

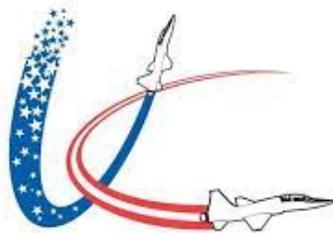
CITY OF UNIVERSAL CITY, TEXAS

ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2022

abip

CPAs | ADVISORS

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



UNIVERSAL CITY
Gateway to Randolph AFB Est. 1960

CITY OF UNIVERSAL CITY, TEXAS

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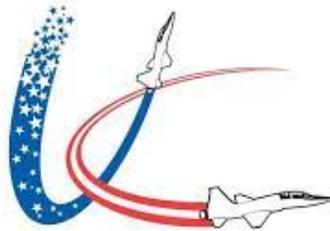
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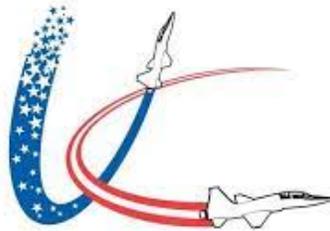
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INTRODUCTORY SECTION



UNIVERSAL CITY
Gateway to Randolph AFB Est. 1950

CITY OF UNIVERSAL CITY, TEXAS

CITY OFFICIALS

For the year ended September 30, 2022

MAYOR

JOHN H. WILLIAMS

MAYOR PRO TEM

RICHARD NEVILLE

CITY COUNCIL

PAUL NAJARIAN

STEVEN BUCK

WILLIAM SHELBY

S. BEAR GOOLSBY

PHIL VAUGHAN

CITY MANAGER

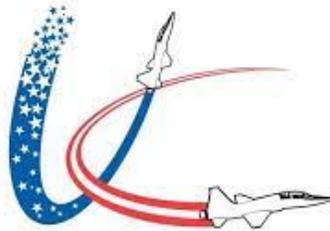
KIM TURNER

ATTORNEY

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

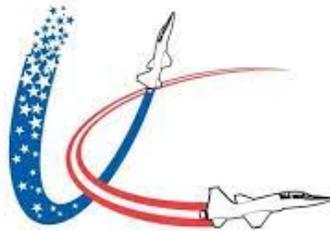
AUDITOR

ABIP, PC



UNIVERSAL CITY
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FINANCIAL SECTION



UNIVERSAL CITY
Gateway to Randolph AFB Est. 1950

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the 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, 2022 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Governmental Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

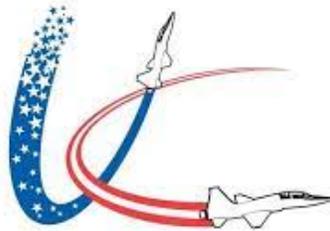
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ABIP, PC

San Antonio, Texas
August 1, 2023



UNIVERSAL CITY Est. 1960
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CITY OF UNIVERSAL CITY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

For the year ended September 30, 2022

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, 2022. 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 \$83,280,275 (net position). Of this amount, \$19,728,938 (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 \$7,777,593.
- ❖ As of the close of the current fiscal year, the City of Universal City's governmental funds reported combined fund balances of \$23,344,673 of which \$14,522,007 is unassigned and available for spending at the City's discretion.
- ❖ The governmental fund balances increased by \$1,441,568. The increase was primarily due to a \$3,120,000 bond issue in the capital projects fund.

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 (business-type activities). 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 27-56 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 liabilities for the City's obligation to provide pension and OPEB benefits to its employees and retirees. Required supplementary information can be found on pages 59-71 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 \$83,280,275.

A portion of the City's net position (70%) 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	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other assets	\$ 29,402,942	\$ 27,402,599	\$ 17,907,575	\$ 14,886,704	\$ 47,310,517	\$ 42,289,303
Capital assets	<u>40,232,726</u>	<u>39,439,325</u>	<u>37,337,249</u>	<u>36,168,485</u>	<u>77,569,975</u>	<u>75,607,810</u>
Total assets	<u>69,635,668</u>	<u>66,841,924</u>	<u>55,244,824</u>	<u>51,055,189</u>	<u>124,880,492</u>	<u>117,897,113</u>
Deferred outflows of resources	<u>1,410,295</u>	<u>1,443,798</u>	<u>396,545</u>	<u>373,503</u>	<u>1,806,840</u>	<u>1,817,301</u>
Liabilities:						
Long-term liabilities	21,753,678	23,595,201	8,469,492	9,843,936	30,223,170	33,439,137
Other liabilities	<u>7,172,467</u>	<u>6,634,660</u>	<u>3,492,496</u>	<u>3,152,339</u>	<u>10,664,963</u>	<u>9,786,999</u>
Total liabilities	<u>28,926,145</u>	<u>30,229,861</u>	<u>11,961,988</u>	<u>12,996,275</u>	<u>40,888,133</u>	<u>43,226,136</u>
Deferred inflows of resources	<u>1,976,457</u>	<u>768,765</u>	<u>542,467</u>	<u>216,831</u>	<u>2,518,924</u>	<u>985,596</u>
Net position:						
Net investment in capital assets	28,575,812	21,732,872	29,645,185	27,612,752	58,220,997	49,345,624
Restricted	2,762,237	5,999,830	2,568,103	2,208,352	5,330,340	8,208,182
Unrestricted	<u>8,805,312</u>	<u>9,554,394</u>	<u>10,923,626</u>	<u>8,394,482</u>	<u>19,728,938</u>	<u>17,948,876</u>
Total net position	<u>\$ 40,143,361</u>	<u>\$ 37,287,096</u>	<u>\$ 43,136,914</u>	<u>\$ 38,215,586</u>	<u>\$ 83,280,275</u>	<u>\$ 75,502,682</u>

An additional portion of the City's net position (6%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position \$19,728,938, may be used to meet the government's ongoing obligation to citizens and creditors.

As of September 30, 2022, 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, 2022. Governmental activities increased the City of Universal City's net position by \$2,856,265, accounting for 37% of the total growth in net position. Business-type activities increased the City's net position by \$4,921,328, accounting for 63% of total growth in net position.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
<u>Program</u>						
Charges for services	\$ 2,729,710	\$ 3,101,047	\$ 13,835,866	\$ 12,598,446	\$ 16,565,576	\$ 15,699,493
Operating grants and contributions	-	75,097	-	20,636	-	95,733
Capital grants and contributions	2,158,292	2,317,264	300,000	333,300	2,458,292	2,650,564
<u>General</u>						
Property taxes	9,548,582	8,832,210	-	-	9,548,582	8,832,210
Franchise taxes	1,502,863	1,273,391	-	-	1,502,863	1,273,391
Sales taxes	4,945,730	4,773,439	-	-	4,945,730	4,773,439
Hotel/motel taxes	97,270	97,149	-	-	97,270	97,149
Mixed drink	76,328	68,476	-	-	76,328	68,476
Interest and investment earnings	246,936	30,209	148,449	16,034	395,385	46,243
Miscellaneous	216,398	326,389	-	-	216,398	326,389
Total revenues	<u>21,522,109</u>	<u>20,894,671</u>	<u>14,284,315</u>	<u>12,968,416</u>	<u>35,806,424</u>	<u>33,863,087</u>
Expenses:						
Administration *	3,447,498	1,811,386	-	-	3,447,498	1,811,386
Planning and development	1,349,480	1,195,563	-	-	1,349,480	1,195,563
Finance	519,013	517,893	-	-	519,013	517,893
Municipal court	296,713	326,723	-	-	296,713	326,723
General services division	1,897,646	1,787,778	-	-	1,897,646	1,787,778
Police	3,988,012	3,695,403	-	-	3,988,012	3,695,403
Fire department	2,982,503	2,727,044	-	-	2,982,503	2,727,044
Library	457,688	497,050	-	-	457,688	497,050
Vehicle and equipment maintenance	250,105	219,849	-	-	250,105	219,849
Animal shelter	587,446	611,489	-	-	587,446	611,489
Parks and recreation	982,579	870,386	-	-	982,579	870,386
Golf course	131,386	116,672	-	-	131,386	116,672
Interest and other fees	603,660	556,407	-	-	603,660	556,407
Water and sewer utility	-	-	7,569,165	6,914,372	7,569,165	6,914,372
Golf course	-	-	2,332,768	2,158,998	2,332,768	2,158,998
Stormwater management	-	-	633,169	628,110	633,169	628,110
Total expenses	<u>17,493,729</u>	<u>14,933,643</u>	<u>10,535,102</u>	<u>9,701,480</u>	<u>28,028,831</u>	<u>24,635,123</u>
Increase in net position before transfers	4,028,380	5,961,028	3,749,213	3,266,936	7,777,593	9,227,964
Transfers	<u>(1,172,115)</u>	<u>(644,472)</u>	<u>1,172,115</u>	<u>644,472</u>	<u>-</u>	<u>-</u>
Change in net position	2,856,265	5,316,556	4,921,328	3,911,408	7,777,593	9,227,964
Net position:						
Net position - beginning	37,287,096	33,272,399	38,215,586	33,002,319	75,502,682	66,274,718
Restatement of net position	-	<u>(1,301,859)</u>	-	<u>1,301,859</u>	-	-
Net position - ending	<u>\$ 40,143,361</u>	<u>\$ 37,287,096</u>	<u>\$ 43,136,914</u>	<u>\$ 38,215,586</u>	<u>\$ 83,280,275</u>	<u>\$ 75,502,682</u>

* The increase in Governmental Activities administrative expenses is related to the American Rescue Plan expenditures of \$1,481,365.

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 \$23,344,673. Approximately 62.2% of this total amount (\$14,522,007) constitutes unassigned fund balance. The remainder of the fund balance is 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 \$1,774,305. Transfers to other funds of \$2,569,903 decreased this to (\$795,598). In the capital projects fund, expenditures exceeded revenues by \$1,497,589. Transfers and bond proceeds increased this to \$2,302,896. In the debt service fund, expenditures exceeded revenues by \$913,615. Net transfers increased this to (\$65,730).

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 in the respective proprietary funds are water and sewer of \$8,927,202, stormwater management of \$437,263 and golf course of \$1,559,161. The funds had changes in net position in 2022 as follows: water and sewer of \$3,145,580, stormwater management of \$374,159, and golf course of \$1,401,589.

General Fund Budgetary Highlights

An annual budget is legally adopted for the general fund. Expenditures were under budget by \$2.9 million mainly due to the American Rescue Plan grant budget not fully expended.

CAPITAL ASSETS

The City of Universal City’s investment in capital assets for its governmental and business type activities as of September 30, 2022, amounts to \$77,569,975 (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	
	2022	2021	2022	2021	2022	2021
Land	\$ 6,976,157	\$ 6,976,157	\$ 332,602	\$ 332,602	\$ 7,308,759	\$ 7,308,759
Building and improvements	7,793,424	8,131,946	1,277,239	1,333,138	9,070,663	9,465,084
Improvements other than buildings	1,705,257	1,810,901	-	-	1,705,257	1,810,901
Utility plant and easements	-	-	25,388,716	24,829,680	25,388,716	24,829,680
Transportation and equipment	1,797,862	1,677,930	1,150,470	1,377,669	2,948,332	3,055,599
Water rights	-	-	8,511,671	8,293,301	8,511,671	8,293,301
Infrastructure	13,414,840	13,699,430	-	-	13,414,840	13,699,430
Construction in progress	8,545,186	7,142,961	676,551	2,095	9,221,737	7,145,056
Totals	<u>\$ 40,232,726</u>	<u>\$ 39,439,325</u>	<u>\$ 37,337,249</u>	<u>\$ 36,168,485</u>	<u>\$ 77,569,975</u>	<u>\$ 75,607,810</u>

Additional information on capital assets can be found in note 5 on pages 38-39.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Universal City had total outstanding debt of \$24,059,836. Of this amount, \$15,809,000 comprises bonded debt backed by the full faith and credit of the government and \$6,960,000 represents bonds secured solely by water and sewer revenues. Notes payables of \$676,303 are capital leases secured by a fire truck, equipment, a street sweeper, golf carts, and golf equipment.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 13,714,000	\$ 14,069,000	\$ -	\$ -	\$ 13,714,000	\$ 14,069,000
Revenue bonds	-	-	6,960,000	7,675,000	6,960,000	7,675,000
Certificates of obligation	2,095,000	2,230,000	-	-	2,095,000	2,230,000
Notes payable	269,354	330,047	406,949	610,742	676,303	940,789
Totals	16,078,354	16,629,047	7,366,949	8,285,742	23,445,303	24,914,789
Compensated absences	458,872	487,793	155,661	147,093	614,533	634,886
Total debt	\$ 16,537,226	\$ 17,116,840	\$ 7,522,610	\$ 8,432,835	\$ 24,059,836	\$ 25,549,675

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 40-41.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Taxable values used for the 2023 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 2023 to incorporate capital expenditures for general services, fire, and police.

New commercial structures were opened in the City during the 2022 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 2022 monthly increases occurring each month over the 2021 figures. Also, new home sales continued at an accelerated pace making way for additional subdivisions to be approved for future construction.

City Council has approved several Planned Unit Developments making way for future construction of mixed-use developments to include multi-family apartments.

