



THE TOWN OF
ESTLAKE



POPULAR ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
September 30, 2014

*MOVING FORWARD
TOGETHER...*



*A Growing Community...
A Growing School...*

WELCOME

The reasons residents choose to live in the Town of Westlake are varied, but they often revolve around quality of life issues. Beautiful homes and safe neighborhoods, a strong sense of community, convenient location, first-rate schools and excellent Town services combine to create an attractive, stable environment in which to reside and raise a family. These positive attributes are the result of many years of community commitment and visioning, combined with solid financial planning.



The Finance Department staff is pleased to present the Town of Westlake's Popular Annual Financial Report for the fiscal year ended September 30, 2014. This report is intended to provide an accessible overview of the Town's financial position and policies, and its commitment to delivering responsive services and programs in a fiscally responsible manner. Inside this publication, we provide you with details of how the Town's revenue is generated, where dollars are spent, and how the local economy impacts Westlake's overall financial condition. Above all, our goal is to give you an opportunity to better understand the many financial

aspects that affect your local government and ultimately the community.

The financial information provided is drawn from detailed information found within the Comprehensive Annual Financial Report (CAFR). The financial statements appearing in the CAFR were prepared in conformance with Generally Accepted Accounting Principles (GAAP) and audited by an independent auditing firm, receiving an unqualified (or clean) opinion. The numbers contained within the CAFR were obtained by employing the basis of accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

In short, the highest standards of accounting principles have been utilized to ensure full financial disclosure and accountability. Recognition of this commitment is evidenced by the Town attaining the Certificate of Achievement for Excellence in Financial Reporting since 2007 from the Government Finance Officers Association for its CAFR document.

While the numbers in this Popular Annual Financial Report come from an audited source, they are presented in an abridged, un-audited, non-GAAP format and do not include the Town's discretely presented component units (Texas Student Housing). Citizens who wish to review audited GAAP-basis financial statements can refer to the Town's CAFR, which is available from the Finance Department, and online at www.westlake-tx.org

The Finance Department personnel and staff across the organization are proud to serve this one-of-a-kind community. We hope this year's Popular Annual Financial Report serves its purpose and helps assure you that every effort is made to manage the Town of Westlake's tax dollars wisely for the benefit of all.



FROM THE TOWN MANAGER

Dear Citizens of Westlake,

I am pleased to present the Popular Annual Financial Report (PAFR) for the fiscal year ended September 30, 2014. This report is designed to provide transparency and accountability of Town financial information, which is a key organizational goal.

The Town of Westlake is proud to receive all three of the Government Finance Officers Association (GFOA) awards for local government finance:

- Distinguished Budget Presentation Award
- Certificate of Achievement for Excellence in Financial Reporting
- Award for Outstanding Achievement in Popular Annual Financial Reporting

It is our belief that participation in GFOA award programs enhances our citizens' understanding of Westlake finances. When we attain these GFOA awards, it shows that we have shared information about how public funds are managed in a format that is consistent with the highest standards in governmental financial reporting.

The PAFR is designed to provide a summary view of the financial activities of the Town. It is a high-level report for citizens who wish to learn more about Westlake finances. While the numbers in this Popular Annual Financial Report come from an audited source, they are presented in an abridged, un-audited, non-GAAP format and do not include the Town's discretely presented component units (Texas Student Housing). All information in this report can be found in greater detail in the Comprehensive Annual Financial Report (CAFR) on the town website www-westlake-tx.org.

Throughout the year, the Finance Department works on budgets, audits, financial policies, financial forecasts, and financial management. The Town of Westlake invites citizens to share their thoughts and opinions with us. Citizen involvement, transparency and fiscal responsibility are the cornerstones of the Town of Westlake's Finance Department.



Thomas E. Brymer

Thomas E. Brymer

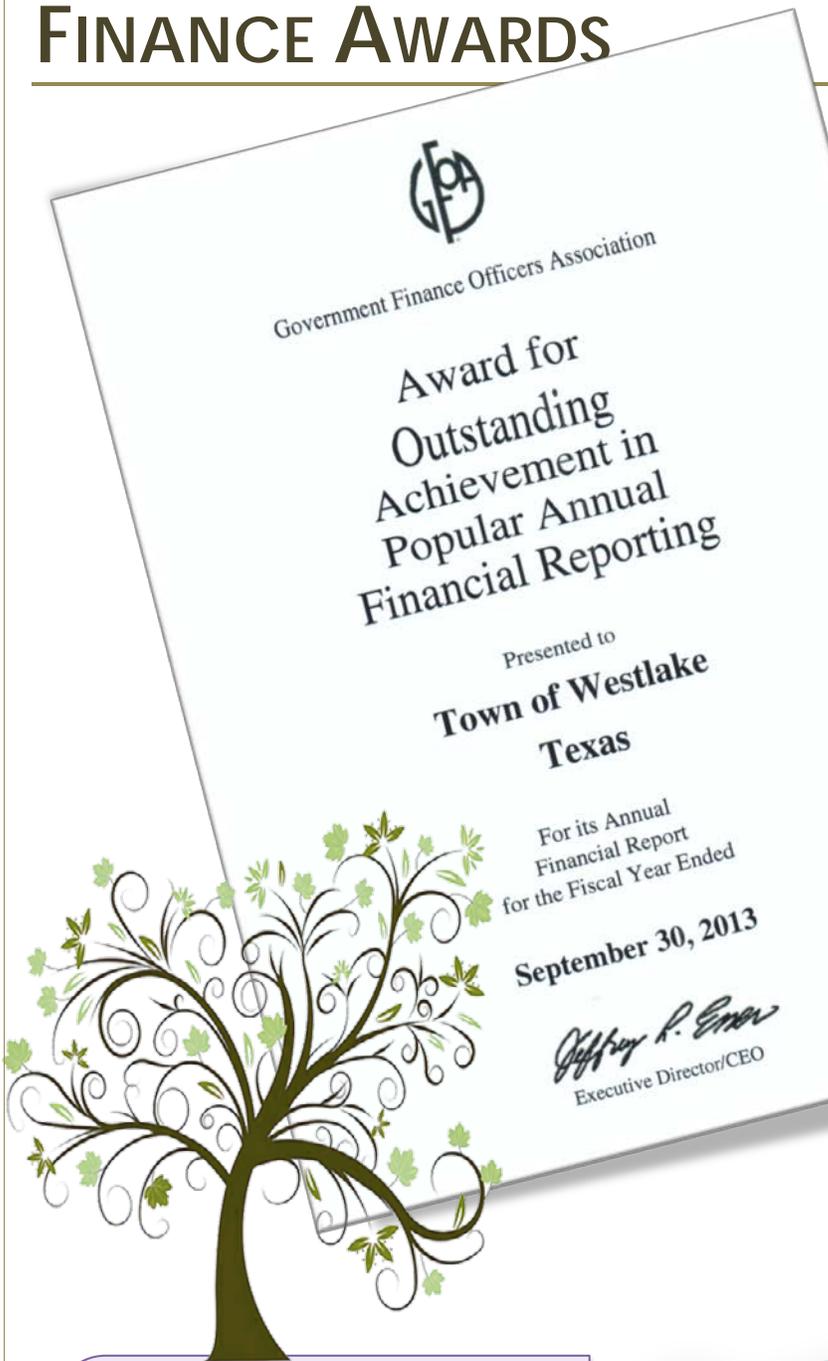
Town Manager

tbrymer@westlake-tx.org

817-490-5720



FINANCE AWARDS



GFOA also awarded the Town "The Certificate of Achievement For Excellence in Financial Reporting" for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2013.

