



THE TOWN OF  
**ESTLAKE**



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

**COMMUNITY GROWTH**  
*on the Horizon*

GOALS

VALUES

VISION

MISSION

STRATEGY

For the  
Fiscal Year Ended  
September 30, 2015



**TOWN OF WESTLAKE**

**TOWN OF WESTLAKE, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**Prepared by:**  
**Town of Westlake**  
**Finance Department**

**3 Village Circle, Suite 202**  
**Westlake, Texas 76262**



**TOWN OF WESTLAKE**

**TOWN OF WESTLAKE, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

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## Town of Westlake

February 22, 2016

Honorable Mayor, Council Members and the Citizens of the Town of Westlake,

The Town of Westlake (the "Town") Fiscal and Budgetary Policies require that the Town's Finance Department prepare a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Accordingly, the Comprehensive Annual Financial Report (CAFR) for the Town of Westlake, Texas for the fiscal year ended September 30, 2015, is hereby issued.

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making representations, the Town established a comprehensive internal control framework that was designed both to protect the Town's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

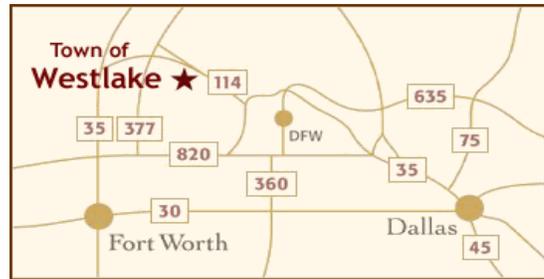
The Town's financial statements have been audited by Weaver and Tidwell, L.L.P. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended September 30, 2015, were free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for the fiscal year ended September 30, 2015, were fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

This report is presented in three sections: Introductory, Financial and Statistical. The Introductory Section includes this transmittal letter, a listing of Town Officials, and an organizational chart of the Town. The Financial Section includes the independent auditor's report on the basic financial statements, Management's Discussion and Analysis (MD&A), basic financial statements, the notes to

the basic financial statements, and combining and individual fund statements and schedules. The MD&A is a narrative introduction, containing overview and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement, and should be read in conjunction with the MD&A. The Town of Westlake's MD&A can be found immediately following the independent auditor's report. The Statistical Section includes financial and demographic information relevant to readers of the Town's financial statements. The statistical data is generally presented on a multi-year basis.

## Profile of the Town

Minutes from downtown Fort Worth, Texas and DFW International Airport, the Town of Westlake is home to several upscale residential communities and Fortune 500 companies, all of which share a unique character and charm, along with a commitment to excellence. The Town is located in northeast Tarrant County and may be conveniently accessed by several major thoroughfares, including SH 114 and US 377. The Town occupies approximately 7 square miles and serves a population of approximately 1,184. In 2015, the average size of new home construction was 9,693 square feet with an average estimated construction cost of \$1.68 million.



The Town, incorporated in 1956, is considered a Type A general-law municipality. The Town operates under the Council-Manager form of government. The Council is comprised of a mayor and five (5) council members and is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the Town Manager. The Town Manager is responsible for carrying out the policies and ordinances of the Council, for overseeing the day-to-day operations of the Town and appointing and supervising heads of various departments. The Mayor and Town Council members serve two (2) year terms. All elected officials are elected at-large.

The financial reporting entity (the government) includes all funds of the primary government (i.e. the Town of Westlake), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The following entities are considered blended component units:

**Lone Star Public Facilities Corporation** is a Texas nonprofit corporation that acts on behalf of the Town to further the public purposes under the Public Facilities Corporation Act, as it's duly constituted authority and instrumentality. The board of directors, appointed by the Town's governing body, is comprised of seven members, of whom five must be members of the Town's governing body.

**4B Economic Development Corporation** is a Texas nonprofit industrial corporation under the Development Corporation Act of 1979 formed to promote economic development within the Town and the State of Texas in order to eliminate unemployment and underemployment, and to promote and encourage employment and the public welfare of, for, and on behalf of the Town by developing, implementing, financing, and providing one or more projects defined and permitted under Section 4B of the Act. The board of directors is composed of seven persons appointed by the members of the Town's governing board. Four of the members of the board of directors are members of the Town's governing board.

**Westlake Academy (Academy)** is an open-enrollment charter school, as provided by Subchapter D, Chapter 12, of the Texas Education Code. The Town of Westlake (“Charter Holder”) applied for and became the first municipality in Texas to ever receive this special charter designation. The Academy had 658 students in FY 12-13 and serves Kindergarten thru 12<sup>th</sup> grade. The Academy graduated their first class in FY 09-10. The Board consists of six (6) trustees and is appointed by the Town’s governing body. Currently, all members of the board of trustees are members of the Town’s governing body. The Academy’s year-end is August 31.

Discretely presented component units are legally separate entities and not part of the primary government’s operations. These component units are as follows: Texas Student Housing Corporation-Denton Project, Texas Student Housing Authority-Jefferson Commons at Town Lake Austin Project, Texas Student Housing Corporation-College Station Project, and Texas Student Housing Authority.

### **Services Provided**

The Town provides to its citizens those services that have proven to be necessary and meaningful and which the Town can provide for the least amount of cost. Major services provided under the general government and enterprise functions are: Fire and emergency medical services, police, water and sewer utility services, park and recreational facilities, street improvements, education and administrative services. The Town utilizes a combination of direct service delivery along with out-sourced services in its service delivery mix. The decision as to which service to deliver directly versus out-sourcing is based on analysis of cost-effectiveness, citizen responsiveness, and customer service quality.

## **Economic Conditions and Outlook**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the environment within which the Town operates.

### **Local Economy**

The Town staff is aware that the Town of Westlake does not create wealth, but instead, is entrusted with public dollars collected on behalf of our citizens. We are stewards who are fully vested in the success of the Town of Westlake and Westlake Academy. We exist as a municipal corporation for one reason and one reason only: to prioritize and deliver the best services possible with the resources provided to achieve an exceptional quality of life. This is a challenge the Staff takes very seriously, one that we pursue with vigor every day. Over the previous fiscal year, the Town has achieved and/or is continuing to work toward important initiatives and projects that will allow us to balance our “distinctive development, trails, and quality of life amenities amidst an ever expanding urban landscape.” These include:

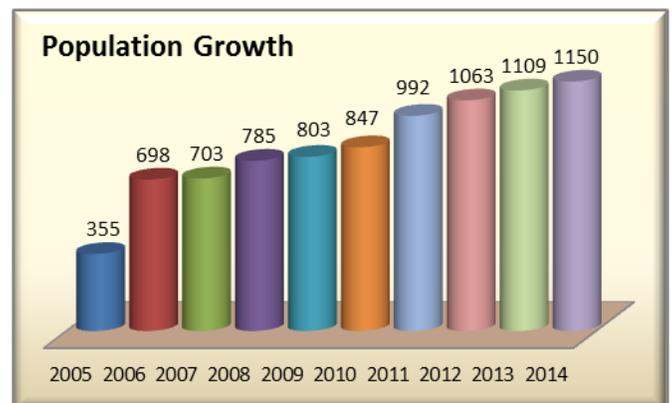
- ◆ Achievement and recognition for our transparency efforts and our fiscal stewardship through receipt of the following:
  - Distinguished Budget Presentation Award from the Governmental Finance Officers Association (GFOA) marking the 8th year in a row that we have received this honor for our municipal budget and the 6th year for our educational services budget (Westlake Academy).

- International Award for Budget Excellence from the Association of School Business Officials International for the past six years.
- Certificate of Achievement for Excellence in Financial Reporting for our Comprehensive Annual Financial Report (CAFR), also known as the annual audit which has also been recognized through GFOA for the last six years.
- Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR), by converting much of the CAFR document into an easy-to-read format for our residents. This was the Town's second year to achieve this award.
- ◆ Invested in an update of our existing Comprehensive Planning document as we worked with the Town Council, residents, and the appointed steering committee members to memorialize our community vision in the new document. Our current version was compiled in 1992 and many changes have occurred since that time. Progress continues through the facilitation efforts of an outside consultant as we move into the final phases with the updating of the associated ordinances that support the Plan.
- ◆ Invested in the third iteration of our strategic plan through the use of the Balanced Scorecard system. Council members worked with an outside consultant to create strategic themes and updated our vision, mission, and values statements for Westlake. Staff then identified outcome objectives, created a Tier One Strategy Map, and developed performance measures for Council adoption. We also began reporting the approved performance measures to the governing board this fiscal year.
- ◆ Invested in the Town's open enrollment charter school as Westlake Academy, completed its 12th year of operation and graduated our 6th class of seniors with 54 students.
  - Westlake Academy continues to have excellent academic and extra-curricular results and is ranked among the best high schools in America: Washington Post ranked us as 42nd out of 2,300 schools across the nation.
- ◆ Invested in the Town's CIP (\$1.7M) mainly through the continued progress of Phase 3 of the FM 1938/Davis Blvd. Streetscaping improvements.
  - Invested approximately \$100K in trail and park improvements; \$100K in an outdoor warning siren for emergency weather related events
  - Invested a total of \$316K in the Town's infrastructure through reconstruction and drainage improvements on Sam School Rd. and Dove Rd.

### **Short Term Trends, Challenges and Planning**

Over the history of our Town, municipal budgets have been prepared with an eye toward being fiscally conservative, while providing the high quality customer service that our residents have come to expect in Westlake. As a component of our budgets, we also identify current trends to be stewards of our community. Some of these factors can be found below:

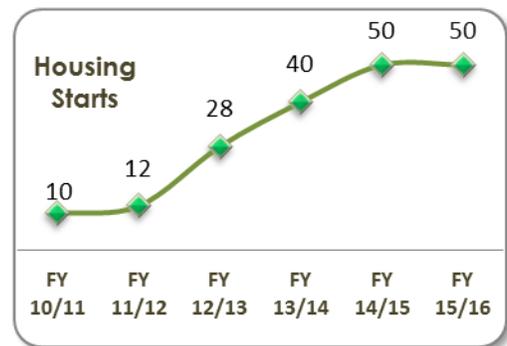
- ◆ **Westlake's Permanent Population Growth:**  
This is the portion of our population considered to be our permanent residents. An increase in population of 185 in 1990 to the present 1,150 represents a 522% increase for a net gain of 965 residents. We will need to monitor and plan for the continued increase in these numbers in light of Forging Westlake's forecast of 7.12% population growth between now and 2040.



- ◆ **Traffic Demands Due to Growth in Westlake and Surrounding Cities’:** The 4 cities that surround Westlake are also projected to have a combined population of 215,000 people by 2040. As stated earlier, Westlake is estimated to grow to 7,000 by that same time. Internally current zoning entitlements, if executed, would create an estimated 300,000 vehicle trips per day. Local impacts associated with this level of growth affects the Town’s street infrastructure, water and sewer system capital investment requirements, as well as demand for daily municipal services

- ◆ **Balanced Growth to Impact Cost of Municipal Services:** Likewise, the ability to pay for municipal services utilizing a cost effective revenue format requires balanced growth that provides for commercial development and a diversified tax base, while maintaining the community’s bucolic atmosphere. At the same time, we must continue to ensure the policy direction of the Town is focused on growth paying for the infrastructure for which it creates the demand.

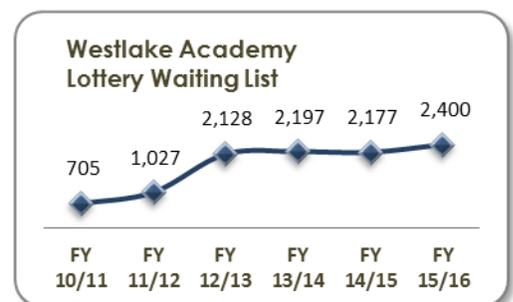
- ◆ **Housing Start Increases:** This past year, we continued to see single family residential construction as a result of Granada Phase 1 receiving a final plat. Existing subdivisions such as Vaquero and Terra Bella also had strong home construction activity. This is depicted in the side-chart – prerecession starts were at 38 per year and we are estimating 50 for the coming fiscal year. Housing starts in Westlake, due to the high value, adds taxable value, but impacts the demand for our municipal services, especially the Town’s charter school.



- ◆ **Management of Development:** As the economy and the surrounding cities in the Metroplex experience commercial development and individuals continue to make the North Texas Region their home, we will need to manage our distinctive housing developments to ensure we maintain our community as an ‘oasis of natural beauty’ as outlined in our Vision statement.

- ◆ **Daytime Population:** Because Westlake is the home of many major corporate office campuses, its Monday-Friday daytime population swells to approximately 10,000 - 12,000 individuals. These office complexes are comprised of notable corporate clients that include Deloitte LLP, Core Logic and Fidelity Investments. Staff will continue to monitor our corporate stakeholders and attempt to identify avenues to strengthen these relationships and assist in drawing new corporations to Westlake.

- ◆ **Continued Impact of Westlake Academy on Residential Growth:** The number of Westlake residents who are selecting Westlake Academy as the educational choice for their students has doubled in the past five years. Resident surveys continually indicate that the Academy is one of the main reasons they moved to Westlake, and why they plan to remain in our community. For example, the 2015 survey results indicate that 96% of the parents say that enrollment at Westlake Academy was very/somewhat important to their decision to live in the community.



- ◆ **Increase in Westlake Academy Overall Enrollment and Opening of New School Buildings:** The Academy has experienced steady enrollment growth from 491 in SY 2009-10 to a projected 832 in SY 2015-16. The current increase of student population is a result of the Phase I expansion efforts on the Academy campus and our community growth. It will require that we carefully manage our student enrollment processes to provide adequate space for children of Westlake residents. Approximately 39,000 sq. ft. of new facilities spaces was opened in SY 14/15, which was comprised of a secondary classroom building, field house, and a primary years' multi-use building. All of these buildings increased our capacity and allowed for decompression of our current facilities. The lottery waiting list for admissions continues to grow from 705 in 2011 to 2,400 students for this coming school year.
- ◆ **Public Education Funding Shortfall:** State funding of public education was decreased by the State Legislature in 2011. While it has increased somewhat since then, the allocation has not kept pace with basic cost increases. This negatively impacts Westlake since it owns and operates a public charter school, Westlake Academy, which receives 79% of its operational funding from the State.
- ◆ **Implementation of the Comprehensive Plan:** With adoption of the Town's new Comp Plan, Forging Westlake, a number of our ordinances need to be rewritten and new ones drafted so that the Plan's recommendations can be implemented. The task of implementing the changes to the ordinances will require additional staff time and oversight to ensure we reflect the direction of the Council and the Comp Plan.
- ◆ **Pursuit of Infrastructure and Services Reinvestment While Combating Certain Cost Increases:** With growth comes the need for reinvestment through capital spending for infrastructure, equipment, as well as work force attraction/retention. This must be facilitated in concert with the consideration of additional staffing needs to maintain our service levels. We have balanced all these components in light of maximizing staff efficiencies and processes to help contain large expenditure drivers such as employee health insurance.
- ◆ **Continued emphasis on long-range financial planning:** The FY15-16 budget contains an updated Long-Range Financial Forecast which identifies key revenue and expenditure drivers while assessing historical financial trends and their potential impact upon the town's financial stability. The forecast must be monitored and updated during the budget formulation process as well as reviewed with the Town Council as the budget is being prepared. Staff will also continue to produce a quarterly financial report for the Council that monitors and analyzes trends in the General Fund, Utility Fund, and Visitor Association Fund. The report serves as a valuable tool to assist in developing a proactive, rather than reactive, approach to our changing financial trends.

Users of this document, as well as others interested in the programs and services offered by the Town of Westlake, are encouraged to read the Town's Fiscal Year 2015-16 Budget. The budget details the Town's long-term goals and financial policies, and describes program accomplishments and initiatives.

## Other Information

The Government Finance Officers Association of the United States of America and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Westlake for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2014. This was the eighth year the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report (CAFR) continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

In addition, we also received our eighth GFOA Distinguished Budget Presentation Award for the fiscal year beginning October 1, 2014 for our municipal budget and the 6th year for our educational services budget for Westlake Academy, a component unit of the Town. In order to qualify for the Distinguished Budget Presentation Award, the Town and Academy budget documents had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

Westlake Academy has also received recognition from the Association of School Business Officials International as a recipient of the International Award for Budget Excellence for the past six years.

The Finance Department received its third Popular Annual Financial Report (PAFR) converting much of the FY 2013-2014 audit document into an easy-to-read format for our residents. The goal is to encourage resident awareness as it relates to Town finances through the condensed version of the budget. The report provides an “overview of our financial position and policies, and conveys our commitment to delivering responsive services and programs in a fiscally responsible manner.”

## Acknowledgements

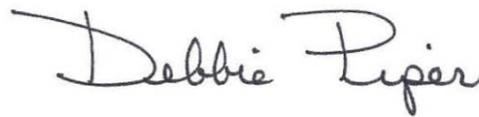
The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Appreciation is expressed to Town employees throughout the organization, especially those employees who were instrumental in the successful completion of this report.

The staff would also like to thank the Mayor and Town Council for their conservative leadership and their support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectfully Submitted,



Tom Brymer  
Town Manager



Debbie Piper, CPA  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

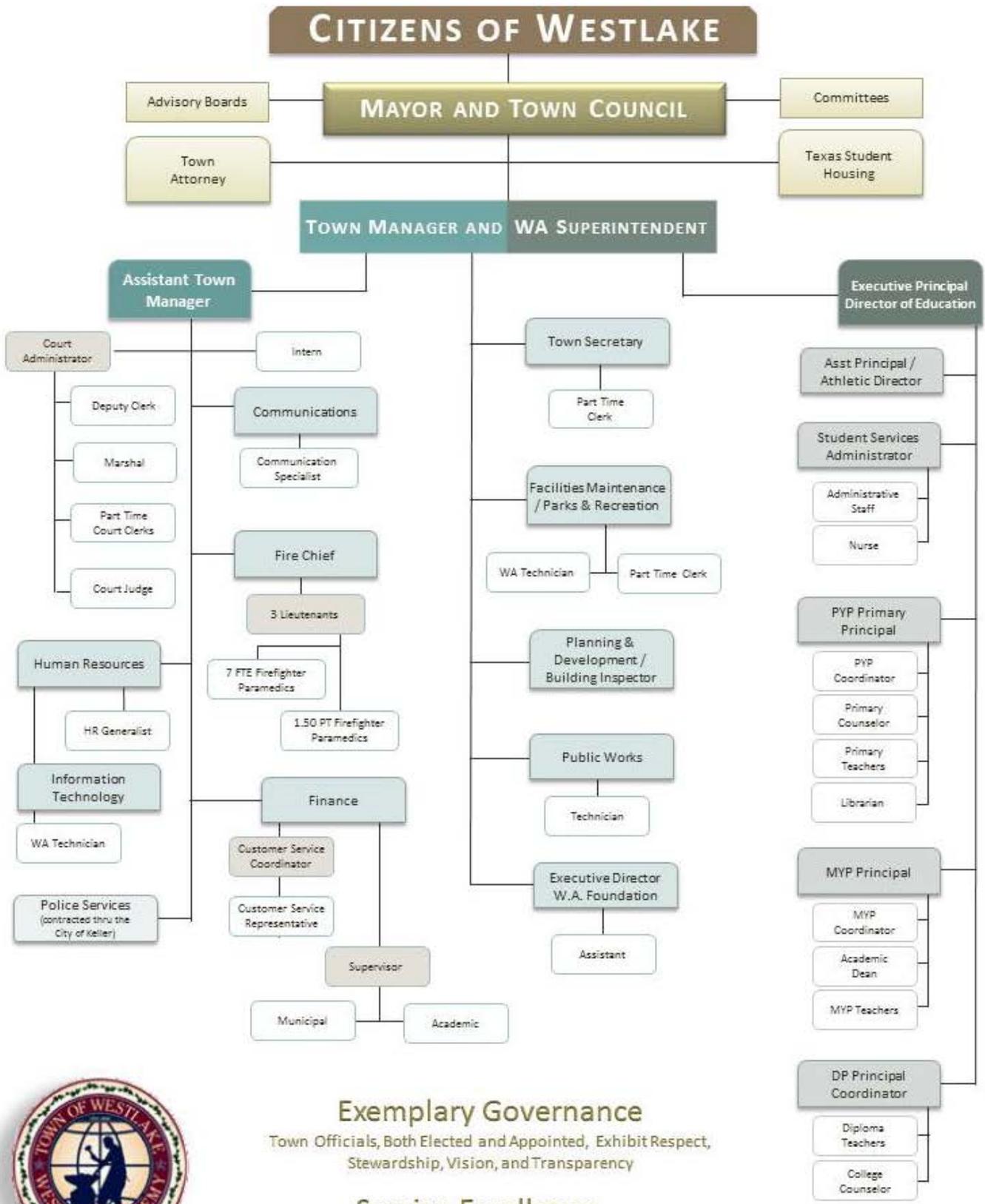
Presented to

**Town of Westlake  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2014**

Executive Director/CEO



### Exemplary Governance

Town Officials, Both Elected and Appointed, Exhibit Respect, Stewardship, Vision, and Transparency

### Service Excellence

Public Service that is Responsive and Professional, while balancing Efficiency, Effectiveness and Financial Stewardship

# TOWN OF WESTLAKE

## ELECTED AND APPOINTED OFFICIALS

September 30, 2015



**Laura  
Wheat**



**Alesa  
Belvedere**



**Michael  
Barrett**



**Rick  
Rennhack**



**Carol  
Langdon**



**Wayne  
Stoltenberg**

### ELECTED OFFICIALS

Mayor Laura Wheat

Mayor Pro-Tem Carol Langdon

Council Member Ales Belvedere

Council Member Michael Barrett

Council Member Rich Rennhack

Council Member Wayne Stoltenberg

### APPOINTED OFFICIALS

#### **TOM BRYMER**

Town Manager

#### **AMANDA DEGAN**

Assistant Town Manager

#### **GINGER AWTRY**

Director of Communications  
and Community Affairs

#### **DEBBIE PIPER**

Director of Finance

#### **KELLY EDWARDS**

Town Secretary

#### **EDDIE EDWARDS**

Director of Planning and  
Development

#### **TODD WOOD**

Director of Human Resources  
and Administrative Services

#### **JARROD GREENWOOD**

Director of Public Works

#### **RICHARD WHITTEN**

Fire Chief

#### **TROY MEYER**

Director of Facilities Maintenance  
and Parks and Recreation

#### **JASON POWER**

Director of Information  
Technology

## **FINANCIAL SECTION**



**TOWN OF WESTLAKE**



## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor  
and Members of Town Council  
Town of Westlake, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Westlake (the Town) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 misstatement 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter Regarding Going Concern**

The accompanying financial statements have been prepared assuming the discretely presented component units will continue as going concerns. As discussed in Note 17 to the financial statements, the discretely presented component units are in default on their bonds due to failure to meet certain bond covenants. This gives bond holders the right to accelerate and demand payment on the bonds in full. This condition raises substantial doubt about the discretely presented component units' ability to continue as going concerns. Management's plans regarding these matters are also described in Note 17. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

### **Change in Accounting Principle**

As discussed in Note 16 to the financial statements, in 2015 the Town adopted new accounting guidance, GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date". Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15 and budgetary comparison information and pension schedules on pages 77 through 84 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 Town's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate 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 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 combining and individual fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2016 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Town's internal control over financial reporting and compliance.



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
February 15, 2016



**TOWN OF WESTLAKE**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



**TOWN OF WESTLAKE**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the Town of Westlake offers the readers of the Town's financial statements this narrative overview and analysis of the financial activities and financial position of the Town for the fiscal year ended September 30, 2015. Financial reporting is limited in its ability to provide the "big picture" but rather focuses on financial position and changes in financial position. In other words; are revenues and/or expenditures higher or lower than the previous year? Has the net position (containing both short- term and long-term assets and liabilities) or fund balances (the current "spendable" assets less current liabilities) of the government been maintained? Readers are encouraged to consider the information presented here in conjunction with the additional information furnished in the letter of transmittal (pages i-vii of this report) and the statistical section (pages 94-112 of this report) as well as information in the annual operating budget, along with other community information found on the town's website at [www.westlake-tx.org](http://www.westlake-tx.org). It should be noted that the Independent Auditor's Report describes the auditors' association with the various sections of this report and that all of the additional information from the website and other Town sources are unaudited.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$58,370,808 (Net position). This number must be viewed within the context that the vast majority of the Town's net position of \$36,043,845 (61.7%) are capital assets and that most capital assets in a government entity do not directly generate revenue nor can they be sold to generate liquid capital. The net position restricted for specific purposes totaled \$17,827,177 (30.5%). The remaining amount, \$4,499,786 (7.8%), represents unrestricted net position.
- As of the close of the current fiscal year, the Town of Westlake's governmental funds reported combined ending fund balances of \$28,185,481, which is a increase of \$16,297,841 in comparison with the prior year. Within this total, \$20,801,880 is non-spendable, restricted, committed or assigned by management or council.
- At the end of the current fiscal year, fund balance for the general fund was \$7,680,550, a decrease of \$272,968 in comparison with the prior year. Of this total fund balance, \$7,383,601 is unassigned. This represents 109% of the total general fund expenditures and is equivalent to 283 operating days.
- The Town's capital assets (net of accumulated depreciation) increased by \$3,824,916. This is primarily attributed to the completion of the Westlake Academy Expansion project which includes a multi-purpose building, three story secondary school building and a field house.
- The Town's long-term debt decreased by \$1,331,958 in total, due to the scheduled repayment of principal on outstanding bonded debt.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of the following three components:

- 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

## Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The government-wide financial statements are prepared utilizing the economic resources measurement focus and the accrual basis of accounting.