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, 2022

	Primary Government			Component Unit
	Governmental Activities	Busines-Type Activities	Total	Universal City Economic Development Corporation
Assets:				
Cash and investments	\$ 26,878,812	\$ 13,214,695	\$ 40,093,507	\$ 4,272,885
Receivables: (net of allowances for uncollectibles)				
Taxes	221,940	-	221,940	-
Accounts	-	1,272,701	1,272,701	-
Other	870,361	-	870,361	-
Due from other governments	853,791	-	853,791	284,597
Due from primary government	-	-	-	299,334
Due from component unit	367,706	-	367,706	-
Internal balances	210,332	(210,332)	-	-
Inventories	-	233,915	233,915	-
Restricted assets:				
Cash	-	3,396,596	3,396,596	-
Capital assets:				
Land	6,976,157	332,602	7,308,759	-
Building and improvements	12,652,046	2,253,028	14,905,074	-
Improvements other than buildings	7,140,795	-	7,140,795	-
Utility plant and easements	-	37,421,336	37,421,336	-
Transportation and equipment	11,050,198	5,160,591	16,210,789	-
Water rights	-	8,511,671	8,511,671	-
Infrastructure	27,632,275	-	27,632,275	-
Construction in progress	8,545,186	676,551	9,221,737	-
Accumulated depreciation	<u>(33,763,931)</u>	<u>(17,018,530)</u>	<u>(50,782,461)</u>	<u>-</u>
 Total assets	 <u>69,635,668</u>	 <u>55,244,824</u>	 <u>124,880,492</u>	 <u>4,856,816</u>
 Deferred outflows of resources:				
Deferred charge on bond refunding	4,362	-	4,362	-
Deferred charge on pension - TMRS	1,332,086	375,716	1,707,802	-
Deferred charge on OPEB - TMRS	<u>73,847</u>	<u>20,829</u>	<u>94,676</u>	<u>-</u>
 Total deferred outflows of resources	 <u>1,410,295</u>	 <u>396,545</u>	 <u>1,806,840</u>	 <u>-</u>
 Total assets and deferred outflows of resources	 <u>\$ 71,045,963</u>	 <u>\$ 55,641,369</u>	 <u>\$ 126,687,332</u>	 <u>\$ 4,856,816</u>

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

CITY OF UNIVERSAL CITY, TEXAS

STATEMENT OF NET POSITION

September 30, 2022

	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	\$ 978,602	\$ 1,313,450	\$ 2,292,052	\$ -
Accrued interest payable	74,535	-	74,535	8,638
Customer deposits	-	960,522	960,522	-
Due to component unit	299,334	-	299,334	-
Due to primary government	-	-	-	367,706
Unearned revenues	3,699,998	112,731	3,812,729	-
Payable from restricted assets:				
Current portion of long-term debt	-	786,775	786,775	-
Accrued interest payable	-	16,711	16,711	-
Noncurrent liabilities:				
Net pension liability	5,705,131	1,609,140	7,314,271	-
OPEB liability - TMRS	360,603	101,709	462,312	-
OPEB liability - Retiree health	301,809	-	301,809	-
Due within one year	2,119,998	302,307	2,422,305	372,000
Due in more than one year	<u>15,386,135</u>	<u>6,758,643</u>	<u>22,144,778</u>	<u>3,435,000</u>
Total liabilities	<u>28,926,145</u>	<u>11,961,988</u>	<u>40,888,133</u>	<u>4,183,344</u>
Deferred inflows of resources:				
Deferred inflow on pension - TMRS	1,891,018	533,364	2,424,382	-
Deferred inflow on OPEB - TMRS	32,275	9,103	41,378	-
Deferred inflow on OPEB - Retiree health	<u>53,164</u>	<u>-</u>	<u>53,164</u>	<u>-</u>
Total deferred inflows of resources	<u>1,976,457</u>	<u>542,467</u>	<u>2,518,924</u>	<u>-</u>
Net position:				
Net investment in capital assets	28,575,812	29,645,185	58,220,997	-
Restricted for:				
Special revenue	1,748,352	-	1,748,352	-
Debt service	1,013,885	-	1,013,885	-
Impact fees	-	2,568,103	2,568,103	-
Unrestricted	<u>8,805,312</u>	<u>10,923,626</u>	<u>19,728,938</u>	<u>673,472</u>
Total net position	<u>40,143,361</u>	<u>43,136,914</u>	<u>83,280,275</u>	<u>673,472</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 71,045,963</u>	<u>\$ 55,641,369</u>	<u>\$ 126,687,332</u>	<u>\$ 4,856,816</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, 2022

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Administration	\$ 3,447,498	\$ 462,121	\$ -	\$ 1,481,365
Planning and development	1,349,480	905,767	-	-
Finance	519,013	-	-	-
Municipal court	296,713	1,163,690	-	-
General services division	1,897,646	-	-	587,504
Police	3,988,012	31,435	-	-
Fire	2,982,503	-	-	1,177
Library	457,688	570	-	8,030
Vehicle and equipment maintenance	250,105	-	-	-
Animal shelter	587,446	16,372	-	32,499
Parks and recreation	982,579	98,777	-	47,717
Golf course	131,386	50,978	-	-
Interest and other fees	603,660	-	-	-
Total government activities	<u>17,493,729</u>	<u>2,729,710</u>	<u>-</u>	<u>2,158,292</u>
Business-type activities:				
Water / sewage utility	7,569,165	10,586,469	-	-
Golf course	2,332,768	2,547,269	-	-
Stormwater management	633,169	702,128	-	300,000
Total business-type activities	<u>10,535,102</u>	<u>13,835,866</u>	<u>-</u>	<u>300,000</u>
Total primary government	<u>\$ 28,028,831</u>	<u>\$ 16,565,576</u>	<u>\$ -</u>	<u>\$ 2,458,292</u>
Component unit:				
Economic Development Corporation	<u>\$ 2,823,459</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

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 Activities	Business-Type Activities	Total	Economic Development Corporation	
\$ (1,504,012)	\$ -	\$ (1,504,012)	\$ -	
(443,713)	-	(443,713)	-	
(519,013)	-	(519,013)	-	
866,977	-	866,977	-	
(1,310,142)	-	(1,310,142)	-	
(3,956,577)	-	(3,956,577)	-	
(2,981,326)	-	(2,981,326)	-	
(449,088)	-	(449,088)	-	
(250,105)	-	(250,105)	-	
(538,575)	-	(538,575)	-	
(836,085)	-	(836,085)	-	
(80,408)	-	(80,408)	-	
(603,660)	-	(603,660)	-	
<u>(12,605,727)</u>	<u>-</u>	<u>(12,605,727)</u>	<u>-</u>	
-	3,017,304	3,017,304	-	
-	214,501	214,501	-	
<u>-</u>	<u>368,959</u>	<u>368,959</u>	<u>-</u>	
<u>-</u>	<u>3,600,764</u>	<u>3,600,764</u>	<u>-</u>	
<u>(12,605,727)</u>	<u>3,600,764</u>	<u>(9,004,963)</u>	<u>-</u>	
			<u>(2,823,459)</u>	
9,548,582	-	9,548,582	-	
1,502,863	-	1,502,863	-	
4,945,730	-	4,945,730	1,661,210	
97,270	-	97,270	-	
76,328	-	76,328	-	
246,936	148,449	395,385	17,135	
216,398	-	216,398	32,512	
<u>(1,172,115)</u>	<u>1,172,115</u>	<u>-</u>	<u>-</u>	
<u>15,461,992</u>	<u>1,320,564</u>	<u>16,782,556</u>	<u>1,710,857</u>	
2,856,265	4,921,328	7,777,593	(1,112,602)	
<u>37,287,096</u>	<u>38,215,586</u>	<u>75,502,682</u>	<u>1,786,074</u>	
<u>\$ 40,143,361</u>	<u>\$ 43,136,914</u>	<u>\$ 83,280,275</u>	<u>\$ 673,472</u>	

CITY OF UNIVERSAL CITY, TEXAS

BALANCE SHEET – GOVERNMENTAL FUNDS

September 30, 2022

	Major Funds			Total Governmental Funds
	General Fund	Capital Projects Fund	Debt Service Fund	
Assets:				
Cash and temporary investments	\$ 20,166,132	\$ 5,736,245	\$ 976,435	\$ 26,878,812
Receivables: (net of allowances for uncollectibles)				
Property taxes, net	172,597	-	49,343	221,940
Accounts	870,361	-	-	870,361
Due from other governments	569,194	-	284,597	853,791
Due from other funds	3,329,479	-	2,871,556	6,201,035
Due from component unit	367,706	-	-	367,706
Inventory	-	-	-	-
Total assets	<u>\$ 25,475,469</u>	<u>\$ 5,736,245</u>	<u>\$ 4,181,931</u>	<u>\$ 35,393,645</u>
Liabilities:				
Accounts payable	\$ 389,951	\$ 345,197	\$ -	\$ 735,148
Accrued expenditures	243,197	-	257	243,454
Due to other funds	2,871,556	701	3,118,446	5,990,703
Due to component unit	299,334	-	-	299,334
Unearned revenues	4,558,393	-	-	4,558,393
Total liabilities	<u>8,362,431</u>	<u>345,898</u>	<u>3,118,703</u>	<u>11,827,032</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	172,597	-	49,343	221,940
Fund balances:				
Restricted:				
PEG funds	404,940	-	-	404,940
Public safety	54,972	-	-	54,972
Fire	300	-	-	300
Library improvements	15,383	-	-	15,383
Hotel / motel	557,758	-	-	557,758
Child safety	69,947	-	-	69,947
Blue Santa	100	-	-	100
Animal shelter	59,699	-	-	59,699
Court technology	128,483	-	-	128,483
Court security	183,442	-	-	183,442
Northlake roads	150,000	-	-	150,000
Park improvements	101,950	-	-	101,950
Veterans park	14,276	-	-	14,276
Dog park	3,421	-	-	3,421
Animal shelter memorial	3,681	-	-	3,681
Debt service	-	-	1,013,885	1,013,885
Capital projects	-	5,390,347	-	5,390,347
Assigned:				
Capital projects	670,082	-	-	670,082
Unassigned	14,522,007	-	-	14,522,007
Total fund balances	<u>16,940,441</u>	<u>5,390,347</u>	<u>1,013,885</u>	<u>23,344,673</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 25,475,469</u>	<u>\$ 5,736,245</u>	<u>\$ 4,181,931</u>	<u>\$ 35,393,645</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, 2022

Total fund balance - total governmental funds	\$ 23,344,673
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.	40,232,726
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	514,173
Accrued vacation leave payable is not due and payable in the current period and, therefore, not reported in the funds.	(458,872)
Long-term liabilities are not due and payable in the current period and, therefore, not reported in the funds:	
Bonds and notes payable	(17,047,261)
Net pension liability	(5,705,131)
OPEB liability - TMRS	(360,603)
OPEB liability - Retiree health	(301,809)
Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the funds.	<u>(74,535)</u>
Total net position of governmental activities	<u>\$ 40,143,361</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, 2022

	Major Funds			Total Governmental Funds
	General Fund	Capital Projects Fund	Debt Service Fund	
Revenues:				
Taxes	\$ 13,095,509	\$ -	\$ 3,287,874	\$ 16,383,383
Licenses and permits	1,170,445	-	-	1,170,445
Intergovernmental	1,734,410	587,892	-	2,322,302
Contributions from component unit	209,076	-	-	209,076
Fines and forfeitures	947,232	-	-	947,232
Interest	194,910	39,276	12,750	246,936
Miscellaneous	324,158	-	-	324,158
Total revenues	<u>17,675,740</u>	<u>627,168</u>	<u>3,300,624</u>	<u>21,603,532</u>
Expenditures:				
Current:				
Administrative	3,388,877	-	-	3,388,877
Planning and development	857,735	-	-	857,735
Finance	517,047	-	-	517,047
Municipal court	278,454	-	-	278,454
General services division	1,376,915	-	-	1,376,915
Police	3,875,086	-	-	3,875,086
Fire	2,789,374	-	-	2,789,374
Library	333,897	-	-	333,897
Vehicle and equipment maintenance	250,653	-	-	250,653
Animal shelter	540,270	-	-	540,270
Parks and recreation	648,020	-	-	648,020
Capital outlay	1,045,107	1,946,781	-	2,991,888
Debt service:				
Principal	-	60,693	3,610,000	3,670,693
Interest and fiscal charges	-	11,701	521,907	533,608
Bond issuance costs	-	105,582	82,332	187,914
Total expenditures	<u>15,901,435</u>	<u>2,124,757</u>	<u>4,214,239</u>	<u>22,240,431</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,774,305</u>	<u>(1,497,589)</u>	<u>(913,615)</u>	<u>(636,899)</u>
Other financing sources (uses):				
Transfers in	-	549,903	2,020,000	2,569,903
Transfers out	(2,569,903)	-	(1,172,115)	(3,742,018)
Bond issue proceeds	-	3,120,000	-	3,120,000
Bond premium	-	130,582	-	130,582
Total other financing sources (uses)	<u>(2,569,903)</u>	<u>3,800,485</u>	<u>847,885</u>	<u>2,078,467</u>
Net change in fund balances	(795,598)	2,302,896	(65,730)	1,441,568
Fund balances at beginning of year	<u>17,736,039</u>	<u>3,087,451</u>	<u>1,079,615</u>	<u>21,903,105</u>
Fund balances at end of year	<u>\$ 16,940,441</u>	<u>\$ 5,390,347</u>	<u>\$ 1,013,885</u>	<u>\$ 23,344,673</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, 2022

Net change in fund balances - governmental funds	\$ 1,441,568
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.	842,054
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(130,076)
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.	543,993
The change in the liability for net pension and OPEB liabilities does not consume a current financial resource and is therefore not reported as an expenditure in the governmental funds.	135,825
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>22,901</u>
Change in net position of governmental activities	<u><u>\$ 2,856,265</u></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, 2022

	Business-Type Activities - Enterprise Funds			
	Water / Sewer Fund	Golf Course Fund	Stormwater Fund	Total
Current assets:				
Cash and investments	\$ 11,016,814	\$ 1,913,030	\$ 284,851	\$ 13,214,695
Receivables (net of allowances for uncollectibles)				
Accounts	1,190,159	2,958	79,584	1,272,701
Due from other funds	10	3,131,844	412,667	3,544,521
Inventories	189,704	44,211	-	233,915
Cash - restricted	<u>3,396,596</u>	<u>-</u>	<u>-</u>	<u>3,396,596</u>
Total current assets	<u>15,793,283</u>	<u>5,092,043</u>	<u>777,102</u>	<u>21,662,428</u>
Deferred outflows of resources:				
Deferred outflow - TMRS OPEB	11,664	7,707	1,458	20,829
Deferred outflow - TMRS pension	<u>210,401</u>	<u>139,015</u>	<u>26,300</u>	<u>375,716</u>
Total deferred outflows of resources	<u>222,065</u>	<u>146,722</u>	<u>27,758</u>	<u>396,545</u>
Capital assets:				
Land	332,602	-	-	332,602
Building and improvements	2,253,028	-	-	2,253,028
Utility plant and easements	31,488,631	-	5,932,705	37,421,336
Transportation and equipment	2,628,497	1,957,109	574,985	5,160,591
Water rights	8,511,671	-	-	8,511,671
Construction in progress	-	-	676,551	676,551
Accumulated depreciation	<u>(14,534,485)</u>	<u>(1,309,338)</u>	<u>(1,174,707)</u>	<u>(17,018,530)</u>
Capital assets net of accumulated depreciation	<u>30,679,944</u>	<u>647,771</u>	<u>6,009,534</u>	<u>37,337,249</u>
Total assets and deferred outflows of resources	<u>\$ 46,695,292</u>	<u>\$ 5,886,536</u>	<u>\$ 6,814,394</u>	<u>\$ 59,396,222</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, 2022

	Business-Type Activities - Enterprise Funds			
	Water / Sewer Fund	Golf Course Fund	Stormwater Fund	Total
Liabilities and net position:				
Current liabilities:				
Accounts payable	\$ 1,114,726	\$ 42,355	\$ 67,698	\$ 1,224,779
Accrued wages	30,286	54,205	4,180	88,671
Compensated absences/vacation leave	92,426	57,421	5,814	155,661
Due to other funds	1,043,515	2,579,165	132,173	3,754,853
Customer deposits	960,522	-	-	960,522
Unearned revenues	-	112,731	-	112,731
Current portion of notes payable	-	120,365	26,281	146,646
Total current liabilities	3,241,475	2,966,242	236,146	6,443,863
Current liabilities payable from				
Restricted assets:				
Current portion of revenue bonds	786,775	-	-	786,775
Accrued interest payable	16,711	-	-	16,711
Total current liabilities payable from restricted assets	803,486	-	-	803,486
Noncurrent liabilities:				
Net pension liability	901,118	595,382	112,640	1,609,140
OPEB liability	56,957	37,632	7,120	101,709
Notes payable	-	210,282	50,021	260,303
Revenue bonds	6,498,340	-	-	6,498,340
Total noncurrent liabilities	7,456,415	843,296	169,781	8,469,492
Total liabilities	11,501,376	3,809,538	405,927	15,716,841
Deferred inflows of resources:				
Deferred inflow - TMRS pension	298,684	197,345	37,335	533,364
Deferred inflow - TMRS OPEB	5,098	3,368	637	9,103
Total deferred inflows of resources	303,782	200,713	37,972	542,467
Net position:				
Net investment in capital assets	23,394,829	317,124	5,933,232	29,645,185
Restricted - impact fees	2,568,103	-	-	2,568,103
Unrestricted	8,927,202	1,559,161	437,263	10,923,626
Total net position	34,890,134	1,876,285	6,370,495	43,136,914
Total liabilities, deferred inflows of resources and net position	\$ 46,695,292	\$ 5,886,536	\$ 6,814,394	\$ 59,396,222

