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:							
Service cost	\$ 1,464,899	\$ 1,416,111	\$ 1,334,243	\$ 1,271,814	\$ 1,240,793	\$ 1,138,958	\$ 1,041,495
Interest (on the total pension liability)	2,850,807	2,645,134	2,462,224	2,327,929	2,163,663	2,060,207	1,893,241
Changes of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	423,878	241,425	142,915	(419,015)	158,516	(132,778)	(28,233)
Change of assumptions	-	11,314	-	-	-	358,595	-
Benefit payments,	(1,258,103)	(1,324,642)	(1,216,434)	(1,228,334)	(1,061,496)	(644,824)	(495,187)
(including refunds of employee contributions)							
Net change in total pension liability	3,481,481	2,989,342	2,722,948	1,952,394	2,501,476	2,780,158	2,411,316
Total pension liability - beginning	42,130,779	39,141,437	36,418,489	34,466,095	31,964,619	29,184,461	26,773,145
Total pension liability - ending (a)	<u>\$ 45,612,260</u>	<u>\$ 42,130,779</u>	<u>\$ 39,141,437</u>	<u>\$ 36,418,489</u>	<u>\$ 34,466,095</u>	<u>\$ 31,964,619</u>	<u>\$ 29,184,461</u>
Plan fiduciary net position:							
Contributions - employer	\$ 1,613,475	\$ 1,516,322	\$ 1,455,042	\$ 1,415,850	\$ 1,316,975	\$ 1,272,354	\$ 1,214,701
Contributions - employee	608,202	574,987	542,060	519,867	499,512	474,001	457,884
Net investment income	2,495,159	4,300,990	(835,200)	3,308,963	1,464,418	30,322	1,048,915
Benefit payments,	(1,258,103)	(1,324,642)	(1,216,434)	(1,228,334)	(1,061,496)	(644,824)	(495,188)
(including refunds of employee contributions)							
Administrative expense	(16,126)	(24,275)	(16,129)	(17,139)	(16,532)	(18,467)	(10,949)
Other	(628)	(729)	(841)	(868)	(892)	(910)	(900)
Net change in plan fiduciary net position	3,441,979	5,042,653	(71,502)	3,998,339	2,201,985	1,112,476	2,214,463
Plan fiduciary net position - beginning	32,831,177	27,788,524	27,860,026	23,861,687	21,659,702	20,547,226	18,332,763
Plan fiduciary net position - ending (b)	<u>\$ 36,273,156</u>	<u>\$ 32,831,177</u>	<u>\$ 27,788,524</u>	<u>\$ 27,860,026</u>	<u>\$ 23,861,687</u>	<u>\$ 21,659,702</u>	<u>\$ 20,547,226</u>
Net pension liability (a) - (b)	<u>\$ 9,339,104</u>	<u>\$ 9,299,602</u>	<u>\$ 11,352,913</u>	<u>\$ 8,558,463</u>	<u>\$ 10,604,408</u>	<u>\$ 10,304,917</u>	<u>\$ 8,637,235</u>
Plan fiduciary net position as a percentage of total pension liability	<u>79.53%</u>	<u>77.93%</u>	<u>71.00%</u>	<u>76.50%</u>	<u>69.23%</u>	<u>67.76%</u>	<u>70.40%</u>
Covered payroll	\$ 8,688,606	\$ 8,214,100	\$ 7,743,718	\$ 7,424,492	\$ 7,122,810	\$ 6,771,449	\$ 6,541,206
Net pension liability as a percentage of total covered payroll	<u>107.49%</u>	<u>113.22%</u>	<u>146.61%</u>	<u>115.27%</u>	<u>148.88%</u>	<u>152.18%</u>	<u>132.04%</u>

Note: GASB 68 requires 10 fiscal years of data to be provided in this schedule. This is the seventh year of implementation GASB 68. The City will develop this schedule prospectively.

CITY OF UNIVERSAL CITY, TEXAS

**SCHEDULE OF CONTRIBUTIONS - PENSION
TEXAS MUNICIPAL RETIREMENT SYSTEM**

For the year ended September 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 1,556,754	\$ 1,550,326	\$ 1,495,419	\$ 1,444,955	\$ 1,395,967	\$ 1,348,979	\$ 1,262,196
Contributions in relation to the actuarially determined contributions	<u>1,556,754</u>	<u>1,550,326</u>	<u>1,495,419</u>	<u>1,444,955</u>	<u>1,395,967</u>	<u>1,348,979</u>	<u>1,262,196</u>
Contribution deficiency (excess)	<u>\$ -</u>						
Covered payroll	<u>\$ 8,366,993</u>	<u>\$ 8,360,458</u>	<u>\$ 8,067,532</u>	<u>\$ 7,663,434</u>	<u>\$ 7,372,320</u>	<u>\$ 7,276,774</u>	<u>\$ 6,674,394</u>
Contributions as a percentage of covered payroll	<u>18.61%</u>	<u>18.54%</u>	<u>18.54%</u>	<u>18.86%</u>	<u>18.94%</u>	<u>18.54%</u>	<u>18.91%</u>

Note: GASB 68 requires 10 fiscal years of data to be provided in this schedule. This is the seventh year of implementation of GASB 68. The City will develop this schedule prospectively.

CITY OF UNIVERSAL CITY, TEXAS

**SCHEDULE OF CHANGES IN OTHER POSTEMPLOYMENT BENEFIT LIABILITY (OPEB)
AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM**

For the measurement year ended December 31,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
OPEB liability :				
Service cost	\$ 18,246	\$ 13,142	\$ 14,713	\$ 12,622
Interest on the OPEB liability	10,241	11,033	10,176	9,846
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(8,423)	(8,100)	(9,613)	-
Change of assumptions	60,105	58,906	(22,512)	24,959
Benefit payments	<u>(2,606)</u>	<u>(2,464)</u>	<u>(1,548)</u>	<u>(1,485)</u>
 Net change in OPEB liability	 77,563	 72,517	 (8,784)	 45,942
 OPEB liability - beginning	 <u>364,570</u>	 <u>292,053</u>	 <u>300,837</u>	 <u>254,895</u>
 OPEB liability - ending	 <u>\$ 442,133</u>	 <u>\$ 364,570</u>	 <u>\$ 292,053</u>	 <u>\$ 300,837</u>
 Covered payroll	 <u>\$ 8,688,606</u>	 <u>\$ 8,214,100</u>	 <u>\$ 7,743,718</u>	 <u>\$ 7,424,492</u>
 OPEB liability as a percentage of covered payroll	 <u>5.09%</u>	 <u>4.44%</u>	 <u>3.77%</u>	 <u>4.05%</u>

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

CITY OF UNIVERSAL CITY, TEXAS

**SCHEDULE OF CONTRIBUTIONS – OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEXAS MUNICIPAL RETIREMENT SYSTEM**

For the year ended September 30,

	2021	2020	2019	2018
Actuarially determined contributions	\$ 14,458	\$ 15,049	\$ 14,335	\$ 13,385
Contributions in relation to the actuarially determined contributions	14,458	15,049	14,335	13,385
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 8,366,993	\$ 8,360,458	\$ 8,067,532	\$ 7,663,434
Contributions as a percentage of covered payroll	<u>0.17%</u>	<u>0.18%</u>	<u>0.18%</u>	<u>0.17%</u>

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

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the year ended September 30, 2021

(1) 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 provisions embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. The following are the funds, which have legally adopted annual budgets: general fund, debt service fund, and capital projects funds. Budgetary controls are also utilized as a management tool for the enterprise funds.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances lapse at year end and do not constitute expenditures or liabilities because the commitments must be reappropriated and honored during the subsequent year.

(2) Actuary information

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26 years
Asset valuation method	10 year smoothed market, 12% soft corridor
Inflation	2.50%
Salary increases	3.5% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB (10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other information:

There were no benefit changes during the year.