The *statement of net position* presents information on all of the Town's assets and liabilities with the difference between the two reported as *net position*. Over time, increases or decreases in the Town's net position serves as a useful indicator of whether the financial position of the Town is improving or weakening.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All of the revenues and expenses 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 only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by sales taxes, property taxes, and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, culture and recreation, economic development, public works, visitor services and education. The business-type activities of the Town include water/sewer and cemetery.

The government-wide financial statements include not only the Town (known as the *primary government*), but also discretely presented component units including all of the Texas Student Housing entities. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. See pages 33- 34 of the "Financial Section" for detail on these entities. In addition, the Town has the following blended component units: Lone Star Public Facilities Corporation, 4B Economic Development Corporation, and Westlake Academy, an open enrollment charter school owned and operated by the Town of Westlake.

## Fund Financial Statements

A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Below are the three types of funds.

**Governmental funds** - *Governmental funds* are used to account for essentially the same functions reported as *government activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund 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. Such information may be useful in evaluating a government's near-term financial requirements.

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

The Town maintains ten individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Westlake Academy, Debt Service, Capital Projects, Solana PID Capital Projects, and Westlake Academy Expansion funds, all of which are presented as major funds. Data from the other funds (Visitors Association, Economic Development, Lone Star Public Facilities Corporation and Westlake 4B Economic Development Corporation) are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for all funds, except the Capital Projects, Solana PID Capital Projects, and Westlake Academy Expansion funds which are project-length based budgets. A budgetary comparison statement has been provided for all appropriate funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 19 -24 of this report.

**Proprietary funds** - There are two types of proprietary funds, Enterprise Funds and Internal Service Funds. An Enterprise Fund is the only proprietary fund currently maintained by the Town. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water and sewer activities and its cemetery activities. All activities associated with providing such services are accounted for in this fund, including administration, operation, maintenance, debt service, capital improvements, billing and collection. The Town's intent is that costs of providing the services to the general public on a continuing basis is financed through user based charges in a manner similar to a private enterprise. The Town has no Internal Service Funds (fund to report activities that provide supplies and services for the Town's other programs and activities, i.e. self-insurance and fleet management).

The basic proprietary fund financial statements can be found on pages 25 -27 on this report.

**Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is similar to the accounting used for proprietary funds. The Town of Westlake maintains one fiduciary fund, the PID Agency (debt service) Fund.

**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 33 – 76 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents schedules that further support the information in the financial statements.

The schedules are presented immediately following the notes to the financial statements and can be found on pages 77-92.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the government's financial position. In the case of the Town, assets exceeded liabilities by \$58,370,808 at the close of the most recent fiscal year.

The Town's *combined* net position changed from a year ago, increasing \$19,485,447 from \$38,885,361 to \$58,370,808. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

The largest portion of the Town's net position, \$36,043,845 (61.7%), reflects its investment in capital assets (e.g. land, buildings, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire capital assets still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town'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.

An additional portion of the Town's net position, \$17,827,177 (30.5%), represents resources that are subject to external or internal restrictions on how they may be used. The remaining balance of \$4,499,786 (7.8%) represents unrestricted net position which is available for the town's ongoing expenses.

**Table 1**  
**Condensed Statement of Net Position**  
**At September 30, 2015 and 2014**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Assets</b>						
Current and other assets	\$ 29,451,181	\$ 14,197,535	\$ 4,879,191	\$ 5,210,808	\$ 34,330,372	\$ 19,408,343
Capital assets	54,470,449	50,205,686	12,662,988	13,102,835	67,133,437	63,308,521
Total Assets	\$ 83,921,630	\$ 64,403,221	\$ 17,542,179	\$ 18,313,643	\$ 101,463,809	\$ 82,716,864
Deferred outflows of resources	1,549,467	1,194,749	42,985	-	1,592,452	1,194,749
<b>Liabilities</b>						
Noncurrent liabilities	29,466,305	29,866,622	6,357,349	6,389,337	\$ 35,823,654	\$ 36,255,959
Other liabilities	1,377,466	2,308,387	7,425,583	6,461,906	8,803,049	8,770,293
Total Liabilities	30,843,771	32,175,009	13,782,932	12,851,243	\$ 44,626,703	\$ 45,026,252
Deferred inflows of resources	58,750	-	-	-	58,750	-
<b>Net Position</b>						
Net investments in capital assets	29,633,298	32,048,991	6,410,547	6,734,414	\$ 36,043,845	\$ 38,783,405
Restricted	17,827,177	2,284,947	-	-	17,827,177	2,284,947
Unrestricted	7,108,101	(910,977)	(2,608,315)	(1,272,014)	4,499,786	(2,182,991)
Total Net Position	\$ 54,568,576	\$ 33,422,961	\$ 3,802,232	\$ 5,462,400	\$ 58,370,808	\$ 38,885,361

**Table 2**  
**Changes in Net Position**  
**For the years ended September 30, 2015 and 2014**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program revenues						
Fees, fines and charges for services	\$ 2,466,032	\$ 2,127,786	\$ 3,563,395	\$ 3,436,451	\$ 6,029,427	\$ 5,564,237
Operating grant and contributions	7,615,653	6,592,642	-	-	7,615,653	6,592,642
Capital grants and contributions	19,983,078	80,472	-	-	19,983,078	80,472
General revenues						
Taxes						
Sales taxes	4,925,428	4,725,845	-	-	4,925,428	4,725,845
Property taxes	1,438,969	1,367,069	-	-	1,438,969	1,367,069
Hotel occupancy taxes	872,179	796,481	-	-	872,179	796,481
Mixed beverage taxes	59,184	51,602	-	-	59,184	51,602
Franchise taxes	963,040	795,322	-	-	963,040	795,322
Interest on investments	28,904	26,713	7,083	7,114	35,987	33,827
Miscellaneous	198,199	246,633	-	-	198,199	246,633
Total revenues	<u>38,550,666</u>	<u>16,810,565</u>	<u>3,570,478</u>	<u>3,443,565</u>	<u>\$ 42,121,144</u>	<u>\$ 20,254,130</u>
<b>Expenses:</b>						
General governmental	3,145,716	2,784,587	-	-	3,145,716	2,784,587
Public safety	2,381,437	2,190,050	-	-	2,381,437	2,190,050
Culture and recreation	129,970	123,541	-	-	129,970	123,541
Economic development	171,757	147,680	-	-	171,757	147,680
Public works	1,081,996	955,794	-	-	1,081,996	955,794
Visitor services	665,936	493,087	-	-	665,936	493,087
Education	8,598,261	7,147,411	-	-	8,598,261	7,147,411
Interest on long-term debt	1,022,201	998,951	-	-	1,022,201	998,951
Water and sewer	-	-	4,861,529	3,690,137	4,861,529	3,690,137
Cemetery	-	-	7,297	7,121	7,297	7,121
Total expenses	<u>17,197,274</u>	<u>14,841,101</u>	<u>4,868,826</u>	<u>3,697,258</u>	<u>22,066,100</u>	<u>18,538,359</u>
Increase (decrease) in net position before transfers	21,353,392	1,969,464	(1,298,348)	(253,693)	20,055,044	1,715,771
Transfers	<u>323,100</u>	<u>43,399</u>	<u>(323,100)</u>	<u>(43,399)</u>	<u>-</u>	<u>-</u>
<b>Change in net position</b>	21,676,492	2,012,863	(1,621,448)	(297,092)	20,055,044	1,715,771
Net position, beginning as previously stated	33,422,961	32,057,541	5,462,400	5,759,492	38,885,361	37,817,033
Cumulative effect of a change in accounting principle	<u>(530,877)</u>	<u>(647,443)</u>	<u>(38,720)</u>	<u>-</u>	<u>(569,597)</u>	<u>(647,443)</u>
<b>Net position, ending</b>	<u>\$ 54,568,576</u>	<u>\$ 33,422,961</u>	<u>\$ 3,802,232</u>	<u>\$ 5,462,400</u>	<u>\$ 58,370,808</u>	<u>\$ 38,885,361</u>

**Governmental activities:** Governmental activities increased the Town's net position by \$21,145,615 (63.3%), increasing net position from \$33,422,961 to \$54,568,576. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, other legal requirements, and/or Council or management's decision, increased by \$8,019,078.

Total revenues for governmental activities increased by \$21,740,121 when compared to the prior year. General revenue had an increase of \$476,238, while program revenues had an increase of \$21,263,863.

#### *Program revenues*

- Fees, fines and charges for services increased by \$338,246 which was primarily due to an increase of building permits/fees related to Granada and Entrada as well as Terra Bella.
- Operating Grants and Contributions increased by \$1,323,011 primarily due to the increase of state funding as a result of increased enrollment at Westlake Academy due to the campus expansion as well as increased grant revenues from Westlake Academy Foundation and Hudson Foundation.
- Capital Grants and Contributions increased by \$19,902,606 with the major portion (\$18M) associated with the contribution of funds related to the Public Improvement District (PID).

#### *General revenues*

- Sales tax increased by \$199,583 which can be attributed to the continued improvement in the local economy as well as several new technology and professional related companies and several one-time payments related to purchases and/or construction.
- Hotel occupancy taxes increased by \$75,698 which now includes receipts from Deloitte University as well as Solana Marriott.
- Increase in property tax receipts of \$71,900 and franchise fees by \$167,718.
- Increase in Miscellaneous of \$361,566 is due to contributions by TxDot and Fidelity related to FM 1938.

#### *Expenses*

- Total expenses for governmental activities increased by \$2,356,173 or approximately 18%. The increase is made up of several components. The major portion of the total increase was due to capital outlay associated with the Solana PID and \$1,450,850 was related to the education expenditures because of staffing and supplies needed for the extra students and classroom supplies caused by the three additional buildings/classrooms. Additionally, the Executive Principal completed her first full year of employment and salary adjustments to other leadership positions during the fiscal year.

**Business-type Activities:** The net position of our business-type activities ended fiscal year 2015 at \$3,802,232 compared with \$5,462,400 in 2014. This represents a decrease in net position of \$1,660,168, or 30% less than the prior fiscal year.

Revenues of the Town's business-type activities were \$3,570,478 for the fiscal year ending September 30, 2015. Revenues (Charges for Services) increased by \$126,913 or 4% over the prior year. Operating expenses for the business-type activities were \$4,868,826 for the year, an increase of \$1,171,568 or 32%. This increase was primarily attributed to a payment to the City of Fort Worth for the Town's proportionate share of water system upgrades to provide Westlake with future capacity needs. Additional payments of approximately \$2M will be made in subsequent years until the completion of the project. The business-type activities also had net transfers out of \$323,100 in 2015 compared to net transfers out of \$43,399 in the prior year which represented an interfund repayment.

## **FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$28,185,481; an increase of \$16,297,841 in comparison with the prior year. Approximately 26.2% of this total (\$7,383,601) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending because it has already been committed.

The following tables present a summary of general, special revenue, capital project, and debt service fund revenues and expenditures for the fiscal year ended September 30, 2015, and the amount and percentage of increases and decreases in relation to the prior year.

**Table 3  
Summary of Governmental Funds Revenues**

<u>Revenues</u>	<u>2014-5 Amount</u>	<u>Percent Of Total</u>	<u>Increase (Decrease) From 2013-14</u>	<u>Percent Increase (Decrease)</u>
Taxes				
Sales taxes	\$ 4,925,428	13.1%	\$ 199,583	4.2%
Property taxes	1,432,917	3.8%	79,561	5.9%
Hotel occupancy taxes	59,184	0.2%	7,582	14.7%
Mixed beverage taxes	872,179	2.3%	75,698	9.5%
Franchise taxes	963,040	2.6%	167,718	21.1%
Subtotal - Taxes	<u>8,252,748</u>	<u>21.9%</u>	<u>530,142</u>	<u>6.9%</u>
State program	6,173,418	16.4%	903,777	17.2%
Federal program	87,797	0.2%	7,694	9.6%
Interest income	28,904	0.1%	2,191	8.2%
Building permits and fees	1,200,790	3.2%	25,715	2.2%
Fines and penalties	734,152	1.9%	3,711	0.5%
Intergovernmental	3,810	0.0%	270	7.6%
Contributions	18,785,953	49.8%	18,703,507	22685.8%
Miscellaneous	2,467,381	6.5%	805,918	48.5%
Total Revenues	<u>\$ 37,734,953</u>	<u>100.0%</u>	<u>\$ 20,982,925</u>	<u>125.3%</u>

**Table 4  
Summary of Governmental Funds Expenditures**

<u>Expenditures</u>	<u>2014-15 Amount</u>	<u>Percent Of Total</u>	<u>Increase (Decrease) From 2013-14</u>	<u>Percent Increase (Decrease)</u>
General government	\$ 2,411,239	11.0%	\$ 174,879	7.8%
Public safety	2,490,551	11.4%	343,964	16.0%
Culture and recreation	130,322	0.6%	6,781	5.5%
Economic development	171,757	0.8%	24,072	16.3%
Public works	744,028	3.4%	128,247	20.8%
Visitor services	670,157	3.1%	177,075	35.9%
Education	7,938,501	36.2%	794,823	11.1%
Capital outlay	5,274,282	24.0%	(4,689,765)	-47.1%
Debt services	2,108,174	9.6%	(82,275)	-3.8%
Total Expenditures	<u>\$ 21,939,011</u>	<u>100.0%</u>	<u>\$ (3,122,199)</u>	<u>-12.5%</u>

Below are summaries and explanations of the changes in fund balances from fiscal year 2014 to fiscal year 2015 of the Governmental Funds that are contained in the above totals.

General Fund - Fund balance decreased \$272,968 (3%). Most General Fund revenue categories realized increases over the prior year and many surpassed budget estimates as well. Sales tax receipts, franchise and fines and penalties exceeded both budget and prior year. Sales taxes grew as a result of continued improvement in the local economy with several new technology and professional related companies and one-time payments related to purchases and/or construction. An additional \$485K was transferred from the General Fund with a large portion being contributed to building permits and fees related to Entrada and Granada which have been designated to be moved to the Capital Project Fund for future projects.

Visitors Association Fund- Fund balance decreased by \$27,455 (2%) primarily due to the additional funds paid to the Marriott based on an economic development agreement to bring more groups to Westlake.

Capital Projects Fund - Fund balance increased by \$831,893 (63%) largely due to the transfer in from the General Fund of Entrada and Granada fees which were designated for future projects and additional transfers for various capital projects.

Westlake Academy Expansion Fund- Fund balance decreased by \$28,941 (7%) with the final expenditures of the Phase I construction being offset by the transfer in of lot fees based on an economic development agreement related to Granada lot sales.

Solana Public Improvement District (PID) Capital Project Fund – This is a new fund created to detail the funds contributed based on bond proceeds for the construction of infrastructure for the Entrada development. All infrastructure will be conveyed to the Town upon completion. Fund balance increased by \$15,173,051 based on the contribution of \$18M offset by construction draws for the project and bond issuance costs.

Proprietary Funds. The Town's proprietary fund statements provide the same type of information found in the government-wide financial statements with greater detail. Total net position of the Proprietary Funds amounted to \$3,802,232, a decrease of \$1,660,168 which was primarily due to the payment to the City of Fort Worth for the Town's proportionate share of water system upgrades to provide Westlake with future capacity needs. Additional payments will be made in subsequent years.

### **General Fund Budgetary Highlights**

The General Fund budget for fiscal year 2015 was amended in total to increase the net change in fund balance from \$(1,655,765) to \$(674,171), a total increase of \$981,594. The amended budget for net revenues was increased by \$591,736 (8%) based on anticipated increases in several categories and the amended budget for expenditures was increased by \$380,683 while other financing sources (uses) increased by \$976,540. This was primarily due to unanticipated insurance proceeds offset by a reduction of transfers out to Debt Service. Sales tax receipts in 4B Economic Development Fund are used for debt service and the General Fund transfers out the shortfall. More than anticipated sales tax revenues were received; therefore, a smaller amount of funds had to be transferred to the Debt Service Fund.

The General Fund actual revenue collections were less than the amended budget by \$187,265 which can be attributed to the additional receipt of taxes offset by the anticipated addition of building permits and fees which weren't received due to timing. The final expenditures were \$971,368 (12%) less than budgeted. Several of the larger expenditures under budget were due to timing. We had anticipated the implementation of permitting software and the amendment to the Code or Ordinances

to support the newly approved Comprehensive Plan. These large items were not able to be completed by year-end but will be expensed in the current fiscal year 2015-2016. There was also a savings on the budgeted attorney and consultant fees as a result of reimbursements regarding the Entrada/Granada developments. The remaining larger savings were due to savings in contracted services and training.

### Capital Assets and Debt Administration

**Capital Assets.** The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2015, totaled \$67,133,437 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress. The net increase in the Town's investment in capital assets for the current fiscal year was \$3,824,916 or 6%. Increase for governmental activities was 8.5% (\$4,264,763) and 3.3% (\$439,847) decrease in business-type activities.

Major capital asset events during the current fiscal year included the following:

- o \$2.8M – Construction in Progress (Primarily PID)
- o \$842K – FM 1938 Town Improvements
- o \$723K – Fire Truck
- o \$489K – WA expansion
- o \$207K – Fire Station Complex
- o \$131K – WA Playground equipment
- o \$106K – Outdoor warning System
- o \$ 92K – Technology
- o \$ 56K - Open Space and Cemetery improvements
- o \$ 26K – Glenwyck Farms Park Improvements
- o \$ 11K – Facilities/Maintenance lawnmower

**Table 5**  
**Town's Capital Assets**  
**(Net of Accumulated Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 11,896,664	\$ 11,896,663	\$ -	\$ -	\$ 11,896,664	\$ 11,896,663
Capital improvements	10,539,908	7,814,722	10,461,290	10,809,857	21,001,198	18,624,579
Building	27,011,626	27,009,853			27,011,626	27,009,853
Machinery and equipment	1,914,727	1,016,010	1,802,085	1,861,591	3,716,812	2,877,601
W/W treatments rights			153,492	185,266	153,492	185,266
Construction in progress	3,107,524	2,468,438	246,121	246,121	3,353,645	2,714,559
Total capital assets	<u>\$ 54,470,449</u>	<u>\$ 50,205,686</u>	<u>\$ 12,662,988</u>	<u>\$ 13,102,835</u>	<u>\$ 67,133,437</u>	<u>\$ 63,308,521</u>

Additional information on the Town's capital assets can be found in Note 4 on pages 48- 51 of this report.

**Long-term debt-** At the end of the current fiscal year, the Town had total long-term debt outstanding of \$34,924,001. Of this amount, \$28,232,000 represents bonded indebtedness, \$33,814 economic development reimbursement, \$174,373 capital leases, \$323,227 in loans and \$5,226,294 contractual obligations. During the fiscal year 2014-2015, the Town's total debt payable decreased by \$1,331,958. This decrease was due to the scheduled repayment of principal and interest on outstanding bonded debt.

Standard & Poor's Ratings Services, a division of McGraw-Hill, Inc. has recently increased the Town's rate from AA to AA+/stable. Additional information about the rating agency or the significance of the rating provided may be obtained from Standard & Poor's web site. Additional information on the Town's long-term debt can be found in Note 5 on pages 51- 60.

**Table 6  
Outstanding Debt at Year-End**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 17,480,000	\$ 18,260,000	\$ -	\$ -	\$ 17,480,000	\$ 18,260,000
Certificates of obligation	9,759,250	10,029,800	992,750	1,014,200	10,752,000	11,044,000
Contractual obligations	33,814	65,789	5,226,294	5,320,824	5,260,108	5,386,613
Capital leases	174,373	237,378	-	-	174,373	237,378
Premium on bonds	701,120	744,328	33,397	33,397	734,517	777,725
Notes payable	323,227	371,464			323,227	371,464
Compensated absences	172,704	157,863	27,072	20,916	199,776	178,779
Total long-term debt	<u>\$ 28,644,488</u>	<u>\$ 29,866,622</u>	<u>\$ 6,279,513</u>	<u>\$ 6,389,337</u>	<u>\$ 34,924,001</u>	<u>\$ 36,255,959</u>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

In the FY 2015-16 adopted budget, the General Fund balance is anticipated to increase by \$398,987. General Fund revenues are budgeted to increase by 4% with sales tax making up 45% of the budgeted revenue. Ad valorem taxes are anticipated to increase by approximately 3% based on the certified roll of \$940,684,347 representing 15% of the budgeted revenues.

Expenditures are budgeted to increase \$455,731 a 6% increase. This includes an 11% increase in payroll which includes a full year of the increased payroll based on the survey performed in FY 14-15 to bring all personnel to market.

In this coming year, the Town's budget continues to be impacted by encouraging economic signs. Growth in Westlake, along the SH 114 corridor and with the progress of our new mixed-use development, Entrada, should continue to increase the commercial revenue sources. Additionally, increases are expected in residential-related revenues due to new housing developments on the horizon.

The Utility Fund FY 2015-16 adopted budget is estimated to decrease by \$1,658,588 primarily due to the payment to the City of Fort Worth for the Town's proportionate share of water system upgrades to provide Westlake with future capacity needs.

## **CONTACTING THE TOWN'S FINANCE DEPARTMENT**

This financial report is designed to provide our citizens, customers, and investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Debbie Piper, Town of Westlake Finance Director, at 817-490-5712 or email at [dpiper@westlake-tx.org](mailto:dpiper@westlake-tx.org).

## **BASIC FINANCIAL STATEMENTS**



**TOWN OF WESTLAKE**

**TOWN OF WESTLAKE  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015**

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,120,035	\$ 3,538,226	\$ 15,658,261	\$ 6,478,370
Receivables (net of allowance)	1,488,435	1,025,216	2,513,651	238,775
Inventories	-	96,589	96,589	-
Other assets	96,693	-	96,693	80,961
Restricted cash and cash equivalents	15,746,018	219,160	15,965,178	4,188,806
Capital assets:				
Land and construction in progress	15,004,188	246,121	15,250,309	7,282,413
Buildings and improvements	46,780,027	14,899,416	61,679,443	69,554,153
Wastewater treatment rights	-	635,199	635,199	-
Machinery and equipment	4,516,302	3,566,595	8,082,897	5,902,065
Less accumulated depreciation	(11,830,068)	(6,684,343)	(18,514,411)	(34,184,668)
Total capital assets	<u>54,470,449</u>	<u>12,662,988</u>	<u>67,133,437</u>	<u>48,553,963</u>
Total Assets	<u>83,921,630</u>	<u>17,542,179</u>	<u>101,463,809</u>	<u>59,540,875</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources - TRS pension	107,779	-	107,779	-
Deferred outflows of resources - TMRS pension	347,792	42,985	390,777	-
Deferred loss on refunding	1,093,896	-	1,093,896	-
Total Deferred Outflows of Resources	<u>1,549,467</u>	<u>42,985</u>	<u>1,592,452</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable	1,258,548	550,548	1,809,096	844,344
Customer deposit payable	-	219,160	219,160	-
Unearned revenue	1,100	284,535	285,635	2,137,931
Accrued interest payable	117,818	6,371,340	6,489,158	25,264,298
Noncurrent liabilities:				
Due within one year	1,252,914	123,493	1,376,407	74,661,851
Due in more than one year	28,213,391	6,233,856	34,447,247	-
Total Liabilities	<u>30,843,771</u>	<u>13,782,932</u>	<u>44,626,703</u>	<u>102,908,424</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable resources - TRS pension	58,750	-	58,750	-
Total Deferred Inflows of Resources	<u>58,750</u>	<u>-</u>	<u>58,750</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	29,633,298	6,410,547	36,043,845	(26,107,888)
Restricted for:				
Tourism	1,081,009	-	1,081,009	-
Construction	15,173,051	-	15,173,051	-
Court security and technology	203,173	-	203,173	-
Future projects	13,632	-	13,632	-
Education	1,356,312	-	1,356,312	-
Unrestricted	7,108,101	(2,608,315)	4,499,786	(17,259,661)
Total net position	<u>\$ 54,568,576</u>	<u>\$ 3,802,232</u>	<u>\$ 58,370,808</u>	<u>\$ (43,367,549)</u>

The accompanying notes are  
an integral part of this statement.

