The Town of

Westlake

Popular Annual Financial Report

Community Growth on the Horizon

Goals

Values

Vision

Mission

Strategy

For the Fiscal Year Ended September 30, 2015

The Town of Westlake * 1301 Solana Blvd, Bldg 4 Suite 4202 * Westlake, Texas 76262 * www.westlake-tx.org

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Vision Statement & Points

An oasis of natural beauty that maintains our open spaces in balance with distinctive developments, trails, and quality of life amenities amidst an ever expanding urban landscape.

We are Leaders

A premiere place to live, leadership in Public education, corporate and Governmental partnerships, and high development standards.

A Sense of Place

Distinctive neighborhoods, architecturally vibrant corporate campuses, grazing longhorns, soaring red-tailed hawks, meandering roads and trails, lined with natural stone and native oaks.

A Caring Community

Informed residents, small town charm and values, historical preservation.

Service Excellence

Public service that is responsive and professional, while balancing efficiency, effectiveness and financial stewardship.

Exemplary Governance

Town officials, both elected and appointed, exhibit respect, stewardship, vision, and transparency.

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, 2015. 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 unmodified(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, 2015. 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 enhance our citizens' understanding of the Town's 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 Westlake's financial activities. It is a high-level report for citizens who wish to learn more about the community's 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's 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

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 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.

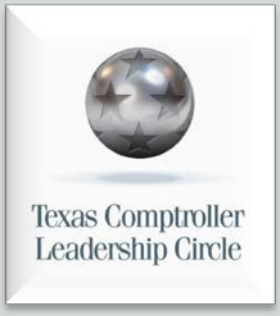
An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The Town of Westlake submitted and received this award for the first time in 2011.

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

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, 2014.

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	Platinum 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: Introductory Section (page iii & 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 Council shall conduct regularly scheduled meetings on dates and times as established by the Town Council. All Mondays shall be established as a day available for regular meetings as needed. Special meetings shall be called in accordance with Section 22.038(b) of the Texas Local Government Code. The regular Council meetings shall convene not earlier than 6:30 p.m.

Laura Wheat
Mayor
Term Expires May 2016

Carol Langdon
Mayor Pro-Tem
Term Expires May 2017

Michael Barrett
Council Member
Term Expires May 2016

Alesa Belvedere
Council Member
Term Expires May 2016

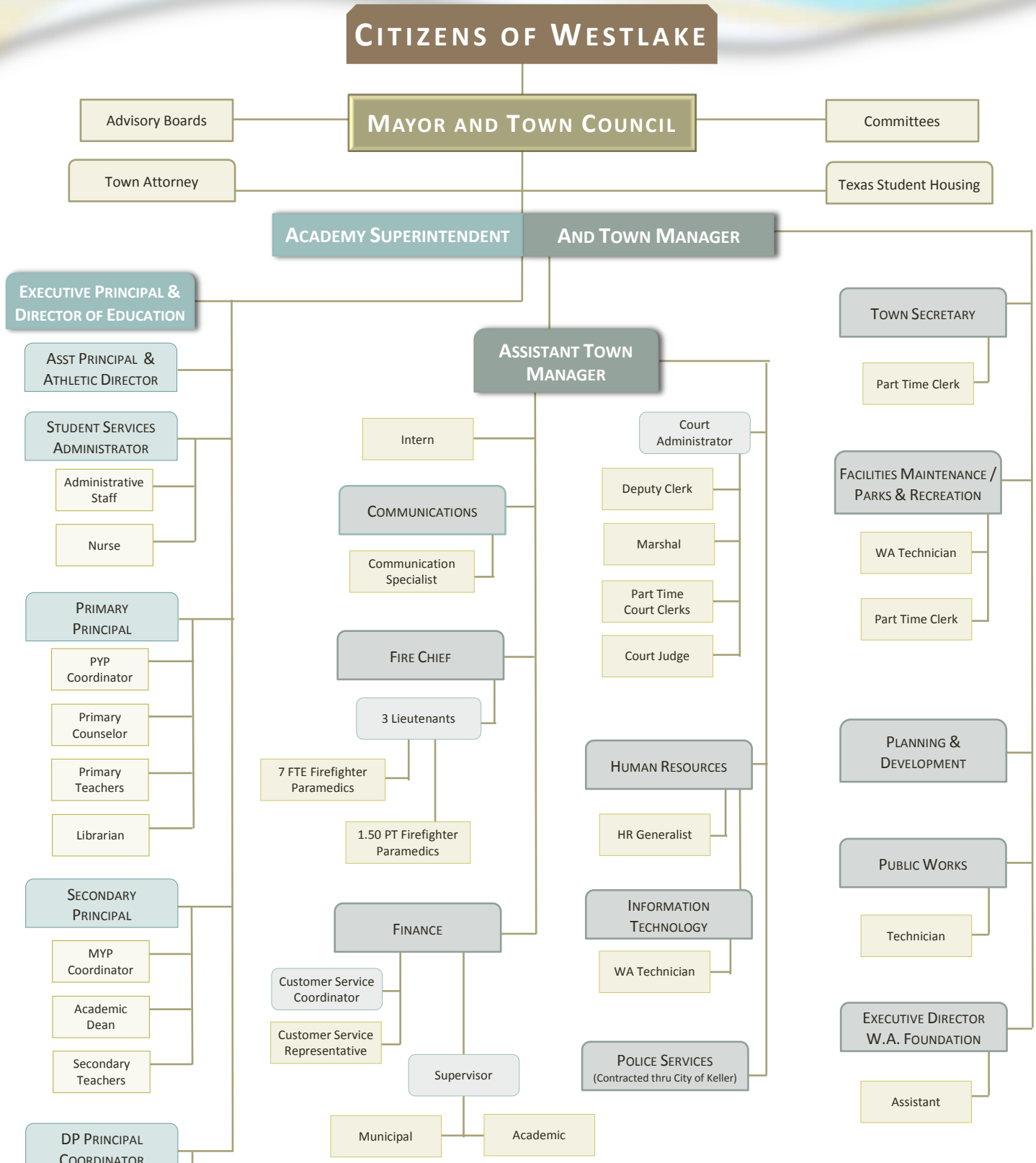
Rick Rennhack
Council Member
Term Expires May 2017

