

CITY OF UNIVERSAL CITY, TEXAS

ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2017

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ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2017

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ANNUAL FINANCIAL REPORT
OF THE
CITY OF UNIVERSAL CITY, TEXAS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

CITY OFFICIALS

MAYOR	JOHN H. WILLIAMS
MAYOR PRO-TEM	RICHARD NEVILLE
CITY COUNCIL	TOM ENGLAND
	TOM MAXWELL
	WILLIAM SHELBY
	S. BEAR GOOLSBY
	BEVERLY VOLLE
CITY MANAGER	KENNETH TAYLOR
ATTORNEY	DENTON, NAVARRO, ROCHA, BERNAL, & ZECH, P.C.
AUDITOR	ABIP, PC

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Universal City, Texas (the City) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

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entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Universal City, Texas as of September 30, 2017, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The other supplementary information 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial

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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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2018, on our consideration of the City of Universal City, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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

Certified Public Accountants
San Antonio, Texas

February 20, 2018

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**City of Universal City, Texas
Management's Discussion and Analysis (MD&A)
Fiscal Year Ended September 30, 2017**

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, 2017. 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 of the City of Universal City exceeded its liabilities at the close of the most recent fiscal year by \$52,830,270 (net position). Of this amount, \$16,118,454 (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 \$3,422,288.
- ❖ As of the close of the current fiscal year, the City of Universal City's governmental funds reported combined fund balances of \$21,150,062 of which \$11,489,568 was unassigned and is available for spending at the City's discretion.
- ❖ The governmental fund balances decreased by \$921,428. The decrease was primarily due to spending general obligation bonds for construction projects.

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 liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the City include general government and administration, public safety, development services, library services and recreation. The

business-type activities of the City include water and sewer, golf course operations and stormwater management. The City has also included the information for the Universal City Economic Development Corporation, which is considered a component unit of the City.

Fund Financial Statements

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 10-17 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.

The proprietary fund financial statements provide separate information for the water and sewer fund and the golf course fund that are considered to be major funds of the City. The statements also provide separate information for the stormwater management fund, which is designated as a nonmajor fund.

The basic proprietary fund financial statements can be found on pages 18-22 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 25-47 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 liability for the City's obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 50-56 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 exceeded liabilities by \$52,830,270.

A portion of the City's net position (53%) 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 service 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.

	<u>GOVERNMENTAL ACTIVITIES</u>		<u>BUSINESS-TYPE ACTIVITIES</u>		<u>TOTAL</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>						
Current and						
Other Assets	\$ 22,782,688	\$ 23,799,778	\$ 12,272,349	\$ 8,697,555	\$ 35,055,037	\$ 32,497,333
Capital Assets	<u>31,988,864</u>	<u>30,259,299</u>	<u>28,460,413</u>	<u>27,427,445</u>	<u>60,449,277</u>	<u>57,686,744</u>
 TOTAL ASSETS	 <u>54,771,552</u>	 <u>54,059,077</u>	 <u>40,732,762</u>	 <u>36,125,000</u>	 <u>95,504,314</u>	 <u>90,184,077</u>
 <u>DEFERRED OUTFLOWS</u>						
<u>OF RESOURCES</u>	<u>2,088,837</u>	<u>2,286,704</u>	<u>692,164</u>	<u>757,615</u>	<u>2,781,001</u>	<u>3,044,319</u>
 <u>LIABILITIES</u>						
Long-Term						
Liabilities	26,278,064	26,890,074	13,941,868	11,983,944	40,219,932	38,874,018
Other Liabilities	<u>2,365,751</u>	<u>2,419,638</u>	<u>2,785,417</u>	<u>2,407,289</u>	<u>5,151,168</u>	<u>4,826,927</u>
 TOTAL LIABILITIES	 <u>28,643,815</u>	 <u>29,309,712</u>	 <u>16,727,285</u>	 <u>14,391,233</u>	 <u>45,371,100</u>	 <u>43,700,945</u>
 <u>DEFERRED INFLOWS</u>						
<u>OF RESOURCES</u>	<u>65,477</u>	<u>93,186</u>	<u>18,468</u>	<u>26,283</u>	<u>83,945</u>	<u>119,469</u>
 <u>NET POSITION</u>						
Net Investment						
in Capital Assets	12,601,894	10,125,743	15,651,211	16,638,510	28,253,105	26,764,253
Restricted	8,458,711	9,585,046	-	-	8,458,711	9,585,046
Unrestricted	<u>7,090,492</u>	<u>7,232,094</u>	<u>9,027,962</u>	<u>5,826,589</u>	<u>16,118,454</u>	<u>13,058,683</u>
 TOTAL NET POSITION	 <u>\$ 28,151,097</u>	 <u>\$ 26,942,883</u>	 <u>\$ 24,679,173</u>	 <u>\$ 22,465,099</u>	 <u>\$ 52,830,270</u>	 <u>\$ 49,407,982</u>

An additional portion of the City's net position (16%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position \$16,118,454, may be used to meet the government's ongoing obligation to citizens and creditors.

As of September 30, 2017, the City is able to report positive balances in all three categories of net assets, 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, 2017. Governmental activities increased the City of Universal City's net position by \$1,208,214, accounting for 35% of the total growth in net position. Business-type activities increased the City's net position by \$2,214,074, accounting for 65% of total growth in net position.

	<u>GOVERNMENTAL ACTIVITIES</u>		<u>BUSINESS-TYPE ACTIVITIES</u>		<u>TOTAL</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>REVENUES</u>						
<u>Program</u>						
Charges for Services	\$ 3,101,615	\$ 2,865,840	\$ 9,618,637	\$ 9,268,818	\$ 12,720,252	\$ 12,134,658
Operating						
Grants and						
Contributions	169,982	98,737	-	-	169,982	98,737
Capital Grants and						
Contributions	-	-	323,172	-	323,172	-
<u>General</u>						
Property Taxes	6,722,826	5,950,098	-	-	6,722,826	5,950,098
Franchise Taxes	1,477,080	1,449,764	-	-	1,477,080	1,449,764
Sales Taxes	3,330,000	2,890,347	-	-	3,330,000	2,890,347
Hotel/Motel Taxes	106,989	102,951	-	-	106,989	102,951
Bingo Tax	107	236	-	-	107	236
Mixed Drink	64,200	50,632	-	-	64,200	50,632
Interest and Investment						
Earnings	50,426	26,692	19,196	11,014	69,622	37,706
Miscellaneous	37,520	55,543	-	-	37,520	55,543
Total Revenues	<u>15,060,745</u>	<u>13,490,840</u>	<u>9,961,005</u>	<u>9,279,832</u>	<u>25,021,750</u>	<u>22,770,672</u>
<u>EXPENSES</u>						
Administration	2,041,854	1,815,623	-	-	2,041,854	1,815,623
Planning and						
Development	483,465	428,755	-	-	483,465	428,755
Finance	371,031	350,727	-	-	371,031	350,727
Municipal Court	290,736	268,719	-	-	290,736	268,719
General Services						
Division	1,841,027	1,772,893	-	-	1,841,027	1,772,893
Police	3,609,745	3,484,195	-	-	3,609,745	3,484,195

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2017	2016	2017	2016	2017	2016
EXPENSES (CONTINUED)						
Fire Department	\$ 2,422,784	\$ 2,243,882	\$ -	\$ -	\$ 2,422,784	\$ 2,243,882
Library	395,066	174,354	-	-	395,066	174,354
Vehicle and Equipment						
Maintenance	159,196	165,186	-	-	159,196	165,186
Animal Shelter	481,985	426,903	-	-	481,985	426,903
Parks and Recreation	383,235	303,649	-	-	383,235	303,649
Golf Course	358,506	395,328	-	-	358,506	395,328
Interest and Other Fees	621,901	648,617	-	-	621,901	648,617
Water and Sewer Utility	-	-	5,842,400	5,741,595	5,842,400	5,741,595
Golf Course	-	-	1,842,290	1,775,312	1,842,290	1,775,312
Stormwater Management	-	-	454,241	407,329	454,241	407,329
Total Expenses	<u>13,460,531</u>	<u>12,478,831</u>	<u>8,138,931</u>	<u>7,924,236</u>	<u>21,599,462</u>	<u>20,403,067</u>
Increase in Net Position before Transfers	1,600,214	1,012,009	1,822,074	1,355,596	3,422,288	2,367,605
TRANSFERS	<u>(392,000)</u>	<u>(308,216)</u>	<u>392,000</u>	<u>308,216</u>	<u>-</u>	<u>-</u>
Change in Net Position	1,208,214	703,793	2,214,074	1,663,812	3,422,288	2,367,605
NET POSITION - BEGINNING	<u>26,942,883</u>	<u>26,239,090</u>	<u>22,465,099</u>	<u>20,801,287</u>	<u>49,407,982</u>	<u>47,040,377</u>
NET POSITION - ENDING	<u>\$ 28,151,097</u>	<u>\$ 26,942,883</u>	<u>\$ 24,679,173</u>	<u>\$ 22,465,099</u>	<u>\$ 52,830,270</u>	<u>\$ 49,407,982</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

Governmental Funds

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

At the end of the current fiscal year, the City of Universal City's governmental funds reported combined ending fund balances of \$21,150,062. Approximately 54% of this total amount (\$11,489,568) constitutes unassigned fund balance. The remainder of the fund balance is nonspendable, restricted, committed or assigned.

The general fund is the primary operating fund of the City. During the year, revenues exceeded expenditures in the general fund by \$893,912. Net transfers of \$755,170 decreased this to \$138,742. In the capital projects fund, expenditures exceeded revenues by \$2,619,921. Transfers increased this to \$1,274,765. In the debt service fund, revenues exceeded expenditures and other uses by \$214,595.

Proprietary Funds

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

Unrestricted net position of the respective proprietary funds are water and sewer - \$4,293,539, stormwater management - \$465,985 and golf course - \$(2,030,785). The funds had changes in net position in 2017 as follows: water and sewer - \$1,740,686, stormwater management - \$498,150, and golf course - \$(24,762).

General Fund Budgetary Highlights

An annual budget is legally adopted for the general fund and was amended in 2017 to reflect an increase in court fines and capital expenditures. Expenditures were under budget by \$1,225,972 due to a combined effort by department management to monitor and control expenditures.

CAPITAL ASSETS

The City of Universal City's investment in capital assets for its governmental and business type activities as of September 30, 2017, amounts to \$60,449,277 (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	
	2017	2016	2017	2016	2017	2016
Land	\$ 6,976,157	\$ 6,976,157	\$ 36,172	\$ 36,172	\$ 7,012,329	\$ 7,012,329
Building and Improvements	8,435,601	5,272,713	1,556,734	1,613,044	9,992,335	6,885,757
Improvement other than Buildings	1,322,324	1,564,594	-	-	1,322,324	1,564,594
Utility Plant and Easements	-	-	17,299,170	16,331,846	17,299,170	16,331,846
Transportation and Equipment	2,469,656	1,486,625	1,113,621	960,577	3,583,277	2,447,202
Water Rights	-	-	7,987,087	7,823,113	7,987,087	7,823,113
Infrastructure	11,869,431	12,486,467	-	-	11,869,431	12,486,467
Construction in Progress	<u>915,695</u>	<u>2,472,743</u>	<u>467,629</u>	<u>662,693</u>	<u>1,383,324</u>	<u>3,135,436</u>
TOTALS	<u>\$ 31,988,864</u>	<u>\$ 30,259,299</u>	<u>\$ 28,460,413</u>	<u>\$ 27,427,445</u>	<u>\$ 60,449,277</u>	<u>\$ 57,686,744</u>

Additional information on capital assets can be found in Note 5 on pages 36-37.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Universal City had a total outstanding bonded debt of \$29,690,000. Of this amount, \$18,085,000 comprises bonded debt backed by the full faith and credit of the government and \$11,605,000 represents bonds secured solely by water and sewer revenues. Notes payables of \$873,056 are capital leases secured by a fire truck, equipment, golf carts, and golf equipment and \$219,740 is a note payable to San Antonio River Authority.

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2017	2016	2017	2016	2017	2016
General Obligation						
Bonds	\$ 15,350,000	\$ 16,431,000	\$ -	\$ -	\$ 15,350,000	\$ 16,431,000
Revenue Bonds	-	-	11,605,000	9,390,000	11,605,000	9,390,000
Tax Notes	-	-	-	-	-	-
Certificates of Obligation	2,735,000	2,855,000	-	-	2,735,000	2,855,000
Notes Payable	<u>628,403</u>	<u>118,485</u>	<u>464,393</u>	<u>728,986</u>	<u>1,092,796</u>	<u>847,471</u>
Totals	18,713,403	19,404,485	12,069,393	10,118,986	30,782,796	29,523,471
Compensated Absences	<u>389,319</u>	<u>373,112</u>	<u>128,951</u>	<u>113,026</u>	<u>518,270</u>	<u>486,138</u>
TOTAL DEBT	<u>\$ 19,102,722</u>	<u>\$ 19,777,597</u>	<u>\$ 12,198,344</u>	<u>\$ 10,232,012</u>	<u>\$ 31,301,066</u>	<u>\$ 30,009,609</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 long-term debt can be found in Note 6 pages 38-39.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Taxable values used for the 2018 budget preparation was up by 7.6% reflecting the condition of the current economy as well as including new properties added to the existing tax roll. The general operating fund spending increased in 2018 to incorporate capital expenditures for general services, fire, and police.

New retail establishments were opened in the City during the 2017 fiscal year. These additions will help support the sales tax revenue used to fund the capital projects that were included in the general fund budget.

Certifications of Obligations were issued in June of 2017 to support capital projects and improvements to the water and sewer systems within the utility fund.

With the City nearing its capacity for residential growth, the City is making a strong effort to monitor appropriations requested by the departments. The utilization of existing land is being maximized by promoting development at its best use.

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, or e-mail at finance@uctx.gov.

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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, 2017

	<u>PRIMARY GOVERNMENT</u>			<u>COMPONENT UNIT</u>
	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>	<u>UNIVERSAL CITY INDUSTRIAL DEVELOPMENT CORPORATION</u>
<u>ASSETS</u>				
Cash and Investments	\$ 19,289,561	\$ 7,852,270	\$ 27,141,831	\$ 3,130,630
Receivables (Net of Allowances for Uncollectibles)				
Taxes	147,467	-	147,467	-
Accounts	-	910,715	910,715	-
Other	977,570	-	977,570	-
Due from Other Governments	575,129	123,172	698,301	187,863
Due from Component Unit	205,197	-	205,197	977
Internal Balances	1,586,854	(1,586,854)	-	-
Inventories	910	172,100	173,010	-
Restricted Assets				
Cash	-	4,800,946	4,800,946	-
Capital Assets				
Land	6,976,157	36,172	7,012,329	-
Building and Improvements	11,536,489	2,253,028	13,789,517	-
Improvements Other than Buildings	5,774,615	-	5,774,615	-
Utility Plant and Easements	-	26,204,869	26,204,869	-
Transportation and Equipment	8,432,485	3,716,450	12,148,935	2,729
Water Rights	-	7,987,087	7,987,087	-
Infrastructure	22,230,407	-	22,230,407	-
Construction in Progress	915,695	467,629	1,383,324	-
Accumulated Depreciation	<u>(23,876,984)</u>	<u>(12,204,822)</u>	<u>(36,081,806)</u>	<u>(2,729)</u>
TOTAL ASSETS	<u>\$ 54,771,552</u>	<u>\$ 40,732,762</u>	<u>\$ 95,504,314</u>	<u>\$ 3,319,470</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Charge on Bond Refunding	\$ 267,554	\$ 178,468	\$ 446,022	\$ -
Deferred Charge on Pension - TMRS	<u>1,821,283</u>	<u>513,696</u>	<u>2,334,979</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,088,837</u>	<u>\$ 692,164</u>	<u>\$ 2,781,001</u>	<u>\$ -</u>

(The Accompanying Notes are an Integral Part of these Financial Statements)

CITY OF UNIVERSAL CITY, TEXAS
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2017