**TOWN OF WESTLAKE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 3,145,716	\$ 110,778	\$ -	\$ 18,119,637
Public safety	2,381,437	887,919	13,810	-
Cultural and recreation	129,970	-	6,750	-
Public works	1,081,996	936,245	-	649,566
Economic development	171,757	-	-	410,000
Visitor services	665,936	-	-	-
Education	8,598,261	531,090	7,595,093	803,875
Interest on long-term debt	1,022,201	-	-	-
Total governmental activities	<u>17,197,274</u>	<u>2,466,032</u>	<u>7,615,653</u>	<u>19,983,078</u>
Business-type activities:				
Water and sewer	4,861,529	3,549,775	-	-
Cemetery	7,297	13,620	-	-
Total business-type activities	<u>4,868,826</u>	<u>3,563,395</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 22,066,100</u>	<u>\$ 6,029,427</u>	<u>\$ 7,615,653</u>	<u>\$ 19,983,078</u>
Reported Discretely Presented Component Units	<u>\$ 17,995,200</u>	<u>\$ 14,488,825</u>	<u>\$ -</u>	<u>\$ -</u>

**GENERAL REVENUES AND TRANSFERS:**

Taxes:

Sales taxes  
Property taxes  
Hotel occupancy taxes  
Mixed beverage taxes  
Franchise taxes

Interest Income  
Miscellaneous  
Transfers

Total general revenues and transfers

Change in net position

NET POSITION, beginning of year as previously stated

Cumulative effect of change in accounting principle

NET POSITION, end of year

The accompanying notes are an integral part of this statement.

EXHIBIT A-2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Discretely Presented Component Units
Governmental Activities	Business - Type Activities	Total	
\$ 15,084,699	\$ -	\$ 15,084,699	\$ -
(1,479,708)	-	(1,479,708)	-
(123,220)	-	(123,220)	-
503,815	-	503,815	-
238,243	-	238,243	-
(665,936)	-	(665,936)	-
331,797	-	331,797	-
<u>(1,022,201)</u>	<u>-</u>	<u>(1,022,201)</u>	<u>-</u>
<u>12,867,489</u>	<u>-</u>	<u>12,867,489</u>	<u>-</u>
-	(1,311,754)	(1,311,754)	-
-	6,323	6,323	-
<u>-</u>	<u>(1,305,431)</u>	<u>(1,305,431)</u>	<u>-</u>
<u>12,867,489</u>	<u>(1,305,431)</u>	<u>11,562,058</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,506,375)</u>
4,925,428	-	4,925,428	-
1,438,969	-	1,438,969	-
872,179	-	872,179	-
59,184	-	59,184	-
963,040	-	963,040	-
28,904	7,083	35,987	3,211
198,199	-	198,199	-
323,100	(323,100)	-	-
<u>8,809,003</u>	<u>(316,017)</u>	<u>8,492,986</u>	<u>3,211</u>
21,676,492	(1,621,448)	20,055,044	(3,503,164)
33,422,961	5,462,400	38,885,361	(39,864,385)
<u>(530,877)</u>	<u>(38,720)</u>	<u>(569,597)</u>	<u>-</u>
<u>\$ 54,568,576</u>	<u>\$ 3,802,232</u>	<u>\$ 58,370,808</u>	<u>\$ (43,367,549)</u>

**TOWN OF WESTLAKE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015**

	General	Westlake Academy	Debt Service Fund
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 7,106,297	\$ 1,317,864	\$ 20,915
Receivables :			
Property taxes	5,379	-	674
Accounts receivable	824,725	366,320	-
Other	-	-	-
Due from other funds	164,147	-	-
Other assets	13,334	81,485	-
Restricted cash and cash equivalents	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 8,113,882</u></b>	<b><u>\$ 1,765,669</u></b>	<b><u>\$ 21,589</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 427,953	\$ 91,957	\$ -
Unearned revenue	-	-	-
Due to other funds	-	-	-
<b>Total liabilities</b>	<b><u>427,953</u></b>	<b><u>91,957</u></b>	<b><u>-</u></b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable resources - property taxes	5,379	-	673
<b>Total deferred inflows of resources</b>	<b><u>5,379</u></b>	<b><u>-</u></b>	<b><u>673</u></b>
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Prepaid items	13,334	81,485	-
<b>Restricted for:</b>			
Tourism	-	-	-
Capital items	-	-	-
Court security and technology	203,173	-	-
Debt service	-	-	20,916
Education	-	1,592,227	-
<b>Committed for:</b>			
Street and tree improvements	80,442	-	-
Unassigned	7,383,601	-	-
<b>Total fund balances</b>	<b><u>7,680,550</u></b>	<b><u>1,673,712</u></b>	<b><u>20,916</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 8,113,882</u></b>	<b><u>\$ 1,765,669</u></b>	<b><u>\$ 21,589</u></b>

The accompanying notes are  
are an integral part of this statement.

EXHIBIT A-3

Capital Projects	Westlake Academy Expansion	Solana PID Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,208,871	\$ 395,932	\$ -	\$ 1,070,156	\$ 12,120,035
-	-	-	-	6,053
-	-	-	264,948	1,455,993
26,389	-	-	-	26,389
-	-	-	-	164,147
-	-	-	1,874	96,693
-	-	15,746,018	-	15,746,018
<u>\$ 2,235,260</u>	<u>\$ 395,932</u>	<u>\$ 15,746,018</u>	<u>\$ 1,336,978</u>	<u>\$ 29,615,328</u>
\$ 90,276	\$ 179	\$ 572,967	\$ 75,216	\$ 1,258,548
-	-	-	1,100	1,100
-	-	-	164,147	164,147
<u>90,276</u>	<u>179</u>	<u>572,967</u>	<u>240,463</u>	<u>1,423,795</u>
-	-	-	-	6,052
-	-	-	-	6,052
-	-	-	1,874	96,693
-	-	-	1,081,009	1,081,009
2,144,984	395,753	15,173,051	13,632	17,727,420
-	-	-	-	203,173
-	-	-	-	20,916
-	-	-	-	1,592,227
-	-	-	-	80,442
-	-	-	-	7,383,601
<u>2,144,984</u>	<u>395,753</u>	<u>15,173,051</u>	<u>1,096,515</u>	<u>28,185,481</u>
<u>\$ 2,235,260</u>	<u>\$ 395,932</u>	<u>\$ 15,746,018</u>	<u>\$ 1,336,978</u>	<u>\$ 29,615,328</u>

**TOWN OF WESTLAKE  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 SEPTEMBER 30, 2015**

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Total fund balance-governmental funds balance sheet	\$ 28,185,481
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	54,470,449
Deferred losses on refunding are reported as deferred outflows of resources in the government-wide statement of net position.	1,093,896
Revenues earned but not available within sixty days of the fiscal year-end are not recognized as revenue in the fund financial statements.	6,052
Deferred outflows of resources related to the Town's and Academy's net pension liability increase net position by \$107,779 and \$347,792, respectively; while the Academy's deferred resource outflows related to the net pension liability decreases net position by \$58,750. This amount is the net effect.	396,821
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.	(117,818)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the fund financial statements.	<u>(29,466,305)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES - statement of net position</b>	<b><u>\$ 54,568,576</u></b>



**TOWN OF WESTLAKE**

**TOWN OF WESTLAKE  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	General	Westlake Academy	Debt Service Fund
<b>REVENUES:</b>			
Taxes			
Sales	\$ 3,587,323	\$ -	\$ -
Property	1,256,796	-	176,121
Mixed beverage	59,184	-	-
Hotel occupancy	-	-	-
Franchise	963,040	-	-
State program revenues	-	6,173,418	-
Federal program revenues	-	87,797	-
Interest income	10,078	2,067	-
Building permits and fees	1,200,790	-	-
Fines and penalties	734,152	-	-
Intergovernmental	3,810	-	-
Contributions	10,000	-	-
Miscellaneous	81,539	1,971,097	-
<b>Total revenues</b>	<u>7,906,712</u>	<u>8,234,379</u>	<u>176,121</u>
<b>EXPENDITURES:</b>			
Current			
General government	2,411,239	-	-
Public safety	2,490,551	-	-
Cultural and recreation	130,322	-	-
Public works	744,028	-	-
Economic development	-	-	-
Visitor services	-	-	-
Education	-	7,938,501	-
Capital outlay	748,297	-	-
Debt service			
Principal retirement	48,237	-	1,050,550
Interest and other fiscal charges	-	10,204	963,425
<b>Total expenditures</b>	<u>6,572,674</u>	<u>7,948,705</u>	<u>2,013,975</u>
<b>Excess (deficiency) of revenues Over (Under) Expenditures</b>	<u>1,334,038</u>	<u>285,674</u>	<u>(1,837,854)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	521,320	300,000	1,857,689
Transfers out	(2,290,385)	-	-
Capital lease proceeds	-	16,740	-
Insurance proceeds	162,059	-	-
Net other financing sources (uses)	<u>(1,607,006)</u>	<u>316,740</u>	<u>1,857,689</u>
<b>NET CHANGE IN FUND BALANCES</b>	(272,968)	602,414	19,835
<b>FUND BALANCES, AT BEGINNING OF YEAR</b>	<u>7,953,518</u>	<u>1,071,298</u>	<u>1,081</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 7,680,550</u>	<u>\$ 1,673,712</u>	<u>\$ 20,916</u>

The accompanying notes are  
are an integral part of this statement.

EXHIBIT A-5

Capital Projects	Westlake Academy Expansion	Solana PID Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 1,338,105	\$ 4,925,428
-	-	-	-	1,432,917
-	-	-	-	59,184
-	-	-	872,179	872,179
-	-	-	-	963,040
-	-	-	-	6,173,418
-	-	-	-	87,797
3,544	1,401	9,711	2,103	28,904
-	-	-	-	1,200,790
-	-	-	-	734,152
-	-	-	-	3,810
649,566	-	18,119,637	6,750	18,785,953
-	-	-	414,745	2,467,381
<u>653,110</u>	<u>1,401</u>	<u>18,129,348</u>	<u>2,633,882</u>	<u>37,734,953</u>
-	-	-	-	2,411,239
-	-	-	-	2,490,551
-	-	-	-	130,322
-	-	-	-	744,028
-	-	-	171,757	171,757
-	-	-	670,157	670,157
-	-	-	-	7,938,501
1,260,018	494,670	2,771,297	-	5,274,282
-	-	-	31,975	1,130,762
-	-	-	3,783	977,412
<u>1,260,018</u>	<u>494,670</u>	<u>2,771,297</u>	<u>877,672</u>	<u>21,939,011</u>
<u>(606,908)</u>	<u>(493,269)</u>	<u>15,358,051</u>	<u>1,756,210</u>	<u>15,795,942</u>
1,438,801	464,328	-	35,758	4,617,896
-	-	(185,000)	(1,819,411)	(4,294,796)
-	-	-	-	16,740
-	-	-	-	162,059
<u>1,438,801</u>	<u>464,328</u>	<u>(185,000)</u>	<u>(1,783,653)</u>	<u>501,899</u>
831,893	(28,941)	15,173,051	(27,443)	16,297,841
<u>1,313,091</u>	<u>424,694</u>	<u>-</u>	<u>1,123,958</u>	<u>11,887,640</u>
<u>\$ 2,144,984</u>	<u>\$ 395,753</u>	<u>\$ 15,173,051</u>	<u>\$ 1,096,515</u>	<u>\$ 28,185,481</u>

**TOWN OF WESTLAKE  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Net change in fund balances- total governmental funds.	\$ 16,297,841
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.	5,431,666
Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(1,246,759)
Governmental funds do not recognize assets contributed by developers. However, in the statement of activities, the fair market value of those assets is recognized as revenue, then allocated over the useful life of the assets and reported as depreciation expense.	130,000
The repayment of the principal of long term debt consumes the current financial resources of governmental funds, but has no effect on net position. The amortization of bond premiums and deferred gain/loss on refunding of long term debt is reported in the statement of activities but does not require the use of current financial resources. Therefore, the effect of the amortization of these various items are not reported in the statement of revenues, expenditures, and changes in fund balance. This amount represents the net effect of the following items:	
Repayments	1,130,762
Amortization of premium on bonds	43,208
Amortization of deferred loss on refunding	<u>(100,852)</u>
	1,073,118
Governmental funds reflect the proceeds of capital leases as other financing sources and payments as expenditures. However, in the government-wide statements, the proceeds and payments are reflected as changes in liabilities. This amount represents the net effect of proceeds (\$16,740) and payments, \$79,745.	63,005
Current year changes in accrued interest payable does not require the use of current financial resources; and therefore, are not reported as expenditures in governmental funds.	2,642
Implementation of GASB 68 requires certain expenditures to be de-expended and recorded as deferred outflows of resources. The following is the net effect of current year TMRs pension expense, (\$196,848), and contributions made after the measurement date, \$228,154.	31,306
Implementation of GASB 68 also affected the Academy. Contributions made to TRS after the measurement date caused the change in net position to increase by \$92,325. Contributions made before the measurement period also caused an increase in the change in net position of \$12,082. The net share of the Academy's amount of deferred inflows and outflows of resources decreased the change in net position by \$29,833. This amount is the net effect.	74,574
Insurance recoveries are recorded as other financing source in the governmental funds financial statements, while in the governmentwide statement of activities, the gain on disposal increases net position. The difference is the carrying amount of the assets disposed of.	(50,144)
Current year changes in the long-term liability for compensated absences do not require the use of current financial resources; and therefore, are not reported as expenditures in governmental funds.	(14,841)
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	<u>(115,916)</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES - statement of activities</b>	<b><u>\$ 21,676,492</u></b>

The accompanying notes are  
are an integral part of this statement.

**TOWN OF WESTLAKE  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2015**

	Utility Fund	Cemetery Fund	Total
<b>ASSETS:</b>			
Current Assets			
Cash and cash equivalents	\$ 3,478,452	\$ 59,774	\$ 3,538,226
Accounts receivable	1,025,216	-	1,025,216
Inventories	-	96,589	96,589
Restricted cash and investments	219,160	-	219,160
Total current assets	<u>4,722,828</u>	<u>156,363</u>	<u>4,879,191</u>
Noncurrent assets			
Capital assets:			
Construction in progress	246,121	-	246,121
Buildings and improvements	14,899,416	-	14,899,416
Wastewater treatment rights	635,199	-	635,199
Machinery and equipment	3,566,595	-	3,566,595
Less: accumulated depreciation	<u>(6,684,343)</u>	<u>-</u>	<u>(6,684,343)</u>
Total capital assets	<u>12,662,988</u>	<u>-</u>	<u>12,662,988</u>
Total noncurrent assets	<u>12,662,988</u>	<u>-</u>	<u>12,662,988</u>
<b>TOTAL ASSETS</b>	<u>17,385,816</u>	<u>156,363</u>	<u>17,542,179</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Unavailable resources - TMRS pension	42,985	-	42,985
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>42,985</u>	<u>-</u>	<u>42,985</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	548,923	1,625	550,548
Customer deposits payable	219,160	-	219,160
Accrued interest payable	6,371,340	-	6,371,340
Unearned revenue	284,535	-	284,535
Compensated absences - current portion	2,707	-	2,707
Current portion of bonds payable	21,450	-	21,450
Contractual obligations	99,336	-	99,336
Total current liabilities	<u>7,547,451</u>	<u>1,625</u>	<u>7,549,076</u>
Long-term liabilities:			
Bonds payable	971,300	-	971,300
Compensated absences	24,365	-	24,365
Contractual obligations	5,160,355	-	5,160,355
Net pension liability	77,836	-	77,836
Total long-term liabilities	<u>6,233,856</u>	<u>-</u>	<u>6,233,856</u>
<b>TOTAL LIABILITIES</b>	<u>13,781,307</u>	<u>1,625</u>	<u>13,782,932</u>
<b>NET POSITION</b>			
Net investment in capital assets	6,410,547	-	6,410,547
Unrestricted	<u>(2,763,053)</u>	<u>154,738</u>	<u>(2,608,315)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 3,647,494</u>	<u>\$ 154,738</u>	<u>\$ 3,802,232</u>

The accompanying notes are  
are an integral part of this statement.

**TOWN OF WESTLAKE  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Utility Fund	Cemetery Fund	Total
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 3,352,471	\$ 13,620	\$ 3,366,091
Miscellaneous revenue	197,304	-	197,304
Total operating revenues	<u>3,549,775</u>	<u>13,620</u>	<u>3,563,395</u>
<b>OPERATING EXPENSES:</b>			
Payroll costs	358,353	-	358,353
Professional and contract services	1,129,962	6,443	1,136,405
Depreciation	493,101	-	493,101
Amortization of wastewater treatment rights	31,774	-	31,774
Water purchases	1,223,393	-	1,223,393
Cost of cemetery lots sold	-	397	397
Other operating costs	829,343	457	829,800
Total operating expenses	<u>4,065,926</u>	<u>7,297</u>	<u>4,073,223</u>
Net operating income (loss)	<u>(516,151)</u>	<u>6,323</u>	<u>(509,828)</u>
<b>NON-OPERATING REVENUES(EXPENSES):</b>			
Interest income	6,996	87	7,083
Interest expense	(795,603)	-	(795,603)
Total non-operating revenues (expenses)	<u>(788,607)</u>	<u>87</u>	<u>(788,520)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>			
	<u>(1,304,758)</u>	<u>6,410</u>	<u>(1,298,348)</u>
Transfer out	<u>(323,100)</u>	<u>-</u>	<u>(323,100)</u>
Total transfers and capital contributions	<u>(323,100)</u>	<u>-</u>	<u>(323,100)</u>
Change in net position	(1,627,858)	6,410	(1,621,448)
Total net position, beginning of year	5,314,072	148,328	5,462,400
Cumulative effect of change in accounting principle	<u>(38,720)</u>	<u>-</u>	<u>(38,720)</u>
Total net position, end of year	<u>\$ 3,647,494</u>	<u>\$ 154,738</u>	<u>\$ 3,802,232</u>

The accompanying notes are  
are an integral part of this statement.

**EXHIBIT A-9**

**TOWN OF WESTLAKE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Utility Fund	Cemetery Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers	\$ 3,350,495	\$ 13,678	\$ 3,364,173
Payments to employees	(372,908)	-	(372,908)
Payments to suppliers	(2,851,473)	(5,630)	(2,857,103)
Net cash provided by operating activities	<u>126,114</u>	<u>8,048</u>	<u>134,162</u>
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfer to other funds	(323,100)	-	(323,100)
Net cash used in noncapital financing activities	<u>(323,100)</u>	<u>-</u>	<u>(323,100)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Principal paid on debt	(114,808)	-	(114,808)
Interest paid on debt	(139,384)	-	(139,384)
Investment earnings	6,996	87	7,083
Purchase of property and equipment	(85,028)	-	(85,028)
Net cash provided by (used in) capital and related financing activities	<u>(332,224)</u>	<u>87</u>	<u>(332,137)</u>
Net increase (decrease) in cash	(529,210)	8,135	(521,075)
Cash and cash equivalents at the beginning of the year	<u>4,226,822</u>	<u>51,639</u>	<u>4,278,461</u>
Cash and cash equivalents at the end of the year	<u>\$ 3,697,612</u>	<u>\$ 59,774</u>	<u>\$ 3,757,386</u>
<b>RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS:</b>			
Cash and cash equivalents	\$ 3,478,452	\$ 59,774	\$ 3,538,226
Restricted cash and cash equivalents	219,160	-	219,160
Total cash and cash equivalents	<u>3,697,612</u>	<u>59,774</u>	<u>3,757,386</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	(516,151)	6,323	(509,828)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	524,875	-	524,875
Pension expense	24,329	-	24,329
Changes in operating assets and liabilities:			
Receivables	(189,913)	58	(189,855)
Prepaid Items			
Inventory	-	397	397
Compensated absences	6,156	-	6,156
Deferred outflows of resource	(28,198)	-	(28,198)
Accounts payable	314,383	1,270	315,653
Customer deposits payable	24,450	-	24,450
Deferred revenue	(33,817)	-	(33,817)
Net cash provided by operating activities	<u>\$ 126,114</u>	<u>\$ 8,048</u>	<u>\$ 134,162</u>

The accompanying notes are  
are an integral part of this statement.



**TOWN OF WESTLAKE**

**TOWN OF WESTLAKE  
STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUND  
SEPTEMBER 30, 2015**

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	<u>PID Agency Fund</u>
<b>ASSETS</b>	
Restricted cash and cash equivalents	\$ 4,372,587
<b>Total Assets</b>	<u>\$ 4,372,587</u>
<b>LIABILITIES</b>	
Liability to bond holders	\$ 4,372,587
<b>Total Liabilities</b>	<u>\$ 4,372,587</u>

The accompanying notes are  
are an integral part of this statement.

**TOWN OF WESTLAKE  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015**

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	Texas Student Housing Corporation Denton Project	Texas Student Housing Authority Jefferson Commons at Town Lake Project
<b>ASSETS</b>		
Cash and cash equivalents	\$ 367,085	\$ 256,209
Accounts receivable (net of allowance)	21,644	17,694
Prepaid rent	27,965	-
Restricted assets:		
Cash and cash equivalents	1,933,280	232,333
Capital assets:		
Land	2,200,000	2,182,816
Buildings and improvements	25,705,000	16,963,841
Machinery and equipment	1,253,841	1,211,085
Less: accumulated depreciation	<u>(13,542,440)</u>	<u>(7,948,001)</u>
Total assets	<u>17,966,375</u>	<u>12,915,977</u>
<b>LIABILITIES AND NET POSITION</b>		
<b>LIABILITIES:</b>		
Accounts payable and accrued expenses	287,802	340,452
Unearned revenue	187,524	145,275
Accrued interest payable	7,289,475	4,182,603
Bonds payable	<u>25,605,131</u>	<u>19,627,520</u>
Total liabilities	<u>33,369,932</u>	<u>24,295,850</u>
<b>NET POSITION:</b>		
Net investment in capital assets	(9,988,730)	(7,217,779)
Unrestricted	<u>(5,414,827)</u>	<u>(4,162,094)</u>
Total net position	<u>\$ (15,403,557)</u>	<u>\$ (11,379,873)</u>

The accompanying notes are  
are an integral part of this statement.

EXHIBIT A-11

Texas Student Housing Corporation College Station Project	Texas Student Housing Authority	Total
\$ 5,174,458	\$ 680,618	\$ 6,478,370
198,464	973	238,775
52,996	-	80,961
2,023,193	-	4,188,806
2,899,597	-	7,282,413
26,885,312	-	69,554,153
3,437,139	-	5,902,065
<u>(12,694,227)</u>	<u>-</u>	<u>(34,184,668)</u>
<u>27,976,932</u>	<u>681,591</u>	<u>59,540,875</u>
215,235	855	844,344
1,770,049	35,083	2,137,931
13,792,220	-	25,264,298
<u>29,429,200</u>	<u>-</u>	<u>74,661,851</u>
<u>45,206,704</u>	<u>35,938</u>	<u>102,908,424</u>
(8,901,379)	-	(26,107,888)
<u>(8,328,393)</u>	<u>645,653</u>	<u>(17,259,661)</u>
<u>\$ (17,229,772)</u>	<u>\$ 645,653</u>	<u>\$ (43,367,549)</u>

**TOWN OF WESTLAKE  
DISCRETELY PRESENTED COMPONENT UNITS  
COMBINING STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

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Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Business-type activities:				
Texas Student Housing Authority	\$ 248,967	\$ 359,193	\$ -	\$ -
Texas Student Housing Authority:				
College Station Project	8,054,674	6,006,756	-	-
Jefferson Commons at Town Lake	4,138,075	3,208,107	-	-
Denton Project	5,553,484	4,914,769	-	-
Total business-type activities	<u>17,995,200</u>	<u>14,488,825</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 17,995,200</u>	<u>\$ 14,488,825</u>	<u>\$ -</u>	<u>\$ -</u>

GENERAL REVENUES:

Interest Income

Total general revenues

Change in Net Position

NET POSITION, beginning of year

NET POSITION, end of year

The accompanying notes are an integral part of this statement.

