

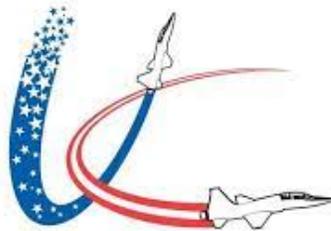
CITY OF UNIVERSAL CITY, TEXAS

ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2023

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CPAs | ADVISORS

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



UNIVERSAL CITY
Gateway to Randolph AFB Est. 1960

CITY OF UNIVERSAL CITY, TEXAS

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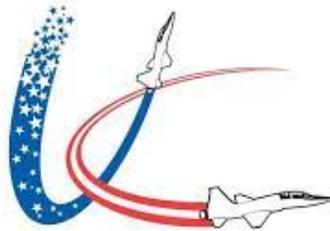
CITY OF UNIVERSAL CITY, TEXAS

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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, 2023

MAYOR

JOHN H. WILLIAMS

MAYOR PRO TEM

S. BEAR GOOLSBY

CITY COUNCIL

PAUL NAJARIAN

STEVEN BUCK

CHRISTINA FITZPATRICK

PHIL VAUGHAN

ASHTON BULMAN

CITY MANAGER

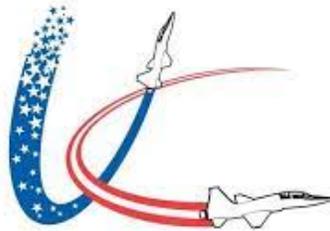
KIM TURNER

ATTORNEY

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

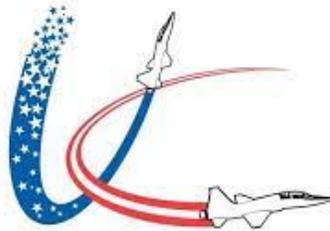
AUDITOR

ABIP, PC



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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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the 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, 2023 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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. The financial statements of the Universal City Economic Development Corporation were not audited in accordance with *Government Auditing Standards*.

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

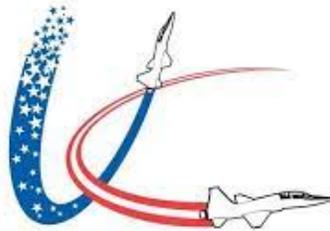
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2024, on our consideration of the City'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
March 19, 2024



UNIVERSAL CITY Est. 1960
Gateway to Randolph AFB

CITY OF UNIVERSAL CITY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

For the year ended September 30, 2023

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, 2023. 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 \$92,710,395 (net position). Of this amount, \$25,299,871 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- ❖ The City's total net position increased by \$9,590,120.
- ❖ As of the close of the current fiscal year, the City of Universal City's governmental funds reported combined fund balances of \$24,324,807 of which \$16,116,100 is unassigned and available for spending at the City's discretion.
- ❖ The governmental fund balances increased by \$1,140,134. The increase was primarily due to an increase in interest earnings during the current year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

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

The **statement of net position** presents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The **statement of activities** presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (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 59-73 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 \$92,710,395.

A portion of the City's net position (67%) 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	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and other assets	\$ 29,294,109	\$ 29,402,942	\$ 27,258,268	\$ 17,907,575	\$ 56,552,377	\$ 47,310,517
Capital assets	41,065,002	40,232,726	38,276,408	37,337,249	79,341,410	77,569,975
Total assets	70,359,111	69,635,668	65,534,676	55,244,824	135,893,787	124,880,492
Deferred outflows of resources	3,703,256	1,410,295	1,044,509	396,545	4,747,765	1,806,840
Liabilities:						
Long-term liabilities	25,062,867	21,753,678	13,419,276	8,469,492	38,482,143	30,223,170
Other liabilities	5,475,800	7,172,467	3,739,379	3,492,496	9,215,179	10,664,963
Total liabilities	30,538,667	28,926,145	17,158,655	11,961,988	47,697,322	40,888,133
Deferred inflows of resources	194,087	1,976,457	39,748	542,467	233,835	2,518,924
Net position:						
Net investment in capital assets	30,598,928	28,575,812	31,358,361	29,645,185	61,957,289	58,220,997
Restricted	2,606,663	2,762,237	2,846,572	2,568,103	5,453,235	5,330,340
Unrestricted	10,124,022	8,805,312	15,175,849	10,923,626	25,299,871	19,728,938
Total net position	\$ 43,329,613	\$ 40,143,361	\$ 49,380,782	\$ 43,136,914	\$ 92,710,395	\$ 83,280,275

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 \$25,299,871, may be used to meet the government's ongoing obligation to citizens and creditors.

As of September 30, 2023, 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, 2023. Governmental activities increased the City of Universal City's net position by \$3,346,252, accounting for 35% of the total growth in net position. Business-type activities increased the City's net position by \$6,243,868, accounting for 65% of total growth in net position.

	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 3,438,805	\$ 2,729,710	\$ 15,327,889	\$ 13,835,866	\$ 18,766,694	\$ 16,565,576
Capital grants and contributions	1,121,643	2,158,292	-	300,000	1,121,643	2,458,292
General revenues:						
Property taxes	8,255,342	9,548,582	-	-	8,255,342	9,548,582
Franchise fees	1,345,246	1,502,863	-	-	1,345,246	1,502,863
Sales taxes	5,613,694	4,945,730	1,761,756	-	7,375,450	4,945,730
Hotel/motel taxes	102,539	97,270	-	-	102,539	97,270
Mixed drink	76,102	76,328	-	-	76,102	76,328
Interest and investment earnings	1,353,325	246,936	1,004,592	148,449	2,357,917	395,385
Miscellaneous	219,634	216,398	-	-	219,634	216,398
Total revenues	<u>21,526,330</u>	<u>21,522,109</u>	<u>18,094,237</u>	<u>14,284,315</u>	<u>39,620,567</u>	<u>35,806,424</u>
Expenses:						
Administration	3,418,371	3,447,498	-	-	3,418,371	3,447,498
Planning and development	1,013,760	1,349,480	-	-	1,013,760	1,349,480
Finance	722,098	519,013	-	-	722,098	519,013
Municipal court	319,928	296,713	-	-	319,928	296,713
General services division	1,767,082	1,897,646	-	-	1,767,082	1,897,646
Police	4,777,695	3,988,012	-	-	4,777,695	3,988,012
Fire	3,537,731	2,982,503	-	-	3,537,731	2,982,503
Library	598,468	457,688	-	-	598,468	457,688
Vehicle and equipment maintenance	272,886	250,105	-	-	272,886	250,105
Animal shelter	631,753	587,446	-	-	631,753	587,446
Parks and recreation	998,620	982,579	-	-	998,620	982,579
Golf course	-	131,386	-	-	-	131,386
Interest and other fees	503,081	603,660	-	-	-	603,660
Water and sewer utility	-	-	8,064,640	7,569,165	8,064,640	7,569,165
Golf course	-	-	2,845,852	2,332,768	2,845,852	2,332,768
Stormwater	-	-	558,482	633,169	558,482	633,169
Total expenses	<u>18,561,473</u>	<u>17,493,729</u>	<u>11,468,974</u>	<u>10,535,102</u>	<u>29,527,366</u>	<u>28,028,831</u>
Increase (decrease) in net position						
before transfers	2,964,857	4,028,380	6,625,263	3,749,213	9,590,120	7,777,593
Transfers	<u>381,395</u>	<u>(1,172,115)</u>	<u>(381,395)</u>	<u>1,172,115</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	3,346,252	2,856,265	6,243,868	4,921,328	9,590,120	7,777,593
Beginning net position	40,143,361	37,287,096	43,136,914	38,215,586	83,280,275	75,502,682
Restatement of net position	(160,000)	-	-	-	(160,000)	-
Ending net position	<u>\$ 43,329,613</u>	<u>\$ 40,143,361</u>	<u>\$ 49,380,782</u>	<u>\$ 43,136,914</u>	<u>\$ 92,710,395</u>	<u>\$ 83,280,275</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

Governmental Funds

The focus of the City of Universal City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Universal City’s governmental funds reported combined ending fund balances of \$24,324,807. Approximately 66.3% of this total amount (\$16,116,100) 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 \$1,723,696. Net transfers to other funds of \$159,228 decreased this to \$1,564,468. In the capital projects fund, expenditures exceeded revenues by \$1,015,836. Net transfers increased this to \$475,213. In the debt service fund, expenditures exceeded revenues by \$50,879.

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 \$11,596,963, stormwater management of \$1,253,849 and golf course of \$2,325,037. The funds had changes in net position in 2023 as follows: water and sewer of \$4,618,942, stormwater management of \$906,256, and golf course of \$718,670.

General Fund Budgetary Highlights

An annual budget is legally adopted for the general fund. Expenditures were under budget by \$282,378.

CAPITAL ASSETS

The City of Universal City’s investment in capital assets for its governmental and business type activities as of September 30, 2023, amounts to \$79,341,410 (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	
	2023	2022	2023	2022	2023	2022
Land	\$ 6,976,157	\$ 6,976,157	\$ 492,908	\$ 332,602	\$ 7,469,065	\$ 7,308,759
Buildings and improvements	7,416,334	7,793,424	1,221,340	1,277,239	8,637,674	9,070,663
Improvements other than buildings	1,552,879	1,705,257	-	-	1,552,879	1,705,257
Utility plant and easements	-	-	25,708,729	25,388,716	25,708,729	25,388,716
Transportation and equipment	1,981,748	1,797,862	1,295,877	1,150,470	3,277,625	2,948,332
Water rights	-	-	8,633,818	8,511,671	8,633,818	8,511,671
Infrastructure	13,815,386	13,414,840	-	-	13,815,386	13,414,840
Construction in progress	9,322,498	8,545,186	923,736	676,551	10,246,234	9,221,737
	<u>\$ 41,065,002</u>	<u>\$ 40,232,726</u>	<u>\$ 38,276,408</u>	<u>\$ 37,337,249</u>	<u>\$ 79,341,410</u>	<u>\$ 77,569,975</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 \$26,031,791. Of this amount, \$14,265,000 comprises bonded debt backed by the full faith and credit of the government and \$10,510,000 represents bonds secured solely by water and sewer revenues. Notes payables of \$795,359 are capital leases secured by a fire truck, equipment, a street sweeper, golf carts, and golf equipment.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 12,310,000	\$ 13,714,000	\$ -	\$ -	\$ 12,310,000	\$ 13,714,000
Revenue bonds	-	-	10,510,000	6,960,000	10,510,000	6,960,000
Certificates of obligation	1,955,000	2,095,000	-	-	1,955,000	2,095,000
Notes payable	211,267	269,354	584,092	406,949	795,359	676,303
Totals	14,476,267	16,078,354	11,094,092	7,366,949	25,570,359	23,445,303
Compensated absences	349,632	458,872	111,800	155,661	461,432	614,533
Total debt	<u>\$ 14,825,899</u>	<u>\$ 16,537,226</u>	<u>\$ 11,205,892</u>	<u>\$ 7,522,610</u>	<u>\$ 26,031,791</u>	<u>\$ 24,059,836</u>

The City of Universal City maintains an AA+ rating from Standard and Poor's, with municipal bond insurance. Additional information on the City of Universal City's long-term debt can be found in note 6 pages 40-41.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The adjusted property taxable values used for the fiscal year 2024 budget preparation were down approximately 7% from prior year values. The decrease in the adjusted property values is related to tax ceilings such as exemptions for homeowners 65 and older or disabled persons. General operating fund expenditures increased for fiscal year 2024 due in part to capital items for general services, fire, and police.