The Government Finance Officers Association (GFOA) of the United States and Canada has given an **Award for Outstanding Achievement in Popular Annual Financial Reporting** to the Town of Westlake for its Annual Report Financial Highlights for the fiscal year ended September 30, 2014.

This is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

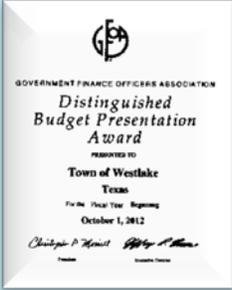
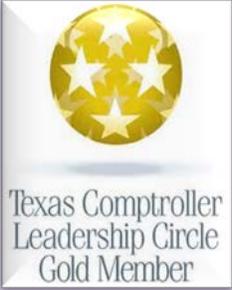
In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, the contents of which conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The Town of Westlake submitted and received this award for the first time in 2011.

We believe our current report continues to conform to the Popular Annual Financial Reporting requirements and we are submitting it to GFOA.

The Town of Westlake CAFR (Comprehensive Annual Financial Report) contains more detailed information and can be viewed online at www.westlake-tx.org or contact the Finance Department at 817-430-0941 to request a copy.

FINANCE AWARDS

	AWARDED TO	NAME OF AWARD	AWARDED BY	AWARDED FOR
	Town of Westlake	The Distinguished Budget Presentation Award	Government Finance Officers Association	the preparation and issuance of the annual budget
	Town of Westlake	Gold Leadership Circle	Texas Comptroller	meeting high financial transparency online
	Westlake Academy	Meritorious Budget Award	Association of School Business Officials International	excellence in budget presentation
	Westlake Academy	The Distinguished Budget Presentation Award	Government Finance Officers Association	the preparation and issuance of the annual budget

Reference the CAFR: the Introductory Section (page iv)

ELECTED OFFICIALS



The Town of Westlake was incorporated in 1956 as a Type A general-law municipality under the rules of the state of Texas. 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 Mayor and Town Council members serve two (2) year terms. All elected officials are elected at large for a two year staggered term each May.

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 Council meets the 4th Monday of each month with the Mayor presiding at official meetings and work sessions.

Laura Wheat
Mayor



Carol Langdon
Mayor Pro-Tem



Michael Barrett
Council Member



Alesa Belvedere
Council Member



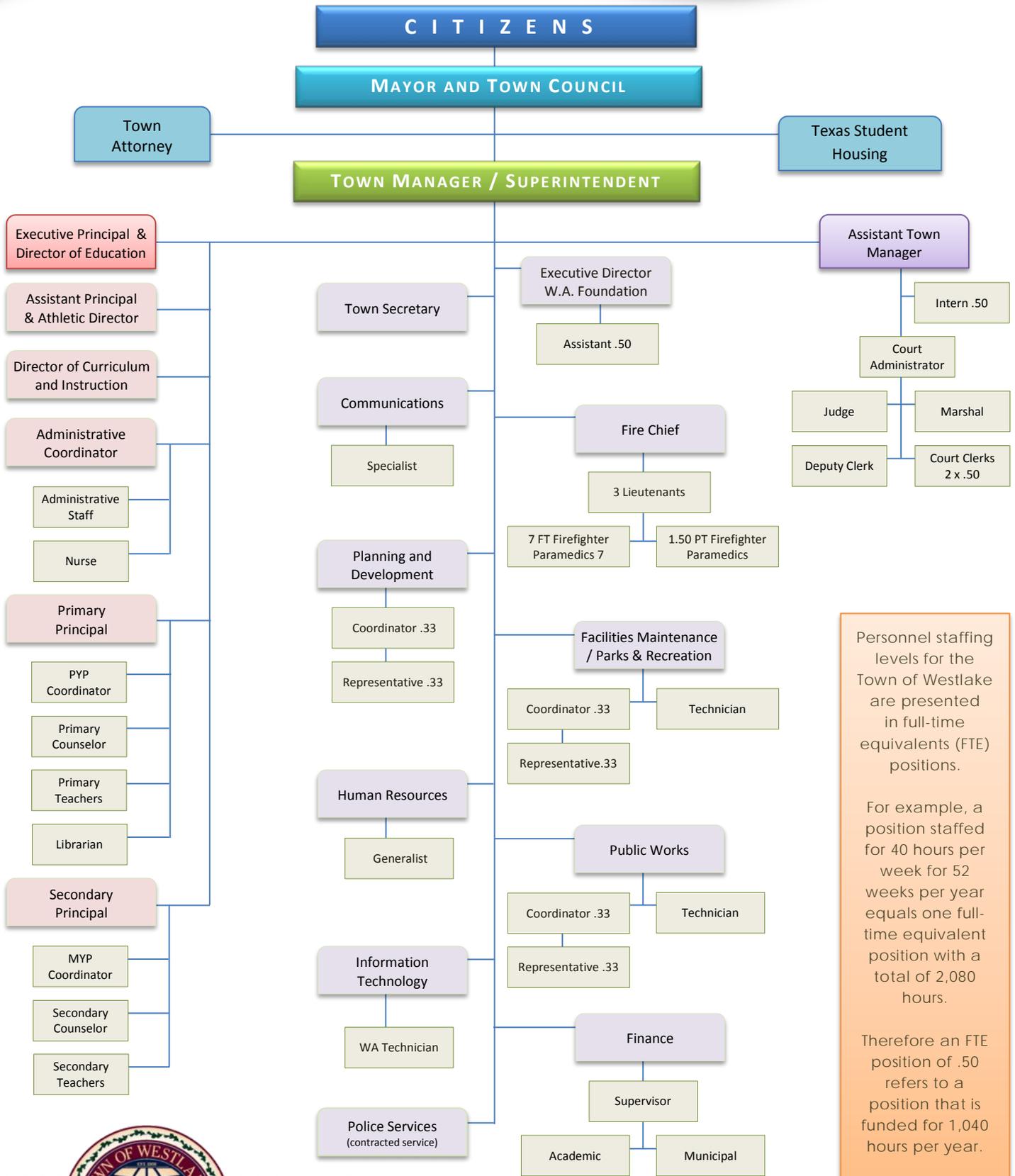
Rick Rennhack
Council Member



Wayne Stoltenberg
Council Member

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 outsourced 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.

Reference the CAFR: the Introductory Section (page ii)



Personnel staffing levels for the Town of Westlake are presented in full-time equivalents (FTE) positions.

For example, a position staffed for 40 hours per week for 52 weeks per year equals one full-time equivalent position with a total of 2,080 hours.