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, 2022

	Business-Type Activities - Enterprise Funds			Total
	Water / Sewer Fund	Golf Course Fund	Stormwater Fund	
Operating revenues:				
Water revenues	\$ 5,329,386	\$ -	\$ -	\$ 5,329,386
Sewer revenues	4,478,662	-	-	4,478,662
Stormwater revenues	-	-	701,128	701,128
Golf course fees	-	1,679,705	-	1,679,705
Other fees and service charges	758,740	-	-	758,740
Sales, net of costs of goods sold	-	802,906	-	802,906
Miscellaneous revenues	<u>19,681</u>	<u>64,658</u>	<u>1,000</u>	<u>85,339</u>
Total operating revenues	<u>10,586,469</u>	<u>2,547,269</u>	<u>702,128</u>	<u>13,835,866</u>
Operating expenses:				
Public works	1,157,552	-	-	1,157,552
Administration	406,814	-	-	406,814
Water department	2,132,089	-	-	2,132,089
Sewer department	2,899,808	-	-	2,899,808
Stormwater department	-	-	445,869	445,869
Golf course operating cost	-	2,116,930	-	2,116,930
Depreciation	<u>778,605</u>	<u>215,838</u>	<u>187,300</u>	<u>1,181,743</u>
Total operating expenses	<u>7,374,868</u>	<u>2,332,768</u>	<u>633,169</u>	<u>10,340,805</u>
Operating income	<u>3,211,601</u>	<u>214,501</u>	<u>68,959</u>	<u>3,495,061</u>
Nonoperating revenues (expenses):				
Interest income	128,276	14,973	5,200	148,449
Grants	-	-	300,000	300,000
Transfers in	-	1,172,115	-	1,172,115
Interest and fiscal charges	<u>(194,297)</u>	<u>-</u>	<u>-</u>	<u>(194,297)</u>
Total nonoperating revenues (expenses)	<u>(66,021)</u>	<u>1,187,088</u>	<u>305,200</u>	<u>1,426,267</u>
Change in net position	3,145,580	1,401,589	374,159	4,921,328
Net position at beginning of year	<u>31,744,554</u>	<u>474,696</u>	<u>5,996,336</u>	<u>38,215,586</u>
Net position at end of year	<u>\$ 34,890,134</u>	<u>\$ 1,876,285</u>	<u>\$ 6,370,495</u>	<u>\$ 43,136,914</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, 2022

	Business-Type Activities - Enterprise Funds			
	Water / Sewer Fund	Golf Course Fund	Stormwater Fund	Total
Cash flows from operating activities:				
Cash received from customers	\$ 10,593,005	\$ 2,570,193	\$ 780,513	\$ 13,943,711
Cash paid for employee wages and benefits	(1,364,158)	(1,318,167)	(175,845)	(2,858,170)
Cash paid to suppliers for goods and services	(5,014,708)	(835,166)	(272,790)	(6,122,664)
Net cash provided by operating activities	<u>4,214,139</u>	<u>416,860</u>	<u>331,878</u>	<u>4,962,877</u>
Cash flows from capital and related financing activities:				
Purchase/construction of capital assets	(1,653,028)	-	(697,479)	(2,350,507)
Principal payments on long-term debt	(715,000)	(178,196)	(25,597)	(918,793)
Interest and fiscal charges paid	(245,455)	-	-	(245,455)
Net cash used in capital and related financing activities	<u>(2,613,483)</u>	<u>(178,196)</u>	<u>(723,076)</u>	<u>(3,514,755)</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	-	1,502,115	-	1,502,115
Due to/from other funds	647,963	(1,370,826)	(212,793)	(935,656)
Grants	-	-	300,000	300,000
Net cash provided by noncapital financing activities	<u>647,963</u>	<u>131,289</u>	<u>87,207</u>	<u>866,459</u>
Cash flows from investing activities:				
Investment interest received	<u>128,276</u>	<u>14,973</u>	<u>5,200</u>	<u>148,449</u>
Net increase (decrease) in cash and cash equivalents	<u>2,376,895</u>	<u>384,926</u>	<u>(298,791)</u>	<u>2,463,030</u>
Cash and cash equivalents at beginning 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 beginning of year	<u>12,036,515</u>	<u>1,528,104</u>	<u>583,642</u>	<u>14,148,261</u>
Cash and equivalents at end of year:				
Cash and equivalents	11,016,814	1,913,030	284,851	13,214,695
Restricted cash and equivalents	<u>3,396,596</u>	<u>-</u>	<u>-</u>	<u>3,396,596</u>
Total cash and equivalents at end of year	<u>\$ 14,413,410</u>	<u>\$ 1,913,030</u>	<u>\$ 284,851</u>	<u>\$ 16,611,291</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, 2022

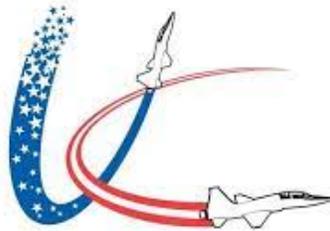
	Business-Type Activities - Enterprise Funds			Total
	Water / Sewer Fund	Golf Course Fund	Stormwater Fund	
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income	\$ 3,211,601	\$ 214,501	\$ 68,959	\$ 3,495,061
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	778,605	215,838	187,300	1,181,743
Change in net pension and OPEB expense	(77,522)	(51,219)	(9,689)	(138,430)
(Increase) decrease in operating assets:				
Accounts receivable	11,957	(1,683)	78,385	88,659
Inventory	(37,741)	(3,103)	-	(40,844)
Increase (decrease) in operating liabilities:				
Accounts payable	326,002	1,481	11,170	338,653
Accrued wages and benefits	6,658	16,438	(4,247)	18,849
Utility deposits	(5,421)	-	-	(5,421)
Deferred revenue	-	24,607	-	24,607
Total adjustments	<u>1,002,538</u>	<u>202,359</u>	<u>262,919</u>	<u>1,467,816</u>
Net cash provided by operating activities	<u>\$ 4,214,139</u>	<u>\$ 416,860</u>	<u>\$ 331,878</u>	<u>\$ 4,962,877</u>

SCHEDULE OF NONCASH ACTIVITIES

Actuarially determined change in				
Net pension liability	\$ 249,460	\$ 164,821	\$ 20,891	\$ 435,172
Other postemployment benefit liability	2,486	1,642	291	4,419

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

NOTES TO BASIC FINANCIAL STATEMENTS



UNIVERSAL CITY
Gateway to Randolph AFB Est. 1950

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2022

(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, sewer, and stormwater 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, 2022

(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, 2022 and became due October 1, 2021, have been assessed to finance the budget of the fiscal year beginning October 1, 2021, and accordingly, have been reflected as deferred inflows of resources and taxes receivable in the fund financial statements at September 30, 2022.

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2022

(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, 2022

(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, 2022, 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, 2022

(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, 2022

(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, 2022

(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 and stormwater funds an indirect overhead cost percentage of general government administration expenses that is paid to the general fund. During the year ended September 30, 2022, the City allocated \$250,000 from the water/sewer and stormwater funds 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, 2022

(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.

New accounting policy

As of October 1, 2021, the City implemented GASB Statement No. 87, *Leases*. The objectives of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2022

(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, 2022, the carrying amount of the primary government's (the City) cash on hand was \$12,253, deposits in the bank were \$39,491,015 and the book balance was \$43,477,850. The City's depository had pledged securities having a market value of \$33,276,865 as collateral for the City's deposits at September 30, 2022. The City's cash was under collateralized by \$5,964,151 at September 30, 2022.

The discretely presented component unit had deposits in the bank of \$4,350,292 and the book balance was \$4,272,885. Deposits were fully collateralized.

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.

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2022

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

Analysis of specific deposit and investment risks (continued)

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 \$5,964,151. 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.

(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, 2021 upon which the 2021 levy was based was \$1,613,809,158 (i.e., market value less exemptions). The estimated market value was \$1,819,622,590 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.

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2022

(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, 2022, balances of interfund amounts receivable or payable have been recoded as follows:

	Due From	Due To
Primary government		
General fund:		
Debt service fund	\$ -	\$ 2,871,556
Capital project fund	701	
Water/sewer fund	617,450	-
Golf course fund	2,579,165	-
Stormwater fund	<u>132,163</u>	<u>-</u>
Total	<u>3,329,479</u>	<u>2,871,556</u>
Debt service fund:		
General fund	2,871,556	-
Golf course	<u>-</u>	<u>3,118,446</u>
Total	<u>2,871,556</u>	<u>3,118,446</u>
Capital projects fund:		
General fund	<u>-</u>	<u>701</u>
Total	<u>-</u>	<u>701</u>
Water/sewer fund:		
General fund	-	617,450
Golf course fund	-	13,398
Stormwater fund	<u>10</u>	<u>412,667</u>
Total	<u>10</u>	<u>1,043,515</u>
Golf course fund:		
General fund	-	2,579,165
Water/sewer fund	13,398	
Debt service fund	<u>3,118,446</u>	<u>-</u>
Total	<u>3,131,844</u>	<u>2,579,165</u>
Stormwater fund:		
General fund	-	132,163
Water/sewer fund	<u>412,667</u>	<u>10</u>
Total	<u>412,667</u>	<u>132,173</u>
Totals	<u>\$ 9,745,556</u>	<u>\$ 9,745,556</u>
	Due From	Due To
Governmental fund/component unit		
General fund:		
Component unit	\$ 367,706	\$ 299,334
Component unit:		
General fund	<u>299,334</u>	<u>367,706</u>
Totals	<u>\$ 667,040</u>	<u>\$ 667,040</u>

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2022

(5) Capital assets

Capital asset activity for the year ended September 30, 2022, 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	<u>7,142,961</u>	<u>1,402,225</u>	<u>-</u>	<u>8,545,186</u>
Total capital assets, not being depreciated	<u>14,119,118</u>	<u>1,402,225</u>	<u>-</u>	<u>15,521,343</u>
Capital assets, being depreciated:				
Buildings	12,610,204	41,842	-	12,652,046
Improvements other than buildings	7,092,795	48,000	-	7,140,795
Transportation and equipment	10,259,745	893,391	(102,938)	11,050,198
Infrastructure	<u>27,025,845</u>	<u>606,430</u>	<u>-</u>	<u>27,632,275</u>
Total capital assets, being depreciated	<u>56,988,589</u>	<u>1,589,663</u>	<u>(102,938)</u>	<u>58,475,314</u>
Less accumulated depreciation:				
Buildings	(4,478,258)	(380,364)	-	(4,858,622)
Improvements other than buildings	(5,281,894)	(153,644)	-	(5,435,538)
Transportation and equipment	(8,581,815)	(724,806)	54,285	(9,252,336)
Infrastructure	<u>(13,326,415)</u>	<u>(891,020)</u>	<u>-</u>	<u>(14,217,435)</u>
Total accumulated depreciation	<u>(31,668,382)</u>	<u>(2,149,834)</u>	<u>54,285</u>	<u>(33,763,931)</u>
Total capital assets being depreciated, net	<u>25,320,207</u>	<u>(560,171)</u>	<u>(48,653)</u>	<u>24,711,383</u>
Governmental activities capital assets, net	<u>\$ 39,439,325</u>	<u>\$ 842,054</u>	<u>\$ (48,653)</u>	<u>\$ 40,232,726</u>

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2022

(5) Capital assets (continued)

	Beginning Balance	Increase	Decrease	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 332,602	\$ -	\$ -	\$ 332,602
Construction in progress	2,095	674,456	-	676,551
Water rights	<u>8,293,301</u>	<u>218,370</u>	<u>-</u>	<u>8,511,671</u>
Total capital assets, not being depreciated	<u>8,627,998</u>	<u>892,826</u>	<u>-</u>	<u>9,520,824</u>
Capital assets, being depreciated:				
Buildings and improvements	2,253,028	-	-	2,253,028
Utility plant	36,155,804	1,265,532	-	37,421,336
Transportation and equipment	<u>4,968,442</u>	<u>192,149</u>	<u>-</u>	<u>5,160,591</u>
Total capital assets, being depreciated	<u>43,377,274</u>	<u>1,457,681</u>	<u>-</u>	<u>44,834,955</u>
Less accumulated depreciation:				
Buildings and improvements	(919,890)	(55,899)	-	(975,789)
Utility plant	(11,326,124)	(706,496)	-	(12,032,620)
Transportation and equipment	<u>(3,590,773)</u>	<u>(419,348)</u>	<u>-</u>	<u>(4,010,121)</u>
Total accumulated depreciation	<u>(15,836,787)</u>	<u>(1,181,743)</u>	<u>-</u>	<u>(17,018,530)</u>
Total capital assets being depreciated, net	<u>27,540,487</u>	<u>275,938</u>	<u>-</u>	<u>27,816,425</u>
Business-type capital assets, net	<u>\$ 36,168,485</u>	<u>\$ 1,168,764</u>	<u>\$ -</u>	<u>\$ 37,337,249</u>

Depreciation expense was charged to the governmental functions as follows:

Administration	\$ 65,628
Planning and development	501,416
Finance	8,643
Municipal court	21,170
General services division	531,822
Police	145,182
Fire	225,352
Library	126,216
Vehicle and equipment maintenance	2,058
Animal shelter	52,800
Parks and recreation	338,161
Golf course	<u>131,386</u>
Total depreciation expense - governmental activities	<u>\$ 2,149,834</u>

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2022

(6) Long-term debt:

The City had the following changes in long-term debt outstanding for the year ended September 30, 2022:

	Original Amount	Interest Rates	Outstanding October 1, 2021	Issued	Retired	Balance September 30, 2022	Amounts Due in One Year
Governmental activities:							
General obligation refunding bonds (2008)	\$ 3,694,000	3.67%	\$ 929,000	\$ -	\$ (455,000)	\$ 474,000	\$ 474,000
Unamortized premium			1,077,406	130,582	(239,081)	968,907	63,966
General obligation bonds (2013)	1,195,000	4.00-5.00	840,000	-	(840,000)	-	-
Certificates of obligation (2014)	3,090,000	2.00-4.00	2,230,000	-	(135,000)	2,095,000	140,000
General obligation refunding bonds (2015)	3,015,000	3.00-4.00	1,520,000	-	(1,520,000)	-	-
General obligation bonds (2016)	4,935,000	2.00-3.00	3,910,000	-	(220,000)	3,690,000	225,000
General obligation bonds (2019)	7,705,000	2.00-4.00	6,870,000	-	(440,000)	6,430,000	455,000
General obligation bonds (2022)	3,120,000	3.00-5.00	-	3,120,000	-	3,120,000	250,000
Total bonds payable			17,376,406	3,250,582	(3,849,081)	16,777,907	1,607,966
Note payable, Schertz Bank & Trust	546,698	3.45	330,047	-	(60,693)	269,354	53,160
Compensated absences			487,793	93,027	(121,948)	458,872	458,872
Total governmental activities			18,194,246	3,343,609	(4,031,722)	17,506,133	2,119,998
Business-type activities:							
Revenue and refunding bonds:							
Bonds (2012)	3,600,000	2.00-4.00	1,315,000	-	(310,000)	1,005,000	325,000
Bonds (2015)	2,830,000	2.00-4.00	2,215,000	-	(125,000)	2,090,000	130,000
Bonds (2017)	2,970,000	3.00-3.125	2,525,000	-	(125,000)	2,400,000	130,000
Bonds (2020)	2,080,000	1.095	1,620,000	-	(155,000)	1,465,000	155,000
Unamortized premium			371,890	-	(46,775)	325,115	46,775
Total bonds payable			8,046,890	-	(761,775)	7,285,115	786,775
Note payable, John Deere	80,632	3.00	3,644	-	(3,644)	-	-
Note payable, TexStar National Bank	335,315	4.198	335,316	-	(62,517)	272,799	62,517
Note payable, PNC Equipment	329,100	4.25	169,883	-	(112,035)	57,848	57,848
Note payable, Street Sweeper	263,870	2.64	101,899	-	(25,597)	76,302	26,281
Total notes payable			610,742	-	(203,793)	406,949	146,646
Compensated absences			147,093	45,341	(36,773)	155,661	155,661
Total business-type activities			8,804,725	45,341	(1,002,341)	7,847,725	1,089,082
Total primary government			\$ 26,998,971	\$ 3,388,950	\$ (5,034,063)	\$ 25,353,858	\$ 3,209,080

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2022

(6) Long-term debt (continued):

	Original Amount	Interest Rates	Outstanding	Issued	Retired	Balance	Amounts
			October 1, 2021			September 30, 2022	Due in One Year
Component unit activities:							
Revenue Bonds (2020)	\$ 3,500,000	2.97%	\$ 3,287,000	\$ -	(193,000)	\$ 3,094,000	\$ 174,000
Revenue bonds (2016)	1,700,000	1.650	884,000	-	(171,000)	713,000	198,000
Total component unit activities			\$ 4,171,000	\$ -	\$ (364,000)	\$ 3,807,000	\$ 372,000

Annual debt service requirements as of September 30, 2022, 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
2023	\$ 1,544,000	\$ 565,924	\$ 2,109,924	\$ 740,000	\$ 200,529	\$ 940,529
2024	1,180,000	484,925	1,664,925	760,000	176,732	936,732
2025	1,280,000	437,350	1,717,350	780,000	152,280	932,280
2026	1,385,000	384,500	1,769,500	445,000	129,528	574,528
2027	1,010,000	339,300	1,349,300	455,000	117,776	572,776
2028-2032	4,800,000	1,189,300	5,989,300	2,295,000	440,638	2,735,638
2033-2037	3,415,000	516,200	3,931,200	1,485,000	123,756	1,608,756
2038-2042	1,195,000	90,900	1,285,900	-	-	-
Totals	\$ 15,809,000	\$ 4,008,399	\$ 19,817,399	\$ 6,960,000	\$ 1,341,239	\$ 8,301,239

Annual debt service requirements as of September 30, 2022, for notes payable are as follows:

Fiscal Year	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 53,160	\$ 8,648	\$ 61,808	\$ 146,646	\$ 12,658	\$ 159,304
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	74,002	1,660	75,662
2027	30,504	209	30,713	-	-	-
Totals	\$ 269,354	\$ 23,173	\$ 292,527	\$ 406,949	\$ 27,725	\$ 434,674

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2022

(7) Defined benefit pension plan

Plan description

The City participates as one of 901 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 contributions 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, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	83
Inactive employees entitled to but not yet receiving benefits	111
Active employees	<u>130</u>
	<u>324</u>

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2022

(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 18.38% and 18.64% in calendar years 2021 and 2022 respectively. The City's contributions to TMRS for the year ended September 30, 2022 were \$1,601,475 and were equal to the required contributions.

Net pension liability

The City's net pension liability (NPL) was measured as of December 31, 2021, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The total pension liability in the December 31, 2021 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, 2022

(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. The assumptions 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 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	35.0%	7.55%
Core fixed income	6.0%	2.00%
Non-core fixed income	20.0%	5.68%
Other public and private markets	12.0%	7.22%
Real estate	12.0%	6.85%
Hedge funds	5.0%	5.35%
Private equity	10.0%	10.00%
Total	100.0%	

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2022

(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, 2020	\$ 45,612,260	\$ 36,273,156	\$ 9,339,104
Changes for the year:			
Service cost	1,419,915	-	1,419,915
Interest	3,055,144	-	3,055,144
Changes in current period benefits	-	-	-
Difference between expected and actual experience	337,908	-	337,908
Changes of assumptions	-	-	-
Contributions - employer	-	1,537,891	(1,537,891)
Contributions - employee	-	585,705	(585,705)
Net investment income	-	4,735,935	(4,735,935)
Benefit payments, including refunds of employee contributions	(2,121,661)	(2,121,661)	-
Administrative expense	-	(21,880)	21,880
Other changes	-	149	(149)
Net changes	2,691,306	4,716,139	(2,024,833)
Balance at December 31, 2021	\$ 48,303,566	\$ 40,989,295	\$ 7,314,271

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2022

(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	\$ 14,395,537	\$ 7,314,271	\$ 1,535,201

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, 2022, the City recognized pension expense of \$932,830.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 533,134	\$ -
Changes in actuarial assumptions	3,016	-
Difference between projected and actual investment earnings	-	2,424,382
Contributions subsequent to the measurement date	1,171,652	-
Total	\$ 1,707,802	\$ 2,424,382

\$1,171,652 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

December 31,	Amortization Expense
2022	\$ (193,952)
2023	(799,161)
2024	(437,622)
2025	(457,497)
Thereafter	-
Total	\$ (1,888,232)

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2022

(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. 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. As such, contributions fund the covered active and retiree deaths on a pay-as-you-go basis.

The contribution rate for the City was 0.17% and 0.17% for calendar years 2022 and 2021, respectively. The City's contribution to TMRS SDBF for the years ended September 30, 2022 was \$14,661 which equaled the required contribution.

Employees covered by benefit terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	47
Inactive employees entitled to but not yet receiving benefits	24
Active employees	<u>130</u>
	<u>201</u>

OPEB liability

The City's OPEB liability of \$462,312 was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2022

(7) Defined benefit pension plan (continued)

Other postemployment benefits (OPEB) (continued)

Actuarial assumptions:

The OPEB liability in the December 31, 2021 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 *	1.84%
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, 2021.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2022

(7) Defined benefit pension plan (continued)

Other postemployment benefits (OPEB) (continued)

Changes in the OPEB liability:

Balance at December 31, 2020	\$ 442,132
Changes for the year:	
Service cost	22,591
Interest on the OPEB liability	9,002
Changes of benefit terms	-
Difference between expected and actual experience	(19,750)
Change in assumptions or other inputs	15,031
Benefit payments	<u>(6,694)</u>
Net changes	<u>20,180</u>
Balance at December 31, 2021	<u><u>\$ 462,312</u></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 1.84%, 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 (0.84%) or 1-percentage-point higher (2.84%) than the current rate:

	<u>1% Decrease in Discount Rate (0.84%)</u>	<u>Current Discount Rate (1.84%)</u>	<u>1% Increase in Discount Rate (2.84%)</u>
City's OPEB liability	<u>\$ 573,563</u>	<u>\$ 462,312</u>	<u>\$ 377,746</u>

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

For the year ended September 30, 2022, the City recognized OPEB expense of \$45,972.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual economic experience	\$ -	\$ 33,046
Changes in actuarial assumptions	89,646	8,332
Difference between projected and actual investment earnings	-	-
Contributions made subsequent to the measurement date	<u>5,030</u>	<u>-</u>
Total	<u><u>\$ 94,676</u></u>	<u><u>\$ 41,378</u></u>

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2022

(7) Retirement plan (continued)

Other postemployment benefits (OPEB) (continued)

The City reported \$5,030 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, 2023. 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>December 31,</u>	<u>Amortization Expense</u>
2022	\$ 14,379
2023	11,821
2024	13,736
2025	6,410
2026	2,003
Thereafter	<u>(81)</u>
Total	<u>\$ 48,268</u>

Postemployment health care coverage

Plan description and benefits provided

The City provides medical insurance benefits through the City of Universal City Retiree Health Care Plan, a single employer benefit OPEB plan. This plan provides benefits for all permanent full-time employees in eligible classes. To be eligible, a participant must be at least age sixty (60) and have at least five (5) or more years of service or any age with at least (20) years of service.

Retirees are eligible for medical and prescription benefits as provided in the plan document. Upon the death of active employee or a covered retiree, covered dependents are eligible for coverage continuation through COBRA only.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2022

(7) Retirement plan (continued)

Other postemployment benefits (OPEB) (continued)

Postemployment health care coverage (continued)

Contributions

The City contributes to the blended Medical Plan as approved through the annual approved budget. Retirees not eligible for the City subsidy will be required to pay contributions as shown below:

Retiree only – EPO Plan	\$	609.42
Retiree + spouse – EPO Plan	\$	1,569.78
Retiree only – HDHP Plan	\$	423.22
Retiree + spouse – HDHP Plan	\$	1,090.15

Contributions for postemployment benefits were recognized on a pay-as-you-go basis in the past. Contributions paid by the City during the fiscal year ended September 30, 2022, were \$17,267.

Employees covered by benefit terms

At the September 30, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	6
Inactive employees entitled to but not yet receiving benefit payments	0
Active members	<u>106</u>
	<u>112</u>

OPEB liability

The City's total OPEB liability of \$301,809 was measured as of September 30, 2022, and was determined by an actuarial valuation as of October 1, 2021.

Actuarial valuation information:

Actuarial assumptions and other inputs - The total OPEB liability in the September 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2022

(7) Retirement plan (continued)

Other postemployment benefits (OPEB) (continued)

Postemployment health care coverage (continued)

OPEB liability (continued)

Actuarial cost method	Entry age normal
Inflation	2.50% per annum
Salary increases	3.00% average which includes inflation
Discount rate	4.77% per annum which includes inflation
Mortality	Mortality rates are based upon the Public Plan mortality study recently completed by the Society of Actuaries PUB 2010 sex distinct general employee headcount weighted table with generational mortality improvement scale MP-2021 account for future mortality improvements.
Healthcare cost trend rates	Initial medical trend rate for pre-65 retirees decreasing to an ultimate rate of 4.14 in the year 2041.

Changes of assumptions: The discount rate has increased to 4.77% from 2.43%.

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2022

(7) Retirement plan (continued)

Other postemployment benefits (OPEB) (continued)

Postemployment health care coverage (continued)

Changes in the total OPEB liability

Balance at October 1, 2021	\$	358,311
Changes for the year:		
Service cost		13,954
Interest		8,836
Changes of benefit terms		-
Difference between expected and actual experience		-
Change of assumptions		(62,025)
Contributions - employer		(17,267)
Net changes		<u>(56,502)</u>
Balance at September 30, 2022	\$	<u>301,809</u>

Sensitivity of the total OPEB liability to changes in the discount rate and healthcare cost trend rates:

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.77%, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.77%) or 1 percentage point higher (5.77%) than the current rate.

<u>1% Decrease in Discount Rate (3.77%)</u>	<u>Discount Rate (4.77%)</u>	<u>1% Decrease in Discount Rate (5.77%)</u>
\$ <u>326,251</u>	\$ <u>301,809</u>	\$ <u>280,069</u>

The following presents the total OPEB liability of the City, calculated using the current healthcare cost trend rates as well as what the City’s total OPEB liability would be if it were calculated using the trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

<u>1% Decrease</u>	<u>Current Health Cost Trend Rate Assumption</u>	<u>1% Increase</u>
\$ <u>275,305</u>	\$ <u>301,809</u>	\$ <u>332,441</u>

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2022

(7) Retirement plan (continued)

Other postemployment benefits (OPEB) (continued)

Postemployment health care coverage (continued)

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

For the year ended September 30, 2022, the City recognized OPEB expense of \$13,929.

As of September 30, 2022, the deferred inflows and outflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ -	\$ -
Changes in actuarial assumptions	-	53,164
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	-	-
Total	\$ -	\$ 53,164

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

September 30,		
2023	\$	(8,861)
2024		(8,861)
2025		(8,861)
2026		(8,861)
2027		(8,861)
2028		(8,859)
Thereafter		-
Total	\$	(53,164)

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2022

(8) Interfund transfers

Interfund transfers during the year ended September 30, 2022, were the result of normal transactions between the funds:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ -	\$ 2,569,903
Debt service fund	2,020,000	1,172,115
Capital projects fund	549,903	-
Golf course fund	<u>1,172,115</u>	<u>-</u>
Totals	<u>\$ 3,742,018</u>	<u>\$ 3,742,018</u>

(9) Commitments and contingencies

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

	<u>Estimated Cost to City</u>	<u>Expended to Date</u>	<u>Estimated Future Commitment</u>
General government:			
East Aviation	\$ 5,881,581	\$ 5,394,141	\$ 487,440
Parkview Drive - Phase 2	494,530	349,895	144,635
Red Horse Drive	<u>165,368</u>	<u>33,774</u>	<u>131,594</u>
Totals	<u>\$ 6,541,479</u>	<u>\$ 5,777,810</u>	<u>\$ 763,669</u>

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, 2022

(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, 2022, the total outstanding debt from this issue was \$1,915,000.

(11) Subsequent events

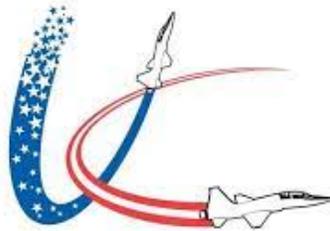
In October 2022 the City issued \$4,445,000 Waterworks and Sewer System Revenue Bonds, Series 2022 to be used for demolishing and replacing a million-gallon ground storage tank, a land acquisition, upgrading sewer lines, and drilling and development of a new well.

In November 2022 residents of Universal City approved a \$30,000,000 bond program for street and associated drainage improvements.