New commercial and retail structures began development during the 2023 Fiscal Year. The tenancy of those structures, whether owner-occupied or lease tenants, will contribute to the overall economic viability of the City. The tenancy of the buildings will supply new tax revenues for the future and support ad valorem and sales tax revenues to fund capital projects and City operations included in the General Fund.

The City's sales tax revenues remain healthy. Residential development and home sales continued at an accelerated pace with new phases coming online in the 2024 Fiscal Year.

Multiple Planned Unit Developments have completed their entitlements with the City. Future construction of mixed-use projects and apartment complexes will be prominent over the next few years.

The Aviation District Master Plan was adopted by both the City and the Economic Development Corporation (EDC). The EDC Board has made ardent strides in identifying and purchasing key properties that are required to bring the plan to fruition. Additionally, infrastructure upgrades and improvements in the adjoining residential areas contribute to the economic viability of the Plan.

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, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Universal City Economic Development Corporation
Assets:				
Cash and investments	\$ 26,270,138	\$ 17,784,833	\$ 44,054,971	\$ 3,957,970
Receivables: (net of allowances for uncollectibles)				
Taxes	258,847	-	258,847	-
Accounts	-	1,649,788	1,649,788	-
Other	948,002	-	948,002	-
Due from other governments	670,070	-	670,070	451,875
Due from component unit	214,374	-	214,374	-
Internal balances	915,850	(915,850)	-	-
Inventories	-	452,285	452,285	-
Prepaid expenses	16,828	601	17,429	-
Restricted assets:				
Cash	-	8,286,611	8,286,611	-
Capital assets:				
Land	6,976,157	492,908	7,469,065	-
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	-	38,489,702	38,489,702	-
Transportation and equipment	11,881,626	5,557,352	17,438,978	-
Water rights	-	8,633,818	8,633,818	-
Infrastructure	28,953,955	-	28,953,955	-
Construction in progress	9,322,498	923,736	10,246,234	-
Accumulated depreciation	<u>(35,862,075)</u>	<u>(18,074,136)</u>	<u>(53,936,211)</u>	<u>-</u>
Total assets	<u>70,359,111</u>	<u>65,534,676</u>	<u>135,893,787</u>	<u>4,409,845</u>
Deferred outflows of resources:				
Deferred charge on pension - TMRS	3,648,175	1,028,974	4,677,149	-
Deferred charge on OPEB - TMRS	<u>55,081</u>	<u>15,535</u>	<u>70,616</u>	<u>-</u>
Total deferred outflows of resources	<u>3,703,256</u>	<u>1,044,509</u>	<u>4,747,765</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 74,062,367</u>	<u>\$ 66,579,185</u>	<u>\$ 140,641,552</u>	<u>\$ 4,409,845</u>

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

CITY OF UNIVERSAL CITY, TEXAS

STATEMENT OF NET POSITION

September 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Universal City Economic Development Corporation
Liabilities and net position:				
Liabilities:				
Accounts payable and other				
current liabilities	\$ 926,333	\$ 1,304,541	\$ 2,230,874	\$ -
Accrued interest payable	60,616	-	60,616	7,909
Customer deposits	-	1,049,316	1,049,316	-
Due to primary government	-	-	-	214,374
Unearned revenues	2,836,120	98,310	2,934,430	-
Payable from restricted assets:				
Current portion of long-term debt	-	961,160	961,160	-
Accrued interest payable	-	30,807	30,807	-
Noncurrent liabilities:				
Net pension liability	10,446,100	2,946,336	13,392,436	-
OPEB liability - TMRS	236,849	66,803	303,652	-
OPEB liability - Retiree health	301,809	-	301,809	-
Due within one year	1,652,731	295,245	1,947,976	381,000
Due in more than one year	14,078,109	10,406,137	24,484,246	3,054,000
Total liabilities	<u>30,538,667</u>	<u>17,158,655</u>	<u>47,697,322</u>	<u>3,657,283</u>
Deferred inflows of resources:				
Deferred inflow on pension - TMRS	-	-	-	-
Deferred inflow on OPEB - TMRS	140,923	39,748	180,671	-
Deferred inflow on OPEB - Retiree health	53,164	-	53,164	-
Total deferred inflows of resources	<u>194,087</u>	<u>39,748</u>	<u>233,835</u>	<u>-</u>
Net position:				
Net investment in capital assets	30,598,928	31,358,361	61,957,289	-
Restricted for:				
Special revenue	1,541,899	-	1,541,899	-
Debt service	1,064,764	-	1,064,764	-
Impact fees	-	2,846,572	2,846,572	-
Unrestricted	10,124,022	15,175,849	25,299,871	752,562
Total net position	<u>43,329,613</u>	<u>49,380,782</u>	<u>92,710,395</u>	<u>752,562</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 74,062,367</u>	<u>\$ 66,579,185</u>	<u>\$ 140,641,552</u>	<u>\$ 4,409,845</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, 2023

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Administration	\$ 3,418,371	\$ 776,719	\$ -	\$ 863,879
Planning and development	1,013,760	883,467	-	-
Finance	722,098	-	-	-
Municipal court	319,928	1,597,390	-	-
General services division	1,767,082	-	-	-
Police	4,777,695	19,847	-	9,755
Fire	3,537,731	-	-	2,627
Library	598,468	130	-	13,318
Vehicle and equipment maintenance	272,886	-	-	-
Animal shelter	631,753	14,065	-	6,850
Parks and recreation	998,620	96,982	-	225,214
Golf course	-	50,205	-	-
Interest and other fees	503,081	-	-	-
Total government activities	<u>18,561,473</u>	<u>3,438,805</u>	<u>-</u>	<u>1,121,643</u>
Business-type activities:				
Water / sewage utility	8,064,640	11,844,614	-	-
Golf course	2,845,852	2,682,531	-	-
Stormwater management	<u>558,482</u>	<u>800,744</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>11,468,974</u>	<u>15,327,889</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 30,030,447</u>	<u>\$ 18,766,694</u>	<u>\$ -</u>	<u>\$ 1,121,643</u>
Component unit:				
Economic Development Corporation	<u>\$ 1,923,152</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Taxes

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

Transfers

Total general revenues

Change in net position

Net position - beginning of year

Restatement of net position

Net position - end of year

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

Changes in Net Position			
Primary Government			Component Unit
Governmental	Business-Type		Universal City
Activities	Activities	Total	Economic Development Corporation
\$ (1,777,773)	\$ -	\$ (1,777,773)	\$ -
(130,293)	-	(130,293)	-
(722,098)	-	(722,098)	-
1,277,462	-	1,277,462	-
(1,767,082)	-	(1,767,082)	-
(4,748,093)	-	(4,748,093)	-
(3,535,104)	-	(3,535,104)	-
(585,020)	-	(585,020)	-
(272,886)	-	(272,886)	-
(610,838)	-	(610,838)	-
(676,424)	-	(676,424)	-
50,205	-	50,205	-
(503,081)	-	(503,081)	-
(14,001,025)	-	(14,001,025)	-
-	3,779,974	3,779,974	-
-	(163,321)	(163,321)	-
-	242,262	242,262	-
-	3,858,915	3,858,915	-
(14,001,025)	3,858,915	(10,142,110)	-
			(1,923,152)
8,255,342	-	8,255,342	-
1,345,246	-	1,345,246	-
5,613,694	1,761,756	7,375,450	1,761,757
102,539	-	102,539	-
76,102	-	76,102	-
1,353,325	1,004,592	2,357,917	59,558
219,634	-	219,634	20,927
381,395	(381,395)	-	-
17,347,277	2,384,953	19,732,230	1,842,242
3,346,252	6,243,868	9,590,120	(80,910)
40,143,361	43,136,914	83,280,275	673,472
(160,000)	-	(160,000)	160,000
\$ 43,329,613	\$ 49,380,782	\$ 92,710,395	\$ 752,562

CITY OF UNIVERSAL CITY, TEXAS

BALANCE SHEET – GOVERNMENTAL FUNDS

September 30, 2023

	Major Funds			Total Governmental Funds
	General Fund	Capital Projects Fund	Debt Service Fund	
Assets:				
Cash and temporary investments	\$ 20,042,920	\$ 4,965,045	\$ 1,262,173	\$ 26,270,138
Receivables: (net of allowances for uncollectibles)				
Property taxes, net	197,714	-	61,133	258,847
Accounts	948,002	-	-	948,002
Due from other governments	670,070	-	-	670,070
Due from other funds	1,126,219	-	293,987	1,420,206
Due from component unit	214,374	-	-	214,374
Prepaid	16,828	-	-	16,828
Total assets	<u>\$ 23,216,127</u>	<u>\$ 4,965,045</u>	<u>\$ 1,617,293</u>	<u>\$ 29,798,465</u>
Liabilities:				
Accounts payable	\$ 664,434	\$ 49,911	\$ -	\$ 714,345
Accrued expenditures	211,988	-	-	211,988
Due to other funds	12,960	-	491,396	504,356
Unearned revenues	3,784,122	-	-	3,784,122
Total liabilities	<u>4,673,504</u>	<u>49,911</u>	<u>491,396</u>	<u>5,214,811</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	197,714	-	61,133	258,847
Fund balances:				
Nonspendable:				
Prepaid	16,828	-	-	16,828
Restricted:				
PEG funds	385,965	-	-	385,965
Public safety	66,653	-	-	66,653
Fire	2,927	-	-	2,927
Library improvements	15,084	-	-	15,084
Hotel / motel	507,481	-	-	507,481
Child safety	96,645	-	-	96,645
Blue Santa	100	-	-	100
Animal shelter	40,528	-	-	40,528
Court technology	119,429	-	-	119,429
Court security	142,017	-	-	142,017
Northlake roads	150,000	-	-	150,000
Veterans park	13,434	-	-	13,434
Opioid abatement	1,636	-	-	1,636
Debt service	-	-	1,064,764	1,064,764
Capital projects	-	4,915,134	-	4,915,134
Assigned:				
Capital projects	670,082	-	-	670,082
Unassigned	16,116,100	-	-	16,116,100
Total fund balances	<u>18,344,909</u>	<u>4,915,134</u>	<u>1,064,764</u>	<u>24,324,807</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 23,216,127</u>	<u>\$ 4,965,045</u>	<u>\$ 1,617,293</u>	<u>\$ 29,798,465</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, 2023