Therefore an FTE position of .50 refers to a position that is funded for 1,040 hours per year.



KEY SERVICES PROVIDED BY THE TOWN



General Services

The General Service Program is comprised of costs in the budget that may not be specifically identifiable to any operational budget. The activity is administered by the Finance Department and funds various charges that are not defined or directly related to any specific department or activity of the Town. Examples of cost include electricity, insurance, professional services, contingencies, etc. These types of expenditures affect all budgets and are generally not prorated.

Human Resources

The Human Resources Department provides services that include all HR functions such as Benefits Administration, Policy Compliance, Risk Management and General Administrative Services. Support is offered in partnership with other departments for bidding & purchasing, strategic planning, policy development, general administration, and finance. In addition to providing these services to the Town of Westlake, the department continues to successfully support Westlake Academy through our shared services model.

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.

Administration

The Administration Department coordinates and manages all facets of the Town's operations. The Town Manager, reporting to the Town Council, serves as the chief executive officer for all Town operations including serving as Superintendent for Westlake Academy. His duties include implementation of the goals and objectives established by the Town Council, preparation and submission of an annual municipal budget for Board review and adoption, as well as the implementation and oversight of the adopted budget throughout its effective fiscal year. The Town Manager guides, coordinates, and facilitates recommendations to the Council on strategic planning initiatives and policies as well as their implementation. Responsible for attracting, retaining, and developing a municipal and educational work force for delivering top quality municipal and academic services.

Finance

The Finance Department is responsible for collecting, recording, summarizing, and reporting the results of all financial transactions of the Town of Westlake, Westlake Academy and Westlake Academy Foundation. Results are reported in accordance with generally accepted accounting principles while ensuring compliance with applicable state and federal statutes, bond covenants and grant contracts by reviewing financial data and reporting such in a timely manner.

Municipal Court

The Municipal Court performs the duties necessary to support municipal judicial functions, assist the public and manage court operations. The program will uphold the integrity of the Court and build public trust by providing unbiased quality service and accurate information delivered in an efficient and professional manner.

Town Secretary

The Town Secretary performs tasks outlined in the Texas Municipal Law and Procedure for General Law Type A Cities as well as tasks related to the support of the Town Council, Board of Trustees, Planning and Zoning Commission, the Zoning Board of Adjustments, and the Texas Student Housing Authority, and oversight of the Town's records management program. The Town Secretary is also responsible for communicating meeting information to the community.

Communications

The Department of Communications & Community Affairs is responsible for leadership and representation on matters related to Town and Academy communications, promotion, and citizen/parent engagement. The position coordinates facilitation of neighborhood meetings, publication of our email blasts/publications, Town advertising, web site development, various community events and gatherings, and serves/supports the Westlake Historical Preservation Society as Town liaison.

KEY SERVICES PROVIDED BY THE TOWN

Building and Planning

The Planning and Development Department is responsible for processing platting and zoning requests and ensuring that proposed development will conform to the Town of Westlake's comprehensive plan. This also requires the continuous updating and amending of ordinances to address ever-changing development concerns. The Building and Code Compliance Division is responsible for the administration and enforcement of the Town's adopted building codes and ordinances to assure that development is executed and maintained in compliance with ordinances and approved development plans.

Public Works

The Public Works Department is responsible for the operation, maintenance, repair, and installation of the Town's traffic signs, signals, roadway markings, and 10.8 miles of street pavement and storm drainage; maintaining public records and regulatory requirements. Public Works also assists other departments, the Academy, and volunteer groups as needed by providing services such as setting up for community events; providing traffic control devices for DPS use; supervision of community service workers; provide back-up coordinating and inspecting work for facility maintenance.

Information Technology

Information Technology works to establish IT policy, evaluate and recommend technology solutions for specific departmental needs and provide administrative support to network infrastructure, systems, and staff.

Facilities Maintenance

The Facilities Maintenance Department currently maintains all aspects of the Westlake Academy campus buildings as well as the fire station. This includes maintenance of the interior and exterior of these existing buildings as well as HVAC units, landscaping, remodeling projects, equipment maintenance, security equipment and building assessments. The Director manages all service and maintenance contracts on Town owned assets and also the leasing contract for Town Hall facilities.

Parks and Recreation

The Parks and Recreation Department maintains a 39.5 acre park and open spaces, which includes Glenwyck Farms, the Terra Bella sub-division and the Parchman off-site property. The trees along roadways and cemetery are maintained to ensure the safety of the drivers and pedestrians. Westlake Academy and Glenwyck Farms provide the facilities and space for recreation use to the public. The park at Glenwyck Farms and the Academy campus hosts sporting events, facility rentals, Arbor Days, Bandana Bonanza, Christmas Tree Lighting and Decoration Day.

Fire/EMS Services

The Fire-EMS Department provides for the public safety needs of the Town via a variety of programs and services. The majority of these services are Fire and Emergency Medical Services (EMS) related but also includes hazardous materials mitigation, fire prevention and public education. Many civic organizations also benefit from these types of services. Business organizations have benefited through the training activities and inspection/prevention programs that the Department provides. The Department will continue to provide the most efficient method of delivering the traditional services – Fire Protection, Emergency Medical Services, Fire Inspections and Public Education while continuing to seek further avenues of outreach into the community.

Police Services

The Keller Police Department is the provider of law enforcement services for the Town of Westlake. In June of 2002, the two communities began an inter-local agreement, which would benefit both organizations through the provision of police related services for Westlake citizens. The police department was accredited through the Commission on Accreditation for Law Enforcement Agencies (CALEA) in July of 2006. Only 2% of police departments in the United States ever achieve this recognition. Jail and dispatch services are provided through a regional configuration – serving the communities, of Westlake, Keller, Southlake and Colleyville.



WESTLAKE ACADEMY

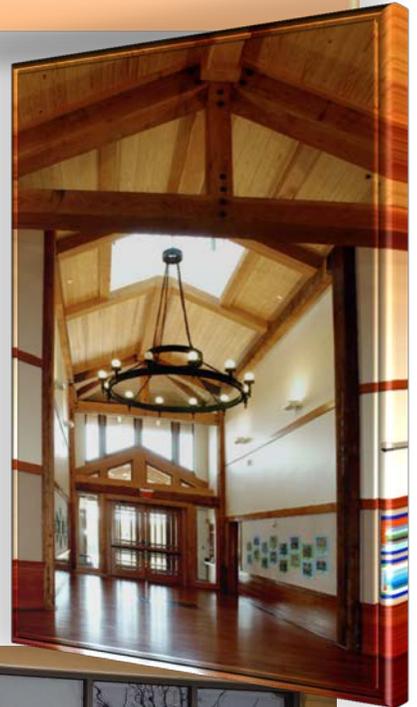
Westlake Academy is a K-12 open-enrollment charter school, as provided by Subchapter D, Chapter 12, of the Texas Education Code. The Town of Westlake applied for and became the first municipality in Texas to ever receive this special charter designation.