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedule include:

- Comparative Statements – General Fund
- Comparative Statements – Debt Service
- Comparative Statements – Water/Sewer Enterprise Fund

CITY OF UNIVERSAL CITY, TEXAS

COMPARATIVE BALANCE SHEETS

GENERAL FUND

	September 30,	
	<u>2021</u>	<u>2020</u>
Assets:		
Cash and investments:		
Checking account	\$ 7,549,027	\$ 3,236,565
Savings account	6,888,160	5,107,285
TexPool	5,142,970	5,140,374
Petty cash	<u>4,182</u>	<u>4,268</u>
Total cash and investments	<u>19,584,339</u>	<u>13,488,492</u>
Delinquent taxes receivable:		
(net of allowances for uncollectibles of \$61,945 and \$57,904)	152,543	147,010
Other receivables	958,766	1,073,515
Due from other governments	552,786	865,714
Due from other funds	3,708,774	2,613,341
Due from component unit	304,198	-
Inventory of supplies, at cost	<u>1,371</u>	<u>1,371</u>
Total assets	<u>\$ 25,262,777</u>	<u>\$ 18,189,443</u>
Liabilities:		
Accounts payable	\$ 973,633	\$ 797,478
Salaries payable	198,950	198,088
Due to other funds	2,381,550	97,393
Due to component unit	270,014	251,323
Deferred revenue	<u>3,550,048</u>	<u>1,073,604</u>
Total liabilities	<u>7,374,195</u>	<u>2,417,886</u>
Deferred inflows of resources:		
Unavailable revenue - property taxes	<u>152,543</u>	<u>156,768</u>
Fund balances:		
Nonspendable:		
Inventory	1,371	1,371
Restricted:		
PEG funds	353,999	404,940
Public safety	54,972	54,972
Fire	300	300
Library improvements	11,474	15,383
Hotel/motel	511,065	413,916
Child safety	91,882	69,947
Blue Santa	100	100
Animal shelter	67,935	59,699
Court technology	153,251	128,483
Court security	205,291	183,442
Northlake roads	150,000	150,000
Park improvements	209,380	101,950
Veterans park	14,642	14,276
Dog park	3,421	3,421
Animal shelter memorial	3,681	3,681
Committed:		
CPS	341,868	341,868
CPS 1%	479,870	388,715
Assigned:		
Capital projects	670,082	670,082
Unreserved	<u>14,411,455</u>	<u>12,608,243</u>
Total fund balances	<u>17,736,039</u>	<u>15,614,789</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 25,262,777</u>	<u>\$ 18,189,443</u>

CITY OF UNIVERSAL CITY, TEXAS

**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES**

GENERAL FUND

	Year ended September 30,	
	2021	2020
Revenues:		
Taxes	\$ 11,999,509	\$ 11,471,311
Licenses and permits	1,410,596	1,069,933
Intergovernmental	496,653	1,108,747
Contributions from component unit	160,000	160,474
Fines and forfeitures	1,156,821	1,201,187
Interest	22,142	85,747
Miscellaneous	<u>485,979</u>	<u>313,433</u>
Total revenues	<u>15,731,700</u>	<u>15,410,832</u>
Expenditures:		
Current:		
Administration	1,928,253	2,133,437
Planning and development	715,331	935,741
Finance	518,278	472,934
Municipal court	318,828	400,517
General services division	1,330,285	1,181,892
Police department	3,771,986	4,019,501
Fire department	2,605,164	2,575,469
Vehicle and equipment	219,750	200,040
Animal shelter	582,018	462,223
Library	321,419	364,490
Parks and recreation	767,167	993,412
Golf course	<u>385,249</u>	<u>87,568</u>
Total expenditures	<u>13,463,728</u>	<u>13,827,224</u>
Excess of revenues over expenditures	<u>2,267,972</u>	<u>1,583,608</u>
Other financing sources (uses):		
Transfers in	385,249	62,021
Transfers out	<u>(531,971)</u>	<u>(1,031,408)</u>
Total other financing sources (uses)	<u>(146,722)</u>	<u>(969,387)</u>
Net change in fund balances	2,121,250	614,221
Fund balances at beginning of year	<u>15,614,789</u>	<u>15,000,568</u>
Fund balances at end of year	<u>\$ 17,736,039</u>	<u>\$ 15,614,789</u>

CITY OF UNIVERSAL CITY, TEXAS

COMPARATIVE BALANCE SHEETS

DEBT SERVICE FUND

	September 30,	
	2021	2020
Assets:		
Cash	\$ 1,314,715	\$ 3,114,875
Delinquent taxes receivable	47,291	44,492
Due from other governments	276,393	234,796
Due from other funds	<u>2,281,392</u>	<u>137,913</u>
Total assets	<u>\$ 3,919,791</u>	<u>\$ 3,532,076</u>
Liabilities:		
Due to other funds	\$ 2,792,628	\$ 1,192,111
Accrued expenditures	<u>257</u>	<u>-</u>
Total liabilities	<u>2,792,885</u>	<u>1,192,111</u>
Deferred inflows of resources:		
Unavailable revenue - property taxes	<u>47,291</u>	<u>44,492</u>
Restricted fund balance	<u>1,079,615</u>	<u>2,295,473</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,919,791</u>	<u>\$ 3,532,076</u>

CITY OF UNIVERSAL CITY, TEXAS

**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES**

DEBT SERVICE FUND

	Year ended September 30,	
	2021	2020
Revenues:		
Ad valorem taxes	\$ 1,719,026	\$ 1,646,976
Sales taxes	1,531,981	\$ 1,367,807
Interest income	3,736	13,747
Total revenues	3,254,743	3,028,530
Expenditures:		
Bond principal	1,536,000	1,484,000
Bond interest	603,021	645,284
Bond issuance cost and agent fees	-	481,001
Total expenditures	2,139,021	2,610,285
Excess of revenues over expenditures	1,115,722	418,245
Other financing sources (uses):		
Transfer in	-	481,001
Transfer out	(1,029,721)	(636,496)
Total other financing sources (uses)	(1,029,721)	(155,495)
Net change in fund balances	86,001	262,750
Fund balances at beginning of year	2,295,473	2,032,723
Restatement of fund balance	(1,301,859)	-
Fund balances at end of year	\$ 1,079,615	\$ 2,295,473

CITY OF UNIVERSAL CITY, TEXAS
COMPARATIVE STATEMENTS OF NET POSITION
WATER AND SEWER ENTERPRISE FUND

	September 30,	
	2021	2020
Current assets:		
Cash:		
Checking account	\$ 7,552,911	\$ 5,708,602
Savings account	1,117,861	1,171,683
Petty cash	1,007	1,007
Cash - restricted	3,364,736	3,359,385
Total cash and cash equivalents	12,036,515	10,240,677
Receivables:		
Customer (net of allowance for uncollectibles of \$14,780 and \$13,080)	1,202,116	1,038,896
Inventory of supplies, at cost	151,963	151,963
Due from other funds	100,158	209,907
Total current assets	13,490,752	11,641,443
Capital assets:		
Land	332,602	323,152
Building and improvements	2,253,028	2,253,028
Utility plant and easements	30,223,099	27,453,941
Transportation and equipment	2,459,371	2,382,011
Water rights	8,293,301	8,198,719
Construction in progress	-	1,456,969
Total capital assets	43,561,401	42,067,820
Less: accumulated depreciation	(13,755,880)	(12,972,258)
Total capital assets	29,805,521	29,095,562
Total assets	43,296,273	40,737,005
Deferred outflows of resources:		
Deferred outflow - TMRS pension	196,629	179,866
Deferred outflow - TMRS OPEB	12,532	7,953
Total deferred outflows of resources	209,161	187,819
Total assets and deferred outflows of resources	\$ 43,505,434	\$ 40,924,824

CITY OF UNIVERSAL CITY, TEXAS
COMPARATIVE STATEMENTS OF NET POSITION
WATER AND SEWER ENTERPRISE FUND

	September 30,	
	2021	2020
Current liabilities (payable from current assets):		
Accounts payable	\$ 788,724	\$ 468,511
Accrued wages and benefits	33,245	29,412
Accrued vacation and sick leave	82,809	97,017
Due to other funds	495,700	131,615
Customer deposits	965,943	934,953
Total current liabilities (payable from current assets)	2,366,421	1,661,508
Current liabilities (payable from restricted assets):		
Accrued interest payable	21,094	20,751
Revenue and refunding bonds, current	761,776	1,005,000
Total current liabilities (payable from restricted assets)	782,870	1,025,751
Other liabilities:		
Net pension liability	1,150,578	1,145,711
OPEB liability	54,471	44,915
Revenue and refunding bonds and tax notes, noncurrent	7,285,114	8,093,666
Total other liabilities	8,490,163	9,284,292
Total liabilities	11,639,454	11,971,551
Deferred inflows of resources:		
Deferred inflow - TMRS pension	117,785	137,219
Deferred inflow - TMRS OPEB	3,641	3,550
Total deferred inflows of resources	121,426	140,769
Net position:		
Net investment in capital assets	21,758,631	19,996,896
Restricted - impact fees	2,208,352	1,716,449
Unrestricted	7,777,571	7,099,159
Total net position	31,744,554	28,812,504
Total liabilities, deferred inflows and net position	\$ 43,505,434	\$ 40,924,824