EXHIBIT A-12

Texas Student Housing Corporation Denton Project	Texas Student Housing Authority Jefferson Commons at Town Lake Project	Texas Student Housing Corporation College Station Project	Texas Student Housing Authority	Total
\$ -	\$ -	\$ -	\$ 110,226	\$ 110,226
-	-	(2,047,918)	-	(2,047,918)
-	(929,968)	-	-	(929,968)
<u>(638,715)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(638,715)</u>
<u>(638,715)</u>	<u>(929,968)</u>	<u>(2,047,918)</u>	<u>110,226</u>	<u>(3,506,375)</u>
<u>\$ (638,715)</u>	<u>\$ (929,968)</u>	<u>\$ (2,047,918)</u>	<u>\$ 110,226</u>	<u>\$ (3,506,375)</u>
<u>1,895</u>	<u>100</u>	<u>818</u>	<u>398</u>	<u>3,211</u>
<u>1,895</u>	<u>100</u>	<u>818</u>	<u>398</u>	<u>3,211</u>
(636,820)	(929,868)	(2,047,100)	110,624	(3,503,164)
<u>(14,766,737)</u>	<u>(10,450,005)</u>	<u>(15,182,672)</u>	<u>535,029</u>	<u>(39,864,385)</u>
<u>\$ (15,403,557)</u>	<u>\$ (11,379,873)</u>	<u>\$ (17,229,772)</u>	<u>\$ 645,653</u>	<u>\$ (43,367,549)</u>



**TOWN OF WESTLAKE**

## **TOWN OF WESTLAKE NOTES TO THE FINANCIAL STATEMENTS**

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### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Westlake, Texas (the Town) was incorporated under the provisions of the laws of the State of Texas on December 26, 1956. The Town operates under a Council- Manager form of government and provides the following services as authorized by the laws of the State of Texas: public safety; cultural and recreation; and economic development.

The accounting and reporting policies of the Town conform to accounting principles generally accepted in the United States of America for local governments. Generally accepted accounting principles (GAAP) for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant accounting and reporting policies:

#### **Financial Reporting Entity**

The accompanying 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 Town's operations and are appropriately presented as funds of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the Town.

Based on these criteria, the financial information of the following entities have been blended or discretely presented within the financial statements: Lone Star Public Facilities Corporation, 4B Economic Development Corporation, Westlake Academy, Texas Student Housing Authority, Texas Student Housing Authority – Jefferson Commons at Town Lake Project, Texas Student Housing Corporation – College Station Project and Texas Student Housing Corporation – Denton Project.

*The Texas Student Housing Authority, Texas Student Housing Authority – Jefferson Commons at Town Lake Project, Texas Student Housing Corporation – College Station Project, and Texas Student Housing Corporation – Denton Project (collectively, Texas Student Housing Entities) are Texas nonprofit organizations as a duly constituted authority of the Town pursuant to Section 53.35(b) of the Texas Education Code, as amended (Act). Texas Student Housing Entities' primary purpose is to construct, own, and operate student housing facilities on college campuses in Texas. The board consists of seven directors which are appointed by the Town's governing body and has the ability to remove at will the appointed members; thus, the governing body can impose its will on the organizations. However, the board is not substantively the same as the Town's governing body; therefore, the Texas Student Housing Entities are reported as discretely presented component units (enterprise funds). The Town is not responsible for the long-term debt of the Texas Student Housing Entities. The Texas Student Housing Entities' year-end is August 31.*

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Component Units – Continued**

**Discretely Presented – Continued**

Separately issued financial reports are available for the all the Texas Student Housing Entities. These reports may be obtained by contacting the following office.

Texas Student Housing Authority  
99 Trophy Club Drive  
Trophy Club, Texas 76262

**Blended**

*Lone Star Public Facilities Corporation* is a Texas nonprofit corporation that acts on behalf of the Town to further the public purposes under the Public Facilities Corporation Act, as it's duly constituted authority and instrumentality. The board of directors, appointed by the Town's governing body, is comprised of seven members, of whom five must be members of the Town's governing body. Since the board of directors is substantively the same as the Town's governing body, and a financial benefit relationship exists, the entity has been reported as a blended component unit of the Town.

*4B Economic Development Corporation* is a Texas nonprofit industrial corporation under the Development Corporation Act of 1979 formed to promote economic development within the Town and the State of Texas in order to eliminate unemployment and underemployment, and to promote and encourage employment and the public welfare of, for, and on behalf of the Town by developing, implementing, financing, and providing one or more projects defined and permitted under Section 4B of the Act. The board of directors is composed of seven persons appointed by the members of the Town's governing board. Four of the members of the board of directors are members of the Town's governing board. Since the board of directors is substantively the same as the Town's governing body, and a financial benefit relationship exists, the entity has been reported as a blended component unit of the Town.

*Westlake Academy (Academy)* is an open-enrollment charter school, as provided by Subchapter D, Chapter 12, of the Texas Education Code. The Town of Westlake (Charter Holder) applied for and became the first municipality in Texas to ever receive this special charter designation. The board consists of six trustees and is appointed by the Town's governing body. Currently, all the members of the board of trustees are members of the Town's governing body. Since the board of directors is substantively the same as the Town's governing body, and a financial benefit relationship exists, the entity has been reported as a blended component unit of the Town. The Academy's year-end is August 31.

**TOWN OF WESTLAKE**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Town. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates 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 or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment 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 instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

**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*, as are 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 and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *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 to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued**

Sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

**Governmental Funds** are those through which most governmental functions of the Town are financed. The acquisition, use, and balances of the Town's expendable financial resources and the related liabilities (except those accounted for in the proprietary fund type) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon income determination.

The Town reports the following major governmental funds:

**General Fund** - to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available for any purpose, provided it is expended or transferred in accordance with the legally adopted budget of the Town.

**Westlake Academy Fund** - to account for all local, state and federal revenue and related educational expenditures of the Academy.

**Debt Service Fund** - to account for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

**Capital Projects Fund** - to account for proceeds from long-term financing and revenue and expenditures related to authorized construction and other capital asset acquisitions other than those related to the expansion of Westlake Academy facilities.

**Westlake Academy Expansion Fund** – to account for proceeds from long-term financing and revenue and expenditures related to authorized construction related to the expansion of Westlake Academy facilities.

**Solana Public Improvement District (PID) Capital Projects Fund** – to account for the acquisition or construction of capital facilities and improvements relating to the Solana public improvement district.

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued**

In addition, the Town reports the following nonmajor governmental funds:

**Visitors Association Fund** - to account for municipal hotel occupancy taxes collected and expenditures to promote tourism and the convention and hotel industry.

**Lone Star Public Facilities Corporation** - to account for investment activity relating to the Lone Star Public Facilities Corporation.

**4B Economic Development Corporation** - to account for sales tax collected to fund the activities of the 4B Economic Development Corporation.

**Economic Development Fund** - to account for sales tax and hotel occupancy tax collected to fund activity relating to Economic Development agreements.

The Town adopts an annual appropriated budget for all governmental funds except capital projects, Solana PID capital projects, and Westlake Academy Expansion funds, which are project-length based budgets. A budgetary comparison schedule has been provided for all appropriate funds to demonstrate compliance with the budget.

**Proprietary Funds** distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's Enterprise Fund are charges to customers for sales and services. Operating expenses for the Enterprise Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

The Town reports the following major proprietary funds:

**Utility Fund** - to account for revenues and expenses related to providing water and sewer services to the general public on a continuing basis.

**Cemetery Fund**- to account for the operations of the Town's cemetery.

The Town reports the following fiduciary fund:

**Solana PID Agency Fund** – to account for bond proceeds, assessments, and related debt associated with bonds issued by the Town as an agent for the Solana public improvement district.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's water and wastewater function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued**

Amounts reported as program revenues include: 1) charges to customer or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenue. Likewise, general revenue includes all taxes.

**Assets, Liabilities, and Net Position or Equity**

**Cash and Cash Equivalents**

Cash and investments of all funds, including restricted cash, are available upon demand and are considered to be "cash equivalents."

For purposes of the statement of cash flows, the Town considers highly-liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

State statutes authorize the Town to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of, and interest on, which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any 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; (5) certificates of deposit by state or national banks domiciled in this state that are (a) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (b) secured by obligations that are described by (1) - (4); or (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by (1) pledged with third-party selected or (2) approved by the Town, and placed through a primary government securities dealer. All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

**Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Assets, Liabilities, and Net Position or Equity – Continued**

**Receivables and Payables – Continued**

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

The Town's property taxes are levied on October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the Town. Assessed values are established at 100% of estimated market value. Property taxes attach as an enforceable lien on property as of January 1. Taxes are due by January 31 following the October 1 levy date and are considered delinquent after January 31 of each year.

All property tax receivables are shown net of an allowance for uncollectibles. The net property tax receivable allowance is equal to management's estimate of uncollectible outstanding property taxes at September 30, 2015.

**Restricted Assets**

Certain bond proceeds, 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.

**Inventories and prepaid items**

Inventories, which are expended as they are consumed, are stated at the lower of cost or market on a first-in, first-out basis.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**Fund Changes and Transactions Between Funds**

Legally authorized transfers are treated as transfers in and out and are included as other financing sources (uses) of both governmental and proprietary funds.

The Town allocates an indirect cost percentage of the salaries, wages and related costs of personnel who perform administrative services as well as other indirect costs necessary for the operation of various funds. Expenses are budgeted and paid from the appropriate fund.

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Assets, Liabilities, and Net Position or Equity – Continued**

**Capital Assets**

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. The cost of nominal maintenance and repairs that do not add value to the asset or materially extend assets' lives are not capitalized. Donated assets are valued at their fair market value on the date donated. Assets capitalized have an original cost of \$5,000 or more and three years or more of life. All infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), regardless of the acquisition date or amount, have been included. Estimated historical cost for initial reporting of infrastructure assets (those reported by governmental activities) was valued by estimating the current replacement cost of the infrastructure and using an index to deflate the cost to the estimated acquisition/construction year. As the Town constructs or acquires additional capital assets, including infrastructure assets, they are capitalized and reported at historical cost.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Water and sewer system	10-50
Buildings	20-50
Machinery and equipment	3-30
Improvements	5-30
Information systems and software	3

**Compensated Absences**

The Town's policy allows employees to earn 5 days of vacation and 5 days of sick leave between six months and one year of service, and 10 days of vacation and 10 days of sick leave between one year and two years of service and each successive year through five years of service. After completion of 5 years of service, 15 days of vacation and 15 days of sick leave per year are earned. After completion of 10 years of service, 20 days of vacation and 20 days of sick leave per year are earned. The Town makes sick and vacation time available in full at the beginning of each year, and hours are actually earned throughout the year. Unused, earned vacation hours are paid upon termination or retirement at the employee's normal hourly rate; accumulated, unused sick time is only payable upon retirement, death of the employee, or other circumstances when authorized by the Town Manager.

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Assets, Liabilities, and Net Position or Equity – Continued**

**Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, even if withheld from the actual proceeds, are reported as expenditures.

**Fund Equity and Net Position**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable**: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted**: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed**: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by board resolution of the Town council, the Town's highest level of decision making authority. These amounts cannot be used for any other purpose unless the Town council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Assets, Liabilities, and Net Position or Equity – Continued**

**Fund Equity and Net Position – Continued**

- Assigned: This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. In the General Fund, assigned amounts represent intended uses established by the Town Council or a Town official delegated that authority by Town Charter or ordinance.
- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

In the government-wide financial statements, 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, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The government-wide and fund level financial statements report restricted fund balances for amounts not available for appropriation or legally restricted for specific uses. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the Town's policy to use restricted resources first, then unrestricted resources as needed. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

**Summary of Significant Accounting Policies**

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.

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Estimates**

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

**Subsequent Events**

The Town has evaluated all events or transactions that occurred after September 30, 2015 up through February 15, 2016, the date the financial statements were issued.

**NOTE 2. CASH AND INVESTMENTS**

Legal provisions generally permit the Town to invest in certificates of deposit, repurchase agreements, public funds investment pools, direct obligations of the United States of America or its subdivisions and state and local government securities.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the Town to adopt, implement, and publicize its investment policy.

That 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.

Statutes and the Town's investment policy authorized the Town to invest in the following investments as summarized in the table below:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
Obligations of the U.S. Government, its agencies and instrumentalities	2 years	None	None
Certificates of deposit	1 year	None	None
Mutual funds	2 years	80%	None
Investment pools	-	None	None

**TOWN OF WESTLAKE**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 2. CASH AND INVESTMENTS – CONTINUED**

The Town did not engage in repurchase or reverse repurchase agreement transactions during the current year.

At year end, the carrying amount of the Town's deposits was \$16,077,071 and the bank balance was \$17,597,039. The bank balance was completely covered by federal deposit insurance and collateral held by the pledging financial institution in the Town's name.

At year end, the carrying amount of the component units' deposits was \$10,667,176 and the bank balance was \$10,742,156. The bank balance was completely covered by federal deposit insurance and collateral held by the pledging financial institution in the component units' names. The carrying amount consists of \$6,478,370 in cash and cash equivalents and \$4,188,806 in restricted cash and cash equivalents.

At September 30, 2015, the Town's cash and cash equivalents consist of and are classified in the accompanying financial statements are follows:

Primary government:	
Cash and cash equivalents	\$ 15,658,261
Restricted cash and investments	<u>15,965,178</u>
Total primary government	31,623,439
Fiduciary funds:	
Restricted cash and cash equivalents	<u>4,372,587</u>
Total cash and investments	<u>\$ 35,996,026</u>
Deposits with financial institutions	\$ 16,077,071
Investments	<u>19,918,955</u>
Total cash and investments	<u>\$ 35,996,026</u>

**Disclosures Relating to Interest Rate Risk**

This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. In order to limit interest and market rate risk from changes in interest rates, the Town's investment policy sets a maximum stated maturity limit of two years for obligations of the United States Government, its agencies and instrumentalities (excluding mortgage backed securities) and one year for fully insured or collateralized certificates of deposit. No more than 80% of the Town's monthly average balance may be invested in money market funds. Additionally, the Town invests in an investment pool that purchases a combination of shorter term investments with an average maturity of 48 days thus reducing the interest rate risk. Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Town's Investments.

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED**

**Disclosures Relating to Interest Rate Risk – Continued**

As of September 30, 2015, the Town's investments were as follows:

Investment Type	Carrying Amount	Fair Value	Weighted Average Maturity (days)
TexPool	\$ 350	\$ 350	48 days
Commerical Paper	19,918,605	19,918,605	1 day
Total	\$ 19,918,955	\$ 19,918,955	

**Disclosures Relating to Credit Risk**

This is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the Town's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Primary government	Carrying Amount	Fair Value	Minimum Legal Rating	Rating as of Year-end
Investments:				
TexPool	\$ 350	\$ 350	N/A	AAA-m
Commercial Paper	19,918,605	19,918,605	N/A	A-1
Total	\$ 19,918,955	\$ 19,918,955		

**Disclosures Relating to Concentration of Credit Risk**

The Town's investment policy is to avoid a concentration of assets in a specific maturity, a specific issue, or a specific class of investments.

**Disclosures Relating to Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

**TOWN OF WESTLAKE**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED**

**Disclosures Relating to Custodial Credit Risk – Continued**

The Town requires all deposits to be covered by Federal Depository Insurance Corporation (FDIC) insurance and/or collateralized by qualified securities pledged by the Town's depository in the Town's name and held by the depository's agent.

As of September 30, 2015, the Town's entire cash deposits with financial institutions in excess of federal depository insurance were fully collateralized.

**Investment in State Investment Pools**

On September 1, 1989, local government investment pools became authorized investments for the majority of public entities in Texas. The Interlocal Cooperation Act was amended by the 71<sup>st</sup> Texas Legislature to facilitate the creation of local government investment pools in Texas. This act permits the creation of investment pools to which a majority of political subdivisions (local governments) may delegate, by contract, the authority to make investments purchased with local investment funds and to hold legal title as custodian of the investments. TexPool was organized to conform with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code.

During the year ended September 30, 2015, the Town had investments with TexPool. TexPool, a public funds investment pool created by the Treasurer of the State of Texas acting by and through the Texas Treasury Safekeeping Trust Company, which is empowered to invest funds and acts as custodian of investments purchased with local investment funds. These investments are not required to be categorized because the investor is not issued securities, but rather it owns an undivided beneficial interest in the assets of the respective funds. The fair value of the position in TexPool is the same as the value of the pool shares.

**Restricted Cash**

**Proprietary Fund**

Within the proprietary funds, the \$219,160 of restricted cash represents customer deposits received for water and sewer usage that are refundable upon termination of service.

**Discretely Presented Component Units**

Within the discretely presented component units, the \$4,188,806 in restricted cash and cash equivalents represents funds held for debt service.

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 3. RECEIVABLES**

Governmental activities receivable balance consists of the following as of September 30, 2015:

	Governmental Funds					Total Governmental Funds
	General	Westlake Academy	Debt Service Fund	Capital Projects	Nonmajor Fund	
Receivables:						
Sales tax	\$ 464,485	\$ -	\$ -	\$ -	\$ 192,103	\$ 656,588
Property tax	7,172	-	898	-	-	8,070
Other taxes	15,875	-	-	-	72,845	88,720
Franchise tax	228,280	-	-	-	-	228,280
Accounts	46,115	-	-	-	-	46,115
Other	94,244	366,320	-	26,389	-	486,953
Gross receivables	856,171	366,320	898	26,389	264,948	1,514,726
Less: allowance for uncollectibles	(26,067)	-	(224)	-	-	(26,291)
Net total receivables	<u>\$ 830,104</u>	<u>\$ 366,320</u>	<u>\$ 674</u>	<u>\$ 26,389</u>	<u>\$ 264,948</u>	<u>\$ 1,488,435</u>

Business-type receivables balance consists of the following as of September 30, 2015:

	Business-Type Activities		
	Utility Fund	Cemetery Fund	Total
Receivables:			
Sales tax	\$ -	\$ -	\$ -
Property tax	-	-	-
Other taxes	-	-	-
Franchise tax	-	-	-
Accounts	1,025,216	-	1,025,216
Other	-	-	-
Gross receivables	1,025,216	-	1,025,216
Less: allowance for uncollectibles	-	-	-
Net total receivables	<u>\$ 1,025,216</u>	<u>\$ -</u>	<u>\$ 1,025,216</u>

**TOWN OF WESTLAKE**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2015, was as follows:

**Primary Government**

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 11,896,663	\$ 1	\$ -	\$ -	\$ 11,896,664
Construction in progress	2,468,438	2,877,036	-	(2,237,950)	3,107,524
Total assets not being depreciated	14,365,101	2,877,037	-	(2,237,950)	15,004,188
Capital assets, being depreciated:					
Capital improvements	11,374,376	905,115	-	2,237,950	14,517,441
Buildings	31,625,654	696,832	(59,900)	-	32,262,586
Machinery and equipment	3,336,556	990,758	(8,500)	-	4,318,814
Information systems and software	105,564	91,924	-	-	197,488
Total capital assets being depreciated	46,442,150	2,684,629	(68,400)	2,237,950	51,296,329
Less accumulated depreciation:					
Capital improvements	(3,559,654)	(417,879)	-	-	(3,977,533)
Buildings	(4,615,801)	(644,915)	9,756	-	(5,250,960)
Machinery and equipments	(2,367,539)	(165,555)	8,500	-	(2,524,594)
Information systems and software	(58,571)	(18,410)	-	-	(76,981)
Total accumulated depreciation	(10,601,565)	(1,246,759)	18,256	-	(11,830,068)
Total capital assets being depreciated	35,840,585	1,437,870	(50,144)	2,237,950	39,466,261
Governmental activities capital assets, net	\$ 50,205,686	\$ 4,314,907	\$ (50,144)	\$ -	\$ 54,470,449
Business-type activities:					
Capital assets, not being depreciated:					
Construction in progress	\$ 246,121	\$ -	\$ -	\$ -	\$ 246,121
Total assets not being depreciated	246,121	-	-	-	246,121
Capital assets, being depreciated:					
Capital improvements	14,882,835	16,581	-	-	14,899,416
Wastewater treatment rights	635,199	-	-	-	635,199
Machinery and equipment	3,498,148	68,447	-	-	3,566,595
Total capital assets being depreciated	19,016,182	85,028	-	-	19,101,210
Less accumulated depreciation:					
Capital improvements	(4,072,978)	(365,149)	-	-	(4,438,127)
Wastewater treatment rights	(449,933)	(31,774)	-	-	(481,707)
Machinery and equipment	(1,636,557)	(127,952)	-	-	(1,764,509)
Total accumulated depreciation	(6,159,468)	(524,875)	-	-	(6,684,343)
Total capital assets being depreciated	12,856,714	(439,847)	-	-	12,416,867
Business-type activities capital assets, net	\$ 13,102,835	\$ (439,847)	\$ -	\$ -	\$ 12,662,988

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 4. CAPITAL ASSETS – CONTINUED**

Depreciation was charged to departments of the primary government as follows:

Governmental activities:

General government	\$ 827,326
Public safety	79,419
Public works	<u>340,014</u>
Total depreciation expense - governmental activities	<u>\$ 1,246,759</u>

Business-type activities:

Water and sewer	<u>\$ 524,875</u>
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A summary of discretely presented component units' capital assets at September 30, 2015 follows:

**Texas Student Housing Corporation – Denton Project**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 2,200,000	\$ -	\$ -	\$ 2,200,000
Total assets not being depreciated	<u>2,200,000</u>	<u>-</u>	<u>-</u>	<u>2,200,000</u>
Capital assets, being depreciated:				
Buildings	25,705,000	-	-	25,705,000
Furniture and fixtures	<u>1,253,841</u>	<u>-</u>	<u>-</u>	<u>1,253,841</u>
Total capital assets being depreciated	<u>26,958,841</u>	<u>-</u>	<u>-</u>	<u>26,958,841</u>
Less accumulated depreciation:				
Buildings	(11,495,847)	(856,833)	-	(12,352,680)
Furniture and fixtures	<u>(1,181,310)</u>	<u>(8,450)</u>	<u>-</u>	<u>(1,189,760)</u>
Total accumulated depreciation	<u>(12,677,157)</u>	<u>(865,283)</u>	<u>-</u>	<u>(13,542,440)</u>
Total capital assets being depreciated	<u>14,281,684</u>	<u>(865,283)</u>	<u>-</u>	<u>13,416,401</u>
Capital assets, net	<u>\$ 16,481,684</u>	<u>\$ (865,283)</u>	<u>\$ -</u>	<u>\$ 15,616,401</u>

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 4. CAPITAL ASSETS – CONTINUED**

**Texas Student Housing Authority – Jefferson Commons at Town Lake Project**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,182,816	\$ -	\$ -	\$ 2,182,816
Total assets not being depreciated	<u>2,182,816</u>	<u>-</u>	<u>-</u>	<u>2,182,816</u>
Capital assets, being depreciated:				
Building and improvements	13,270,150	-	-	13,270,150
Capitalized purchase price	887,095	-	-	887,095
Land improvements	2,806,596	-	-	2,806,596
Unit appliances	295,134	-	-	295,134
Furniture and fixtures	915,951	-	-	915,951
Total capital assets being depreciated	<u>18,174,926</u>	<u>-</u>	<u>-</u>	<u>18,174,926</u>
Less accumulated depreciation:				
Building and improvements	(4,976,306)	(442,338)	-	(5,418,644)
Capitalized purchase price	(313,325)	(28,485)	-	(341,810)
Land improvements	(882,909)	(93,553)	-	(976,462)
Unit appliances	(295,134)	-	-	(295,134)
Furniture and fixtures	(915,951)	-	-	(915,951)
Total accumulated depreciation	<u>(7,383,625)</u>	<u>(564,376)</u>	<u>-</u>	<u>(7,948,001)</u>
Total capital assets being depreciated	<u>10,791,301</u>	<u>(564,376)</u>	<u>-</u>	<u>10,226,925</u>
Capital assets, net	<u>\$ 12,974,117</u>	<u>\$ (564,376)</u>	<u>\$ -</u>	<u>\$ 12,409,741</u>

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 4. CAPITAL ASSETS – CONTINUED**

**Texas Student Housing Corporation –College Station Project**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,899,597	\$ -	\$ -	\$ 2,899,597
Total assets not being depreciated	2,899,597	-	-	2,899,597
Capital assets, being depreciated:				
Buildings	26,885,312	-	-	26,885,312
Furniture and fixtures	3,437,138	-	-	3,437,138
Total capital assets being depreciated	30,322,450	-	-	30,322,450
Less accumulated depreciation:				
Buildings	(8,853,174)	(896,177)	-	(9,749,351)
Furniture and fixtures	(2,859,802)	(85,073)	-	(2,944,875)
Total accumulated depreciation	(11,712,976)	(981,250)	-	(12,694,226)
Total capital assets being depreciated	18,609,474	(981,250)	-	17,628,224
Capital assets, net	\$ 21,509,071	\$ (981,250)	\$ -	\$ 20,527,821