The International Baccalaureate Organization (IBO) programs have been selected as the educational model utilized at the Academy. These include the Primary Years Program, Middle Years Program and Diploma Program.

- Westlake Academy opened in 2003
- Graduated their first class in June 2010
- 697 students were enrolled in school year 13-14
- 2,400 people are on the current waiting list



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.



Data from the National Student Clearinghouse shows that WA students are not only going to college and finishing, but they are getting their degrees quicker than the national average.

Last year, Westlake Academy's 53 graduates had a 100 percent college acceptance rate and were accepted into many top rated universities with about \$4.4 million in scholarships and grants.



WESTLAKE COMMUNITY EVENTS

MASTERWORKS CONCERT SERIES...

The Masterworks Music Series is a variety of free music programs sponsored by the Town of Westlake, Cassidy Turley and ARTSNET. These free concerts are for music lovers of all ages and feature instrumental a vocal music ranging from Country & Western to Blues & Jazz with the entertainment of local, regional and national artists. The concert season begins in April and performances are held at the Village Center. ↻



...DECORATION DAY

The Westlake Preservation Historical Society sponsors its annual "Decoration Day" event each Memorial Day in Westlake at the Odd Fellow Cemetery. This community event is a public commemoration of veterans, both past and present, who have served our country and defended our freedom and liberties. Activities include live music, treasure hunts for the kids, and a homemade ice-cream competition. ↻

ANNUAL VINTAGE CAR SHOW...

Classic car enthusiasts join together each October at the Solana Club in Westlake for the Annual Westlake Vintage Car Show. This event features vintage classic original or restored to original automobiles, trucks and pickups from 1909 to 1959. Awards included Best of Show, Best of Class, People's Choice and Town of Westlake Mayor's Choice. ↻



...ARBOR DAY CELEBRATION

The Westlake Arbor Day Celebration is held each April. This annual celebration is an afternoon of activities, live entertainment, best cookie competitions, auctions, and a variety of great food. Kids' activities have included pony rides, face painting, games, crafts, and an obstacle course. In addition, there are educational sessions on tree care advice, and complimentary trees. Admission is free. ↻

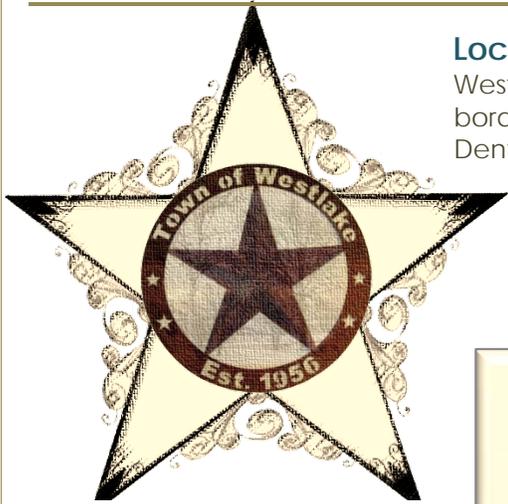
HOLIDAY COMMUNITY TREE LIGHTING...

Enjoy an evening of community fellowship at the Westlake Academy Campus, as the holiday season officially begins with the lighting of the Christmas Tree. This free event includes games & entertainment, cookie decorating, musical selections by the Westlake Academy Choral Group and Drama Students, and don't forget our special visitors from the North Pole! ↻



All information in this report can be found in greater detail in the Comprehensive Annual Financial Report (CAFR) on the town website www-westlake-tx.org.

POPULATION AND EMPLOYERS



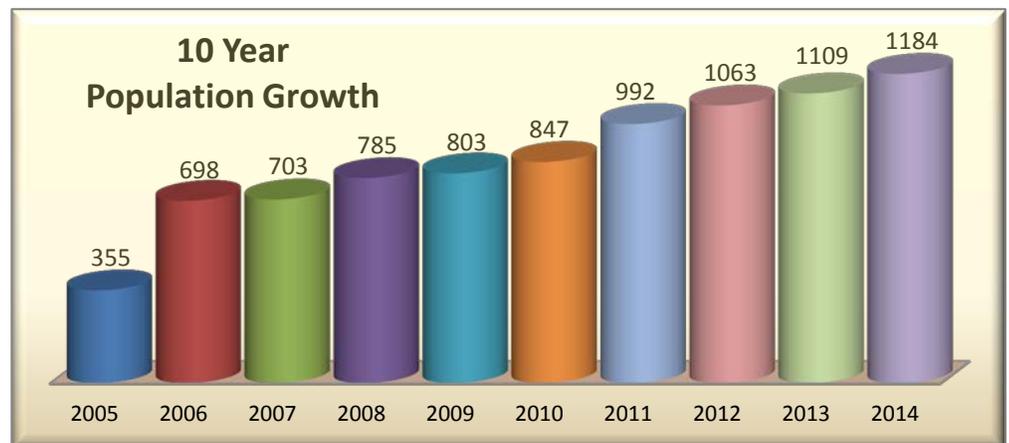
Location

Westlake is approximately seven square miles, located along the Northeast border of Tarrant County and partially extended into the southern portion of Denton County.

It is conveniently located twelve miles to the west of DFW Airport and seven miles to the east of the Alliance Airport providing quick, easy access to all areas of the Dallas Fort Worth Metroplex.

Population

The Town of Westlake has experienced exponential growth in the last decade; the national census reported 355 residents in 2005 and 1184 residents in 2014.



Tarrant County

Unemployment Rate

2010	8.1%
2011	7.9%
2012	6.2%
2013	6.0%
2014	5.0%

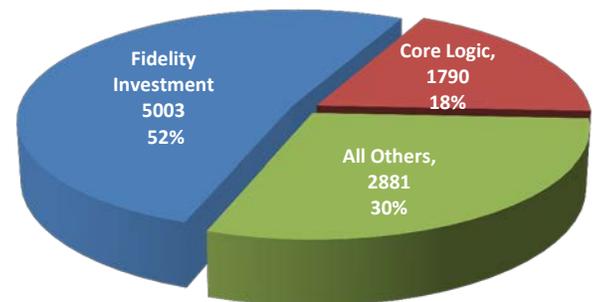
Westlake Employers

The DFW Metro area is home to more Fortune 500 companies than any other area in the United States. Several major employers are located within the Town of Westlake.

The Solana Office Complex was the first of many corporate headquarters built by IBM in the 1980's.

Since then Westlake has added several corporate residents like, Fidelity Investments, Core Logic, Verizon, TD Auto Finance, and many more.

Westlake Employers



Reference the CAFR: the Statistical Section (page 96 & 97)

Personal Income

2010	\$102,852,057
2011	\$126,678,400
2012	\$138,423,531
2013	\$147,292,890
2014	\$160,462,095

Information obtained from Tarrant Appraisal District 2014 Tax Rates per \$100 Valuation for Tarrant County. Reference this website: http://www.tad.org/webpages/TaxRates/2014_tax_rates.html

PROPERTY TAX

PROPERTY TAX

The Town of Westlake instituted a property tax in 2010.