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. 1950

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, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem	\$ 7,542,488	\$ 7,542,488	\$ 7,817,779	\$ 275,291
Penalty and interest	58,909	58,909	47,490	(11,419)
Total taxes	<u>7,601,397</u>	<u>7,601,397</u>	<u>7,865,269</u>	<u>263,872</u>
Nonproperty taxes:				
Franchise taxes	1,390,000	1,390,000	1,466,275	76,275
Sales taxes	2,884,000	2,884,000	3,319,064	435,064
PEG funds	40,000	40,000	36,587	(3,413)
CPS funds - 1%	150,000	150,000	209,899	59,899
Mixed drink taxes	105,200	105,200	76,328	(28,872)
Hotel occupancy tax	96,000	96,000	97,270	1,270
School crossing guard tax	<u>26,000</u>	<u>26,000</u>	<u>24,817</u>	<u>(1,183)</u>
Total nonproperty taxes	<u>4,691,200</u>	<u>4,691,200</u>	<u>5,230,240</u>	<u>539,040</u>
Licenses and permits	<u>1,723,636</u>	<u>1,723,636</u>	<u>1,170,445</u>	<u>(553,191)</u>
Grants	2,704,775	2,704,775	1,484,410	(1,220,365)
Contributions from component unit	<u>160,000</u>	<u>160,000</u>	<u>209,076</u>	<u>49,076</u>
Total government allocations	<u>2,864,775</u>	<u>2,864,775</u>	<u>1,693,486</u>	<u>(1,171,289)</u>
Municipal court fines	<u>1,500,000</u>	<u>1,500,000</u>	<u>947,232</u>	<u>(552,768)</u>
Donations and contributions	<u>130,500</u>	<u>130,500</u>	<u>89,423</u>	<u>(41,077)</u>
Utility department overhead	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Interest and other revenue	<u>581,000</u>	<u>581,000</u>	<u>429,645</u>	<u>(151,355)</u>
Total revenues	<u>19,342,508</u>	<u>19,342,508</u>	<u>17,675,740</u>	<u>(1,715,844)</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, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Expenditures:				
Administrative:				
Payroll	\$ 394,209	\$ 394,209	\$ 437,535	\$ (43,326)
Allowances	39,900	39,900	31,878	8,022
Communications	444,800	444,800	311,220	133,580
Utilities	45,000	45,000	40,045	4,955
Support services	92,000	92,000	79,264	12,736
Contract services	1,474,720	1,474,720	1,373,190	101,530
Supplies and materials	27,000	27,000	37,565	(10,565)
American Rescue Plan	2,298,902	2,298,902	1,078,180	1,220,722
Real property and equipment	409,065	409,065	409,065	-
Total administrative	<u>5,225,596</u>	<u>5,225,596</u>	<u>3,797,942</u>	<u>1,427,654</u>
Development services:				
Payroll	690,119	690,119	616,425	73,694
Allowances	24,962	24,962	8,638	16,324
Communications	3,605	3,605	1,516	2,089
Support services	100,000	100,000	182,770	(82,770)
Contract services	151,540	151,540	36,607	114,933
Supplies and materials	7,080	7,080	11,779	(4,699)
Real property and equipment	47,050	47,050	-	47,050
Total development services	<u>1,024,356</u>	<u>1,024,356</u>	<u>857,735</u>	<u>166,621</u>
Finance:				
Payroll	408,854	408,854	396,799	12,055
Allowances	4,000	4,000	8,047	(4,047)
Communications	2,000	2,000	2,220	(220)
Support services	58,000	58,000	42,855	15,145
Contract services	43,246	43,246	66,724	(23,478)
Supplies and materials	3,000	3,000	402	2,598
Real property and equipment	26,500	26,500	21,609	4,891
Total finance	<u>545,600</u>	<u>545,600</u>	<u>538,656</u>	<u>6,944</u>
Municipal court:				
Payroll	198,221	198,221	185,429	12,792
Allowances	2,550	2,550	1,513	1,037
Communications	2,200	2,200	739	1,461
Support services	49,935	49,935	38,024	11,911
Contract services	1,350	1,350	14,124	(12,774)
Supplies and materials	550	550	38,625	(38,075)
Real property and equipment	72,500	72,500	-	72,500
Total municipal court	<u>327,306</u>	<u>327,306</u>	<u>278,454</u>	<u>48,852</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, 2022

	Budget Amounts		Actual Amounts	Variance with Budget Positive (Negative)
	Original	Final		
Expenditures (continued):				
General services division:				
Payroll	\$ 753,139	\$ 753,139	\$ 707,561	\$ 45,578
Allowances	21,302	21,302	14,133	7,169
Communications	13,250	13,250	618	12,632
Utilities	170,500	170,500	218,707	(48,207)
Contract services	306,160	306,160	259,441	46,719
Supplies and materials	194,860	194,860	176,455	18,405
Real property and equipment	<u>159,700</u>	<u>159,700</u>	<u>31,153</u>	<u>128,547</u>
Total general services division	<u>1,618,911</u>	<u>1,618,911</u>	<u>1,408,068</u>	<u>210,843</u>
Police department:				
Payroll	3,716,114	3,716,114	3,285,856	430,258
Allowances	83,087	83,087	85,821	(2,734)
Communications	71,200	71,200	69,449	1,751
Utilities	31,000	31,000	18,961	12,039
Contract services	122,700	122,700	190,649	(67,949)
Supplies and materials	102,300	102,300	224,350	(122,050)
Real property and equipment	<u>250,500</u>	<u>250,500</u>	<u>250,757</u>	<u>(257)</u>
Total police department	<u>4,376,901</u>	<u>4,376,901</u>	<u>4,125,843</u>	<u>251,058</u>
Fire department:				
Payroll	2,124,610	2,124,610	2,054,905	69,705
Allowances	69,800	69,800	53,424	16,376
Communications	34,674	34,674	22,613	12,061
Utilities	18,400	18,400	20,505	(2,105)
Contract services	459,434	459,434	489,391	(29,957)
Supplies and materials	76,100	76,100	148,536	(72,436)
Real property and equipment	<u>102,720</u>	<u>102,720</u>	<u>41,897</u>	<u>60,823</u>
Total fire department	<u>2,885,738</u>	<u>2,885,738</u>	<u>2,831,271</u>	<u>54,467</u>
Vehicle and equipment maintenance:				
Payroll	230,672	230,672	208,095	22,577
Allowances	6,204	6,204	3,226	2,978
Communications	5,100	5,100	8,123	(3,023)
Contract services	6,300	6,300	5,519	781
Supplies and materials	19,850	19,850	25,690	(5,840)
Real property and equipment	<u>15,069</u>	<u>15,069</u>	<u>-</u>	<u>15,069</u>
Total vehicle and equipment maintenance	<u>283,195</u>	<u>283,195</u>	<u>250,653</u>	<u>32,542</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, 2022

	Budget Amounts		Actual Amounts	Variance with Budget Positive (Negative)
	Original	Final		
Expenditures (continued):				
Animal shelter:				
Payroll	\$ 414,594	\$ 414,594	\$ 376,794	\$ 37,800
Allowances	13,123	13,123	5,125	7,998
Communications	12,010	12,010	6,673	5,337
Utilities	30,200	30,200	31,054	(854)
Contract services	71,870	71,870	64,255	7,615
Supplies and materials	30,600	30,600	56,369	(25,769)
Real property and equipment	91,588	91,588	81,120	10,468
Total animal shelter	<u>663,985</u>	<u>663,985</u>	<u>621,390</u>	<u>42,595</u>
Library:				
Payroll	246,657	246,657	208,865	37,792
Allowances	6,030	6,030	3,094	2,936
Communications	13,000	13,000	7,616	5,384
Utilities	16,500	16,500	17,009	(509)
Contract services	80,000	80,000	51,289	28,711
Supplies and materials	49,400	49,400	46,024	3,376
Real property and equipment	5,000	5,000	-	5,000
Total library	<u>416,587</u>	<u>416,587</u>	<u>333,897</u>	<u>82,690</u>
Parks and recreation:				
Payroll	235,620	235,620	229,671	5,949
Allowances	4,848	4,848	-	4,848
Communications	18,330	18,330	14,209	4,121
Utilities	-	-	-	-
Contract services	306,544	306,544	302,048	4,496
Supplies and materials	76,500	76,500	102,092	(25,592)
Real property and equipment	364,800	364,800	161,506	203,294
Total parks and recreation	<u>1,006,642</u>	<u>1,006,642</u>	<u>809,526</u>	<u>197,116</u>
Golf course:				
Real property and equipment	330,000	330,000	48,000	282,000
Total golf course	<u>330,000</u>	<u>330,000</u>	<u>48,000</u>	<u>282,000</u>
Promotion and development:				
Supplies and materials	100,000	100,000	-	100,000
Total expenditures	<u>18,804,817</u>	<u>18,804,817</u>	<u>15,901,435</u>	<u>2,903,382</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, 2022

	Budget Amounts		Actual Amounts	Variance with Budget Positive (Negative)
	Original	Final		
Excess (deficiency) of revenues over (under) expenditures	\$ 537,691	\$ 537,691	\$ 1,774,305	\$ 1,236,614
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>(380,766)</u>	<u>(380,766)</u>	<u>(2,569,903)</u>	<u>(2,189,137)</u>
Total other financing sources (uses)	<u>(380,766)</u>	<u>(380,766)</u>	<u>(2,569,903)</u>	<u>(2,189,137)</u>
Net change in fund balance	<u>\$ 156,925</u>	<u>\$ 156,925</u>	(795,598)	<u>\$ (952,523)</u>
Fund balance - beginning of year			<u>17,736,039</u>	
Fund balance - end of year			<u>\$ 16,940,441</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,

	2021	2020	2019
Total pension liability:			
Service cost	\$ 1,419,915	\$ 1,464,899	\$ 1,416,111
Interest (on the total pension liability)	3,055,144	2,850,807	2,645,134
Changes of benefit terms	-	-	-
Difference between expected and actual experience	337,908	423,878	241,425
Change of assumptions	-	-	11,314
Benefit payments,	(2,121,661)	(1,258,103)	(1,324,642)
(including refunds of employee contributions)			
Net change in total pension liability	2,691,306	3,481,481	2,989,342
 Total pension liability - beginning	 45,612,260	 42,130,779	 39,141,437
 Total pension liability - ending (a)	 \$ 48,303,566	 \$ 45,612,260	 \$ 42,130,779
 Plan fiduciary net position:			
Contributions - employer	\$ 1,537,891	\$ 1,613,475	\$ 1,516,322
Contributions - employee	585,705	608,202	574,987
Net investment income	4,735,935	2,495,159	4,300,990
Benefit payments,	(2,121,661)	(1,258,103)	(1,324,642)
(including refunds of employee contributions)			
Administrative expense	(21,880)	(16,126)	(24,275)
Other	149	(628)	(729)
Net change in plan fiduciary net position	4,716,139	3,441,979	5,042,653
 Plan fiduciary net position - beginning	 36,273,156	 32,831,177	 27,788,524
 Plan fiduciary net position - ending (b)	 \$ 40,989,295	 \$ 36,273,156	 \$ 32,831,177
 Net pension liability (a) - (b)	 \$ 7,314,271	 \$ 9,339,104	 \$ 9,299,602
 Plan fiduciary net position as a percentage of total pension liability	 84.86%	 79.53%	 77.93%
 Covered payroll	 \$ 8,367,207	 \$ 8,688,606	 \$ 8,214,100
 Net pension liability as a percentage of total covered payroll	 87.42%	 107.49%	 113.22%

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

	2018	2017	2016	2015	2014
\$	1,334,243	\$ 1,271,814	\$ 1,240,793	\$ 1,138,958	\$ 1,041,495
	2,462,224	2,327,929	2,163,663	2,060,207	1,893,241
	-	-	-	-	-
	142,915	(419,015)	158,516	(132,778)	(28,233)
	-	-	-	358,595	-
	(1,216,434)	(1,228,334)	(1,061,496)	(644,824)	(495,187)
	2,722,948	1,952,394	2,501,476	2,780,158	2,411,316
	36,418,489	34,466,095	31,964,619	29,184,461	26,773,145
\$	<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>
\$	1,455,042	\$ 1,415,850	\$ 1,316,975	\$ 1,272,354	\$ 1,214,701
	542,060	519,867	499,512	474,001	457,884
	(835,200)	3,308,963	1,464,418	30,322	1,048,915
	(1,216,434)	(1,228,334)	(1,061,496)	(644,824)	(495,188)
	(16,129)	(17,139)	(16,532)	(18,467)	(10,949)
	(841)	(868)	(892)	(910)	(900)
	(71,502)	3,998,339	2,201,985	1,112,476	2,214,463
	27,860,026	23,861,687	21,659,702	20,547,226	18,332,763
\$	<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>
\$	<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>
	<u>71.00%</u>	<u>76.50%</u>	<u>69.23%</u>	<u>67.76%</u>	<u>70.40%</u>
\$	<u>7,743,718</u>	<u>7,424,492</u>	<u>7,122,810</u>	<u>6,771,449</u>	<u>6,541,206</u>
	<u>146.61%</u>	<u>115.27%</u>	<u>148.88%</u>	<u>152.18%</u>	<u>132.04%</u>

CITY OF UNIVERSAL CITY, TEXAS

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

For the year ended September 30,

	2022	2021	2020
Actuarially determined contributions	\$ 1,601,475	\$ 1,556,754	\$ 1,550,326
Contributions in relation to the actuarially determined contributions	<u>1,601,475</u>	<u>1,556,754</u>	<u>1,550,326</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 8,624,225</u>	<u>\$ 8,366,993</u>	<u>\$ 8,360,458</u>
Contributions as a percentage of covered payroll	<u>18.57%</u>	<u>18.61%</u>	<u>18.54%</u>

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

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 1,495,419	\$ 1,444,955	\$ 1,395,967	\$ 1,348,979	\$ 1,262,196
<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>
\$ <u>-</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>
<u>18.54%</u>	<u>18.86%</u>	<u>18.94%</u>	<u>18.54%</u>	<u>18.91%</u>

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
OPEB liability :					
Service cost	\$ 22,591	\$ 18,246	\$ 13,142	\$ 14,713	\$ 12,622
Interest on the OPEB liability	9,002	10,241	11,033	10,176	9,846
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	(19,750)	(8,423)	(8,100)	(9,613)	-
Change of assumptions	15,031	60,105	58,906	(22,512)	24,959
Benefit payments	<u>(6,695)</u>	<u>(2,606)</u>	<u>(2,464)</u>	<u>(1,548)</u>	<u>(1,485)</u>
 Net change in OPEB liability	 20,179	 77,563	 72,517	 (8,784)	 45,942
 OPEB liability - beginning	 <u>442,133</u>	 <u>364,570</u>	 <u>292,053</u>	 <u>300,837</u>	 <u>254,895</u>
 OPEB liability - ending	 <u>\$ 462,312</u>	 <u>\$ 442,133</u>	 <u>\$ 364,570</u>	 <u>\$ 292,053</u>	 <u>\$ 300,837</u>
 Covered payroll	 <u>\$ 8,367,207</u>	 <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>5.53%</u>	 <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 fifth 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,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contributions	\$ 14,661	\$ 14,458	\$ 15,049	\$ 14,335	\$ 13,385
Contributions in relation to the actuarially determined contributions	<u>14,661</u>	<u>14,458</u>	<u>15,049</u>	<u>14,335</u>	<u>13,385</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	<u>\$ 8,624,225</u>	<u>\$ 8,366,993</u>	<u>\$ 8,360,458</u>	<u>\$ 8,067,532</u>	<u>\$ 7,663,434</u>
Contributions as a percentage of covered payroll	<u>0.17%</u>	<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 fifth year of implementation of GASB 75. The City will develop this schedule prospectively.

CITY OF UNIVERSAL CITY, TEXAS

**SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFIT LIABILITY
(OPEB) – RETIREE HEALTH CARE PLAN**

For the year ended September 30,

	2022
Total OPEB liability:	
Service cost	\$ 13,954
Interest	8,836
Changes of benefit terms	-
Difference between expected and actual experience	-
Change of assumptions	(62,025)
Contributions - employer	(17,267)
Net change in total OPEB liability	(56,502)
Total OPEB liability - beginning	358,311
Total OPEB liability - ending	\$ 301,809
Covered payroll	\$ 8,366,993
Total OPEB liability as a percentage of covered payroll	3.61%

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the year ended September 30, 2022

(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:

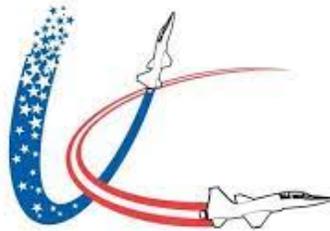
Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

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	2.75%
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.