**NOTE 5. LONG-TERM DEBT**

A summary of long-term debt transactions for the year ended September 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One year
<b>Governmental activities:</b>					
General obligation bonds and certificates of obligation	\$ 28,289,800	\$ -	\$ (1,050,550)	\$ 27,239,250	\$ 1,068,550
Unamortized bond premium	744,328	-	(43,208)	701,120	-
Notes payable	371,464	-	(48,237)	323,227	48,126
Capital leases	237,378	16,740	(79,745)	174,373	85,154
Fidelity tax reimbursement	65,789	-	(31,975)	33,814	33,814
Compensated absences	157,863	145,940	(131,099)	172,704	17,270
Net pension liability- TMRS	428,290	201,471	-	629,761	-
Net pension liability - TRS	235,829	45,287	(89,060)	192,056	-
Total governmental activities	\$ 30,530,741	\$ 409,438	\$ (1,473,874)	\$ 29,466,305	\$ 1,252,914

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One year
<b>Business-type activities:</b>					
Certificates of obligation	\$ 1,014,200	\$ -	\$ (21,450)	\$ 992,750	\$ 21,450
Contractual obligations	5,320,824	-	(94,530)	5,226,294	99,336
Unamortized bond premium	33,397	-	-	33,397	-
Compensated absences	20,916	19,497	(13,341)	27,072	2,707
Net pension liability - TMRS	52,935	24,901	-	77,836	-
Total business-type activities	\$ 6,442,272	\$ 44,398	\$ (129,321)	\$ 6,357,349	\$ 123,493

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5. LONG-TERM DEBT – CONTINUED**

**General Obligation Bonds and Certificates of Obligation**

General obligation bonds and certificates of obligation are as follows as of September 30, 2015:

General Obligations Bonds and Certificates of Obligation	Final Maturity	Interest Rates	Governmental	Business- Type
\$7,465,000 General Obligation Refunding Bonds, Series 2007	2032	3.75-4.20%	\$ 7,165,000	\$ -
\$2,095,000 Combination Tax and Revenue Certificates of Obligation, Series 2011	2031	3.25%	1,727,000	-
\$7,375,000 General Obligation Refunding Bonds, Series 2011	2028	2.0-4.0%	6,735,000	-
\$9,320,000 Certificates of Obligation, Series 2013	2043	2.0-4.0%	8,032,250	992,750
\$2,200,000 General Obligation Refunding Bonds, Series 2013	2028	2.0-2.5%	1,855,000	-
\$1,910,000 General Obligation Refunding Bonds, Series 2014	2032	2.0-5.0%	1,725,000	-
			<u>\$ 27,239,250</u>	<u>\$ 992,750</u>

Debt service requirements of certificates of obligation and general obligations to be retired from governmental funds are as follows:

Year Ending September 30,	Principal	Interest	Total Requirements
2016	\$ 1,068,550	\$ 942,543	\$ 2,011,093
2017	1,088,000	939,260	2,027,260
2018	1,127,000	897,495	2,024,495
2019	1,160,450	863,898	2,024,348
2020	1,198,350	829,017	2,027,367
2021-2025	6,558,500	3,566,912	10,125,412
2026-2030	7,739,200	2,338,317	10,077,517
2031-2035	4,380,000	874,569	5,254,569
2036-2040	1,717,700	407,317	2,125,017
2041-2043	1,201,500	73,514	1,275,014
	<u>\$ 27,239,250</u>	<u>\$ 11,732,842</u>	<u>\$ 38,972,092</u>

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 5. LONG-TERM DEBT – CONTINUED**

**General Obligation Bonds and Certificates of Obligation – Continued**

Debt service requirements of certificates of obligation to be retired from proprietary funds are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2016	\$ 21,450	\$ 33,896	\$ 55,346
2017	22,000	33,461	55,461
2018	22,000	33,021	55,021
2019	22,550	32,576	55,126
2020	23,650	32,114	55,764
2021-2025	126,500	151,079	277,579
2026-2030	173,800	129,137	302,937
2031-2035	220,000	89,882	309,882
2036-2040	212,300	50,343	262,643
2041-2044	148,500	9,086	157,586
Total	<u>\$ 992,750</u>	<u>\$ 594,595</u>	<u>\$ 1,587,345</u>

**Notes Payable**

In March 2014, the Town received a \$366,774 loan from Bennett Benner Pettit, the proceeds of which were used to fund a portion of the Westlake Academy expansion project. The terms of the note call for ten annual payments at 0% interest.

In August 2014, the Town entered into a purchase agreement to acquire technology equipment secured by a 3-year interest-free note in the amount of \$34,710.

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 5. LONG-TERM DEBT – CONTINUED**

**Notes Payable – Continued**

Debt service requirements for the notes payable to be retired from governmental funds are as follows:

<u>Year Ending September 30,</u>	
2016	\$ 48,126
2017	36,677
2018	36,677
2019	36,677
2020	36,677
2021-2024	<u>128,393</u>
Total	<u>\$ 323,227</u>

**Capital Leases**

The Westlake Academy has entered into lease agreements as lessee for financing the acquisition of computer equipment and software. The lease agreements qualify capital leases for accounting purposes, and therefore, have been recorded at the present value of its future minimum lease payments as of the inception date.

Equipment and software with a historical cost of \$255,749 was under capital lease at September 30, 2015. Because the cost of the individual items was below the Town's capitalization threshold, the entire cost was recorded as expense during the year ended September 30, 2015.

The following schedule shows the future minimum lease payments under the capitalized lease together with the present value of the net minimum lease payments as of September 30, 2015:

<u>Year Ending August 31,</u>	<u>Annual Lease Payments</u>
2016	\$ 90,561
2017	90,550
2018	<u>648</u>
Total minimum lease payments	181,759
Less: Amounts representing interest	<u>(7,386)</u>
Present value of net minimum lease payments	<u>\$ 174,373</u>

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 5. LONG-TERM DEBT – CONTINUED**

**Fidelity Tax Reimbursement**

On August 10, 1998, the Town entered into an economic development agreement with Fidelity Texas Limited Partnership (Fidelity) which provided that Fidelity will receive a rebate of one percent of local sales taxes collected by the Town and paid by Fidelity. The agreement provided that the rebate will be paid to Fidelity within 30 days of each calendar quarter from the sales taxes received by the Town. On November 13, 2000, the agreement was amended to allow for a payment schedule of fifteen annual equal installments for sales tax rebate due and payable to Fidelity. The amount due will not bear interest. The loan is discounted to present value and amortized over the life of the loan using the effective interest method.

Debt service requirements for deferred rebates to be retired from governmental funds are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2016	\$ 33,814	\$ 1,944	\$ 35,758
Total	<u>\$ 33,814</u>	<u>\$ 1,944</u>	<u>\$ 35,758</u>

**Contractual Obligations**

Proprietary funds contractual obligations as of September 30, 2015 are as follows:

<u>Contractual Obligations</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Business- Type</u>
Elevated Water Storage Facility	2020	5.0-5.65%	\$ 546,350
Limited pledge contractual obligation: Dove Road Water Line and West Pump Station	<u>2028</u>	<u>6.75%</u>	<u>4,679,944</u>
			<u>\$ 5,226,294</u>

Elevated Water Storage Facility - On October 9, 2000, the Town approved an interlocal agreement with the City of Keller, which provided for the joint construction, operation, maintenance and use of an elevated water storage facility and appurtenances. The Town recorded a contractual obligation of \$1,466,000 based on the terms of the interlocal agreement, which requires 20 annual principal and interest payments to the City of Keller, with payments due each September 30 at interest rates ranging from 5.0% to 5.65%.

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 5. LONG-TERM DEBT – CONTINUED**

**Contractual Obligations – Continued**

Dove Road Water Line and West Pump Station - In April 2000, the Town approved an agreement with the Hillwood Development Corporation (Hillwood). In the agreement, Hillwood agreed to bear all initial costs for the design, engineering and constructions of the Dove Road Water Line and the West Pump Station that will service the residents of the Town. The Town agreed to reimburse Hillwood for the cost of the project upon completion and the Town's acceptance of the project, which occurred in June 2001, solely from a \$.25 charge per 1,000 gallons of usage. The Town further agreed to deposit debt service revenue of \$.25 per 1,000 gallons of usage collected from Town residents to fund its repayment to Hillwood. Debt service revenue will be allocated between Hillwood service area and Town service area by 52% and 48%, respectively and deposited into two separate debt service funds that will result in debt service revenue to pay the respective share of the construction cost. The Town recorded a limited pledge contractual obligation of \$4,679,944 for the project cost based upon the terms of the agreement, which requires 239 monthly principal and interest payments to Hillwood, at an interest rate of 6.75%. If the Town collects insufficient funds to pay current interest on the debt, the interest payment may be deferred. No portion of debt payments will be applied to the principal component, until all current and deferred interest is fully paid. The obligation of the Town to pay the purchase price and interest thereon is not a general obligation of the Town but is a limited recourse obligation payable solely from debt service revenue.

The schedule of future payments by the Town under these agreements is as follows:

Year Ending September 30,	Principal	Interest	Total Requirements
Past Due	\$ -	\$ 6,362,260	\$ 6,362,260
2016	99,336	985,500	1,084,836
2017	104,143	849,799	953,942
2018	108,950	904,224	1,013,174
2019	113,756	962,616	1,076,372
2020	120,165	1,028,071	1,148,236
2021-2025	4,679,944	724,066	5,404,010
Total	<u>\$ 5,226,294</u>	<u>\$ 11,816,536</u>	<u>\$ 17,042,830</u>

**Prior Year Defeasance of Debt**

In prior years, the government defeased general obligations bonds by placing proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. At September 30, 2015, there were no prior year defeased bonds outstanding.

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 5. LONG-TERM DEBT – CONTINUED**

**Compensated Absences**

Although compensated absences are liquidated by the fund to which they relate, the significant portion of the governmental activities compensated absences has typically been liquidated by the general fund.

**Discretely Presented Component Units – Long-term Debt**

**Texas Student Housing Corporation –Denton Project**

The long-term debt activity of the Denton Project is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue Bonds:					
2001 A Bonds	\$ 23,710,000	\$ -	\$ (785,000)	\$ 22,925,000	\$ 2,075,000
2001 B Bonds	3,240,000	-	-	3,240,000	-
Less discount on bonds	<u>(597,354)</u>	<u>-</u>	<u>37,485</u>	<u>(559,869)</u>	<u>-</u>
Total	<u>\$ 26,352,646</u>	<u>\$ -</u>	<u>\$ (747,515)</u>	<u>\$ 25,605,131</u>	<u>\$ 2,075,000</u>

The Bonds are payable solely from the revenues generated by the Denton Property and are secured by the revenues pledged and assigned under the terms of the Trust Indenture. The Town of Westlake does not have any liability for the payment of the bonds as the bonds are non-recourse to both the Town of Westlake and Texas Student Housing Authority. Interest rates on the bonds range from 5.00% to 11.00% and are payable semi-annually on July 1 and January 1 of each year thereafter.

At September 30, 2015, the Project was not in compliance with certain covenants of the Indenture including insufficient funds in some of the required funds discussed in Note 2 and a fixed charges ratio less than 1.0. In addition, all required principal payments on the Series B bonds had not been made as of September 30, 2015. Upon certain events of default either the trustee, or owners of not less than 25% in aggregate principal of the bonds then outstanding, may declare the principal and all interest then due to be immediately due and payable.

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 5. LONG-TERM DEBT – CONTINUED**

**Discretely Presented Component Units – Long-term Debt – Continued**

**Texas Student Housing Corporation – Denton Project – Continued**

The debt service requirements of the bonds are as follows:

Year Ending September 30,	Principal	Interest	Total Requirements
Past Due	\$ 1,240,000	\$ 6,992,072	\$ 8,232,072
2016	835,000	1,784,418	2,619,418
2017	950,000	1,728,055	2,678,055
2018	1,020,000	1,661,593	2,681,593
2019	1,085,000	1,589,980	2,674,980
2020	1,165,000	1,513,768	2,678,768
2021-2025	7,190,000	6,205,540	13,395,540
2026-2030	10,185,000	3,220,028	13,405,028
2031-2035	2,495,000	181,283	2,676,283
	<u>\$ 26,165,000</u>	<u>\$ 24,876,737</u>	<u>\$ 51,041,737</u>

**Texas Student Housing Authority – Jefferson Commons at Town Lake Project**

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue Bonds:					
2002 A-1 Bonds	\$ 14,890,492	\$ -	\$ (352,213)	\$ 14,538,279	\$ 382,998
2002 A-2 Bonds	5,089,241	-	-	5,089,241	-
Total	<u>\$ 19,979,733</u>	<u>\$ -</u>	<u>\$ (352,213)</u>	<u>\$ 19,627,520</u>	<u>\$ 382,998</u>

The bonds are payable solely from the revenues generated by the Project and are secured by the revenues pledged and assigned under the terms of the Trust Indenture. Interest rates on the bonds range from 7.76% to 8.69% at present and principal and interest payments are made monthly.

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5. LONG-TERM DEBT – CONTINUED**

**Discretely Presented Component Units – Long-term Debt – Continued**

**Texas Student Housing Authority – Jefferson Commons at Town Lake Project – Continued**

The future debt service requirements of the bonds are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
Past Due	\$ -	\$ 3,931,163	\$ 3,931,163
2016	382,998	1,508,639	1,891,637
2017	413,797	1,477,840	1,891,637
2018	447,074	1,444,563	1,891,637
2019	483,026	1,408,611	1,891,637
2020	521,870	1,369,767	1,891,637
2021-2025	3,310,558	6,147,627	9,458,185
2026-2030	4,873,699	4,584,486	9,458,185
2031-2035	6,737,498	1,707,029	8,444,527
2036-2038	2,457,000	-	2,457,000
Total	<u>\$ 19,627,520</u>	<u>\$ 23,579,725</u>	<u>\$ 43,207,245</u>

**Texas Student Housing Corporation – College Station Project**

The Project's installment note payable is summarized as follows:

<u>Lender/Security/Due/Date</u>	<u>Rate</u>	<u>Balance</u>
Cambridge Student Housing Financing Company, L.P.; substantially all assets and assignment of rents: due November 1, 2039	8.00%	<u>\$ 29,429,200</u>

The following is a summary of long-term debt transactions of the Project for the year ended August 31, 2015:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Revenue Certificates	<u>\$ 29,885,000</u>	<u>\$ -</u>	<u>\$ (455,800)</u>	<u>\$ 29,429,200</u>	<u>\$ 870,000</u>

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 5. LONG-TERM DEBT – CONTINUED**

**Discretely Presented Component Units – Long-term Debt – Continued**

**Texas Student Housing Corporation – College Station Project – Continued**

The debt is to be amortized through 2040 with varying payments. The annual requirements to amortize the Project's outstanding installment notes payable as of September 30, 2015 are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
Past Due	\$ 315,000	\$ 13,101,973	\$ 13,416,973
2016	555,000	1,795,820	2,350,820
2017	600,000	1,751,328	2,351,328
2018	645,000	1,703,325	2,348,325
2019	720,000	1,650,637	2,370,637
2020	775,000	1,592,890	2,367,890
2021-2025	3,320,000	7,109,570	10,429,570
2026-2030	3,575,000	5,912,733	9,487,733
2031-2035	5,155,000	4,275,367	9,430,367
2036-2040	13,769,200	1,854,218	15,623,418
Total	<u>\$ 29,429,200</u>	<u>\$ 40,747,861</u>	<u>\$ 70,177,061</u>

Class C and D bonds are in default and the property does not generate enough revenue to pay the debt obligations. All of the Class C and D bonds issued remain outstanding as of September 30, 2015.

Each class has certain rights and privileges, as contained in the private placement memorandum. As a part of the offering, the Project entered into a trust agreement with J. P. Morgan Trust Company, N.A. (the Trustee) for the purpose of determining that each class is paid in accordance with the private placement memorandum.

At September 30, 2015, the Project was not in compliance with the fixed charge coverage ratio. As a result, the lender may accelerate the maturity of the unpaid portion of the principal payable under the installment sale agreement. However, the Authority does not anticipate this event will occur, since foreclosure by private interests would result in the loss of tax-exempt status for the Project.

The Town of Westlake does not have any liability for the payment of debt of the discretely presented component units as the bonds are non-recourse to both the Town and Texas Student Housing Authority.

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 6. UNEARNED REVENUE / DEFERRED INFLOWS OF RESOURCES**

Unearned revenue in the proprietary fund of \$284,535 relates to the collection of the entire amount due on eight Ductbank leases as follows: one 25-year lease with AT&T local network services; five leases with Verizon Southwest ranging from 20 to 30 years; one 5-year lease with MCI Metro; and one 5-year lease with L3 Communications for use of the Town's Ductbank. Unearned revenue of \$1,100 in the non-major governmental funds represents sponsorship and registration fees received in advance of an event held in October 2015.

Governmental funds report *deferred inflows of resources* in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, deferred inflows of resources reported in the governmental funds consist of \$5,379 and \$673 of unavailable property taxes in the general fund and debt service fund, respectively.

**NOTE 7. INTERLOCAL AGREEMENT WITH THE CITY OF SOUTHLAKE**

In August 1995, the Town entered into an agreement with the City of Southlake to allow the Town to utilize capacity in a sewer line and to set forth their respective rights and obligations with respect to the sewer line owned by the City of Southlake. The Town is obligated to share in the cost of construction, operation and maintenance of the water sewer line. The sewer line was constructed in 2000. Additionally, the Town must pay the City of Southlake all transportation, treatment and related costs allocable to the metered flow of sewage from the Town into the sewer line.

**NOTE 8. FEDERAL AND STATE PROGRAM REVENUES**

The Town received financial assistance from various federal and state governmental agencies in the form of grants for Westlake Academy. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any unallowed disbursement resulting from such audits becomes a liability of the Town. In the opinion of the Town management, no material refunds will be required as a result of unallowed disbursements (if any) by the grantor agencies. Sources of federal and state program revenues for the year ended September 30, 2015, were as follows:

<u>Source</u>	<u>Westlake Academy</u>
Federal program revenues:	
U.S. Department of Education - Passed through State Department of Education	
Total federal program revenues:	<u>\$ 87,797</u>
State program revenues:	
State Department of Education	<u>\$ 6,173,418</u>

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 9. INTERFUND BALANCES AND TRANSACTIONS**

Interfund receivables and payables at September 30, 2015, were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General fund	\$ 164,147	\$ -
Nonmajor governmental funds:		
4B Economic Development Fund	<u>-</u>	<u>164,147</u>
	<u>\$ 164,147</u>	<u>\$ 164,147</u>

The 4B Economic Development Corporation Fund amount of \$164,147 payable to the General Fund is related to debt service payment reimbursement.

Inter-fund transfers are reported in the governmental funds and proprietary fund financial statements. In the government-wide statements, inter-fund transfers are eliminated within the governmental activities column and business-type column, as appropriate.

Transfers are used to (1) move revenues collected in the special revenue funds to finance various programs in accordance with budgetary authorizations, (2) move receipts restricted for debt service from the funds collecting the receipts to the Debt Service fund as debt service payments become due, (3) payment for services provided to another fund, (4) move unrestricted General fund revenues to Capital Project fund as determined by the Council for capital projects, and (5) transfer payment for economic development agreements to the Economic Development fund.

Individual fund transfers for fiscal year 2015 were as follows:

<u>Transfer out</u>	<u>Transfer in</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Nonmajor Governmental	\$ 35,758	Payment to Fidelity (Phase I)
General Fund	Debt Service Fund	461,498	Debt service payments
General Fund	Westlake Academy Expansion	54,328	Payment for the expansion project
General Fund	Capital Projects	1,438,801	Payment for the capital project
Utility Fund	General Fund	323,100	Collection of Ft. Worth Impact Fees and interfund payment
			Operating expenditures for Communications & Community
Nonmajor Governmental	General Fund	13,220	Affairs Department.
Nonmajor Governmental	Debt Service	164,450	Debt service payments
Nonmajor Governmental	Debt Service	1,231,741	Debt service payments
Nonmajor Governmental	Westlake Academy Expansion	410,000	Lot payment per economic development agreement
General Fund	Westlake Academy	300,000	Student reserve funds
PID Capital Projects	General Fund	185,000	Payment to General Fund for PID creation expenses
		<u>\$ 4,617,896</u>	

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 10. WATER PURCHASE AND WASTEWATER TREATMENT CONTRACTS**

The Town has a contract with the City of Fort Worth, Texas, to purchase water. Under the contract, the Town may obtain from the City of Fort Worth, a supply of potable water at a reasonable rate based on water usage. The rate charges are subject to minimum annual contract payments. Water expense for the year ended September 30, 2015 was \$1,223,393.

**NOTE 11. DEFINED BENEFIT PENSION PLAN - TMRS**

**Plan Description**

The Town participates as one of 860 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](http://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 payments 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.

**Employees Covered By Benefit Terms**

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees of beneficiaries currently receiving benefits	8
Inactive employees entitled to but not yet receiving benefits	17
Active employees	<u>30</u>
	<u><u>55</u></u>

**TOWN OF WESTLAKE**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 11. DEFINED BENEFIT PENSION PLAN – TMRS - 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 Town were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the Town were 8.05% and 10.92% in calendar years 2014 and 2015, respectively. The Town's contributions to TMRS for the year ended September 30, 2015, were \$277,651, and were equal to the required contributions.

**Net Pension Liability**

The Town's Net Pension Liability (NPL) was measured as of December 31, 2014, 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, 2014 actuarial valuation was determined using the following actuarial assumptions:

- Inflation 3.0% per year
- Overall payroll growth 3.0% per year
- Investment Rate of Return 7.0%, 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 Table, 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 Disabled Retiree Mortality Table is used, with slight adjustments.

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 11. DEFINED BENEFIT PENSION PLAN - TMRS – CONTINUED**

**Actuarial Assumptions – Continued**

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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.

This rate was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100.0%	

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 11. DEFINED BENEFIT PENSION PLAN – TMRS – CONTINUED**

**Discount Rate**

The discount rate used to measure the Total Pension Liability was 7.0%. 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.

**Allocations**

The Town's net pension liability, pension expense, and deferred outflows of resources related to TMRS have been allocated between governmental activities and business-type activities using a contribution-based method.

**Changes in the Net Pension Liability**

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balance at 12/31/2013	\$ 3,669,053	\$ 3,187,798	\$ 481,255
Changes for the year:			
Service Cost	288,923	-	288,923
Interest	264,994	-	264,994
Change of benefit terms	-	-	-
Difference between expected and actual experience	176,965	-	176,965
Changes of assumptions	-	-	-
Contributions - employer	-	172,064	(172,064)
Contributions - employee	-	152,077	(152,077)
Net investment income	-	182,430	(182,430)
Benefit payments, including refunds of employee contributions	(55,762)	(55,762)	-
Administrative expense	-	(1,904)	1,904
Other changes	-	(127)	127
Net Changes	<u>675,120</u>	<u>448,778</u>	<u>226,342</u>
Balance at 12/31/14	<u>\$ 4,344,173</u>	<u>\$ 3,636,576</u>	<u>\$ 707,597</u>

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 11. DEFINED BENEFIT PENSION PLAN – TMRS – CONTINUED**

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the Town, calculated using the discount rate of 7.0%, as well as what the Town’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	<u>1% Decrease in Discount Rate (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>1% Increase in Discount Rate (8.0%)</u>
Net pension liability	\$ 1,420,650	\$ 707,597	\$ 123,093

**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.tmr.com](http://www.tmr.com).

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

For the year ended September 30, 2015, the Town recognized pension expense of \$221,177.

At September 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual economic experience	\$ 144,686	\$ -
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	32,573	-
Contributions subsequent to the measurement date	<u>213,518</u>	<u>-</u>
Total	<u>\$ 390,777</u>	<u>\$ -</u>

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 11. DEFINED BENEFIT PENSION PLAN – TMRS – CONTINUED**

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued**

\$213,518 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, 2015. Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended Sept. 30,		
2016	\$	253,940
2017		40,422
2018		40,422
2019		40,422
2020		15,571
Total	\$	<u>390,777</u>

**NOTE 12. DEFINED BENEFIT PENSION PLAN – TRS**

**Plan Description**

The Academy participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

**Pension Plan Fiduciary Net Position**

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 12. DEFINED BENEFIT PENSION PLAN – TRS – CONTINUED**

**Benefits Provided**

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years.

Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (A) above.