CITY OF UNIVERSAL CITY, TEXAS

**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION**

WATER AND SEWER ENTERPRISE FUND

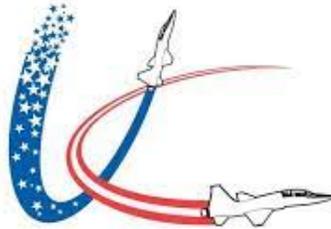
	Year ended September 30,	
	2021	2020
Operating revenues:		
Water revenues	\$ 5,122,297	\$ 4,859,811
Sewer revenues	4,045,562	3,595,181
Fees and service charges	632,273	620,878
Miscellaneous income	32,448	38,511
Total operating revenues	9,832,580	9,114,381
Operating expenses (before depreciation):		
Public works:		
Payroll	435,880	470,240
Allowances	4,948	5,061
Communications	7,414	39,512
Utilities	13,495	2,530
Support services	511,398	365,473
Contract services	245,845	336,617
Supplies and materials	5,845	20,552
Total public works	1,224,825	1,239,985
Administration:		
Payroll	111,486	106,729
Communications	46,624	117
Support services	-	85
Contract services	110,309	86,690
Supplies and materials	2,754	1,222
Total administration	271,173	194,843
Water department:		
Payroll	567,544	580,467
Allowances	12,030	13,248
Communications	13,245	10,309
Utilities	250,025	272,850
Contract services	1,007,766	813,544
Supplies and materials	231,739	218,964
Total water department	2,082,349	1,909,382

CITY OF UNIVERSAL CITY, TEXAS

**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION**

WATER AND SEWER ENTERPRISE FUND

	Year ended September 30,	
	2021	2020
Operating expenses (before depreciation):		
Sewer department:		
Payroll	\$ 142,783	\$ 142,670
Allowances	361	4,990
Communications	-	103
Contract services	2,189,945	1,933,802
Supplies and materials	18,012	24,423
Total sewer department	2,351,101	2,105,988
Total operating expenses before depreciation	5,929,448	5,450,198
Operating income before depreciation	3,903,132	3,664,183
Depreciation	783,622	728,665
Operating income	3,119,510	2,935,518
Nonoperating revenues (expenses):		
Interest and investment income	13,842	40,810
Grants	-	4,765
Bond interest and fees	(201,302)	(347,319)
Total nonoperating revenues (expenses)	(187,460)	(301,744)
Change in net position	2,932,050	2,633,774
Net position at beginning of year	28,812,504	26,178,730
Net position at end of year	\$ 31,744,554	\$ 28,812,504



UNIVERSAL CITY
Gateway to Randolph AFB Est. 1960

STATISTICAL SECTION

The following unaudited statistical tables reflect social and economic data, financial trends, and fiscal capacity of the City.

CITY OF UNIVERSAL CITY, TEXAS

NET POSITION BY COMPONENT

**Last 10 fiscal years
(Accrual basis of accounting)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities:				
Net investment in capital assets	\$ 12,539,843	\$ 11,209,023	\$ 8,791,639	\$ 12,635,873
Restricted	3,327,299	4,704,458	6,637,591	6,415,569
Unrestricted	<u>10,737,485</u>	<u>12,363,794</u>	<u>15,207,915</u>	<u>7,187,648</u>
Total governmental activities net position	<u>\$ 26,604,627</u>	<u>\$ 28,277,275</u>	<u>\$ 30,637,145</u>	<u>\$ 26,239,090</u>
Business-type activities:				
Net investment in capital assets	\$ 13,686,729	\$ 16,135,884	\$ 17,376,144	\$ 15,250,748
Restricted	-	-	-	-
Unrestricted	<u>4,306,340</u>	<u>3,447,586</u>	<u>3,444,311</u>	<u>5,550,539</u>
Total business-type activities net position	<u>\$ 17,993,069</u>	<u>\$ 19,583,470</u>	<u>\$ 20,820,455</u>	<u>\$ 20,801,287</u>
Primary government:				
Net investment in capital assets	\$ 26,226,572	\$ 27,344,907	\$ 26,167,783	\$ 27,886,621
Restricted	3,327,299	4,704,458	6,637,591	6,415,569
Unrestricted	<u>15,043,825</u>	<u>15,811,380</u>	<u>18,652,226</u>	<u>12,738,187</u>
Total primary government net position	<u>\$ 44,597,696</u>	<u>\$ 47,860,745</u>	<u>\$ 51,457,600</u>	<u>\$ 47,040,377</u>

TABLE 1

2016	2017	2018	2019	2020	2021
\$ 10,125,743	\$ 12,601,894	\$ 14,423,010	\$ 13,904,490	\$ 18,296,519	\$ 21,732,872
9,585,046	8,458,711	7,407,605	9,413,578	8,074,683	5,999,830
<u>7,232,094</u>	<u>7,090,492</u>	<u>7,151,079</u>	<u>6,626,052</u>	<u>6,901,197</u>	<u>9,554,394</u>
<u>\$ 26,942,883</u>	<u>\$ 28,151,097</u>	<u>\$ 28,981,694</u>	<u>\$ 29,944,120</u>	<u>\$ 33,272,399</u>	<u>\$ 37,287,096</u>
\$ 16,638,510	\$ 15,651,211	\$ 19,158,985	\$ 21,906,113	\$ 25,558,767	\$ 27,612,752
-	-	-	1,475,803	1,716,449	2,208,352
<u>5,826,589</u>	<u>9,027,962</u>	<u>8,099,746</u>	<u>6,206,909</u>	<u>5,727,103</u>	<u>8,394,482</u>
<u>\$ 22,465,099</u>	<u>\$ 24,679,173</u>	<u>\$ 27,258,731</u>	<u>\$ 29,588,825</u>	<u>\$ 33,002,319</u>	<u>\$ 38,215,586</u>
\$ 26,764,253	\$ 28,253,105	\$ 33,581,995	\$ 35,810,603	\$ 43,855,286	\$ 49,345,624
9,585,046	8,458,711	7,407,605	10,889,381	9,791,132	8,208,182
<u>13,058,683</u>	<u>16,118,454</u>	<u>15,250,825</u>	<u>12,832,961</u>	<u>12,628,300</u>	<u>17,948,876</u>
<u>\$ 49,407,982</u>	<u>\$ 52,830,270</u>	<u>\$ 56,240,425</u>	<u>\$ 59,532,945</u>	<u>\$ 66,274,718</u>	<u>\$ 75,502,682</u>

CITY OF UNIVERSAL CITY, TEXAS

CHANGE IN NET POSITION

**Last 10 fiscal years
(Accrual basis of accounting)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses:				
Governmental activities:				
Administrative	\$ 1,174,460	\$ 1,273,334	\$ 1,320,412	\$ 1,392,385
Planning and development	297,798	304,968	379,430	383,535
Finance	276,738	289,470	312,943	324,928
Municipal court	236,595	256,845	259,255	243,337
General services division	1,301,376	1,670,670	1,574,085	1,663,816
Police	2,918,843	3,115,582	3,240,197	3,243,594
Fire	2,055,168	2,148,474	2,075,576	2,171,658
Library	221,868	232,671	208,670	171,311
Vehicle and equipment maintenance	139,085	148,809	156,396	145,945
Animal shelter	352,776	341,581	356,426	378,362
Parks and recreation	212,900	258,130	279,597	283,604
Golf course	458,690	310,546	323,966	374,462
Promotion and development	619	43,291	-	-
Interest and other fees	<u>587,661</u>	<u>545,028</u>	<u>632,345</u>	<u>632,134</u>
Total governmental activities	<u>10,234,577</u>	<u>10,939,399</u>	<u>11,119,298</u>	<u>11,409,071</u>
Business-type activities:				
Water and sewer utility	5,067,049	5,175,016	5,531,780	5,647,705
Golf course	1,568,179	1,666,950	1,672,990	1,674,518
Stormwater management	<u>250,195</u>	<u>268,039</u>	<u>389,644</u>	<u>497,484</u>
Total business-type activities	<u>6,885,423</u>	<u>7,110,005</u>	<u>7,594,414</u>	<u>7,819,707</u>
Total primary government expenses	<u>\$ 17,120,000</u>	<u>\$ 18,049,404</u>	<u>\$ 18,713,712</u>	<u>\$ 19,228,778</u>
Program revenues:				
Governmental activities:				
Charges for service:				
Administration	\$ 424,292	\$ 478,910	\$ 488,331	\$ 447,148
Planning and development	431,840	513,545	393,180	554,608
Municipal court	1,683,483	1,581,292	1,783,658	1,584,273
Police/fire	119,762	30,539	16,864	37,675
Library	9,811	-	7,337	10,441
Vehicle and maintenance equipment	-	-	28,803	-
Animal shelter	397	3,250	43,991	32,360
Parks and recreation	-	3,355	41,330	22,380
Golf course	-	-	-	55,887
Operating grants and contributions	17,105	37,404	142,308	23,769
Capital grants and contributions	<u>-</u>	<u>-</u>	<u>1,745,586</u>	<u>413,493</u>
Total governmental activities program revenues	<u>2,686,690</u>	<u>2,648,295</u>	<u>4,691,388</u>	<u>3,182,034</u>

