

CITY OF UNIVERSAL CITY, TEXAS

ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2018

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CPAs | ADVISORS

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CITY OF UNIVERSAL CITY, TEXAS

TABLE OF CONTENTS

Fiscal year ended September 30, 2018

	<u>PAGE</u>
INTRODUCTORY SECTION	
City Officials	i
FINANCIAL SECTION	
Independent Auditors’ Report	1
Management’s Discussion and Analysis	5
<u>Basic Financial Statements:</u>	
<u>Government-Wide Financial Statements:</u>	
Statement of Net Position	12
Statement of Activities	14
<u>Governmental Fund Financial Statements:</u>	
Balance Sheet – Governmental Funds.....	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
<u>Proprietary Funds:</u>	
Statement of Net Position	20
Statement of Revenues, Expenses, and Changes in Fund Net Position.....	22
Statement of Cash Flows	23
Notes to Basic Financial Statements	27
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - General Fund.....	55

CITY OF UNIVERSAL CITY, TEXAS

TABLE OF CONTENTS

Fiscal year ended September 30, 2018

PAGE

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Texas Municipal Retirement System:

Schedule of Changes in Net Pension Liability and Related Ratios 60

Schedule of Contributions - Pension 61

Schedule of Changes in Other Postemployment Benefit Liability (OPEB) and Related Ratios 62

Schedule of Contributions – Other Postemployment Benefits (OPEB) 63

Notes to Required Supplementary Information 64

OTHER SUPPLEMENTARY INFORMATION

Comparative Balance Sheets – General Fund 66

Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances –
General Fund 67

Comparative Balance Sheets – Debt Service Fund 68

Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances –
Debt Service Fund 69

Comparative Statements of Net Position – Water and Sewer Enterprise Fund 70

Comparative Statements of Revenues, Expenses, and Changes in Net Position –
Water and Sewer Enterprise Fund 72

STATISTICAL SECTION

TABLE

Net Position by Component – Last Ten Fiscal Years 1 76

Change in Net Position – Last Ten Fiscal Years 2 78

Fund Balances – Governmental Funds – Last Ten Fiscal Years 3 84

Change in Fund Balances – Governmental Funds – Last Ten Fiscal Years 4 86

Assessed Value and Actual Value of Taxable Property – Last Ten Fiscal Years 5 88

Direct and Overlapping Property Rates – Last Ten Fiscal Years 6 89

CITY OF UNIVERSAL CITY, TEXAS

TABLE OF CONTENTS

Fiscal year ended September 30, 2018

	<u>TABLE</u>	<u>PAGE</u>
STATISTICAL SECTION (CONTINUED)		
Principal Property Taxpayers	7	90
Property Tax Levies and Collections – Last Ten Fiscal Years.....	8	91
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	9	92
Direct and Overlapping Governmental Activities Debt	10	93
Debt Margin Information – Last Ten Fiscal Years.....	11	94
Pledged Revenue Coverage – Last Ten Fiscal Years	12	95
Demographic and Economic Statistics – Last Ten Fiscal Years	13	96
Full-time Equivalent Employees by Function – Last Ten Fiscal Years	14	97
Operating Indicators by Function/Program – Last Ten Fiscal Years	15	98
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years	16	100
COMPLIANCE SECTION		
Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		103

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INTRODUCTORY SECTION

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CITY OF UNIVERSAL CITY, TEXAS

CITY OFFICIALS

Fiscal year ended September 30, 2018

MAYOR

JOHN H. WILLIAMS

MAYOR PRO-TEM

RICHARD NEVILLE

CITY COUNCIL

PAUL NAJARIAN

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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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the City Council

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, 2018, 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Universal City, Texas as of September 30, 2018, 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.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2018, the City adopted new accounting guidance, GASB Statement No. 75, “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.” Our opinion is not modified with respect to the matter.

Other Matters

Required Supplementary Information

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

Other Information

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

The other supplementary information 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 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 April 2, 2019, 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

San Antonio, Texas
April 2, 2019

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CITY OF UNIVERSAL CITY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Fiscal year ended September 30, 2018

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, 2018. 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 \$56,240,425 (net position). Of this amount, \$15,250,825 (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 \$3,654,333.
- ❖ As of the close of the current fiscal year, the City of Universal City's governmental funds reported combined fund balances of \$19,624,272 of which \$10,897,201 is unassigned and available for spending at the City's discretion.
- ❖ The governmental fund balances decreased by \$1,525,790. 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 12-19 of this report.

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-52 of this report.

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City of Universal City, assets exceeded liabilities by \$56,240,425.

A portion of the City's net position (60%) 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.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets:						
Current and other assets	\$ 21,455,508	\$ 22,782,688	\$ 11,626,147	\$ 12,272,349	\$ 33,081,655	\$ 35,055,037
Capital assets	<u>33,252,476</u>	<u>31,988,864</u>	<u>30,832,566</u>	<u>28,460,413</u>	<u>64,085,042</u>	<u>60,449,277</u>
Total assets	<u>54,707,984</u>	<u>54,771,552</u>	<u>42,458,713</u>	<u>40,732,762</u>	<u>97,166,697</u>	<u>95,504,314</u>
Deferred outflows of resources	<u>1,277,476</u>	<u>2,088,837</u>	<u>453,675</u>	<u>692,164</u>	<u>1,731,151</u>	<u>2,781,001</u>
Liabilities:						
Long-term liabilities	23,489,487	26,278,064	12,461,159	13,941,868	35,950,646	40,219,932
Other liabilities	<u>2,641,576</u>	<u>2,365,751</u>	<u>2,946,352</u>	<u>2,785,417</u>	<u>5,587,928</u>	<u>5,151,168</u>
Total liabilities	<u>26,131,063</u>	<u>28,643,815</u>	<u>15,407,511</u>	<u>16,727,285</u>	<u>41,538,574</u>	<u>45,371,100</u>
Deferred inflows of resources	<u>872,703</u>	<u>65,477</u>	<u>246,146</u>	<u>18,468</u>	<u>1,118,849</u>	<u>83,945</u>
Net Position:						
Net investment in capital assets	14,423,010	12,601,894	19,158,985	15,651,211	33,581,995	28,253,105
Restricted	7,407,605	8,458,711	-	-	7,407,605	8,458,711
Unrestricted	<u>7,151,079</u>	<u>7,090,492</u>	<u>8,099,746</u>	<u>9,027,962</u>	<u>15,250,825</u>	<u>16,118,454</u>
Total net position	<u>\$ 28,981,694</u>	<u>\$ 28,151,097</u>	<u>\$ 27,258,731</u>	<u>\$ 24,679,173</u>	<u>\$ 56,240,425</u>	<u>\$ 52,830,270</u>

An additional portion of the City's net position (13%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position \$15,250,825, may be used to meet the government's ongoing obligation to citizens and creditors.

As of September 30, 2018, 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, 2018. Governmental activities increased the City of Universal City's net position by \$1,021,056, accounting for 28% of the total growth in net position. Business-type activities increased the City's net position by \$2,633,277, accounting for 72% of total growth in net position.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
<u>Program</u>						
Charges for services	\$ 3,300,388	\$ 3,101,615	\$ 10,438,931	\$ 9,618,637	\$ 13,739,319	\$ 12,720,252
Operating grants and contributions	8,977	169,982	-	-	8,977	169,982
Capital grants and contributions	-	-	453,397	323,172	453,397	323,172
<u>General</u>						
Property taxes	7,221,714	6,722,826	-	-	7,221,714	6,722,826
Franchise taxes	1,489,453	1,477,080	-	-	1,489,453	1,477,080
Sales taxes	3,436,343	3,330,000	-	-	3,436,343	3,330,000
Hotel/motel taxes	104,625	106,989	-	-	104,625	106,989
Bingo tax	-	107	-	-	-	107
Mixed drink	68,607	64,200	-	-	68,607	64,200
Interest and investment earnings	45,712	50,426	15,538	19,196	61,250	69,622
Miscellaneous	150,165	37,520	-	-	150,165	37,520
Total revenues	<u>15,825,984</u>	<u>15,060,745</u>	<u>10,907,866</u>	<u>9,961,005</u>	<u>26,733,850</u>	<u>25,021,750</u>
Expenses:						
Administration	2,226,995	2,041,854	-	-	2,226,995	2,041,854
Planning and development	547,165	483,465	-	-	547,165	483,465
Finance	376,499	371,031	-	-	376,499	371,031
Municipal court	288,112	290,736	-	-	288,112	290,736
General services division	1,990,953	1,841,027	-	-	1,990,953	1,841,027
Police	3,731,134	3,609,745	-	-	3,731,134	3,609,745
Fire department	2,602,650	2,422,784	-	-	2,602,650	2,422,784
Library	448,820	395,066	-	-	448,820	395,066
Vehicle and equipment maintenance	176,865	159,196	-	-	176,865	159,196
Animal shelter	498,922	481,985	-	-	498,922	481,985
Parks and recreation	436,533	383,235	-	-	436,533	383,235
Golf course	478,037	358,506	-	-	478,037	358,506
Interest and other fees	593,475	621,901	-	-	593,475	621,901
Water and sewer utility	-	-	6,319,032	5,842,400	6,319,032	5,842,400
Golf course	-	-	1,888,258	1,842,290	1,888,258	1,842,290
Stormwater management	-	-	476,067	454,241	476,067	454,241
Total expenses	<u>14,396,160</u>	<u>13,460,531</u>	<u>8,683,357</u>	<u>8,138,931</u>	<u>23,079,517</u>	<u>21,599,462</u>
Increase in net position before transfers	1,429,824	1,600,214	2,224,509	1,822,074	3,654,333	3,422,288
Transfers	<u>(408,768)</u>	<u>(392,000)</u>	<u>408,768</u>	<u>392,000</u>	<u>-</u>	<u>-</u>
Change in net position	1,021,056	1,208,214	2,633,277	2,214,074	3,654,333	3,422,288
Net Position:						
Net position - beginning	28,151,097	26,942,883	24,679,173	22,465,099	52,830,270	49,407,982
Restatement of net position	<u>(190,459)</u>	<u>-</u>	<u>(53,719)</u>	<u>-</u>	<u>(244,178)</u>	<u>-</u>
Net position - ending	<u>\$ 28,981,694</u>	<u>\$ 28,151,097</u>	<u>\$ 27,258,731</u>	<u>\$ 24,679,173</u>	<u>\$ 56,240,425</u>	<u>\$ 52,830,270</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 \$19,624,272. Approximately 56% of this total amount (\$10,897,201) constitutes unassigned fund balance. The remainder of the fund balance is nonspendable, restricted, or assigned.

The general fund is the primary operating fund of the City. During the year, revenues exceeded expenditures in the general fund by \$717,176. Net transfers of \$1,269,245 decreased this to \$(552,069). In the capital projects fund, expenditures exceeded revenues by \$2,163,695. Transfers increased this to \$(773,787). In the debt service fund, expenditures exceeded revenues and other uses by \$199,934.

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 - \$4,293,971, stormwater management - \$354,947 and golf course - \$(1,997,503). The funds had changes in net position in 2018 as follows: water and sewer - \$1,966,574, stormwater management - \$654,221, and golf course - \$12,482.

General Fund Budgetary Highlights

An annual budget is legally adopted for the general fund and was amended in 2018 to reflect increases in capital expenditures. Expenditures were under budget by \$525,569 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, 2018, amounts to \$64,085,042 (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	
	2018	2017	2018	2017	2018	2017
Land	\$ 6,976,157	\$ 6,976,157	\$ 322,965	\$ 36,172	\$ 7,299,122	\$ 7,012,329
Building and improvements	8,600,218	8,435,601	1,500,835	1,556,734	10,101,053	9,992,335
Improvement other than buildings	1,136,282	1,322,324	-	-	1,136,282	1,322,324
Utility plant and easements	-	-	18,216,741	17,299,170	18,216,741	17,299,170
Transportation and equipment	2,320,497	2,469,656	905,051	1,113,621	3,225,548	3,583,277
Water rights	-	-	7,987,087	7,987,087	7,987,087	7,987,087
Infrastructure	11,844,202	11,869,431	-	-	11,844,202	11,869,431
Construction in progress	2,375,120	915,695	1,899,887	467,629	4,275,007	1,383,324
Totals	<u>\$ 33,252,476</u>	<u>\$ 31,988,864</u>	<u>\$ 30,832,566</u>	<u>\$ 28,460,413</u>	<u>\$ 64,085,042</u>	<u>\$ 60,449,277</u>

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

DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Universal City had total outstanding debt of \$27,569,000. Of this amount, \$16,834,000 comprises bonded debt backed by the full faith and credit of the government and \$10,735,000 represents bonds secured solely by water and sewer revenues. Notes payables of \$743,734 are capital leases secured by a fire truck, equipment, golf carts, and golf equipment and \$69,606 is a note payable to San Antonio River Authority.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 14,224,000	\$ 15,350,000	\$ -	\$ -	\$ 14,224,000	\$ 15,350,000
Revenue bonds	-	-	10,735,000	11,605,000	10,735,000	11,605,000
Tax notes	-	-	-	-	-	-
Certificates of obligation	2,610,000	2,735,000	-	-	2,610,000	2,735,000
Notes payable	<u>554,563</u>	<u>628,403</u>	<u>258,777</u>	<u>464,393</u>	<u>813,340</u>	<u>1,092,796</u>
Totals	17,388,563	18,713,403	10,993,777	12,069,393	28,382,340	30,782,796
Compensated absences	<u>411,420</u>	<u>389,319</u>	<u>132,409</u>	<u>128,951</u>	<u>543,829</u>	<u>518,270</u>
Total debt	<u>\$ 17,799,983</u>	<u>\$ 19,102,722</u>	<u>\$ 11,126,186</u>	<u>\$ 12,198,344</u>	<u>\$ 28,926,169</u>	<u>\$ 31,301,066</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 40-41.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Taxable values used for the 2019 budget preparation was up by 3.9% 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 2019 to incorporate capital expenditures for general services, fire, and police.

New retail establishments were opened in the City during the 2018 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.