**Contributions**

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 12. DEFINED BENEFIT PENSION PLAN – TRS – CONTINUED**

**Contributions – Continued**

Contribution Rates

	<u>2014</u>	<u>2015</u>
Member	6.4%	6.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
2014 Employer Contributions	\$ 18,228	
2014 Member Contributions	\$ 320,575	
2014 NECE On-behalf Contributions	\$ 280,876	

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 12. DEFINED BENEFIT PENSION PLAN – TRS – CONTINUED**

**Actuarial Assumptions**

The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	5 year Market Value
Discount Rate	8.00%
Long-term expected Investment Rate of Return*	8.00%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.50%

\*Includes Inflation of 3%

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011 they contained a significant margin for possible future mortality improvement. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees was decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

**Discount Rate**

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates 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.

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 12. DEFINED BENEFIT PENSION PLAN – TRS – CONTINUED**

**Discount Rate – Continued**

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. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2014 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Geometric Basis</u>	<u>Long-term Expected Portfolio Real Rate of Return*</u>
<b>Global Equity</b>			
U.S.	18%	7.0%	1.4%
Non-U.S. Developed	13%	7.3%	1.1%
Emerging Markets	9%	8.1%	0.9%
Directional Hedge Funds	4%	5.4%	0.2%
Private Equity	13%	9.2%	1.4%
<b>Stable Value</b>			
U.S. Treasuries	11%	2.9%	0.3%
Absolute Return	0%	4.0%	0.0%
Stable Value Hedge Funds	4%	5.2%	0.2%
Cash	1%	2.0%	0.0%
<b>Real Return</b>			
Global Inflation Linked Bonds	3%	3.1%	0.0%
Real Assets	16%	7.3%	1.5%
Energy and Natural Resources	3%	8.8%	0.3%
Commodities	0%	3.4%	0.0%
<b>Risk Parity</b>			
Risk Parity	5%	8.9%	0.4%
Alpha			1.0%
<b>Total</b>	<u>100.0%</u>		<u>8.7%</u>

\* The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

**Discount Rate Sensitivity Analysis**

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2014 Net Pension Liability.

	<u>1% Decrease in Discount Rate (7.0%)</u>	<u>Discount Rate (8.0%)</u>	<u>1% Increase in Discount Rate (9.0%)</u>
Academy's proportionate share of the TRS net pension liability	\$ 343,191	\$ 192,056	\$ 79,034

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 12. DEFINED BENEFIT PENSION PLAN – TRS – CONTINUED**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At August 31, 2014, the Academy reported a liability of \$192,056 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the Academy. The amount recognized by the Academy as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Academy were as follows:

Academy's Proportionate share of the collective net pension liability	\$	192,056
State's proportionate share that is associated with Academy		<u>2,965,583</u>
Total	\$	<u>3,157,639</u>

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2013 thru August 31, 2014.

At August 31, 2014 the employer's proportion of the collective net pension liability was 0.0007190%. Since this is the first year of implementation, the Academy does not have the proportion measured as of August 31, 2013. The Notes to the Financial Statements for August 31, 2014 for TRS stated that the change in proportion was immaterial and, therefore, disregarded this year.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective 09/01/2013. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

For the year ended August 31, 2014, the Academy recognized pension expense of \$274,163 and revenue of \$274,163 for support provided by the State.

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 12. DEFINED BENEFIT PENSION PLAN – TRS – CONTINUED**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued**

At August 31, 2014, the Academy reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual economic experience	\$ 2,970	\$ -
Changes in actuarial assumptions	12,484	-
Changes in proportionate share		(50)
Difference between projected and actual investment earnings	-	(58,700)
Contributions paid to TRS subsequent to the measurement date	<u>92,325</u>	
Total	<u>\$ 107,779</u>	<u>\$ (58,750)</u>

The net amounts of the employer’s balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended Aug. 31,</u>	
2016	\$ 80,249
2017	(12,076)
2018	(12,076)
2019	(12,076)
2020	2,599
Thereafter	<u>2,409</u>
Total	<u>\$ 49,029</u>

**TOWN OF WESTLAKE  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 13. RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The Town's general liability, workers' compensation liability, law enforcement liability, errors and omissions liability, and automobile liability coverage is insured by the Texas Municipal League, a public entity risk pool. The Town's only responsibility to the Texas Municipal League is to pay premiums for insurance and related deductible amounts of these policies. Other risk of loss is covered by commercial insurance. Settlements of claims have not exceeded coverage in the past three years.

**NOTE 14. CONTINGENT LIABILITIES**

**Litigation**

Various claims and lawsuits are pending against the Town. In the opinion of Town management, after consultation with legal counsel, the potential loss on these claims and lawsuits will not materially affect the Town's financial position.

**Circle T Municipal Utility Districts**

The Town and Hillwood are currently in discussions regarding the debt for Municipal Utility District's (MUDs) #1 and #3 on the Circle T property in Westlake which is controlled by AIL Investments, L.P. As this property develops, Hillwood agreed to de-annex developed property from the MUDs in exchange for pro-rata payments on water and sewer infrastructure installed by the MUDs at their inception.

To date, two projects, Chrysler Financial and Deloitte University, have been or are being developed within these MUDs. Discussions regarding the Town's payment to AIL Investments, L.P. in exchange for de-annexation of these two tracks from the Circle T MUDs have taken place but have not come to a conclusion as to the settlement amounts. These discussions are ongoing until the Town receives full documentation that it determines is adequate to support the requested payments. The Town of Westlake holds full rights and privileges under the State granted Certificate of Convenience and Necessity (CCN) and can serve all water and sewer customers within these MUD boundaries regardless of the status of these negotiations.

**NOTE 15. SOLANA PUBLIC IMPROVEMENT DISTRICT**

On February 24, 2014, the Town Council granted a petition by Maguire Partners-Solana Land, LP in resolution 14-07 to authorize and provide for the creation of a public improvement district, The Solana Public Improvement District ("the District"). The District encompasses approximately 85 acres currently being developed as a master-planned mixed-use development known as "Westlake Entrada" that is expected to include, among other things, condominiums, residential villas, hotels, office, retail, commercial, institutional and hospitality uses, and a wedding event center. The District was created in accordance with Chapter 372 of the Texas Local Government Code.

**TOWN OF WESTLAKE**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 15. SOLANA PUBLIC IMPROVEMENT DISTRICT – CONTINUED**

On February 5, 2015, the Town Council approved issuance of \$26,175,000 of Special Assessment Revenue Bonds, Series 2015 related to the District. The Public Improvement District Bonds (“The Bonds”) are *special and limited* obligations of the Town payable solely from the pledged revenues and other funds comprising the Trust Estate, as and to the extent provided in the indenture. The bonds do not give rise to a charge against the general credit or taxing power of the Town and are payable solely from the sources identified in the indenture. The owners of the bonds shall never have the right to demand payment thereof out of money raised or to be raised by taxation, or out of any funds of the Town other than the Trust Estate, as and to the extent provided in the indenture; and, no owner of the bonds shall have the right to demand any exercise of the Town’s taxing power to pay the principal of the bonds or the interest or redemption premium, if any, thereon. The Town shall have no legal or moral obligation to pay the bonds out of any funds of the Town other than the Trust Estate in accordance with the Texas Local Government Code.

The proceeds from the bond issue are to be used as follows: payment of a portion of the costs of construction, acquisition, or purchase of certain water, wastewater and roadway public improvements for the special benefit of the District; funding a reserve fund; funding capitalized interest; payment of a portion of the costs incidental to the organization of the District; and payment of the cost of issuance of the bonds. The Town is not, and will not be obligated to provide any funds to finance construction of authorized improvements. All design and construction costs of the District’s authorized public improvements will be paid from the District assessments and from other sources of funds, if any, to the extent provided in the Trust Indenture.

**NOTE 16. CUMULATIVE EFFECT OF ADOPTION OF GASB STATEMENTS**

As a result of implementation of GASB Statement No. 68, “Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27”, and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date”, an adjustment has been made to record the Town’s net pension liability associated with TRS as of August 31, 2014 and the Academy’s net pension liability associated with TMRS as of December 31, 2014. As a result, beginning net position of the governmental activities has been decreased by \$530,877, the net effect of the beginning net pension liability and deferred outflows of resources of TMRS (\$313,276) and TRS (\$217,601); and the beginning net position of the utility fund has been decreased by \$38,720.

**NOTE 17. GOING CONCERN**

The 2015 financial statements were prepared assuming the Texas Student Housing entities will continue as going concerns. The Texas Student Housing entities’ bonds payable are considered to be in default due to not making full principal and interest payments and, therefore, are reported as current liabilities. This is considered an event of default by the Trustees, which gives the bondholders the right to accelerate and demand payment of the bonds in full. Management and the property managers are in the process of developing and implementing plans to increase occupancy and rental rates at the properties to improve their financial performance.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF WESTLAKE  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	General Fund			Variance Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Amended		
<b>REVENUES:</b>				
Taxes				
Sales	\$ 3,376,250	\$ 3,575,000	\$ 3,587,323	\$ 12,323
Property	1,209,094	1,248,094	1,256,796	8,702
Mixed beverages	50,500	50,500	59,184	8,684
Franchise	795,383	809,270	963,040	153,770
Interest income	10,420	10,420	10,078	(342)
Building permits and fees	1,460,500	1,561,350	1,200,790	(360,560)
Fines and penalties	670,000	690,000	734,152	44,152
Intergovernmental	-	-	3,810	3,810
Contributions	-	167,541	10,000	(157,541)
Miscellaneous	60,094	73,344	81,539	8,195
Total revenues	<u>7,632,241</u>	<u>8,185,519</u>	<u>7,906,712</u>	<u>(278,807)</u>
<b>EXPENDITURES:</b>				
Current				
General government	3,054,661	3,147,116	2,411,239	735,877
Public safety	2,456,719	2,648,274	2,490,551	157,723
Cultural and recreation	224,602	213,415	130,322	83,093
Public works	794,038	751,018	744,028	6,990
Capital outlay	745,000	877,541	748,297	129,244
Debt service				
Principal retirement	18,339	36,678	48,237	(11,559)
Total expenditures	<u>7,293,359</u>	<u>7,674,042</u>	<u>6,572,674</u>	<u>1,101,368</u>
Excess of revenues over expenditures	<u>338,882</u>	<u>511,477</u>	<u>1,334,038</u>	<u>822,561</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	306,965	700,298	521,320	(178,978)
Transfers out	(2,301,612)	(2,009,410)	(2,290,385)	(280,975)
Insurance proceeds	-	291,005	162,059	(128,946)
Net other financing sources (uses)	<u>(1,994,647)</u>	<u>(1,018,107)</u>	<u>(1,607,006)</u>	<u>(588,899)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,655,765)	(506,629)	(272,968)	233,661
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>7,953,518</u>	<u>7,953,518</u>	<u>7,953,518</u>	-
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 6,297,753</u>	<u>\$ 7,446,889</u>	<u>\$ 7,680,550</u>	<u>\$ 233,661</u>

**TOWN OF WESTLAKE  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – WESTLAKE ACADEMY  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Westlake Academy			Variance Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
State program revenues	\$ 5,782,092	\$ 6,070,659	\$ 6,173,418	\$ 102,759
Federal program revenues	73,896	162,270	87,797	(74,473)
Interest income	1,515	1,575	2,067	492
Miscellaneous	1,409,790	1,536,215	1,971,097	434,882
Total revenues	<u>7,267,293</u>	<u>7,770,719</u>	<u>8,234,379</u>	<u>463,660</u>
<b>EXPENDITURES:</b>				
Education	7,756,046	7,948,314	7,938,501	9,813
Interest and other fiscal charges	90,565	90,565	10,204	80,361
Total expenditures	<u>7,846,611</u>	<u>8,038,879</u>	<u>7,948,705</u>	<u>90,174</u>
Excess (deficiency) of revenues over expenditures	<u>(579,318)</u>	<u>(268,160)</u>	<u>285,674</u>	<u>553,834</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	300,000	300,000	300,000	-
Capital lease proceeds	-	-	16,740	16,740
Total other financing sources	<u>300,000</u>	<u>300,000</u>	<u>316,740</u>	<u>16,740</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(279,318)</u>	<u>31,840</u>	<u>602,414</u>	<u>570,574</u>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>1,071,298</u>	<u>1,071,298</u>	<u>1,071,298</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 791,980</u>	<u>\$ 1,103,138</u>	<u>\$ 1,673,712</u>	<u>\$ 570,574</u>

**TOWN OF WESTLAKE**  
**NOTES TO BUDGETARY COMPARISON SCHEDULES**

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**Budgetary Information** -The Town follows these procedures annually in establishing the budgetary data reflected in the budgetary comparison schedules:

1. The Town Manager submits to the Town Council a proposed budget for the fiscal year commencing the following October 1. The budget includes proposed expenditures and the means of financing them.
2. Prior to October 1, the budget is legally adopted through passage of an ordinance. This budget is reported as the Original Budget in the budgetary comparison schedules.
3. During the fiscal year, changes to the adopted budget may be authorized, as follows:
  - a. Items requiring Town Council action - appropriation of fund balance reserves; transfers of appropriations between funds; new inter-fund loans or advances; and creation of new capital projects or increases to existing capital projects.
  - b. Items delegated to the Town Manager - appropriation balances from an expenditure account to another within a single fund.
4. Annual budgets are legally adopted and amended as required for the general, special revenue and debt service funds. Project length budgets are adopted for the capital projects funds. All budgets are adopted on a basis consistent with generally accepting accounting principles. Budgets are adopted for the proprietary funds annually only as a management tool. There are no legally mandated budgetary constraints for the proprietary funds.
5. Budget amounts are reflected after all authorized amendments and revisions. This budget is reported as the Final Budget in the budgetary comparison schedules.
6. The appropriated budget is prepared by fund, function and department. The Town's management may make transfers of appropriations within a fund. Transfers of appropriations between funds require the approval of the Town Council. The legal level of budgetary control is the fund level. The Town Council made several supplementary budget appropriations during the year.
7. 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 re-appropriated and honored during the subsequent year.
8. Expenditures exceeded appropriations in debt service of the General Fund.

**TOWN OF WESTLAKE  
SCHEDULE OF NET PENSION LIABILITY AND RELATED RATIOS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>2015</u>
<b>Total Pension Liability:</b>	
Service cost	\$ 288,923
Interest	264,994
Change in benefit terms	-
Difference between expected and actual experience	176,965
Change in assumptions	-
Benefit payments	<u>(55,762)</u>
Net change in total pension liability	675,120
Total Pension Liability-beginning	<u>3,669,053</u>
Total Pension Liability-ending	<u>4,344,173</u>
 <b>Plan Fiduciary Net Position</b>	
Contributions - employer	172,064
Contributions - nonemployer	152,077
Net investment income	182,430
Benefit payments	(55,762)
Administrative income	(1,904)
Other	<u>(127)</u>
Net change in plan fiduciary net position	448,778
Plan fiduciary net position -beginning	<u>3,187,798</u>
Plan fiduciary net position - ending	<u>3,636,576</u>
 Town's net pension liability -ending	 <u>\$ 707,597</u>
 Plan fiduciary net position as a % of total pension liability	  83.71%
 Covered payroll	  \$ 2,172,525
 Town's net pension liability as a % of employee payroll	   32.57%

**TOWN OF WESTLAKE  
 SCHEDULE OF CONTRIBUTIONS  
 TEXAS MUNICIPAL RETIREMENT SYSTEM  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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	<u>2015</u>
Actuarially Determined Contributions	\$ 277,651
Contributions in relation to the actuarially determined contributions	<u>(277,651)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered employee payroll	2,778,776
Contributions as a percentage of covered employee payroll	9.99%

**TOWN OF WESTLAKE  
NOTES TO TEXAS MUNICIPAL RETIREMENT SYSTEM REQUIRED SUPPLEMENTARY  
INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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**VALUATION DATE:**

Actuarial determined contribution rates are calculated as of December 31 each year and become effective in January, 12 months and one day 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	30 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	3.00%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 - 2009
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

**TOWN OF WESTLAKE  
SCHEDULE OF ACADEMY'S PROPORTIONATE SHARE  
OF NET PENSION LIABILITY – TEACHER RETIREMENT SYSTEM  
FOR THE YEAR ENDED AUGUST 31, 2015**

**EXHIBIT B-5**

	<u>2015</u>
Academy's proportion of the net pension liability	0.0007190%
Academy's proportionate share of net pension liability	\$ 192,056
State's proportionate share of net pension liability associated with the Westlake Academy	<u>2,965,583</u>
Total	<u>\$ 3,157,639</u>
Academy's covered payroll	<u>\$ 4,300,931</u>
Academy's proportionate share of net pension liability as a percentage of its covered payroll	4.47%
Plan fiduciary net position as a percentage of total pension liability	83.25%

**TOWN OF WESTLAKE  
 SCHEDULE OF CONTRIBUTIONS  
 TEACHER RETIREMENT SYSTEM  
 FOR THE YEAR ENDED AUGUST 31, 2015  
 (UNAUDITED)**

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	<u>2015</u>
Statutorially required contributions	\$ 92,325
Actual contributions in relation to statutorially required contributions	<u>92,325</u>
Contribution deficiency (excess)	<u>\$ -</u>
Academy's covered payroll	\$ 4,784,694
Contributions as a percentage of Academy's covered payroll	1.93%



**TOWN OF WESTLAKE**

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

**TOWN OF WESTLAKE  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – DEBT SERVICE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**EXHIBIT C-1**

	Debt Service Fund			Variance Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Amended		
<b>REVENUES:</b>				
Taxes				
Property	\$ 166,969	\$ 176,500	\$ 176,121	\$ (379)
Total revenues	166,969	176,500	176,121	(379)
<b>EXPENDITURES:</b>				
Debt service				
Principal retirement	1,245,550	1,050,550	1,050,550	-
Interest and other fiscal charges	1,049,108	963,828	963,425	403
Total expenditures	2,294,658	2,014,378	2,013,975	403
Deficiency of revenues under expenditures	(2,127,689)	(1,837,878)	(1,837,854)	24
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,139,554	1,859,274	1,857,689	(1,585)
Net other financing sources (uses)	2,139,554	1,859,274	1,857,689	(1,585)
<b>NET CHANGE IN FUND BALANCE</b>	11,865	21,396	19,835	(1,561)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	1,081	1,081	1,081	-
<b>FUND BALANCE AT END OF YEAR</b>	\$ 12,946	\$ 22,477	\$ 20,916	\$ (1,561)

**TOWN OF WESTLAKE  
NONMAJOR GOVERNMENTAL FUNDS**

---

**Visitors Association Fund**

To account for municipal hotel occupancy taxes collected and expenditures to promote tourism and the convention and hotel industry.

**Lone Star Public Facilities Corporation**

To account for investment activity relating to the Lone Star Public Facilities Corporation.

**Economic Development Fund**

To account for sales tax and hotel occupancy tax collected to fund activity relating to Economic Development agreements.

**4B Economic Development Corporation**

To account for sales tax collected to fund the activities of the 4B Economic Development Corporation.

**TOWN OF WESTLAKE  
COMBINING BALANCE SHEET  
NON MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Visitors Association	Lone Star Public Facilities Corporation Fund	Economic Development Fund	4B Economic Development Corporation Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,050,718	\$ 13,632	\$ 5,806	\$ -	\$ 1,070,156
Receivables: (net of allowances for uncollectibles)					
Accounts receivable	68,127	-	32,674	164,147	264,948
Other assets	1,874	-	-	-	1,874
<b>Total assets</b>	<b>\$ 1,120,719</b>	<b>\$ 13,632</b>	<b>\$ 38,480</b>	<b>\$ 164,147</b>	<b>\$ 1,336,978</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Accounts payable	\$ 36,736	\$ -	\$ 38,480	\$ -	\$ 75,216
Unearned revenue	1,100	-	-	-	1,100
Due to other funds	-	-	-	164,147	164,147
<b>Total liabilities</b>	<b>37,836</b>	<b>-</b>	<b>38,480</b>	<b>164,147</b>	<b>240,463</b>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid items	1,874	-	-	-	1,874
Restricted for:					
Tourism	1,081,009	-	-	-	1,081,009
Future projects	-	13,632	-	-	13,632
<b>Total fund balances</b>	<b>1,082,883</b>	<b>13,632</b>	<b>-</b>	<b>-</b>	<b>1,096,515</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,120,719</b>	<b>\$ 13,632</b>	<b>\$ 38,480</b>	<b>\$ 164,147</b>	<b>\$ 1,336,978</b>

**TOWN OF WESTLAKE  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NON MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Visitors Association	Lone Star Public Facilities Corporation Fund	Economic Development Fund	4B Economic Development Corporation Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>					
Sales	\$ -	\$ -	\$ 106,748	\$ 1,231,357	\$ 1,338,105
Hotel occupancy	807,179	-	65,000	-	872,179
Interest income	1,698	21	-	384	2,103
Contributions	6,750	-	-	-	6,750
Miscellaneous	4,745	-	410,000	-	414,745
<b>Total revenues</b>	<b>820,372</b>	<b>21</b>	<b>581,748</b>	<b>1,231,741</b>	<b>2,633,882</b>
<b>EXPENDITURES</b>					
Current:					
Economic development	-	9	171,748	-	171,757
Visitor services	670,157	-	-	-	670,157
Debt service					
Principal retirement	-	-	31,975	-	31,975
Interest and other fiscal charges	-	-	3,783	-	3,783
<b>Total expenditures</b>	<b>670,157</b>	<b>9</b>	<b>207,506</b>	<b>-</b>	<b>877,672</b>
<b>Excess of revenues over expenditures</b>	<b>150,215</b>	<b>12</b>	<b>374,242</b>	<b>1,231,741</b>	<b>1,756,210</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	35,758	-	35,758
Transfers out	(177,670)	-	(410,000)	(1,231,741)	(1,819,411)
<b>Total other financing sources (uses)</b>	<b>(177,670)</b>	<b>-</b>	<b>(374,242)</b>	<b>(1,231,741)</b>	<b>(1,783,653)</b>
<b>Net change in fund balances</b>	<b>(27,455)</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>(27,443)</b>
Fund balances, October 1	1,110,338	13,620	-	-	1,123,958
Fund balances, September 30	\$ 1,082,883	\$ 13,632	\$ -	\$ -	\$ 1,096,515

**TOWN OF WESTLAKE  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – VISITORS ASSOCIATION FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Visitors Association Fund			Variance Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Amended		
<b>REVENUES:</b>				
Taxes				
Hotel occupancy	\$ 707,000	\$ 805,000	\$ 807,179	\$ 2,179
Interest income	2,900	2,900	1,698	(1,202)
Contributions	6,810	8,110	6,750	(1,360)
Miscellaneous	11,840	12,490	4,745	(7,745)
Total revenues	<u>728,550</u>	<u>828,500</u>	<u>820,372</u>	<u>(8,128)</u>
<b>EXPENDITURES:</b>				
Visitor services	<u>706,924</u>	<u>666,804</u>	<u>670,157</u>	<u>(3,353)</u>
Total expenditures	<u>706,924</u>	<u>666,804</u>	<u>670,157</u>	<u>(3,353)</u>
Excess of revenues over expenditures	<u>21,626</u>	<u>161,696</u>	<u>150,215</u>	<u>(11,481)</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(177,670)</u>	<u>(177,670)</u>	<u>(177,670)</u>	<u>-</u>
Total other financing uses	<u>(177,670)</u>	<u>(177,670)</u>	<u>(177,670)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(156,044)	(15,974)	(27,455)	(11,481)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>1,110,338</u>	<u>1,110,338</u>	<u>1,110,338</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 954,294</u>	<u>\$ 1,094,364</u>	<u>\$ 1,082,883</u>	<u>\$ (11,481)</u>

**TOWN OF WESTLAKE  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – LONE STAR PUBLIC FACILITIES CORPORATION FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Lone Star Public Facilities Corporation			
	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Amended		
<b>REVENUES:</b>				
Interest income	\$ 45	\$ 45	\$ 21	\$ (24)
Total revenues	45	45	21	(24)
<b>EXPENDITURES:</b>				
Economic development	-	-	9	9
Total expenditures	-	-	9	9
<b>NET CHANGE IN FUND BALANCE</b>	45	45	12	(33)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	13,620	13,620	13,620	-
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 13,665</u>	<u>\$ 13,665</u>	<u>\$ 13,632</u>	<u>\$ (33)</u>

**TOWN OF WESTLAKE  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL – ECONOMIC DEVELOPMENT FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Economic Development Fund			Variance Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Amended		
<b>REVENUES:</b>				
Taxes				
Sales	\$ 100,000	\$ 100,000	\$ 106,748	\$ 6,748
Hotel occupancy	70,000	85,000	65,000	(20,000)
Miscellaneous	440,000	410,000	410,000	-
Total revenues	<u>610,000</u>	<u>595,000</u>	<u>581,748</u>	<u>(13,252)</u>
<b>EXPENDITURES:</b>				
Economic development	170,000	185,000	171,748	13,252
Debt service				
Principal retirement	5,521	5,521	31,975	(26,454)
Interest and other fiscal charges	30,237	30,237	3,783	26,454
Total expenditures	<u>205,758</u>	<u>220,758</u>	<u>207,506</u>	<u>13,252</u>
Excess of revenues over expenditures	<u>404,242</u>	<u>374,242</u>	<u>374,242</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	35,758	35,758	35,758	-
Transfers out	(440,000)	(410,000)	(410,000)	-
Total other financing sources (uses)	<u>(404,242)</u>	<u>(374,242)</u>	<u>(374,242)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	-	-	-	-
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**TOWN OF WESTLAKE  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – 4B ECONOMIC DEVELOPMENT CORPORATION FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	4B Economic Development Corporation			Variance Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Amended		
<b>REVENUES:</b>				
Taxes				
Sales	\$ 1,158,750	\$ 1,225,000	\$ 1,231,357	\$ 6,357
Interest income	500	500	384	(116)
Total revenues	<u>1,159,250</u>	<u>1,225,500</u>	<u>1,231,741</u>	<u>6,241</u>
<b>EXPENDITURES:</b>				
Economic development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>1,159,250</u>	<u>1,225,500</u>	<u>1,231,741</u>	<u>6,241</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(1,159,250)</u>	<u>(1,225,500)</u>	<u>(1,231,741)</u>	<u>(6,241)</u>
Total other financing uses	<u>(1,159,250)</u>	<u>(1,225,500)</u>	<u>(1,231,741)</u>	<u>(6,241)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	-	-	-	-
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**TOWN OF WESTLAKE**

## **STATISTICAL SECTION**

## **STATISTICAL SECTION (UNAUDITED)**

This part of the Town of Westlake, Texas' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the Town's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	94-99
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the Town's most significant local revenue sources. Although sales taxes are the Town's most significant local revenue source, information about principal revenue payers is confidential under Texas statutes, and; therefore, not disclosed. Trend information about sales tax revenue is provided in Exhibit S-9.	100-104
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	105-107
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	108-109
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	110-112
Sources: Unless otherwise noted, the information in these schedules is derived from annual financial reports for the relevant year.	