TABLE 2

	2016	2017	2018	2019	2020	2021
\$	1,815,623	\$ 2,041,854	\$ 2,226,995	\$ 1,852,059	\$ 2,148,508	\$ 1,811,386
	428,755	483,465	547,165	612,892	900,909	1,195,563
	350,727	371,031	376,499	493,906	490,746	517,893
	268,719	290,736	288,112	280,003	405,089	326,723
	1,772,893	1,841,027	1,990,953	2,159,658	2,406,664	1,787,778
	3,484,195	3,609,745	3,731,134	3,999,746	4,091,163	3,695,403
	2,243,882	2,422,784	2,602,650	2,824,683	2,761,427	2,727,044
	174,354	395,066	448,820	476,491	517,204	497,050
	165,186	159,196	176,865	198,237	198,833	219,849
	426,903	481,985	498,922	520,553	547,140	611,489
	303,649	383,235	436,533	555,180	845,839	870,386
	395,328	358,506	478,037	377,316	241,424	116,672
	-	-	-	-	-	-
	<u>648,617</u>	<u>621,901</u>	<u>593,475</u>	<u>645,081</u>	<u>687,874</u>	<u>556,407</u>
	<u>12,478,831</u>	<u>13,460,531</u>	<u>14,396,160</u>	<u>14,995,805</u>	<u>16,242,820</u>	<u>14,933,643</u>
	5,741,595	5,842,400	6,319,032	6,665,715	6,526,182	6,914,372
	1,775,312	1,842,290	1,888,258	2,163,361	2,161,938	2,158,998
	<u>407,329</u>	<u>454,241</u>	<u>476,067</u>	<u>444,240</u>	<u>530,982</u>	<u>628,110</u>
	<u>7,924,236</u>	<u>8,138,931</u>	<u>8,683,357</u>	<u>9,273,316</u>	<u>9,219,102</u>	<u>9,701,480</u>
\$	<u>20,403,067</u>	<u>21,599,462</u>	<u>23,079,517</u>	<u>24,204,653</u>	<u>25,461,922</u>	<u>24,635,123</u>
\$	466,256	\$ 462,412	\$ 458,364	\$ 492,162	\$ 410,474	\$ 410,000
	557,959	723,012	835,926	1,037,318	797,484	1,076,580
	1,726,934	1,775,840	1,848,905	1,775,673	1,848,885	1,462,313
	19,547	32,544	48,557	34,852	36,940	31,825
	1,728	3,686	13,661	17,010	4,200	62
	-	-	-	-	-	18,374
	23,257	27,073	25,043	47,364	21,301	-
	22,933	25,184	30,583	28,310	7,382	61,901
	47,226	51,864	39,349	45,672	40,070	39,992
	98,737	169,982	8,977	51,019	810,191	75,097
	-	-	-	-	<u>1,704,760</u>	<u>2,317,264</u>
	<u>2,964,577</u>	<u>3,271,597</u>	<u>3,309,365</u>	<u>3,529,380</u>	<u>5,681,687</u>	<u>5,493,408</u>

(continued)

CITY OF UNIVERSAL CITY, TEXAS

CHANGE IN NET POSITION

**Last 10 fiscal years
(Accrual basis of accounting)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Program revenues (continued)				
Business-type activities:				
Charges for service:				
Water and sewer utility	\$ 5,789,027	\$ 5,919,920	\$ 6,529,171	\$ 6,869,755
Golf course	1,645,020	1,710,792	1,657,943	1,522,115
Stormwater management	419,894	493,090	568,382	684,861
Operating grants and contributions	62,188	-	-	-
Capital grants and contributions	<u>-</u>	<u>547,964</u>	<u>200,000</u>	<u>212,459</u>
Total business-type activities program revenues	<u>7,916,129</u>	<u>8,671,766</u>	<u>8,955,496</u>	<u>9,289,190</u>
Total primary government program revenues	<u>\$ 10,602,819</u>	<u>\$ 11,320,061</u>	<u>\$ 13,646,884</u>	<u>\$ 12,471,224</u>
Net (expense) revenues:				
Governmental activities	\$ (7,547,887)	\$ (8,291,104)	\$ (6,427,910)	\$ (8,227,037)
Business-type activities	<u>1,030,706</u>	<u>1,561,761</u>	<u>1,361,082</u>	<u>1,469,483</u>
Total primary government	<u>\$ (6,517,181)</u>	<u>\$ (6,729,343)</u>	<u>\$ (5,066,828)</u>	<u>\$ (6,757,554)</u>
Governmental revenues and other changes in net position:				
Governmental Activities:				
Taxes				
General property taxes	\$ 5,348,840	\$ 5,010,843	\$ 5,206,898	\$ 5,711,957
Franchise taxes	1,049,800	1,135,482	1,260,264	1,425,441
Sales and other taxes	2,269,452	2,429,022	2,496,500	2,695,414
Interest and investment earnings	6,864	13,743	9,867	14,002
Miscellaneous	68,491	894,256	58,639	41,981
Transfer	-	(26,103)	(18,345)	(170,000)
Sales of capital assets	<u>12,795</u>	<u>506,509</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>8,756,242</u>	<u>9,963,752</u>	<u>9,013,823</u>	<u>9,718,795</u>

TABLE 2
(Continued)

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 7,226,060	\$ 7,566,943	\$ 8,274,631	\$ 8,590,246	\$ 9,114,381	\$ 9,832,580
1,449,305	1,424,400	1,488,538	1,393,672	1,580,522	2,104,102
593,453	627,294	675,762	654,224	670,690	661,764
-	-	-	-	30,608	20,636
-	323,172	453,397	28,628	600,000	333,300
9,268,818	9,941,809	10,892,328	10,666,770	11,996,201	12,952,382
<u>\$ 12,233,395</u>	<u>\$ 13,213,406</u>	<u>\$ 14,201,693</u>	<u>\$ 14,196,150</u>	<u>\$ 17,677,888</u>	<u>\$ 18,445,790</u>
\$ (9,514,254)	\$ (10,188,934)	\$ (11,086,795)	\$ (11,466,425)	\$ (10,561,133)	\$ (9,440,235)
1,344,582	1,802,878	2,208,971	1,393,454	2,777,099	3,250,902
<u>\$ (8,169,672)</u>	<u>\$ (8,386,056)</u>	<u>\$ (8,877,824)</u>	<u>\$ (10,072,971)</u>	<u>\$ (7,784,034)</u>	<u>\$ (6,189,333)</u>
\$ 5,950,098	\$ 6,722,826	\$ 7,221,714	\$ 7,732,888	\$ 8,587,434	\$ 8,832,210
1,449,764	1,477,080	1,489,453	1,453,164	1,433,123	1,273,391
3,044,166	3,501,296	3,609,575	3,927,697	4,258,004	4,939,064
26,692	50,426	45,712	112,842	118,274	30,209
55,543	37,520	150,165	126,260	82,577	326,389
(308,216)	(392,000)	(408,768)	(924,000)	(590,000)	(644,472)
-	-	-	-	-	-
10,218,047	11,397,148	12,107,851	12,428,851	13,889,412	14,756,791
					(continued)

CITY OF UNIVERSAL CITY, TEXAS

CHANGE IN NET POSITION

**Last 10 fiscal years
(Modified accrual basis of accounting)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental revenues and other				
Changes in net position (continued):				
Business-type activities:				
Interest and investment earnings	\$ 3,214	\$ 2,537	\$ 1,506	\$ 2,578
Miscellaneous	-	26,103	-	-
Transfer	-	-	18,345	170,000
Total business-type activities	<u>3,214</u>	<u>28,640</u>	<u>19,851</u>	<u>172,578</u>
Total primary government	<u>\$ 8,759,456</u>	<u>\$ 9,992,392</u>	<u>\$ 9,033,674</u>	<u>\$ 9,891,373</u>
Changes in net position:				
Governmental activities	\$ 1,208,355	\$ 1,672,648	\$ 2,585,913	\$ 1,491,758
Business-type activities	<u>1,033,920</u>	<u>1,590,401</u>	<u>1,380,933</u>	<u>1,642,061</u>
Total primary government	<u>\$ 2,242,275</u>	<u>\$ 3,263,049</u>	<u>\$ 3,966,846</u>	<u>\$ 3,133,819</u>