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	UNIVERSAL CITY INDUSTRIAL DEVELOPMENT CORPORATION
<u>LIABILITIES AND NET POSITION</u>				
<u>LIABILITIES</u>				
Accounts Payable and Other Current Liabilities	\$ 521,029	\$ 527,326	\$ 1,048,355	\$ -
Accrued Interest Payable	74,082	-	74,082	-
Customer Deposits	-	790,753	790,753	-
Due to Component Unit	977	-	977	-
Due to Primary Government	-	-	-	205,197
Deferred Revenues	-	99,854	99,854	-
<u>PAYABLE FROM RESTRICTED</u>				
<u>ASSETS</u>				
Current Portion of Long-Term Debt	-	930,006	930,006	-
Accrued Interest Payable	-	38,229	38,229	-
<u>NONCURRENT LIABILITIES</u>				
Net Pension Liability	8,271,438	2,332,970	10,604,408	-
Due within One Year	1,769,663	399,249	2,168,912	160,000
Due in More than One Year	<u>18,006,626</u>	<u>11,608,898</u>	<u>29,615,524</u>	<u>1,380,000</u>
TOTAL LIABILITIES	<u>28,643,815</u>	<u>16,727,285</u>	<u>45,371,100</u>	<u>1,745,197</u>
<u>DEFERRED INFLOWS OF RESOURCES - TMRS</u>	<u>65,477</u>	<u>18,468</u>	<u>83,945</u>	<u>-</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets Restricted for	12,601,894	15,651,211	28,253,105	-
Inventory	910	-	910	-
Special Revenue	1,320,499	-	1,320,499	-
Debt Service	2,406,231	-	2,406,231	-
Capital Projects	4,731,071	-	4,731,071	-
Unrestricted	<u>7,090,492</u>	<u>9,027,962</u>	<u>16,118,454</u>	<u>1,574,273</u>
TOTAL NET POSITION	<u>28,151,097</u>	<u>24,679,173</u>	<u>52,830,270</u>	<u>1,574,273</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 56,860,389</u>	<u>\$ 41,424,926</u>	<u>\$ 98,285,315</u>	<u>\$ 3,319,470</u>

(The Accompanying Notes are an Integral Part of these Financial Statements)

CITY OF UNIVERSAL CITY, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2017

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
<u>Primary Government</u>				
Governmental Activities				
Administration	\$ 2,041,854	\$ 462,412	\$ -	\$ -
Planning and Development	483,465	723,012	-	-
Finance	371,031	-	-	-
Municipal Court	290,736	1,775,840	-	-
General Services Division	1,841,027	-	-	-
Police	3,609,745	32,544	999	-
Fire	2,422,784	-	100	-
Library	395,066	3,686	4,074	-
Vehicle and Equipment Maintenance	159,196	-	-	-
Animal Shelter	481,985	27,073	35,860	-
Parks and Recreation	383,235	25,184	128,949	-
Golf Course	358,506	51,864	-	-
Interest and Other Fees	621,901	-	-	-
Total Government Activities	<u>13,460,531</u>	<u>3,101,615</u>	<u>169,982</u>	<u>-</u>
Business-Type Activities				
Water/Sewage Utility	5,842,400	7,566,943	-	-
Golf Course	1,842,290	1,424,400	-	-
Stormwater Management	<u>454,241</u>	<u>627,294</u>	<u>-</u>	<u>323,172</u>
Total Business-Type Activities	<u>8,138,931</u>	<u>9,618,637</u>	<u>-</u>	<u>323,172</u>
Total Primary Government	<u>\$ 21,599,462</u>	<u>\$ 12,720,252</u>	<u>\$ 169,982</u>	<u>\$ 323,172</u>
<u>Component Unit</u>				
Industrial Development Corporation	<u>\$ 1,088,430</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues

Taxes

General Property Taxes
Franchise Taxes
Sales Taxes
Hotel/Motel Taxes
Bingo Taxes
Mixed Drink Taxes
Interest and Investment Earnings
Miscellaneous

Transfers

Total General Revenues

Change in Net Position

NET POSITION - BEGINNING OF YEAR

NET POSITION AT YEAR END

CHANGES IN NET POSITION			COMPONENT
PRIMARY GOVERNMENT			UNIT
GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	UNIVERSAL CITY INDUSTRIAL DEVELOPMENT CORPORATION
\$ (1,579,442)	\$ -	\$ (1,579,442)	\$ -
239,547	-	239,547	-
(371,031)	-	(371,031)	-
1,485,104	-	1,485,104	-
(1,841,027)	-	(1,841,027)	-
(3,576,202)	-	(3,576,202)	-
(2,422,684)	-	(2,422,684)	-
(387,306)	-	(387,306)	-
(159,196)	-	(159,196)	-
(419,052)	-	(419,052)	-
(229,102)	-	(229,102)	-
(306,642)	-	(306,642)	-
(621,901)	-	(621,901)	-
<u>(10,188,934)</u>	<u>-</u>	<u>(10,188,934)</u>	<u>-</u>
-	1,724,543	1,724,543	-
-	(417,890)	(417,890)	-
-	496,225	496,225	-
-	<u>1,802,878</u>	<u>1,802,878</u>	-
<u>(10,188,934)</u>	<u>1,802,878</u>	<u>(8,386,056)</u>	<u>-</u>
			<u>(1,088,430)</u>
6,722,826	-	6,722,826	-
1,477,080	-	1,477,080	-
3,330,000	-	3,330,000	1,109,865
106,989	-	106,989	-
107	-	107	-
64,200	-	64,200	-
50,426	19,196	69,622	1,534
37,520	-	37,520	20,542
<u>(392,000)</u>	<u>392,000</u>	<u>-</u>	<u>-</u>
<u>11,397,148</u>	<u>411,196</u>	<u>11,808,344</u>	<u>1,131,941</u>
1,208,214	2,214,074	3,422,288	43,511
<u>26,942,883</u>	<u>22,465,099</u>	<u>49,407,982</u>	<u>1,530,762</u>
<u>\$ 28,151,097</u>	<u>\$ 24,679,173</u>	<u>\$ 52,830,270</u>	<u>\$ 1,574,273</u>

CITY OF UNIVERSAL CITY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	MAJOR FUNDS			TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	
<u>ASSETS</u>				
Cash and Temporary Investments	\$ 12,167,722	\$ 4,672,067	\$ 2,449,772	\$ 19,289,561
Receivables (Net of Allowances for Uncollectibles)				
Property Taxes	111,860	-	35,607	147,467
Accounts	977,570	-	-	977,570
Due from Other Governments	385,309	-	189,820	575,129
Due from Other Funds	1,807,602	59,004	635,337	2,501,943
Due from Component Unit	205,197	-	-	205,197
Inventory	910	-	-	910
TOTAL ASSETS	<u>\$ 15,656,170</u>	<u>\$ 4,731,071</u>	<u>\$ 3,310,536</u>	<u>\$ 23,697,777</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 409,651	\$ -	\$ -	\$ 409,651
Accrued Expenditures	97,788	-	13,590	111,378
Due to Other Funds	59,981	-	855,108	915,089
Due to Component Unit	977	-	-	977
Unearned Revenues	963,153	-	-	963,153
Total Liabilities	<u>1,531,550</u>	<u>-</u>	<u>868,698</u>	<u>2,400,248</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unearned Revenue - Property Taxes	<u>111,860</u>	<u>-</u>	<u>35,607</u>	<u>147,467</u>
<u>FUND BALANCES</u>				
Nonspendable:				
Inventory	910	-	-	910
Restricted:				
PEG Funds	302,613	-	-	302,613
Public Safety	49,936	-	-	49,936
Fire	100	-	-	100
Library Improvements	310	-	-	310
Hotel/Motel	388,771	-	-	388,771
Parks	36,398	-	-	36,398
Animal Shelter	34,543	-	-	34,543
Court Technology	116,538	-	-	116,538
Court Security	183,052	-	-	183,052
Northlake Roads	150,000	-	-	150,000
Veterans Park	51,401	-	-	51,401
Dog Park	3,401	-	-	3,401
Animal Shelter Memorial	3,436	-	-	3,436
CPS	450,169	-	-	450,169
Debt Service	-	-	2,406,231	2,406,231
Capital Projects	-	4,731,071	-	4,731,071
Assigned:				
Capital Projects	751,614	-	-	751,614
Unassigned:	<u>11,489,568</u>	<u>-</u>	<u>-</u>	<u>11,489,568</u>
Total Fund Balances	<u>14,012,760</u>	<u>4,731,071</u>	<u>2,406,231</u>	<u>21,150,062</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 15,656,170</u>	<u>\$ 4,731,071</u>	<u>\$ 3,310,536</u>	<u>\$ 23,697,777</u>

(The Accompanying Notes are an Integral Part of these Financial Statements)

CITY OF UNIVERSAL CITY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 21,150,062

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. 31,988,864

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 3,133,980

Accrued vacation leave payable is not due and payable in the current period and, therefore, not reported in the funds. (389,319)

Long-term liabilities are not due and payable in the current period and, therefore, not reported in the funds:

Bonds and Notes Payable (19,386,970)

Net Pension Liability (8,271,438)

Accrued interest payable on long-term-bonds are not due and payable in the current period and, therefore, not reported in the funds. (74,082)

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 28,151,097

CITY OF UNIVERSAL CITY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	MAJOR FUNDS			TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	
<u>REVENUES</u>				
Taxes	\$ 9,175,818	\$ -	\$ 2,481,170	\$ 11,656,988
Licenses and Permits	1,318,050	-	-	1,318,050
Intergovernmental	361,335	-	-	361,335
Contributions from				
Component Unit	204,864	-	-	204,864
Fines and Forfeitures	1,239,055	-	-	1,239,055
Interest	42,555	93	7,778	50,426
Miscellaneous	<u>162,428</u>	<u>64</u>	<u>-</u>	<u>162,492</u>
Total Revenues	<u>12,504,105</u>	<u>157</u>	<u>2,488,948</u>	<u>14,993,210</u>
<u>EXPENDITURES</u>				
Current				
Administrative	1,646,764	-	-	1,646,764
Planning and Development	478,528	-	-	478,528
Finance	370,458	-	-	370,458
Municipal Court	268,605	-	-	268,605
General Services Division	999,705	-	-	999,705
Police	3,380,890	-	-	3,380,890
Fire	2,233,987	-	-	2,233,987
Library	259,931	-	-	259,931
Vehicle and Equipment Maintenance	157,693	-	-	157,693
Animal Shelter	414,345	-	-	414,345
Parks and Recreation	393,589	-	-	393,589
Golf Course	3,923	-	-	3,923
Capital Outlay	1,001,775	2,575,032	-	3,576,807
Debt Service				
Principal	-	36,780	1,201,000	1,237,780
Interest and Fiscal Charges	<u>-</u>	<u>8,266</u>	<u>638,065</u>	<u>646,331</u>
Total Expenditures	<u>11,610,193</u>	<u>2,620,078</u>	<u>1,839,065</u>	<u>16,069,336</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>893,912</u>	<u>(2,619,921)</u>	<u>649,883</u>	<u>(1,076,126)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	43,288	798,458	-	841,746
Transfers Out	(798,458)	-	(435,288)	(1,233,746)
Capital Lease Proceeds	<u>-</u>	<u>546,698</u>	<u>-</u>	<u>546,698</u>
Total Other Financing				
Sources (Uses)	<u>(755,170)</u>	<u>1,345,156</u>	<u>(435,288)</u>	<u>154,698</u>
Net Change in Fund Balances	138,742	(1,274,765)	214,595	(921,428)
<u>FUND BALANCES AT BEGINNING OF YEAR</u>	<u>13,874,018</u>	<u>6,005,836</u>	<u>2,191,636</u>	<u>22,071,490</u>
FUND BALANCES AT END OF YEAR	<u>\$ 14,012,760</u>	<u>\$ 4,731,071</u>	<u>\$ 2,406,231</u>	<u>\$ 21,150,062</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
FISCAL YEAR ENDED SEPTEMBER 30, 2017

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (921,428)

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 amount by which capital outlay exceeded depreciation expense. 1,751,209

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 67,535

The issuance of long-term debt (i.e. bonds, capital leases) provides current financial resources to governmental funds, while the repayment of the principal consumes the current financial resources of governmental funds. This amount is the net effect of these differences. 691,082

The change in the liability for net pension liability does not consume a current financial resource and is therefore not reported as an expenditure in the governmental funds. (366,763)

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. (13,421)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,208,214

CITY OF UNIVERSAL CITY, TEXAS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2017

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			<u>TOTAL</u>
	<u>WATER/SEWER FUND</u>	<u>GOLF COURSE FUND</u>	<u>NONMAJOR FUND/ STORMWATER</u>	
<u>CURRENT ASSETS</u>				
Cash and Investments	\$ 6,964,639	\$ 357,681	\$ 529,950	\$ 7,852,270
Receivables (Net of Allowances for Uncollectibles)				
Accounts	833,214	14,162	63,339	910,715
Due from Other Governments	-	-	123,172	123,172
Due from Other Funds	-	220,000	2,997	222,997
Inventories	122,696	49,404	-	172,100
Cash - Restricted	<u>4,800,946</u>	<u>-</u>	<u>-</u>	<u>4,800,946</u>
Total Current Assets	<u>12,721,495</u>	<u>641,247</u>	<u>719,458</u>	<u>14,082,200</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>				
Deferred Outflow - TMRS Pension	287,669	190,068	35,959	513,696
Deferred Charge on Refunded Bond	<u>178,468</u>	<u>-</u>	<u>-</u>	<u>178,468</u>
Total Deferred Outflow of Resources	<u>466,137</u>	<u>190,068</u>	<u>35,959</u>	<u>692,164</u>
<u>CAPITAL ASSETS</u>				
Land	36,172	-	-	36,172
Building and Improvements	2,253,028	-	-	2,253,028
Utility Plant and Easements	22,664,027	-	3,540,842	26,204,869
Transportation and Equipment	2,067,263	1,420,099	229,088	3,716,450
Water Rights	7,987,087	-	-	7,987,087
Construction in Progress	197,505	-	270,124	467,629
Accumulated Depreciation	<u>(10,923,456)</u>	<u>(771,786)</u>	<u>(509,580)</u>	<u>(12,204,822)</u>
Capital Assets Net of Accumulated Depreciation	<u>24,281,626</u>	<u>648,313</u>	<u>3,530,474</u>	<u>28,460,413</u>
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u>\$ 37,469,258</u>	<u>\$ 1,479,628</u>	<u>\$ 4,285,891</u>	<u>\$ 43,234,777</u>

CITY OF UNIVERSAL CITY, TEXAS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS (CONTINUED)
SEPTEMBER 30, 2017

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			<u>TOTAL</u>
	<u>WATER/SEWER FUND</u>	<u>GOLF COURSE FUND</u>	<u>NONMAJOR FUND/ STORMWATER</u>	
<u>CURRENT LIABILITIES</u>				
Accounts Payable	\$ 339,088	\$ 36,323	\$ 113,680	\$ 489,091
Accrued Wages	16,510	19,346	2,379	38,235
Compensated Absences/Vacation Leave	74,158	46,965	7,828	128,951
Due to Other Funds	19,327	1,789,580	944	1,809,851
Customer Deposits	790,753	-	-	790,753
Unearned Revenues	-	99,854	-	99,854
Current Portion of Notes Payable	<u>150,134</u>	<u>120,164</u>	<u>-</u>	<u>270,298</u>
Total Current Liabilities	<u>1,389,970</u>	<u>2,112,232</u>	<u>124,831</u>	<u>3,627,033</u>
<u>CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</u>				
Current Portion of Revenue Bonds	930,006	-	-	930,006
Accrued Interest Payable	<u>38,229</u>	<u>-</u>	<u>-</u>	<u>38,229</u>
Total Current Liabilities Payable from Restricted Assets	<u>968,235</u>	<u>-</u>	<u>-</u>	<u>968,235</u>
<u>NONCURRENT LIABILITIES</u>				
Net Pension Liability	1,306,463	863,199	163,308	2,332,970
Notes Payable	69,606	124,489	-	194,095
Revenue Bonds Notes Payable	<u>11,414,803</u>	<u>-</u>	<u>-</u>	<u>11,414,803</u>
Total Noncurrent Liabilities	<u>12,790,872</u>	<u>987,688</u>	<u>163,308</u>	<u>11,608,898</u>
Total Liabilities	<u>15,149,077</u>	<u>3,099,920</u>	<u>288,139</u>	<u>18,537,136</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Inflow - TMRS Pension	<u>10,342</u>	<u>6,833</u>	<u>1,293</u>	<u>18,468</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	11,717,077	403,660	3,530,474	15,651,211
Reserved - Impact Fees	1,069,478	-	-	1,069,478
Reserved - Capital Projects	5,229,745	-	-	5,229,745
Unrestricted	<u>4,293,539</u>	<u>(2,030,785)</u>	<u>465,985</u>	<u>2,728,739</u>
Total Net Position	<u>22,309,839</u>	<u>(1,627,125)</u>	<u>3,996,459</u>	<u>24,679,173</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 37,469,258</u>	<u>\$ 1,479,628</u>	<u>\$ 4,285,891</u>	<u>\$ 43,234,777</u>