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, 2018

	Primary Government			Component Unit
	Governmental Activities	Busines-Type Activities	Total	Universal City Industrial Development Corporation
Assets:				
Cash and investments	\$ 18,377,096	\$ 7,884,447	\$ 26,261,543	\$ 3,203,788
Receivables: (net of allowances for uncollectibles)				
Taxes	143,269	-	143,269	-
Accounts	-	1,088,077	1,088,077	-
Other	978,326	-	978,326	-
Due from other governments	609,412	276,569	885,981	200,040
Due from component unit	340	-	340	1,019
Internal balances	1,345,477	(1,345,477)	-	-
Inventories	1,588	182,782	184,370	-
Restricted assets:				
Cash	-	3,539,749	3,539,749	-
Capital assets:				
Land	6,976,157	322,965	7,299,122	-
Building and improvements	12,005,855	2,253,028	14,258,883	-
Improvements other than buildings	5,891,883	-	5,891,883	-
Utility plant and easements	-	27,652,982	27,652,982	-
Transportation and equipment	8,818,069	3,762,448	12,580,517	2,729
Water rights	-	7,987,087	7,987,087	-
Infrastructure	22,840,627	-	22,840,627	-
Construction in progress	2,375,120	1,899,887	4,275,007	-
Accumulated depreciation	<u>(25,655,235)</u>	<u>(13,045,831)</u>	<u>(38,701,066)</u>	<u>(2,729)</u>
Total assets	<u>54,707,984</u>	<u>42,458,713</u>	<u>97,166,697</u>	<u>3,404,847</u>
Deferred Outflows of Resources:				
Deferred charge on bond refunding	230,557	158,390	388,947	-
Deferred charge on pension - TMRS	1,022,721	288,459	1,311,180	-
Deferred charge on OPEB - TMRS	<u>24,198</u>	<u>6,826</u>	<u>31,024</u>	<u>-</u>
Total deferred outflows of resources	<u>1,277,476</u>	<u>453,675</u>	<u>1,731,151</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 55,985,460</u>	<u>\$ 42,912,388</u>	<u>\$ 98,897,848</u>	<u>\$ 3,404,847</u>

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

	Primary Government			Component Unit
	Governmental Activities	Busines-Type Activities	Total	Universal City Industrial Development Corporation
Liabilities and Net Position:				
Liabilities:				
Accounts payable and other				
current liabilities	\$ 731,463	\$ 674,278	\$ 1,405,741	\$ -
Accrued interest payable	70,281	-	70,281	-
Customer deposits	-	842,694	842,694	-
Due to component unit	1,019	-	1,019	-
Due to primary government	-	-	-	340
Deferred revenues	-	102,892	102,892	-
Payable from restricted assets:				
Current portion of long-term debt	-	980,006	980,006	-
Accrued interest payable	-	32,612	32,612	-
Noncurrent liabilities:				
Net pension liability	6,675,601	1,882,862	8,558,463	-
OPEB liability	234,653	66,184	300,837	-
Due within one year	1,838,813	313,870	2,152,683	163,000
Due in more than one year	<u>16,579,233</u>	<u>10,512,113</u>	<u>27,091,346</u>	<u>1,217,000</u>
Total liabilities	<u>26,131,063</u>	<u>15,407,511</u>	<u>41,538,574</u>	<u>1,380,340</u>
Deferred Inflows of Resources	<u>872,703</u>	<u>246,146</u>	<u>1,118,849</u>	<u>-</u>
Net Position:				
Net investment in capital assets	14,423,010	19,158,985	33,581,995	-
Restricted for:				
Inventory	1,588	-	1,588	-
Special revenue	1,242,436	-	1,242,436	-
Debt service	2,206,297	-	2,206,297	-
Capital projects	3,957,284	-	3,957,284	-
Unrestricted	<u>7,151,079</u>	<u>8,099,746</u>	<u>15,250,825</u>	<u>2,024,507</u>
Total net position	<u>28,981,694</u>	<u>27,258,731</u>	<u>56,240,425</u>	<u>2,024,507</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 55,985,460</u>	<u>\$ 42,912,388</u>	<u>\$ 98,897,848</u>	<u>\$ 3,404,847</u>

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

CITY OF UNIVERSAL CITY, TEXAS

STATEMENT OF ACTIVITIES

For the year ended September 30, 2018

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Administration	\$ 2,226,995	\$ 458,364	\$ -	\$ -
Planning and development	547,165	835,926	-	-
Finance	376,499	-	-	-
Municipal court	288,112	1,848,905	-	-
General services division	1,990,953	-	-	-
Police	3,731,134	48,407	3,097	-
Fire	2,602,650	150	-	-
Library	448,820	13,661	-	-
Vehicle and equipment maintenance	176,865	-	-	-
Animal shelter	498,922	25,043	-	-
Parks and recreation	436,533	30,583	5,880	-
Golf course	478,037	39,349	-	-
Interest and other fees	593,475	-	-	-
Total government activities	<u>14,396,160</u>	<u>3,300,388</u>	<u>8,977</u>	<u>-</u>
Business-Type Activities:				
Water / sewage utility	6,319,032	8,274,631	-	-
Golf course	1,888,258	1,488,538	-	-
Stormwater management	<u>476,067</u>	<u>675,762</u>	-	<u>453,397</u>
Total business-type activities	<u>8,683,357</u>	<u>10,438,931</u>	<u>-</u>	<u>453,397</u>
Total primary government	<u>\$ 23,079,517</u>	<u>\$ 13,739,319</u>	<u>\$ 8,977</u>	<u>\$ 453,397</u>
Component Unit:				
Industrial Development Corporation	<u>\$ 1,076,422</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
- Sale of Assets
- Miscellaneous

Transfers

Total general revenues

Change in net position

Net position - beginning of year

Restatement of net position

Net position - end of year

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

Changes in Net Position			Component Unit Universal City Industrial Development Corporation
Primary Government			
Governmental Activities	Business-Type Activities	Total	
\$ (1,768,631)	\$ -	\$ (1,768,631)	\$ -
288,761	-	288,761	-
(376,499)	-	(376,499)	-
1,560,793	-	1,560,793	-
(1,990,953)	-	(1,990,953)	-
(3,679,630)	-	(3,679,630)	-
(2,602,500)	-	(2,602,500)	-
(435,159)	-	(435,159)	-
(176,865)	-	(176,865)	-
(473,879)	-	(473,879)	-
(400,070)	-	(400,070)	-
(438,688)	-	(438,688)	-
(593,475)	-	(593,475)	-
<u>(11,086,795)</u>	<u>-</u>	<u>(11,086,795)</u>	<u>-</u>
-	1,955,599	1,955,599	-
-	(399,720)	(399,720)	-
<u>-</u>	<u>653,092</u>	<u>653,092</u>	<u>-</u>
<u>-</u>	<u>2,208,971</u>	<u>2,208,971</u>	<u>-</u>
<u>(11,086,795)</u>	<u>2,208,971</u>	<u>(8,877,824)</u>	<u>-</u>
			<u>(1,076,422)</u>
7,221,714	-	7,221,714	-
1,489,453	-	1,489,453	-
3,436,343	-	3,436,343	1,145,313
104,625	-	104,625	-
-	-	-	-
68,607	-	68,607	-
45,712	15,538	61,250	3,268
-	-	-	-
150,165	-	150,165	378,075
<u>(408,768)</u>	<u>408,768</u>	<u>-</u>	<u>-</u>
<u>12,107,851</u>	<u>424,306</u>	<u>12,532,157</u>	<u>1,526,656</u>
1,021,056	2,633,277	3,654,333	450,234
<u>28,151,097</u>	<u>24,679,173</u>	<u>52,830,270</u>	<u>1,574,273</u>
<u>(190,459)</u>	<u>(53,719)</u>	<u>(244,178)</u>	<u>-</u>
<u>\$ 28,981,694</u>	<u>\$ 27,258,731</u>	<u>\$ 56,240,425</u>	<u>\$ 2,024,507</u>

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

CITY OF UNIVERSAL CITY, TEXAS

BALANCE SHEET – GOVERNMENTAL FUNDS

September 30, 2018

	Major Funds			Total Governmental Funds
	General Fund	Capital Projects Fund	Debt Service Fund	
Assets:				
Cash and Temporary Investments	\$ 11,919,567	\$ 4,044,659	\$ 2,412,870	\$ 18,377,096
Receivables: (net of allowances for uncollectibles)				
Property taxes	108,491	-	34,778	143,269
Accounts	978,326	-	-	978,326
Due from other governments	407,620	-	201,792	609,412
Due from other funds	1,758,018	59,004	638,536	2,455,558
Due from component unit	340	-	-	340
Inventory	1,588	-	-	1,588
Total assets	<u>\$ 15,173,950</u>	<u>\$ 4,103,663</u>	<u>\$ 3,287,976</u>	<u>\$ 22,565,589</u>
Liabilities:				
Accounts payable	\$ 465,214	\$ 146,379	\$ -	\$ 611,593
Accrued expenditures	119,870	-	-	119,870
Due to other funds	63,180	-	1,046,901	1,110,081
Due to component unit	1,019	-	-	1,019
Unearned revenues	955,485	-	-	955,485
Total liabilities	<u>1,604,768</u>	<u>146,379</u>	<u>1,046,901</u>	<u>2,798,048</u>
Deferred Inflows of Resources:				
Unearned revenue - property taxes	108,491	-	34,778	143,269
Fund Balances:				
Nonspendable:				
Inventory	1,588	-	-	1,588
Restricted:				
PEG funds	346,699	-	-	346,699
Public safety	54,147	-	-	54,147
Fire	250	-	-	250
Library improvements	2,823	-	-	2,823
Hotel / motel	220,235	-	-	220,235
Child Safety	21,673	-	-	21,673
Blue Santa	100	-	-	100
Animal shelter	37,974	-	-	37,974
Court technology	120,342	-	-	120,342
Court security	202,750	-	-	202,750
Northlake roads	150,000	-	-	150,000
Veterans park	78,461	-	-	78,461
Dog park	3,401	-	-	3,401
Animal shelter memorial	3,681	-	-	3,681
CPS	401,263	-	-	401,263
CPS 1%	107,161	-	-	107,161
Debt service	-	-	2,206,297	2,206,297
Capital projects	-	3,957,284	-	3,957,284
Assigned:				
Capital projects	810,942	-	-	810,942
Unassigned	10,897,201	-	-	10,897,201
Total fund balances	<u>13,460,691</u>	<u>3,957,284</u>	<u>2,206,297</u>	<u>19,624,272</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,173,950</u>	<u>\$ 4,103,663</u>	<u>\$ 3,287,976</u>	<u>\$ 22,565,589</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, 2018

Total Fund Balance - Total Governmental Funds \$ 19,624,272

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. 33,252,476

Other long-term assets are not available to pay for current-period
expenditures and, therefore, are deferred in the funds. 1,503,527

Accrued vacation leave payable is not due and payable in the current
period and, therefore, not reported in the funds. (411,420)

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

Bonds and notes payable (18,006,626)
Net pension liability (6,675,601)
OPEB liability (234,653)

Accrued interest payable on long-term-bonds are not due and
payable in the current period and, therefore, not reported
in the funds. (70,281)

Total net position of governmental activities \$ 28,981,694

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

CITY OF UNIVERSAL CITY, TEXAS

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

Fiscal year ended September 30, 2018

	Major Funds			Total Governmental Funds
	General Fund	Capital Projects Fund	Debt Service Fund	
Revenues:				
Taxes	\$ 9,971,260	\$ -	\$ 2,490,182	\$ 12,461,442
Licenses and permits	1,279,233	-	-	1,279,233
Intergovernmental	258,977	-	-	258,977
Contributions from component unit	208,364	-	-	208,364
Fines and forfeitures	1,338,395	-	-	1,338,395
Interest	26,781	57	18,874	45,712
Miscellaneous	<u>276,780</u>	<u>-</u>	<u>-</u>	<u>276,780</u>
Total revenues	<u>13,359,790</u>	<u>57</u>	<u>2,509,056</u>	<u>15,868,903</u>
Expenditures:				
Current:				
Administrative	1,847,217	-	333,903	2,181,120
Planning and development	540,359	-	-	540,359
Finance	373,239	-	-	373,239
Municipal court	259,502	-	-	259,502
General services division	1,139,854	-	-	1,139,854
Police	3,553,370	-	-	3,553,370
Fire	2,321,318	-	-	2,321,318
Library	279,003	-	-	279,003
Vehicle and equipment maintenance	176,400	-	-	176,400
Animal shelter	430,304	-	-	430,304
Parks and recreation	431,578	-	-	431,578
Promotion and Development	-	-	-	-
Golf course	121,444	-	-	121,444
Capital outlay	1,169,026	2,068,785	-	3,237,811
Debt service:				
Principal	-	73,840	1,251,000	1,324,840
Interest and fiscal charges	<u>-</u>	<u>21,127</u>	<u>594,656</u>	<u>615,783</u>
Total expenditures	<u>12,642,614</u>	<u>2,163,752</u>	<u>2,179,559</u>	<u>16,985,925</u>
Excess (deficiency) of revenues over (under) expenditures	<u>717,176</u>	<u>(2,163,695)</u>	<u>329,497</u>	<u>(1,117,022)</u>
Other Financing Sources (uses):				
Transfers in	120,663	1,389,908	-	1,510,571
Transfers out	<u>(1,389,908)</u>	<u>-</u>	<u>(529,431)</u>	<u>(1,919,339)</u>
Total other financing sources (uses)	<u>(1,269,245)</u>	<u>1,389,908</u>	<u>(529,431)</u>	<u>(408,768)</u>
Net change in fund balances	(552,069)	(773,787)	(199,934)	(1,525,790)
Fund balances at beginning of year	<u>14,012,760</u>	<u>4,731,071</u>	<u>2,406,231</u>	<u>21,150,062</u>
Fund balances at end of year	<u>\$ 13,460,691</u>	<u>\$ 3,957,284</u>	<u>\$ 2,206,297</u>	<u>\$ 19,624,272</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, 2018

Net Change in Fund Balances - Governmental Funds \$ (1,525,790)

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. 1,294,665

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 22,308

The issuance of long-term debt (i.e. bonds, capital leases) provides current financial resources to governmental funds, while the repayment of the principal consumes the current financial resources of governmental funds. This amount is the net effect of these differences. 1,324,840

The change in the liability for net pension and OPEB liability does not consume a current financial resource and is therefore not reported as an expenditure in the governmental funds. (29,947)

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. (65,020)

Change in net position of governmental activities \$ 1,021,056

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

CITY OF UNIVERSAL CITY, TEXAS

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

September 30, 2018

	Business-Type Activities - Enterprise Funds			
	Water / Sewer	Golf Course	Stormwater	Total
	Fund	Fund	Fund	
Current Assets:				
Cash and investments	\$ 7,220,536	\$ 186,242	\$ 477,669	\$ 7,884,447
Receivables (net of allowances for uncollectibles):				
Accounts	1,002,773	12,968	72,336	1,088,077
Due from other governments	-	-	276,569	276,569
Due from other funds	-	390,000	3,447	393,447
Inventories	133,470	49,312	-	182,782
Cash - restricted	<u>3,539,749</u>	<u>-</u>	<u>-</u>	<u>3,539,749</u>
Total current assets	<u>11,896,528</u>	<u>638,522</u>	<u>830,021</u>	<u>13,365,071</u>
Deferred Outflows of Resources:				
Deferred outflow - TMRS OPEB	3,822	2,526	478	6,826
Deferred outflow - TMRS pension	161,537	106,730	20,192	288,459
Deferred charge on refunded bond	<u>158,390</u>	<u>-</u>	<u>-</u>	<u>158,390</u>
Total deferred outflows of resources	<u>323,749</u>	<u>109,256</u>	<u>20,670</u>	<u>453,675</u>
Capital Assets:				
Land	322,965	-	-	322,965
Building and improvements	2,253,028	-	-	2,253,028
Utility plant and easements	23,604,113	-	4,048,869	27,652,982
Transportation and equipment	2,067,263	1,425,712	269,473	3,762,448
Water rights	7,987,087	-	-	7,987,087
Construction in progress	1,498,363	-	401,524	1,899,887
Accumulated depreciation	<u>(11,576,436)</u>	<u>(873,556)</u>	<u>(595,839)</u>	<u>(13,045,831)</u>
Capital assets net of accumulated depreciation	<u>26,156,383</u>	<u>552,156</u>	<u>4,124,027</u>	<u>30,832,566</u>
Total assets and deferred outflows of resources	<u>\$ 38,376,660</u>	<u>\$ 1,299,934</u>	<u>\$ 4,974,718</u>	<u>\$ 44,651,312</u>