TABLE 2

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 11,014	\$ 19,196	\$ 15,538	\$ 12,640	\$ 46,395	\$ 16,034
-	-	-	-	-	-
<u>308,216</u>	<u>392,000</u>	<u>408,768</u>	<u>924,000</u>	<u>590,000</u>	<u>644,472</u>
<u>319,230</u>	<u>411,196</u>	<u>424,306</u>	<u>936,640</u>	<u>636,395</u>	<u>660,506</u>
<u>\$ 10,537,277</u>	<u>\$ 11,808,344</u>	<u>\$ 12,532,157</u>	<u>\$ 13,365,491</u>	<u>\$ 14,525,807</u>	<u>\$ 15,417,297</u>
\$ 703,793	\$ 1,208,214	\$ 1,021,056	\$ 962,426	\$ 3,328,279	\$ 5,316,556
<u>1,663,812</u>	<u>2,214,074</u>	<u>2,633,277</u>	<u>2,330,094</u>	<u>3,413,494</u>	<u>3,911,408</u>
<u>\$ 2,367,605</u>	<u>\$ 3,422,288</u>	<u>\$ 3,654,333</u>	<u>\$ 3,292,520</u>	<u>\$ 6,741,773</u>	<u>\$ 9,227,964</u>

CITY OF UNIVERSAL CITY, TEXAS

FUND BALANCES - GOVERNMENTAL FUNDS

**Last 10 fiscal years
(Modified accrual basis of accounting)**

	YEAR			
	2012	2013	2014	2015
General fund:				
Nonspendable:				
Inventory	\$ 2,547	\$ 2,546	\$ 1,500	\$ 1,146
Restricted:				
PEG funds	-	99,917	149,728	202,421
Public safety	31,082	39,597	44,983	44,982
Fire	-	-	-	-
Library improvements	12,812	12,472	13,434	22,725
Hotel/motel	292,364	229,872	234,680	325,328
Parks	29,333	29,333	29,333	29,678
Child safety	-	-	-	-
Blue Santa	-	-	-	-
Animal shelter	20,064	26,697	36,987	5,563
Court technology	160,338	172,821	160,788	158,366
Court security	142,859	170,982	148,605	166,392
Northlake roads	150,000	150,000	150,000	150,000
Veterans park	16,930	35,181	27,565	34,089
Dog park	114	626	3,401	3,401
Animal shelter memorial	-	2,876	3,391	3,636
Committed:				
CPS	-	819,309	808,395	808,395
CPS 1%	-	-	-	-
Assigned:				
Capital projects	860,857	837,000	383,516	580,108
Unassigned	<u>8,642,869</u>	<u>9,767,682</u>	<u>10,119,660</u>	<u>10,723,804</u>
Total general fund	<u>\$ 10,362,169</u>	<u>\$ 12,396,911</u>	<u>\$ 12,315,966</u>	<u>\$ 13,260,034</u>
All other governmental funds:				
Restricted:				
Debt service	\$ 1,760,421	\$ 2,162,892	\$ 1,878,366	\$ 2,043,374
Capital projects	<u>708,435</u>	<u>1,711,036</u>	<u>3,754,830</u>	<u>3,224,468</u>
Total all other governmental funds	<u>\$ 2,468,856</u>	<u>\$ 3,873,928</u>	<u>\$ 5,633,196</u>	<u>\$ 5,267,842</u>

TABLE 3

YEAR						
2016	2017	2018	2019	2020	2021	
\$ 1,077	\$ 910	\$ 1,588	\$ 1,251	\$ 1,371	\$ 1,371	
255,000	302,613	346,699	364,256	404,940	353,999	
45,221	49,936	54,147	54,147	54,972	54,972	
-	100	250	300	300	300	
73,133	310	2,823	10,122	15,383	11,474	
428,280	388,771	220,235	321,145	413,916	511,065	
36,398	36,398	-	-	101,950	209,380	
-	-	21,673	46,104	69,947	91,882	
-	-	100	100	100	100	
19,074	34,543	37,974	54,273	59,699	67,935	
167,791	116,538	120,342	126,806	128,483	153,251	
158,425	183,052	202,750	225,644	183,442	205,291	
150,000	150,000	150,000	150,000	150,000	150,000	
46,138	51,401	78,461	80,898	14,276	14,642	
3,401	3,401	3,401	3,421	3,421	3,421	
3,636	3,436	3,681	3,681	3,681	3,681	
800,169	450,169	401,263	341,868	341,868	341,868	
-	-	107,161	207,837	388,715	479,870	
611,306	751,614	810,942	710,065	670,082	670,082	
<u>11,074,969</u>	<u>11,489,568</u>	<u>10,897,201</u>	<u>12,287,650</u>	<u>12,608,243</u>	<u>14,411,455</u>	
<u>\$ 13,874,018</u>	<u>\$ 14,012,760</u>	<u>\$ 13,460,691</u>	<u>\$ 14,989,568</u>	<u>\$ 15,614,789</u>	<u>\$ 17,736,039</u>	
\$ 2,191,636	\$ 2,406,231	\$ 2,206,297	\$ 2,032,723	\$ 2,295,473	\$ 1,079,615	
<u>6,005,836</u>	<u>4,731,071</u>	<u>3,957,284</u>	<u>5,389,002</u>	<u>3,442,746</u>	<u>3,087,451</u>	
<u>\$ 8,197,472</u>	<u>\$ 7,137,302</u>	<u>\$ 6,163,581</u>	<u>\$ 7,421,725</u>	<u>\$ 5,738,219</u>	<u>\$ 4,167,066</u>	

CITY OF UNIVERSAL CITY, TEXAS

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

**Last 10 fiscal years
(Modified accrual basis of accounting)**

	YEAR			
	2012	2013	2014	2015
Revenues:				
Taxes	\$ 8,562,021	\$ 8,819,812	\$ 9,033,533	\$ 9,700,718
Licenses and permits	887,811	1,014,037	1,024,491	1,124,459
Intergovernmental	348,891	306,904	2,111,421	667,046
Contributions from component unit	165,322	178,910	177,773	182,475
Fines and forfeitures	1,092,899	1,280,330	1,264,219	1,111,871
Interest	6,864	13,743	9,867	14,002
Miscellaneous	124,786	1,469,602	198,167	104,776
Total revenues	<u>11,188,594</u>	<u>13,083,338</u>	<u>13,819,471</u>	<u>12,905,347</u>
Expenditures:				
Administrative	1,158,650	1,256,723	1,306,935	1,389,542
Planning and development	295,524	303,930	379,625	376,955
Finance	273,690	286,901	313,102	323,246
Municipal court	220,683	240,611	238,533	223,739
General services division	822,619	909,564	930,004	959,004
Police	2,759,633	2,903,403	3,018,370	3,042,100
Fire	1,813,621	1,882,496	1,944,192	2,032,884
Library	217,332	231,302	202,572	167,681
Vehicle and equipment maintenance	133,735	148,098	153,535	146,683
Animal shelter	289,993	281,216	295,137	321,805
Parks and recreation	215,292	254,699	276,809	284,152
Golf course	144,487	2,335	-	26,049
Promotion and development	619	43,291	6,404	-
Capital outlay	3,510,527	619,875	4,708,134	1,308,826
Debt service				
Principal	936,077	936,644	1,006,000	933,000
Interest and fiscal charges	598,572	557,608	626,428	705,554
Total expenditures	<u>13,391,054</u>	<u>10,858,696</u>	<u>15,405,780</u>	<u>12,241,220</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,202,460)</u>	<u>2,224,642</u>	<u>(1,586,309)</u>	<u>664,127</u>
Other financing sources (uses)				
Transfers in	708,594	173,711	1,480,360	96,634
Transfers out	(708,594)	(199,814)	(1,498,705)	(266,634)
Premium on bonds	-	46,275	192,977	359,192
Bond issue proceeds	1,200,000	1,195,000	3,090,000	3,015,000
Payment to escrow agent	(1,170,500)	-	-	(3,289,605)
Capital lease	-	-	-	-
Total other financing sources (uses)	<u>29,500</u>	<u>1,215,172</u>	<u>3,264,632</u>	<u>(85,413)</u>
Net change in fund balances	<u>\$ (2,172,960)</u>	<u>\$ 3,439,814</u>	<u>\$ 1,678,323</u>	<u>\$ 578,714</u>
Debt service as a percentage of noncapital expenditures	15.53%	14.59%	15.26%	14.99%