CITY OF UNIVERSAL CITY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			<u>TOTAL</u>
	<u>WATER/SEWER FUND</u>	<u>GOLF COURSE FUND</u>	<u>NONMAJOR FUND/ STORMWATER</u>	
<u>OPERATING REVENUES</u>				
Water Revenues	\$ 3,847,505	\$ -	\$ -	\$ 3,847,505
Sewer Revenues	3,129,100	-	-	3,129,100
Stormwater Revenues	-	-	627,294	627,294
Golf Course Fees	-	964,391	-	964,391
Other Fees and Service Charges	548,130	-	-	548,130
Sales, Net of Costs of Goods Sold	-	457,832	-	457,832
Miscellaneous Revenues	<u>42,208</u>	<u>2,177</u>	<u>-</u>	<u>44,385</u>
Total Operating Revenues	<u>7,566,943</u>	<u>1,424,400</u>	<u>627,294</u>	<u>9,618,637</u>
<u>OPERATING EXPENSES</u>				
Public Works	922,111	-	-	922,111
Administration	254,106	-	-	254,106
Water Department	1,835,863	-	-	1,835,863
Sewer Department	1,802,486	-	-	1,802,486
Stormwater Department	-	-	376,238	376,238
Golf Course Operating Cost	-	1,665,099	-	1,665,099
Depreciation	<u>602,052</u>	<u>164,674</u>	<u>78,003</u>	<u>844,729</u>
Total Operating Expenses	<u>5,416,618</u>	<u>1,829,773</u>	<u>454,241</u>	<u>7,700,632</u>
Operating Income (Loss)	<u>2,150,325</u>	<u>(405,373)</u>	<u>173,053</u>	<u>1,918,005</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Transfers In	-	392,000	-	392,000
Interest Income	16,143	1,128	1,925	19,196
Grants	-	-	323,172	323,172
Interest and Fiscal Charges	<u>(425,782)</u>	<u>(12,517)</u>	<u>-</u>	<u>(438,299)</u>
Total Nonoperating Revenues (Expenses)	<u>(409,639)</u>	<u>380,611</u>	<u>325,097</u>	<u>296,069</u>
Change in Net Position	1,740,686	(24,762)	498,150	2,214,074
<u>NET POSITION AT BEGINNING OF YEAR</u>	<u>20,569,153</u>	<u>(1,602,363)</u>	<u>3,498,309</u>	<u>22,465,099</u>
NET POSITION AT END OF YEAR	<u>\$ 22,309,839</u>	<u>\$ (1,627,125)</u>	<u>\$ 3,996,459</u>	<u>\$ 24,679,173</u>

CITY OF UNIVERSAL CITY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			
	<u>WATER/SEWER FUND</u>	<u>GOLF COURSE FUND</u>	<u>NONMAJOR FUND/ STORMWATER</u>	<u>TOTAL</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Cash Received from Customers	\$ 7,676,034	\$ 1,434,425	\$ 504,421	\$ 9,614,880
Cash Paid for Employee Wages and Benefits	(1,125,575)	(993,985)	(105,506)	(2,225,066)
Cash Paid to Suppliers for Goods and Services	(3,505,291)	(504,522)	(82,717)	(4,092,530)
Cash Paid to General Fund for Indirect Costs	<u>(200,000)</u>	<u>-</u>	<u>(50,000)</u>	<u>(250,000)</u>
Net Cash Provided by Operating Activities	<u>2,845,168</u>	<u>(64,082)</u>	<u>266,198</u>	<u>3,047,284</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Purchase/Construction of Capital Assets	(1,210,101)	(95,000)	(572,597)	(1,877,698)
Principal Payments on Long-Term Debt	(919,673)	(122,948)	-	(1,042,621)
Proceeds from Bonds and Notes	3,099,866	-	-	3,099,866
Interest and Fiscal Charges Paid	<u>(434,232)</u>	<u>(12,517)</u>	<u>-</u>	<u>(446,749)</u>
Net Cash Used in Capital and Related Financing Activities	<u>535,860</u>	<u>(230,465)</u>	<u>(249,425)</u>	<u>55,970</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Transfers from Other Funds	-	392,000	-	392,000
Grants	<u>-</u>	<u>-</u>	<u>323,172</u>	<u>323,172</u>
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>392,000</u>	<u>323,172</u>	<u>715,172</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Investment Interest Received	<u>16,143</u>	<u>1,128</u>	<u>1,925</u>	<u>19,196</u>
Net Increase (Decrease) in Cash and Equivalents	<u>3,397,171</u>	<u>98,581</u>	<u>18,698</u>	<u>3,514,450</u>
<u>CASH AND EQUIVALENTS AT BEGINNING OF YEAR</u>				
Cash and Equivalents	5,934,068	259,100	511,252	6,704,420
Restricted Cash and Equivalents	<u>2,434,346</u>	<u>-</u>	<u>-</u>	<u>2,434,346</u>
Total Cash and Equivalents at Beginning of Year	<u>8,368,414</u>	<u>259,100</u>	<u>511,252</u>	<u>9,138,766</u>
<u>CASH AND EQUIVALENTS AT END OF YEAR</u>				
Cash and Equivalents	6,964,639	357,681	529,950	7,852,270
Restricted Cash and Equivalents	<u>4,800,946</u>	<u>-</u>	<u>-</u>	<u>4,800,946</u>
TOTAL CASH AND EQUIVALENTS AT END OF YEAR	<u>\$ 11,765,585</u>	<u>\$ 357,681</u>	<u>\$ 529,950</u>	<u>\$ 12,653,216</u>

(The Accompanying Notes are an Integral Part of these Financial Statements)

CITY OF UNIVERSAL CITY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			
	<u>WATER/SEWER FUND</u>	<u>GOLF COURSE FUND</u>	<u>NONMAJOR FUND/ STORMWATER</u>	<u>TOTAL</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH</u>				
<u>PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>				
Operating Income	<u>\$ 2,150,325</u>	<u>\$ (405,373)</u>	<u>\$ 173,053</u>	<u>\$ 1,918,005</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Depreciation	602,052	164,674	78,003	844,729
Change in Net Pension Expense	57,930	38,276	7,242	103,448
(Increase) Decrease in Operating Assets				
Accounts Receivable	47,722	(3,080)	(122,873)	(78,231)
Inventory	13,064	1,995	-	15,059
Interfund Receivables	451	30,057	14,179	44,687
Increase (Decrease) in Operating Liabilities				
Accounts Payable	4,609	10,255	112,679	127,543
Accrued Wages and Benefits	23,750	9,236	6,443	39,429
Interfund Payables	(116,104)	76,773	(2,528)	(41,859)
Utility Deposits	61,369	-	-	61,369
Deferred Revenue	<u>-</u>	<u>13,105</u>	<u>-</u>	<u>13,105</u>
Total Adjustments	<u>694,843</u>	<u>341,291</u>	<u>93,145</u>	<u>1,129,279</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,845,168</u>	<u>\$ (64,082)</u>	<u>\$ 266,198</u>	<u>\$ 3,047,284</u>

NOTES TO BASIC FINANCIAL STATEMENTS

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CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

Component Units

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations; thus, data from these units, 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, 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 Universal City Economic Development Corporation is October 1 through September 30. The Universal City Economic Development Corporation has seven (7) board members, with the city manager acting as an advisor to the board. The component unit serves exclusively the City of Universal City.

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.

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. 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.

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.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, 2017 and became due October 1, 2016, have been assessed to finance the budget of the fiscal year beginning October 1, 2016, and accordingly, have been reflected as deferred inflows of resources and taxes receivable in the fund financial statements at September 30, 2017.

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, and the stormwater fund. Both the water/sewer fund and the golf course fund 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.

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

D. 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.

E. 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, 2017, the City has all its monies in interest-bearing checking accounts, savings accounts, and TexPool.

F. 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 uncollectible.

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.

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Accounts Receivable (Continued)

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.

G. 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”.

H. 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.

I. 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.

J. 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.

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

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

K. 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 and that 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.

L. Deferred Revenue

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.

M. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities and business-type activities statement of net position. 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.

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. 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;
- 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.

O. Net Position

Net position represents the difference between assets and liabilities. 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.

P. Interfund Transactions

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

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Interfund Transactions (Continued)

The City allocates to the water/sewer fund and the stormwater fund an indirect overhead cost percentage of general government administration expenses that is paid to the general fund. During the year ended September 30, 2017, the City allocated \$200,000 from the water/sewer fund and \$50,000 from the stormwater fund as transfers for such services. The indirect overhead cost allocation is reflected as an operating expense in the water/sewer fund and the stormwater fund, and as revenue in the general fund.

Q. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. 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.

R. 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 disclosure of contingent assets and 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.

S. 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.

NOTE 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.

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE 2: CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

A. Cash

At September 30, 2017, the carrying amount of the primary government's (the City) cash on hand was \$9,103, deposits in the bank were \$32,501,643 and the book balance was \$31,933,674. The City's depository had pledged securities having a market value of \$35,245,898 as collateral for the City's deposits. All of the City's cash was fully collateralized.

The discretely presented component unit had deposits in the bank of \$3,135,166 and the book balance was \$3,130,630. Deposits were fully collateralized.

B. 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.

C. Analysis of Specific Deposit and Investment Risks

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

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

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

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

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE 2: CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

C. Analysis of Specific Deposit and Investment Risks (Continued)

At year end, the City 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.

NOTE 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, 2016 upon which the 2016 levy was based was \$1,202,521,484 (i.e., market value less exemptions). The estimated market value was \$1,322,533,569 making the taxable value 91% 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 susceptible to accrual in accordance with generally accepted accounting principles have been recognized as revenue. In the government-wide financial statements, the entire levy is recognized as revenue, net of estimated uncollectible amounts, at the levy date.

NOTE 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, 2017, balances of interfund amounts receivable or payable have been recorded as follows:

CITY OF UNIVERSAL CITY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2017

NOTE 4: INTERFUND RECEIVABLE/PAYABLE (CONTINUED)

	<u>DUE FROM</u>	<u>DUE TO</u>
Primary Government		
General Fund:		
Debt Service Fund	\$ 635,108	\$ 977
Capital Projects Fund	-	59,004
Water/Sewer Fund	16,330	-
Golf Course Fund	1,155,220	-
Stormwater Fund	<u>944</u>	<u>-</u>
Total	<u>1,807,602</u>	<u>59,981</u>
Debt Service Fund:		
General Fund	977	635,108
Golf Course	<u>634,360</u>	<u>220,000</u>
Total	<u>635,337</u>	<u>855,108</u>
Capital Projects Fund:		
General Fund	<u>59,004</u>	<u>-</u>
Water/Sewer Fund:		
General Fund	-	16,330
Stormwater Fund	<u>-</u>	<u>2,997</u>
Total	<u>-</u>	<u>19,327</u>
Golf Course Fund:		
General Fund	-	1,155,220
Debt Service Fund	<u>220,000</u>	<u>634,360</u>
Total	<u>220,000</u>	<u>1,789,580</u>
Stormwater Fund:		
General Fund	-	944
Water/Sewer Fund	<u>2,997</u>	<u>-</u>
Total	<u>2,997</u>	<u>944</u>
TOTALS	<u>\$ 2,724,940</u>	<u>\$ 2,724,940</u>
Governmental Fund/Component Unit		
General Fund:		
Component Unit	\$ 205,197	\$ 977
Component Unit:		
General Fund	<u>977</u>	<u>205,197</u>
TOTALS	<u>\$ 206,174</u>	<u>\$ 206,174</u>

CITY OF UNIVERSAL CITY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2017

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2017, was as follows:

	<u>BEGINNING BALANCE</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>ENDING BALANCE</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
<u>Capital Assets, not being Depreciated</u>				
Land	\$ 6,976,157	\$ -	\$ -	\$ 6,976,157
Construction in Progress	<u>2,472,743</u>	<u>887,855</u>	<u>(2,444,903)</u>	<u>915,695</u>
Total Capital Assets, not being Depreciated	<u>9,448,900</u>	<u>887,855</u>	<u>(2,444,903)</u>	<u>7,891,852</u>
<u>Capital Assets, being Depreciated</u>				
Buildings	8,206,775	3,458,583	(128,869)	11,536,489
Improvements other than Buildings	5,722,991	51,624	-	5,774,615
Transportation and Equipment Infrastructure	<u>6,919,232</u> <u>22,230,407</u>	<u>1,623,648</u> <u>-</u>	<u>(110,395)</u> <u>-</u>	<u>8,432,485</u> <u>22,230,407</u>
Total Capital Assets, being Depreciated	<u>43,079,405</u>	<u>5,133,855</u>	<u>(239,264)</u>	<u>47,973,996</u>
<u>Less: Accumulated Depreciation</u>				
Buildings	(2,934,062)	(275,622)	108,796	(3,100,888)
Improvements other than Buildings	(4,158,397)	(293,894)	-	(4,452,291)
Transportation and Equipment Infrastructure	<u>(5,468,691)</u> <u>(9,707,856)</u>	<u>(602,962)</u> <u>(653,120)</u>	<u>108,824</u> <u>-</u>	<u>(5,962,829)</u> <u>(10,360,976)</u>
Total Accumulated Depreciation	<u>(22,269,006)</u>	<u>(1,825,598)</u>	<u>217,620</u>	<u>(23,876,984)</u>
Total Capital Assets being Depreciated - Net	<u>20,810,399</u>	<u>3,308,257</u>	<u>(21,644)</u>	<u>24,097,012</u>
 <u>GOVERNMENTAL ACTIVITIES</u>				
CAPITAL ASSETS, NET	<u>\$ 30,259,299</u>	<u>\$ 4,196,112</u>	<u>\$ (2,466,547)</u>	<u>\$ 31,988,864</u>

CITY OF UNIVERSAL CITY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2017

NOTE 5: CAPITAL ASSETS (CONTINUED)

	BEGINNING BALANCE	INCREASE	DECREASE	ENDING BALANCE
<u>BUSINESS-TYPE ACTIVITIES</u>				
<u>Capital Assets, not being Depreciated</u>				
Land	\$ 36,172	\$ -	\$ -	\$ 36,172
Construction in Progress	662,693	316,127	(511,191)	467,629
Water Rights	<u>7,823,113</u>	<u>163,974</u>	<u>-</u>	<u>7,987,087</u>
Total Capital Assets, not being Depreciated	<u>8,521,978</u>	<u>480,101</u>	<u>(511,191)</u>	<u>8,490,888</u>
<u>Capital Assets, being Depreciated</u>				
Buildings and Improvements	2,253,028	-	-	2,253,028
Utility Plant	24,765,823	1,439,046	-	26,204,869
Transportation and Equipment	<u>3,308,656</u>	<u>469,741</u>	<u>(61,947)</u>	<u>3,716,450</u>
Total Capital Assets, being Depreciated	<u>30,327,507</u>	<u>1,908,787</u>	<u>(61,947)</u>	<u>32,174,347</u>
<u>Less: Accumulated Depreciation</u>				
Buildings and Improvements	(639,984)	(56,310)	-	(696,294)
Utility Plant	(8,433,977)	(471,722)	-	(8,905,699)
Transportation and Equipment	<u>(2,348,079)</u>	<u>(316,697)</u>	<u>61,947</u>	<u>(2,602,829)</u>
Total Accumulated Depreciation	<u>(11,422,040)</u>	<u>(844,729)</u>	<u>61,947</u>	<u>(12,204,822)</u>
Total Capital Assets being Depreciated - Net	<u>18,905,467</u>	<u>1,064,058</u>	<u>-</u>	<u>19,969,525</u>
<u>BUSINESS-TYPE CAPITAL</u>				
ASSETS, NET	<u>\$ 27,427,445</u>	<u>\$ 1,544,159</u>	<u>\$ (511,191)</u>	<u>\$ 28,460,413</u>

Depreciation expense was charged to the governmental functions as follows:

Administration	\$ 26,203
Planning and Development	920
Finance	902
Municipal Court	22,493
General Services Division	839,444
Police	220,701
Fire	184,912
Library	109,466
Animal Shelter	65,944
Golf Course	<u>354,583</u>
 TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	 <u>\$ 1,825,568</u>

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE 6: LONG-TERM DEBT

The City had the following changes in long-term debt outstanding for the year ended September 30, 2017:

	ORIGINAL AMOUNT	INTEREST RATES	OUTSTANDING OCTOBER 1, 2016	ISSUED	RETIRED	BALANCE SEPTEMBER 30, 2017	AMOUNTS DUE IN ONE YEAR
<u>GOVERNMENTAL ACTIVITIES</u>							
General Obligation Bonds (2007)	\$ 5,010,000	4.00-5.00	\$ 235,000	\$ -	\$ (235,000)	\$ -	\$ -
Unamortized Premium General Obligation Refunding Bonds (2008)	3,694,000	3.67	1,741,000	-	(360,000)	1,381,000	5,000
General Obligation Bonds (2010)	5,355,000	2.00-4.00	4,250,000	-	(240,000)	4,010,000	245,000
General Obligation Refunding Bonds (2012)	1,200,000	1.18-2.25	1,175,000	-	(6,000)	1,169,000	376,000
General Obligation Bonds (2013)	1,195,000	4.00-5.00	1,080,000	-	(45,000)	1,035,000	45,000
Certificates of Obligation (2014)	3,090,000	2.00-4.00	2,855,000	-	(120,000)	2,735,000	125,000
General Obligation Refunding Bonds (2015)	3,015,000	3.00-4.00	3,015,000	-	-	3,015,000	255,000
General Obligation Bonds (2016)	4,935,000	2.00-3.00	<u>4,935,000</u>	<u>-</u>	<u>(195,000)</u>	<u>4,740,000</u>	<u>200,000</u>
Total Bonds Payable			20,015,071	-	(1,256,504)	18,758,567	1,306,504
Note Payable, Schertz Bank & Trust	130,567	3.30	118,485	-	(24,815)	93,670	25,657
Note Payable, Schertz Bank & Trust	546,698	3.45	-	546,698	(11,965)	534,733	48,183
Compensated Absences Total Governmental Activities			<u>373,112</u>	<u>109,485</u>	<u>(93,278)</u>	<u>389,319</u>	<u>389,319</u>
			<u>20,506,668</u>	<u>656,183</u>	<u>(1,386,562)</u>	<u>19,776,289</u>	<u>1,769,663</u>
<u>BUSINESS-TYPE ACTIVITIES</u>							
Revenue and Refunding Bonds (2011)	5,625,000	2.00-5.00	3,855,000	-	(375,000)	3,480,000	385,000
Bonds (2012)	3,600,000	2.00-4.00	2,770,000	-	(280,000)	2,490,000	285,000
Bonds (2015)	2,830,000	2.00-4.00	2,765,000	-	(100,000)	2,665,000	105,000
Bonds (2017)	2,970,000	3.00-3.125	-	2,970,000	-	2,970,000	95,000
Unamortized Premium Total Bonds Payable			<u>669,949</u>	<u>129,866</u>	<u>(60,006)</u>	<u>739,809</u>	<u>60,006</u>
			<u>10,059,949</u>	<u>3,099,866</u>	<u>(815,006)</u>	<u>12,344,809</u>	<u>930,006</u>
Note Payable, John Deere	37,772	4.30	12,463	-	(8,233)	4,230	4,230
Note Payable, John Deere	103,135	3.00	52,980	-	(26,093)	26,887	26,887
Note Payable, PNC Equipment	168,778	2.00	110,560	-	(33,434)	77,126	34,779
Note Payable, PNC Equipment	15,815	2.00	12,854	-	(3,025)	9,829	3,148
Note Payable, PNC Equipment	90,764	2.00	73,772	-	(17,367)	56,405	18,065
Note Payable, John Deere	131,307	3.00	104,972	-	(34,796)	70,176	33,055
San Antonio River Authority	790,236	5.00	361,385	-	(141,645)	219,740	150,134
Total Notes Payable			<u>728,986</u>	<u>-</u>	<u>(264,593)</u>	<u>464,393</u>	<u>270,298</u>
Compensated Absences Total Business-Type Activities			<u>113,026</u>	<u>41,640</u>	<u>(25,715)</u>	<u>128,951</u>	<u>128,951</u>
			<u>10,901,961</u>	<u>3,141,506</u>	<u>(1,105,314)</u>	<u>12,938,153</u>	<u>1,329,255</u>
TOTAL PRIMARY GOVERNMENT			<u>\$ 31,408,629</u>	<u>\$ 3,797,689</u>	<u>(2,491,876)</u>	<u>\$ 32,714,442</u>	<u>\$ 3,098,918</u>

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE 6: LONG-TERM DEBT (CONTINUED)

	ORIGINAL AMOUNT	INTEREST RATES	OUTSTANDING OCTOBER 1, 2016	ISSUED	RETIRED	BALANCE SEPTEMBER 30, 2017	AMOUNTS DUE IN ONE YEAR
COMPONENT UNIT ACTIVITIES							
Revenue Bonds (2016)	\$ 1,700,000	1.650	<u>\$ 1,700,000</u>	<u>\$ -</u>	<u>\$ (160,000)</u>	<u>\$ 1,540,000</u>	<u>\$ 160,000</u>
TOTAL COMPONENT UNIT ACTIVITIES			<u>\$ 1,700,000</u>	<u>\$ -</u>	<u>(160,000)</u>	<u>\$ 1,540,000</u>	<u>\$ 160,000</u>

Annual debt service requirements as of September 30, 2017, 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
2018	\$ 1,251,000	\$ 592,655	\$ 1,843,655	\$ 870,000	\$ 439,837	\$ 1,309,837
2019	1,295,000	562,245	1,857,245	920,000	391,349	1,311,349
2020	1,329,000	529,209	1,858,209	945,000	358,600	1,303,600
2021	1,386,000	490,821	1,876,821	985,000	324,899	1,309,899
2022	1,435,000	444,119	1,879,119	710,000	286,700	996,700
2023-2027	5,969,000	1,501,671	7,470,671	3,240,000	1,005,974	4,245,974
2028-2032	3,740,000	586,250	4,326,250	2,450,000	479,423	2,929,423
2033-2037	<u>1,680,000</u>	<u>103,050</u>	<u>1,783,050</u>	<u>1,485,000</u>	<u>123,757</u>	<u>1,608,757</u>
TOTALS	<u>\$ 18,085,000</u>	<u>\$ 4,810,020</u>	<u>\$ 22,895,020</u>	<u>\$ 11,605,000</u>	<u>\$ 3,410,539</u>	<u>\$ 15,015,539</u>

Annual debt service requirements as of September 30, 2017, for notes payable are as follows:

FISCAL YEAR	GOVERNMENTAL ACTIVITIES			BUSINESS TYPE ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2018	\$ 73,840	\$ 21,128	\$ 94,968	\$ 270,298	\$ 6,848	\$ 277,146
2019	76,889	18,080	94,969	161,909	3,133	165,042
2020	79,557	15,411	94,968	32,186	515	32,701
2021	68,071	12,697	80,768	-	-	-
2022	55,933	10,637	66,570	-	-	-
2023-2027	<u>274,113</u>	<u>23,174</u>	<u>297,287</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 628,403</u>	<u>\$ 101,127</u>	<u>\$ 729,530</u>	<u>\$ 464,393</u>	<u>\$ 10,496</u>	<u>\$ 474,889</u>

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE 7: RETIREMENT PLAN

Plan Description

The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The 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, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	56
Inactive employees entitled to but not yet receiving benefits	87
Active employees	<u>131</u>
	<u>274</u>

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE 7: RETIREMENT PLAN (CONTINUED)

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, 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 actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 18.45% and 19.07% in calendar years 2016 and 2017 respectively. The City's contributions to TMRS for the year ended September 30, 2017 were \$1,395,162, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, 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, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE 7: RETIREMENT PLAN (CONTINUED)

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	<u>100.0%</u>	

CITY OF UNIVERSAL CITY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2017

NOTE 7: RETIREMENT PLAN (CONTINUED)

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee 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 employees. 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, 2015	\$ 31,964,618	\$ 21,659,701	\$ 10,304,917
Changes for the year:			
Service Cost	1,240,793	-	1,240,793
Interest	2,163,663	-	2,163,663
Changes in Current Period Benefits *	-	-	-
Difference Between Expected and Actual Experience	158,516	-	158,516
Changes of Assumptions	-	-	-
Contributions - Employer	-	1,316,975	(1,316,975)
Contributions - Employee	-	499,512	(499,512)
Net Investment Income	-	1,464,418	(1,464,418)
Benefit Payments, Including Refunds of Employee Contributions	(1,061,496)	(1,061,496)	-
Administrative Expense	-	(16,532)	16,532
Other Changes	-	(892)	892
Net Changes	<u>2,501,476</u>	<u>2,201,985</u>	<u>299,491</u>
Balance at December 31, 2016	<u>\$ 34,466,094</u>	<u>\$ 23,861,686</u>	<u>\$ 10,604,408</u>

* For TMRS, the "changes in current period benefits" includes substantively automatic benefit status changes, if applicable.

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	\$ 15,818,276	\$ 10,604,408	\$ 6,349,567

CITY OF UNIVERSAL CITY, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2017

NOTE 7: RETIREMENT PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2017, the City recognized pension expense of \$1,868,278.

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Difference Between Expected and Actual Economic Experience	\$ 122,734	\$ 83,945
Changes in Actuarial Assumptions	199,219	-
Difference Between Projected and Actual Investment Earnings	936,630	-
Contributions Subsequent to the Measurement Date	<u>1,076,396</u>	<u>-</u>
Total	<u>\$ 2,334,979</u>	<u>\$ 83,945</u>

\$1,076,396 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2017	\$ 407,941
2018	409,796
2019	341,989
2020	14,912
2021	-
Thereafter	-
Total	<u>\$ 1,174,638</u>

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE 7: RETIREMENT PLAN (CONTINUED)

Other Post-Employment Benefits

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post-employment benefit" or OPEB.

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

The City's contributions to the TMRS SDBF for the years ended September 30, 2017, 2016, and 2015 were \$14,007, \$13,637, and \$12,013, respectively, which equaled the required contributions each year.

NOTE 8: INTERFUND TRANSFERS

Interfund transfers during the year ended September 30, 2017, were the result of normal transactions between the funds:

	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
General Fund	\$ 43,288	\$ 798,458
Debt Service Fund	-	435,288
Capital Projects Fund	798,458	-
Golf Course Fund	<u>392,000</u>	<u>-</u>
TOTALS	<u>\$ 1,233,746</u>	<u>\$ 1,233,746</u>

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE 9: COMMITMENTS AND CONTINGENCIES

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

	<u>ESTIMATED COST TO CITY</u>	<u>EXPENDED TO DATE</u>	<u>ESTIMATED FUTURE COMMITMENT</u>
<u>General Government</u>			
Police/Fire Parking	\$ 387,870	\$ 24,955	\$ 362,915
2016 Road Repairs	5,160,906	518,608	4,642,298
East Aviation	3,851,287	108,365	3,742,922
Park Restroom	<u>391,538</u>	<u>146,498</u>	<u>245,040</u>
TOTALS	<u>\$ 9,791,601</u>	<u>\$ 798,426</u>	<u>\$ 8,993,175</u>
<u>Stormwater Fund</u>			
Parkview Estates	<u>\$ 129,129</u>	<u>\$ -</u>	<u>\$ 129,129</u>
<u>Utility Fund</u>			
PBR Standpipe Pump Station	\$ 791,000	\$ 114,695	\$ 676,305
Wellsite 6 & 8 Generators	<u>622,209</u>	<u>5,100</u>	<u>617,109</u>
TOTALS	<u>\$ 1,413,209</u>	<u>\$ 119,795</u>	<u>\$ 1,293,414</u>

Grants

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

Risk Management

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

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

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

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE 10: CONDUIT DEBT OBLIGATIONS

The City of Universal City has 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. In December 1998, the Corporation issued the City of Universal City, Texas Education Facilities Corporation Revenue Improvement and Refunding Bonds (Our Lady of the Lake University Project), Series 1998, in the aggregate principal amount of \$10,000,000. The bonds were backed solely by the revenues derived from the University pursuant to provisions of the Bond Resolution and Loan Agreement between the Corporation and Our Lady of the Lake University. The City has no obligation associated with the bonds. As of September 30, 2017, the total outstanding debt from this issue was \$1,465,000.

The Corporation also 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, 2017, the total outstanding debt from this issue was \$3,790,000.

NOTE 11: NET POSITION DEFICIT

The financial statements include the following fund with a cumulative net position deficit at September 30, 2017:

	<u>DEFICIT AMOUNT</u>
Golf Course Fund	<u>\$(1,627,125)</u>

During a prior fiscal year, the City changed the management of the golf course from contracted service to City employees. With the improved management of the golf course, the deficit is expected to be eliminated over time.

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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 and Related Ratios
- Schedule of Contributions

CITY OF UNIVERSAL CITY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u> <u>AMOUNTS</u>	<u>VARIANCE</u> <u>WITH FINAL</u> <u>BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
<u>Taxes</u>				
Ad Valorem	\$ 5,353,561	\$ 5,353,561	\$ 5,251,446	\$ (102,115)
Penalty and Interest	15,000	15,000	32,541	17,541
Total Taxes	<u>5,368,561</u>	<u>5,368,561</u>	<u>5,283,987</u>	<u>(84,574)</u>
<u>Nonproperty Taxes</u>				
Franchise Taxes	1,390,000	1,440,000	1,429,467	(10,533)
Sales Taxes	2,010,000	2,010,000	2,220,134	210,134
PEG Funds	-	-	47,613	47,613
Mixed Drink and Bingo Taxes	50,200	50,200	64,307	14,107
Hotel Occupancy Tax	90,000	90,000	106,989	16,989
School Crossing Guard Tax	-	-	23,321	23,321
Total Nonproperty Taxes	<u>3,540,200</u>	<u>3,590,200</u>	<u>3,891,831</u>	<u>301,631</u>
<u>Licenses and Permits</u>	<u>1,100,000</u>	<u>1,240,000</u>	<u>1,318,050</u>	<u>78,050</u>
<u>Government Allocations</u>				
Area and State Grants	-	86,176	111,335	25,159
Contributions from Component Unit	200,500	200,500	204,864	4,364
Total Government Allocations	<u>200,500</u>	<u>286,676</u>	<u>316,199</u>	<u>29,523</u>
<u>Municipal Court Fines</u>	<u>1,150,000</u>	<u>1,174,000</u>	<u>1,239,055</u>	<u>65,055</u>
<u>Other Revenue</u>				
Sale of Abandoned Vehicles	-	-	14,135	14,135
Sale or Use of Property	-	-	7,548	7,548
Interest and Investment Income	10,000	40,000	42,555	2,555
Miscellaneous	50,000	60,000	42,172	(17,828)
Utility Department Overhead	250,000	250,000	250,000	-
Special Events Revenue	-	40,000	39,926	(74)
Donations	-	56,614	58,647	2,033
Total Other Revenue	<u>310,000</u>	<u>446,614</u>	<u>454,983</u>	<u>8,369</u>
Total Revenues	<u>11,669,261</u>	<u>12,106,051</u>	<u>12,504,105</u>	<u>398,054</u>
<u>EXPENDITURES</u>				
<u>Administrative</u>				
Payroll	465,493	473,693	466,477	7,216
Allowances	12,600	15,100	14,230	870
Communications	81,800	71,100	66,099	5,001
Utilities	16,000	16,000	12,565	3,435
Support Services	60,000	70,000	60,003	9,997
Contract Services	1,085,000	1,120,000	1,007,620	112,380
Supplies and Materials	18,000	24,500	19,770	4,730
Real Property and Equipment	63,000	87,500	74,614	12,886
Total Administrative	<u>1,801,893</u>	<u>1,877,893</u>	<u>1,721,378</u>	<u>156,515</u>

CITY OF UNIVERSAL CITY, TEXAS
GENERAL FUND (CONTINUED)
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u> <u>AMOUNTS</u>	<u>VARIANCE</u> <u>WITH FINAL</u> <u>BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>EXPENDITURES (CONTINUED)</u>				
<u>Development Services</u>				
Payroll	\$ 355,581	\$ 360,581	\$ 356,580	\$ 4,001
Allowances	5,690	10,690	9,292	1,398
Communications	9,519	11,169	7,048	4,121
Support Services	110,850	95,900	78,813	17,087
Contract Services	17,100	18,400	17,950	450
Supplies and Materials	9,668	9,668	8,845	823
Real Property and Equipment	<u>1,400</u>	<u>3,400</u>	<u>2,875</u>	<u>525</u>
Total Development Services	<u>509,808</u>	<u>509,808</u>	<u>481,403</u>	<u>28,405</u>
<u>Finance</u>				
Payroll	295,819	295,819	292,488	3,331
Allowances	4,100	4,700	4,152	548
Communications	2,900	2,300	2,243	57
Support Services	47,000	47,000	42,612	4,388
Contract Services	26,700	23,700	19,171	4,529
Supplies and Materials	3,500	10,500	9,792	708
Real Property and Equipment	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Finance	<u>384,019</u>	<u>384,019</u>	<u>370,458</u>	<u>13,561</u>
<u>Municipal Court</u>				
Payroll	194,631	192,886	186,670	6,216
Allowances	1,750	1,195	954	241
Communications	3,900	1,900	1,792	108
Support Services	35,000	31,900	30,932	968
Contract Services	1,250	3,350	2,685	665
Supplies and Materials	700	700	45,572	(44,872)
Real Property and Equipment	<u>79,500</u>	<u>94,800</u>	<u>48,015</u>	<u>46,785</u>
Total Municipal Court	<u>316,731</u>	<u>326,731</u>	<u>316,620</u>	<u>10,111</u>
<u>General Services Division</u>				
Payroll	640,932	640,932	625,170	15,762
Allowances	17,390	17,390	16,308	1,082
Communications	4,200	4,200	3,627	573
Utilities	151,500	152,500	151,869	631
Contract Services	361,283	360,283	143,331	216,952
Supplies and Materials	148,485	148,485	59,400	89,085
Real Property and Equipment	<u>17,500</u>	<u>173,100</u>	<u>162,060</u>	<u>11,040</u>
Total General Services Division	<u>1,341,290</u>	<u>1,496,890</u>	<u>1,161,765</u>	<u>335,125</u>