- The current adopted rate for FY13/14 is \$.15634
- Maintenance and operations (M&O) is .13710
- Debt service or interest & sinking (I&S) is .01924

Jurisdictions

The Town of Westlake contracts with the Tarrant County Tax Assessor Collector's Office to collect the Town's portion of local property tax.

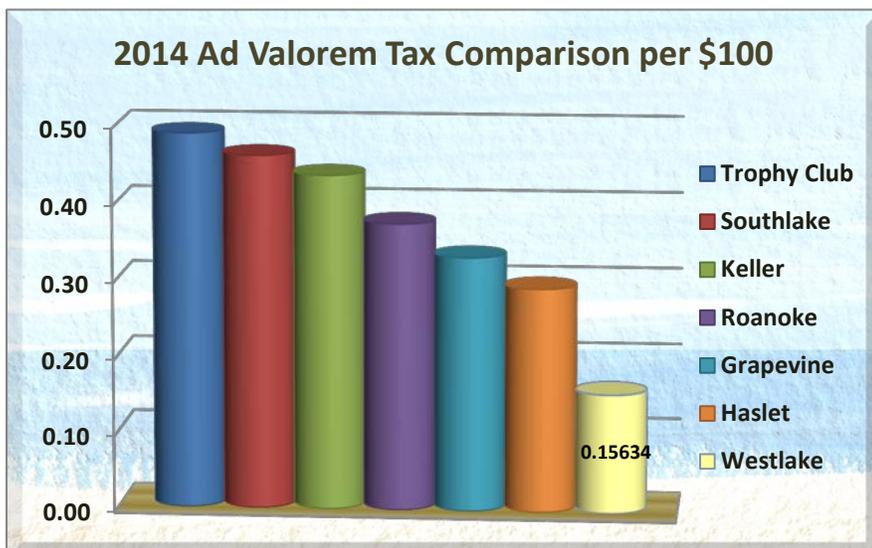
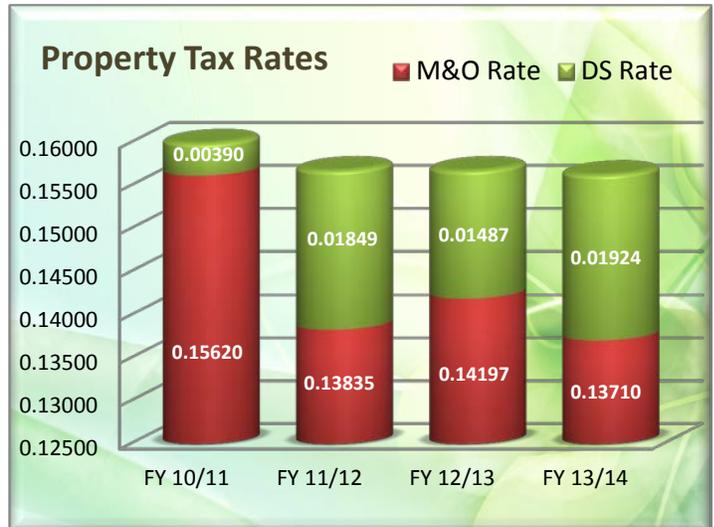
There are multiple taxing jurisdictions within Westlake's boundaries; whether or not a business or residence is required to pay tax to a particular jurisdiction is determined by where they are located within Westlake and the boundaries of the respective taxing jurisdictions.

Currently, the following taxing jurisdictions collect property taxes in Westlake:

- Independent School Districts; Carroll, Keller and Northwest
- Tarrant County; College and Hospital
- Denton County and Trophy Club MUD 1



Westlake residents can determine which taxing jurisdictions apply to their property as well as obtain current property tax rate information by conducting a property search on the appropriate appraisal district website: Denton Central Appraisal District or Tarrant Appraisal District.



Homestead Exemptions

The Westlake Town Council approved a homestead exemption of 20%, which is the maximum amount allowed by the State of Texas.

Tax Freeze

The Town Council also approved a tax freeze for all residential accounts identified as over 65 by the tax appraisal district. To learn more information about the tax freeze or find out if you qualify, please visit either of these websites; Denton Central Appraisal District or Tarrant Appraisal District.

GENERAL SALES TAX

Sales & Use Taxes

Many people don't know that most of their sales and use tax is remitted to the State of Texas; in fact, for every dollar of taxable sales, the state receives six and one quarter cents (or 6.25%).

In the State of Texas local municipalities have the option to adopt up to an additional two cents (or 2%) for local use for a total maximum combined rate of 8.25%.

This local tax must be in accordance with state law and be utilized for specific purposes as identified by the state's local government code.



4B Economic Development Fund – This fund utilizes the revenues generated from a ½ cent sales tax to fund qualified development projects. Currently, the 4B Fund is committed to the repayment of the debt incurred for the construction of Westlake Academy.

General Fund Allocation – The Town levies 1-½ cent sales. The revenues generated from this tax are utilized to offset expenditures in the General Fund and to reduce the property tax burden on local residents and businesses by providing Westlake with an additional unrestricted revenue source.



Hotel Occupancy Tax

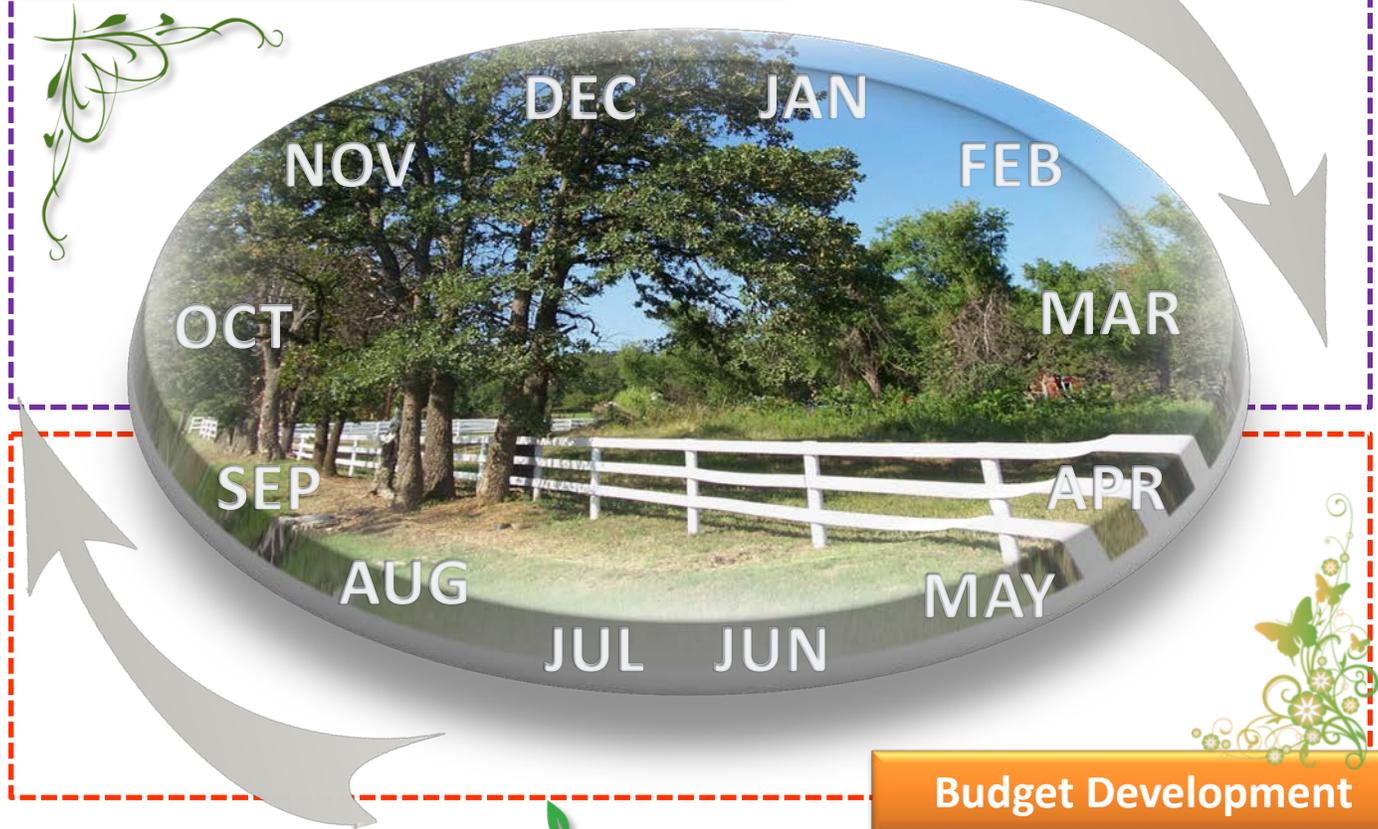
In addition to sales and use tax collections, the Town receives a 7% hotel occupancy tax from the Marriott Solana, Deloitte University and any future hotels in Westlake.