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

	Business-Type Activities - Enterprise Funds			
	Water / Sewer Fund	Golf Course Fund	Stormwater Fund	Total
Liabilities and Net Position:				
Current Liabilities:				
Accounts payable	\$ 421,191	\$ 47,060	\$ 162,835	\$ 631,086
Accrued wages	17,426	22,910	2,856	43,192
Compensated absences/vacation leave	77,022	48,575	6,811	132,408
Due to other funds	25,669	1,711,623	1,632	1,738,924
Customer deposits	842,694	-	-	842,694
Unearned revenues	-	102,892	-	102,892
Current portion of notes payable	<u>69,606</u>	<u>111,855</u>	<u>-</u>	<u>181,461</u>
Total current liabilities	<u>1,453,608</u>	<u>2,044,915</u>	<u>174,134</u>	<u>3,672,657</u>
Current Liabilities Payable from Restricted Assets:				
Current portion of revenue bonds	920,000	-	-	920,000
Accrued interest payable	<u>32,612</u>	<u>-</u>	<u>-</u>	<u>32,612</u>
Total current liabilities payable from restricted assets	<u>952,612</u>	<u>-</u>	<u>-</u>	<u>952,612</u>
Noncurrent Liabilities:				
Net pension liability	1,054,402	696,659	131,801	1,882,862
Net OPEB liability	37,063	24,488	4,633	66,184
Notes payable	-	77,317	-	77,317
Revenue bonds notes payable	<u>10,494,803</u>	<u>-</u>	<u>-</u>	<u>10,494,803</u>
Total noncurrent liabilities	<u>11,586,268</u>	<u>798,464</u>	<u>136,434</u>	<u>12,521,166</u>
Total liabilities	<u>13,992,488</u>	<u>2,843,379</u>	<u>310,568</u>	<u>17,146,435</u>
Deferred Inflows of Resources:				
Deferred inflow - TMRS pension	<u>137,842</u>	<u>91,074</u>	<u>17,230</u>	<u>246,146</u>
Net Position:				
Net investment in capital assets	14,671,974	362,984	4,124,027	19,158,985
Reserved - impact fees	1,139,859	-	-	1,139,859
Reserved - capital projects	3,510,526	-	167,946	3,678,472
Unrestricted	<u>4,923,971</u>	<u>(1,997,503)</u>	<u>354,947</u>	<u>3,281,415</u>
Total net position	<u>24,246,330</u>	<u>(1,634,519)</u>	<u>4,646,920</u>	<u>27,258,731</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 38,376,660</u>	<u>\$ 1,299,934</u>	<u>\$ 4,974,718</u>	<u>\$ 44,651,312</u>

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

CITY OF UNIVERSAL CITY, TEXAS

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

Fiscal year ended September 30, 2018

	Business-Type Activities - Enterprise Funds			
	Water / Sewer Fund	Golf Course Fund	Stormwater Fund	Total
Operating Revenues:				
Water revenues	\$ 4,229,558	\$ -	\$ -	\$ 4,229,558
Sewer revenues	3,442,811	-	-	3,442,811
Stormwater revenues	-	-	674,762	674,762
Golf course fees	-	997,965	-	997,965
Other fees and service charges	565,052	-	-	565,052
Sales, net of costs of goods sold	-	489,621	-	489,621
Miscellaneous revenues	<u>37,210</u>	<u>952</u>	<u>1,000</u>	<u>39,162</u>
Total operating revenues	<u>8,274,631</u>	<u>1,488,538</u>	<u>675,762</u>	<u>10,438,931</u>
Operating Expenses:				
Public works	984,411	-	-	984,411
Administration	269,529	-	-	269,529
Water department	2,024,344	-	-	2,024,344
Sewer department	1,992,277	-	-	1,992,277
Stormwater department	-	-	389,808	389,808
Golf course operating cost	-	1,711,470	-	1,711,470
Depreciation	<u>652,980</u>	<u>176,788</u>	<u>86,259</u>	<u>916,027</u>
Total operating expenses	<u>5,923,541</u>	<u>1,888,258</u>	<u>476,067</u>	<u>8,287,866</u>
Operating income (loss)	<u>2,351,090</u>	<u>(399,720)</u>	<u>199,695</u>	<u>2,151,065</u>
Nonoperating Revenues (Expenses):				
Transfers in	-	408,768	-	408,768
Interest income	10,975	3,434	1,129	15,538
Grants	-	-	453,397	453,397
Interest and fiscal charges	<u>(395,491)</u>	<u>-</u>	<u>-</u>	<u>(395,491)</u>
Total nonoperating revenues (expenses)	<u>(384,516)</u>	<u>412,202</u>	<u>454,526</u>	<u>482,212</u>
Change in net position	1,966,574	12,482	654,221	2,633,277
Net position at beginning of year	22,309,839	(1,627,125)	3,996,459	24,679,173
Restatement of net position	<u>(30,083)</u>	<u>(19,876)</u>	<u>(3,760)</u>	<u>(53,719)</u>
Net position at end of year	<u>\$ 24,246,330</u>	<u>\$ (1,634,519)</u>	<u>\$ 4,646,920</u>	<u>\$ 27,258,731</u>

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

CITY OF UNIVERSAL CITY, TEXAS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Fiscal year ended September 30, 2018

	Business-Type Activities - Enterprise Funds			
	Water / Sewer Fund	Golf Course Fund	Stormwater Fund	Total
Cash Flows from Operating Activities:				
Cash received from customers	\$ 8,157,013	\$ 1,492,770	\$ 513,368	\$ 10,163,151
Cash paid for employee wages and benefits	(1,187,043)	(1,005,310)	(151,369)	(2,343,722)
Cash paid to suppliers for goods and services	(3,997,338)	(934,989)	(188,994)	(5,121,321)
Cash paid to general fund for indirect costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by operating activities	<u>2,972,632</u>	<u>(447,529)</u>	<u>173,005</u>	<u>2,698,108</u>
Cash Flows from Capital and Related Financing Activities:				
Purchase/construction of capital assets	(2,527,737)	(80,631)	(679,812)	(3,288,180)
Principal payments on long-term debt	(1,020,134)	(131,885)	-	(1,152,019)
Proceeds from bonds and notes	-	80,632	-	80,632
Interest and fiscal charges paid	<u>(441,036)</u>	<u>(4,228)</u>	<u>-</u>	<u>(445,264)</u>
Net cash used in capital and related financing activities	<u>(3,988,907)</u>	<u>(136,112)</u>	<u>(226,415)</u>	<u>(4,351,434)</u>
Cash Flows from Noncapital Financing Activities:				
Transfers from other funds	-	408,768	-	408,768
Grants	<u>-</u>	<u>-</u>	<u>453,397</u>	<u>453,397</u>
Net cash provided by noncapital financing activities	<u>-</u>	<u>408,768</u>	<u>453,397</u>	<u>862,165</u>
Cash Flows from Investing Activities:				
Investment interest received	<u>10,975</u>	<u>3,434</u>	<u>1,129</u>	<u>15,538</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,005,300)</u>	<u>(171,439)</u>	<u>(52,281)</u>	<u>(1,229,020)</u>
Cash and Cash Equivalents at Beginning of Year:				
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 beginning of year	<u>11,765,585</u>	<u>357,681</u>	<u>529,950</u>	<u>12,653,216</u>
Cash and Equivalents at End of Year:				
Cash and equivalents	7,220,536	186,242	477,669	7,884,447
Restricted cash and equivalents	<u>3,539,749</u>	<u>-</u>	<u>-</u>	<u>3,539,749</u>
Total cash and equivalents at end of year	<u>\$ 10,760,285</u>	<u>\$ 186,242</u>	<u>\$ 477,669</u>	<u>\$ 11,424,196</u>

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

CITY OF UNIVERSAL CITY, TEXAS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Fiscal year ended September 30, 2018

	Business-Type Activities - Enterprise Funds			Total
	Water / Sewer Fund	Golf Course Fund	Stormwater Fund	
Reconciliation of Operating Income to Net Cash				
Provided by (used in) Operating Activities:				
Operating income	\$ 2,351,090	\$ (399,720)	\$ 199,695	\$ 2,151,065
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	652,980	176,788	86,259	916,027
Change in net pension and OPEB expense	4,729	3,125	592	8,446
(Increase) decrease in operating assets:				
Accounts receivable	(169,559)	1,194	(162,394)	(330,759)
Inventory	(10,774)	92	-	(10,682)
Interfund receivables	-	(170,000)	(450)	(170,450)
Increase (decrease) in operating liabilities:				
Accounts payable	82,103	10,737	49,155	141,995
Accrued wages and benefits	3,780	5,174	(540)	8,414
Interfund payables	6,342	(77,957)	688	(70,927)
Utility deposits	51,941	-	-	51,941
Deferred revenue	-	3,038	-	3,038
Total adjustments	<u>621,542</u>	<u>(47,809)</u>	<u>(26,690)</u>	<u>547,043</u>
Net cash provided by operating activities	<u>\$ 2,972,632</u>	<u>\$ (447,529)</u>	<u>\$ 173,005</u>	<u>\$ 2,698,108</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

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CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(1) Summary of significant accounting policies

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

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

Reporting entity

Component units

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations; thus, data from these units, if any existed, would be combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

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

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

Government-wide and fund financial statements

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

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(1) Summary of significant accounting policies (continued)

Government-wide and fund financial statements (continued)

external parties for goods and services. The primary government is reported separately from the component unit within the government-wide 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.

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

September 30, 2018

(1) Summary of significant accounting policies (continued)

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, 2018 and became due October 1, 2017, have been assessed to finance the budget of the fiscal year beginning October 1, 2017, and accordingly, have been reflected as deferred inflows of resources and taxes receivable in the fund financial statements at September 30, 2018.

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. All the proprietary funds qualify as major funds.

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

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

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

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(1) Summary of significant accounting policies (continued)

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.

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, 2018, the City has all its monies in interest-bearing checking accounts, savings accounts, and TexPool.

Accounts receivable

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

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

Short-term interfund receivables / payables

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

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2018

(1) Summary of significant accounting policies (continued)

Inventories

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

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

Restricted assets

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

Capital assets

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40 years
Improvements other than Buildings	20 years
Transportation and Equipment	5 to 15 years
Water and Sewer System	15 to 50 years
Infrastructure	10 to 30 years

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(1) Summary of significant accounting policies (continued)

Compensated absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that is attributable to services already rendered 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.

Deferred inflows of resources

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

Long-term obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund balance

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

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

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(1) Summary of significant accounting policies (continued)

Fund balance (continued)

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

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

Net position

Net position represents the difference between assets and 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.

Interfund transactions

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

The City allocates to the water/sewer fund 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, 2018, 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.

Operating revenues and expenses

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

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(1) Summary of significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pensions

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

Other Postemployment benefits

During the fiscal year 2018, the City changed accounting policies related to the total other postemployment benefit (OPEB) liability, deferred outflows of resources, and deferred inflows of resources in the statement of net position by adopting GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". Accordingly, the effect of the accounting change is reported in the statement of net position and statement of activities for the current year. The OPEB position has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense.

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(2) Cash, cash equivalents, and investments

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

Cash

At September 30, 2018, the carrying amount of the primary government's (the City) cash on hand was \$10,253, deposits in the bank were \$30,454,517 and the book balance was \$29,791,039. The City's depository had pledged securities having a market value of \$33,567,492 as collateral for the City's deposits at September 30, 2018. All of the City's cash was fully collateralized.

The discretely presented component unit had deposits in the bank of \$3,206,789 and the book balance was \$3,203,788. Deposits were fully collateralized.

Investments

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

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

Analysis of specific deposit and investment risks

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

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

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

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

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

Analysis of specific deposit and investment risks

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

At year end, the City was not exposed to custodial credit risk.

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

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

(3) Property tax calendar

The City's property tax is levied and becomes collectible each October 1 based on the assessed values listed as of the prior January 1, which is the date a lien attaches to all taxable property in the City. Assessed values are established by the Bexar County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2017 upon which the 2017 levy was based was \$1,290,253,549 (i.e., market value less exemptions). The estimated market value was \$1,430,420,562 making the taxable value 90% 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.

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(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, 2018, balances of interfund amounts receivable or payable have been recorded as follows:

	Due From	Due To
Primary Government		
General fund:		
Debt service fund	\$ 656,901	\$ 4,176
Capital projects fund	-	59,004
Water/sewer fund	22,222	-
Golf course fund	1,077,263	-
Stormwater fund	<u>1,632</u>	<u>-</u>
Total	<u>1,758,018</u>	<u>63,180</u>
Debt service fund:		
General fund	4,176	656,901
Golf course	<u>634,360</u>	<u>390,000</u>
Total	<u>638,536</u>	<u>1,046,901</u>
Capital projects fund:		
General fund	<u>59,004</u>	<u>-</u>
Water/sewer fund:		
General fund	-	22,222
Stormwater fund	<u>-</u>	<u>3,447</u>
Total	<u>-</u>	<u>25,669</u>
Golf course fund:		
General fund	-	1,077,263
Debt service fund	<u>390,000</u>	<u>634,360</u>
Total	<u>390,000</u>	<u>1,711,623</u>
Stormwater Fund:		
General fund	-	1,632
Water/sewer fund	<u>3,447</u>	<u>-</u>
Total	<u>3,447</u>	<u>1,632</u>
TOTALS	<u><u>\$ 2,849,005</u></u>	<u><u>\$ 2,849,005</u></u>

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(4) Interfund receivable / payable (continued)

	Due From	Due To
Governmental Fund/Component Unit		
General fund:		
Component unit	\$ 340	\$ 1,019
Component unit:		
General fund	1,019	340
TOTALS	\$ 1,359	\$ 1,359

(5) Capital assets

Capital asset activity for the year ended September 30, 2018, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
<u>Capital assets, not being depreciated:</u>				
Land	\$ 6,976,157	\$ -	\$ -	\$ 6,976,157
Construction in progress	915,695	1,748,146	(288,721)	2,375,120
Total capital assets, not being depreciated	7,891,852	1,748,146	(288,721)	9,351,277
<u>Capital assets, being depreciated:</u>				
Buildings	11,536,489	469,366	-	12,005,855
Improvements other than buildings	5,774,615	117,268	-	5,891,883
Transportation and equipment	8,432,485	581,532	(195,948)	8,818,069
Infrastructure	22,230,407	610,220	-	22,840,627
Total capital assets, being depreciated	47,973,996	1,778,386	(195,948)	49,556,434
<u>Less accumulated depreciation:</u>				
Buildings	(3,100,888)	(304,749)	-	(3,405,637)
Improvements other than buildings	(4,452,291)	(303,310)	-	(4,755,601)
Transportation and equipment	(5,962,829)	(699,638)	164,895	(6,497,572)
Infrastructure	(10,360,976)	(635,449)	-	(10,996,425)
Total accumulated depreciation	(23,876,984)	(1,943,146)	164,895	(25,655,235)
Total capital assets being depreciated, net	24,097,012	(164,760)	(31,053)	23,901,199
Governmental activities capital assets, net	\$ 31,988,864	\$ 1,583,386	\$ (319,774)	\$ 33,252,476