CITY OF UNIVERSAL CITY, TEXAS
GENERAL FUND (CONTINUED)
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u> <u>AMOUNTS</u>	<u>VARIANCE</u> <u>WITH FINAL</u> <u>BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>EXPENDITURES (CONTINUED)</u>				
<u>Police Department</u>				
Payroll	\$ 3,178,632	\$ 3,173,632	\$ 3,090,354	\$ 83,278
Allowances	52,100	47,100	41,014	6,086
Communications	40,800	40,800	39,305	1,495
Utilities	12,450	16,050	15,573	477
Contract Services	120,000	126,400	121,512	4,888
Supplies and Materials	92,500	92,500	73,132	19,368
Real Property and Equipment	<u>166,300</u>	<u>200,624</u>	<u>136,583</u>	<u>64,041</u>
Total Police Department	<u>3,662,782</u>	<u>3,697,106</u>	<u>3,517,473</u>	<u>179,633</u>
<u>Fire Department</u>				
Payroll	1,683,449	1,739,449	1,716,885	22,564
Allowances	49,440	48,940	48,010	930
Communications	23,300	22,300	21,603	697
Utilities	15,500	18,800	17,390	1,410
Contract Services	370,109	368,309	366,103	2,206
Supplies and Materials	36,700	66,200	63,996	2,204
Real Property and Equipment	<u>113,600</u>	<u>134,800</u>	<u>104,839</u>	<u>29,961</u>
Total Fire Department	<u>2,292,098</u>	<u>2,398,798</u>	<u>2,338,826</u>	<u>59,972</u>
<u>Vehicle and Equipment Maintenance</u>				
Payroll	150,728	150,728	139,750	10,978
Allowances	3,981	3,981	3,402	579
Communications	6,129	6,129	6,037	92
Contract Services	9,900	9,900	2,676	7,224
Supplies and Materials	6,800	6,800	5,828	972
Real Property and Equipment	<u>10,875</u>	<u>10,875</u>	<u>9,105</u>	<u>1,770</u>
Total Vehicle and Equipment Maintenance	<u>188,413</u>	<u>188,413</u>	<u>166,798</u>	<u>21,615</u>
<u>Animal Shelter</u>				
Payroll	270,521	285,021	283,871	1,150
Allowances	11,683	10,683	8,663	2,020
Communications	8,484	8,484	8,272	212
Utilities	23,536	23,536	22,575	961
Contract Services	42,709	62,709	58,079	4,630
Supplies and Materials	22,098	66,898	32,885	34,013
Real Property and Equipment	<u>3,125</u>	<u>3,125</u>	<u>-</u>	<u>3,125</u>
Total Animal Shelter	<u>382,156</u>	<u>460,456</u>	<u>414,345</u>	<u>46,111</u>

CITY OF UNIVERSAL CITY, TEXAS
GENERAL FUND (CONTINUED)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u> <u>AMOUNTS</u>	<u>VARIANCE</u> <u>WITH FINAL</u> <u>BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>EXPENDITURES (CONTINUED)</u>				
<u>Library</u>				
Payroll	\$ 155,929	\$ 150,929	\$ 148,204	\$ 2,725
Allowances	1,250	1,250	439	811
Communications	16,675	12,075	10,700	1,375
Utilities	21,000	21,000	17,249	3,751
Contract Services	33,750	39,750	39,158	592
Supplies and Materials	38,600	44,984	44,181	803
Real Property and Equipment	<u>1,000</u>	<u>6,269</u>	<u>4,499</u>	<u>1,770</u>
Total Library	<u>268,204</u>	<u>276,257</u>	<u>264,430</u>	<u>11,827</u>
<u>Parks and Recreation</u>				
Payroll	224,909	216,909	206,615	10,294
Allowances	1,100	550	155	395
Communications	5,500	3,050	3,021	29
Contract Services	60,140	151,127	150,180	947
Supplies and Materials	38,000	34,750	33,618	1,132
Real Property and Equipment	<u>137,965</u>	<u>283,408</u>	<u>273,322</u>	<u>10,086</u>
Total Parks and Recreation	<u>467,614</u>	<u>689,794</u>	<u>666,911</u>	<u>22,883</u>
<u>Golf Course</u>				
Contract Services	-	150,000	3,923	146,077
Real Property and Equipment	<u>-</u>	<u>-</u>	<u>39,365</u>	<u>(39,365)</u>
Total Golf Course	<u>-</u>	<u>150,000</u>	<u>43,288</u>	<u>106,712</u>
<u>Promotion and Development</u>				
Real Property and Equipment	<u>-</u>	<u>380,000</u>	<u>146,498</u>	<u>233,502</u>
Total Expenditures	<u>11,615,008</u>	<u>12,836,165</u>	<u>11,610,193</u>	<u>1,225,972</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>54,253</u>	<u>(730,114)</u>	<u>893,912</u>	<u>1,624,026</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	-	45,000	43,288	(1,712)
Transfers Out	<u>(115,600)</u>	<u>(1,873,719)</u>	<u>(798,458)</u>	<u>1,075,261</u>
Total Other Financing Sources (Uses)	<u>(115,600)</u>	<u>(1,828,719)</u>	<u>(755,170)</u>	<u>1,073,549</u>
Net Change in Fund Balance	<u>\$ (61,347)</u>	<u>\$ (2,558,833)</u>	138,742	<u>\$ 2,697,575</u>
<u>FUND BALANCE - BEGINNING OF YEAR</u>			<u>13,874,018</u>	
FUND BALANCE - END OF YEAR			<u>\$ 14,012,760</u>	

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2017

NOTE 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.

NOTE 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	29 Years
Asset Valuation Method	10 Year Smoothed Market, 15% Soft Corridor
Inflation	2.50%
Salary Increases	3.5% to 10.50% 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 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

There were no benefit changes during the year.

CITY OF UNIVERSAL CITY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability			
Service Cost	\$ 1,240,793	\$ 1,138,958	\$ 1,041,495
Interest (on the Total Pension Liability)	2,163,663	2,060,207	1,893,241
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	158,516	(132,778)	(28,233)
Change of Assumptions	-	358,595	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(1,061,496)</u>	<u>(644,824)</u>	<u>(495,187)</u>
Net Change in Total Pension Liability	2,501,476	2,780,158	2,411,316
Total Pension Liability - Beginning	<u>31,964,619</u>	<u>29,184,461</u>	<u>26,773,145</u>
Total Pension Liability - Ending (a)	<u>\$ 34,466,095</u>	<u>\$ 31,964,619</u>	<u>\$ 29,184,461</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 1,316,975	\$ 1,272,354	\$ 1,214,701
Contributions - Employee	499,512	474,001	457,884
Net Investment Income	1,464,418	30,322	1,048,915
Benefit Payments, Including Refunds of Employee Contributions	(1,061,496)	(644,824)	(495,188)
Administrative Expense	(16,532)	(18,467)	(10,949)
Other	<u>(892)</u>	<u>(910)</u>	<u>(900)</u>
Net Change in Plan Fiduciary Net Position	2,201,985	1,112,476	2,214,463
Plan Fiduciary Net Position - Beginning	<u>21,659,702</u>	<u>20,547,226</u>	<u>18,332,763</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 23,861,687</u>	<u>\$ 21,659,702</u>	<u>\$ 20,547,226</u>
Net Pension Liability (a) - (b)	<u>\$ 10,604,408</u>	<u>\$ 10,304,917</u>	<u>\$ 8,637,235</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	69.23%	67.76%	70.40%
Covered Employee Payroll	<u>\$ 7,122,810</u>	<u>\$ 6,771,449</u>	<u>\$ 6,541,206</u>
Net Pension Liability as a Percentage of Total Covered Employee Payroll	148.88%	152.18%	132.04%

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

CITY OF UNIVERSAL CITY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
SEPTEMBER 30, 2017

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially Determined Contributions	\$ 1,262,196	\$ 1,348,979	\$ 1,395,967
Contributions in Relation to the Actuarially Determined Contributions	<u>1,262,196</u>	<u>1,348,979</u>	<u>1,395,967</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 6,541,206	\$ 6,771,449	\$ 7,122,810
Contributions as a Percentage of Covered Employee Payroll	19.30%	19.92%	19.60%

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

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 – Enterprise Water/Sewer Fund

CITY OF UNIVERSAL CITY, TEXAS
COMPARATIVE BALANCE SHEETS
GENERAL FUND

	SEPTEMBER 30,	
	2017	2016
<u>ASSETS</u>		
<u>Cash and Investments</u>		
Checking Account	\$ 3,421,928	\$ 3,025,899
Savings Account	8,744,952	8,850,267
Petty Cash	842	842
Total Cash and Investments	12,167,722	11,877,008
Delinquent Taxes Receivable (Net of Allowances for Uncollectibles of \$57,311 and \$48,784)	111,860	110,887
Other Receivables	977,570	939,961
Due from Other Governments	385,309	371,660
Due from Other Funds	1,807,602	1,887,074
Due from Component Unit	205,197	192,962
Inventory of Supplies, At Cost	910	1,077
TOTAL ASSETS	<u>\$ 15,656,170</u>	<u>\$ 15,380,629</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 409,651	\$ 396,411
Salaries Payable	97,788	37,700
Due to Other Funds	59,981	60,107
Due to Component Unit	977	963
Deferred Revenue	963,153	900,543
TOTAL LIABILITIES	1,531,550	1,395,724
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unearned Revenue - Property Taxes	111,860	110,887
<u>FUND BALANCES</u>		
Nonspendable:		
Inventory	910	1,077
Restricted:		
PEG Funds	302,613	255,000
Public Safety	49,936	45,221
Fire	100	-
Library Improvements	310	73,133
Hotel/Motel	388,771	428,280
Parks	36,398	36,398
Animal Shelter	34,543	19,074
Court Technology	116,538	167,791
Court Security	183,052	158,425
Northlake Roads	150,000	150,000
Veterans Park	51,401	46,138
Dog Park	3,401	3,401
Animal Shelter Memorial	3,436	3,636
CPS	450,169	800,169
Assigned:		
Capital Projects	751,614	611,306
Unreserved	11,489,568	11,074,969
Total Fund Balances	14,012,760	13,874,018
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 15,656,170</u>	<u>\$ 15,380,629</u>

CITY OF UNIVERSAL CITY, TEXAS
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GENERAL FUND

	<u>YEAR ENDED SEPTEMBER 30,</u>	
	<u>2017</u>	<u>2016</u>
<u>REVENUES</u>		
Taxes	\$ 9,175,818	\$ 8,410,720
Licenses and Permits	1,318,050	1,118,237
Intergovernmental	361,335	254,392
Contributions from Component Unit	204,864	192,922
Fines and Forfeitures	1,239,055	1,195,077
Interest	42,555	21,998
Miscellaneous	<u>162,428</u>	<u>235,512</u>
Total Revenues	<u>12,504,105</u>	<u>11,428,858</u>
 <u>EXPENDITURES</u>		
<u>Current</u>		
Administration	1,721,378	1,536,649
Planning and Development	481,403	428,095
Finance	370,458	345,736
Municipal Court	316,620	282,007
General Services Division	1,161,765	996,374
Police Department	3,517,473	3,314,603
Fire Department	2,338,826	2,263,276
Vehicle and Equipment	166,798	165,283
Animal Shelter	414,345	355,239
Library	264,430	170,621
Parks and Recreation	666,911	417,838
Golf Course	43,288	92,647
Promotion and Development	<u>146,498</u>	<u>-</u>
Total Expenditures	<u>11,610,193</u>	<u>10,368,368</u>
Excess of Revenues Over Expenditures	<u>893,912</u>	<u>1,060,490</u>
 <u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In	43,288	93,000
Transfers Out	<u>(798,458)</u>	<u>(539,506)</u>
Total Other Financing Sources (Uses)	<u>(755,170)</u>	<u>(446,506)</u>
Net Change in Fund Balances	138,742	613,984
 <u>FUND BALANCES AT BEGINNING OF YEAR</u>	<u>13,874,018</u>	<u>13,260,034</u>
 FUND BALANCES AT END OF YEAR	<u>\$ 14,012,760</u>	<u>\$ 13,874,018</u>

CITY OF UNIVERSAL CITY, TEXAS
COMPARATIVE BALANCE SHEETS
DEBT SERVICE FUND

	SEPTEMBER 30,	
	2017	2016
<u>ASSETS</u>		
Cash	\$ 2,449,772	\$ 2,321,969
Delinquent Taxes Receivable	35,607	31,655
Due from Other Governments	189,820	185,202
Due from Other Funds	635,337	635,323
 TOTAL ASSETS	 \$ 3,310,536	 \$ 3,174,149
 <u>LIABILITIES</u>		
Accrued Expenditures	\$ 13,590	\$ 13,590
Due to Other Funds	855,108	937,268
 TOTAL LIABILITIES	 868,698	 950,858
 <u>DEFERRED INFLOWS OF RESOURCES</u>		
Unearned Revenue - Property Taxes	35,607	31,655
 <u>RESTRICTED FUND BALANCE</u>	 2,406,231	 2,191,636
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	 \$ 3,310,536	 \$ 3,174,149

CITY OF UNIVERSAL CITY, TEXAS
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
DEBT SERVICE FUND

	<u>YEAR ENDED SEPTEMBER 30,</u>	
	<u>2017</u>	<u>2016</u>
<u>REVENUES</u>		
Taxes	\$ 2,481,170	\$ 2,057,765
Interest Income	<u>7,778</u>	<u>4,648</u>
Total Revenues	<u>2,488,948</u>	<u>2,062,413</u>
 <u>EXPENDITURES</u>		
Bond Principal	1,201,000	969,000
Bond Interest	635,665	541,535
Agent Fees	2,400	2,400
Bond Issuance Cost	<u>-</u>	<u>-</u>
Total Expenditures	<u>1,839,065</u>	<u>1,512,935</u>
 Excess of Revenues Over Expenditures	<u>649,883</u>	<u>549,478</u>
 <u>OTHER FINANCING SOURCES (USES)</u>		
Transfer Out	<u>(435,288)</u>	<u>(401,216)</u>
Total Other Financing Sources and (Uses)	<u>(435,288)</u>	<u>(401,216)</u>
 Net Change in Fund Balances	214,595	148,262
 <u>FUND BALANCES AT BEGINNING OF YEAR</u>	<u>2,191,636</u>	<u>2,043,374</u>
 FUND BALANCES AT END OF YEAR	<u>\$ 2,406,231</u>	<u>\$ 2,191,636</u>

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

	<u>SEPTEMBER 30,</u>	
	<u>2017</u>	<u>2016</u>
<u>CURRENT ASSETS</u>		
Cash		
Checking Account	\$ 5,703,821	\$ 3,646,328
Savings Account	1,259,811	2,286,733
Petty Cash	1,007	1,007
Cash - Restricted	<u>4,800,946</u>	<u>2,434,346</u>
Total Cash and Cash Equivalents	<u>11,765,585</u>	<u>8,368,414</u>
Receivables		
Customer (Net of Allowance for Uncollectibles of \$12,001 and \$10,926)	833,214	880,936
Due from Other Funds	<u>-</u>	<u>451</u>
Total Receivables	<u>833,214</u>	<u>881,387</u>
Inventory of Supplies, at Cost	<u>122,696</u>	<u>135,760</u>
Total Current Assets	<u>12,721,495</u>	<u>9,385,561</u>
<u>CAPITAL ASSETS</u>		
Land	36,172	36,172
Building and Improvements	2,253,028	2,253,028
Utility Plant and Easements	22,664,027	21,523,838
Transportation and Equipment	2,067,263	1,696,137
Water Rights	7,987,087	7,823,113
Construction in Progress	<u>197,505</u>	<u>662,693</u>
Total Capital Assets	35,205,082	33,994,981
Less: Accumulated Depreciation	<u>(10,923,456)</u>	<u>(10,321,403)</u>
Total Capital Assets	<u>24,281,626</u>	<u>23,673,578</u>
Total Assets	<u>37,003,121</u>	<u>33,059,139</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>		
Deferred Outflow - TMRS Pension	287,669	313,078
Deferred Outflow - Deferred Charge on Refunded Bond	<u>178,468</u>	<u>198,545</u>
Total Deferred Outflow of Resources	<u>466,137</u>	<u>511,623</u>
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u>\$ 37,469,258</u>	<u>\$ 33,570,762</u>