TABLE 4

		YEAR									
		2016	2017	2018	2019	2020	2021				
\$	10,468,485	\$	11,656,988	\$	12,461,442	\$	13,346,041	\$	14,486,094	\$	15,250,516
	1,118,237		1,318,050		1,279,233		1,377,252		1,069,933		1,410,596
	254,392		361,335		258,977		301,019		2,629,865		2,513,656
	192,922		204,864		208,364		242,162		160,474		160,000
	1,195,077		1,239,055		1,338,395		1,306,731		1,201,187		1,156,821
	26,692		50,426		45,712		112,842		118,274		30,209
	235,512		162,492		276,780		235,538		313,433		485,979
	<u>13,491,317</u>		<u>14,993,210</u>		<u>15,868,903</u>		<u>16,921,585</u>		<u>19,979,260</u>		<u>21,007,777</u>
	1,536,649		1,646,764		2,181,120		1,782,275		2,085,335		1,768,319
	428,095		478,528		540,359		586,080		878,972		712,745
	345,736		370,458		373,239		469,993		472,934		518,278
	246,135		268,605		259,502		238,876		378,424		306,423
	969,370		999,705		1,139,854		1,161,720		1,194,275		1,245,127
	3,240,082		3,380,890		3,553,370		3,666,982		3,898,188		3,620,349
	2,092,176		2,233,987		2,321,318		2,440,880		2,461,686		2,494,575
	170,621		259,931		279,003		298,716		339,562		321,419
	165,283		157,693		176,400		189,744		193,544		219,750
	355,239		414,345		430,304		435,956		462,223		567,099
	300,413		393,589		431,578		542,439		838,064		535,876
	46,915		-		-		32,321		87,568		-
	-		3,923		121,444		1,970		-		-
	3,346,191		3,576,807		3,237,811		4,197,100		4,461,724		3,981,639
	981,082		1,237,780		1,324,840		1,371,889		1,563,557		1,604,070
	<u>653,673</u>		<u>646,331</u>		<u>615,783</u>		<u>737,810</u>		<u>1,142,486</u>		<u>615,680</u>
	<u>14,877,660</u>		<u>16,069,336</u>		<u>16,985,925</u>		<u>18,154,751</u>		<u>20,458,542</u>		<u>18,511,349</u>
	<u>(1,386,343)</u>		<u>(1,076,126)</u>		<u>(1,117,022)</u>		<u>(1,233,166)</u>		<u>(479,282)</u>		<u>2,496,428</u>
	632,506		917,220		1,510,571		270,448		1,093,429		917,220
	(940,722)		(1,561,692)		(1,919,339)		(1,194,448)		(1,683,429)		(1,561,692)
	172,606		841,746		-		783,153		-		-
	4,935,000		-		-		7,705,000		-		-
	-		(1,233,746)		-		(3,532,966)		-		-
	<u>130,567</u>		<u>546,698</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>
	<u>4,929,957</u>		<u>(489,774)</u>		<u>(408,768)</u>		<u>4,031,187</u>		<u>(590,000)</u>		<u>(644,472)</u>
\$	<u>3,543,614</u>	\$	<u>(1,565,900)</u>	\$	<u>(1,525,790)</u>	\$	<u>2,798,021</u>	\$	<u>(1,069,282)</u>	\$	<u>1,851,956</u>
	14.18%		15.08%		14.12%		15.12%		16.92%		15.28%

CITY OF UNIVERSAL CITY, TEXAS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last 10 fiscal years

TABLE 5

<u>Fiscal Year Ended September 30,</u>	<u>Tax Roll</u>	<u>Total Direct Tax Rate</u>	<u>Percentage of Assessed to Estimated Full Value</u>	<u>Total Taxable Assessed Value</u>
2012	2011	0.582981	100%	\$ 902,838,734
2013	2012	0.586029	100%	894,920,535
2014	2013	0.564043	100%	930,716,777
2015	2014	0.560492	100%	994,173,349
2016	2015	0.543828	100%	1,101,012,604
2017	2016	0.562804	100%	1,202,521,484
2018	2017	0.561752	100%	1,290,253,549
2019	2018	0.576996	100%	1,360,690,742
2020	2019	0.601444	100%	1,450,192,073
2021	2020	0.585062	100%	1,505,808,896

Note: Property in the City of Universal City is reassessed every year at estimated actual value. For this reason, assessed value is equal to estimated actual value. Tax rates are per \$100 of assessed value.

CITY OF UNIVERSAL CITY, TEXAS

DIRECT AND OVERLAPPING PROPERTY RATES

Last 10 fiscal years

TABLE 6

Fiscal Year	City Direct Rates	Overlapping Rates					Total
		Schertz-Cibolo Universal City ISD	Judson Independent School District	Bexar County	Alamo Community College District	San Antonio River Authority	
2012	0.5829810	1.4350000	1.4300000	0.2961870	0.1416230	0.0173700	3.8857910
2013	0.5860290	1.4350000	1.4250000	0.2961870	0.1491500	0.0177980	3.9091640
2014	0.5640430	1.4900000	1.4250000	0.2961870	0.1491500	0.0177980	3.9421780
2015	0.5604492	1.4900000	1.4250000	0.2838210	0.1491500	0.0175000	3.9259202
2016	0.5438280	1.4900000	1.4200000	0.2975000	0.1491500	0.0172900	3.9177680
2017	0.5628040	1.4900000	1.4700000	0.2932500	0.1491500	0.0172900	3.9824940
2018	0.5617520	1.4900000	1.4250000	0.2912290	0.1491500	0.0172900	3.9344210
2019	0.5769960	1.4900000	1.4400000	0.2774290	0.1491500	0.0185800	3.9521550
2020	0.6014440	1.4200000	1.3584000	0.2774290	0.1491500	0.0185800	3.8250030
2021	0.5850620	1.4200000	1.3584000	0.2774290	0.1491500	0.0185800	3.8086210

CITY OF UNIVERSAL CITY, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

September 30, 2021

TABLE 7

<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percent of Assessed Value</u>
Int Grove, LLC	\$ 31,200,000	1	2.07%
12900 East Loop1604 North LP	27,300,000	2	1.81
Wal Mart Stores Inc., #2404	23,190,570	3	1.54
INT Sunrise Canyon LLC	22,000,000	4	1.46
Frontline Sable Ridge, LP	21,500,000	5	1.43
HEB Grocery Company, LP	19,437,540	6	1.29
Peppermill Apartments, LP	16,700,000	7	1.11
CHC Palisades Park, LLC	16,657,880	8	1.11
Booker Triangle, LLC	11,108,450	9	0.74
Forum Crossing, LLC	9,644,870	10	0.64

CITY OF UNIVERSAL CITY, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS

Last 10 fiscal years

TABLE 8

Fiscal Year Ended September 30,	Tax Roll Year	Tax Levied for the Fiscal Year	Current Tax Collections and Adjustments		Delinquent Tax Collections and Adjustments	Total Collections and Adjustments	
			Amount	Percent		Amount	Percent
2012	2011	\$ 5,265,454	\$ 5,215,686	99.05%	\$ 33,079	\$ 5,248,765	99.68%
2013	2012	5,223,553	5,172,819	99.03	34,328	5,207,147	99.69
2014	2013	5,251,504	5,200,386	99.03	15,487	5,215,873	99.32
2015	2014	5,574,016	5,509,281	98.84	14,863	5,524,144	99.11
2016	2015	5,989,772	5,921,439	98.86	29,330	5,950,769	99.35
2017	2016	6,770,432	6,756,980	99.80	9,458	6,766,438	99.94
2018	2017	7,208,257	7,148,198	99.17	(45,185)	7,103,013	99.54
2019	2018	7,853,794	7,658,488	97.51	5,785	7,664,273	97.59
2020	2019	8,724,422	8,633,875	98.96	13,996	8,647,871	99.12
2021	2020	8,994,967	8,920,572	99.17	N/A	8,920,572	99.17

CITY OF UNIVERSAL CITY, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last 10 fiscal years

TABLE 9

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Tax Notes	Capital Leases	Certificates of Obligation	Revenue Bonds	Certificates of Obligation	Tax Notes	Capital Leases	Notes Payable				
2012	\$ 13,518,000	\$ 430,000	\$ 2,644	\$ -	\$ 9,070,000	\$ -	\$ 390,000	\$ 160,344	\$ -	\$ 23,570,988	4.93%	\$1,267	
2013	13,989,000	220,000	-	-	8,485,000	-	200,000	102,394	-	22,996,394	4.49	1,201	
2014	13,203,000	-	-	3,090,000	7,885,000	-	-	60,972	640,102	24,879,074	4.82	1,284	
2015	12,345,000	-	-	2,975,000	7,260,000	2,830,000	-	247,871	498,673	26,156,544	5.03	1,316	
2016	16,431,000	-	118,485	2,855,000	6,625,000	2,765,000	-	367,601	361,385	29,523,471	5.11	1,477	
2017	15,350,000	-	628,403	2,735,000	5,970,000	5,635,000	-	244,653	219,740	30,782,796	4.84	1,467	
2018	14,224,000	-	554,563	2,610,000	5,300,000	5,435,000	-	189,171	69,606	28,382,340	4.36	1,342	
2019	17,244,000	-	477,674	2,485,000	4,605,000	5,210,000	-	214,389	-	30,236,063	4.88	1,456	
2020	15,475,000	-	398,117	2,360,000	3,700,000	4,980,000	-	553,628	-	27,466,745	4.94	1,448	
2021	14,069,000	-	330,047	2,230,000	2,935,000	4,740,000	-	610,742	-	24,914,789	4.27	1,263	

Notes: a. Details regarding the City's outstanding debt can be found in note 6 in the financial statements.

b. See Table 13 for personal income and population data for the City. These ratios are calculated using personal income and population for the year.