**TOWN OF WESTLAKE  
NET POSITION BY COMPONENT  
LAST TEN YEARS  
(ACCRUAL BASIS OF ACCOUNTING – UNAUDITED)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
Invested in capital assets, net of related debt	\$ 9,171,657	\$ 9,646,644	\$ 10,313,743	\$ 13,244,690	\$ 13,633,485	\$ 12,658,921	\$ 14,866,299	\$ 21,177,426	\$ 32,048,991	\$ 29,633,298
Restricted	1,406,756	1,719,771	2,004,763	1,761,067	1,564,868	7,137,362	4,726,376	4,243,239	2,284,947	17,827,177
Unrestricted	<u>3,023,875</u>	<u>3,305,542</u>	<u>3,835,751</u>	<u>4,122,185</u>	<u>5,866,046</u>	<u>3,448,100</u>	<u>5,023,731</u>	<u>6,636,876</u>	<u>( 910,977)</u>	<u>7,108,101</u>
Total governmental activities net position	<u>\$ 13,602,288</u>	<u>\$ 14,671,957</u>	<u>\$ 16,154,257</u>	<u>\$ 19,127,942</u>	<u>\$ 21,064,399</u>	<u>\$ 23,244,383</u>	<u>\$ 24,616,406</u>	<u>\$ 32,057,541</u>	<u>\$ 33,422,961</u>	<u>\$ 54,568,576</u>
Business-type activities:										
Invested in capital assets, net of related debt	\$ 8,436,729	\$ 8,097,807	\$ 7,726,576	\$ 7,349,032	\$ 7,033,831	\$ 6,875,031	\$ 6,877,555	\$ 6,601,949	\$ 6,734,414	\$ 6,410,547
Unrestricted	<u>( 1,846,851)</u>	<u>( 2,008,243)</u>	<u>( 1,997,281)</u>	<u>( 1,945,578)</u>	<u>( 2,003,600)</u>	<u>( 1,542,092)</u>	<u>( 1,636,249)</u>	<u>( 842,457)</u>	<u>( 1,272,014)</u>	<u>( 2,608,315)</u>
Total business-type activities net position	<u>\$ 6,589,878</u>	<u>\$ 6,089,564</u>	<u>\$ 5,729,295</u>	<u>\$ 5,403,454</u>	<u>\$ 5,030,231</u>	<u>\$ 5,332,939</u>	<u>\$ 5,241,306</u>	<u>\$ 5,759,492</u>	<u>\$ 5,462,400</u>	<u>\$ 3,802,232</u>
Primary government:										
Invested in capital assets, net of related debt	\$ 17,608,386	\$ 17,744,451	\$ 18,040,319	\$ 20,593,722	\$ 20,667,316	\$ 19,533,952	\$ 21,743,854	\$ 27,779,375	\$ 38,783,405	\$ 36,043,845
Restricted	1,406,756	1,719,771	2,004,763	1,761,067	1,564,868	7,137,362	4,726,376	4,243,239	2,284,947	17,827,177
Unrestricted	<u>1,177,024</u>	<u>1,297,299</u>	<u>1,838,470</u>	<u>2,176,607</u>	<u>3,862,446</u>	<u>1,906,008</u>	<u>3,387,482</u>	<u>5,794,419</u>	<u>(2,182,991)</u>	<u>4,499,786</u>
Total primary government net position	<u>\$ 20,192,166</u>	<u>\$ 20,761,521</u>	<u>\$ 21,883,552</u>	<u>\$ 24,531,396</u>	<u>\$ 26,094,630</u>	<u>\$ 28,577,322</u>	<u>\$ 29,857,712</u>	<u>\$ 37,817,033</u>	<u>\$ 38,885,361</u>	<u>\$ 58,370,808</u>

Source: Annual financial reports

EXHIBIT S-2 (CONTINUED)

**TOWN OF WESTLAKE  
CHANGES IN NET POSITION  
LAST TEN YEARS  
(ACCRUAL BASIS OF ACCOUNTING – UNAUDITED)**

	<i>Fiscal Year</i>									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>EXPENSES</b>										
Governmental activities:										
General government	\$ 1,811,281	\$ 1,941,289	\$ 2,031,460	\$ 2,203,882	\$ 2,272,127	\$ 2,478,826	\$ 2,518,490	\$ 2,606,785	\$ 2,784,587	\$ 3,145,716
Public Safety	1,705,528	1,738,080	1,795,782	1,939,441	1,698,164	1,801,585	1,883,424	1,978,803	2,190,050	2,381,437
Cultural and Recreation	91,444	86,560	129,641	115,770	105,997	122,400	111,765	113,924	123,541	129,970
Public Works	613,956	455,481	1,013,804	1,028,934	594,705	470,054	216,901	267,973	955,794	1,081,996
Economic Development	35,759	120,753	473,451	207,044	309,653	680,823	546,039	626,423	147,680	171,757
Visitor Services	393,115	217,992	312,777	341,270	420,270	356,365	475,719	521,521	493,087	665,936
Education	2,249,998	2,672,698	3,305,220	3,722,705	4,138,875	4,884,985	6,193,560	5,803,611	7,147,411	8,598,261
Interest on long-term debt	1,021,779	869,327	991,184	1,068,935	1,026,026	1,127,913	897,573	1,031,328	998,951	1,022,201
Total governmental activities expenses	<u>7,922,860</u>	<u>8,102,180</u>	<u>10,053,319</u>	<u>10,627,981</u>	<u>10,565,817</u>	<u>11,922,951</u>	<u>12,843,471</u>	<u>12,950,368</u>	<u>14,841,101</u>	<u>17,197,274</u>
Business-type activities:										
Water and Sewer	2,137,831	2,206,618	2,410,765	2,694,407	2,567,675	2,794,235	3,098,466	3,356,466	3,690,137	4,861,529
Cemetery	-	-	13,299	473	27,822	5,604	6,282	5,328	7,121	7,297
Total business-type activities expenses	<u>2,137,831</u>	<u>2,206,618</u>	<u>2,424,064</u>	<u>2,694,880</u>	<u>2,595,497</u>	<u>2,799,839</u>	<u>3,104,748</u>	<u>3,361,794</u>	<u>3,697,258</u>	<u>4,868,826</u>
Total primary government program expense	<u>\$ 10,060,691</u>	<u>\$ 10,308,798</u>	<u>\$ 12,477,383</u>	<u>\$ 13,322,861</u>	<u>\$ 13,161,314</u>	<u>\$ 14,722,790</u>	<u>\$ 15,948,219</u>	<u>\$ 16,312,162</u>	<u>\$ 18,538,359</u>	<u>\$ 22,066,100</u>
<b>PROGRAM REVENUES</b>										
Governmental activities:										
Fees, fines, and charges for services:										
General Government	\$ 742,176	\$ 785,771	\$ 522,215	\$ 677,948	\$ 716,624	\$ 721,157	\$ 673,090	\$ 774,909	\$ 33,975	\$ 110,778
Public Safety	136,870	165,255	113,755	107,634	80,665	140,600	142,402	182,154	848,772	887,919
Public Works	699,753	625,340	902,875	594,338	1,597,655	292,572	407,328	659,246	1,022,769	936,245
Education	98,357	85,925	42,839	98,314	102,406	99,638	195,059	182,220	222,270	531,090
Operating grants and contributions	3,686,964	1,257,058	1,296,378	1,522,935	853,151	728,242	5,269,841	4,907,472	6,592,642	7,615,653
Capital grants and contributions	1,455,626	-	-	2,059,624	83,250	425,900	-	5,897,456	80,472	19,983,078
Total governmental activities program revenue	<u>6,819,746</u>	<u>2,919,349</u>	<u>2,878,062</u>	<u>5,060,793</u>	<u>3,433,751</u>	<u>2,408,109</u>	<u>6,687,720</u>	<u>12,603,457</u>	<u>8,800,900</u>	<u>30,064,763</u>
Business-type activities:										
Charges for services:										
Water and Sewer	1,842,238	1,657,186	2,037,306	2,345,236	2,101,510	3,078,868	2,934,842	3,157,332	3,428,702	3,549,775
Cemetery	-	-	2,100	-	5,550	13,300	4,500	5,510	7,749	13,620
Operating grants and contributions	19,653	-	-	-	46,810	-	24,423	-	-	-
Capital grants and contributions	-	-	169,034	-	-	-	-	-	-	-
Total business-type activities program revenue	<u>1,861,891</u>	<u>1,657,186</u>	<u>2,208,440</u>	<u>2,345,236</u>	<u>2,153,870</u>	<u>3,092,168</u>	<u>2,963,765</u>	<u>3,162,842</u>	<u>3,436,451</u>	<u>3,563,395</u>
Total primary government program revenue	<u>\$ 8,681,637</u>	<u>\$ 4,576,535</u>	<u>\$ 5,086,502</u>	<u>\$ 7,406,029</u>	<u>\$ 5,587,621</u>	<u>\$ 5,500,277</u>	<u>\$ 9,651,485</u>	<u>\$ 15,766,299</u>	<u>\$ 12,237,351</u>	<u>\$ 33,628,158</u>

**TOWN OF WESTLAKE  
CHANGES IN NET POSITION  
LAST TEN YEARS  
(ACCRUAL BASIS OF ACCOUNTING – UNAUDITED)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>NET (EXPENSE) REVENUES</b>										
Governmental activities	\$( 1,103,114)	\$( 5,182,831)	\$( 7,175,257)	\$( 5,567,188)	\$( 7,132,066)	\$( 9,514,842)	\$( 6,155,751)	\$( 346,911)	\$( 6,040,201)	\$ 12,867,489
Business-type activities	( 275,940)	( 549,432)	( 215,624)	( 349,644)	( 441,627)	292,329	( 140,983)	( 198,952)	( 260,807)	( 1,305,431)
Total primary government net expense	( 1,379,054)	( 5,732,263)	( 7,390,881)	( 5,916,832)	( 7,573,693)	( 9,222,513)	( 6,296,734)	( 545,863)	( 6,301,008)	11,562,058
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>										
Governmental activities:										
Taxes										
Sales	\$ 1,810,706	\$ 2,197,756	\$ 3,590,575	\$ 3,664,409	\$ 3,790,533	\$ 4,609,626	\$ 3,657,274	\$ 4,375,397	\$ 4,725,845	\$ 4,925,428
Property						1,260,112	1,441,238	1,366,633	1,367,069	1,438,969
Hotel Occupancy	415,544	458,471	527,662	497,769	457,693	527,261	590,853	709,578	796,481	872,179
Mixed Beverage	13,674	14,066	16,177	17,869	17,902	19,721	38,286	39,727	51,602	59,184
Franchise	457,004	560,312	649,108	624,401	603,233	586,836	664,991	734,935	795,322	963,040
Unrestricted grants and contributions	1,822,200	2,259,643	2,500,817	2,960,590	3,484,141	3,744,757	-	-	-	-
Investment earnings	98,824	261,622	188,459	61,224	38,383	46,248	33,353	24,218	26,713	28,904
Miscellaneous	448,827	466,654	564,973	568,782	676,638	691,345	1,112,858	1,023,149	246,633	198,199
Transfers	45,319	33,976	220,819	61,321	-	145,216	45,507	( 485,591)	43,399	323,100
Extraordinary item						56,704	( 124,346)	-	-	-
Special item						-	67,760	-	-	-
Gain on sale of capital assets	-	-	-	-	-	7,000	-	-	-	-
Total governmental activities	5,112,098	6,252,500	8,258,590	8,456,365	9,068,523	11,694,826	7,527,774	7,788,046	8,053,064	8,809,003
Business-type activities:										
Investment earnings	25,604	46,158	32,103	7,858	8,334	9,929	10,077	6,552	7,114	7,083
Miscellaneous	56,025	36,936	44,071	77,266	60,070	145,666	84,780	224,995	-	-
Transfers	( 45,319)	( 33,976)	( 220,819)	( 61,321)	-	( 145,216)	( 45,507)	485,591	( 43,399)	( 323,100)
Total business-type activities	36,310	49,118	( 144,645)	23,803	68,404	10,379	49,350	717,138	( 36,285)	( 316,017)
Total primary government	5,148,408	6,301,618	8,113,945	8,480,168	9,136,927	11,705,205	7,577,124	8,505,184	8,016,779	8,492,986
<b>CHANGE IN NET POSITION</b>										
Governmental activities	4,008,984	1,069,669	1,083,333	2,889,177	1,936,457	2,179,984	1,372,023	7,441,135	2,012,863	21,676,492
Business-type activities	( 239,630)	( 500,314)	( 360,269)	( 325,841)	( 373,223)	302,708	( 91,633)	518,186	( 297,092)	( 1,621,448)
Total primary government	\$ 3,769,354	\$ 569,355	\$ 723,064	\$ 2,563,336	\$ 1,563,234	\$ 2,482,692	\$ 1,280,390	\$ 7,959,321	\$ 1,715,771	\$ 20,055,044

Source: Annual financial reports

**EXHIBIT S-3**

**TOWN OF WESTLAKE  
FUND BALANCES  
GOVERNMENTAL FUNDS  
LAST TEN YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING – UNAUDITED)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund										
Reserved	\$ 434,375	\$ 563,176	\$ 303,639	\$ 193,105	\$ 214,750	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	2,850,789	2,533,123	2,503,099	2,532,207	3,578,235	-	-	-	-	-
Nonspendable:										
Prepaid items						62,020	6,856	6,906	8,821	13,334
Restricted for:										
Court security and technology						186,776	192,768	194,422	193,082	203,173
Committed for:										
Future projects						219,687	49,941	74,941	80,442	80,442
Assigned for:										
Future equipment						22,000	22,000	24,000	-	-
Unassigned	-	-	-	-	-	3,524,911	4,992,240	6,751,362	7,671,173	7,383,601
Total general fund	<u>\$ 3,285,164</u>	<u>\$ 3,096,299</u>	<u>\$ 2,806,738</u>	<u>\$ 2,725,312</u>	<u>\$ 3,792,985</u>	<u>\$ 4,015,394</u>	<u>\$ 5,263,805</u>	<u>\$ 7,051,631</u>	<u>\$ 7,953,518</u>	<u>\$ 7,680,550</u>
All other governmental funds										
Reserved										
Special revenue funds	\$ 869,694	\$ 1,183,020	\$ 1,527,724	\$ 1,256,954	\$ 1,112,941	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	427,720	846,214	1,666,371	1,933,564	2,693,846	-	-	-	-	-
Nonspendable:										
Prepaid items						33,511	60,963	62,635	80,118	83,359
Restricted for:										
Tourism						1,109,365	1,052,546	1,025,891	1,107,520	1,081,009
Future projects						4,647,863	3,594,379	10,370,914	1,751,405	13,632
Debt service						7,505	22,657	1,482	1,081	20,916
Education						885,365	758,127	931,094	993,998	1,592,227
Economic development						267,577	178,384	-	-	-
Capital projects funds	102,687	102,376	3,233,471	323,009	237,177	-	-	-	-	17,713,788
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 1,400,101</u>	<u>\$ 2,131,610</u>	<u>\$ 6,427,566</u>	<u>\$ 3,513,527</u>	<u>\$ 4,043,964</u>	<u>\$ 6,951,186</u>	<u>\$ 5,667,056</u>	<u>\$ 12,392,016</u>	<u>\$ 3,934,122</u>	<u>\$ 20,504,931</u>

Note: Economic Development Funds were classified as special revenue funds through FY 2002 and considered discretely presented component units through FY 2007. Upon further consideration, the 4B Economic Development Corporation and Lone Star Public Facility Corporation funds are now classified as blended component units.

The Town implemented GASB Statement No. 54 in fiscal year 2011.

Source: Annual financial reports

EXHIBIT S-4 (CONTINUED)

**TOWN OF WESTLAKE  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
LAST TEN YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING – UNAUDITED)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>REVENUES</b>										
Taxes	\$ 2,696,928	\$ 3,230,605	\$ 4,783,522	\$ 4,804,448	\$ 4,869,361	\$ 7,000,690	\$ 6,393,472	\$ 7,226,180	7,722,606	8,252,748
Licenses, fees and permits	748,016	900,121	1,108,083	860,697	1,746,954	530,646	598,394	944,735	1,175,075	1,200,790
Fines and penalties	751,036	651,090	554,376	523,515	647,170	605,705	622,338	695,167	730,441	734,152
State program revenues	1,925,043	2,387,733	2,673,680	3,163,129	3,687,706	3,945,658	4,369,635	4,696,540	5,269,641	6,173,418
Federal program revenues	75,662	49,200	75,207	56,134	199,436	337,508	152,351	81,958	80,103	87,797
Investment earnings	98,824	261,622	188,459	61,224	38,383	46,248	33,353	24,218	26,713	28,904
Contributions	4,964,085	1,079,768	1,048,308	1,264,262	533,400	-	732,535	5,916,014	82,446	18,785,953
Other revenues	547,184	552,579	607,812	673,400	779,044	980,816	1,323,237	1,274,826	1,665,003	2,471,191
Total revenues	<u>11,806,778</u>	<u>9,112,718</u>	<u>11,039,447</u>	<u>11,406,809</u>	<u>12,501,454</u>	<u>13,447,271</u>	<u>14,225,315</u>	<u>20,859,638</u>	<u>16,752,028</u>	<u>37,734,953</u>
<b>EXPENDITURES</b>										
General government	2,542,295	1,385,492	1,516,346	1,519,600	1,644,587	1,733,324	1,878,885	1,910,545	2,236,360	2,411,239
Public safety	1,627,641	1,665,879	1,731,317	1,890,469	1,634,936	1,842,751	2,224,469	1,967,584	2,146,587	2,490,551
Cultural and recreation	91,444	86,560	129,641	115,770	105,997	122,400	111,765	113,924	123,541	130,322
Public works	434,716	276,789	846,604	841,822	333,831	326,749	391,115	532,675	615,781	744,028
Economic development	35,759	141,197	495,071	229,907	401,879	706,391	243,939	296,565	147,685	171,757
Visitor services	393,115	226,992	312,777	341,270	420,270	356,365	475,719	521,521	493,082	670,157
Education	2,249,998	2,672,698	3,305,220	3,722,705	4,138,875	4,884,985	6,193,560	5,762,652	7,143,678	7,938,501
Capital Outlay	371,860	836,787	463,918	4,335,114	682,103	1,023,772	1,110,476	7,601,631	9,964,047	5,274,282
Capital Project										
Debt service										
Principal	350,000	470,000	395,000	593,937	563,703	555,000	668,000	2,955,000	1,004,677	1,130,762
Interest and other fiscal charges	1,028,634	1,240,950	923,944	990,641	977,163	1,083,377	952,027	830,425	1,116,489	977,412
Bond issuance cost	-	-	33,000	-	-	36,446	148,891	185,699	69,283	-
Total expenditures	<u>9,125,462</u>	<u>9,003,344</u>	<u>10,152,838</u>	<u>14,581,235</u>	<u>10,903,344</u>	<u>12,671,560</u>	<u>14,398,846</u>	<u>22,678,221</u>	<u>25,061,210</u>	<u>21,939,011</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>										
	\$ 2,681,316	\$ 109,374	\$ 886,609	\$( 3,174,426)	\$ 1,598,110	\$ 775,711	\$( 173,531)	\$( 1,818,583)	\$( 8,309,182)	\$ 15,795,942

EXHIBIT S-4 (CONCLUDED)

**TOWN OF WESTLAKE  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
LAST TEN YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING – UNAUDITED)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>OTHER FINANCING</b>										
<b>SOURCES (USES):</b>										
Proceeds from sale of land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sale of assets						7,000	-	-	-	-
Issuance of debt	-	-	2,500,000	117,640	-	2,095,000	-	8,294,800	-	-
Premium on CO issued								284,437	-	-
Refunding bonds issued		7,465,000	-	-	-	-	7,799,196	2,200,000	1,910,000.00	-
Premium on refunding bonds issued								37,723	84,598.00	-
Payments to bond escrow agent		( 7,088,706)	-	-	-	-	( 7,650,305)	-	(1,925,315)	-
Proceeds from capital lease		23,000	-	-	-	-	-	-	239,009	16,740
Notes payable issued						50,000	-	-	401,484	162,059
Special item						-	67,760	40,959	-	-
Extraordinary item						56,704	( 124,346)	( 40,959)	-	-
Transfers in	704,577	1,212,558	2,160,174	2,435,486	1,804,577	7,082,163	2,121,099	2,104,929	3,094,211	4,617,896
Transfers out	( 659,258)	( 1,178,582)	( 1,939,355)	( 2,374,165)	( 1,804,577)	( 6,936,947)	( 2,075,592)	( 2,590,520)	(3,050,812)	(4,294,796)
Total other financing sources (uses)	45,319	433,270	2,720,819	178,961	-	2,353,920	137,812	10,331,369	753,175	501,899
Prior period adjustment	60,000	-	-	-	-	-	-	-	-	-
<b>NET CHANGES IN FUND BALANCES</b>	<b>\$ 2,786,635</b>	<b>\$ 542,644</b>	<b>\$ 3,607,428</b>	<b>\$( 2,995,465)</b>	<b>\$ 1,598,110</b>	<b>\$ 3,129,631</b>	<b>\$( 35,719)</b>	<b>\$ 8,512,786</b>	<b>\$( 7,556,007)</b>	<b>\$ 16,297,841</b>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<b>15.7%</b>	<b>20.9%</b>	<b>13.6%</b>	<b>15.4%</b>	<b>15.0%</b>	<b>14.1%</b>	<b>12.5%</b>	<b>25.3%</b>	<b>14.4%</b>	<b>12.9%</b>

Note: Economic Development Funds were classified as special revenue funds through FY 2002 and considered discretely presented component units through FY 2007. Upon further consideration, the 4B Economic Development Corporation and Lone Star Public Facility Corporation funds are now classified as blended component units.

Source: Annual Financial Reports

**TOWN OF WESTLAKE  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE  
 PROPERTY LAST FIVE FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING – UNAUDITED)**

<b>Fiscal Year</b>	<b>Appraised Value</b>		<b>Less: Tax-Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>
	<b>Real Property</b>	<b>Personal Property</b>			
2011	\$ 951,070,355	\$ 70,569,170	\$ 143,856,142	\$ 877,783,383	0.1601
2012	1,016,474,604	85,329,823	156,315,552	945,488,875	0.15684
2013	1,099,249,031	122,792,343	335,814,215	886,227,159	0.15684
2014	1,091,142,760	151,927,427	346,730,543	896,339,644	0.15634
2015	1,123,354,430	139,936,507	342,248,275	921,042,662	0.15634

Note: Prior to fiscal year ended September 30, 2011, the Town of Westlake did not assess an ad valorem tax.