CITY OF UNIVERSAL CITY, TEXAS
COMPARATIVE STATEMENTS OF NET POSITION (CONTINUED)
WATERWORKS AND SEWER ENTERPRISE FUND

	SEPTEMBER 30,	
	2017	2016
<u>CURRENT LIABILITIES (Payable from Current Assets)</u>		
Accounts Payable	\$ 339,088	\$ 334,479
Accrued Wages and Benefits	16,510	5,772
Accrued Vacation and Sick Leave	74,158	61,146
Due to Other Funds	19,327	135,431
Customer Deposits	790,753	729,384
Current Portion of Note Payable	150,134	91,511
Total Current Liabilities (Payable from Current Assets)	1,389,970	1,357,723
 <u>CURRENT LIABILITIES (Payable from Restricted Assets)</u>		
Accrued Interest Payable	38,229	29,779
Revenue and Refunding Bonds, Current	930,006	808,512
Total Current Liabilities (Payable from Restricted Assets)	968,235	838,291
 <u>OTHER LIABILITIES</u>		
Net Pension Liability	1,306,463	1,269,565
Note Payable, Noncurrent	69,606	269,874
Revenue and Refunding Bonds and Tax Notes, Noncurrent	11,414,803	9,251,437
Total Other Liabilities	12,790,872	10,790,876
 Total Liabilities	 15,149,077	 12,986,890
 <u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Inflow - TMRS Pension	10,342	14,719
 <u>NET POSITION</u>		
Net Investment in Capital Assets	11,717,077	13,252,244
Reserved - Impact Fees	1,069,478	820,918
Reserved - Capital Projects	5,229,745	2,761,850
Unrestricted	4,293,539	3,734,141
Total Net Position	22,309,839	20,569,153
 TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	 \$ 37,469,258	 \$ 33,570,762

CITY OF UNIVERSAL CITY, TEXAS
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
WATERWORKS AND SEWER SYSTEM ENTERPRISE FUND

	YEAR ENDED SEPTEMBER 30,	
	2017	2016
<u>OPERATING REVENUES</u>		
Water Revenues	\$ 3,847,505	\$ 3,631,576
Sewer Revenues	3,129,100	3,006,972
Fees and Service Charges	548,130	540,389
Miscellaneous Income	<u>42,208</u>	<u>47,123</u>
Total Operating Revenues	<u>7,566,943</u>	<u>7,226,060</u>
 <u>OPERATING EXPENSES (before Depreciation)</u>		
Public Works		
Payroll	385,605	374,097
Allowances	5,154	4,934
Communications	17,932	6,575
Utilities	1,838	2,250
Support Services	253,806	323,334
Contract Services	245,594	215,933
Supplies and Materials	<u>12,182</u>	<u>6,187</u>
Total Public Works	<u>922,111</u>	<u>933,310</u>
Administration		
Payroll	159,233	115,892
Communications	2,830	3,134
Support Services	-	10,697
Contract Services	84,802	78,511
Supplies and Materials	<u>7,241</u>	<u>4,015</u>
Total Administration	<u>254,106</u>	<u>212,249</u>
Water Department		
Payroll	521,731	493,705
Allowances	12,122	16,412
Communications	27,676	33,973
Utilities	271,836	260,820
Contract Services	860,446	932,392
Supplies and Materials	<u>142,052</u>	<u>169,447</u>
Total Water Department	<u>1,835,863</u>	<u>1,906,749</u>

CITY OF UNIVERSAL CITY, TEXAS
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
WATERWORKS AND SEWER SYSTEM ENTERPRISE FUND (CONTINUED)

	<u>YEAR ENDED SEPTEMBER 30,</u>	
	<u>2017</u>	<u>2016</u>
<u>OPERATING EXPENSES (before Depreciation)</u>		
Sewer Department		
Payroll	\$ 119,435	\$ 113,704
Allowances	3,972	2,920
Contract Services	1,660,761	1,606,850
Supplies and Materials	<u>18,318</u>	<u>28,492</u>
Total Sewer Department	<u>1,802,486</u>	<u>1,751,966</u>
Total Operating Expenses before Depreciation	<u>4,814,566</u>	<u>4,804,274</u>
Operating Income before Depreciation	2,752,377	2,421,786
<u>DEPRECIATION</u>	<u>602,052</u>	<u>626,172</u>
Operating Income	<u>2,150,325</u>	<u>1,795,614</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest and Investment Income	16,143	9,031
Bond Interest and Fees	<u>(425,782)</u>	<u>(311,149)</u>
Total Nonoperating Revenues (Expenses)	<u>(409,639)</u>	<u>(302,118)</u>
Change in Net Position	1,740,686	1,493,496
<u>NET POSITION AT BEGINNING OF YEAR</u>	<u>20,569,153</u>	<u>19,075,657</u>
NET POSITION AT END OF YEAR	<u>\$ 22,309,839</u>	<u>\$ 20,569,153</u>

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STATISTICAL SECTION

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

CITY OF UNIVERSAL CITY, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>Governmental Activities</u>				
Net Investment in Capital Assets	\$ 10,687,729	\$ 12,994,512	\$ 8,020,346	\$ 9,097,880
Restricted	1,784,109	2,014,045	7,341,387	5,991,897
Unrestricted	<u>9,948,679</u>	<u>8,354,592</u>	<u>8,773,249</u>	<u>10,306,495</u>
 TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	 <u>\$ 22,420,517</u>	 <u>\$ 23,363,149</u>	 <u>\$ 24,134,982</u>	 <u>\$ 25,396,272</u>
<u>Business-Type Activities</u>				
Net Investment in Capital Assets	\$ 10,100,843	\$ 10,700,810	\$ 12,184,381	\$ 13,059,154
Unrestricted	<u>3,444,976</u>	<u>4,266,842</u>	<u>3,572,350</u>	<u>3,899,995</u>
 TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	 <u>\$ 13,545,819</u>	 <u>\$ 14,967,652</u>	 <u>\$ 15,756,731</u>	 <u>\$ 16,959,149</u>
<u>Primary Government</u>				
Net Investment in Capital Assets	\$ 20,788,572	\$ 23,695,322	\$ 20,204,727	\$ 22,157,034
Restricted	1,784,109	2,014,045	7,341,387	5,991,897
Unrestricted	<u>13,393,655</u>	<u>12,621,434</u>	<u>12,345,599</u>	<u>14,206,490</u>
 TOTAL PRIMARY GOVERNMENT NET POSITION	 <u>\$ 35,966,336</u>	 <u>\$ 38,330,801</u>	 <u>\$ 39,891,713</u>	 <u>\$ 42,355,421</u>

TABLE 1

2012	2013	2014	2015	2016	2017
\$ 12,539,843	\$ 11,209,023	\$ 8,791,639	\$ 12,635,873	\$ 10,125,743	\$ 12,601,894
3,327,299	4,704,458	6,637,591	6,415,569	9,585,046	8,458,711
<u>10,737,485</u>	<u>12,363,794</u>	<u>15,207,915</u>	<u>7,187,648</u>	<u>7,232,094</u>	<u>7,090,492</u>
<u>\$ 26,604,627</u>	<u>\$ 28,277,275</u>	<u>\$ 30,637,145</u>	<u>\$ 26,239,090</u>	<u>\$ 26,942,883</u>	<u>\$ 28,151,097</u>
\$ 13,686,729	\$ 16,135,884	\$ 17,376,144	\$ 15,250,748	\$ 16,638,510	\$ 15,651,211
4,306,340	3,447,586	3,444,311	5,550,539	5,826,589	9,027,962
<u>\$ 17,993,069</u>	<u>\$ 19,583,470</u>	<u>\$ 20,820,455</u>	<u>\$ 20,801,287</u>	<u>\$ 22,465,099</u>	<u>\$ 24,679,173</u>
\$ 26,226,572	\$ 27,344,907	\$ 26,167,783	\$ 27,886,621	\$ 26,764,253	\$ 28,253,105
3,327,299	4,704,458	6,637,591	6,415,569	9,585,046	8,458,711
<u>15,043,825</u>	<u>15,811,380</u>	<u>18,652,226</u>	<u>12,738,187</u>	<u>13,058,683</u>	<u>16,118,454</u>
<u>\$ 44,597,696</u>	<u>\$ 47,860,745</u>	<u>\$ 51,457,600</u>	<u>\$ 47,040,377</u>	<u>\$ 49,407,982</u>	<u>\$ 52,830,270</u>

CITY OF UNIVERSAL CITY, TEXAS
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>EXPENSES</u>				
<u>Governmental Activities</u>				
Administrative	\$ 1,722,825	\$ 1,069,300	\$ 1,149,395	\$ 1,140,497
Planning and Development	245,896	244,666	254,227	283,288
Finance	195,148	192,648	218,893	264,399
Municipal Court	159,490	172,083	183,100	220,628
General Services Division	1,425,709	1,381,408	1,366,447	1,281,483
Police	2,420,725	2,498,209	2,570,229	2,864,431
Fire	1,545,132	1,863,301	1,854,602	1,956,515
Library	179,226	189,880	196,799	208,352
Vehicle and Equipment Maintenance	118,893	128,396	126,882	182,019
Animal Shelter	208,235	302,050	331,097	335,559
Parks and Recreation	236,693	269,312	247,677	234,855
Golf Course	320,315	320,315	312,271	326,077
Promotion and Development	20,752	12,229	31,871	2,906
Interest and Other Fees	<u>523,377</u>	<u>529,129</u>	<u>508,127</u>	<u>636,659</u>
Total Governmental Activities	<u>9,322,416</u>	<u>9,172,926</u>	<u>9,351,617</u>	<u>9,937,668</u>
<u>Business-Type Activities</u>				
Water and Sewer Utility	3,969,766	4,200,727	4,477,987	4,758,438
Golf Course	1,403,143	1,557,857	1,515,532	1,570,709
Stormwater Management	<u>300,034</u>	<u>315,267</u>	<u>209,774</u>	<u>181,739</u>
Total Business-Type Activities	<u>5,672,943</u>	<u>6,073,851</u>	<u>6,203,293</u>	<u>6,510,886</u>
TOTAL PRIMARY GOVERNMENT				
EXPENSES				
	<u>\$ 14,995,359</u>	<u>\$ 15,246,777</u>	<u>\$ 15,554,910</u>	<u>\$ 16,448,554</u>
<u>PROGRAM REVENUES</u>				
<u>Governmental Activities</u>				
<u>Charges for Service</u>				
Administration	\$ 328,828	\$ 402,609	\$ 408,551	\$ 447,264
Planning and Development	475,097	355,573	313,294	389,608
Municipal Court	1,562,268	1,249,456	1,142,002	1,395,333
General Service Division	-	-	-	-
Police/Fire	11,514	11,141	11,191	27,619
Library	-	-	-	-
Vehicle and Maintenance Equipment	-	-	-	-
Animal Shelter	-	-	-	-
Parks and Recreation	-	-	2,433	9,581
Golf Course	-	-	-	-
Operating Grants and Contributions	657,444	29,959	179,631	94,173
Capital Grants and Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>3,035,151</u>	<u>2,048,738</u>	<u>2,057,102</u>	<u>2,363,578</u>
Program Revenues	<u>3,035,151</u>	<u>2,048,738</u>	<u>2,057,102</u>	<u>2,363,578</u>

TABLE 2

2012	2013	2014	2015	2016	2017
\$ 1,174,460	\$ 1,273,334	\$ 1,320,412	\$ 1,392,385	\$ 1,815,623	\$ 2,041,854
297,798	304,968	379,430	383,535	428,755	483,465
276,738	289,470	312,943	324,928	350,727	371,031
236,595	256,845	259,255	243,337	268,719	290,736
1,301,376	1,670,670	1,574,085	1,663,816	1,772,893	1,841,027
2,918,843	3,115,582	3,240,197	3,243,594	3,484,195	3,609,745
2,055,168	2,148,474	2,075,576	2,171,658	2,243,882	2,422,784
221,868	232,671	208,670	171,311	174,354	395,066
139,085	148,809	156,396	145,945	165,186	159,196
352,776	341,581	356,426	378,362	426,903	481,985
212,900	258,130	279,597	283,604	303,649	383,235
458,690	310,546	323,966	374,462	395,328	358,506
619	43,291	-	-	-	-
587,661	545,028	632,345	632,134	648,617	621,901
<u>10,234,577</u>	<u>10,939,399</u>	<u>11,119,298</u>	<u>11,409,071</u>	<u>12,478,831</u>	<u>13,460,531</u>
5,067,049	5,175,016	5,531,780	5,647,705	5,741,595	5,842,400
1,568,179	1,666,950	1,672,990	1,674,518	1,775,312	1,842,290
250,195	268,039	389,644	497,484	407,329	454,241
<u>6,885,423</u>	<u>7,110,005</u>	<u>7,594,414</u>	<u>7,819,707</u>	<u>7,924,236</u>	<u>8,138,931</u>
<u>\$ 17,120,000</u>	<u>\$ 18,049,404</u>	<u>\$ 18,713,712</u>	<u>\$ 19,228,778</u>	<u>\$ 20,403,067</u>	<u>\$ 21,599,462</u>
\$ 424,292	\$ 478,910	\$ 488,331	\$ 447,148	\$ 466,256	\$ 462,412
431,840	513,545	393,180	554,608	557,959	723,012
1,683,483	1,581,292	1,783,658	1,584,273	1,726,934	1,775,840
-	-	-	-	-	-
119,762	30,539	16,864	37,675	19,547	32,544
9,811	-	7,337	10,441	1,728	3,686
-	-	28,803	-	-	-
397	3,250	43,991	32,360	23,257	27,073
-	3,355	41,330	22,380	22,933	25,184
-	-	-	55,887	47,226	51,864
17,105	37,404	142,308	23,769	98,737	169,982
-	-	1,745,586	413,493	-	-
<u>2,686,690</u>	<u>2,648,295</u>	<u>4,691,388</u>	<u>3,182,034</u>	<u>2,964,577</u>	<u>3,271,597</u>

(CONTINUED)

CITY OF UNIVERSAL CITY, TEXAS
CHANGE IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>PROGRAM REVENUES (CONTINUED)</u>				
<u>Business-Type Activities</u>				
Charges for Service				
Water and Sewer Utility	\$ 4,933,966	\$ 5,379,061	\$ 5,000,325	\$ 5,720,367
Golf Course	1,491,396	1,612,553	1,448,911	1,468,614
Stormwater Management	414,844	411,052	409,507	418,164
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	<u>100,000</u>	<u>86,983</u>	<u>129,813</u>	<u>-</u>
Total Business-Type Activities				
Program Revenues	<u>6,940,206</u>	<u>7,489,649</u>	<u>6,988,556</u>	<u>7,607,145</u>
TOTAL PRIMARY GOVERNMENT				
PROGRAM REVENUES	<u>\$ 9,975,357</u>	<u>\$ 9,538,387</u>	<u>\$ 9,045,658</u>	<u>\$ 9,970,723</u>
<u>Net (Expense) Revenues</u>				
Governmental Activities	\$ (6,287,265)	\$ (7,124,188)	\$ (7,294,515)	\$ (7,574,090)
Business-Type Activities	<u>1,267,263</u>	<u>1,415,798</u>	<u>785,263</u>	<u>1,096,259</u>
TOTAL PRIMARY GOVERNMENT				
NET EXPENSES	<u>\$ (5,020,002)</u>	<u>\$ (5,708,390)</u>	<u>\$ (6,509,252)</u>	<u>\$ (6,477,831)</u>
<u>GOVERNMENTAL REVENUES AND OTHER</u>				
<u>CHANGES IN NET POSITION</u>				
<u>Governmental Activities</u>				
Taxes				
General Property Taxes	\$ 4,771,888	\$ 4,830,409	\$ 4,730,271	\$ 5,383,851
Franchise Taxes	949,177	1,064,818	1,071,838	1,113,931
Sales and Other Taxes	2,155,354	2,024,364	2,111,606	2,142,518
Interest and Investment Earnings	183,566	16,146	24,663	6,977
Miscellaneous	112,185	94,025	82,679	274,047
Transfer	-	-	-	(102,770)
Sales of Capital Assets	<u>726,164</u>	<u>37,058</u>	<u>45,291</u>	<u>16,826</u>
Total Governmental Activities	<u>8,898,334</u>	<u>8,066,820</u>	<u>8,066,348</u>	<u>8,835,380</u>