CITY OF UNIVERSAL CITY TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2021

TABLE 10

	<u>Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>City's Share of Debt 2021</u>
Alamo Community College District	\$ 437,330,000	0.83%	\$ 3,629,839
Bexar County	1,860,590,000	0.83%	15,442,897
Bexar County Hospital District	840,300,000	0.83%	6,974,490
Judson Independent School District	609,179,223	10.78%	65,669,520
Schertz-Cibolo-Universal City Independent School District	406,571,092	3.93%	<u>15,978,244</u>
Subtotal overlapping debt			107,694,990
Direct debt - City of Universal City			<u>21,039,000</u>
Total overlapping and direct debt			<u><u>\$ 128,733,990</u></u>

Source of data – compiled by Municipal Advisory Council of Texas, September 30, 2021

CITY OF UNIVERSAL CITY, TEXAS

DEBT MARGIN INFORMATION

Last 10 fiscal years

TABLE 11

Assessed valuation, 2020 Tax Roll	<u>\$1,505,808,896</u>
Debt limit – Texas statutes do not provide a legal debt limit for cities; however, through accepted practice a practical “economic” debt limit is considered to be 10% of the assessed value	\$150,580,889
Amount of applicable debt:	
Bonded debt – general obligation bonds	\$ 21,039,000
Less net assets in debt service fund	<u>(3,411,195)</u>
	<u>17,627,805</u>
Debt margin	<u>\$ 132,953,084</u>

	FISCAL YEAR				
	2012	2013	2014	2015	2016
Assessed value	<u>\$ 902,838,734</u>	<u>\$ 894,920,535</u>	<u>\$ 930,716,777</u>	<u>\$ 994,173,349</u>	<u>\$ 1,101,012,604</u>
Debt limit	\$ 90,283,873	\$ 89,492,054	\$ 93,071,678	\$ 99,417,335	\$ 110,101,260
Total net debt	<u>11,757,579</u>	<u>11,826,108</u>	<u>14,414,634</u>	<u>16,106,626</u>	<u>19,859,364</u>
Debt margin	<u>\$ 78,526,294</u>	<u>\$ 77,665,946</u>	<u>\$ 78,657,044</u>	<u>\$ 83,310,709</u>	<u>\$ 90,241,896</u>
Total net debt as a percentage of debt margin	14.97%	15.23%	18.33%	19.33%	22.01%

	FISCAL YEAR				
	2017	2018	2019	2020	2021
Assessed value	<u>\$ 1,202,521,484</u>	<u>\$ 1,290,253,549</u>	<u>\$ 1,360,690,742</u>	<u>\$ 1,450,192,073</u>	<u>\$ 1,505,808,896</u>
Debt limit	\$ 120,252,148	\$ 129,025,355	\$ 136,069,074	\$ 145,019,207	\$ 150,580,889
Total net debt	<u>21,313,769</u>	<u>20,062,703</u>	<u>22,906,277</u>	<u>20,519,527</u>	<u>17,627,805</u>
Debt margin	<u>\$ 98,938,379</u>	<u>\$ 108,962,652</u>	<u>\$ 113,162,797</u>	<u>\$ 124,499,680</u>	<u>\$ 132,953,084</u>
Total net debt as a percentage of debt margin	21.54%	18.41%	20.24%	20.24%	16.48%

CITY OF UNIVERSAL CITY, TEXAS

PLEDGED REVENUE COVERAGE

Last 10 fiscal years

TABLE 12

Year Ended September 30,	Water Revenue Bonds					Coverage
	Utility Services Charges	Less Operating Expense*	Net Available	Annual Average Requirements Revenue Bonds		
2012	\$ 5,789,027	\$ 4,097,051	\$ 1,691,976	\$ 625,038	2.71	
2013	5,919,920	4,280,985	1,638,935	623,695	2.63	
2014	6,529,171	4,643,554	1,885,617	595,019	3.17	
2015	6,869,755	4,484,302	2,385,453	605,851	3.94	
2016	7,226,060	4,804,274	2,421,786	636,833	3.80	
2017	7,566,943	4,814,566	2,752,377	750,777	3.67	
2018	8,274,631	5,270,561	3,004,070	721,353	4.16	
2019	8,590,246	5,632,231	2,958,015	729,080	4.06	
2020	9,114,381	5,450,198	3,664,183	697,175	5.26	
2021	9,832,580	5,929,448	3,903,132	575,226	6.78	

*Excluding depreciation/amortization/bond interest and fees

CITY OF UNIVERSAL CITY, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last 10 fiscal years

TABLE 13

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Personal Capita Personal Income</u>	<u>Median Age</u>	<u>Education Level in Years of Schooling</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2012	18,601	\$ 478,361,917	\$ 25,717	34.60	13-16	*	5.90%
2013	19,155	511,898,220	26,724	34.60	13-16	*	6.70
2014	19,372	516,128,196	26,643	34.60	13-16	*	4.50
2015	19,880	520,378,880	26,176	34.60	13-16	*	3.60
2016	19,986	578,194,980	28,930	35.00	13-16	*	3.90
2017	20,989	636,000,000	30,301	35.00	13-16	*	3.20
2018	21,144	650,283,720	30,755	35.60	13-16	*	3.10
2019	20,773	620,011,731	29,847	36.00	13-16	*	4.00
2020	18,967	556,529,714	29,342	36.00	13-16	*	10.00
2021	19,720	583,810,600	29,605	36.90	13-16	*	4.50

Source: Census Bureau and Workforce Solutions – Alamo (unemployment rate)

* Information is not currently available

CITY OF UNIVERSAL CITY, TEXAS

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

Last 10 fiscal years

TABLE 14

	Full Time Equivalent Employees as of September 30,									
Function:	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Manager:										
Management	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0
Finance	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0
Planning	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Building	2.5	2.5	4.0	4.0	4.0	4.0	4.0	4.0	5.0	7.0
Court	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Police:										
Officers	29.0	29.0	29.0	30.0	30.0	31.0	31.0	32.0	32.0	32.0
Civilians	10.5	10.5	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Fire:										
Firefighters/Officers	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	21.0
Civilians	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Public Works:										
Parks and recreation	6.0	6.0	6.0	6.0	6.0	4.0	4.0	4.0	4.0	4.0
General streets	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	12.0
Water	9.0	9.0	10.0	12.0	12.0	11.0	11.0	11.0	11.0	12.0
Sewage	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Administration	6.0	6.0	6.0	6.0	6.0	5.0	5.0	5.0	6.0	5.0
Equipment maintenance	2.0	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Animal control	5.0	5.0	5.0	5.0	5.0	5.5	5.5	5.5	5.5	5.5
Library	3.1	3.1	3.1	3.1	3.1	3.0	3.0	3.6	3.5	3.5
Golf Course	<u>22.3</u>	<u>22.3</u>	<u>23.5</u>	<u>23.5</u>	<u>23.5</u>	<u>23.5</u>	<u>23.5</u>	<u>24.0</u>	<u>25.0</u>	<u>25.0</u>
Totals	<u>140.38</u>	<u>140.88</u>	<u>145.13</u>	<u>148.13</u>	<u>148.13</u>	<u>145.50</u>	<u>146.50</u>	<u>148.60</u>	<u>151.50</u>	<u>154.50</u>

CITY OF UNIVERSAL CITY, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last 10 fiscal years

<u>Function / Program</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Police:				
Citations	5,177	4,902	8,780	6,256
Warnings	2,870	3,483	7,087	4,154
Calls for service	23,383	20,129	38,162	33,828
Arrests	979	2,161	1,806	1,619
Fire:				
Fire/miscellaneous calls	798	529	863	576
EMS calls	1915	1551	1259	1552
Inspections	155	93	189	106
Complaints	-	-	-	-
Library:				
Volumes in collection	23,786	24,798	25,786	25,623
Total volumes borrowed	16,097	14,876	35,019	36,065
General services (in man hours):				
Street maintenance	2,477	1,457	1,899	1,019
Street sweeping	348	332	512	467
Alley maintenance	591	704	614	316
ROW maintenance	2,512	2,274	1,937	1,165
Signage	790	998	1,028	1,326
Brush chipping	138	349	843	544
Crack sealing	512	352	-	600
Concrete work	1,482	1,524	440	485
Drain maintenance	1,081	1,463	497	367
Easement maintenance	554	480	730	16
Park maintenance	10,778	11,614	7,735	5,774
Pat Booker road maintenance	-	-	-	-
Special events	873	2,399	1,703	2,189
Janitorial	3,436	3,914	3,980	2,365
Splash pad construction	-	-	2,436	-
Water:				
Total consumption				
(thousand of gallons)	839,065	823,743	817,054	834,473
Daily average	2,298,808	2,256,830	2,238,504	2,286,227
Maximum daily demand				
(thousands of gallons)	4,855	4,293	4,102	4,561
Total customers	6,408	6,271	6,190	6,110
Average use per connection	130,940	131,358	131,996	136,574