UNIVERSAL CITY
Gateway to Randolph AFB Est. 1950

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,	
	2022	2021
Assets:		
Cash and investments:		
Checking account	\$ 5,541,465	\$ 7,549,027
Savings account	9,441,381	6,888,160
TexPool	5,179,161	5,142,970
Petty cash	4,125	4,182
Total cash and investments	20,166,132	19,584,339
Delinquent taxes receivable:		
(net of allowances for uncollectibles of \$61,945 and \$57,904)	172,597	152,543
Other receivables	870,361	958,766
Due from other governments	569,194	552,786
Due from other funds	3,329,479	3,708,774
Due from component unit	367,706	304,198
Inventory of supplies, at cost	-	1,371
Total assets	\$ 25,475,469	\$ 25,262,777
Liabilities:		
Accounts payable	\$ 389,951	\$ 973,633
Salaries payable	243,197	198,950
Due to other funds	2,871,556	2,381,550
Due to component unit	299,334	270,014
Deferred revenue	4,558,393	3,550,048
Total liabilities	8,362,431	7,374,195
Deferred inflows of resources:		
Unavailable revenue - property taxes	172,597	152,543
Fund balances:		
Nonspendable:		
Inventory	-	1,371
Restricted:		
PEG funds	404,940	353,999
Public safety	54,972	54,972
Fire	300	300
Library improvements	15,383	11,474
Hotel/motel	557,758	511,065
Child safety	69,947	91,882
Blue Santa	100	100
Animal shelter	59,699	67,935
Court technology	128,483	153,251
Court security	183,442	205,291
Northlake roads	150,000	150,000
Park improvements	101,950	209,380
Veterans park	14,276	14,642
Dog park	3,421	3,421
Animal shelter memorial	3,681	3,681
Committed:		
CPS	-	341,868
CPS 1%	-	479,870
Assigned:		
Capital projects	670,082	670,082
Unreserved	14,522,007	14,411,455
Total fund balances	16,940,441	17,736,039
Total liabilities, deferred inflows of resources, and fund balances	\$ 25,475,469	\$ 25,262,777

CITY OF UNIVERSAL CITY, TEXAS

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

GENERAL FUND

	Year ended September 30,	
	2022	2021
Revenues:		
Taxes	\$ 13,095,509	\$ 11,999,509
Licenses and permits	1,170,445	1,410,596
Intergovernmental	1,734,410	496,653
Contributions from component unit	209,076	160,000
Fines and forfeitures	947,232	1,156,821
Interest	194,910	22,142
Miscellaneous	<u>324,158</u>	<u>485,979</u>
Total revenues	<u>17,675,740</u>	<u>15,731,700</u>
Expenditures:		
Current:		
Administration	3,797,942	1,928,253
Planning and development	857,735	715,331
Finance	538,656	518,278
Municipal court	278,454	318,828
General services division	1,408,068	1,330,285
Police department	4,125,843	3,771,986
Fire department	2,831,271	2,605,164
Vehicle and equipment	250,653	219,750
Animal shelter	621,390	582,018
Library	333,897	321,419
Parks and recreation	809,526	767,167
Golf course	<u>48,000</u>	<u>385,249</u>
Total expenditures	<u>15,901,435</u>	<u>13,463,728</u>
Excess of revenues over expenditures	<u>1,774,305</u>	<u>2,267,972</u>
Other financing sources (uses):		
Transfers in	-	385,249
Transfers out	<u>(2,569,903)</u>	<u>(531,971)</u>
Total other financing sources (uses)	<u>(2,569,903)</u>	<u>(146,722)</u>
Net change in fund balances	(795,598)	2,121,250
Fund balances at beginning of year	<u>17,736,039</u>	<u>15,614,789</u>
Fund balances at end of year	<u>\$ 16,940,441</u>	<u>\$ 17,736,039</u>

CITY OF UNIVERSAL CITY, TEXAS

COMPARATIVE BALANCE SHEETS

DEBT SERVICE FUND

	September 30,	
	2022	2021
Assets:		
Cash	\$ 976,435	\$ 1,314,715
Delinquent taxes receivable	49,343	47,291
Due from other governments	284,597	276,393
Due from other funds	2,871,556	2,281,392
Total assets	\$ 4,181,931	\$ 3,919,791
Liabilities:		
Due to other funds	\$ 3,118,446	\$ 2,792,628
Accrued expenditures	257	257
Total liabilities	3,118,703	2,792,885
Deferred inflows of resources:		
Unavailable revenue - property taxes	49,343	47,291
Restricted fund balance	1,013,885	1,079,615
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,181,931	\$ 3,919,791

CITY OF UNIVERSAL CITY, TEXAS

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

DEBT SERVICE FUND

	Year ended September 30,	
	2022	2021
Revenues:		
Ad valorem taxes	\$ 1,755,893	\$ 1,719,026
Sales taxes	1,531,981	1,531,981
Interest income	12,750	3,736
Total revenues	3,300,624	3,254,743
Expenditures:		
Bond principal	3,610,000	1,536,000
Bond interest	521,907	603,021
Bond issuance cost and agent fees	82,332	-
Total expenditures	4,214,239	2,139,021
Excess of revenues over expenditures	(913,615)	1,115,722
Other financing sources (uses):		
Transfer in	2,020,000	-
Transfer out	(1,172,115)	(1,029,721)
Total other financing sources (uses)	847,885	(1,029,721)
Net change in fund balances	(65,730)	86,001
Fund balances at beginning of year	1,079,615	2,295,473
Restatement of fund balance	-	(1,301,859)
Fund balances at end of year	\$ 1,013,885	\$ 1,079,615

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

	September 30,	
	2022	2021
Current assets:		
Cash:		
Checking account	\$ 9,882,373	\$ 7,552,911
Savings account	1,133,434	1,117,861
Petty cash	1,007	1,007
Cash - restricted	3,396,596	3,364,736
Total cash and cash equivalents	14,413,410	12,036,515
Receivables:		
Customer (net of allowance for uncollectibles of \$97,861 and \$15,026)	1,190,159	1,202,116
Inventory of supplies, at cost	189,704	151,963
Due from other funds	10	100,158
Total current assets	15,793,283	13,490,752
Capital assets:		
Land	332,602	332,602
Building and improvements	2,253,028	2,253,028
Utility plant and easements	31,488,631	30,223,099
Transportation and equipment	2,628,497	2,459,371
Water rights	8,511,671	8,293,301
Total capital assets	45,214,429	43,561,401
Less accumulated depreciation	(14,534,485)	(13,755,880)
Total capital assets	30,679,944	29,805,521
Total assets	46,473,227	43,296,273
Deferred outflows of resources:		
Deferred outflow - TMRS pension	210,401	196,629
Deferred outflow - TMRS OPEB	11,664	12,532
Total deferred outflows of resources	222,065	209,161
Total assets and deferred outflows of resources	\$ 46,695,292	\$ 43,505,434

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

	September 30,	
	2022	2021
Current liabilities (payable from current assets):		
Accounts payable	\$ 1,114,726	\$ 788,724
Accrued wages and benefits	30,286	33,245
Accrued vacation and sick leave	92,426	82,809
Due to other funds	1,043,515	495,700
Customer deposits	960,522	965,943
Total current liabilities (payable from current assets)	3,241,475	2,366,421
Current liabilities (payable from restricted assets):		
Accrued interest payable	16,711	21,094
Revenue and refunding bonds, current	786,775	761,776
Total current liabilities (payable from restricted assets)	803,486	782,870
Other liabilities:		
Net pension liability	901,118	1,150,578
OPEB liability	56,957	54,471
Revenue and refunding bonds and tax notes, noncurrent	6,498,340	7,285,114
Total other liabilities	7,456,415	8,490,163
Total liabilities	11,501,376	11,639,454
Deferred inflows of resources:		
Deferred inflow - TMRS pension	298,684	117,785
Deferred inflow - TMRS OPEB	5,098	3,641
Total deferred inflows of resources	303,782	121,426
Net position:		
Net investment in capital assets	23,394,829	21,758,631
Restricted - impact fees	2,568,103	2,208,352
Unrestricted	8,927,202	7,777,571
Total net position	34,890,134	31,744,554
Total liabilities, deferred inflows and net position	\$ 46,695,292	\$ 43,505,434

CITY OF UNIVERSAL CITY, TEXAS

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

WATER AND SEWER ENTERPRISE FUND

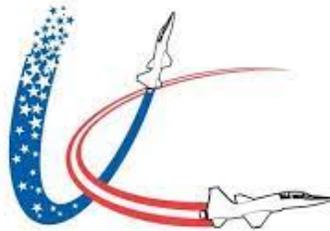
	Year ended September 30,	
	2022	2021
Operating revenues:		
Water revenues	\$ 5,329,386	\$ 5,122,297
Sewer revenues	4,478,662	4,045,562
Fees and service charges	758,740	632,273
Miscellaneous income	19,681	32,448
Total operating revenues	10,586,469	9,832,580
Operating expenses (before depreciation):		
Public works:		
Payroll	392,300	435,880
Allowances	13,153	4,948
Communications	12,729	7,414
Utilities	5,495	13,495
Support services	437,658	511,398
Contract services	245,787	245,845
Supplies and materials	50,430	5,845
Total public works	1,157,552	1,224,825
Administration:		
Payroll	113,247	111,486
Allowances	21	46,624
Communications	45,967	-
Support services	82,577	110,309
Contract services	162,874	2,754
Supplies and materials	2,128	-
Total administration	406,814	271,173
Water department:		
Payroll	643,110	567,544
Allowances	7,080	12,030
Communications	7,400	13,245
Utilities	336,564	250,025
Contract services	899,361	1,007,766
Supplies and materials	238,574	231,739
Total water department	2,132,089	2,082,349

CITY OF UNIVERSAL CITY, TEXAS

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

WATER AND SEWER ENTERPRISE FUND

	Year ended September 30,	
	2022	2021
Operating expenses (before depreciation):		
Sewer department:		
Payroll	\$ 147,596	\$ 142,783
Allowances	3,709	361
Contract services	2,717,273	2,189,945
Supplies and materials	31,230	18,012
Total sewer department	2,899,808	2,351,101
Total operating expenses before depreciation	6,596,263	5,929,448
Operating income before depreciation	3,990,206	3,903,132
Depreciation	778,605	783,622
Operating income	3,211,601	3,119,510
Nonoperating revenues (expenses):		
Interest and investment income	128,276	13,842
Bond interest and fees	(194,297)	(201,302)
Total nonoperating revenues (expenses)	(66,021)	(187,460)
Change in net position	3,145,580	2,932,050
Net position at beginning of year	31,744,554	28,812,504
Net position at end of year	\$ 34,890,134	\$ 31,744,554



UNIVERSAL CITY
Gateway to Randolph AFB Est. 1950

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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities:				
Net investment in capital assets	\$ 11,209,023	\$ 8,791,639	\$ 12,635,873	\$ 10,125,743
Restricted	4,704,458	6,637,591	6,415,569	9,585,046
Unrestricted	<u>12,363,794</u>	<u>15,207,915</u>	<u>7,187,648</u>	<u>7,232,094</u>
Total governmental activities net position	<u>\$ 28,277,275</u>	<u>\$ 30,637,145</u>	<u>\$ 26,239,090</u>	<u>\$ 26,942,883</u>
Business-type activities:				
Net investment in capital assets	\$ 16,135,884	\$ 17,376,144	\$ 15,250,748	\$ 16,638,510
Restricted	-	-	-	-
Unrestricted	<u>3,447,586</u>	<u>3,444,311</u>	<u>5,550,539</u>	<u>5,826,589</u>
Total business-type activities net position	<u>\$ 19,583,470</u>	<u>\$ 20,820,455</u>	<u>\$ 20,801,287</u>	<u>\$ 22,465,099</u>
Primary government:				
Net investment in capital assets	\$ 27,344,907	\$ 26,167,783	\$ 27,886,621	\$ 26,764,253
Restricted	4,704,458	6,637,591	6,415,569	9,585,046
Unrestricted	<u>15,811,380</u>	<u>18,652,226</u>	<u>12,738,187</u>	<u>13,058,683</u>
Total primary government net position	<u>\$ 47,860,745</u>	<u>\$ 51,457,600</u>	<u>\$ 47,040,377</u>	<u>\$ 49,407,982</u>

TABLE 1

2017	2018	2019	2020	2021	2022
\$ 12,601,894	\$ 14,423,010	\$ 13,904,490	\$ 18,296,519	\$ 21,732,872	\$ 28,575,812
8,458,711	7,407,605	9,413,578	8,074,683	5,999,830	2,762,237
<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>8,805,312</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>	<u>\$ 40,143,361</u>
\$ 15,651,211	\$ 19,158,985	\$ 21,906,113	\$ 25,558,767	\$ 27,612,752	\$ 29,645,185
-	-	1,475,803	1,716,449	2,208,352	2,568,103
<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>10,923,626</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>	<u>\$ 43,136,914</u>
\$ 28,253,105	\$ 33,581,995	\$ 35,810,603	\$ 43,855,286	\$ 49,345,624	\$ 58,220,997
8,458,711	7,407,605	10,889,381	9,791,132	8,208,182	5,330,340
<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>19,728,938</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>	<u>\$ 83,280,275</u>

CITY OF UNIVERSAL CITY, TEXAS

CHANGE IN NET POSITION

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses:				
Governmental activities:				
Administrative	\$ 1,273,334	\$ 1,320,412	\$ 1,392,385	\$ 1,815,623
Planning and development	304,968	379,430	383,535	428,755
Finance	289,470	312,943	324,928	350,727
Municipal court	256,845	259,255	243,337	268,719
General services division	1,670,670	1,574,085	1,663,816	1,772,893
Police	3,115,582	3,240,197	3,243,594	3,484,195
Fire	2,148,474	2,075,576	2,171,658	2,243,882
Library	232,671	208,670	171,311	174,354
Vehicle and equipment maintenance	148,809	156,396	145,945	165,186
Animal shelter	341,581	356,426	378,362	426,903
Parks and recreation	258,130	279,597	283,604	303,649
Golf course	310,546	323,966	374,462	395,328
Promotion and development	43,291	-	-	-
Interest and other fees	<u>545,028</u>	<u>632,345</u>	<u>632,134</u>	<u>648,617</u>
Total governmental activities	<u>10,939,399</u>	<u>11,119,298</u>	<u>11,409,071</u>	<u>12,478,831</u>
Business-type activities:				
Water and sewer utility	5,175,016	5,531,780	5,647,705	5,741,595
Golf course	1,666,950	1,672,990	1,674,518	1,775,312
Stormwater management	<u>268,039</u>	<u>389,644</u>	<u>497,484</u>	<u>407,329</u>
Total business-type activities	<u>7,110,005</u>	<u>7,594,414</u>	<u>7,819,707</u>	<u>7,924,236</u>
Total primary government expenses	<u>\$ 18,049,404</u>	<u>\$ 18,713,712</u>	<u>\$ 19,228,778</u>	<u>\$ 20,403,067</u>
Program revenues:				
Governmental activities:				
Charges for service:				
Administration	\$ 478,910	\$ 488,331	\$ 447,148	\$ 466,256
Planning and development	513,545	393,180	554,608	557,959
Municipal court	1,581,292	1,783,658	1,584,273	1,726,934
Police/fire	30,539	16,864	37,675	19,547
Library	-	7,337	10,441	1,728
Vehicle and maintenance equipment	-	28,803	-	-
Animal shelter	3,250	43,991	32,360	23,257
Parks and recreation	3,355	41,330	22,380	22,933
Golf course	-	-	55,887	47,226
Operating grants and contributions	37,404	142,308	23,769	98,737
Capital grants and contributions	<u>-</u>	<u>1,745,586</u>	<u>413,493</u>	<u>-</u>
Total governmental activities program revenues	<u>2,648,295</u>	<u>4,691,388</u>	<u>3,182,034</u>	<u>2,964,577</u>