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(5) Capital assets (continued)

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 36,172	\$ 286,793	\$ -	\$ 322,965
Construction in progress	467,629	1,702,382	(270,124)	1,899,887
Water rights	<u>7,987,087</u>	<u>-</u>	<u>-</u>	<u>7,987,087</u>
 Total capital assets, not being depreciated	 <u>8,490,888</u>	 <u>1,989,175</u>	 <u>(270,124)</u>	 <u>10,209,939</u>
Capital assets, being depreciated:				
Buildings and improvements	2,253,028	-	-	2,253,028
Utility plant	26,204,869	1,448,113	-	27,652,982
Transportation and equipment	<u>3,716,450</u>	<u>121,017</u>	<u>(75,019)</u>	<u>3,762,448</u>
 Total capital assets, being depreciated	 <u>32,174,347</u>	 <u>1,569,130</u>	 <u>(75,019)</u>	 <u>33,668,458</u>
Less accumulated depreciation:				
Buildings and improvements	(696,294)	(55,899)	-	(752,193)
Utility plant	(8,905,699)	(530,542)	-	(9,436,241)
Transportation and equipment	<u>(2,602,829)</u>	<u>(329,587)</u>	<u>75,019</u>	<u>(2,857,397)</u>
Total accumulated depreciation	<u>(12,204,822)</u>	<u>(916,028)</u>	<u>75,019</u>	<u>(13,045,831)</u>
 Total capital assets being depreciated, net	 <u>19,969,525</u>	 <u>653,102</u>	 <u>-</u>	 <u>20,622,627</u>
 Business-type capital assets, net	 <u>\$ 28,460,413</u>	 <u>\$ 2,642,277</u>	 <u>\$ (270,124)</u>	 <u>\$ 30,832,566</u>

Depreciation expense was charged to the governmental functions as follows:

Administration	\$ 38,686
Planning and development	1,477
Finance	902
Municipal court	27,504
General services division	853,942
Police	153,749
Fire	278,784
Library	166,105
Animal shelter	65,712
Golf course	<u>356,285</u>
 Total depreciation expense - Governmental activities	 <u>\$ 1,943,146</u>

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2018

(6) Long-term debt:

The City had the following changes in long-term debt outstanding for the year ended September 30, 2018:

	Original Amount	Interest Rates	Outstanding October 1, 2017	Issued	Retired	Balance September 30, 2018	Amounts Due in One Year
Governmental Activities:							
General obligation refunding bonds (2008)	\$ 3,694,000	3.67%	\$ 1,381,000	\$ -	\$ (5,000)	\$ 1,376,000	\$ 5,000
Unamortized premium			673,567	-	(55,504)	618,063	55,504
General obligation bonds (2010)	5,355,000	2.00-4.00	4,010,000	-	(245,000)	3,765,000	250,000
General obligation refunding bonds (2012)	1,200,000	1.18-2.25	1,169,000	-	(376,000)	793,000	390,000
General obligation bonds (2013)	1,195,000	4.00-5.00	1,035,000	-	(45,000)	990,000	50,000
Certificates of obligation (2014)	3,090,000	2.00-4.00	2,735,000	-	(125,000)	2,610,000	125,000
General obligation refunding bonds (2015)	3,015,000	3.00-4.00	3,015,000	-	(255,000)	2,760,000	270,000
General obligation bonds (2016)	4,935,000	2.00-3.00	4,740,000	-	(200,000)	4,540,000	205,000
Total Bonds Payable			18,758,567	-	(1,306,504)	17,452,063	1,350,504
Note Payable, Schertz Bank & Trust	130,567	3.30	93,670	-	(25,657)	68,013	26,519
Note Payable, Schertz Bank & Trust	546,698	3.45	534,733	-	(48,183)	486,550	50,370
Compensated Absences			389,319	123,842	(101,741)	411,420	411,420
Total governmental activities			19,776,289	123,842	(1,482,085)	18,418,046	1,838,813
Business-Type Activities:							
Revenue and refunding bonds:							
Bonds (2011)	5,625,000	2.00-5.00	3,480,000	-	(385,000)	3,095,000	405,000
Bonds (2012)	3,600,000	2.00-4.00	2,490,000	-	(285,000)	2,205,000	290,000
Bonds (2015)	2,830,000	2.00-4.00	2,665,000	-	(105,000)	2,560,000	110,000
Bonds (2017)	2,970,000	3.00-3.125	2,970,000	-	(95,000)	2,875,000	115,000
Unamortized premium			739,809	-	(60,006)	679,803	60,006
Total bonds payable			12,344,809	-	(930,006)	11,414,803	980,006
Note payable, John Deere	37,772	4.30	4,230	-	(4,230)	-	-
Note payable, John Deere	103,135	3.00	26,887	-	(26,887)	-	-
Note payable, PNC Equipment	168,778	2.00	77,126	-	(34,778)	42,348	36,178
Note payable, PNC Equipment	15,815	2.00	9,829	-	(3,148)	6,681	3,275
Note payable, PNC Equipment	90,764	2.00	56,405	-	(18,066)	38,339	18,792
Note payable, John Deere	131,307	3.00	70,176	-	(33,137)	37,039	34,145
Note payable, John Deere	80,632		-	80,632	(15,868)	64,764	19,465
San Antonio River Authority	790,236	5.00	219,740	-	(150,134)	69,606	69,606
Total notes payable			464,393	80,632	(286,248)	258,777	181,461
Compensated Absences			128,951	41,020	(37,562)	132,409	132,409
Total business-type activities			12,938,153	121,652	(1,253,816)	11,805,989	1,293,876
Total primary government			\$ 32,714,442	\$ 245,494	\$ (2,735,901)	\$ 30,224,035	\$ 3,132,689

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(6) Long-term debt (continued):

	Original Amount	Interest Rates	Outstanding October 1, 2017	Issued	Retired	Balance September 30, 2018	Amounts due in One Year
Component Unit Activities:							
Revenue bonds (2016)	\$ 1,700,000	1.650	<u>\$ 1,540,000</u>	<u>\$ -</u>	<u>\$ (160,000)</u>	<u>\$ 1,380,000</u>	<u>\$ 163,000</u>
Total component unit activities			<u>\$ 1,540,000</u>	<u>\$ -</u>	<u>\$ (160,000)</u>	<u>\$ 1,380,000</u>	<u>\$ 163,000</u>

Annual debt service requirements as of September 30, 2018, 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
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	1,494,000	391,996	1,885,996	740,000	258,049	998,049
2024-2028	5,325,000	1,283,725	6,608,725	3,000,000	882,399	3,882,399
2029-2033	3,465,000	461,775	3,926,775	2,300,000	391,168	2,691,168
2034-2037	<u>1,105,000</u>	<u>53,471</u>	<u>1,158,471</u>	<u>1,135,000</u>	<u>77,538</u>	<u>1,212,538</u>
Totals	<u>\$ 16,834,000</u>	<u>\$ 4,217,361</u>	<u>\$ 21,051,361</u>	<u>\$ 10,735,000</u>	<u>\$ 2,970,702</u>	<u>\$ 13,705,702</u>

Annual debt service requirements as of September 30, 2018, for notes payable are as follows:

Fiscal Year	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 76,889	\$ 18,080	\$ 94,969	\$ 181,461	\$ 5,564	\$ 187,025
2020	79,557	15,411	94,968	52,376	2,153	54,529
2021	68,071	12,697	80,768	21,295	687	21,982
2022	55,933	10,636	66,569	3,645	21	3,666
2023	57,951	8,648	66,599	-	-	-
2024-2027	<u>216,162</u>	<u>14,525</u>	<u>230,687</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 554,563</u>	<u>\$ 79,997</u>	<u>\$ 634,560</u>	<u>\$ 258,777</u>	<u>\$ 8,425</u>	<u>\$ 267,202</u>

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2018

(7) Retirement plan

Plan description

The City participates as one of 883 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, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	60
Inactive employees entitled to but not yet receiving benefits	93
Active employees	<u>130</u>
	<u>283</u>

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(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 19.07% and 18.79% in calendar years 2017 and 2018 respectively. The City's contributions to TMRS for the year ended September 30, 2018 were \$1,444,955, and were equal to the required contributions.

Net pension liability

The City's net pension liability (NPL) was measured as of December 31, 2017, 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, 2017 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

September 30, 2018

(7) Retirement plan (continued)

Net pension liability (continued)

Actuarial assumptions (continued):

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 through December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rates (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in December 31, 2013 valuation, the System adopted the Entry Age Normal (EAN) actuarial cost method and a one-time change to the amortization policy. 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 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
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%	3.90%
Real Return	10.0%	3.80%
Real Estate	10.0%	4.50%
Absolute Return	10.0%	3.75%
Private Equity	5.0%	7.50%
Total	100.0%	

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(7) Retirement plan (continued)

Net pension liability (continued)

Discount rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that 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)
	(a)	(b)	(a) - (b)
Balance at December 31, 2016	\$ 34,466,094	\$ 23,861,686	\$ 10,604,408
Changes for the year:			
Service cost	1,271,815	-	1,271,815
Interest	2,327,929	-	2,327,929
Changes in current period benefits *	-	-	-
Difference between expected and actual experience	(419,015)	-	(419,015)
Changes of assumptions	-	-	-
Contributions - employer	-	1,415,850	(1,415,850)
Contributions - employee	-	519,867	(519,867)
Net investment income	-	3,308,963	(3,308,963)
Benefit payments, including refunds of employee contributions	(1,228,334)	(1,228,334)	-
Administrative expense	-	(17,139)	17,139
Other changes	-	(867)	867
Net changes	1,952,395	3,998,340	(2,045,945)
Balance at December 31, 2017	\$ 36,418,489	\$ 27,860,026	\$ 8,558,463

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

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(7) Retirement plan (continued)

Net pension liability (continued)

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 14,106,292	\$ 8,558,463	\$ 4,039,751

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, 2018, the City recognized pension expense of \$1,456,910.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 86,952	\$ 368,844
Changes in actuarial assumptions	119,531	-
Difference between projected and actual investment earnings	-	750,005
Contributions subsequent to the measurement date	1,104,697	-
Total	\$ 1,311,180	\$ 1,118,849

\$1,104,697 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, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2018	\$ (28,456)
2019	(96,263)
202	(423,340)
2021	(364,307)
2022	-
Thereafter	-
Total	\$ (912,366)

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(7) Retirement plan (continued)

Other post-employment benefits

Plan description

The City participates in the defined benefit group-term life insurance plan administered by TMRS known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which the City may elect, by ordinance, to provide group-term life insurance for active members, including retirees.

Benefits provided

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. The maximum life insurance benefit is \$150,000. Retired employees are insured for \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is 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 contribution rate for the City was 0.17%, 0.19% and 0.19% respectively for calendar years 2018, 2017 and 2016. The City's contribution to TMRS SDBF for the years ended September 30, 2018, 2017 and 2016 were \$13,385, \$14,008, and \$13,637, respectively, which equaled the required contributions each year.

Employees covered by benefit terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	36
Inactive employees entitled to but not yet receiving benefits	20
Active employees	<u>130</u>
	<u>186</u>

OPEB liability

The City's total OPEB liability of \$300,837 was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date.

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2018

(7) Retirement plan (continued)

Other post-employment benefits (continued)

Actuarial assumptions:

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.50% to 10.5% including inflation
Discount rate *	3.31%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with males rates multiplied by 109% and females rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates - disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with males rates multiplied by 109% and females rates multiplied by 103% with a 3 year set-forward for both male and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2018

(7) Retirement plan (continued)

Other post-employment benefits (continued)

Changes in the total OPEB liability:

Balance at December 31, 2016	\$ 254,895
Changes for the year:	
Service cost	12,622
Interest on the total OPEB liability	9,846
Changes of benefit terms	-
Difference between expected and actual experience	-
Change of assumptions	24,959
Benefit payments	<u>(1,485)</u>
Net changes	<u>45,942</u>
Balance at December 31, 2017	<u>\$ 300,837</u>

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.31%, as well as what the City's OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.31%) or 1-percentage-point higher (4.31%) than the current rate:

	<u>1% Decrease in Discount Rate (2.31%)</u>	<u>Current Discount Rate (3.31%)</u>	<u>1% Increase in Discount Rate (4.31%)</u>
City's OPEB liability	<u>\$ 365,910</u>	<u>\$ 300,837</u>	<u>\$ 250,753</u>

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

For the year ended September 30, 2018, the City recognized OPEB expense of \$26,399.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual economic experience	\$ -	\$ -
Changes in actuarial assumptions	21,028	-
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	<u>9,996</u>	-
Total	<u>\$ 31,024</u>	<u>\$ -</u>

CITY OF UNIVERSAL CITY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(7) Retirement plan (continued)

Other post-employment benefits (continued)

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

<u>Plan Year</u> <u>December 31,</u>	<u>Amortization</u> <u>Expense</u>
2018	\$ 3,931
2019	3,931
2020	3,931
2021	3,931
2022	3,931
Thereafter	<u>1,373</u>
Total	<u>\$ 21,028</u>

(8) Interfund transfers

Interfund transfers during the year ended September 30, 2018, were the result of normal transactions between the funds:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 120,663	\$ 1,389,908
Debt service fund	-	529,431
Capital projects fund	1,389,908	-
Golf course fund	<u>408,768</u>	<u>-</u>
Totals	<u>\$ 1,919,339</u>	<u>\$ 1,919,339</u>

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(9) Commitments and contingencies

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

	Estimated Cost to City	Expended to Date	Estimated Future Commitment
General Government:			
2017 Street Bond	\$ 3,170,591	\$ 502,983	\$ 2,667,608
Splash Pad	519,987	344,840	175,147
Parkview CDBG Phase 13	473,143	291,125	182,018
Totals	\$ 4,163,721	\$ 1,138,948	\$ 3,024,773
Utility Fund:			
Pat Booker Pump Station	\$ 608,908	\$ 476,258	\$ 132,650
Loop 1604/Kitty Hawk Waterline Crossing	451,412	404,441	46,971
Totals	\$ 1,060,320	\$ 880,699	\$ 179,621

Grants

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

Risk management

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

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

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

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2018

(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, 2018, the total outstanding debt from this issue was \$750,000.

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, 2018, the total outstanding debt from this issue was \$3,455,000.

(11) Net position deficit

The financial statements include the following fund with a cumulative net position deficit at September 30, 2018:

	<u>Deficit Amount</u>
Golf course fund	<u>\$(1,634,519)</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.