TABLE 15

2017	2016	2015	2014	2013	2012
11,208	12,174	9,154	11,610	9,416	9,385
5,483	4,602	4,000	4,738	4,484	4,403
42,673	41,497	36,179	36,991	39,276	37,812
1,978	1,874	1,168	1,848	2,361	1,827
510	443	463	413	409	349
1,538	1,499	1,434	1,367	1,411	1331
200	1,186	1,189	1,197	1,275	1363
-	-	-	-	-	-
24,232	22,841	22,931	26,951	25,888	25,445
30,620	12,041	10,551	31,145	36,021	33,160
1,991	1,990	2,185	3,521	3,526	2,712
416	1,200	1,140	1,021	1,135	1,378
-	192	304	114	344	562
908	2,100	1,595	1,462	1,863	1,689
200	288	1,150	777	541	562
624	1,080	795	1,200	835	878
-	600	248	194	638	212
96	420	1,671	824	1,472	1,042
408	960	687	1,506	1,185	1,358
381	360	722	-	160	-
5,597	1,200	9,127	10,008	8,234	8,578
-	200	-	-	-	158
672	2,200	1,833	1,980	1,101	-
3,314	4,400	4,076	1,504	-	-
-	-	-	-	-	-
759,777	800,262	740,012	706,840	715,488	892,343
2,081,580	2,192,556	2,027,430	2,357,194	1,960,240	2,444,775
3,581	3,817	4,172	3,844	3,468	4,448
6,069	5,984	5,929	5,873	5,854	5,831
125,190	133,734	124,812	120,354	122,222	153,034

CITY OF UNIVERSAL CITY, TEXAS

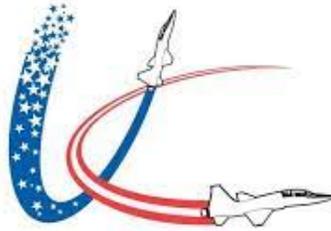
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last 10 fiscal years

TABLE 16

<u>Function / Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	17	17	19	20	20	21	19	19	19	19
Fire:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire vehicles	8	8	8	8	8	9	9	8	10	10
Animal Shelter:										
Control vehicle	2	2	2	2	2	2	2	2	2	2
Parks and Recreation:										
Playgrounds	5	5	5	7	7	5	5	8	8	8
Baseball/softball fields	6	6	6	6	6	6	6	6	6	6
Soccer/football	1	1	1	2	2	1	1	1	2	2
Golf course	1	1	1	1	1	1	1	1	1	1
Disc golf	1	1	1	1	1	1	1	1	1	1
Dog park	1	1	1	1	1	1	1	1	1	1
Pavilions	-	-	2	2	2	2	2	4	2	10
Clubhouse	-	-	1	1	1	1	1	1	1	1
Splash pad	-	-	-	-	-	-	-	1	1	1
Public Works:										
Streets	73	73	73	75	77	75	75	75	77	77
Traffic signals	3	3	3	3	3	4	4	4	4	4
Water:										
Storage units	7	7	7	7	7	7	7	7	12	12

COMPLIANCE SECTION



UNIVERSAL CITY
Gateway to Randolph AFB Est. 1960

**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 the City Council
City of Universal City, Texas

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Universal City, Texas (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated August 2, 2022.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's 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*.

City of Universal City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

ABIP, PC

San Antonio, Texas
August 2, 2022

**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 the City Council
City of Universal City, Texas

Report on Compliance for Each Major Federal Program

We have audited the City of Universal City, Texas (the City's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City 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, 2021.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

ABIP, PC

San Antonio, Texas
August 2, 2022

CITY OF UNIVERSAL CITY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended September 30, 2021

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	FEDERAL ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	EXPENDITURES INDIRECT COSTS OR AWARD AMOUNT	PASS-THROUGH EXPENDITURES
<u>U.S. Department of Housing and Urban Development</u>				
Passed Through Bexar County:				
Community Development Block Grant	14.218	B-13-UFC 480500	\$ 220,838	\$ -
Total U.S. Department of Housing and Urban Development			<u>220,838</u>	<u>-</u>
<u>U.S. Department of Treasury</u>				
Passed Through Bexar County:				
Coronavirus Relief Fund	21.019	093736130	71,596	-
Total U.S. Department of Treasury			<u>71,596</u>	<u>-</u>
<u>U.S. Department of Transportation</u>				
Passed Through Texas Department of Transportation:				
Highway Planning and Construction	20.205	CSJ #0915-12-578	2,664,941	-
Total U.S. Department of Transportation			<u>2,664,941</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>2,957,375</u>	\$ <u>-</u>

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended September 30, 2021

(1) Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Universal City, Texas (the City), and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance.

(2) Summary of significant accounting policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

(3) Indirect cost rate

The City has not elected to use the 10% de minimis indirect cost rate.

CITY OF UNIVERSAL CITY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended September 30, 2021

Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

Material weakness(es) identified? Yes

Significant deficiency(ies) identified? No

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(s)

#20.205 - Highway Planning and Construction

Dollar threshold used to distinguish between Type A
and Type B programs \$750,000

Auditee qualified as low-risk auditee? No

CITY OF UNIVERSAL CITY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended September 30, 2021

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

Finding 2021-001 – Segregation of Duties - Cash

Type of Finding – Material Weakness

Condition: During our review of internal controls over cash it was noted one individual has access to the vendor master file (can add and edit), has access to the check stock, controls the special printer to print checks, can print checks, receives the monthly bank statements, prepares the bank reconciliations, and can post entries to the general ledger without the entries being reviewed. Some of these duties are incompatible.

Cause: Poorly designed segregation of duties over cash.

Criteria: Good internal control procedures over cash would dictate a more defined segregation of duties.

Effect: Material misstatement of cash accounts due to error or misappropriation of cash might not be detected by management.

Recommendation: We recommend the City develop policies and procedures that segregate these duties from one individual to include proper reviews and approvals. Separating these duties will improve internal controls over cash and reduce the possibilities of errors and irregularities. This would include identifying the accounting duties each individual performs and reassigning incompatible duties or creating a review process over these incompatible duties.

Management's Response:

The following changes have been made to ensure proper segregation of duties within the Finance Department. The accounts payable (AP) access for Shana Palos has been limited to the ability to print checks only. Kristi Canales, Utility Clerk, is now responsible for setting up vendors through the vendor master file. Kristi Canales has no other access to the AP process. Mateo Garcia, Finance Manager, enters invoices approved to pay by department heads, and Shana Palos will print checks when ready to be printed. Check stock is locked in the office of Jessica Moore, Director of Finance, and are issued when checks are ready to be printed. Jessica Moore receives and downloads bank statements and Mateo Garcia completes bank reconciliations.

Finding 2021-002 – Bank Reconciliations

Type of Finding – Material Weakness

Condition: Bank accounts for the general fund operating and savings accounts, the water fund operating account, and the golf fund operating account were not properly reconciled to the general ledger. Several errors on the reconciliations affected the stated balance at 09/30/2021.

Cause: Poorly designed policies and procedures over the bank reconciliation process.

Criteria: Timely preparation of complete and accurate bank reconciliations is key to maintaining adequate control over both cash receipts and cash disbursements.

Effect: Monthly reporting may not be accurate to monitor operations and to assist in decision making.

CITY OF UNIVERSAL CITY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended September 30, 2021

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

Finding 2021-002 – Bank Reconciliations (continued)

Recommendation: We recommend the City develop policies and procedures to reconcile the bank accounts to the general ledger monthly to ensure cash is properly stated. A review of this function should be performed and documented. The review would include tracing all reconciling items to supporting documents. If considered necessary, the individuals who prepare and review the reconciliations should be given additional training and instruction on how to prepare them accurately and completely.

Management's Response:

Bank reconciliations are completed by Mateo Garcia, Finance Manager. Prior to posting bank reconciliations, Mateo Garcia will verify all transactions and balances tie to the general ledger and Jessica Moore, Finance Director, will approve and post completed reconciliations within Incode. Once monthly reconciliations are completed, the reconciliation for each specific month is locked so no further changes can be made.

Findings and Questioned Costs for Major Federal Award Programs

None

CITY OF UNIVERSAL CITY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended September 30, 2021

None