This revenue is recognized in the Visitors Association Fund and is used to help fund a shuttle program for hotel guests as well as other marketing and promotional activities.

WESTLAKE FINANCIAL CYCLE

- | | | |
|---|--|--|
| <p>OCT</p> <ul style="list-style-type: none"> Open Municipal fiscal year and Implement budget Prepare for Municipal audit | <p>DEC</p> <ul style="list-style-type: none"> Municipal budget submitted to GFOA External auditors begin Municipal CAFR/Audit | <p>FEB</p> <ul style="list-style-type: none"> Present Municipal CAFR Audit to Council |
| <p>NOV</p> <ul style="list-style-type: none"> Academic budget submitted to GFOA External auditors begin work on Academic audit | <p>JAN</p> <ul style="list-style-type: none"> 1st quarter financials compiled Present Academic Audit to Board | <p>MAR</p> <ul style="list-style-type: none"> Municipal CAFR submitted to GFO Academic Budget Kickoff |

CAFR Reporting and Strategic Planning



- | | |
|---|--|
| <p>APR</p> <ul style="list-style-type: none"> Municipal Budget Kickoff 2nd quarter financials compiled Municipal PAFR submitted to GFOA | <p>JUL</p> <ul style="list-style-type: none"> 3rd quarter financials compiled Continued review of Municipal and Academic Budgets |
| <p>MAY</p> <ul style="list-style-type: none"> Elections CIP Planning Council Planning Retreat | <p>AUG</p> <ul style="list-style-type: none"> Proposed Municipal budget presented to Council Academic Budget Adopted End of Academic fiscal year |
| <p>JUN</p> <ul style="list-style-type: none"> Roundtable review of proposed Municipal Budget Continued review of Academic Budget | <p>SEP</p> <ul style="list-style-type: none"> Adopt Municipal budget End of Municipal fiscal year Open Academic fiscal year and Implement budget |

MILESTONES AND STRATEGIC PRIORITIES

The following are milestones and strategic priorities that were achieved during FY 2013-2014:

Invested in Westlake Academy, the Town's open enrollment charter school.

- Completed its 11th year of operation
- Graduated our 5th class of seniors with 53 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 36th out of 1,900 schools across the nation.

Continued to receive recognition for the transparency and high quality of its financial reporting by receiving the following:

- Distinguished Budget Presentation Award from the Governmental Finance Officers Association (GFOA) marking the 7th year in a row that we have received this honor for our municipal budget and the 5th year for our educational services budget (Westlake Academy).
- International Award for Budget Excellence from the Association of School Business Officials International for the past five years.
- Certificate of Achievement for Excellence in Financial Reporting for our CAFR Comprehensive Annual Financial Report (annual audit) which has also been recognized through GFOA for the last seven years.
- The Town's second Popular Annual Financial Report (PAFR) by converting much of the CAFR document into an easy-to-read format for our residents.

Invested in an update of our current Comprehensive Planning document.

We began working with the Town Council, residents, and appointed steering committee members to memorialize our community vision in the new document. Progress continues through the facilitation efforts of an outside consultant and the committee with the final completion planned for FY 2014-15.



Installation of a **secondary ground storage water tank** for future sustainability and service provision levels.

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.



Invested in the Town's Capital Improvement:

- Focus on the expansion of our physical plant at Westlake Academy (\$8.2M).
- Invested approximately \$1.6M in streetscape improvements on FM 1938 (Davis Blvd) with median plantings and sidewalk installation, which is now in its final stages of completion.
- Invested a total of \$500K in the Town's infrastructure through enhancements on SH114/Hwy170 in partnership with our surrounding communities for bridge and overpass paintings, plantings in medians and entry monuments.

Reference the CAFR: the Introductory Section (page iv)



SHORT TERM TRENDS & 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:

- **Housing Start Increases:** Westlake is expecting continued single family residential construction as a result of Granada. This is depicted in the side-chart – prerecession starts were at 38 per year and we are estimating 50 for the coming fiscal year.
- **Permanent Population Growth:** The North Central Council of Governments has updated Westlake's 2010 Census from 992 to 1,051. This is the portion of our population that is considered to be our permanent residence. An increase in population of 210 in 1990 to the present 1,051 represents a 400% increase.
- **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 work on the Comprehensive Plan:** The Town's current 1992 Comprehensive Plan is in the process of review and updating. The Comprehensive Plan serves as the "blue print" for planning and growth. We have convened a steering committee and held public meetings to discuss the plan elements and expect to be complete within the current fiscal year.