TABLE 2

	2017	2018	2019	2020	2021	2022
\$	2,041,854	\$ 2,226,995	\$ 1,852,059	\$ 2,148,508	\$ 1,811,386	\$ 3,447,498
	483,465	547,165	612,892	900,909	1,195,563	1,349,480
	371,031	376,499	493,906	490,746	517,893	519,013
	290,736	288,112	280,003	405,089	326,723	296,713
	1,841,027	1,990,953	2,159,658	2,406,664	1,787,778	1,897,646
	3,609,745	3,731,134	3,999,746	4,091,163	3,695,403	3,988,012
	2,422,784	2,602,650	2,824,683	2,761,427	2,727,044	2,982,503
	395,066	448,820	476,491	517,204	497,050	457,688
	159,196	176,865	198,237	198,833	219,849	250,105
	481,985	498,922	520,553	547,140	611,489	587,446
	383,235	436,533	555,180	845,839	870,386	982,579
	358,506	478,037	377,316	241,424	116,672	131,386
	-	-	-	-	-	-
	<u>621,901</u>	<u>593,475</u>	<u>645,081</u>	<u>687,874</u>	<u>556,407</u>	<u>603,660</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>	<u>17,493,729</u>
	5,842,400	6,319,032	6,665,715	6,526,182	6,914,372	7,569,165
	1,842,290	1,888,258	2,163,361	2,161,938	2,158,998	2,332,768
	<u>454,241</u>	<u>476,067</u>	<u>444,240</u>	<u>530,982</u>	<u>628,110</u>	<u>633,169</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>10,535,102</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>	<u>28,028,831</u>
\$	462,412	\$ 458,364	\$ 492,162	\$ 410,474	\$ 410,000	\$ 462,121
	723,012	835,926	1,037,318	797,484	1,076,580	905,767
	1,775,840	1,848,905	1,775,673	1,848,885	1,462,313	1,163,690
	32,544	48,557	34,852	36,940	31,825	31,435
	3,686	13,661	17,010	4,200	62	570
	-	-	-	-	18,374	-
	27,073	25,043	47,364	21,301	-	16,372
	25,184	30,583	28,310	7,382	61,901	98,777
	51,864	39,349	45,672	40,070	39,992	50,978
	169,982	8,977	51,019	810,191	75,097	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,704,760</u>	<u>2,317,264</u>	<u>2,158,292</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>	<u>4,888,002</u>

(continued)

CITY OF UNIVERSAL CITY, TEXAS

CHANGE IN NET POSITION

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Program revenues (continued)				
Business-type activities:				
Charges for service:				
Water and sewer utility	\$ 5,919,920	\$ 6,529,171	\$ 6,869,755	\$ 7,226,060
Golf course	1,710,792	1,657,943	1,522,115	1,449,305
Stormwater management	493,090	568,382	684,861	593,453
Operating grants and contributions	-	-	-	-
Capital grants and contributions	<u>547,964</u>	<u>200,000</u>	<u>212,459</u>	<u>-</u>
Total business-type activities program revenues	<u>8,671,766</u>	<u>8,955,496</u>	<u>9,289,190</u>	<u>9,268,818</u>
Total primary government program revenues	<u>\$ 11,320,061</u>	<u>\$ 13,646,884</u>	<u>\$ 12,471,224</u>	<u>\$ 12,233,395</u>
Net (expense) revenues:				
Governmental activities	\$ (8,291,104)	\$ (6,427,910)	\$ (8,227,037)	\$ (9,514,254)
Business-type activities	<u>1,561,761</u>	<u>1,361,082</u>	<u>1,469,483</u>	<u>1,344,582</u>
Total primary government	<u>\$ (6,729,343)</u>	<u>\$ (5,066,828)</u>	<u>\$ (6,757,554)</u>	<u>\$ (8,169,672)</u>
Governmental revenues and other changes in net position:				
Governmental Activities:				
Taxes				
General property taxes	\$ 5,010,843	\$ 5,206,898	\$ 5,711,957	\$ 5,950,098
Franchise taxes	1,135,482	1,260,264	1,425,441	1,449,764
Sales and other taxes	2,429,022	2,496,500	2,695,414	3,044,166
Interest and investment earnings	13,743	9,867	14,002	26,692
Miscellaneous	894,256	58,639	41,981	55,543
Transfer	(26,103)	(18,345)	(170,000)	(308,216)
Sales of capital assets	<u>506,509</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>9,963,752</u>	<u>9,013,823</u>	<u>9,718,795</u>	<u>10,218,047</u>

TABLE 2
(Continued)

2017	2018	2019	2020	2021	2022
\$ 7,566,943	\$ 8,274,631	\$ 8,590,246	\$ 9,114,381	\$ 9,832,580	\$ 10,586,469
1,424,400	1,488,538	1,393,672	1,580,522	2,104,102	2,547,269
627,294	675,762	654,224	670,690	661,764	702,128
-	-	-	30,608	20,636	-
<u>323,172</u>	<u>453,397</u>	<u>28,628</u>	<u>600,000</u>	<u>333,300</u>	<u>300,000</u>
<u>9,941,809</u>	<u>10,892,328</u>	<u>10,666,770</u>	<u>11,996,201</u>	<u>12,952,382</u>	<u>14,135,866</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>	<u>\$ 19,023,868</u>
\$ (10,188,934)	\$ (11,086,795)	\$ (11,466,425)	\$ (10,561,133)	\$ (9,440,235)	\$ (12,605,727)
<u>1,802,878</u>	<u>2,208,971</u>	<u>1,393,454</u>	<u>2,777,099</u>	<u>3,250,902</u>	<u>3,600,764</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>	<u>\$ (9,004,963)</u>
\$ 6,722,826	\$ 7,221,714	\$ 7,732,888	\$ 8,587,434	\$ 8,832,210	\$ 9,548,582
1,477,080	1,489,453	1,453,164	1,433,123	1,273,391	1,502,863
3,501,296	3,609,575	3,927,697	4,258,004	4,939,064	5,119,328
50,426	45,712	112,842	118,274	30,209	246,936
37,520	150,165	126,260	82,577	326,389	216,398
(392,000)	(408,768)	(924,000)	(590,000)	(644,472)	(1,172,115)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>11,397,148</u>	<u>12,107,851</u>	<u>12,428,851</u>	<u>13,889,412</u>	<u>14,756,791</u>	<u>15,461,992</u>

(continued)

CITY OF UNIVERSAL CITY, TEXAS

CHANGE IN NET POSITION

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental revenues and other				
Changes in net position (continued):				
Business-type activities:				
Interest and investment earnings	\$ 2,537	\$ 1,506	\$ 2,578	\$ 11,014
Miscellaneous	26,103	-	-	-
Transfer	<u>-</u>	<u>18,345</u>	<u>170,000</u>	<u>308,216</u>
Total business-type activities	<u>28,640</u>	<u>19,851</u>	<u>172,578</u>	<u>319,230</u>
 Total primary government	<u>\$ 9,992,392</u>	<u>\$ 9,033,674</u>	<u>\$ 9,891,373</u>	<u>\$ 10,537,277</u>
 Changes in net position:				
Governmental activities	\$ 1,672,648	\$ 2,585,913	\$ 1,491,758	\$ 703,793
Business-type activities	<u>1,590,401</u>	<u>1,380,933</u>	<u>1,642,061</u>	<u>1,663,812</u>
 Total primary government	<u>\$ 3,263,049</u>	<u>\$ 3,966,846</u>	<u>\$ 3,133,819</u>	<u>\$ 2,367,605</u>

TABLE 2

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 19,196	\$ 15,538	\$ 12,640	\$ 46,395	\$ 16,034	\$ 148,449
-	-	-	-	-	-
<u>392,000</u>	<u>408,768</u>	<u>924,000</u>	<u>590,000</u>	<u>644,472</u>	<u>1,172,115</u>
<u>411,196</u>	<u>424,306</u>	<u>936,640</u>	<u>636,395</u>	<u>660,506</u>	<u>1,320,564</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>	<u>\$ 16,782,556</u>
\$ 1,208,214	\$ 1,021,056	\$ 962,426	\$ 3,328,279	\$ 5,316,556	\$ 2,856,265
<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>4,921,328</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>	<u>\$ 7,777,593</u>

CITY OF UNIVERSAL CITY, TEXAS

FUND BALANCES - GOVERNMENTAL FUNDS

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

	YEAR			
	2013	2014	2015	2016
General fund:				
Nonspendable:				
Inventory	\$ 2,546	\$ 1,500	\$ 1,146	\$ 1,077
Restricted:				
PEG funds	99,917	149,728	202,421	255,000
Public safety	39,597	44,983	44,982	45,221
Fire	-	-	-	-
Library improvements	12,472	13,434	22,725	73,133
Hotel/motel	229,872	234,680	325,328	428,280
Parks	29,333	29,333	29,678	36,398
Child safety	-	-	-	-
Blue Santa	-	-	-	-
Animal shelter	26,697	36,987	5,563	19,074
Court technology	172,821	160,788	158,366	167,791
Court security	170,982	148,605	166,392	158,425
Northlake roads	150,000	150,000	150,000	150,000
Veterans park	35,181	27,565	34,089	46,138
Dog park	626	3,401	3,401	3,401
Animal shelter memorial	2,876	3,391	3,636	3,636
Committed:				
CPS	819,309	808,395	808,395	800,169
CPS 1%	-	-	-	-
Assigned:				
Capital projects	837,000	383,516	580,108	611,306
Unassigned	<u>9,767,682</u>	<u>10,119,660</u>	<u>10,723,804</u>	<u>11,074,969</u>
Total general fund	<u>\$ 12,396,911</u>	<u>\$ 12,315,966</u>	<u>\$ 13,260,034</u>	<u>\$ 13,874,018</u>
All other governmental funds:				
Restricted:				
Debt service	\$ 2,162,892	\$ 1,878,366	\$ 2,043,374	\$ 2,191,636
Capital projects	<u>1,711,036</u>	<u>3,754,830</u>	<u>3,224,468</u>	<u>6,005,836</u>
Total all other governmental funds	<u>\$ 3,873,928</u>	<u>\$ 5,633,196</u>	<u>\$ 5,267,842</u>	<u>\$ 8,197,472</u>

TABLE 3

YEAR						
2017	2018	2019	2020	2021	2022	
\$ 910	\$ 1,588	\$ 1,251	\$ 1,371	\$ 1,371	\$ -	
302,613	346,699	364,256	404,940	353,999	404,940	
49,936	54,147	54,147	54,972	54,972	54,972	
100	250	300	300	300	300	
310	2,823	10,122	15,383	11,474	15,383	
388,771	220,235	321,145	413,916	511,065	557,758	
36,398	-	-	101,950	209,380	101,950	
-	21,673	46,104	69,947	91,882	69,947	
-	100	100	100	100	100	
34,543	37,974	54,273	59,699	67,935	59,699	
116,538	120,342	126,806	128,483	153,251	128,483	
183,052	202,750	225,644	183,442	205,291	183,442	
150,000	150,000	150,000	150,000	150,000	150,000	
51,401	78,461	80,898	14,276	14,642	14,276	
3,401	3,401	3,421	3,421	3,421	3,421	
3,436	3,681	3,681	3,681	3,681	3,681	
450,169	401,263	341,868	341,868	341,868	-	
-	107,161	207,837	388,715	479,870	-	
751,614	810,942	710,065	670,082	670,082	670,082	
<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>14,522,007</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>	<u>\$ 16,940,441</u>	
\$ 2,406,231	\$ 2,206,297	\$ 2,032,723	\$ 2,295,473	\$ 1,079,615	\$ 1,013,885	
<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>5,390,347</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>	<u>\$ 6,404,232</u>	

CITY OF UNIVERSAL CITY, TEXAS

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

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

	YEAR			
	2013	2014	2015	2016
Revenues:				
Taxes	\$ 8,819,812	\$ 9,033,533	\$ 9,700,718	\$ 10,468,485
Licenses and permits	1,014,037	1,024,491	1,124,459	1,118,237
Intergovernmental	306,904	2,111,421	667,046	254,392
Contributions from component unit	178,910	177,773	182,475	192,922
Fines and forfeitures	1,280,330	1,264,219	1,111,871	1,195,077
Interest	13,743	9,867	14,002	26,692
Miscellaneous	1,469,602	198,167	104,776	235,512
Total revenues	13,083,338	13,819,471	12,905,347	13,491,317
Expenditures:				
Administrative	1,256,723	1,306,935	1,389,542	1,536,649
Planning and development	303,930	379,625	376,955	428,095
Finance	286,901	313,102	323,246	345,736
Municipal court	240,611	238,533	223,739	246,135
General services division	909,564	930,004	959,004	969,370
Police	2,903,403	3,018,370	3,042,100	3,240,082
Fire	1,882,496	1,944,192	2,032,884	2,092,176
Library	231,302	202,572	167,681	170,621
Vehicle and equipment maintenance	148,098	153,535	146,683	165,283
Animal shelter	281,216	295,137	321,805	355,239
Parks and recreation	254,699	276,809	284,152	300,413
Golf course	2,335	-	26,049	46,915
Promotion and development	43,291	6,404	-	-
Capital outlay	619,875	4,708,134	1,308,826	3,346,191
Debt service				
Principal	936,644	1,006,000	933,000	981,082
Interest and fiscal charges	557,608	626,428	705,554	653,673
Total expenditures	10,858,696	15,405,780	12,241,220	14,877,660
Excess (deficiency) of revenues over (under) expenditures	2,224,642	(1,586,309)	664,127	(1,386,343)
Other financing sources (uses)				
Transfers in	173,711	1,480,360	96,634	632,506
Transfers out	(199,814)	(1,498,705)	(266,634)	(940,722)
Premium on bonds	46,275	192,977	359,192	172,606
Bond issue proceeds	1,195,000	3,090,000	3,015,000	4,935,000
Payment to escrow agent	-	-	(3,289,605)	-
Capital lease	-	-	-	130,567
Total other financing sources (uses)	1,215,172	3,264,632	(85,413)	4,929,957
Net change in fund balances	\$ 3,439,814	\$ 1,678,323	\$ 578,714	\$ 3,543,614
Debt service as a percentage of noncapital expenditures	14.59%	15.26%	14.99%	14.18%