Source: Tarrant County Appraisal District  
 Denton Central Appraisal District

**TOWN OF WESTLAKE  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT AND FOUR YEARS AGO  
(UNAUDITED)**

2015			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
5 Village Circle Holdings LP	\$ 140,613,560	1	15.27%
FMR Texas, LLC/LTD Partnership	71,938,529	2	7.81%
DCLI, LLC	52,633,131	3	5.71%
Fidelity Investments Inc.	26,383,422	4	2.86%
Marsh USA Inc	21,098,171	5	2.29%
Lexington TNI Westlake LP	14,700,000	6	1.60%
Corelogic Solutions LLC	14,473,635	7	1.57%
Prince Whipple Trust	6,850,000	8	0.74%
Levi Strauss & CO	5,903,735	9	0.64%
Vaquero Club, Inc.	5,383,416	10	0.58%
<b>Total</b>	<b>\$ 359,977,599</b>		<b>39.08%</b>

2011			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Maguire Thomas Partners, etal	\$ 116,839,380	1	13.31%
FMR Texas, LLC/LTD Partnership	148,569,643	2	16.93%
Maguire Partners	39,117,985	3	4.46%
Lexington TNI Westlake LP	18,249,200	4	2.08%
First American Leasing/Real Estate	17,636,457	5	2.01%
DCLI, LLC	13,234,691	6	1.51%
Fidelity Investments	12,277,810	7	1.40%
Levi Strauss & Co.	8,215,271	8	0.94%
Westlake Terra, LLC	7,400,002	9	0.84%
EMC Corp	6,418,484	10	0.73%
<b>Total</b>	<b>\$ 387,958,923</b>		<b>44.20%</b>

Source: Tarrant County Appraisal District

- Note: (1) Prior to fiscal year ended September 30, 2011, the Town of Westlake did not assess an ad valorem tax.  
 (2) Total Taxable Assessed Value including real and personal property for tax year 2010 (fiscal year 2011) is \$877,783,383.  
 (3) Total Taxable Assessed Value including real and personal property for tax year 2014 (fiscal year 2015) is \$921,042,662.

**TOWN OF WESTLAKE  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST FIVE FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	Taxes Levied for the Fiscal Year	Adjustments to Levy	Adjusted Taxes Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percent of Levy		Amount	Percentage of Levy
2011	\$ 1,409,956	\$ 47,560	\$ 1,362,396	\$ 1,356,050	99.53%	5,556	\$ 1,361,606	99.94%
2012	1,486,968	47,220	1,439,748	1,437,908	99.87%		1,437,908	99.87%
2013	1,398,777	45,297	1,353,480	1,352,097	99.90%		1,352,097	99.90%
2014	1,405,819	44,761	1,361,058	1,350,639	99.23%	(451)	1,350,188	99.20%
2015	1,450,674	43,948	1,406,726	1,405,148	99.89%	-	1,405,148	99.89%

Note: Prior to fiscal year ended September 30, 2011, the Town of Westlake did not assess an ad valorem tax.

Source: Tarrant County Appraisal District  
Denton Central Appraisal District

**TOWN OF WESTLAKE  
 DIRECT AND OVERLAPPING PROPERTY TAX RATES  
 (PER \$100 OF ASSESSED VALUE)  
 LAST FIVE FISCAL YEARS  
 (UNAUDITED)**

Fiscal Year	City Direct Rates			Overlapping Rates								
	Operating/ General Fund	Debt Service Fund	Total (A) Direct	School Districts			Counties		Tarrant County College Dist	Tarrant County Hospital Dist.	Trophy Club MUD #1	Total Direct and Overlapping
				Carroll ISD	Northwest ISD	Keller ISD	Denton County	Tarrant County				
2011	0.15620	0.00390	0.16010	1.41500	1.37500	1.53060	0.27736	0.26400	0.13764	0.22790	0.19500	5.58259
2012	0.13835	0.01849	0.15684	1.41500	1.37500	1.54000	0.28287	0.26400	0.14897	0.22790	0.17500	5.58557
2013	0.14197	0.01487	0.15684	1.40000	1.37500	1.54000	0.28287	0.26400	0.14897	0.22790	0.13339	5.52896
2014	0.13710	0.01924	0.15634	1.40000	1.45250	1.54000	0.27220	0.26400	0.14950	0.22790	0.13339	5.59583
2015	0.13710	0.01924	0.15634	1.40000	1.45250	1.54000	0.27220	0.26400	0.14950	0.22790	0.13339	5.59583

Notes: Prior to fiscal year ended September 30, 2011, the Town of Westlake did not assess an advalorem tax.

Overlapping rates are those of local and county governments that apply to property owners within the Town of Westlake. Not all overlapping rates apply to all Town's property owners (e.g., the rates for the counties and school districts apply only to the proportion of the Town's property owners whose property is located within the geographic boundaries of the county and school district)

Source: Tarrant County Appraisal District  
 Denton Central Appraisal District

**TOWN OF WESTLAKE  
TAXABLE SALES BY INDUSTRY TYPE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

NAICS	Industry Type	Fiscal Year									
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
11	Agriculture, Forestry, Fishing and Hunting	\$ 31	\$ 67	\$ 182	\$ 210	\$ -	\$ 60	\$ 38	\$ 163	\$ 731	\$ 775
21	Mining	2,321	-	2,109	20	400	4,260	3,050	335	15	714
22	Utilities	463,222	212,336	230,072	186,773	178,693	180,032	171,131	176,622	204,280	191,031
23	Construction	81,542	200,791	998,867	1,043,752	68,306	132,780	139,000	365,049	239,888	216,546
31-33	Manufacturing	1,120,328	360,010	371,193	430,515	386,492	402,062	526,755	295,660	375,905	234,651
42	Wholesale Trade	248,702	284,082	142,999	138,456	105,557	145,631	134,466	59,571	421,371	515,602
44-45	Retail	408,556	253,293	610,119	648,597	1,097,007	707,553	1,106,427	1,132,811	962,244	1,332,659
48-49	Transportation and Warehousing	63	491		791	556	316	1,156	3,662	1,962	3,550
51	Information	538,210	223,672	320,848	377,828	423,834	508,609	367,298	378,221	623,828	567,685
52	Financial and Insurance	10,162	343,446	107,319	68,936	87,188	73,455	27,857	75,529	505,585	295,622
53	Real Estate and Rental and Leasing	178,047	204,398	138,879	154,315	327,207	210,158	215,754	457,693	493,570	708,747
54	Professional, Scientific, and Technical Services	111,746	452,018	199,700	192,008	202,263	231,526	221,331	536,971	242,069	193,145
56	Admin and Support and Waste Mgmt & Rem Srv	245,562	45,809	127,779	22,319	39,539	65,045	39,027	110,686	103,340	50,264
61	Education Services	895	317	282	2,980	619,228	1,675,351	356,689	373,117	153,279	201,761
62	Health Care and Social Assistance	10	-	238		-	170	106	251	11,018	2,887
71	Arts, Entertainment and Recreation	49,474	224,101	199,876	174,485	158,996	206,050	204,456	184,687	191,343	189,027
72	Accommodation and Food Services	34,021	57,084	130,923	140,344	140,996	175,938	93,123	204,044	221,061	246,755
81	Other Services (except Public Administration)	130,476	130,392	18,576	1,756	4,462	4,632	9,805	13,156	17,412	8,965
92	Public Administration	170	-	-	-	11	1	135	295	27,243	-
		<u>\$ 3,623,538</u>	<u>\$ 2,992,307</u>	<u>\$ 3,599,960</u>	<u>\$ 3,584,084</u>	<u>\$ 3,840,735</u>	<u>\$ 4,723,628</u>	<u>\$ 3,617,604</u>	<u>\$ 4,368,521</u>	<u>\$ 4,796,144</u>	<u>\$ 4,960,386</u>
	Town direct sales tax rate	<u>2.00%</u>									

Note: Information on sales tax by NAICS was not available prior to 2006. Comparison will be made to the prior year until ten-year prior comparison can be made.

Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the Town's sales tax revenue

Source: Texas State Comptroller reports

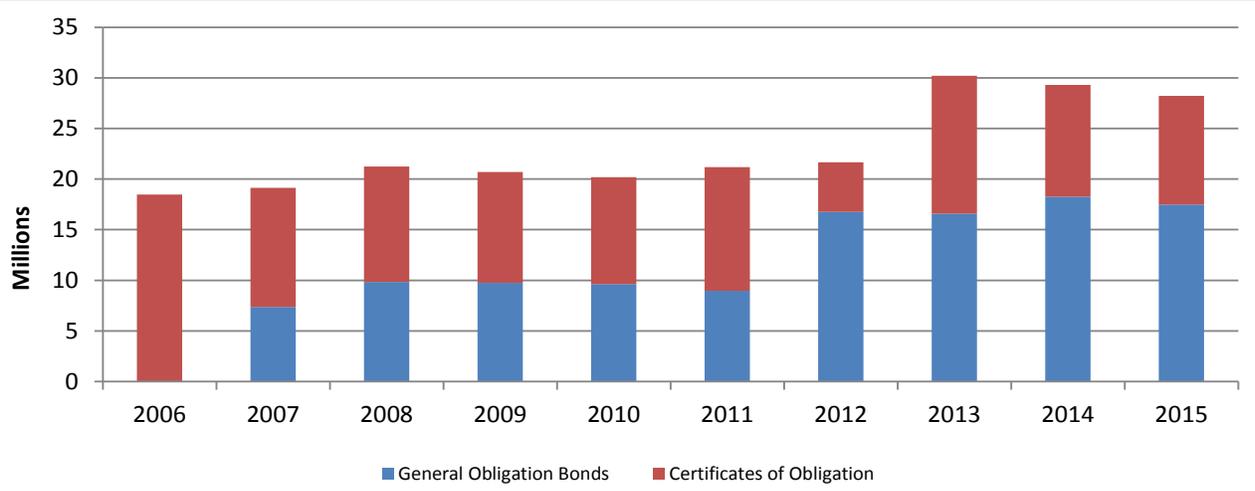
**TOWN OF WESTLAKE  
RATIOS OF GENERAL BONDED DEBT OUSTANDING  
LAST TEN FISCAL YEARS**

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Sales	Per Capita
	General Obligation Bonds	Certificates of Obligation	Total		
2006	-	18,460,000	18,460,000	10.19%	26,447
2007	7,365,000	11,755,000	19,120,000	13.05%	27,198
2008	9,850,000	11,375,000	21,225,000	11.82%	27,038
2009	9,735,000	10,975,000	20,710,000	11.30%	25,791
2010	9,630,000	10,555,000	20,185,000	10.65%	23,831
2011	8,962,656	12,210,000	21,172,656	9.19%	21,343
2012	16,770,000	4,877,000	21,647,000	11.84%	20,369
2013	16,590,000	13,622,000	30,212,000	13.81%	27,251
2014	18,260,000	11,044,000	29,304,000	12.40%	24,748
2015	17,480,000	10,752,000	28,232,000	11.46%	23,527

Notes: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

There was no debt issued until fiscal year 2002.

See Table 13 for personal income and population data.



**TOWN OF WESTLAKE  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation	Capital Leases	Loans	Other Contractual Obligations	Certificates of Obligation			
2004	\$ -	\$ 12,400,000	\$ -	\$ -	\$ 6,027,387		\$ 18,427,387	45%	\$ 56,181
2005	-	18,810,000	-	-	5,980,921		24,790,921	55%	69,834
2006	-	18,460,000	-	-	5,878,381		24,338,381	27%	34,869
2007	7,365,000	11,755,000	23,000	-	5,822,299		24,965,299	27%	35,513
2008	9,850,000	11,375,000	15,264	-	5,763,022		27,003,286	23%	34,399
2009	9,735,000	10,975,000	46,559	-	5,734,191		26,490,750	22%	32,990
2010	9,630,000	10,555,000	-	-	5,658,888		25,843,888	25%	30,512
2011	8,962,656	12,210,000	-	50,000	5,580,380		26,803,036	21%	27,019
2012	16,770,000	4,877,000	-	34,075	5,498,668		27,179,743	20%	25,576
2013	16,590,000	13,622,000	-	18,150	5,412,149		35,642,299	24%	32,150
2014	18,260,000	10,029,800	237,378	437,253	5,320,824	1,014,200	35,299,455	22%	29,812
2015	17,480,000	9,759,250	154,347	357,041	5,226,294	992,750	33,969,682	20%	28,308

## Note:

Details regarding the Town's outstanding debt can be found in the notes to the financial statements. No debt was issued until fiscal year 2000.

See Table 13 for personal income and population data.

**TOWN OF WESTLAKE  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF SEPTEMBER 30, 2015  
(UNAUDITED)**

<u>Taxing Body</u>	<u>Amount of Debt Outstanding</u>	<u>As of</u>	<u>Overlapping</u>	
			<u>Percent (1)</u>	<u>Amount</u>
Carroll ISD	\$ 216,607,746	9/30/2015	5.67%	\$ 12,281,659
Denton County	634,275,000	9/30/2015	0.02%	126,855
Keller ISD	771,227,959	9/30/2015	4.56%	35,167,995
Northwest ISD	765,546,815	9/30/2015	1.37%	10,487,991
Tarrant County	333,795,000	9/30/2015	0.78%	2,603,601
Tarrant County College District	-	9/30/2015	0.78%	-
Tarrant County Hospital District	23,440,000	9/30/2015	0.78%	182,832
Trophy Club MUD#1	10,845,000	9/30/2015	18.76%	<u>2,034,522</u>
Total Overlapping Debt				62,885,455
Town of Westlake Outstanding Debt				<u>35,299,475</u>
Total Direct & Overlapping Debt				<u>\$ 98,184,930</u>

Source: Texas Municipal Report prepared by employees of the Municipal Advisory Council of Texas ("MAC")

Note:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Westlake. This process recognized that, when considering the Town's ability to issue and repay long-term debt, the entire debt burden borne by the resident and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

- (1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the entity's taxable assessed value that is within the Town's boundaries and dividing it by the entities' total taxable assessed value.

**TOWN OF WESTLAKE  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<u>Calendar Year</u>	<u>Estimated Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Tarrant County Unemployment Rate</u>
2006	698	90,835,901	130,137	4.6%
2007	703	93,316,319	132,740	4.3%
2008	785	115,891,905	147,633	5.1%
2009	803	120,920,285	150,586	8.1%
2010	847	102,852,057	121,431	8.1%
2011	992	126,678,400	127,700	7.9%
2012	1,063	138,423,531	130,254	6.2%
2013	1,109	147,292,890	132,859	6.0%
2014	1,184	160,462,095	135,516	5.0%
2015	1,200	165,871,904	138,227	4.0%

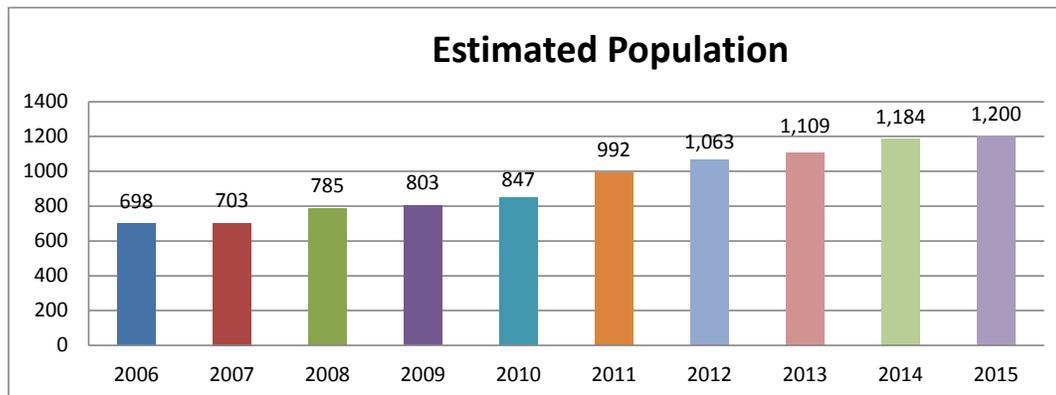
Sources: Population for 2000 is from the 2000 census. Fiscal Years 2001 through 2003 are estimated. The Town took over the utility billing in 2004 and estimated the population by using number of residential water accounts and assuming a 2.5 average household size. 2010 Census shows median household income at \$250,000. Due to the influx of residents coming to Westlake Academy, surveys have shown that there are approximately 1.28 school-age children in each household; therefore, we will use a 3.23 average household size to calculate population.

Tarrant County Unemployment Rate information taken from Texas Workforce Commission.

American Community Survey (ACS)

USA.com - Per Capita Income source

North Central Texas Council of Governments/US Census 2010



**TOWN OF WESTLAKE  
PRINCIPAL EMPLOYERS  
CURRENT AND EIGHT YEARS AGO  
(UNAUDITED)**

<b>2015</b>			<b>2007</b>		
<b>Employer</b>	<b>Employees</b>	<b>Percentage of Estimated Total Town Employment</b>	<b>Employer</b>	<b>Employees</b>	<b>Percentage of Estimated Total Town Employment</b>
Fidelity Investments	5,843	51.51%	Fidelity Investments	3,100	37.15%
Core Logic	1,790	15.78%	First American/Core Logic	3,000	35.95%
Wells Fargo	617	5.44%	Chrysler Financial/TD Auto Finance	325	3.89%
Deloitte	460	4.06%	Wells Fargo	790	9.47%
TD Auto Finance	390	3.44%	McKesson Corporation	215	2.58%
Sabre JLL Facilities	317	2.79%	Sonitrol/World Factory	165	1.98%
First American Title	262	2.31%	Walco	150	1.80%
Verizon Wireless	412	3.63%	Vaquero Club	140	1.68%
Travelocity	200	1.76%	Marriott Solana Hotel	120	1.44%
Sount Physicians	170	1.50%	Pfizer, Inc.	115	1.38%
Vaquero Country Club	123	1.08%	Town of Westlake/Westlake Academy	73	0.87%
Marriott Solana Hotel	108	0.95%	Premier Academy	34	0.41%
Westlake Academy	94	0.83%	Solara Healthcare	28	0.34%
<b>Total</b>	<b>10,786</b>	<b>95%</b>	<b>Total</b>	<b>8,255</b>	<b>99%</b>

Note: Information on the Principal Employers from 1999 is not available. Information will be accumulated over the next ten years.

Comparisons will be made to the first available data until ten years can be compared.

Source: Cushman & Wakefield tenant records and contact with employers of the Town

**TOWN OF WESTLAKE  
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES  
 BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)**

<b>Function/Program</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
General government										
Town manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Assistant Town Manager								0.75	0.90	1.00
Assistant to Town Manager	1.00	1.00	1.00	1.00	1.00	1.00	0.75	0.00	0.00	0.00
Administrative	0.50	0.00	0.00	0.75	0.50	0.75	0.75	1.00	0.50	0.50
Building official	1.00	1.00	1.00	1.33	1.33	1.33	1.33	1.50	1.66	1.66
Town secretary	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.25
Facilities/Grounds maintenance	0.50	0.50	0.75	1.08	1.08	1.08	0.83	1.00	1.09	1.34
Municipal	3.75	4.00	4.00	4.25	4.50	4.50	3.75	4.75	5.10	5.00
Finance	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00
Payroll/Human Resources	0.00	0.00	1.00	1.33	1.33	1.33	1.33	2.00	2.00	2.00
Information Technology									1.00	1.00
Public safety (EMS)	11.00	11.00	11.00	9.00	9.00	9.00	9.00	10.00	13.25	14.25
Culture and recreation	0.50	0.50	0.75	0.75	0.75	0.75	0.50	0.75	0.84	0.84
Public works	1.00	1.00	1.50	1.50	1.50	1.50	2.00	3.00	2.66	2.66
Marketing and public affairs	1.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	2.00	2.00
Education	32.40	36.40	43.00	48.10	55.62	59.44	67.48	76.18	91.18	93.65
Total	<u>57.65</u>	<u>60.40</u>	<u>69.00</u>	<u>74.09</u>	<u>81.61</u>	<u>85.68</u>	<u>93.72</u>	<u>106.93</u>	<u>128.18</u>	<u>132.15</u>

Source: Prior Town budgets and Academy personnel records

Note: A full time municipal employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Fulltime equivalent employment is calculated by dividing total labor hours by 2,080. A full time education employee is scheduled to work 1,122 hours per year.

**TOWN OF WESTLAKE  
OPERATING INDICATORS  
BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government										
Permits issued	194	162	93	61	44	70	85	132	144	159
Permit values	\$ 47,464,851	\$ 67,101,543	\$ 188,578,581	\$ 21,051,297	\$ 190,388,737	\$ 21,173,592	\$ 29,481,047	\$ 50,544,048	\$ 59,358,904	\$ 80,011,354
Police (Contract with Keller PD)										
Motor vehicle stops	8,992	10,045	10,357	9,247	9,763	9,829	12,221	9,993	9,579	10,432
Traffic accident investigations	164	225	208	266	273	348	343	322	341	398
Part I crimes	30	25	26	23	19	30	39	9	15	20
DWI arrests	56	53	45	24	32	80	50	69	55	62
Fire/EMS										
Fire runs	136	153	169	118	172	191	181	238	211	211
Ambulance runs	207	251	159	184	187	264	266	286	240	253
Inspections	161	96	132	15	71	71	54	96	286	261
Public Works - General										
Street resurfacing (LF)	7,128	5,333	-	-	-	3,800	30,000	-	-	-
Potholes repaired	20.00	0.00	20.00	10.00	5.00	36.00	6.00	2.00	6.00	20.00
Public Works - Utility										
Number of water accounts	338	386	419	437	478	500	568	614	651	713
Water main breaks	3	2	4	5	6	4	4	3	1	1
Avg daily consumption MG (water)	1.031	0.729	0.999	1.020	0.889	1.200	1.100	1.090	1.045	1.021
Peak daily consumption MG (water)	2.677	1.978	2.060	2.740	2.460	2.540	2.600	2.480	2.690	2.770
System capacity - MG (water)	1.685	1.685	1.685	1.685	1.685	1.685	1.685	1.685	2.685	2.685
Water purchased (in gallons x 000)	376,264	266,158	364,764	372,933	324,843	443,222	407,305	401,457	381,482	372,838
Water sold (in gallons x 1000)	338,085	246,280	340,743	313,495	290,000	385,320	376,496	357,297	347,148	360,000
Wastewater										
Number of new sewer connections	211	235	240	251	254	245	292	325	350	384
Avg daily sewage treatment (thousands of gallons)	0.1320	0.1370	0.124	0.101	0.063	0.163	0.136	0.151	0.208	0.166

Source: Various Town departments

Notes: N/A represents information that is unavailable.

**TOWN OF WESTLAKE  
CAPITAL ASSET STATISTICS  
BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Fire Stations	1	1	1	1	1	1	1	1	1	1
Public Works - Utility										
Pump station	1	1	1	1	1	1	1	1	1	1
Lift station	2	2	2	2	3	3	3	3	3	3
Telecommunications Duct Bank (LF)	38,303	38,303	43,703	49,103	51,803	57,783	57,783	57,783	59,936	66,084
Telecommunications Duct Bank Manholes	95	95	104	113	122	122	122	122	122	140
Water										
Water mains (LF)	58,300	59,200	64,600	70,000	79,000	130,000	137,891	137,891	142,694	148,117
Fire hydrants	119	119	130	130	154	188	191	191	201	214
Storage capacity MG	1,685	1,685	1,685	1,685	1,685	1,685	1,685	1,685	2,685	2,685
Wastewater										
Sanitary sewers (LF)	35,000	35,000	39,300	39,300	49,900	94,000	94,000	94,000	98,964	104,373
Manholes	250	250	267	284	304	304	304	304	326	355
Public Works - Utility										
Streets (miles)	10.80	10.80	10.80	10.80	10.80	10.80	10.25	10.25	10.25	10.50
Highways (miles)	-	-	-	-	-	-	-	-	-	-
Streetlights	-	-	-	-	-	-	-	-	-	-
Traffic signals (school zone flashers)	2	2	2	2	2	2	2	2	2	2.0
Parks and recreation										
Acreage	19	19	25	25	25	25	25	25	27	27.0
Playgrounds	2	2	2	2	2	2	2	2	2	2.0
Softball/soccer field	1	1	1	1	1	1	1	1	1	1.0
Football field	-	-	1	1	1	1	1	1	1	1.0
Public trails (miles)	2.5	3.5	3.5	3.5	3.5	5.0	5.0	5.0	7.0	8.5

Source: Various Town departments

Note: No capital asset indicators are available for the general government.  
The amount of roads decreased in FY 2011-2012 due to a portion of road being dedicated to TxDot