- **Continued Impact of Westlake Academy on Residential Growth:** The number of Westlake residents who are selecting Westlake Academy as the educational choice for the students has doubled in the past five years. Resident surveys indicate that the Academy is one of the main reasons they moved to Westlake, and why they plan to remain in our community.
- **Increase in Westlake Academy Overall Enrollment:** The Academy has experienced steady enrollment growth from 491 in SY 2009-10 to a projected 822 in SY 2014-15. The current increase of student population is a result of the Phase I expansion efforts on the Academy campus. We are completing the construction of three buildings that will accommodate the new students. The lottery waiting list for admissions continues to grow from 700 in 2010 to over 2,100 students for this coming school year.
- **Completion of Phase I Facility Improvements:** Construction will be complete and operational for the fall school year. The approximately 39,000 sq. ft. of new facilities comprised of a secondary classroom building, field house, and primary years' multi-use building will allow for decompression of our current facilities



- **Reinvestment in our community through the replacement of our fire pumper truck:** As our rolling stock continues to age, we will need to reinvest in our assets in order to maintain the exceptional levels of service we strive to deliver. The replacement truck will allow us to rotate the current vehicle to a back-up status as it is experiencing multiple repair events.
- **Continue to explore new ways to combat spiraling health care costs:** Costs have been increasing at an unsustainable level of 10 to 25% per year, and employee plan design changes are inevitable. Recently a comprehensive evaluation of the Town's health insurance costs was conducted and ultimately the decision was made to continue with Blue Cross Blue Shield.

Reference the CAFR: the Introductory Section (page iv & v)

LONG TERM VISIONING

Long range planning and visioning is vital to the sustainability of the community of Westlake. Our bright outlook for our future is based on our governing board, residential commitment to our Town and the diligence of our staff members. 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.

- **Continued emphasis on long-range financial planning:** The FY14-15 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. Staff continues to produce a quarterly financial report for the Town Council that monitors and analyzes trends in the General Fund, Utility Fund, and Visitor Association Fund. The report serves as a tool to assist in developing a proactive, instead of reactive, approach to 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 2014-2015 Budget. The budget details the Town's long-term goals and financial policies, and describes program accomplishments and initiatives.



- **Continued Permanent Population Growth:** We anticipate the trend toward growth will continue as our existing lot inventory continues to be a scarce commodity. In addition, the residential and mixed-use developments have the potential to significantly increase our permanent population.

- **Management of Development:** As the economy and the surrounding cities in the Metroplex experience commercial development and the influx of individuals continues 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 contained in our Vision statement.

- **Implementation of the Comprehensive Plan:** As mentioned in the short term trends, the Town will complete the updating of our Comp Plan and will transition into the application phase of the recommendations and feedback from our Comprehensive Plan Steering Committee, residents and stakeholders, Planning & Zoning Committee Members, and our Town Council. This will include the update of the applicable ordinance documents that will help guide our future developments and all the corresponding plan elements.

- **Oversight of Enrollment Demands at Westlake Academy:** As it becomes necessary with the rollout of Phase II of the Facility Master Plan, staff and the Council will plan for our long term visioning of the school to ensure each child reaches their 'highest individual potential' as a student at Westlake Academy. The impact of new housing developments and population growth will continue to drive our capital projects in the future.

Reference the CAFR: the Introductory Section (page vi)



FINANCIAL HIGHLIGHTS

The largest portion of the Town's net assets reflects its investments in capital assets (e.g. land, buildings, equipment, improvements, construction in progress, and infrastructure), less any outstanding debt. An additional portion of the Town's net assets represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations.

The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$38,885,361 (Net position).

- This number must be viewed within the context that the vast majority of the Town's net position of \$38,783,405 (99.7%) 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 \$2,284,947 (5.9%). The remaining deficit, (-5.6%), represents unrestricted net position.



Governmental funds reported combined ending fund balances of \$11,887,640, which is a decrease of \$7,556,007 in comparison with the prior year.

Within this total, \$4,216,467 is non-spendable, restricted, committed or assigned by management or council.

Fund balance for the General Fund was \$7,953,518, an increase of \$901,887 in comparison with the prior year. Of this total fund balance, \$7,671,173 is unassigned. This represents 153% of the total general fund expenditures and is equivalent to 530 operating days.

Long-term debt decreased by \$336,724 in total, due to the issuance of General Obligation Refunding Bonds, Series 2014, offset by the scheduled repayment of principal on outstanding bonded debt.



Capital assets (net of accumulated depreciation) increased by \$10,063,397.

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.

Reference the CAFR: The Management Discussion & Analysis Section (page 4)

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 \$38,885,361 at the close of the most recent fiscal year.

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
ASSETS						
Current assets	\$ 14,197,535	\$ 21,781,962	\$ 5,210,808	\$ 5,987,119	\$ 19,408,343	\$ 27,769,081
Capital assets	50,205,686	41,121,883	13,102,835	12,123,241	63,308,521	53,245,124
Total Assets	64,403,221	62,903,845	18,313,643	18,110,360	82,716,864	81,014,205
Deferred Outflow of Resources	1,194,749	1,247,851	-	-	1,194,749	1,247,851
LIABILITIES						
Noncurrent liabilities	29,866,622	27,874,090	6,389,337	6,485,445	36,255,959	34,359,535
Other liabilities	2,308,387	2,972,214	6,461,906	5,865,423	8,770,293	8,837,637
Total Liabilities	32,175,009	30,846,304	12,851,243	12,350,868	45,026,252	43,197,172
NET ASSETS						
Invested in Capital	32,048,991	21,177,426	6,734,414	6,601,949	A 38,783,405	27,779,375
Restricted	2,284,947	4,243,239	0	0	B 2,284,947	4,243,239
Unrestricted	(910,977)	6,636,876	(1,272,014)	(842,457)	C (2,182,991)	5,794,419
Total Net Assets	\$ 33,422,961	\$ 32,057,541	\$ 5,462,400	\$ 5,759,492	D \$ 38,885,361	\$ 37,817,033

The largest portion of the Town's net position, **\$38,783,405** (99.7%), 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. **A**

An additional portion of the Town's net position, **\$2,284,947** (5.6%), represents resources that are subject to external or internal restrictions on how they may be used. **B**

The remaining balance reflects a deficit unrestricted net position of (5.3%) that equals **(\$2,182,991)**. **C**

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.

Combined net position changed from a year ago, increasing \$1,068,328 from \$37,817,033 to **\$38,885,361**. **D**

Reference the CAFR: The Management Discussion & Analysis Section (page 7)

CAPITAL ASSETS

The investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress. Most capital assets in a government entity do not directly generate revenue nor can they be sold to generate liquid capital. 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.

Capital Assets (net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Total		Net Increase
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013	
Land	\$ 11,896,663	\$ 11,896,663	-	-	\$ 11,896,663	\$ 11,896,663	-
Capital Improvements	7,814,722	8,184,522	10,809,857	9,614,902	18,624,579	17,799,424	825,155
Buildings	27,009,853	17,611,891	-	-	27,009,853	17,611,891	9,397,962
Machinery & Equipment	1,016,010	594,715	1,861,591	1,948,389	2,877,601	2,543,104	334,497
Wastewater Treatment Rights	-	-	185,266	217,026	185,266	217,026	(31,760)
Construction in Progress	2,468,438	2,834,092	246,121	342,924	2,714,559	3,177,016	(462,457)
Total Capital Assets	\$ 50,205,686	\$ 41,121,883	\$ 13,102,835	\$ 12,123,241	\$ 63,308,521	\$ 53,245,124	\$ 10,063,397

The net increase in the Town's investment in capital assets for the current fiscal year was **\$10,063,397** or 19%.

The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2014, totaled **\$63,308,521** (net of accumulated depreciation).