(12) Restatement of net position

During fiscal year 2018, the City adopted GASB Statement No. 75, “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*”. With the adoption of this standard, the City must assume their Other Postemployment Benefit Liability related to the Supplemental Death Benefit Fund held with TMRS and requires a restatement of beginning net position in the amount of \$244,178.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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CITY OF UNIVERSAL CITY, TEXAS

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

Fiscal year ended September 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes:				
Ad valorem	\$ 5,869,479	\$ 5,869,479	\$ 5,852,269	\$ (17,210)
Penalty and interest	20,000	20,000	36,441	16,441
Total taxes	<u>5,889,479</u>	<u>5,889,479</u>	<u>5,888,710</u>	<u>(769)</u>
Nonproperty taxes:				
Franchise taxes	1,400,000	1,400,000	1,444,599	44,599
Sales taxes	2,200,000	2,200,000	2,291,031	91,031
PEG funds	-	-	44,854	44,854
CPS funds	-	-	107,161	107,161
Mixed drink taxes	62,200	62,200	68,607	6,407
Hotel occupancy tax	-	104,624	104,625	1
School crossing guard tax	110,000	110,000	21,673	(88,327)
Total nonproperty taxes	<u>3,772,200</u>	<u>3,876,824</u>	<u>4,082,550</u>	<u>205,726</u>
Licenses and permits	<u>1,195,000</u>	<u>1,195,000</u>	<u>1,279,233</u>	<u>84,233</u>
Government allocations:				
Area and state grants	-	6,552	8,977	2,425
Contributions from component unit	202,000	202,000	208,364	6,364
Total government allocations	<u>202,000</u>	<u>208,552</u>	<u>217,341</u>	<u>8,789</u>
Municipal court fines	<u>787,000</u>	<u>1,237,000</u>	<u>1,338,395</u>	<u>101,395</u>
Other revenue:				
Sale of abandoned vehicles	-	26,851	26,851	-
Sale or use of property	-	72,857	76,543	3,686
Interest and investment income	20,000	20,000	26,781	6,781
Miscellaneous	50,000	110,107	86,380	(23,727)
Utility department overhead	250,000	250,000	250,000	-
Special events revenue	-	32,556	32,556	-
Donations	-	26,204	54,450	28,246
Total other revenue	<u>320,000</u>	<u>538,575</u>	<u>553,561</u>	<u>14,986</u>
Total revenues	<u>12,165,679</u>	<u>12,945,430</u>	<u>13,359,790</u>	<u>414,360</u>

CITY OF UNIVERSAL CITY, TEXAS

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

Fiscal year ended September 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Expenditures:				
Administrative:				
Payroll	\$ 490,136	\$ 484,286	\$ 483,921	\$ 365
Allowances	14,000	18,900	16,359	2,541
Communications	76,500	77,900	76,411	1,489
Utilities	16,000	14,600	14,595	5
Support services	60,000	40,500	39,567	933
Contract services	1,166,190	1,214,140	1,191,459	22,681
Supplies and materials	18,800	26,300	24,905	1,395
Total administrative	<u>1,841,626</u>	<u>1,876,626</u>	<u>1,847,217</u>	<u>29,409</u>
Development services:				
Payroll	356,381	373,281	380,575	(7,294)
Allowances	9,285	5,785	3,708	2,077
Communications	11,115	11,115	11,276	(161)
Support services	110,740	118,340	117,847	493
Contract services	21,920	18,220	17,828	392
Supplies and materials	10,598	11,598	9,125	2,473
Real property and equipment	<u>3,300</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total development services	<u>523,339</u>	<u>538,339</u>	<u>540,359</u>	<u>(2,020)</u>
Finance:				
Payroll	304,230	304,230	300,770	3,460
Allowances	5,500	5,500	3,709	1,791
Communications	3,500	3,200	1,453	1,747
Support services	18,500	50,500	46,797	3,703
Contract services	26,477	20,777	17,225	3,552
Supplies and materials	4,500	4,500	3,285	1,215
Real property and equipment	<u>4,000</u>	<u>39,289</u>	<u>35,289</u>	<u>4,000</u>
Total finance	<u>366,707</u>	<u>427,996</u>	<u>408,528</u>	<u>19,468</u>
Municipal court:				
Payroll	193,838	193,838	191,523	2,315
Allowances	2,250	2,250	228	2,022
Communications	3,650	3,650	3,787	(137)
Support services	35,900	35,900	31,466	4,434
Contract services	1,250	1,250	396	854
Supplies and materials	600	2,050	32,102	(30,052)
Real property and equipment	<u>65,300</u>	<u>63,850</u>	<u>8,236</u>	<u>55,614</u>
Total municipal court	<u>302,788</u>	<u>302,788</u>	<u>267,738</u>	<u>35,050</u>

CITY OF UNIVERSAL CITY, TEXAS

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

Fiscal year ended September 30, 2018

	Budget Amounts		Actual Amounts	Variance with Budget
	Original	Final		Positive (Negative)
Expenditures (continued):				
General services division:				
Payroll	\$ 649,108	\$ 622,108	\$ 602,591	\$ 19,517
Allowances	18,600	18,600	14,455	4,145
Communications	4,900	4,900	4,436	464
Utilities	151,500	157,500	155,976	1,524
Contract services	240,880	247,371	223,209	24,162
Supplies and materials	148,380	147,380	139,187	8,193
Real property and equipment	<u>100,455</u>	<u>135,166</u>	<u>131,998</u>	<u>3,168</u>
Total general services division	<u>1,313,823</u>	<u>1,333,025</u>	<u>1,271,852</u>	<u>61,173</u>
Police department:				
Payroll	3,292,192	3,217,692	3,166,146	51,546
Allowances	64,300	61,872	53,221	8,651
Communications	40,800	40,800	37,788	3,012
Utilities	12,450	15,550	15,035	515
Contract services	108,606	108,606	104,013	4,593
Supplies and materials	79,000	153,790	177,167	(23,377)
Real property and equipment	<u>158,600</u>	<u>164,299</u>	<u>130,133</u>	<u>34,166</u>
Total police department	<u>3,755,948</u>	<u>3,762,609</u>	<u>3,683,503</u>	<u>79,106</u>
Fire department:				
Payroll	1,750,003	1,750,003	1,757,783	(7,780)
Allowances	53,400	48,700	40,897	7,803
Communications	22,300	24,300	21,902	2,398
Utilities	15,500	18,200	17,884	316
Contract services	392,784	416,784	414,080	2,704
Supplies and materials	53,400	74,900	68,772	6,128
Real property and equipment	<u>118,650</u>	<u>133,157</u>	<u>91,950</u>	<u>41,207</u>
Total fire department	<u>2,406,037</u>	<u>2,466,044</u>	<u>2,413,268</u>	<u>52,776</u>
Vehicle and equipment maintenance:				
Payroll	152,743	155,243	155,532	(289)
Allowances	4,376	4,976	4,595	381
Communications	8,229	7,929	6,585	1,344
Contract services	2,800	3,000	1,614	1,386
Supplies and materials	11,700	8,700	8,074	626
Real property and equipment	<u>3,875</u>	<u>3,875</u>	<u>-</u>	<u>3,875</u>
Total vehicle and equipment maintenance	<u>183,723</u>	<u>183,723</u>	<u>176,400</u>	<u>7,323</u>

CITY OF UNIVERSAL CITY, TEXAS

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

Fiscal year ended September 30, 2018

	Budget Amounts		Actual Amounts	Variance with Budget Positive (Negative)
	Original	Final		
Expenditures (continued):				
Animal shelter:				
Payroll	\$ 288,395	\$ 288,395	\$ 296,159	\$ (7,764)
Allowances	13,840	8,440	5,371	3,069
Communications	10,261	13,661	10,831	2,830
Utilities	24,004	26,004	24,513	1,491
Contract services	72,571	72,571	70,258	2,313
Supplies and materials	20,600	32,600	23,172	9,428
Real property and equipment	<u>17,898</u>	<u>11,898</u>	<u>27,185</u>	<u>(15,287)</u>
Total animal shelter	<u>447,569</u>	<u>453,569</u>	<u>457,489</u>	<u>(3,920)</u>
Library:				
Payroll	157,985	157,985	163,440	(5,455)
Allowances	3,610	3,610	1,725	1,885
Communications	14,342	14,342	9,942	4,400
Utilities	15,000	15,000	9,779	5,221
Contract services	60,709	55,559	48,377	7,182
Supplies and materials	39,600	47,255	45,740	1,515
Real property and equipment	<u>3,000</u>	<u>53,000</u>	<u>46,301</u>	<u>6,699</u>
Total library	<u>294,246</u>	<u>346,751</u>	<u>325,304</u>	<u>21,447</u>
Parks and recreation:				
Payroll	208,281	195,281	180,609	14,672
Allowances	1,100	600	-	600
Communications	8,090	4,090	2,894	1,196
Contract services	141,500	211,676	207,882	3,794
Supplies and materials	40,500	41,380	40,193	1,187
Real property and equipment	<u>239,626</u>	<u>595,023</u>	<u>388,376</u>	<u>206,647</u>
Total parks and recreation	<u>639,097</u>	<u>1,048,050</u>	<u>819,954</u>	<u>228,096</u>
Golf course:				
Contract services	<u>-</u>	<u>120,663</u>	<u>121,444</u>	<u>(781)</u>
Total golf course	<u>-</u>	<u>120,663</u>	<u>121,444</u>	<u>(781)</u>
Promotion and development:				
Real property and equipment	<u>-</u>	<u>308,000</u>	<u>309,558</u>	<u>(1,558)</u>
Total expenditures	<u>12,074,903</u>	<u>13,168,183</u>	<u>12,642,614</u>	<u>525,569</u>

CITY OF UNIVERSAL CITY, TEXAS

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

Fiscal year ended September 30, 2018

	Budget Amounts		Actual Amounts	Variance with Budget Positive (Negative)
	Original	Final		
Excess (deficiency) of revenues over (under) expenditures	\$ 90,776	\$ (222,753)	\$ 717,176	\$ 939,929
Other financing sources (uses):				
Transfers in	-	120,663	120,663	-
Transfers out	<u>(1,146,564)</u>	<u>(1,736,384)</u>	<u>(1,389,908)</u>	<u>346,476</u>
Total other financing sources (uses)	<u>(1,146,564)</u>	<u>(1,615,721)</u>	<u>(1,269,245)</u>	<u>346,476</u>
Net change in fund balance	<u><u>\$ (1,055,788)</u></u>	<u><u>\$ (1,838,474)</u></u>	(552,069)	<u><u>\$ 1,286,405</u></u>
Fund balance - beginning of year			<u>14,012,760</u>	
Fund balance - end of year			<u><u>\$ 13,460,691</u></u>	

CITY OF UNIVERSAL CITY, TEXAS

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

For the measurement year ended December 31,

	2018	2017	2016	2015
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Pension Liability:				
Service cost	\$ 1,271,815	\$ 1,240,793	\$ 1,138,958	\$ 1,041,495
Interest (on the total pension liability)	2,327,929	2,163,663	2,060,207	1,893,241
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(419,015)	158,516	(132,778)	(28,233)
Change of assumptions	-	-	358,595	-
Benefit payments,	<u>(1,228,334)</u>	<u>(1,061,496)</u>	<u>(644,824)</u>	<u>(495,187)</u>
(including refunds of employee contributions)				
Net change in total pension liability	1,952,395	2,501,476	2,780,158	2,411,316
Total pension liability - beginning	<u>34,466,095</u>	<u>31,964,619</u>	<u>29,184,461</u>	<u>26,773,145</u>
Total pension liability - ending (a)	<u>\$ 36,418,490</u>	<u>\$ 34,466,095</u>	<u>\$ 31,964,619</u>	<u>\$ 29,184,461</u>
Plan Fiduciary Net Position:				
Contributions - employer	\$ 1,415,850	\$ 1,316,975	\$ 1,272,354	\$ 1,214,701
Contributions - employee	519,867	499,512	474,001	457,884
Net investment income	3,308,963	1,464,418	30,322	1,048,915
Benefit payments,	<u>(1,228,334)</u>	<u>(1,061,496)</u>	<u>(644,824)</u>	<u>(495,188)</u>
(including refunds of employee contributions)				
Administrative expense	(17,139)	(16,532)	(18,467)	(10,949)
Other	<u>(867)</u>	<u>(892)</u>	<u>(910)</u>	<u>(900)</u>
Net change in plan fiduciary net position	3,998,340	2,201,985	1,112,476	2,214,463
Plan fiduciary net position - beginning	<u>23,861,687</u>	<u>21,659,702</u>	<u>20,547,226</u>	<u>18,332,763</u>
Plan fiduciary net position - ending (b)	<u>\$ 27,860,027</u>	<u>\$ 23,861,687</u>	<u>\$ 21,659,702</u>	<u>\$ 20,547,226</u>
Net pension liability (a) - (b)	<u>\$ 8,558,463</u>	<u>\$ 10,604,408</u>	<u>\$ 10,304,917</u>	<u>\$ 8,637,235</u>
Plan fiduciary net position as a percentage of total pension liability	76.50%	69.23%	67.76%	70.40%
Covered payroll	<u>\$ 7,424,492</u>	<u>\$ 7,122,810</u>	<u>\$ 6,771,449</u>	<u>\$ 6,541,206</u>
Net pension liability as a percentage of total covered payroll	115.27%	148.88%	152.18%	132.04%

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

CITY OF UNIVERSAL CITY, TEXAS

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

For the fiscal year ended September 30,

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 1,444,955	\$ 1,395,967	\$ 1,348,979	\$ 1,262,196
Contributions in relation to the actuarially determined contributions	<u>1,444,955</u>	<u>1,395,967</u>	<u>1,348,979</u>	<u>1,262,196</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 7,663,434</u>	<u>\$ 7,372,320</u>	<u>\$ 7,276,774</u>	<u>\$ 6,674,394</u>
Contributions as a percentage of covered payroll	18.86%	18.94%	18.54%	18.91%

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

CITY OF UNIVERSAL CITY, TEXAS

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

For the measurement year ended December 31,

	<u>2017</u>
Total OPEB Liability :	
Service cost	\$ 12,622
Interest on the total OPEB liability	9,846
Changes of benefit terms	-
Difference between expected and actual experience	-
Change of assumptions	24,959
Benefit payments	<u>(1,485)</u>
 Net change in total OPEB liability	 45,942
 Total OPEB liability - beginning	 <u>254,895</u>
 Total OPEB liability - ending	 <u>\$ 300,837</u>
 Covered payroll	 <u>\$ 7,424,492</u>
 Total OPEB liability as a percentage of covered payroll	 <u>4.05%</u>

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

CITY OF UNIVERSAL CITY, TEXAS

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

For the fiscal year ended September 30,

	<u>2018</u>
Actuarially determined contributions	\$ 13,385
Contributions in relation to the actuarially determined contributions	<u>13,385</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered payroll	<u>\$ 7,663,434</u>
Contributions as a percentage of covered payroll	<u>0.17%</u>

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

CITY OF UNIVERSAL CITY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Fiscal year ended September 30, 2018

(1) Budgetary information

The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. The following are the funds, which have legally adopted annual budgets: general fund, debt service fund, and capital projects funds. Budgetary controls are also utilized as a management tool for the enterprise funds.

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

(2) Actuary information

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	28 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.