TABLE 4

		YEAR									
		2017	2018	2019	2020	2021	2022				
\$	11,656,988	\$	12,461,442	\$	13,346,041	\$	14,486,094	\$	15,250,516	\$	16,383,383
	1,318,050		1,279,233		1,377,252		1,069,933		1,410,596		1,170,445
	361,335		258,977		301,019		2,629,865		2,513,656		2,322,302
	204,864		208,364		242,162		160,474		160,000		209,076
	1,239,055		1,338,395		1,306,731		1,201,187		1,156,821		947,232
	50,426		45,712		112,842		118,274		30,209		246,936
	162,492		276,780		235,538		313,433		485,979		324,158
	<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>		<u>21,603,532</u>
	1,646,764		2,181,120		1,782,275		2,085,335		1,768,319		3,388,877
	478,528		540,359		586,080		878,972		712,745		857,735
	370,458		373,239		469,993		472,934		518,278		517,047
	268,605		259,502		238,876		378,424		306,423		278,454
	999,705		1,139,854		1,161,720		1,194,275		1,245,127		1,376,915
	3,380,890		3,553,370		3,666,982		3,898,188		3,620,349		3,875,086
	2,233,987		2,321,318		2,440,880		2,461,686		2,494,575		2,789,374
	259,931		279,003		298,716		339,562		321,419		333,897
	157,693		176,400		189,744		193,544		219,750		250,653
	414,345		430,304		435,956		462,223		567,099		540,270
	393,589		431,578		542,439		838,064		535,876		648,020
	-		-		32,321		87,568		-		-
	3,923		121,444		1,970		-		-		-
	3,576,807		3,237,811		4,197,100		4,461,724		3,981,639		2,991,888
	1,237,780		1,324,840		1,371,889		1,563,557		1,604,070		3,670,693
	646,331		615,783		737,810		1,142,486		615,680		721,522
	<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>22,240,431</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>		<u>(636,899)</u>
	2,569,903		1,510,571		270,448		1,093,429		917,220		2,569,903
	(3,742,018)		(1,919,339)		(1,194,448)		(1,683,429)		(1,561,692)		(3,742,018)
	841,746		-		783,153		-		-		130,582
	-		-		7,705,000		-		-		3,120,000
	(1,233,746)		-		(3,532,966)		-		-		-
	546,698		-		-		130,582		-		-
	<u>(1,017,417)</u>		<u>(408,768)</u>		<u>4,031,187</u>		<u>(459,418)</u>		<u>(644,472)</u>		<u>2,078,467</u>
\$	<u>(2,093,543)</u>	\$	<u>(1,525,790)</u>	\$	<u>2,798,021</u>	\$	<u>(938,700)</u>	\$	<u>1,851,956</u>	\$	<u>1,441,568</u>
	15.08%		14.12%		15.12%		16.92%		15.28%		22.82%

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>
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
2022	2021	0.589398	100%	1,695,643,812

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	
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
2022	0.5893980	1.3246000	1.2200000	0.2763310	0.1491500	0.0183600	3.5778390

CITY OF UNIVERSAL CITY, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

September 30, 2022

TABLE 7

<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percent of Assessed Value</u>
Int Grove, LLC	\$ 33,000,000	1	1.95%
12900 East Loop1604 North LP	29,500,000	2	1.74
Frontline Sable Ridge, LP	26,500,000	3	1.56
INT Sunrise Canyon LLC	25,500,000	4	1.50
Wal Mart Stores Inc., #2404	23,924,970	5	1.41
Peppermill Apartments, LP	21,500,000	6	1.27
HEB Grocery Company, LP	20,431,520	7	1.20
Forum Crossing, LLC	13,901,590	8	0.82
Triangle Y Shops, LP	11,941,070	9	0.70
Ironwood Apartments	9,880,230	10	0.58

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
2013	2012	\$ 5,223,553	\$ 5,172,819	99.03%	\$ 35,589	\$ 5,208,408	99.71%
2014	2013	5,251,504	5,200,386	99.03	16,333	5,216,719	99.34
2015	2014	5,574,016	5,509,281	98.84	16,139	5,525,420	99.13
2016	2015	5,989,772	5,921,439	98.86	30,700	5,952,139	99.37
2017	2016	6,770,432	6,756,980	99.80	11,341	6,768,321	99.96
2018	2017	7,208,257	7,148,198	99.17	(45,300)	7,102,898	98.54
2019	2018	7,853,794	7,658,488	97.51	9,105	7,667,593	97.63
2020	2019	8,724,422	8,633,875	98.96	18,417	8,652,292	99.17
2021	2020	8,994,967	8,920,572	99.17	656	8,921,228	99.18
2022	2021	9,514,827	9,408,592	98.88	(16,898)	9,391,694	98.71

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			
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
2022	13,714,000	-	269,354	2,095,000	2,470,000	4,490,000	-	406,949	-	23,445,303	3.61	1,184

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, 2022

TABLE 10

	Debt Outstanding	Percentage Applicable to City	City's Share of Debt <u>2022</u>
Alamo Community College District	\$ 529,820,000	0.83%	\$ 4,397,506
Bexar County	2,061,553,211	0.83%	17,110,892
Bexar County Hospital District	1,168,200,000	0.83%	9,696,060
Judson Independent School District	565,441,632	10.78%	60,954,608
Schertz-Cibolo-Universal City Independent School District	435,723,543	3.93%	<u>17,123,935</u>
Subtotal overlapping debt			109,283,001
Direct debt - City of Universal City			<u>20,299,000</u>
Total overlapping and direct debt			<u><u>\$ 129,582,001</u></u>

Source of data – compiled by Municipal Advisory Council of Texas, September 30, 2022

CITY OF UNIVERSAL CITY, TEXAS

DEBT MARGIN INFORMATION

Last 10 fiscal years

TABLE 11

Assessed valuation, 2021 Tax Roll	<u>\$1,695,643,812</u>
Debt limit – Texas statues do not provide a legal debt limit for cities; however, through accepted practice a practical “economic” debt limit is considered to be 10% of the assessed value	\$169,564,381
Amount of applicable debt:	
Bonded debt – general obligation bonds	\$ 20,299,000
Less net assets in debt service fund	<u>(1,013,885)</u>
	<u>19,285,115</u>
Debt margin	<u>\$ 150,279,266</u>

	FISCAL YEAR				
	2013	2014	2015	2016	2017
Assessed value	<u>\$ 894,920,535</u>	<u>\$ 930,716,777</u>	<u>\$ 994,173,349</u>	<u>\$ 1,101,012,604</u>	<u>\$ 1,202,521,484</u>
Debt limit	\$ 89,492,054	\$ 93,071,678	\$ 99,417,335	\$ 110,101,260	\$ 120,252,148
Total net debt	<u>11,826,108</u>	<u>14,414,634</u>	<u>16,106,626</u>	<u>19,859,364</u>	<u>21,313,769</u>
Debt margin	<u>\$ 77,665,946</u>	<u>\$ 78,657,044</u>	<u>\$ 83,310,709</u>	<u>\$ 90,241,896</u>	<u>\$ 98,938,379</u>
Total net debt as a percentage of debt margin	15.23%	18.33%	19.33%	22.01%	21.54%

	FISCAL YEAR				
	2018	2019	2020	2021	2022
Assessed value	<u>\$ 1,290,253,549</u>	<u>\$ 1,360,690,742</u>	<u>\$ 1,450,192,073</u>	<u>\$ 1,505,808,896</u>	<u>\$ 1,695,643,812</u>
Debt limit	\$ 129,025,355	\$ 136,069,074	\$ 145,019,207	\$ 150,580,889	\$ 169,564,381
Total net debt	<u>20,062,703</u>	<u>22,906,277</u>	<u>20,519,527</u>	<u>17,627,805</u>	<u>20,299,000</u>
Debt margin	<u>\$ 108,962,652</u>	<u>\$ 113,162,797</u>	<u>\$ 124,499,680</u>	<u>\$ 132,953,084</u>	<u>\$ 150,279,266</u>
Total net debt as a percentage of debt margin	18.41%	20.24%	20.24%	16.48%	13.26%

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		
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	
2022	10,586,469	6,596,263	3,990,206	553,416	7.21	

*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>
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
2022	19,808	649,266,624	32,778	36.30	13-16	*	3.50

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,									
	<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>	<u>2022</u>
Function:										
General Manager:										
Management	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0	3.5
Finance	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0	6.5
Planning	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Building	2.5	4.0	4.0	4.0	4.0	4.0	4.0	5.0	7.0	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	30.0	30.0	31.0	31.0	32.0	32.0	32.0	32.0
Civilians	10.5	11.0	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	21.0	20.0
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	4.0	4.0	4.0	4.0	4.0	5.0
General streets	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	12.0	12.0
Water	9.0	10.0	12.0	12.0	11.0	11.0	11.0	11.0	12.0	8.0
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	5.0	5.0	5.0	6.0	5.0	5.0
Equipment maintenance	2.5	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	5.5	5.5	5.5	5.5	5.5	5.5
Library	3.1	3.1	3.1	3.1	3.0	3.0	3.6	3.5	3.5	3.5
Golf Course	<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>	<u>26.5</u>
Totals	<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>	<u>156.00</u>

CITY OF UNIVERSAL CITY, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last 10 fiscal years

<u>Function / Program</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Police:				
Citations	6,264	5,177	4,902	8,780
Warnings	3,553	2,870	3,483	7,087
Calls for service	31,015	23,383	20,129	38,162
Arrests	1,033	979	2,161	1,806
Fire:				
Fire/miscellaneous calls	824	798	529	863
EMS calls	1867	1915	1551	1259
Inspections	131	155	93	189
Complaints	-	-	-	-
Library:				
Volumes in collection	22,719	23,786	24,798	25,786
Total volumes borrowed	30,381	16,097	14,876	35,019
General services (in man hours):				
Street maintenance	2,391	2,477	1,457	1,899
Street sweeping	356	348	332	512
Alley maintenance	64	591	704	614
ROW maintenance	2,072	2,512	2,274	1,937
Signage	1,216	790	998	1,028
Brush chipping	844	138	349	843
Crack sealing	120	512	352	-
Concrete work	1,384	1,482	1,524	440
Drain maintenance	1,321	1,081	1,463	497
Easement maintenance	830	554	480	730
Park maintenance	11,939	10,778	11,614	7,735
Pat Booker road maintenance	-	-	-	-
Special events	1,763	873	2,399	1,703
Janitorial	3,888	3,436	3,914	3,980
Splash pad construction	-	-	-	2,436
Water:				
Total consumption				
(thousand of gallons)	863,890	839,065	823,743	817,054
Daily average	2,366,822	2,298,808	2,256,830	2,238,504
Maximum daily demand				
(thousands of gallons)	4,177	4,855	4,293	4,102
Total customers	6,501	6,408	6,271	6,190
Average use per connection	132,886	130,940	131,358	131,996

TABLE 15

2018	2017	2016	2015	2014	2013
6,256	11,208	12,174	9,154	11,610	9,416
4,154	5,483	4,602	4,000	4,738	4,484
33,828	42,673	41,497	36,179	36,991	39,276
1,619	1,978	1,874	1,168	1,848	2,361
576	510	443	463	413	409
1552	1,538	1,499	1,434	1,367	1,411
106	200	1,186	1,189	1,197	1,275
-	-	-	-	-	-
25,623	24,232	22,841	22,931	26,951	25,888
36,065	30,620	12,041	10,551	31,145	36,021
1,019	1,991	1,990	2,185	3,521	3,526
467	416	1,200	1,140	1,021	1,135
316	-	192	304	114	344
1,165	908	2,100	1,595	1,462	1,863
1,326	200	288	1,150	777	541
544	624	1,080	795	1,200	835
600	-	600	248	194	638
485	96	420	1,671	824	1,472
367	408	960	687	1,506	1,185
16	381	360	722	-	160
5,774	5,597	1,200	9,127	10,008	8,234
-	-	200	-	-	-
2,189	672	2,200	1,833	1,980	1,101
2,365	3,314	4,400	4,076	1,504	-
-	-	-	-	-	-
834,473	759,777	800,262	740,012	706,840	715,488
2,286,227	2,081,580	2,192,556	2,027,430	2,357,194	1,960,240
4,561	3,581	3,817	4,172	3,844	3,468
6,110	6,069	5,984	5,929	5,873	5,854
136,574	125,190	133,734	124,812	120,354	122,222

CITY OF UNIVERSAL CITY, TEXAS

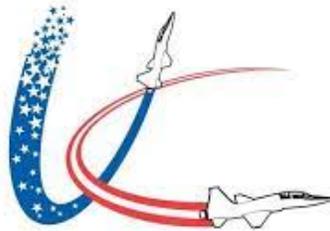
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last 10 fiscal years

TABLE 16

<u>Function / Program</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>	<u>2022</u>
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	17	19	20	20	21	19	19	19	19	21
Fire:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire vehicles	8	8	8	8	9	9	8	10	10	10
Animal Shelter:										
Control vehicle	2	2	2	2	2	2	2	2	2	2
Parks and Recreation:										
Playgrounds	5	5	7	7	5	5	8	8	8	8
Baseball/softball fields	6	6	6	6	6	6	6	6	6	6
Soccer/football	1	1	2	2	1	1	1	2	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	10
Clubhouse	-	1	1	1	1	1	1	1	1	1
Splash pad	-	-	-	-	-	-	1	1	1	1
Public Works:										
Streets	73	73	75	77	75	75	75	77	77	80
Traffic signals	3	3	3	3	4	4	4	4	4	4
Water:										
Storage units	7	7	7	7	7	7	7	12	12	12

COMPLIANCE SECTION



UNIVERSAL CITY
Gateway to Randolph AFB Est. 1950

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, 2022, 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 1, 2023.

Report on 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on 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*.

Purpose of this Report

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

ABIP, PC

San Antonio, Texas

August 1, 2023

INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE FOR THE U.S. DEPARTMENT OF TREASURY
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS PROGRAM (CSLFRF) REQUIREMENTS FOR
AN ALTERNATIVE CSLFRF COMPLIANCE EXAMINATION ENGAGEMENT

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

We have examined the City of Universal City, Texas (the “City”) compliance with the compliance requirements “activities allowed or unallowed” and “allowable cost/cost principles” (the specified requirements) as described in Part IV “Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds” of the CSLFRF section of the 2022 OMB Compliance Supplement (referred to herein as “Requirements for an Alternative CSLFRF Compliance Examination Engagement”) during the year ended September 30, 2022. Management of the City is responsible for the City’s compliance with the specified requirements. Our responsibility is to express an opinion on the City’s compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in the “Requirements for an Alternative CSLFRF Compliance Examination Engagement.” Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the City’s compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the specified requirements referenced above during the year ended September 30, 2022.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud, and noncompliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the City's compliance with the specified requirements and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on the City's compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over the specified requirements or on compliance and other matters; accordingly, we express no such opinions. The results of our tests disclosed no matters that are required to be reported under *Government Auditing Standards*.

Intended Purpose

The purpose of this examination report is solely to express an opinion on whether the City of Universal City, Texas complied, in all material respects with the specified requirements referenced above during the year ended September 30, 2022. Accordingly, this report is not suitable for any other purpose.

ABIP, PC

San Antonio, Texas
August 1, 2023