Total fund balance - total governmental funds	\$ 24,324,807
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.	41,065,002
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,206,849
Accrued vacation leave payable is not due and payable in the current period and, therefore, not reported in the funds.	(349,632)
Long-term liabilities are not due and payable in the current period and, therefore, not reported in the funds:	
Bonds and notes payable	(15,381,208)
Net pension liability	(10,446,100)
OPEB liability - TMRS	(236,849)
OPEB liability - Retiree health	(301,809)
Deferred outflows/inflows	3,509,169
Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the funds.	<u>(60,616)</u>
Total net position of governmental activities	<u>\$ 43,329,613</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, 2023

	Major Funds			Total Governmental Funds
	General Fund	Capital Projects Fund	Debt Service Fund	
Revenues:				
Taxes	\$ 13,499,575	\$ -	\$ 2,090,182	\$ 15,589,757
Licenses and permits	1,187,896	-	-	1,187,896
Intergovernmental	1,655,021	-	-	1,655,021
Contributions from component unit	220,332	-	-	220,332
Fines and forfeitures	1,173,666	-	-	1,173,666
Interest	1,031,959	248,548	72,818	1,353,325
Miscellaneous	219,819	-	-	219,819
Total revenues	<u>18,988,268</u>	<u>248,548</u>	<u>2,163,000</u>	<u>21,399,816</u>
Expenditures:				
Current:				
Administrative	2,975,817	-	-	2,975,817
Planning and development	856,142	-	-	856,142
Finance	610,566	-	-	610,566
Municipal court	270,676	-	-	270,676
General services division	1,512,364	-	-	1,512,364
Police	4,275,390	-	-	4,275,390
Fire	2,924,803	-	-	2,924,803
Library	414,035	-	-	414,035
Vehicle and equipment maintenance	230,451	-	-	230,451
Animal shelter	534,926	-	-	534,926
Parks and recreation	867,993	-	-	867,993
Capital outlay	1,791,409	1,197,815	-	2,989,224
Debt service:				
Principal	-	58,087	1,544,000	1,602,087
Interest and fiscal charges	-	8,482	568,121	576,603
Total expenditures	<u>17,264,572</u>	<u>1,264,384</u>	<u>2,112,121</u>	<u>20,641,077</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,723,696</u>	<u>(1,015,836)</u>	<u>50,879</u>	<u>758,739</u>
Other financing sources (uses):				
Transfers in (out)	<u>(159,228)</u>	<u>540,623</u>	<u>-</u>	<u>381,395</u>
Total other financing sources (uses)	<u>(159,228)</u>	<u>540,623</u>	<u>-</u>	<u>381,395</u>
Net change in fund balances	1,564,468	(475,213)	50,879	1,140,134
Fund balances at beginning of year	<u>16,940,441</u>	<u>5,390,347</u>	<u>1,013,885</u>	<u>23,344,673</u>
Restatement of fund balance	<u>(160,000)</u>	<u>-</u>	<u>-</u>	<u>(160,000)</u>
Fund balances at end of year	<u>\$ 18,344,909</u>	<u>\$ 4,915,134</u>	<u>\$ 1,064,764</u>	<u>\$ 24,324,807</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, 2023

Net change in fund balances - governmental funds	\$ 1,140,134
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.	832,276
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,661,691
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.	(537,522)
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>249,673</u>
Change in net position of governmental activities	<u>\$ 3,346,252</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, 2023

	Business-Type Activities - Enterprise Funds			
	Water / Sewer Fund	Golf Course Fund	Stormwater Fund	Total
Current assets:				
Cash and investments	\$ 12,552,234	\$ 3,880,637	\$ 1,351,962	\$ 17,784,833
Receivables (net of allowances for uncollectibles)				
Accounts	1,266,300	304,965	78,523	1,649,788
Due from other funds	3,569	-	1,062	4,631
Inventories	407,252	45,033	-	452,285
Cash - restricted	8,286,611	-	-	8,286,611
Prepays	<u>244</u>	<u>357</u>	<u>-</u>	<u>601</u>
Total current assets	<u>22,516,210</u>	<u>4,230,992</u>	<u>1,431,547</u>	<u>28,178,749</u>
Deferred outflows of resources:				
Deferred outflow - TMRS OPEB	8,700	5,748	1,087	15,535
Deferred outflow - TMRS pension	<u>576,225</u>	<u>380,720</u>	<u>72,029</u>	<u>1,028,974</u>
Total deferred outflows of resources	<u>584,925</u>	<u>386,468</u>	<u>73,116</u>	<u>1,044,509</u>
Capital assets:				
Land	492,908	-	-	492,908
Building and improvements	2,253,028	-	-	2,253,028
Utility plant and easements	32,556,997	-	5,932,705	38,489,702
Transportation and equipment	2,805,436	2,176,931	574,985	5,557,352
Water rights	8,633,818	-	-	8,633,818
Construction in progress	-	-	923,736	923,736
Accumulated depreciation	<u>(15,342,691)</u>	<u>(1,372,941)</u>	<u>(1,358,504)</u>	<u>(18,074,136)</u>
Capital assets net of accumulated depreciation	<u>31,399,496</u>	<u>803,990</u>	<u>6,072,922</u>	<u>38,276,408</u>
Total assets and deferred outflows of resources	<u>\$ 54,500,631</u>	<u>\$ 5,421,450</u>	<u>\$ 7,577,585</u>	<u>\$ 67,499,666</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, 2023

	Business-Type Activities - Enterprise Funds			
	Water / Sewer Fund	Golf Course Fund	Stormwater Fund	Total
Liabilities and net position:				
Current liabilities:				
Accounts payable	\$ 1,131,676	\$ 58,882	\$ 23,586	\$ 1,214,144
Accrued wages	31,890	54,372	4,135	90,397
Compensated absences/vacation leave	70,538	34,876	6,386	111,800
Due to other funds	1,061	916,415	3,005	920,481
Customer deposits	1,049,316	-	-	1,049,316
Unearned revenues	-	98,310	-	98,310
Current portion of notes payable	<u>-</u>	<u>156,461</u>	<u>26,984</u>	<u>183,445</u>
Total current liabilities	<u>2,284,481</u>	<u>1,319,316</u>	<u>64,096</u>	<u>3,667,893</u>
Current liabilities payable from				
Restricted assets:				
Current portion of revenue bonds	961,160	-	-	961,160
Accrued interest payable	<u>30,807</u>	<u>-</u>	<u>-</u>	<u>30,807</u>
Total current liabilities payable from restricted assets	<u>991,967</u>	<u>-</u>	<u>-</u>	<u>991,967</u>
Noncurrent liabilities:				
Net pension liability	1,649,948	1,090,144	206,244	2,946,336
OPEB liability	37,410	24,717	4,676	66,803
Notes payable	-	377,611	23,036	400,647
Revenue bonds	<u>10,005,490</u>	<u>-</u>	<u>-</u>	<u>10,005,490</u>
Total noncurrent liabilities	<u>11,692,848</u>	<u>1,492,472</u>	<u>233,956</u>	<u>13,419,276</u>
Total liabilities	<u>14,969,296</u>	<u>2,811,788</u>	<u>298,052</u>	<u>18,079,136</u>
Deferred inflows of resources:				
Deferred inflow - TMRS pension	-	-	-	-
Deferred inflow - TMRS OPEB	<u>22,259</u>	<u>14,707</u>	<u>2,782</u>	<u>39,748</u>
Total deferred inflows of resources	<u>22,259</u>	<u>14,707</u>	<u>2,782</u>	<u>39,748</u>
Net position:				
Net investment in capital assets	25,065,541	269,918	6,022,902	31,358,361
Restricted - impact fees	2,846,572	-	-	2,846,572
Unrestricted	<u>11,596,963</u>	<u>2,325,037</u>	<u>1,253,849</u>	<u>15,175,849</u>
Total net position	<u>39,509,076</u>	<u>2,594,955</u>	<u>7,276,751</u>	<u>49,380,782</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 54,500,631</u>	<u>\$ 5,421,450</u>	<u>\$ 7,577,585</u>	<u>\$ 67,499,666</u>

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

CITY OF UNIVERSAL CITY, TEXAS

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

For the year ended September 30, 2023

	Business-Type Activities - Enterprise Funds			
	Water / Sewer Fund	Golf Course Fund	Stormwater Fund	Total
Operating revenues:				
Water revenues	\$ 6,030,691	\$ -	\$ -	\$ 6,030,691
Sewer revenues	4,820,000	-	-	4,820,000
Stormwater revenues	-	-	800,574	800,574
Golf course fees	-	1,667,220	-	1,667,220
Other fees and service charges	714,162	-	-	714,162
Sales, net of costs of goods sold	-	911,073	-	911,073
Miscellaneous revenues	<u>279,761</u>	<u>80,238</u>	<u>170</u>	<u>360,169</u>
Total operating revenues	<u>11,844,614</u>	<u>2,658,531</u>	<u>800,744</u>	<u>15,303,889</u>
Operating expenses:				
Public works	1,247,083	-	-	1,247,083
Administration	375,549	-	-	375,549
Water department	2,333,480	-	-	2,333,480
Sewer department	2,831,039	-	-	2,831,039
Stormwater department	-	-	374,685	374,685
Golf course operating cost	-	2,604,212	-	2,604,212
Depreciation	<u>808,205</u>	<u>227,717</u>	<u>183,797</u>	<u>1,219,719</u>
Total operating expenses	<u>7,595,356</u>	<u>2,831,929</u>	<u>558,482</u>	<u>10,985,767</u>
Operating income	<u>4,249,258</u>	<u>(173,398)</u>	<u>242,262</u>	<u>4,318,122</u>
Nonoperating revenues (expenses):				
Interest income	838,968	151,630	13,994	1,004,592
Gain on sale of asset	-	24,000	-	24,000
Transfers in (out)	-	(1,031,395)	650,000	(381,395)
Sales tax	-	1,761,756	-	1,761,756
Interest and fiscal charges	<u>(469,284)</u>	<u>(13,923)</u>	<u>-</u>	<u>(483,207)</u>
Total nonoperating revenues (expenses)	<u>369,684</u>	<u>892,068</u>	<u>663,994</u>	<u>1,925,746</u>
Change in net position	4,618,942	718,670	906,256	6,243,868
Net position at beginning of year	<u>34,890,134</u>	<u>1,876,285</u>	<u>6,370,495</u>	<u>43,136,914</u>
Net position at end of year	<u>\$ 39,509,076</u>	<u>\$ 2,594,955</u>	<u>\$ 7,276,751</u>	<u>\$ 49,380,782</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, 2023