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,	
	2018	2017
Assets:		
Cash and investments:		
Checking account	\$ 3,815,632	\$ 3,421,928
Savings account	8,102,943	8,744,952
Petty cash	992	842
Total cash and investments	11,919,567	12,167,722
Delinquent taxes receivable:		
(net of allowances for uncollectibles of \$57,311 and \$48,784)	108,491	111,860
Other receivables	978,326	977,570
Due from other governments	407,620	385,309
Due from other funds	1,758,018	1,807,602
Due from component unit	340	205,197
Inventory of supplies, at cost	1,588	910
Total assets	\$ 15,173,950	\$ 15,656,170
Liabilities:		
Accounts payable	\$ 465,214	\$ 409,651
Salaries payable	119,870	97,788
Due to other funds	63,180	59,981
Due to component unit	1,019	977
Deferred revenue	955,485	963,153
Total liabilities	1,604,768	1,531,550
Deferred Inflows of Resources:		
Unearned revenue - property taxes	108,491	111,860
Fund Balances:		
Nonspendable:		
Inventory	1,588	910
Restricted:		
PEG funds	346,699	302,613
Public safety	54,147	49,936
Fire	250	100
Library improvements	2,823	310
Hotel/motel	220,235	388,771
Parks	-	36,398
Child safety	21,673	-
Blue Santa	100	-
Animal shelter	37,974	34,543
Court technology	120,342	116,538
Court security	202,750	183,052
Northlake roads	150,000	150,000
Veterans park	78,461	51,401
Dog park	3,401	3,401
Animal shelter memorial	3,681	3,436
CPS	401,263	450,169
CPS 1%	107,161	-
Assigned:		
Capital projects	810,942	751,614
Future expenditures	-	-
Emergency funds	-	-
Unreserved	10,897,201	11,489,568
Total fund balances	13,460,691	14,012,760
Total liabilities, deferred inflows of resources, and fund balances	\$ 15,173,950	\$ 15,656,170

CITY OF UNIVERSAL CITY, TEXAS

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

GENERAL FUND

	Year ended September 30,	
	2018	2017
Revenues:		
Taxes	\$ 9,971,260	\$ 9,175,818
Licenses and permits	1,279,233	1,318,050
Intergovernmental	258,977	361,335
Contributions from component unit	208,364	204,864
Fines and forfeitures	1,338,395	1,239,055
Interest	26,781	42,555
Miscellaneous	<u>276,780</u>	<u>162,428</u>
Total revenues	<u>13,359,790</u>	<u>12,504,105</u>
Expenditures:		
Current:		
Administration	1,847,217	1,721,378
Planning and development	540,359	481,403
Finance	408,528	370,458
Municipal court	267,738	316,620
General services division	1,271,852	1,161,765
Police department	3,683,503	3,517,473
Fire department	2,413,268	2,338,826
Vehicle and equipment	176,400	166,798
Animal shelter	457,489	414,345
Library	325,304	264,430
Parks and recreation	819,954	666,911
Golf course	121,444	43,288
Promotion and development	<u>309,558</u>	<u>146,498</u>
Total expenditures	<u>12,642,614</u>	<u>11,610,193</u>
Excess of revenues over expenditures	<u>717,176</u>	<u>893,912</u>
Other financing sources (uses):		
Transfers in	120,663	43,288
Transfers out	<u>(1,389,908)</u>	<u>(798,458)</u>
Total other financing sources (uses)	<u>(1,269,245)</u>	<u>(755,170)</u>
Net change in fund balances	(552,069)	138,742
Fund balances at beginning of year	<u>14,012,760</u>	<u>13,874,018</u>
Fund balances at end of year	<u><u>\$ 13,460,691</u></u>	<u><u>\$ 14,012,760</u></u>

CITY OF UNIVERSAL CITY, TEXAS

COMPARATIVE BALANCE SHEETS

DEBT SERVICE FUND

	September 30,	
	2018	2017
Assets:		
Cash	\$ 2,412,870	\$ 2,449,772
Delinquent taxes receivable	34,778	35,607
Due from other governments	201,792	189,820
Due from other funds	638,536	635,337
Total assets	\$ 3,287,976	\$ 3,310,536
Liabilities:		
Accrued expenditures	\$ -	\$ 13,590
Due to other funds	1,046,901	855,108
Total liabilities	1,046,901	868,698
Deferred inflows of resources:		
Unearned revenue - property taxes	34,778	35,607
Restricted fund balance	2,206,297	2,406,231
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,287,976	\$ 3,310,536

CITY OF UNIVERSAL CITY, TEXAS

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

DEBT SERVICE FUND

	Year ended September 30,	
	2018	2017
Revenues:		
Taxes	\$ 2,490,182	\$ 2,481,170
Interest income	<u>18,874</u>	<u>7,778</u>
Total revenues	<u>2,509,056</u>	<u>2,488,948</u>
Expenditures:		
Administrative	333,903	-
Bond principal	1,251,000	1,201,000
Bond interest	592,256	635,665
Agent fees	2,400	2,400
Bond issuance cost	<u>-</u>	<u>-</u>
Total expenditures	<u>2,179,559</u>	<u>1,839,065</u>
Excess of revenues over expenditures	<u>329,497</u>	<u>649,883</u>
Other financing sources (uses):		
Transfer out	<u>(529,431)</u>	<u>(435,288)</u>
Total other financing sources (uses)	<u>(529,431)</u>	<u>(435,288)</u>
Net change in fund balances	(199,934)	214,595
Fund balances at beginning of year	<u>2,406,231</u>	<u>2,191,636</u>
Fund balances at end of year	<u>\$ 2,206,297</u>	<u>\$ 2,406,231</u>

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

	September 30,	
	2018	2017
Current assets:		
Cash:		
Checking account	\$ 6,895,600	\$ 5,703,821
Savings account	323,929	1,259,811
Petty cash	1,007	1,007
Cash - restricted	3,539,749	4,800,946
Total cash and cash equivalents	10,760,285	11,765,585
Receivables:		
Customer (net of allowance for uncollectibles of \$14,576 and \$10,729)	1,002,773	833,214
Inventory of supplies, at cost	133,470	122,696
Total current assets	11,896,528	12,721,495
Capital assets:		
Land	322,965	36,172
Building and improvements	2,253,028	2,253,028
Utility plant and easements	23,604,113	22,664,027
Transportation and equipment	2,067,263	2,067,263
Water rights	7,987,087	7,987,087
Construction in progress	1,498,363	197,505
Total capital assets	37,732,819	35,205,082
Less: accumulated depreciation	(11,576,436)	(10,923,456)
Total capital assets	26,156,383	24,281,626
Total assets	38,052,911	37,003,121
Deferred outflows of resources:		
Deferred outflow - TMRS pension	161,537	287,669
Deferred outflow - TMRS OPEB	3,822	-
Deferred outflow - deferred charge on refunded bond	158,390	178,468
Total deferred outflows of resources	323,749	466,137
Total assets and deferred outflows of resources	\$ 38,376,660	\$ 37,469,258

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

	September 30,	
	2018	2017
Current liabilities (payable from current assets):		
Accounts payable	\$ 421,191	\$ 339,088
Accrued wages and benefits	17,426	16,510
Accrued vacation and sick leave	77,022	74,158
Due to other funds	25,669	19,327
Customer deposits	842,694	790,753
Current portion of note payable	69,606	150,134
Total current liabilities (payable from current assets)	1,453,608	1,389,970
Current liabilities (payable from restricted assets):		
Accrued interest payable	32,612	38,229
Revenue and refunding bonds, current	920,000	930,006
Total current liabilities (payable from restricted assets)	952,612	968,235
Other liabilities:		
Net pension liability	1,054,402	1,306,463
OPEB liability	37,063	-
Note payable, noncurrent	-	69,606
Revenue and refunding bonds and taxnotes, noncurrent	10,494,803	11,414,803
Total other liabilities	11,586,268	12,790,872
Total liabilities	13,992,488	15,149,077
Deferred inflows of resources:		
Deferred inflow - TMRS pension	137,842	10,342
Net position:		
Net investment in capital assets	14,671,974	11,717,077
Reserved - impact fees	1,139,859	1,069,478
Reserved - capital projects	3,510,526	5,229,745
Unrestricted	4,923,971	4,293,539
Total net position	24,246,330	22,309,839
Total liabilities, deferred inflows and net position	\$ 38,376,660	\$ 37,469,258

CITY OF UNIVERSAL CITY, TEXAS

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

WATER AND SEWER ENTERPRISE FUND

	Year ended September 30,	
	2018	2017
Operating revenues:		
Water revenues	\$ 4,229,558	\$ 3,847,505
Sewer revenues	3,442,811	3,129,100
Fees and service charges	565,052	548,130
Miscellaneous income	37,210	42,208
Total operating revenues	8,274,631	7,566,943
Operating expenses (before depreciation):		
Public works:		
Payroll	341,149	385,605
Allowances	6,962	5,154
Communications	21,024	17,932
Utilities	3,368	1,838
Support services	295,027	253,806
Contract services	292,597	245,594
Supplies and materials	24,284	12,182
Total public works	984,411	922,111
Administration:		
Payroll	184,993	159,233
Allowances	569	-
Communications	3,233	2,830
Support services	130	-
Contract services	78,122	84,802
Supplies and materials	2,482	7,241
Total administration	269,529	254,106
Water department:		
Payroll	543,762	521,731
Allowances	11,999	12,122
Communications	38,022	27,676
Utilities	282,343	271,836
Contract services	961,167	860,446
Supplies and materials	187,051	142,052
Total water department	2,024,344	1,835,863

CITY OF UNIVERSAL CITY, TEXAS

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

WATER AND SEWER ENTERPRISE FUND

	Year ended September 30,	
	2018	2017
Operating expenses (before depreciation):		
Sewer department:		
Payroll	\$ 125,648	\$ 119,435
Allowances	3,916	3,972
Contract services	1,839,362	1,660,761
Supplies and materials	<u>23,351</u>	<u>18,318</u>
Total sewer department	<u>1,992,277</u>	<u>1,802,486</u>
Total operating expenses before depreciation	<u>5,270,561</u>	<u>4,814,566</u>
Operating income before depreciation	3,004,070	2,752,377
Depreciation	<u>652,980</u>	<u>602,052</u>
Operating income	<u>2,351,090</u>	<u>2,150,325</u>
Nonoperating revenues (expenses):		
Interest and investment income	10,975	16,143
Bond interest and fees	<u>(395,491)</u>	<u>(425,782)</u>
Total nonoperating revenues (expenses)	<u>(384,516)</u>	<u>(409,639)</u>
Change in net position	1,966,574	1,740,686
Net position at beginning of year	22,309,839	20,569,153
Restatement of net position	<u>(30,083)</u>	<u>-</u>
Net position at end of year	<u>\$ 24,246,330</u>	<u>\$ 22,309,839</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 10 fiscal years
(Accrual basis of accounting)**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental Activities:				
Net investment in capital assets	\$ 12,994,512	\$ 8,020,346	\$ 9,097,880	\$ 12,539,843
Restricted	2,014,045	7,341,387	5,991,897	3,327,299
Unrestricted	<u>8,354,592</u>	<u>8,773,249</u>	<u>10,306,495</u>	<u>10,737,485</u>
 Total governmental activities net position	 <u>\$ 23,363,149</u>	 <u>\$ 24,134,982</u>	 <u>\$ 25,396,272</u>	 <u>\$ 26,604,627</u>
 Business-Type Activities:				
Net investment in capital assets	\$ 10,700,810	\$ 12,184,381	\$ 13,059,154	\$ 13,686,729
Unrestricted	<u>4,266,842</u>	<u>3,572,350</u>	<u>3,899,995</u>	<u>4,306,340</u>
 Total business-type activities net position	 <u>\$ 14,967,652</u>	 <u>\$ 15,756,731</u>	 <u>\$ 16,959,149</u>	 <u>\$ 17,993,069</u>
 Primary Government:				
Net investment in capital assets	\$ 23,695,322	\$ 20,204,727	\$ 22,157,034	\$ 26,226,572
Restricted	2,014,045	7,341,387	5,991,897	3,327,299
Unrestricted	<u>12,621,434</u>	<u>12,345,599</u>	<u>14,206,490</u>	<u>15,043,825</u>
 Total primary government net position	 <u>\$ 38,330,801</u>	 <u>\$ 39,891,713</u>	 <u>\$ 42,355,421</u>	 <u>\$ 44,597,696</u>

TABLE 1

2013	2014	2015	2016	2017	2018
\$ 11,209,023	\$ 8,791,639	\$ 12,635,873	\$ 10,125,743	\$ 12,601,894	\$ 14,423,010
4,704,458	6,637,591	6,415,569	9,585,046	8,458,711	7,407,605
<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>7,151,079</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>	<u>\$ 28,981,694</u>
\$ 16,135,884	\$ 17,376,144	\$ 15,250,748	\$ 16,638,510	\$ 15,651,211	\$ 19,158,985
<u>3,447,586</u>	<u>3,444,311</u>	<u>5,550,539</u>	<u>5,826,589</u>	<u>9,027,962</u>	<u>8,099,746</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>	<u>\$ 27,258,731</u>
\$ 27,344,907	\$ 26,167,783	\$ 27,886,621	\$ 26,764,253	\$ 28,253,105	\$ 33,581,995
4,704,458	6,637,591	6,415,569	9,585,046	8,458,711	7,407,605
<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>15,250,825</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>	<u>\$ 56,240,425</u>

CITY OF UNIVERSAL CITY, TEXAS

CHANGE IN NET POSITION

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Expenses:				
Governmental Activities:				
Administrative	\$ 1,069,300	\$ 1,149,395	\$ 1,140,497	\$ 1,174,460
Planning and development	244,666	254,227	283,288	297,798
Finance	192,648	218,893	264,399	276,738
Municipal court	172,083	183,100	220,628	236,595
General services division	1,381,408	1,366,447	1,281,483	1,301,376
Police	2,498,209	2,570,229	2,864,431	2,918,843
Fire	1,863,301	1,854,602	1,956,515	2,055,168
Library	189,880	196,799	208,352	221,868
Vehicle and equipment maintenance	128,396	126,882	182,019	139,085
Animal shelter	302,050	331,097	335,559	352,776
Parks and recreation	269,312	247,677	234,855	212,900
Golf course	320,315	312,271	326,077	458,690
Promotion and development	12,229	31,871	2,906	619
Interest and other fees	<u>529,129</u>	<u>508,127</u>	<u>636,659</u>	<u>587,661</u>
Total governmental activities	<u>9,172,926</u>	<u>9,351,617</u>	<u>9,937,668</u>	<u>10,234,577</u>
Business-Type Activities:				
Water and sewer utility	4,200,727	4,477,987	4,758,438	5,067,049
Golf course	1,557,857	1,515,532	1,570,709	1,568,179
Stormwater management	<u>315,267</u>	<u>209,774</u>	<u>181,739</u>	<u>250,195</u>
Total business-type activities	<u>6,073,851</u>	<u>6,203,293</u>	<u>6,510,886</u>	<u>6,885,423</u>
Total primary government expenses	<u>\$ 15,246,777</u>	<u>\$ 15,554,910</u>	<u>\$ 16,448,554</u>	<u>\$ 17,120,000</u>
Program Revenues:				
Governmental Activities:				
Charges for service:				
Administration	\$ 402,609	\$ 408,551	\$ 447,264	\$ 424,292
Planning and development	355,573	313,294	389,608	431,840
Municipal court	1,249,456	1,142,002	1,395,333	1,683,483
Police/fire	11,141	11,191	27,619	119,762
Library	-	-	-	9,811
Vehicle and maintenance equipment	-	-	-	-
Animal shelter	-	-	-	397
Parks and recreation	-	2,433	9,581	-
Golf course	-	-	-	-
Operating grants and contributions	29,959	179,631	94,173	17,105
Capital grants and contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities program revenues	<u>2,048,738</u>	<u>2,057,102</u>	<u>2,363,578</u>	<u>2,686,690</u>