The largest portion of the increase is attributable 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 remaining increase is due to the purchase of a facilities maintenance vehicle and information and software.



Reference the CAFR: the Management Discussion & Analysis Section (page 13)



LONG TERM DEBT

The Town's obligations are consolidated into the Debt Service Fund with payments being transferred from 4B Economic Development Fund, the General Fund and the Visitors Association Fund. Debt Service requirements to be retired from governmental funds are as follows:

Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
General Obligation Bonds	\$ 18,260,000	\$ 16,590,000	-	-	\$ 18,260,000	\$ 16,590,000
Certificates of Obligation	10,029,800	12,596,800	1,014,200	1,025,200	11,044,000	13,622,000
Contractual Obligations	65,789	96,026	5,320,824	5,412,149	5,386,613	5,508,175
Capital Lease	237,378	-	-	-	237,378	-
Premium on Bonds	744,328	700,588	33,397	34,569	777,725	735,157
Notes Payable	371,464	17,420	-	-	371,464	17,420
Compensated Absences	157,863	106,404	20,916	13,527	178,779	119,931
Total Long Term Debt	\$ 29,866,622	\$ 30,107,238	\$ 6,389,337	\$ 6,485,445	\$ 36,255,959	\$ 36,592,683

At the end of the current fiscal year, the Town had total long-term debt outstanding of **\$36,255,959**. Of this amount, \$29,304,000 represents bonded indebtedness, \$65,789 economic development reimbursement, \$237,378 capital leases, \$371,464 in loans and \$5,320,824 contractual obligations. During the fiscal year 2013-2014, the Town's total debt payable decreased by \$336,724. This decrease was due to the issuance of General Obligation Refunding Bonds for the purpose of refunding Certificates of Obligation, Series 2003, plus the addition of a loan from Bennett Benner & Pettit. These amounts were offset by the scheduled repayment of principal and interest on outstanding bonded debt.

STANDARD & POOR'S RATING SERVICES

Standard & Poor's Ratings Services, a division of the McGraw-Hill, Inc. has recently increased the Town's rating from AA to AA+/stable. The upgrade reflects their assessment of the town's historically very strong finances and recent implementation of a property tax levy, which has further strengthened finances and lessened the operating fund's reliance on the somewhat volatile sales tax revenue stream.

The rating reflects their opinion of the town's:

- Participation in the Dallas-Fort Worth metropolitan statistical area (MSA) economy
- Very strong budgetary flexibility with fiscal 2012 audited reserves in excess of 50% of general fund expenditures;
- Very strong liquidity, providing very strong cash to cover debt service and expenditures; and
- Strong management conditions, supported by good financial policy implementation.

Reference the CAFR: the Management Discussion & Analysis Section (page 13- 14)

GLOSSARY

Accounts Payable: A liability account reflecting amount of open accounts owed to private persons or organizations for goods and services received by a government (but not including amounts due to other funds of the same government or to other governments).

Accounts Receivable: An asset account reflecting amounts owed to open accounts from private persons or organizations for goods or services furnished by the government.

Allocation: A part of a lump-sum amount, which is designated for expenditure by specific organization units and/or for special purposes, activities, or objects.

Amortization: Payment of principal plus interest over a fixed period of time.

Assets: Resources owned or held by the Town which has monetary value.

Audit: An examination, usually by an official or a private accounting firm retained by the Town Council, of organization financial statements and the utilization of resources.

Balance Sheet: The basic financial statement, which discloses the assets, liability, and equities of an entity at a specific date in conformity with General Accepted Accounting Principles.

Basis of Accounting: A term used referring to when revenue, expenditures, expenses, and transfers – and related assets and liabilities – are recognized in the accounts and reported in the Town's financial statements.

Bond: A written promise to pay a specified sum of money, called the face sum of money, called the principal amount, at a specified date or dates in the future, called the maturity date(s), together with periodic interest at a specified rate.

Budget: The Town's financial plan for a specific fiscal year that contains an estimate of proposed expenditures and the proposed means of financing them.

Business-type activities: include services primarily funded through user charges

Capital Expenditures: Any major non-recurring expenditure or expenditure for facilities, including additions or major alterations, construction of highways or utility lines, fixed equipment, landscaping or similar expenditures.

Cash Basis: A basis of accounting under which transactions are recognized when cash changes hand

Comprehensive Annual Financial Report (CAFR): This report summarizes financial data for the previous fiscal year in a standardized format.

Depreciation: Change in the value of assets (equipment, buildings, etc. with a useful life of 5 years or more) due to the use of the asset.

Expenditures: Outflow or non-enterprise funds paid or to be paid for an asset obtained or goods and services obtained.

Expenses: Outflow of enterprise funds paid or to be paid for an asset obtained or goods and services obtained.

Fixed Assets: Assets of a long-term character, which are intended to continue to be held or used, such as land, buildings, and improvements other than buildings, machinery, and equipment.

Fund: A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein.

Fund Balance: The excess of a fund's current assets over its current liabilities, sometimes called working capital or fund equity. A negative fund balance is often referred to as a deficit.

GAAP-Generally Accepted Accounting Principles: Uniform minimum standards and guidelines for financial accounting and reporting. They govern the form and content of the financial statements of an entity. GAAP encompass the conventions, rules and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines of general applications, but also detailed practices and

procedures. GAAP provide a standard by which to measure financial presentations.

GASB: Acronym for Government Accounting Standards Board, an independent, non-profit agency responsible for the promulgation of accounting and financial reporting procedures for governmental entities.

General Fund: used to account for all financial resources of the government except for those required to be accounted for in another fund.

GFOA: Government Finance Officers Association of the United States and Canada

Governmental-type activities: includes services largely funded through revenues (taxes are the most common Example).

Governmental Funds: The funds through which most governmental functions typically are financed. The acquisition, use, and financial resources and the related current liabilities are accounted for through governmental funds (General, Special Revenue, Capital Projects, and Debt Service Funds).

Investments: Securities and real estate held for the production of revenues in the form of interest, dividends, rentals, or lease payments.

Proprietary Funds: Operation that operates like a private operation, in which services are financed through user charges and expenditures include the full cost of operations.

Revenues: Funds that the government receives as income. It includes such items a tax payment, fees from specific services, receipts from other governments, fines for forfeitures, grants, shared revenues and interest income.

Unassigned Fund Balance: the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.



THE TOWN OF WESTLAKE

Finance Department
3 Village Circle, Suite #202
Westlake, Texas 76262
www.westlake-tx.org

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THE GREAT SEAL OF WESTLAKE

ROYAL BLUE AND BURGUNDY

Symbolizes the strengthening position of Westlake as a State and Nationally recognized City

THE LONE STAR

Symbolizing
our proud home
in the state
of Texas

THE OAK LEAVES

A symbol of Westlake's
commitment to
the environment



THE BLACKSMITH AND ANVIL

The symbol of
character,
honor
and strength

THE GLOBE

The symbol of
internationalism

DARK GREEN

Symbolizes the natural environment and financial growth of Westlake