	Business-Type Activities - Enterprise Funds			
	Water / Sewer	Golf Course	Stormwater	Total
	Fund	Fund	Fund	
Cash flows from operating activities:				
Cash received from customers	\$ 11,857,268	\$ 2,342,103	\$ 801,805	\$ 15,001,176
Cash paid for employee wages and benefits	(1,506,901)	(1,401,096)	(185,944)	(3,093,941)
Cash paid to suppliers for goods and services	(5,416,476)	(1,154,051)	(221,714)	(6,792,241)
Net cash provided by operating activities	<u>4,933,891</u>	<u>(213,044)</u>	<u>394,147</u>	<u>5,114,994</u>
Cash flows from capital and related financing activities:				
Purchase/construction of capital assets	(1,527,758)	(359,936)	(247,185)	(2,134,879)
Principal payments on long-term debt	(895,000)	(180,511)	(26,282)	(1,101,793)
Proceeds from bonds and notes	4,445,000	383,936	-	4,828,936
Premium on bonds	187,695	-	-	187,695
Interest and fiscal charges paid	(511,349)	(13,923)	-	(525,272)
Net cash used in capital and related financing activities	<u>1,698,588</u>	<u>(170,434)</u>	<u>(273,467)</u>	<u>1,254,687</u>
Cash flows from noncapital financing activities:				
Transfers from/to other funds	-	(1,031,395)	650,000	(381,395)
Due to/from other funds	(1,046,013)	1,469,094	282,437	705,518
Sales tax	-	1,761,756	-	1,761,756
Net cash provided by noncapital financing activities	<u>(1,046,013)</u>	<u>2,199,455</u>	<u>932,437</u>	<u>2,085,879</u>
Cash flows from investing activities:				
Investment interest received	838,969	151,630	13,994	1,004,593
Net increase (decrease) in cash and cash equivalents	<u>6,425,435</u>	<u>1,967,607</u>	<u>1,067,111</u>	<u>9,460,153</u>
Cash and cash equivalents at beginning 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 beginning of year	<u>14,413,410</u>	<u>1,913,030</u>	<u>284,851</u>	<u>16,611,291</u>
Cash and equivalents at end of year:				
Cash and equivalents	12,552,234	3,880,637	1,351,962	17,784,833
Restricted cash and equivalents	<u>8,286,611</u>	<u>-</u>	<u>-</u>	<u>8,286,611</u>
Total cash and equivalents at end of year	<u>\$ 20,838,845</u>	<u>\$ 3,880,637</u>	<u>\$ 1,351,962</u>	<u>\$ 26,071,444</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, 2023

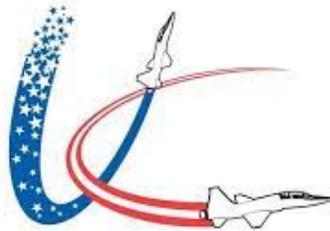
	Business-Type Activities - Enterprise Funds			Total
	Water / Sewer Fund	Golf Course Fund	Stormwater Fund	
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income	\$ 4,249,258	\$ (173,398)	\$ 242,262	\$ 4,318,122
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	808,205	227,717	183,797	1,219,719
Change in net pension and OPEB expense	84,900	56,095	10,612	151,607
(Increase) decrease in operating assets:				
Accounts receivable	(76,141)	(302,007)	1,061	(377,087)
Inventory	(217,547)	(822)	-	(218,369)
Prepaid	(244)	(357)	-	(601)
Increase (decrease) in operating liabilities:				
Accounts payable	18,554	16,527	(44,112)	(9,031)
Accrued wages and benefits	(21,888)	(22,378)	527	(43,739)
Utility deposits	88,794	-	-	88,794
Deferred revenue	-	(14,421)	-	(14,421)
Total adjustments	<u>684,633</u>	<u>(39,646)</u>	<u>151,885</u>	<u>796,872</u>
Net cash provided by operating activities	<u>\$ 4,933,891</u>	<u>\$ (213,044)</u>	<u>\$ 394,147</u>	<u>\$ 5,114,994</u>

SCHEDULE OF NONCASH ACTIVITIES

Actuarially determined change in				
Net pension liability	\$ 664,508	\$ 55,712	\$ 10,540	\$ 730,760
Other postemployment benefit liability	(20,125)	383	72	(19,670)

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, 2023

(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, 2023

(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, 2023 and became due October 1, 2022, have been assessed to finance the budget of the fiscal year beginning October 1, 2022, and accordingly, have been reflected as deferred inflows of resources and taxes receivable in the fund financial statements at September 30, 2023.

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(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, 2023

(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, 2023, 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, 2023

(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, 2023

(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, 2023

(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, 2023, 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, 2023

(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

On October 1, 2022, the City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA's)*. The objectives of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for SBITAs by governments. The statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were classified as operating agreements. It establishes a single model for SBITA accounting based on the foundational principle that SBITAs are financings of the right to use an underlying asset. A government is required to recognize a SBITA liability and an intangible right to use asset. The City does not have any SBITAs under the new accounting principle.

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(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, 2023, the carrying amount of the primary government's (the City) cash on hand was \$10,253, deposits in the bank were \$52,722,765 and the book balance was \$52,331,329. The City's depository had pledged securities having a market value of \$55,284,464 as collateral for the City's deposits at September 30, 2023. Deposits were fully collateralized.

The discretely presented component unit had deposits in the bank of \$3,983,159 and the book balance was \$3,957,970. 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, 2023

(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.

The City was not exposed to custodial credit risk. 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, 2022 upon which the 2022 levy was based was \$1,916,670,064 (i.e., market value less exemptions). The estimated market value was \$2,262,109,552 making the taxable value 85% 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, 2023

(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, 2023, balances of interfund amounts receivable or payable have been recoded as follows:

	<u>Due From</u>	<u>Due To</u>
Primary government		
General fund:		
Debt service fund	\$ -	\$ 9,390
Capital project fund	491,396	-
Water/sewer fund	-	3,569
Golf course fund	631,818	-
Stormwater fund	<u>3,005</u>	<u>-</u>
Total	<u>1,126,219</u>	<u>12,959</u>
Debt service fund:		
General fund	9,390	491,396
Golf course	<u>284,597</u>	<u>-</u>
Total	<u>293,987</u>	<u>491,396</u>
Water/sewer fund:		
General fund	3,569	-
Stormwater fund	<u>-</u>	<u>1,061</u>
Total	<u>3,569</u>	<u>1,061</u>
Golf course fund:		
General fund	-	631,818
Debt service fund	<u>-</u>	<u>284,597</u>
Total	<u>-</u>	<u>916,415</u>
Stormwater fund:		
General fund	-	3,005
Water/sewer fund	<u>1,061</u>	<u>-</u>
Total	<u>1,061</u>	<u>3,005</u>
Totals	<u>\$ 1,424,836</u>	<u>\$ 1,424,836</u>
	<u>Due From</u>	<u>Due To</u>
Governmental fund/component unit		
General fund:		
Component unit	\$ 214,374	\$ -
Component unit:		
General fund	<u>-</u>	<u>214,374</u>
Totals	<u>\$ 214,374</u>	<u>\$ 214,374</u>

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(5) Capital assets

Capital asset activity for the year ended September 30, 2023, 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	8,545,186	777,312	-	9,322,498
Total capital assets, not being depreciated	15,521,343	777,312	-	16,298,655
Capital assets, being depreciated:				
Buildings	12,652,046	-	-	12,652,046
Improvements other than buildings	7,140,795	-	-	7,140,795
Transportation and equipment	11,050,198	890,231	(58,803)	11,881,626
Infrastructure	27,632,275	1,321,680	-	28,953,955
Total capital assets, being depreciated	58,475,314	2,211,911	(58,803)	60,628,422
Less accumulated depreciation:				
Buildings	(4,858,622)	(377,090)	-	(5,235,712)
Improvements other than buildings	(5,435,538)	(152,378)	-	(5,587,916)
Transportation and equipment	(9,252,336)	(706,345)	58,803	(9,899,878)
Infrastructure	(14,217,435)	(921,134)	-	(15,138,569)
Total accumulated depreciation	(33,763,931)	(2,156,947)	58,803	(35,862,075)
Total capital assets being depreciated, net	24,711,383	54,964	-	24,766,347
Governmental activities capital assets, net	\$ 40,232,726	\$ 832,276	\$ -	\$ 41,065,002

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(5) Capital assets (continued)

	Beginning Balance	Increase	Decrease	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 332,602	\$ 160,306	\$ -	\$ 492,908
Construction in progress	676,551	247,185	-	923,736
Water rights	8,511,671	122,147	-	8,633,818
Total capital assets, not being depreciated	9,520,824	529,638	-	10,050,462
Capital assets, being depreciated:				
Buildings and improvements	2,253,028	-	-	2,253,028
Utility plant	37,421,336	1,068,366	-	38,489,702
Transportation and equipment	5,160,591	560,875	(164,114)	5,557,352
Total capital assets, being depreciated	44,834,955	1,629,241	(164,114)	46,300,082
Less accumulated depreciation:				
Buildings and improvements	(975,789)	(55,899)	-	(1,031,688)
Utility plant	(12,032,620)	(748,353)	-	(12,780,973)
Transportation and equipment	(4,010,121)	(415,468)	164,114	(4,261,475)
Total accumulated depreciation	(17,018,530)	(1,219,720)	164,114	(18,074,136)
Total capital assets being depreciated, net	27,816,425	409,521	-	28,225,946
Business-type capital assets, net	\$ 37,337,249	\$ 939,159	\$ -	\$ 38,276,408

Depreciation expense was charged to the governmental functions as follows:

Administration	\$ 414,826
Planning and development	119,346
Finance	85,112
Municipal court	37,732
General services division	210,823
Police	595,986
Fire	407,715
Library	57,716
Vehicle and equipment maintenance	32,125
Animal shelter	74,568
Parks and recreation	120,998
Total depreciation expense - governmental activities	\$ 2,156,947

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2023

(6) Long-term debt:

The City had the following changes in long-term debt outstanding for the year ended September 30, 2023:

	Original Amount	Interest Rates	Outstanding October 1, 2022	Issued	Retired	Balance September 30, 2023	Amounts Due in One Year
Governmental activities:							
General obligation refunding bonds (2008)	\$ 3,694,000	3.67%	\$ 474,000	\$ -	\$ (474,000)	\$ -	\$ -
Unamortized premium			968,907	-	(63,966)	904,941	63,966
Certificates of obligation (2014)	3,090,000	2.00-4.00	2,095,000	-	(140,000)	1,955,000	145,000
General obligation bonds (2016)	4,935,000	2.00-3.00	3,690,000	-	(225,000)	3,465,000	230,000
General obligation bonds (2019)	7,705,000	2.00-4.00	6,430,000	-	(455,000)	5,975,000	465,000
General obligation bonds (2022)	3,120,000	3.00-5.00	<u>3,120,000</u>	<u>-</u>	<u>(250,000)</u>	<u>2,870,000</u>	<u>340,000</u>
Total bonds payable			16,777,907	-	(1,607,966)	15,169,941	1,243,966
Note payable, Schertz Bank & Trust	546,698	3.45	269,354	-	(58,087)	211,267	59,133
Compensated absences			<u>458,872</u>	<u>349,632</u>	<u>(458,872)</u>	<u>349,632</u>	<u>349,632</u>
Total governmental activities			<u>17,506,133</u>	<u>349,632</u>	<u>(2,124,925)</u>	<u>15,730,840</u>	<u>1,652,731</u>
Business-type activities:							
Revenue and refunding bonds:							
Bonds (2012)	3,600,000	2.00-4.00	1,005,000	-	(325,000)	680,000	335,000
Bonds (2015)	2,830,000	2.00-4.00	2,090,000	-	(130,000)	1,960,000	135,000
Bonds (2017)	2,970,000	3.00-3.125	2,400,000	-	(130,000)	2,270,000	130,000
Bonds (2020)	2,080,000	1.095	1,465,000	-	(155,000)	1,310,000	160,000
Bonds (2022)	4,445,000	4.0-4.5	-	4,445,000	(155,000)	4,290,000	145,000
Unamortized premium			<u>325,115</u>	<u>187,695</u>	<u>(56,160)</u>	<u>456,650</u>	<u>56,160</u>
Total bonds payable			<u>7,285,115</u>	<u>4,632,695</u>	<u>(951,160)</u>	<u>10,966,650</u>	<u>961,160</u>
Note payable, TexStar National Bank	335,315	4.198	272,799	-	(64,561)	208,238	66,712
Note payable, PNC Equipment	329,100	4.25	57,848	-	(57,848)	-	-
Note payable, Street Sweeper	263,870	2.64	76,302	-	(26,282)	50,020	26,984
Note payable, Express Dual 4100s	80,053	2.64	-	80,053	(18,340)	61,713	19,163
Note payable, 2550 Triplex Mower	56,828	2.64	-	56,828	(6,401)	50,427	12,789
Note payable, Fairway Mowers	247,055	2.64	<u>-</u>	<u>247,055</u>	<u>(33,361)</u>	<u>213,694</u>	<u>57,797</u>
Total notes payable			<u>406,949</u>	<u>383,936</u>	<u>(206,793)</u>	<u>584,092</u>	<u>183,445</u>
Compensated absences			<u>155,661</u>	<u>111,801</u>	<u>(155,662)</u>	<u>111,800</u>	<u>111,800</u>
Total business-type activities			<u>7,847,725</u>	<u>5,128,432</u>	<u>(1,313,615)</u>	<u>11,662,542</u>	<u>1,256,405</u>
Total primary government			<u>\$ 25,353,858</u>	<u>\$ 5,478,064</u>	<u>\$ (3,438,540)</u>	<u>\$ 27,393,382</u>	<u>\$ 2,909,136</u>

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2023

(6) Long-term debt (continued):

	Original	Interest	Outstanding	Issued	Retired	Balance	Amounts
	Amount	Rates	October 1, 2022			September 30, 2023	Due in One Year
Component unit activities:							
Revenue bonds (2020)	\$ 3,500,000	2.97%	\$ 3,094,000	\$ -	\$ (198,000)	\$ 2,896,000	\$ 204,000
Revenue bonds (2016)	1,700,000	1.650	<u>713,000</u>	-	<u>(174,000)</u>	<u>539,000</u>	<u>177,000</u>
Total component unit activities			<u>\$ 3,807,000</u>	<u>\$ -</u>	<u>\$ (372,000)</u>	<u>\$ 3,435,000</u>	<u>\$ 381,000</u>

Annual debt service requirements as of September 30, 2023, 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
2024	\$ 1,180,000	\$ 484,925	\$ 1,664,925	\$ 905,000	\$ 369,688	\$ 1,274,688
2025	1,280,000	437,350	1,717,350	930,000	337,986	1,267,986
2026	1,385,000	384,500	1,769,500	605,000	307,734	912,734
2027	1,010,000	339,300	1,349,300	620,000	287,982	907,982
2028	1,040,000	303,900	1,343,900	645,000	267,630	912,630
2029-2033	4,590,000	1,040,975	5,630,975	3,180,000	1,015,214	4,195,214
2034-2038	2,990,000	402,425	3,392,425	2,410,000	493,988	2,903,988
2039-2042	<u>790,000</u>	<u>49,100</u>	<u>839,100</u>	<u>1,215,000</u>	<u>131,606</u>	<u>1,346,606</u>
Totals	<u>\$ 14,265,000</u>	<u>\$ 3,442,475</u>	<u>\$ 17,707,475</u>	<u>\$ 10,510,000</u>	<u>\$ 3,211,828</u>	<u>\$ 13,721,828</u>

Annual debt service requirements as of September 30, 2023, for notes payable are as follows:

Fiscal Year	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 59,133	\$ 7,436	\$ 66,569	\$ 183,445	\$ 28,307	\$ 211,752
2025	62,290	4,280	66,570	191,773	18,317	210,090
2026	64,504	2,066	66,570	175,601	8,171	183,772
2027	<u>25,340</u>	<u>124</u>	<u>25,464</u>	<u>33,273</u>	<u>683</u>	<u>33,956</u>
Totals	<u>\$ 211,267</u>	<u>\$ 13,906</u>	<u>\$ 225,173</u>	<u>\$ 584,092</u>	<u>\$ 55,478</u>	<u>\$ 639,570</u>

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(7) Defined benefit pension plan

Texas Municipal Retirement System

Plan description

The City participates as one of 919 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 that can be obtained at www.tmr.com.

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

Benefits provided

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

At retirement, the member's benefit is calculated based on the sum of the member's contributions, with interest, and the City-financed monetary credits with interest, and their age at retirement and other actuarial factors. 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, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	87
Inactive employees entitled to but not yet receiving benefits	125
Active employees	<u>138</u>
	<u>350</u>

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(7) Defined benefit pension plan (continued)

Texas Municipal Retirement System (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 City matches 2 to 1. The contribution rates for the City were 18.64% and 18.83% in calendar years 2022 and 2023 respectively. The City's contributions to TMRS for the year ended September 30, 2023 and 2022 were \$1,793,722 and \$1,601,475, which were equal to the required contributions.

Net pension liability

The City's net pension liability (NPL) was measured as of December 31, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	December 31st
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	21 years (longest amortization ladder)
Asset valuation method	10 year smoothed market, 12% soft corridor
Inflation	2.50%
Salary increases	3.5% 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.

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(7) Defined benefit pension plan (continued)

Texas Municipal Retirement System (continued)

Actuarial assumptions (continued)

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.

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.

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global equity	35.00%	7.70%
Core fixed income	6.00%	4.90%
Non-core fixed income	20.00%	8.70%
Other public and private markets	12.00%	8.10%
Real estate	12.00%	5.80%
Hedge funds	5.00%	6.90%
Private equity	10.00%	11.80%
Total	100.00%	

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(7) Defined benefit pension plan (continued)

Texas Municipal Retirement System (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, 2021	\$ 48,303,566	\$ 40,989,295	\$ 7,314,271
Changes for the year:			
Service cost	1,499,880	-	1,499,880
Interest	3,239,636	-	3,239,636
Changes in current period benefits	-	-	-
Difference between expected and actual experience	621,430	-	621,430
Changes of assumptions	-	-	-
Contributions - employer	-	1,653,325	(1,653,325)
Contributions - employee	-	620,885	(620,885)
Net investment income	-	(2,996,434)	2,996,434
Benefit payments, including refunds of employee contributions	(2,117,805)	(2,117,805)	-
Administrative expense	-	(25,891)	25,891
Other changes	-	30,896	(30,896)
Net changes	3,243,141	(2,835,024)	6,078,165
Balance at December 31, 2022	\$ 51,546,707	\$ 38,154,271	\$ 13,392,436

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(7) Defined pension benefit plan (continued)

Texas Municipal Retirement System (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	\$ 20,880,242	\$ 13,392,436	\$ 7,283,442

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. The report may be obtained at www.tmr.com.

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

For the year ended September 30, 2023, the City recognized pension expense of \$2,478,101.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 723,450	\$ -
Changes in actuarial assumptions	250	-
Difference between projected and actual investment earnings	2,641,398	-
Contributions subsequent to the measurement date	1,312,051	-
Total	\$ 4,677,149	\$ -

The City reported \$1,312,051 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. 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
2023	\$ 526,102
2024	887,641
2025	798,716
2026	1,152,639
Thereafter	-
Total	\$ 3,365,098

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(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 members are insured for \$7,500; this coverage is an "other postemployment benefit" or OPEB. As the SDBF covers both active and retiree members, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. There is a one year delay between the actuarial valuation that serves as the basis for the City's contribution rate and the calendar year when the rate goes into effect. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

The contribution rate for the City was 0.27% and 0.17% for calendar years 2023 and 2022, respectively. The City's contribution to TMRS for the SDBF program for the years ended September 30, 2023 was \$23,206 and were equal to the required contributions.

Employees covered by benefit terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	49
Inactive employees entitled to but not yet receiving benefits	23
Active employees	<u>138</u>
	<u>210</u>

Other postemployment benefits (OPEB) liability

The City's total OPEB liability of \$303,652 was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date.