TABLE 2

	2013	2014	2015	2016	2017	2018
\$	1,273,334	\$ 1,320,412	\$ 1,392,385	\$ 1,815,623	\$ 2,041,854	\$ 2,226,995
	304,968	379,430	383,535	428,755	483,465	547,165
	289,470	312,943	324,928	350,727	371,031	376,499
	256,845	259,255	243,337	268,719	290,736	288,112
	1,670,670	1,574,085	1,663,816	1,772,893	1,841,027	1,990,953
	3,115,582	3,240,197	3,243,594	3,484,195	3,609,745	3,731,134
	2,148,474	2,075,576	2,171,658	2,243,882	2,422,784	2,602,650
	232,671	208,670	171,311	174,354	395,066	448,820
	148,809	156,396	145,945	165,186	159,196	176,865
	341,581	356,426	378,362	426,903	481,985	498,922
	258,130	279,597	283,604	303,649	383,235	436,533
	310,546	323,966	374,462	395,328	358,506	478,037
	43,291	-	-	-	-	-
	545,028	632,345	632,134	648,617	621,901	593,475
	<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>	<u>14,396,160</u>
	5,175,016	5,531,780	5,647,705	5,741,595	5,842,400	6,319,032
	1,666,950	1,672,990	1,674,518	1,775,312	1,842,290	1,888,258
	268,039	389,644	497,484	407,329	454,241	476,067
	<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>8,683,357</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>	<u>23,079,517</u>
\$	478,910	\$ 488,331	\$ 447,148	\$ 466,256	\$ 462,412	\$ 458,364
	513,545	393,180	554,608	557,959	723,012	835,926
	1,581,292	1,783,658	1,584,273	1,726,934	1,775,840	1,848,905
	30,539	16,864	37,675	19,547	32,544	48,557
	-	7,337	10,441	1,728	3,686	13,661
	-	28,803	-	-	-	-
	3,250	43,991	32,360	23,257	27,073	25,043
	3,355	41,330	22,380	22,933	25,184	30,583
	-	-	55,887	47,226	51,864	39,349
	37,404	142,308	23,769	98,737	169,982	8,977
	-	1,745,586	413,493	-	-	-
	<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>	<u>3,309,365</u>

(Continued)

CITY OF UNIVERSAL CITY, TEXAS

CHANGE IN NET POSITION

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Program Revenues (continued)				
Business-Type Activities:				
Charges for service:				
Water and sewer utility	\$ 5,379,061	\$ 5,000,325	\$ 5,720,367	\$ 5,789,027
Golf course	1,612,553	1,448,911	1,468,614	1,645,020
Stormwater management	411,052	409,507	418,164	419,894
Operating grants and contributions	-	-	-	62,188
Capital grants and contributions	<u>86,983</u>	<u>129,813</u>	<u>-</u>	<u>-</u>
Total business-type activities program revenues	<u>7,489,649</u>	<u>6,988,556</u>	<u>7,607,145</u>	<u>7,916,129</u>
Total primary government program revenues	<u>\$ 9,538,387</u>	<u>\$ 9,045,658</u>	<u>\$ 9,970,723</u>	<u>\$ 10,602,819</u>
<u>Net (Expense) Revenues:</u>				
Governmental activities	\$ (7,124,188)	\$ (7,294,515)	\$ (7,574,090)	\$ (7,547,887)
Business-type activities	<u>1,415,798</u>	<u>785,263</u>	<u>1,096,259</u>	<u>1,030,706</u>
Total primary government	<u>\$ (5,708,390)</u>	<u>\$ (6,509,252)</u>	<u>\$ (6,477,831)</u>	<u>\$ (6,517,181)</u>
Governmental Revenues and Other Changes in Net Position:				
Governmental Activities:				
Taxes				
General property taxes	\$ 4,830,409	\$ 4,730,271	\$ 5,383,851	\$ 5,348,840
Franchise taxes	1,064,818	1,071,838	1,113,931	1,049,800
Sales and other taxes	2,024,364	2,111,606	2,142,518	2,269,452
Interest and investment earnings	16,146	24,663	6,977	6,864
Miscellaneous	94,025	82,679	274,047	68,491
Transfer	-	-	(102,770)	-
Sales of capital assets	<u>37,058</u>	<u>45,291</u>	<u>16,826</u>	<u>12,795</u>
Total governmental activities	<u>8,066,820</u>	<u>8,066,348</u>	<u>8,835,380</u>	<u>8,756,242</u>

TABLE 2
(Continued)

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 5,919,920	\$ 6,529,171	\$ 6,869,755	\$ 7,226,060	\$ 7,566,943	\$ 8,274,631
1,710,792	1,657,943	1,522,115	1,449,305	1,424,400	1,488,538
493,090	568,382	684,861	593,453	627,294	675,762
-	-	-	-	-	-
<u>547,964</u>	<u>200,000</u>	<u>212,459</u>	<u>-</u>	<u>323,172</u>	<u>453,397</u>
<u>8,671,766</u>	<u>8,955,496</u>	<u>9,289,190</u>	<u>9,268,818</u>	<u>9,941,809</u>	<u>10,892,328</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>	<u>\$ 14,201,693</u>
\$ (8,291,104)	\$ (6,427,910)	\$ (8,227,037)	\$ (9,514,254)	\$ (10,188,934)	\$ (11,086,795)
<u>1,561,761</u>	<u>1,361,082</u>	<u>1,469,483</u>	<u>1,344,582</u>	<u>1,802,878</u>	<u>2,208,971</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>	<u>\$ (8,877,824)</u>
\$ 5,010,843	\$ 5,206,898	\$ 5,711,957	\$ 5,950,098	\$ 6,722,826	\$ 7,221,714
1,135,482	1,260,264	1,425,441	1,449,764	1,477,080	1,489,453
2,429,022	2,496,500	2,695,414	3,044,166	3,501,296	3,609,575
13,743	9,867	14,002	26,692	50,426	45,712
894,256	58,639	41,981	55,543	37,520	150,165
(26,103)	(18,345)	(170,000)	(308,216)	(392,000)	(408,768)
<u>506,509</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>	<u>12,107,851</u>

(Continued)

CITY OF UNIVERSAL CITY, TEXAS

CHANGE IN NET POSITION

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental Revenues and Other				
Changes in Net Position (Continued):				
Business-Type Activities:				
Interest and investment earnings	\$ 6,035	\$ 3,816	\$ 3,389	\$ 3,214
Miscellaneous	-	-	-	-
Transfer	<u>-</u>	<u>-</u>	<u>102,770</u>	<u>-</u>
Total business-type activities	<u>6,035</u>	<u>3,816</u>	<u>106,159</u>	<u>3,214</u>
 Total primary government	<u>\$ 8,072,855</u>	<u>\$ 8,070,164</u>	<u>\$ 8,941,539</u>	<u>\$ 8,759,456</u>
 Changes in Net Position:				
Governmental activities	\$ 942,632	\$ 771,833	\$ 1,261,290	\$ 1,208,355
Business-type activities	<u>1,421,833</u>	<u>789,079</u>	<u>1,202,418</u>	<u>1,033,920</u>
 Total primary government	<u>\$ 2,364,465</u>	<u>\$ 1,560,912</u>	<u>\$ 2,463,708</u>	<u>\$ 2,242,275</u>

TABLE 2
(Continued)

2013	2014	2015	2016	2017	2018
\$ 2,537	\$ 1,506	\$ 2,578	\$ 11,014	\$ 19,196	\$ 15,538
26,103	-	-	-	-	-
-	18,345	170,000	308,216	392,000	408,768
28,640	19,851	172,578	319,230	411,196	424,306
\$ 9,992,392	\$ 9,033,674	\$ 9,891,373	\$ 10,537,277	\$ 11,808,344	\$ 12,532,157
\$ 1,672,648	\$ 2,585,913	\$ 1,491,758	\$ 703,793	\$ 1,208,214	\$ 1,021,056
1,590,401	1,380,933	1,642,061	1,663,812	2,214,074	2,633,277
\$ 3,263,049	\$ 3,966,846	\$ 3,133,819	\$ 2,367,605	\$ 3,422,288	\$ 3,654,333

CITY OF UNIVERSAL CITY, TEXAS

FUND BALANCES - GOVERNMENTAL FUNDS

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

	FISCAL			
	2009	2010	2011	2012
General Fund:				
Nonspendable:				
Inventory	\$ -	\$ -	\$ 1,582	\$ 2,547
Restricted:				
PEG funds	-	-	-	-
Public safety	-	-	31,253	31,082
Fire	-	-	-	-
Library improvements	-	-	14,242	12,812
Hotel/motel	-	-	259,127	292,364
Parks	-	-	29,333	29,333
Child safety	-	-	-	-
Blue Santa	-	-	-	-
Animal shelter	-	-	13,094	20,064
Court technology	-	-	146,723	160,338
Court security	-	-	163,848	142,859
Northlake roads	-	-	150,000	150,000
Veterans park	-	-	1,838	16,930
Dog park	-	-	3,050	114
Animal shelter memorial	-	-	-	-
CPS	-	-	-	-
CPS 1%	-	-	-	-
Assigned:				
Capital projects	-	-	150,000	860,857
Future expenditures	-	-	215,541	-
Unassigned			864,654	8,642,869
Reserved	615,366	594,185	-	-
Unreserved	<u>7,141,579</u>	<u>7,964,804</u>	-	-
Total general fund	<u>\$ 7,756,945</u>	<u>\$ 8,558,989</u>	<u>\$ 9,826,178</u>	<u>\$ 10,362,169</u>
All Other Governmental Funds:				
Restricted:				
Debt service	\$ -	\$ -	\$ 1,644,792	\$ 1,760,421
Capital projects	-	-	3,533,015	708,435
Reserved, debt service	1,398,679	1,553,373	-	-
Reserved, capital projects	<u>297,934</u>	<u>5,193,929</u>	-	-
Total all other governmental funds	<u>\$ 1,696,613</u>	<u>\$ 6,747,302</u>	<u>\$ 5,177,807</u>	<u>\$ 2,468,856</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						
2013	2014	2015	2016	2017	2018	
\$ 2,546	\$ 1,500	\$ 1,146	\$ 1,077	\$ 910	\$ 1,588	
99,917	149,728	202,421	255,000	302,613	346,699	
39,597	44,983	44,982	45,221	49,936	54,147	
-	-	-	-	100	250	
12,472	13,434	22,725	73,133	310	2,823	
229,872	234,680	325,328	428,280	388,771	220,235	
29,333	29,333	29,678	36,398	36,398	-	
-	-	-	-	-	21,673	
-	-	-	-	-	100	
26,697	36,987	5,563	19,074	34,543	37,974	
172,821	160,788	158,366	167,791	116,538	120,342	
170,982	148,605	166,392	158,425	183,052	202,750	
150,000	150,000	150,000	150,000	150,000	150,000	
35,181	27,565	34,089	46,138	51,401	78,461	
626	3,401	3,401	3,401	3,401	3,401	
2,876	3,391	3,636	3,636	3,436	3,681	
819,309	808,395	808,395	800,169	450,169	401,263	
-	-	-	-	-	107,161	
837,000	383,516	580,108	611,306	751,614	810,942	
-	-	-	-	-	-	
9,767,682	10,119,660	10,723,804	11,074,969	11,489,568	10,897,201	
-	-	-	-	-	-	
-	-	-	-	-	-	
<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>	<u>\$ 13,460,691</u>	
\$ 2,162,892	\$ 1,878,366	\$ 2,043,374	\$ 2,191,636	\$ 2,406,231	\$ 2,206,297	
1,711,036	3,754,830	3,224,468	6,005,836	4,731,071	3,957,284	
-	-	-	-	-	-	
-	-	-	-	-	-	
<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>	<u>\$ 6,163,581</u>	

CITY OF UNIVERSAL CITY, TEXAS

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

**LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	FISCAL			
	2009	2010	2011	2012
Revenues:				
Taxes	\$ 7,965,423	\$ 8,009,856	\$ 8,563,120	\$ 8,562,021
Licenses and permits	782,722	740,443	842,089	887,811
Intergovernmental	213,146	344,877	319,263	348,891
Contributions from component unit	182,977	188,094	176,671	165,322
Fines and forfeitures	848,506	790,537	845,079	1,092,899
Interest	16,146	24,663	6,977	6,864
Miscellaneous	159,037	176,348	352,983	124,786
Total revenues	<u>10,167,957</u>	<u>10,274,818</u>	<u>11,106,182</u>	<u>11,188,594</u>
Expenditures:				
Administrative	1,041,529	1,133,277	1,123,642	1,158,650
Planning and development	242,009	251,477	281,521	295,524
Finance	190,457	216,328	262,364	273,690
Municipal court	168,685	176,919	211,742	220,683
General services division	776,469	800,702	789,296	822,619
Police	2,383,978	2,416,427	2,699,080	2,759,633
Fire	1,624,798	1,625,177	1,713,189	1,813,621
Library	184,106	191,656	203,767	217,332
Vehicle and equipment maintenance	110,850	113,662	179,381	133,735
Animal shelter	242,952	270,561	272,135	289,993
Parks and recreation	272,472	246,002	236,996	215,292
Golf course	-	-	11,873	144,487
Promotion and development	12,229	31,871	2,906	619
Capital outlay	2,946,575	1,077,948	1,803,753	3,510,527
Debt service				
Principal	770,000	851,550	894,980	936,077
Interest and fiscal charges	514,185	563,439	618,993	598,572
Total expenditures	<u>11,481,294</u>	<u>9,966,996</u>	<u>11,305,618</u>	<u>13,391,054</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,313,337)</u>	<u>307,822</u>	<u>(199,436)</u>	<u>(2,202,460)</u>
Other Financing Sources (Uses)				
Transfers in	532,095	39,713	13,674	708,594
Transfers out	(532,095)	(39,713)	(116,444)	(708,594)
Premium on bonds	-	99,565	-	-
Bond issue proceeds	-	5,355,000	-	1,200,000
Payment to escrow agent	-	-	-	(1,170,500)
Tax notes issues	-	-	-	-
Capital lease	-	90,246	-	-
Total other financing sources (uses)	<u>-</u>	<u>5,544,811</u>	<u>(102,770)</u>	<u>29,500</u>
Net change in fund balances	<u>\$ (1,313,337)</u>	<u>\$ 5,852,633</u>	<u>\$ (302,206)</u>	<u>\$ (2,172,960)</u>

Debt service as a percentage of noncapital expenditures	15.0%	15.9%	15.93%	15.53%
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TABLE 4