TABLE 2
(CONTINUED)

2012	2013	2014	2015	2016	2017
\$ 5,789,027	\$ 5,919,920	\$ 6,529,171	\$ 6,869,755	\$ 7,226,060	\$ 7,566,943
1,645,020	1,710,792	1,657,943	1,522,115	1,449,305	1,424,400
419,894	493,090	568,382	684,861	593,453	627,294
62,188	-	-	-	-	-
-	547,964	200,000	212,459	-	323,172
7,916,129	8,671,766	8,955,496	9,289,190	9,268,818	9,941,809
<u>\$ 10,602,819</u>	<u>\$ 11,320,061</u>	<u>\$ 13,646,884</u>	<u>\$ 12,471,224</u>	<u>\$ 12,233,395</u>	<u>\$ 13,213,406</u>
\$ (7,547,887)	\$ (8,291,104)	\$ (6,427,910)	\$ (8,227,037)	\$ (9,514,254)	\$ (10,188,934)
1,030,706	1,561,761	1,361,082	1,469,483	1,344,582	1,802,878
<u>\$ (6,517,181)</u>	<u>\$ (6,729,343)</u>	<u>\$ (5,066,828)</u>	<u>\$ (6,757,554)</u>	<u>\$ (8,169,672)</u>	<u>\$ (8,386,056)</u>
\$ 5,348,840	\$ 5,010,843	\$ 5,206,898	\$ 5,711,957	\$ 5,950,098	\$ 6,722,826
1,049,800	1,135,482	1,260,264	1,425,441	1,449,764	1,477,080
2,269,452	2,429,022	2,496,500	2,695,414	3,044,166	3,501,296
6,864	13,743	9,867	14,002	26,692	50,426
68,491	894,256	58,639	41,981	55,543	37,520
-	(26,103)	(18,345)	(170,000)	(308,216)	(392,000)
12,795	506,509	-	-	-	-
<u>8,756,242</u>	<u>9,963,752</u>	<u>9,013,823</u>	<u>9,718,795</u>	<u>10,218,047</u>	<u>11,397,148</u>

(CONTINUED)

CITY OF UNIVERSAL CITY, TEXAS
CHANGE IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>GOVERNMENTAL REVENUES AND OTHER</u>				
<u>CHANGES IN NET POSITION (CONTINUED)</u>				
<u>Business-Type Activities</u>				
Interest and Investment Earnings	\$ 43,387	\$ 6,035	\$ 3,816	\$ 3,389
Miscellaneous	-	-	-	-
Transfer	-	-	-	102,770
Total Business-Type Activities	<u>43,387</u>	<u>6,035</u>	<u>3,816</u>	<u>106,159</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 8,941,721</u>	<u>\$ 8,072,855</u>	<u>\$ 8,070,164</u>	<u>\$ 8,941,539</u>
 <u>CHANGES IN NET POSITION</u>				
Governmental Activities	\$ 2,611,069	\$ 942,632	\$ 771,833	\$ 1,261,290
Business-Type Activities	<u>1,310,650</u>	<u>1,421,833</u>	<u>789,079</u>	<u>1,202,418</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 3,921,719</u>	<u>\$ 2,364,465</u>	<u>\$ 1,560,912</u>	<u>\$ 2,463,708</u>

TABLE 2
(CONTINUED)

2012	2013	2014	2015	2016	2017
\$ 3,214	\$ 2,537	\$ 1,506	\$ 2,578	\$ 11,014	\$ 19,196
-	26,103	-	-	-	-
<u>-</u>	<u>-</u>	<u>18,345</u>	<u>170,000</u>	<u>308,216</u>	<u>392,000</u>
<u>3,214</u>	<u>28,640</u>	<u>19,851</u>	<u>172,578</u>	<u>319,230</u>	<u>411,196</u>
<u>\$ 8,759,456</u>	<u>\$ 9,992,392</u>	<u>\$ 9,033,674</u>	<u>\$ 9,891,373</u>	<u>\$ 10,537,277</u>	<u>\$ 11,808,344</u>
\$ 1,208,355	\$ 1,672,648	\$ 2,585,913	\$ 1,491,758	\$ 703,793	\$ 1,208,214
<u>1,033,920</u>	<u>1,590,401</u>	<u>1,380,933</u>	<u>1,642,061</u>	<u>1,663,812</u>	<u>2,214,074</u>
<u>\$ 2,242,275</u>	<u>\$ 3,263,049</u>	<u>\$ 3,966,846</u>	<u>\$ 3,133,819</u>	<u>\$ 2,367,605</u>	<u>\$ 3,422,288</u>

CITY OF UNIVERSAL CITY, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	FISCAL			
	2008	2009	2010	2011
<u>GENERAL FUND</u>				
Nonspendable:				
Inventory	\$ -	\$ -	\$ -	\$ 1,582
Restricted:				
PEG Funds	-	-	-	-
Public Safety	-	-	-	31,253
Fire	-	-	-	-
Library Improvements	-	-	-	14,242
Hotel/Motel	-	-	-	259,127
Parks	-	-	-	29,333
Animal Shelter	-	-	-	13,094
Court Technology	-	-	-	146,723
Court Security	-	-	-	163,848
Northlake Roads	-	-	-	150,000
Veterans Park	-	-	-	1,838
Dog Park	-	-	-	3,050
Animal Shelter Memorial	-	-	-	-
CPS	-	-	-	-
Assigned:				
Capital Projects	-	-	-	150,000
Future Expenditures	-	-	-	215,541
Unassigned				8646547
Reserved	556,949	615,366	594,185	-
Unreserved	<u>6,809,274</u>	<u>7,141,579</u>	<u>7,964,804</u>	<u>-</u>
 TOTAL GENERAL FUND	 <u>\$ 7,366,223</u>	 <u>\$ 7,756,945</u>	 <u>\$ 8,558,989</u>	 <u>\$ 9,826,178</u>
<u>ALL OTHER GOVERNMENTAL FUNDS</u>				
Restricted:				
Debt Service	\$ -	\$ -	\$ -	\$ 1,644,792
Capital Projects	-	-	-	3,533,015
Reserved, Debt Service	1,227,160	1,398,679	1,553,373	-
Reserved, Capital Projects	<u>2,173,312</u>	<u>297,934</u>	<u>5,193,929</u>	<u>-</u>
 TOTAL ALL OTHER GOVERNMENTAL FUNDS	 <u>\$ 3,400,472</u>	 <u>\$ 1,696,613</u>	 <u>\$ 6,747,302</u>	 <u>\$ 5,177,807</u>

Note: With the implementation of GASB 54, fund balance will be reported differently beginning in 2011. The information will be presented on a prospective basis.

TABLE 3

		YEAR									
		2012	2013	2014	2015	2016	2017				
\$	2,547	\$	2,546	\$	1,500	\$	1,146	\$	1,077	\$	910
	-		99,917		149,728		202,421		255,000		302,613
	31,082		39,597		44,983		44,982		45,221		49,936
	-		-		-		-		-		100
	12,812		12,472		13,434		22,725		73,133		310
	292,364		229,872		234,680		325,328		428,280		388,771
	29,333		29,333		29,333		29,678		36,398		36,398
	20,064		26,697		36,987		5,563		19,074		34,543
	160,338		172,821		160,788		158,366		167,791		116,538
	142,859		170,982		148,605		166,392		158,425		183,052
	150,000		150,000		150,000		150,000		150,000		150,000
	16,930		35,181		27,565		34,089		46,138		51,401
	114		626		3,401		3,401		3,401		3,401
	-		2,876		3,391		3,636		3,636		3,436
	-		819,309		808,395		808,395		800,169		450,169
	860,857		837,000		383,516		580,108		611,306		751,614
	-		-		-		-		-		-
	8,642,869		9,767,682		10,119,660		10,723,804		11,074,969		11,489,568
	-		-		-		-		-		-
	-		-		-		-		-		-
	<u>\$ 10,362,169</u>		<u>\$ 12,396,911</u>		<u>\$ 12,315,966</u>		<u>\$ 13,260,034</u>		<u>\$ 13,874,018</u>		<u>\$ 14,012,760</u>
\$	1,760,421	\$	2,162,892	\$	1,878,366	\$	2,043,374	\$	2,191,636	\$	2,406,231
	708,435		1,711,036		3,754,830		3,224,468		6,005,836		4,731,071
	-		-		-		-		-		-
	-		-		-		-		-		-
	<u>\$ 2,468,856</u>		<u>\$ 3,873,928</u>		<u>\$ 5,633,196</u>		<u>\$ 5,267,842</u>		<u>\$ 8,197,472</u>		<u>\$ 7,137,302</u>

CITY OF UNIVERSAL CITY, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	FISCAL			
	2008	2009	2010	2011
<u>REVENUES</u>				
Taxes	\$ 7,837,536	\$ 7,965,423	\$ 8,009,856	\$ 8,563,120
Licenses and Permits	930,021	782,722	740,443	842,089
Intergovernmental	195,893	213,146	344,877	319,263
Contributions from Component Unit	148,901	182,977	188,094	176,671
Fines and Forfeitures	930,677	848,506	790,537	845,079
Interest	183,566	16,146	24,663	6,977
Miscellaneous	<u>1,446,505</u>	<u>159,037</u>	<u>176,348</u>	<u>352,983</u>
Total Revenues	<u>11,673,099</u>	<u>10,167,957</u>	<u>10,274,818</u>	<u>11,106,182</u>
<u>EXPENDITURES</u>				
Administrative	1,676,000	1,041,529	1,133,277	1,123,642
Planning and Development	240,291	242,009	251,477	281,521
Finance	194,683	190,457	216,328	262,364
Municipal Court	152,173	168,685	176,919	211,742
General Services Division	902,963	776,469	800,702	789,296
Police	2,290,762	2,383,978	2,416,427	2,699,080
Fire	1,461,740	1,624,798	1,625,177	1,713,189
Library	173,662	184,106	191,656	203,767
Vehicle and Equipment Maintenance	100,731	110,850	113,662	179,381
Animal Shelter	194,696	242,952	270,561	272,135
Parks and Recreation	233,868	272,472	246,002	236,996
Golf Course	-	-	-	11,873
Promotion and Development	20,752	12,229	31,871	2,906
Capital Outlay	6,339,738	2,946,575	1,077,948	1,803,753
Debt Service				
Principal	696,000	770,000	851,550	894,980
Interest and Fiscal Charges	<u>555,964</u>	<u>514,185</u>	<u>563,439</u>	<u>618,993</u>
Total Expenditures	<u>15,234,023</u>	<u>11,481,294</u>	<u>9,966,996</u>	<u>11,305,618</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,560,924)</u>	<u>(1,313,337)</u>	<u>307,822</u>	<u>(199,436)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	1,223,578	532,095	39,713	13,674
Transfers Out	(1,223,578)	(532,095)	(39,713)	(116,444)
Premium on Bonds	-	-	99,565	-
Bond Issue Proceeds	3,694,000	-	5,355,000	-
Payment to Escrow Agent	(3,741,707)	-	-	-
Tax Notes Issues	-	-	-	-
Capital Lease	-	-	90,246	-
Total Other Financing Sources (Uses)	<u>(47,707)</u>	<u>-</u>	<u>5,544,811</u>	<u>(102,770)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (3,608,631)</u>	<u>\$ (1,313,337)</u>	<u>\$ 5,852,633</u>	<u>\$ (302,206)</u>
Debt Service as a Percentage of Noncapital Expenditures	14.1%	15.0%	15.9%	15.93%

TABLE 4

YEAR					
2012	2013	2014	2015	2016	2017
\$ 8,562,021	\$ 8,819,812	\$ 9,033,533	\$ 9,700,718	\$ 10,468,485	\$ 11,656,988
887,811	1,014,037	1,024,491	1,124,459	1,118,237	1,318,050
348,891	306,904	2,111,421	667,046	254,392	361,335
165,322	178,910	177,773	182,475	192,922	204,864
1,092,899	1,280,330	1,264,219	1,111,871	1,195,077	1,239,055
6,864	13,743	9,867	14,002	26,692	50,426
<u>124,786</u>	<u>1,469,602</u>	<u>198,167</u>	<u>104,776</u>	<u>235,512</u>	<u>162,492</u>
<u>11,188,594</u>	<u>13,083,338</u>	<u>13,819,471</u>	<u>12,905,347</u>	<u>13,491,317</u>	<u>14,993,210</u>
1,158,650	1,256,723	1,306,935	1,389,542	1,536,649	1,646,764
295,524	303,930	379,625	376,955	428,095	478,528
273,690	286,901	313,102	323,246	345,736	370,458
220,683	240,611	238,533	223,739	246,135	268,605
822,619	909,564	930,004	959,004	969,370	999,705
2,759,633	2,903,403	3,018,370	3,042,100	3,240,082	3,380,890
1,813,621	1,882,496	1,944,192	2,032,884	2,092,176	2,233,987
217,332	231,302	202,572	167,681	170,621	259,931
133,735	148,098	153,535	146,683	165,283	157,693
289,993	281,216	295,137	321,805	355,239	414,345
215,292	254,699	276,809	284,152	300,413	393,589
144,487	2,335	-	26,049	46,915	-
619	43,291	6,404	-	-	3,923
3,510,527	619,875	4,708,134	1,308,826	3,346,191	3,576,807
936,077	936,644	1,006,000	933,000	981,082	1,237,780
<u>598,572</u>	<u>557,608</u>	<u>626,428</u>	<u>705,554</u>	<u>653,673</u>	<u>646,331</u>
<u>13,391,054</u>	<u>10,858,696</u>	<u>15,405,780</u>	<u>12,241,220</u>	<u>14,877,660</u>	<u>16,069,336</u>
<u>(2,202,460)</u>	<u>2,224,642</u>	<u>(1,586,309)</u>	<u>664,127</u>	<u>(1,386,343)</u>	<u>(1,076,126)</u>
708,594	173,711	1,480,360	96,634	632,506	-
(708,594)	(199,814)	(1,498,705)	(266,634)	(940,722)	-
-	46,275	192,977	359,192	172,606	841,746
1,200,000	1,195,000	3,090,000	3,015,000	4,935,000	-
(1,170,500)	-	-	(3,289,605)	-	(1,233,746)
-	-	-	-	-	-
-	-	-	-	130,567	546,698
<u>29,500</u>	<u>1,215,172</u>	<u>3,264,632</u>	<u>(85,413)</u>	<u>4,929,957</u>	<u>154,698</u>
<u>\$ (2,172,960)</u>	<u>\$ 3,439,814</u>	<u>\$ 1,678,323</u>	<u>\$ 578,714</u>	<u>\$ 3,543,614</u>	<u>\$ (921,428)</u>
15.53%	14.59%	15.26%	14.99%	14.18%	15.08%

CITY OF UNIVERSAL CITY, TEXAS
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

TABLE 5

<u>FISCAL YEAR ENDED SEPTEMBER 30</u>	<u>TAX ROLL</u>	<u>TOTAL DIRECT TAX RATE</u>	<u>PERCENTAGE OF ASSESSED TO ESTIMATED FULL VALUE</u>	<u>TOTAL TAXABLE ASSESSED VALUE</u>
2008	2007	0.525872%	100%	\$ 864,326,246
2009	2008	0.512972	100	947,044,839
2010	2009	0.519636	100	925,455,859
2011	2010	0.590531	100	911,030,687
2012	2011	0.582981	100	902,838,734
2013	2012	0.586029	100	894,920,535
2014	2013	0.564043	100	930,716,777
2015	2014	0.560492	100	994,173,349
2016	2015	0.543828	100	1,101,012,604
2017	2016	0.562804	100	1,202,521,484