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2023

(7) Defined benefit pension plan (continued)

Other postemployment benefits (OPEB) (continued)

Actuarial assumptions

The OPEB liability in the December 31, 2022 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 *	4.05%
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, 2022.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(7) Defined benefit pension plan (continued)

Other postemployment benefits (OPEB) (continued)

Changes in the OPEB liability

Balance at December 31, 2021	\$ 462,312
Changes for the year:	
Service cost	24,835
Interest on the OPEB liability	8,670
Changes of benefit terms	-
Difference between expected and actual experience	(17,750)
Change in assumptions or other inputs	(167,319)
Benefit payments	<u>(7,096)</u>
Net changes	<u>(158,660)</u>
Balance at December 31, 2022	<u>\$ 303,652</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 4.05%, 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 (3.05%) or 1-percentage-point higher (5.05%) than the current rate:

	<u>1% Decrease in Discount Rate (3.05%)</u>	<u>Current Discount Rate (4.05%)</u>	<u>1% Increase in Discount Rate (5.05%)</u>
City's OPEB liability	<u>\$ 367,172</u>	<u>\$ 303,652</u>	<u>\$ 254,548</u>

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

For the year ended September 30, 2023, the City recognized OPEB expense of \$16,029.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual economic experience	\$ -	\$ 37,363
Changes in actuarial assumptions	64,345	143,308
Difference between projected and actual investment earnings	-	-
Contributions made subsequent to the measurement date	<u>6,271</u>	<u>-</u>
Total	<u>\$ 70,616</u>	<u>\$ 180,671</u>

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2023

(7) Retirement plan (continued)

Other postemployment benefits (OPEB) (continued)

OPEB expense, deferred outflows of resources, and deferred inflows of resources related to OPEB (continued)

The City reported \$6,271 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

December 31,	Amortization Expense
2023	\$ (20,034)
2024	(18,119)
2025	(22,445)
2026	(29,852)
2027	(25,876)
Thereafter	-
Total	\$ (116,326)

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, 2023

(7) Retirement plan (continued)

Other postemployment benefits (OPEB) (continued)

Postemployment health care coverage

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, 2023, 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, 2022.

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, 2023

(7) Retirement plan (continued)

Other postemployment benefits (OPEB) (continued)

Postemployment health care coverage (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, 2023

(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><u>301,809</u></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</u> <u>Discount Rate (3.77%)</u>	<u>Discount Rate (4.77%)</u>	<u>1% Decrease in</u> <u>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</u> <u>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, 2023

(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, 2023, the City recognized OPEB expense of \$13,929.

As of September 30, 2023, 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, 2023

(8) Interfund transfers

Interfund transfers during the year ended September 30, 2023, were the result of normal transactions between the funds:

	Transfers In	Transfers Out
General fund	\$ 381,395	\$ 540,623
Capital projects fund	540,623	-
Golf course fund	-	1,031,395
Stormwater fund	650,000	-
Totals	\$ 1,572,018	\$ 1,572,018

(9) Commitments and contingencies

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

	Estimated Cost to City	Expended to Date	Estimated Future Commitment
General government:			
Red Horse Park Package 2	\$ 252,598	\$ 227,338	\$ 25,260
Public Works Yard Storm Line	380,011	-	380,011
Fire Truck - pumper and ladder	3,435,635	-	3,435,635
Totals	\$ 4,068,244	\$ 227,338	\$ 3,840,906

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, 2023

(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, 2023, the total outstanding debt from this issue was \$1,475,000.

(11) Restatement of net position/fund balance

During the year it was noted that the development corporation did not owe the City \$160,000 as previously reported in fiscal year 2021. This restatement increased net position in the development corporation and decreased the net position and fund balance in the general fund by \$160,000.

(12) Subsequent events

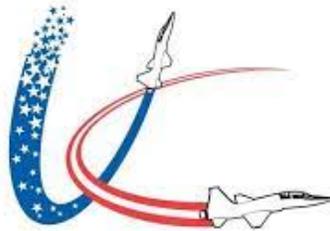
In November 2022, residents of Universal City approved a \$30,000,000 bond program for street and associated drainage improvements.

In October 2023, the first \$6,000,000 in bonds were issued for street and associated drainage and infrastructure 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, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem	\$ 10,029,473	\$ 10,029,473	\$ 8,176,599	\$ (1,852,874)
Penalty and interest	50,000	50,000	41,836	(8,164)
Total taxes	<u>10,079,473</u>	<u>10,079,473</u>	<u>8,218,435</u>	<u>(1,861,038)</u>
Nonproperty taxes:				
Franchise taxes	1,350,000	1,350,000	1,311,507	(38,493)
Sales taxes	6,000,000	6,000,000	3,523,512	(2,476,488)
PEG funds	41,000	41,000	33,739	(7,261)
CPS funds - 1%	391,000	391,000	207,044	(183,956)
Mixed drink taxes	77,050	77,050	76,102	(948)
Hotel occupancy tax	173,000	173,000	102,539	(70,461)
School crossing guard tax	26,000	26,000	26,697	697
Total nonproperty taxes	<u>8,058,050</u>	<u>8,058,050</u>	<u>5,281,140</u>	<u>(2,776,910)</u>
Licenses and permits	<u>1,890,000</u>	<u>1,890,000</u>	<u>1,187,896</u>	<u>(702,104)</u>
Grants	2,408	2,408	1,102,142	1,099,734
Contributions from component unit	<u>233,433</u>	<u>233,433</u>	<u>220,332</u>	<u>(13,101)</u>
Total government allocations	<u>235,841</u>	<u>235,841</u>	<u>1,322,474</u>	<u>1,086,633</u>
Municipal court fines	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,173,666</u>	<u>(26,334)</u>
Donations and contributions	<u>117,500</u>	<u>117,500</u>	<u>23,009</u>	<u>(94,491)</u>
Utility department overhead	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Sale or use of property	-	-	27,135	27,135
Interest and investment income	640,000	640,000	1,031,959	391,959
Miscellaneous	161,000	161,000	70,512	(90,488)
Golf & stormwater department overhead	352,879	352,879	352,879	-
Special events revenue	<u>1,500</u>	<u>1,500</u>	<u>99,163</u>	<u>97,663</u>
Total other revenue	<u>1,155,379</u>	<u>1,155,379</u>	<u>1,581,648</u>	<u>426,269</u>
Total revenues	<u>22,936,243</u>	<u>22,936,243</u>	<u>18,988,268</u>	<u>(3,947,975)</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, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Expenditures:				
Administrative:				
Payroll	\$ 560,045	\$ 560,045	\$ 586,988	\$ (26,943)
Allowances	70,785	70,785	52,372	18,413
Communications	247,200	247,200	262,262	(15,062)
Utilities	47,000	47,000	38,604	8,396
Support services	92,000	92,000	139,844	(47,844)
Contract services	1,681,430	1,681,430	1,223,681	457,749
Supplies and materials	27,000	27,000	29,700	(2,700)
American Rescue Plan	-	-	642,366	(642,366)
Real property and equipment	5,600	5,600	85,603	(80,003)
Total administrative	<u>2,731,060</u>	<u>2,731,060</u>	<u>3,061,420</u>	<u>(330,360)</u>
Development services:				
Payroll	700,725	700,725	594,150	106,575
Allowances	27,110	27,110	5,824	21,286
Communications	1,550	1,550	296	1,254
Support services	198,820	198,820	212,798	(13,978)
Contract services	189,380	189,380	39,219	150,161
Supplies and materials	13,400	13,400	3,855	9,545
Real property and equipment	49,500	49,500	-	49,500
Total development services	<u>1,180,485</u>	<u>1,180,485</u>	<u>856,142</u>	<u>324,343</u>
Finance:				
Payroll	492,451	492,451	422,168	70,283
Allowances	19,100	19,100	8,965	10,135
Communications	1,000	1,000	2,878	(1,878)
Support services	41,000	41,000	49,693	(8,693)
Contract services	46,280	46,280	128,789	(82,509)
Supplies and materials	3,000	3,000	(1,927)	4,927
Real property and equipment	76,500	76,500	-	76,500
Total finance	<u>679,331</u>	<u>679,331</u>	<u>610,566</u>	<u>68,765</u>
Municipal court:				
Payroll	213,243	213,243	185,492	27,751
Allowances	5,000	5,000	1,557	3,443
Communications	1,700	1,700	1,392	308
Support services	49,975	49,975	36,946	13,029
Contract services	1,770	1,770	2,258	(488)
Supplies and materials	1,100	1,100	43,031	(41,931)
Real property and equipment	147,500	147,500	66,431	81,069
Total municipal court	<u>420,288</u>	<u>420,288</u>	<u>337,107</u>	<u>83,181</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, 2023

	Budget Amounts		Actual Amounts	Variance with Budget
	Original	Final		Positive (Negative)
Expenditures (continued):				
General services division:				
Payroll	\$ 812,579	\$ 812,579	\$ 811,717	\$ 862
Allowances	22,900	22,900	15,809	7,091
Communications	4,865	4,865	-	4,865
Utilities	231,500	231,500	195,505	35,995
Contract services	318,480	318,480	314,423	4,057
Supplies and materials	204,960	204,960	174,910	30,050
Real property and equipment	<u>317,950</u>	<u>317,950</u>	<u>359,711</u>	<u>(41,761)</u>
Total general services division	<u>1,913,234</u>	<u>1,913,234</u>	<u>1,872,075</u>	<u>41,159</u>
Police department:				
Payroll	3,929,998	3,929,998	3,693,952	236,046
Allowances	88,490	88,490	114,564	(26,074)
Communications	62,200	62,200	96,161	(33,961)
Utilities	25,000	25,000	29,375	(4,375)
Contract services	198,800	198,800	169,475	29,325
Supplies and materials	111,400	111,400	171,863	(60,463)
Real property and equipment	<u>210,500</u>	<u>210,500</u>	<u>131,657</u>	<u>78,843</u>
Total police department	<u>4,626,388</u>	<u>4,626,388</u>	<u>4,407,047</u>	<u>219,341</u>
Fire department:				
Payroll	2,305,024	2,305,024	2,143,649	161,375
Allowances	79,600	79,600	64,956	14,644
Communications	35,900	35,900	18,706	17,194
Utilities	20,400	20,400	24,902	(4,502)
Contract services	542,955	542,955	572,225	(29,270)
Supplies and materials	96,150	96,150	100,365	(4,215)
Real property and equipment	<u>257,190</u>	<u>257,190</u>	<u>93,742</u>	<u>163,448</u>
Total fire department	<u>3,337,219</u>	<u>3,337,219</u>	<u>3,018,545</u>	<u>318,674</u>
Vehicle and equipment maintenance:				
Payroll	248,385	248,385	204,941	43,444
Allowances	7,784	7,784	3,777	4,007
Communications	10,900	10,900	9,061	1,839
Contract services	4,700	4,700	3,797	903
Supplies and materials	27,240	27,240	8,875	18,365
Real property and equipment	<u>16,375</u>	<u>16,375</u>	<u>11,760</u>	<u>4,615</u>
Total vehicle and equipment maintenance	<u>315,384</u>	<u>315,384</u>	<u>242,211</u>	<u>73,173</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, 2023