		YEAR									
		2013	2014	2015	2016	2017	2018				
\$	8,819,812	\$	9,033,533	\$	9,700,718	\$	10,468,485	\$	11,656,988	\$	12,461,442
	1,014,037		1,024,491		1,124,459		1,118,237		1,318,050		1,279,233
	306,904		2,111,421		667,046		254,392		361,335		258,977
	178,910		177,773		182,475		192,922		204,864		208,364
	1,280,330		1,264,219		1,111,871		1,195,077		1,239,055		1,338,395
	13,743		9,867		14,002		26,692		50,426		45,712
	1,469,602		198,167		104,776		235,512		162,492		276,780
	<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>		<u>15,868,903</u>
	1,256,723		1,306,935		1,389,542		1,536,649		1,646,764		2,181,120
	303,930		379,625		376,955		428,095		478,528		540,359
	286,901		313,102		323,246		345,736		370,458		373,239
	240,611		238,533		223,739		246,135		268,605		259,502
	909,564		930,004		959,004		969,370		999,705		1,139,854
	2,903,403		3,018,370		3,042,100		3,240,082		3,380,890		3,553,370
	1,882,496		1,944,192		2,032,884		2,092,176		2,233,987		2,321,318
	231,302		202,572		167,681		170,621		259,931		279,003
	148,098		153,535		146,683		165,283		157,693		176,400
	281,216		295,137		321,805		355,239		414,345		430,304
	254,699		276,809		284,152		300,413		393,589		431,578
	2,335		-		26,049		46,915		-		-
	43,291		6,404		-		-		3,923		121,444
	619,875		4,708,134		1,308,826		3,346,191		3,576,807		3,237,811
	936,644		1,006,000		933,000		981,082		1,237,780		1,324,840
	557,608		626,428		705,554		653,673		646,331		615,783
	<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>16,985,925</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>		<u>(1,117,022)</u>
	173,711		1,480,360		96,634		632,506		-		1,510,571
	(199,814)		(1,498,705)		(266,634)		(940,722)		-		(1,919,339)
	46,275		192,977		359,192		172,606		841,746		-
	1,195,000		3,090,000		3,015,000		4,935,000		-		-
	-		-		(3,289,605)		-		(1,233,746)		-
	-		-		-		-		-		-
	-		-		-		130,567		546,698		-
	<u>1,215,172</u>		<u>3,264,632</u>		<u>(85,413)</u>		<u>4,929,957</u>		<u>154,698</u>		<u>(408,768)</u>
\$	<u>3,439,814</u>	\$	<u>1,678,323</u>	\$	<u>578,714</u>	\$	<u>3,543,614</u>	\$	<u>(921,428)</u>	\$	<u>(1,525,790)</u>
	14.59%		15.26%		14.99%		14.18%		15.08%		14.12%

CITY OF UNIVERSAL CITY, TEXAS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last 10 fiscal years

TABLE 5

<u>Fiscal Year Ended September 30,</u>	<u>Tax Roll</u>	<u>Total Direct Tax Rate</u>	<u>Percentage of Assessed to Estimated Full Value</u>	<u>Total Taxable Assessed Value</u>
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
2018	2017	0.561752	100%	1,290,253,549

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

CITY OF UNIVERSAL CITY, TEXAS

DIRECT AND OVERLAPPING PROPERTY RATES

Last 10 fiscal years

TABLE 6

Fiscal Year	City Direct Rates	Overlapping Rates					Total
		Schertz-Cibolo Universal City ISD	Judson Independent School District	Bexar County	Alamo Community College District	San Antonio River Authority	
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
2018	0.5617520	1.4900000	1.4250000	0.2912290	0.1491500	0.0172900	3.9344210

CITY OF UNIVERSAL CITY, TEXAS
PRINCIPAL PROPERTY TAXPAYERS

September 30, 2018

TABLE 7

Taxpayer	Taxable Assessed Value	Rank	Percent of Assessed Value
GS Kitty Hawk, LP	\$ 27,500,000	1	2.13%
Wal Mart Stores Inc., #2404	25,807,270	2	2.00
HEB Grocery Company LP	22,586,820	3	1.75
12900 East Loop1604 North LP	21,946,630	4	1.70
Frontline Sable Ridge, LP	19,500,000	5	1.51
FA-LEI Sunrise Canyon Associates, LLC	19,450,000	6	1.51
Peppermill Apartments, LP	17,000,000	7	1.32
Booker Triangle LLC	10,990,000	8	0.85
Trisource Partners, LLC	8,372,220	9	0.65
Coronado Square Income Partnerships LP	7,550,000	10	0.59

CITY OF UNIVERSAL CITY, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS

Last 10 fiscal years

TABLE 8

Fiscal Year Ended September 30,	Tax Roll Year	Tax Levied for the Fiscal Year	Current Tax Collections and Adjustments		Delinquent Tax Collections and Adjustments	Total Collections and Adjustments	
			Amount	Percent		Amount	Percent
2009	2008	\$ 4,850,562	\$ 4,805,568	99.07	\$ 37,395	\$ 4,842,963	99.84%
2010	2009	4,831,364	4,744,297	98.20	28,111	4,772,408	98.78
2011	2010	5,365,084	5,248,663	97.83	44,658	5,293,321	98.66
2012	2011	5,265,454	5,215,686	99.05	30,829	5,246,515	99.64
2013	2012	5,223,553	5,172,819	99.03	30,491	5,203,310	99.61
2014	2013	5,251,504	5,200,386	99.03	11,690	5,212,076	99.25
2015	2014	5,574,016	5,509,281	98.84	11,508	5,520,789	99.05
2016	2015	5,989,772	5,921,439	98.86	24,652	5,946,091	99.27
2017	2016	6,770,432	6,756,980	99.80	3,383	6,760,363	99.50
2018	2017	7,208,257	7,148,198	99.17	N/A	7,148,198	99.17

CITY OF UNIVERSAL CITY, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last 10 fiscal years

TABLE 9

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	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			
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
2018	-	14,224,000	-	554,563	2,610,000	5,300,000	5,435,000	-	189,171	69,606	28,382,340	4.36	1,342

- Notes: a. Details regarding the City’s outstanding debt can be found in Note 6 in the financial statements.
- b. See Table 13 for personal income and population data for the City. These ratios are calculated using personal income and population for the year.

CITY OF UNIVERSAL CITY TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2018

TABLE 10

	Debt Outstanding	Percentage Applicable to City	City's Share of Debt <u>2018</u>
Alamo Community College District	\$ 479,445,000	0.83%	\$ 3,979,394
Bexar County	1,271,192,300	0.83%	10,550,896
Bexar County Hospital District	876,814,000	0.83%	7,277,556
Judson Independent School District	620,279,891	10.78%	66,866,172
Schertz-Cibolo-Universal City Independent School District	415,664,359	3.93%	<u>16,335,609</u>
Subtotal overlapping debt			105,009,627
Direct debt - City of Universal City			<u>22,269,000</u>
Total overlapping and direct debt			<u>\$ 127,278,627</u>

Source of Data – compiled by Municipal Advisory Council of Texas, September 30, 2018

CITY OF UNIVERSAL CITY, TEXAS

DEBT MARGIN INFORMATION

Last 10 fiscal years

TABLE 11

Assessed valuation, 2017 Tax Roll \$1,290,253,549

Debt limit – Texas statutes do not provide a legal debt limit for cities;
however, through accepted practice a practical “economic”
debt limit is considered to be 10% of the assessed value \$129,025,355

Amount of applicable debt:

Bonded debt – General Obligation Bonds	\$ 22,269,000	
Less net assets in debt service fund	<u>(2,206,297)</u>	
		<u>20,062,703</u>

Debt margin \$ 108,962,652

	FISCAL YEAR				
	2009	2010	2011	2012	2013
Assessed value	<u>\$ 947,044,839</u>	<u>\$ 925,455,859</u>	<u>\$ 911,030,687</u>	<u>\$ 902,838,734</u>	<u>\$ 894,920,535</u>
Debt limit	\$ 94,704,484	\$ 92,545,586	\$ 91,103,069	\$ 90,283,873	\$ 89,492,054
Total net debt	<u>6,958,321</u>	<u>11,949,627</u>	<u>11,378,208</u>	<u>11,757,579</u>	<u>11,826,108</u>
Debt margin	<u>\$ 87,746,163</u>	<u>\$ 80,595,959</u>	<u>\$ 79,724,861</u>	<u>\$ 78,526,294</u>	<u>\$ 77,665,946</u>
Total net debt as a percentage of debt margin	7.93%	14.83%	14.27%	14.97%	15.23%

	FISCAL YEAR				
	2014	2015	2016	2017	2018
Assessed value	<u>\$ 930,716,777</u>	<u>\$ 994,173,349</u>	<u>\$ 1,101,012,604</u>	<u>\$ 1,202,521,484</u>	<u>\$ 1,290,253,549</u>
Debt limit	\$ 93,071,678	\$ 99,417,335	\$ 110,101,260	\$ 120,252,148	\$ 129,025,355
Total net debt	<u>14,414,634</u>	<u>16,106,626</u>	<u>19,859,364</u>	<u>21,313,769</u>	<u>20,062,703</u>
Debt margin	<u>\$ 78,657,044</u>	<u>\$ 83,310,709</u>	<u>\$ 90,241,896</u>	<u>\$ 98,938,379</u>	<u>\$ 108,962,652</u>
Total net debt as a percentage of debt margin	18.33%	19.33%	22.01%	21.54%	21.54%

CITY OF UNIVERSAL CITY, TEXAS

PLEDGED REVENUE COVERAGE

Last 10 fiscal years

TABLE 12

Year Ended September 30,	Water Revenue Bonds					Coverage
	Utility Services Charges	Less Operating Expense*	Net Available	Annual Average Requirements Revenue Bonds		
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	
2018	5,919,920	4,280,985	1,638,935	623,695	2.63	
2014	6,529,171	4,643,554	1,885,617	595,019	3.17	
2015	6,869,755	4,484,302	2,385,453	605,851	3.94	
2016	7,226,060	4,804,274	2,421,786	636,833	3.80	
2017	7,566,943	4,814,566	2,752,377	750,777	3.67	
2018	8,274,631	5,270,561	3,004,070	721,353	4.16	

*Excluding depreciation/amortization/bond interest and fees

CITY OF UNIVERSAL CITY, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last 10 fiscal years

TABLE 13

Year	Population	Income		Median Age	Education Level	School Enrollment	Unemployment Rate
		Personal Income	Personal Capita Personal Income		in Years of Schooling		
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
2018	21,144	650,283,720	30,755	35.60	13-16	*	3.10

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

* Information is not currently available

CITY OF UNIVERSAL CITY, TEXAS

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

Last 10 fiscal years

TABLE 14

	Full Time Equivalent Employees as of September 30,									
	<u>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>	<u>2018</u>
Function:										
General Manager:										
Management	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0
Finance	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0
Planning	3.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0
Building	2.0	2.0	2.5	2.5	2.5	4.0	4.0	4.0	4.0	4.0
Court	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Police:										
Officers	29.0	29.0	29.0	29.0	29.0	29.0	30.0	30.0	31.0	31.0
Civilians	10.5	10.5	10.5	10.5	10.5	11.0	11.0	11.0	11.0	11.0
Fire:										
Firefighters/Officers	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Civilians	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Public Works:										
Parks and recreation	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	4.0	4.0
General streets	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Water	9.0	9.0	9.0	9.0	9.0	10.0	12.0	12.0	11.0	11.0
Sewage	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Administration	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.0	5.0
Equipment maintenance	2.0	2.0	2.0	2.0	2.5	2.5	2.5	2.5	2.5	2.5
Animal control	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.5	5.5
Library	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.0	3.0
Golf Course	<u>29.5</u>	<u>28.5</u>	<u>22.3</u>	<u>22.3</u>	<u>22.3</u>	<u>23.5</u>	<u>23.5</u>	<u>23.5</u>	<u>23.5</u>	<u>23.5</u>
Totals	<u>146.13</u>	<u>146.13</u>	<u>140.38</u>	<u>140.38</u>	<u>140.88</u>	<u>145.13</u>	<u>148.13</u>	<u>148.13</u>	<u>145.50</u>	<u>146.50</u>

CITY OF UNIVERSAL CITY, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last 10 fiscal years

<u>Function / Program</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Police:					
Citations	6,256	11,208	12,174	9,154	11,610
Warnings	4,154	5,483	4,602	4,000	4,738
Calls for service	33,828	42,673	41,497	36,179	36,991
Arrests	1,619	1,978	1,874	1,168	1,848
Fire:					
Fire/miscellaneous calls	576	510	443	463	413
EMS calls	1552	1,538	1,499	1,434	1,367
Inspections	106	200	1,186	1,189	1,197
Complaints	-	-	-	-	-
Library:					
Volumes in collection	25,623	24,232	22,841	22,931	26,951
Total volumes borrowed	36,065	30,620	12,041	10,551	31,145
General services (in man hours):					
Street maintenance	1,019	1,991	1,990	2,185	3,521
Street sweeping	467	416	1,200	1,140	1,021
Alley maintenance	316	-	192	304	114
ROW maintenance	1,165	908	2,100	1,595	1,462
Signage	1,326	200	288	1,150	777
Brush chipping	544	624	1,080	795	1,200
Crack sealing	600	-	600	248	194
Concrete work	485	96	420	1,671	824
Drain maintenance	367	408	960	687	1,506
Easement maintenance	16	381	360	722	-
Park maintenance	5,774	5,597	1,200	9,127	10,008
Pat Booker road maintenance	-	-	200	-	-
Special events	2,189	672	2,200	1,833	1,980
Janitorial	2,365	3,314	4,400	4,076	1,504
Water:					
Total consumption (thousand of gallons)	834,473	759,777	800,262	740,012	706,840
Daily average	2,286,227	2,081,580	2,192,556	2,027,430	2,357,194
Maximum daily demand (thousands of gallons)	4,561	3,581	3,817	4,172	3,844
Total customers	6,110	6,069	5,984	5,929	5,873
Average use per connection	136,574	125,190	133,734	124,812	120,354

TABLE 15

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

CITY OF UNIVERSAL CITY, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last 10 fiscal years

TABLE 16

<u>Function / Program</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>	<u>2018</u>
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	16	20	20	17	17	19	20	20	21	19
Fire:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire vehicles	7	8	9	8	8	8	8	8	9	9
Animal Shelter:										
Control vehicle	2	2	2	2	2	2	2	2	2	2
Parks and Recreation:										
Playgrounds	5	5	5	5	5	5	7	7	5	5
Baseball/softball fields	6	6	6	6	6	6	6	6	6	6
Soccer/football	1	1	1	1	1	1	2	2	1	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	1
Pavilions	-	-	-	-	-	2	2	2	2	2
Clubhouse	-	-	-	-	-	1	1	1	1	1
Public Works:										
Streets	73	73	73	73	73	73	75	77	75	75
Traffic signals	3	3	3	3	3	3	3	3	4	4
Water:										
Storage units	7	7	7	7	7	7	7	7	7	7

COMPLIANCE SECTION

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INDEPENDENT AUDITORS' 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 2, 2019.

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

San Antonio, Texas
April 2, 2019