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

CITY OF UNIVERSAL CITY, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

TABLE 6

FISCAL YEAR	CITY DIRECT RATES	OVERLAPPING RATES					TOTAL
		SCHERTZ- CIBOLO UNIVERSAL CITY ISD	JUDSON INDEPENDENT SCHOOL DISTRICT	BEXAR COUNTY	ALAMO COMMUNITY COLLEGE DISTRICT	SAN ANTONIO RIVER AUTHORITY	
2008	0.5258270	1.3150000	1.4100000	0.2951040	0.1345500	0.0159510	3.6964320
2009	0.5129720	1.3850000	1.4650000	0.2893990	0.1358550	0.0159510	3.8041770
2010	0.5196360	1.4200000	1.4630000	0.2961870	0.1358550	0.0159510	3.8506290
2011	0.5905310	1.4350000	1.4630000	0.2961870	0.1416230	0.0166520	3.9263410
2012	0.5829810	1.4350000	1.4300000	0.2961870	0.1416230	0.0173700	3.8857910
2013	0.5860290	1.4350000	1.4250000	0.2961870	0.1491500	0.0177980	3.9091640
2014	0.5640430	1.4900000	1.4250000	0.2961870	0.1491500	0.0177980	3.9421780
2015	0.5604492	1.4900000	1.4250000	0.2838210	0.1491500	0.0175000	3.9259202
2016	0.5438280	1.4900000	1.4200000	0.2975000	0.1491500	0.0172900	3.9177680
2017	0.5628040	1.4900000	1.4700000	0.2932500	0.1491500	0.0172900	3.9824940

CITY OF UNIVERSAL CITY, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
SEPTEMBER 30, 2017

TABLE 7

<u>TAXPAYER</u>	<u>TAXABLE ASSESSED VALUE</u>	<u>RANK</u>	<u>ASSESSED VALUE</u>
GS Kitty Hawk, LP	\$ 27,900,000	1	2.32%
HEB Grocery Company LP	22,757,590	2	1.89
AREG Retama Texas Partners, LLC	18,400,000	3	1.53
FA-LEI Sunrise Canyon Associates, LLC	18,300,000	4	1.52
Frontline Sable Ridge, LP	17,400,000	5	1.45
Wal Mart Real Estate Business Trust	16,118,710	6	1.34
Peppermill Apartments, LP	14,500,000	7	1.21
Booker Triangle LLC	10,800,000	8	0.90
Wal Mart Stores Inc., #2404	9,583,030	9	0.80
Trisource Partners, LLC	8,150,000	10	0.68

CITY OF UNIVERSAL CITY, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

TABLE 8

FISCAL YEAR ENDED SEPTEMBER 30,	TAX ROLL YEAR	TAX LEVIED FOR THE FISCAL YEAR	CURRENT TAX		DELINQUENT TAX COLLECTIONS AND ADJUSTMENTS	TOTAL	
			COLLECTIONS AND ADJUSTMENTS			COLLECTIONS AND ADJUSTMENTS	
			AMOUNT	PERCENT		AMOUNT	PERCENT
2008	2007	\$ 4,600,181	\$ 4,560,432	99.14%	\$ 30,413	\$ 4,590,845	99.80%
2009	2008	4,850,562	4,805,568	99.07	35,717	4,841,285	99.81
2010	2009	4,831,364	4,744,297	98.20	26,826	4,771,123	98.75
2011	2010	5,365,084	5,248,663	97.83	43,228	5,291,891	98.64
2012	2011	5,265,454	5,215,686	99.05	28,544	5,244,230	99.60
2013	2012	5,223,553	5,172,819	99.03	28,676	5,201,495	99.58
2014	2013	5,251,504	5,200,386	99.03	9,781	5,210,167	99.21
2015	2014	5,574,016	5,509,281	98.84	7,158	5,516,439	98.97
2016	2015	5,989,772	5,921,439	98.86	24,576	5,946,015	99.27
2017	2016	6,770,432	6,756,980	99.80	N/A	6,756,980	99.80

CITY OF UNIVERSAL CITY, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

TABLE 9

FISCAL YEAR	GOVERNMENTAL ACTIVITIES					BUSINESS-TYPE ACTIVITIES					TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	TAX AND REVENUE BONDS	GENERAL OBLIGATION BONDS	TAX NOTES	CAPITAL LEASES	CERTIFICATES OF OBLIGATION	REVENUE BONDS	CERTIFICATES OF OBLIGATION	TAX NOTES	CAPITAL LEASES	NOTES PAYABLE			
2008	\$ 1,645,000	\$ 8,544,000	\$ 1,739,000	\$ -	\$ -	\$ 7,955,000	\$ -	\$ -	\$ 185,656	\$ -	\$ 20,068,656	3.71%	\$ 1,019
2009	1,415,000	8,357,000	1,386,000	-	-	7,570,000	-	915,000	49,892	-	19,692,892	4.23	992
2010	1,170,000	13,503,000	1,015,000	63,701	-	7,170,000	-	755,000	302,750	-	23,979,451	5.17	1,211
2011	1,170,000	13,023,000	630,000	33,721	-	9,700,000	-	575,000	142,439	-	25,274,160	5.33	1,364
2012	-	13,518,000	430,000	2,644	-	9,070,000	-	390,000	160,344	-	23,570,988	4.93	1,267
2013	-	13,989,000	220,000	-	-	8,485,000	-	200,000	102,394	-	22,996,394	4.49	1,201
2014	-	13,203,000	-	-	3,090,000	7,885,000	-	-	60,972	640,102	24,879,074	4.82	1,284
2015	-	12,345,000	-	-	2,975,000	7,260,000	2,830,000	-	247,871	498,673	26,156,544	5.03	1,316
2016	-	16,431,000	-	118,485	2,855,000	6,625,000	2,765,000	-	367,601	361,385	29,523,471	5.11	1,477
2017	-	15,350,000	-	628,403	2,735,000	5,970,000	5,635,000	-	244,653	219,740	30,782,796	4.84	1,467

- Note: a. Details regarding the City's outstanding debt can be found in Note 6 in the financial statements.
- b. The City issued \$2,970,000 of Certificates of Obligation Bonds in 2017.
- c. See Table 13 for personal income and population data for the City. These ratios are calculated using personal income and population for the year.

CITY OF UNIVERSAL CITY TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2017

TABLE 10

	<u>DEBT OUTSTANDING</u>	<u>PERCENTAGE APPLICABLE TO CITY</u>	<u>CITY'S SHARE OF DEBT 2017</u>
Alamo Community College District	\$ 369,638,157	0.84%	\$ 3,104,961
Bexar County	1,311,941,457	0.84%	11,020,308
Bexar County Hospital District	636,510,971	0.84%	5,346,692
Judson Independent School District	575,824,205	10.98%	63,225,498
Schertz-Cibolo-Universal City Independent School District	381,086,092	3.24%	<u>12,347,189</u>
Subtotal Overlapping Debt			95,044,648
Direct Debt - City of Universal City			<u>23,720,000</u>
TOTAL OVERLAPPING AND DIRECT DEBT			<u>\$ 118,764,648</u>

Source of Data - compiled by Municipal Advisory Council of Texas, September 30, 2017

CITY OF UNIVERSAL CITY, TEXAS
DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

TABLE 11

Assessed Valuation, 2016 Tax Roll	<u>\$1,202,521,484</u>
Debt Limit – Texas statues do not provide a legal debt limit for cities; however, through accepted practice a practical “economic” debt limit is considered to be 10% of the assessed value	\$120,252,148
Amount of Applicable Debt:	
Bonded Debt – General Obligation Bonds	\$ 23,720,000
Less Net Assets in Debt Service Fund	<u>(2,406,231)</u>
	<u>21,313,769</u>
DEBT MARGIN	<u>\$ 98,938,379</u>

	FISCAL YEAR				
	2008	2009	2010	2011	2012
Assessed Value	<u>\$ 864,326,246</u>	<u>\$ 947,044,839</u>	<u>\$ 925,455,859</u>	<u>\$ 911,030,687</u>	<u>\$ 902,838,734</u>
Debt Limit	\$ 86,432,624	\$ 94,704,484	\$ 92,545,586	\$ 91,103,069	\$ 90,283,873
Total Net Debt	<u>7,316,840</u>	<u>6,958,321</u>	<u>11,949,627</u>	<u>11,378,208</u>	<u>11,757,579</u>
DEBT MARGIN	<u>\$ 79,115,784</u>	<u>\$ 87,746,163</u>	<u>\$ 80,595,959</u>	<u>\$ 79,724,861</u>	<u>\$ 78,526,294</u>
Total Net Debt as a Percentage of Debt Margin	9.25%	7.93%	14.83%	14.27%	14.97%

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

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

TABLE 12

WATER REVENUE BONDS					
YEAR ENDED SEPTEMBER 30	UTILITY SERVICES CHARGES	LESS OPERATING EXPENSE*	NET AVAILABLE	ANNUAL AVERAGE REQUIREMENTS - REVENUE BONDS	COVERAGE
2008	\$ 4,933,966	\$ 3,130,038	\$ 1,803,928	\$ 663,671	2.72
2009	5,379,061	3,366,420	2,012,641	641,586	3.13
2010	5,000,325	3,628,683	1,371,642	706,763	1.94
2011	5,720,367	3,845,888	1,874,479	696,137	2.69
2012	5,789,027	4,097,051	1,691,976	625,038	2.71
2013	5,919,920	4,280,985	1,638,935	623,695	2.63
2014	6,529,171	4,643,554	1,885,617	595,019	3.17
2015	6,869,755	4,484,302	2,385,453	605,851	3.94
2016	7,226,060	4,804,274	2,421,786	636,833	3.80
2017	7,566,943	4,814,566	2,752,377	750,777	3.67

*Excluding depreciation/amortization/bond interest and fees

CITY OF UNIVERSAL CITY, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

TABLE 13

<u>YEAR</u>	<u>POPULATION</u>	<u>PERSONAL INCOME</u>	<u>PERSONAL CAPITA PERSONAL INCOME</u>	<u>MEDIAN AGE</u>	<u>EDUCATION LEVEL IN YEARS OF SCHOOLING</u>	<u>SCHOOL ENROLLMENT</u>	<u>UNEMPLOYMENT RATE</u>
2008	19,700	\$ 540,686,200	\$ 27,446	35.57	13-16	*	4.30
2009	19,857	465,011,226	23,418	37.90	13-16	*	3.20
2010	19,804	463,770,072	23,418	37.90	13-16	*	7.10
2011	18,530	474,145,640	25,588	34.60	13-16	*	7.04
2012	18,601	478,361,917	25,717	34.60	13-16	*	5.90
2013	19,155	511,898,220	26,724	34.60	13-16	*	6.70
2014	19,372	516,128,196	26,643	34.60	13-16	*	4.50
2015	19,880	520,378,880	26,176	34.60	13-16	*	3.60
2016	19,986	578,194,980	28,930	35.00	13-16	*	3.90
2017	20,989	636,000,000	30,301	35.00	13-16	*	3.20

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

* Information is not currently available.

CITY OF UNIVERSAL CITY, TEXAS
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

TABLE 14

<u>FUNCTION</u>	<u>FULL-TIME EQUIVALENT EMPLOYEES AS OF SEPTEMBER 30,</u>									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Manager										
Management	2	2	2	2	2	2	3	3	3	3
Finance	2	2	3	3	3	3	3	3	3	3
Planning	2	3	3	3	3	3	2	2	2	2
Building	2	2	2	2.5	2.5	2.5	4	4	4	4
Court	3	3	3	3	3	3	3	3	3	3
Police										
Officers	29	29	29	29	29	29	29	30	30	31
Civilians	10.5	10.5	10.5	10.5	10.5	10.5	11	11	11	11
Fire										
Firefighters/Officers	20	20	20	20	20	20	20	20	20	20
Civilians	1	1	1	1	1	1	1	1	1	1
Public Works										
Parks and Recreation	6	6	6	6	6	6	6	6	6	4
General Streets	12	11	11	11	11	11	11	11	11	11
Water	9	9	9	9	9	9	10	12	12	11
Sewage	2	2	2	2	2	2	2	2	2	2
Administration	6	6	6	6	6	6	6	6	6	5
Equipment Maintenance	2	2	2	2	2	2.5	2.5	2.5	2.5	2.5
Animal Control	4	5	5	5	5	5	5	5	5	5.5
Library	2.625	3.125	3.125	3.125	3.125	3.125	3.125	3.125	3.125	3
Golf Course	<u>28.5</u>	<u>29.5</u>	<u>28.5</u>	<u>22.25</u>	<u>22.25</u>	<u>22.25</u>	<u>23.5</u>	<u>23.5</u>	<u>23.5</u>	<u>23.5</u>
TOTALS	<u>143.63</u>	<u>146.1</u>	<u>146.1</u>	<u>140.375</u>	<u>140.375</u>	<u>140.875</u>	<u>145.125</u>	<u>148.125</u>	<u>148.125</u>	<u>145.50</u>

CITY OF UNIVERSAL CITY, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>FUNCTION/PROGRAM</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Police				
Citations	11,208	12,174	9,154	11,610
Warnings	5,483	4,602	4,000	4,738
Calls for Service	42,673	41,497	36,179	36,991
Arrests	1,978	1,874	1,168	1,848
Fire				
Fire/Miscellaneous Calls	510	443	463	413
EMS Calls	1,538	1,499	1,434	1,367
Inspections	200	1,186	1,189	1,197
Complaints	-	-	-	-
Library				
Volumes in Collection	24,232	22,841	22,931	26,951
Total Volumes Borrowed	30,620	12,041	10,551	31,145
General Services (in Man Hours)				
Street Maintenance	1,991	1,990	2,185	3,521
Street Sweeping	416	1,200	1,140	1,021
Alley Maintenance	-	192	304	114
ROW Maintenance	908	2,100	1,595	1,462
Signage	200	288	1,150	777
Brush Chipping	624	1,080	795	1,200
Crack Sealing	-	600	248	194
Concrete Work	96	420	1,671	824
Drain Maintenance	408	960	687	1,506
Easement Maintenance	381	360	722	-
Park Maintenance	5,597	1,200	9,127	10,008
Pat Booker Road Maintenance	-	200	-	-
Special Events	672	2,200	1,833	1,980
Janitorial	3,314	4,400	4,076	1,504
Water				
Total Consumption (Thousand of Gallons)	759,777	800,262	740,012	706,840
Daily Average	2,081,580	2,192,556	2,027,430	2,357,194
Maximum Daily Demand (Thousands of Gallons)	3,581	3,817	4,172	3,844
Total Customers	6,069	5,984	5,929	5,873
Average Use per Connection	125,190	133,734	124,812	120,354

TABLE 15

2013	2012	2011	2010	2009	2008
9,416	9,385	7,693	6,877	7,446	8,749
4,484	4,403	4,066	3,517	3,284	3,045
39,276	37,812	37,114	37,383	37,810	40,097
2,361	1,827	2,016	2,286	2,345	2,168
409	349	428	397	452	464
1,411	1,331	1,354	1,436	1,437	1,377
1,275	1,363	1,344	1,268	1,454	1,382
-	-	2	-	-	-
25,888	25,445	26,584	26,915	25,699	25,838
36,021	33,160	34,268	36,129	39,367	37,636
3,526	2,712	3,212	4,419	10,339	2,520
1,135	1,378	808	840	1,088	1,752
344	562	322	420	460	137
1,863	1,689	2,232	1,212	740	2,000
541	562	300	295	657	467
835	878	1,039	1,160	738	1,204
638	212	312	249	-	808
1,472	1,042	550	635	1,959	874
1,185	1,358	1,562	972	730	1,138
160	-	-	-	147	-
8,234	8,578	11,646	5,850	2,678	8,953
-	158	621	1,126	1,999	2,412
1,101	-	-	-	-	-
-	-	-	-	-	-
715,488	892,343	933,715	789,157	927,088	933,150
1,960,240	2,444,775	2,555,633	2,162,073	2,539,967	2,556,575
3,468	4,448	4,487	4,285	3,249	4,442
5,854	5,831	5,794	5,784	5,768	5,745
122,222	153,034	161,152	136,438	160,729	162,428

CITY OF UNIVERSAL CITY, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

TABLE 16

<u>FUNCTION/PROGRAM</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	15	16	20	20	17	17	19	20	20	21
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Fire Vehicles	7	7	8	9	8	8	8	8	8	9
Animal Shelter										
Control Vehicle	1	2	2	2	2	2	2	2	2	2
Parks and Recreation										
Playgrounds	5	5	5	5	5	5	5	7	7	5
Baseball/Softball Fields	6	6	6	6	6	6	6	6	6	6
Soccer/Football	1	1	1	1	1	1	1	2	2	1
Golf Course	1	1	1	1	1	1	1	1	1	1
Disc Golf	1	1	1	1	1	1	1	1	1	1
Dog Park	-	-	-	1	1	1	1	1	1	1
Pavilions	-	-	-	-	-	-	2	2	2	2
Clubhouse	-	-	-	-	-	-	1	1	1	1
Public Works										
Streets	73	73	73	73	73	73	73	75	77	75
Traffic Signals	3	3	3	3	3	3	3	3	3	4
Water										
Storage Units	7	7	7	7	7	7	7	7	7	7

COMPLIANCE SECTION

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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

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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 20, 2018.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 may exist that have not been identified.

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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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

ABIP, PC

Certified Public Accountants
San Antonio, Texas

February 20, 2018