	Budget Amounts		Actual Amounts	Variance with Budget Positive (Negative)
	Original	Final		
Expenditures (continued):				
Animal shelter:				
Payroll	\$ 435,629	\$ 435,629	\$ 370,322	\$ 65,307
Allowances	14,323	14,323	5,288	9,035
Communications	11,705	11,705	6,983	4,722
Utilities	36,800	36,800	36,985	(185)
Contract services	70,210	70,210	85,622	(15,412)
Supplies and materials	38,910	38,910	29,726	9,184
Real property and equipment	73,800	73,800	67,550	6,250
Total animal shelter	<u>681,377</u>	<u>681,377</u>	<u>602,476</u>	<u>78,901</u>
Library:				
Payroll	274,407	274,407	224,791	49,616
Allowances	6,300	6,300	4,089	2,211
Communications	15,400	15,400	7,255	8,145
Utilities	19,500	19,500	18,303	1,197
Contract services	68,050	68,050	96,198	(28,148)
Supplies and materials	65,700	65,700	63,399	2,301
Real property and equipment	7,500	7,500	-	7,500
Total library	<u>456,857</u>	<u>456,857</u>	<u>414,035</u>	<u>42,822</u>
Parks and recreation:				
Payroll	317,504	317,504	285,836	31,668
Allowances	6,048	6,048	4,546	1,502
Communications	16,765	16,765	3,754	13,011
Contract services	269,450	269,450	482,246	(212,796)
Supplies and materials	87,000	87,000	91,611	(4,611)
Real property and equipment	508,560	508,560	974,955	(466,395)
Total parks and recreation	<u>1,205,327</u>	<u>1,205,327</u>	<u>1,842,948</u>	<u>(637,621)</u>
Total expenditures	<u>17,546,950</u>	<u>17,546,950</u>	<u>17,264,572</u>	<u>282,378</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, 2023

	Budget Amounts		Actual Amounts	Variance with Budget Positive (Negative)
	Original	Final		
Excess (deficiency) of revenues over (under) expenditures	\$ 5,389,293	\$ 5,389,293	\$ 1,723,696	\$ (3,665,597)
Other financing sources (uses):				
Transfers in	-	-	491,395	491,395
Transfers out	<u>(5,210,896)</u>	<u>(5,210,896)</u>	<u>(650,623)</u>	<u>4,560,273</u>
Total other financing sources (uses)	<u>(5,210,896)</u>	<u>(5,210,896)</u>	<u>(159,228)</u>	<u>5,051,668</u>
Net change in fund balance	<u>\$ 178,397</u>	<u>\$ 178,397</u>	1,564,468	<u>\$ 1,386,071</u>
Fund balance - beginning of year			16,940,441	
Restatement of fund balance			<u>(160,000)</u>	
Fund balance - end of year			<u>\$ 18,344,909</u>	

Notes: Ad Valorem revenue for debt service was budgeted in the general fund revenue line item in the amount of \$1,620,128. The budget included a transfer from the general fund to debt service in this amount however when the revenue was recorded it was posted to the debt service fund instead of posting it to the general fund and transferring it.

Similarly, the sales tax revenue for the venue tax and the EDC were budgeted in the general fund revenue line item in the amount of \$3,000,000. The budget included a transfer from the general fund to the golf course for \$1,500,000 and the EDC for \$1,500,000 however when the revenue was recorded it was posted to the golf course and the EDC instead of posting it the general fund and transferring it out.

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,

	2022	2021	2020
Total pension liability:			
Service cost	\$ 1,499,880	\$ 1,419,915	\$ 1,464,899
Interest (on the total pension liability)	3,239,636	3,055,144	2,850,807
Changes of benefit terms	-	-	-
Difference between expected and actual experience	621,430	337,908	423,878
Change of assumptions	-	-	-
Benefit payments,	(2,117,805)	(2,121,661)	(1,258,103)
(including refunds of employee contributions)			
Net change in total pension liability	3,243,141	2,691,306	3,481,481
 Total pension liability - beginning	48,303,566	45,612,260	42,130,779
 Total pension liability - ending (a)	\$ 51,546,707	\$ 48,303,566	\$ 45,612,260
 Plan fiduciary net position:			
Contributions - employer	\$ 1,653,325	\$ 1,537,891	\$ 1,613,475
Contributions - employee	620,885	585,705	608,202
Net investment income	(2,996,434)	4,735,935	2,495,159
Benefit payments,	(2,117,805)	(2,121,661)	(1,258,103)
(including refunds of employee contributions)			
Administrative expense	(25,892)	(21,880)	(16,126)
Other	30,896	149	(628)
Net change in plan fiduciary net position	(2,835,025)	4,716,139	3,441,979
 Plan fiduciary net position - beginning	40,989,295	36,273,156	32,831,177
 Plan fiduciary net position - ending (b)	\$ 38,154,270	\$ 40,989,295	\$ 36,273,156
 Net pension liability (a) - (b)	\$ 13,392,437	\$ 7,314,271	\$ 9,339,104
 Plan fiduciary net position as a percentage of total pension liability	74.02%	84.86%	79.53%
 Covered payroll	\$ 8,869,781	\$ 8,367,207	\$ 8,688,606
 Net pension liability as a percentage of total covered payroll	150.99%	87.42%	107.49%

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

	2019	2018	2017	2016	2015	2014
\$	1,416,111	\$ 1,334,243	\$ 1,271,814	\$ 1,240,793	\$ 1,138,958	\$ 1,041,495
	2,645,134	2,462,224	2,327,929	2,163,663	2,060,207	1,893,241
	-	-	-	-	-	-
	241,425	142,915	(419,015)	158,516	(132,778)	(28,233)
	11,314	-	-	-	358,595	-
	<u>(1,324,642)</u>	<u>(1,216,434)</u>	<u>(1,228,334)</u>	<u>(1,061,496)</u>	<u>(644,824)</u>	<u>(495,187)</u>
	2,989,342	2,722,948	1,952,394	2,501,476	2,780,158	2,411,316
	<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>	<u>26,773,145</u>
\$	<u>42,130,779</u>	<u>39,141,437</u>	<u>36,418,489</u>	<u>34,466,095</u>	<u>31,964,619</u>	<u>29,184,461</u>
\$	1,516,322	\$ 1,455,042	\$ 1,415,850	\$ 1,316,975	\$ 1,272,354	\$ 1,214,701
	574,987	542,060	519,867	499,512	474,001	457,884
	4,300,990	(835,200)	3,308,963	1,464,418	30,322	1,048,915
	<u>(1,324,642)</u>	<u>(1,216,434)</u>	<u>(1,228,334)</u>	<u>(1,061,496)</u>	<u>(644,824)</u>	<u>(495,188)</u>
	(24,275)	(16,129)	(17,139)	(16,532)	(18,467)	(10,949)
	<u>(729)</u>	<u>(841)</u>	<u>(868)</u>	<u>(892)</u>	<u>(910)</u>	<u>(900)</u>
	5,042,653	(71,502)	3,998,339	2,201,985	1,112,476	2,214,463
	<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>18,332,763</u>
\$	<u>32,831,177</u>	<u>27,788,524</u>	<u>27,860,026</u>	<u>23,861,687</u>	<u>21,659,702</u>	<u>20,547,226</u>
\$	<u>9,299,602</u>	<u>11,352,913</u>	<u>8,558,463</u>	<u>10,604,408</u>	<u>10,304,917</u>	<u>8,637,235</u>
	<u>77.93%</u>	<u>71.00%</u>	<u>76.50%</u>	<u>69.23%</u>	<u>67.76%</u>	<u>70.40%</u>
\$	<u>8,214,100</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>113.22%</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,

	2023	2022	2021	2020
Actuarially determined contributions	\$ 1,793,722	\$ 1,601,475	\$ 1,556,754	\$ 1,550,326
Contributions in relation to the actuarially determined contributions	<u>1,601,475</u>	<u>1,601,475</u>	<u>1,556,754</u>	<u>1,550,326</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 9,551,949</u>	<u>\$ 8,624,225</u>	<u>\$ 8,366,993</u>	<u>\$ 8,360,458</u>
Contributions as a percentage of covered payroll	<u>16.77%</u>	<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 ninth 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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
OPEB liability :						
Service cost	\$ 24,835	\$ 22,591	\$ 18,246	\$ 13,142	\$ 14,713	\$ 12,622
Interest on the OPEB liability	8,670	9,002	10,241	11,033	10,176	9,846
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(17,750)	(19,750)	(8,423)	(8,100)	(9,613)	-
Change of assumptions	(167,319)	15,031	60,105	58,906	(22,512)	24,959
Benefit payments	<u>(7,096)</u>	<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	(158,660)	20,179	77,563	72,517	(8,784)	45,942
OPEB liability - beginning	<u>462,312</u>	<u>442,133</u>	<u>364,570</u>	<u>292,053</u>	<u>300,837</u>	<u>254,895</u>
OPEB liability - ending	<u>\$ 303,652</u>	<u>\$ 462,312</u>	<u>\$ 442,133</u>	<u>\$ 364,570</u>	<u>\$ 292,053</u>	<u>\$ 300,837</u>
Covered payroll	<u>\$ 8,869,781</u>	<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>3.42%</u>	<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 sixth 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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contributions	\$ 23,206	\$ 14,661	\$ 14,458	\$ 15,049	\$ 14,335	\$ 13,385
Contributions in relation to the actuarially determined contributions	<u>23,206</u>	<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>\$ 9,551,949</u>	<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>0.24%</u>	<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 sixth 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,

	2023	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	301,809	358,311
Total OPEB liability - ending	\$ 301,809	\$ 301,809
Covered payroll	\$ 8,366,993	\$ 8,366,993
Total OPEB liability as a percentage of covered payroll	<u>3.61%</u>	<u>3.61%</u>

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the year ended September 30, 2023

(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:

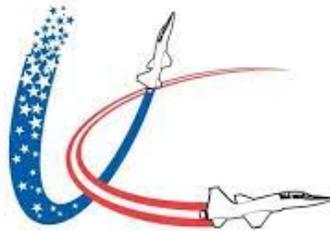
Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

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,	
	2023	2022
Assets:		
Cash and investments:		
Checking account	\$ 5,098,611	\$ 5,541,465
Savings account	4,880,424	9,441,381
TexPool	10,061,605	5,179,161
Petty cash	2,280	4,125
Total cash and investments	20,042,920	20,166,132
Delinquent taxes receivable:		
(net of allowances for uncollectibles of \$61,945 and \$57,904)	197,714	172,597
Other receivables	948,002	870,361
Due from other governments	670,070	569,194
Due from other funds	1,126,219	3,329,479
Due from component unit	214,374	367,706
Prepays	16,828	-
Total assets	\$ 23,216,127	\$ 25,475,469
Liabilities:		
Accounts payable	\$ 664,434	\$ 389,951
Salaries payable	211,988	243,197
Due to other funds	12,960	2,871,556
Due to component unit	-	299,334
Deferred revenue	3,784,122	4,558,393
Total liabilities	4,673,504	8,362,431
Deferred inflows of resources:		
Unavailable revenue - property taxes	197,714	172,597
Fund balances:		
Nonspendable:		
Prepays	16,828	-
Restricted:		
PEG funds	385,965	404,940
Public safety	66,653	54,972
Fire	2,927	300
Library improvements	15,084	15,383
Hotel/motel	507,481	557,758
Child safety	96,645	69,947
Blue Santa	100	100
Animal shelter	40,528	59,699
Court technology	119,429	128,483
Court security	142,017	183,442
Northlake roads	150,000	150,000
Park improvements	-	101,950
Veterans park	13,434	14,276
Dog park	1,636	3,421
Animal shelter memorial	-	3,681
Capital projects	670,082	670,082
Unreserved	16,116,100	14,522,007
Total fund balances	18,344,909	16,940,441
Total liabilities, deferred inflows of resources, and fund balances	\$ 23,216,127	\$ 25,475,469

CITY OF UNIVERSAL CITY, TEXAS

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

GENERAL FUND

	Year Ended September 30,	
	2023	2022
Revenues:		
Taxes	\$ 13,499,575	\$ 13,095,509
Licenses and permits	1,187,896	1,170,445
Intergovernmental	1,655,021	1,734,410
Contributions from component unit	220,332	209,076
Fines and forfeitures	1,173,666	947,232
Interest	1,031,959	194,910
Miscellaneous	<u>219,819</u>	<u>324,158</u>
Total revenues	<u>18,988,268</u>	<u>17,675,740</u>
Expenditures:		
Current:		
Administration	2,975,817	3,388,877
Planning and development	856,142	857,735
Finance	610,566	517,047
Municipal court	270,676	278,454
General services division	1,512,364	1,376,915
Police department	4,275,390	3,875,086
Fire department	2,924,803	2,789,374
Vehicle and equipment	230,451	250,653
Animal shelter	534,926	540,270
Library	414,035	333,897
Parks and recreation	867,993	648,020
Capital outlay	<u>1,791,409</u>	<u>1,045,107</u>
Total expenditures	<u>17,264,572</u>	<u>15,901,435</u>
Excess of revenues over expenditures	<u>1,723,696</u>	<u>1,774,305</u>
Other financing sources (uses):		
Transfers in	491,395	-
Transfers out	<u>(650,623)</u>	<u>(2,569,903)</u>
Total other financing sources (uses)	<u>(159,228)</u>	<u>(2,569,903)</u>
Net change in fund balances	1,564,468	(795,598)
Fund balances at beginning of year	<u>16,940,441</u>	<u>17,736,039</u>
Restatement of fund balance	<u>(160,000)</u>	<u>-</u>
Fund balances at end of year	<u>\$ 18,344,909</u>	<u>\$ 16,940,441</u>

CITY OF UNIVERSAL CITY, TEXAS

COMPARATIVE BALANCE SHEETS

DEBT SERVICE FUND

	September 30,	
	2023	2022
Assets:		
Cash	\$ 1,262,173	\$ 976,435
Delinquent taxes receivable	61,133	49,343
Due from other governments	-	284,597
Due from other funds	293,987	2,871,556
Total assets	\$ 1,617,293	\$ 4,181,931
Liabilities:		
Due to other funds	\$ 491,396	\$ 3,118,446
Accrued expenditures	-	257
Total liabilities	491,396	3,118,703
Deferred inflows of resources:		
Unavailable revenue - property taxes	61,133	49,343
Restricted fund balance	1,064,764	1,013,885
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,617,293	\$ 4,181,931

CITY OF UNIVERSAL CITY, TEXAS

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

DEBT SERVICE FUND

	Year Ended September 30,	
	2023	2022
Revenues:		
Ad valorem taxes	\$ 2,090,182	\$ 1,755,893
Sales taxes	-	1,531,981
Interest income	72,818	12,750
Total revenues	2,163,000	3,300,624
Expenditures:		
Bond principal	1,544,000	3,610,000
Bond interest	568,121	521,907
Bond issuance cost and agent fees	-	82,332
Total expenditures	2,112,121	4,214,239
Excess of revenues over expenditures	50,879	(913,615)
Other financing sources (uses):		
Transfer in	-	2,020,000
Transfer out	-	(1,172,115)
Total other financing sources (uses)	-	847,885
Net change in fund balances	50,879	(65,730)
Fund balances at beginning of year	1,013,885	1,079,615
Fund balances at end of year	\$ 1,064,764	\$ 1,013,885

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

	September 30,	
	2023	2022
Current assets:		
Cash:		
Checking account	\$ 11,365,633	\$ 9,882,373
Savings account	1,185,594	1,133,434
Petty cash	1,007	1,007
Cash - restricted	8,286,611	3,396,596
Total cash and cash equivalents	20,838,845	14,413,410
Receivables:		
Customer (net of allowance for uncollectibles of \$97,861 and \$15,026)	1,266,300	1,190,159
Inventory of supplies, at cost	407,252	189,704
Prepaid expenses	244	-
Due from other funds	3,569	10
Total current assets	22,516,210	15,793,283
Capital assets:		
Land	492,908	332,602
Building and improvements	2,253,028	2,253,028
Utility plant and easements	32,556,997	31,488,631
Transportation and equipment	2,805,436	2,628,497
Water rights	8,633,818	8,511,671
Total capital assets	46,742,187	45,214,429
Less accumulated depreciation	(15,342,691)	(14,534,485)
Total capital assets	31,399,496	30,679,944
Total assets	53,915,706	46,473,227
Deferred outflows of resources:		
Deferred outflow - TMRS pension	576,225	210,401
Deferred outflow - TMRS OPEB	8,700	11,664
Total deferred outflows of resources	584,925	222,065
Total assets and deferred outflows of resources	\$ 54,500,631	\$ 46,695,292

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

	September 30,	
	2023	2022
Current liabilities (payable from current assets):		
Accounts payable	\$ 1,131,676	\$ 1,114,726
Accrued wages and benefits	31,890	30,286
Accrued vacation and sick leave	70,538	92,426
Due to other funds	1,061	1,043,515
Customer deposits	1,049,316	960,522
Total current liabilities (payable from current assets)	2,284,481	3,241,475
Current liabilities (payable from restricted assets):		
Accrued interest payable	30,807	16,711
Revenue and refunding bonds, current	961,160	786,775
Total current liabilities (payable from restricted assets)	991,967	803,486
Other liabilities:		
Net pension liability	1,649,948	901,118
OPEB liability	37,410	56,957
Revenue and refunding bonds and tax notes, noncurrent	10,005,490	6,498,340
Total other liabilities	11,692,848	7,456,415
Total liabilities	14,969,296	11,501,376
Deferred inflows of resources:		
Deferred inflow - TMRS pension	-	298,684
Deferred inflow - TMRS OPEB	22,259	5,098
Total deferred inflows of resources	22,259	303,782
Net position:		
Net investment in capital assets	25,065,541	23,394,829
Restricted - impact fees	2,846,572	2,568,103
Unrestricted	11,596,963	8,927,202
Total net position	39,509,076	34,890,134
Total liabilities, deferred inflows and net position	\$ 54,500,631	\$ 46,695,292

CITY OF UNIVERSAL CITY, TEXAS

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

WATER AND SEWER ENTERPRISE FUND

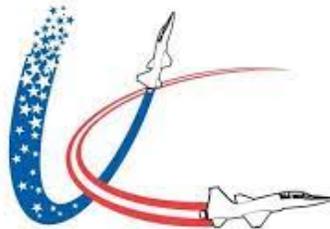
	Year Ended September 30,	
	2023	2022
Operating revenues:		
Water revenues	\$ 6,030,691	\$ 5,329,386
Sewer revenues	4,820,000	4,478,662
Fees and service charges	714,162	758,740
Miscellaneous income	279,761	19,681
Total operating revenues	11,844,614	10,586,469
Operating expenses (before depreciation):		
Public works:		
Payroll	488,965	392,300
Allowances	14,384	13,153
Communications	13,560	12,729
Utilities	6,189	5,495
Support services	387,185	437,658
Contract services	323,700	245,787
Supplies and materials	13,100	50,430
Total public works	1,247,083	1,157,552
Administration:		
Payroll	136,573	113,247
Allowances	2,286	21
Communications	63,829	45,967
Support services	14,793	82,577
Contract services	156,567	162,874
Supplies and materials	1,501	2,128
Total administration	375,549	406,814
Water department:		
Payroll	776,529	643,110
Allowances	13,916	7,080
Communications	7,670	7,400
Utilities	310,504	336,564
Contract services	931,368	899,361
Supplies and materials	293,493	238,574
Total water department	2,333,480	2,132,089

CITY OF UNIVERSAL CITY, TEXAS

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

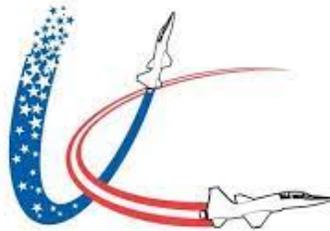
WATER AND SEWER ENTERPRISE FUND

	Year Ended September 30,	
	2023	2022
Operating expenses (before depreciation):		
Sewer department:		
Payroll	\$ 167,846	\$ 147,596
Allowances	2,530	3,709
Contract services	2,641,744	2,717,273
Supplies and materials	<u>18,919</u>	<u>31,230</u>
Total sewer department	<u>2,831,039</u>	<u>2,899,808</u>
Total operating expenses before depreciation	<u>6,787,151</u>	<u>6,596,263</u>
Operating income before depreciation	5,057,463	3,990,206
Depreciation	<u>808,205</u>	<u>778,605</u>
Operating income	<u>4,249,258</u>	<u>3,211,601</u>
Nonoperating revenues (expenses):		
Interest and investment income	838,968	128,276
Bond interest and fees	<u>(469,284)</u>	<u>(194,297)</u>
Total nonoperating revenues (expenses)	<u>369,684</u>	<u>(66,021)</u>
Change in net position	4,618,942	3,145,580
Net position at beginning of year	<u>34,890,134</u>	<u>31,744,554</u>
Net position at end of year	<u>\$ 39,509,076</u>	<u>\$ 34,890,134</u>



UNIVERSAL CITY
Gateway to Randolph AFB Est. 1960

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, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated March 19, 2024.

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

March 19, 2024

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 2023 OMB Compliance Supplement (referred to herein as “Requirements for an Alternative CSLFRF Compliance Examination Engagement”) during the year ended September 30, 2023. 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, 2023.

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, 2023. Accordingly, this report is not suitable for any other purpose.

ABIP, PC

San Antonio, Texas
March 19, 2024