Wayne Stoltenberg
Council Member
Term Expires May 2016

Combining Strong Political Leadership & Professional Management

The council-manager form is the system of local government that combines strong political leadership, representative democracy through elected officials, and professional management. The form establishes a representative form of government by concentrating all power in the elected Town council. The council hires a professionally trained and educated Town Manager to oversee the delivery of public services and the daily operations of the Town. Council Members are part-time volunteers who serve as the policy making board for the Town's government.

Reference the CAFR:
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

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.

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.

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.

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 Council 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.

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.

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.

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.

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.

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.

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.

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 and is only the fifth in the nation to offer all 3 IB programs.

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**
- **812 students were enrolled in school year 14-15**
- **2,400 children 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 54 graduates had a **100 percent college acceptance rate** and were accepted into many top rated universities with over **$3.9 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 and 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 Plaza (courtyard) in Solana.

...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's website. www-westlake-tx.org.

Population and Employers

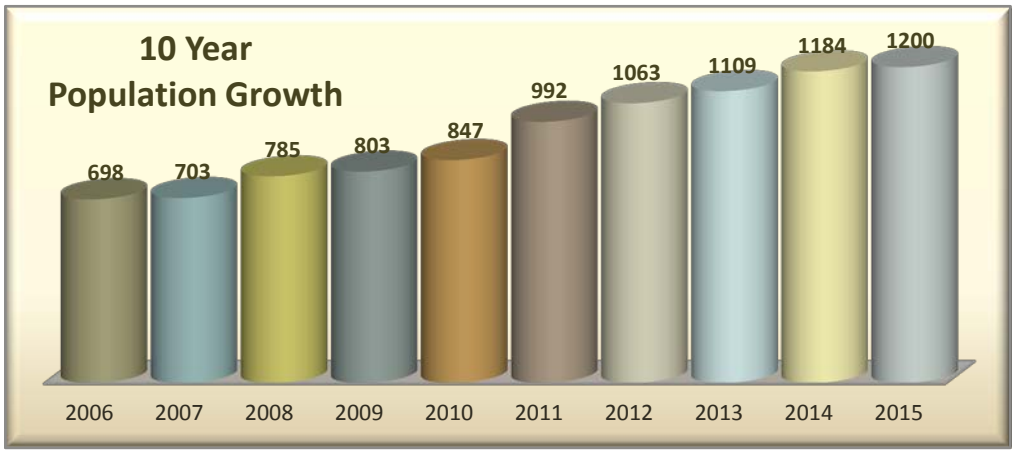
Location

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.

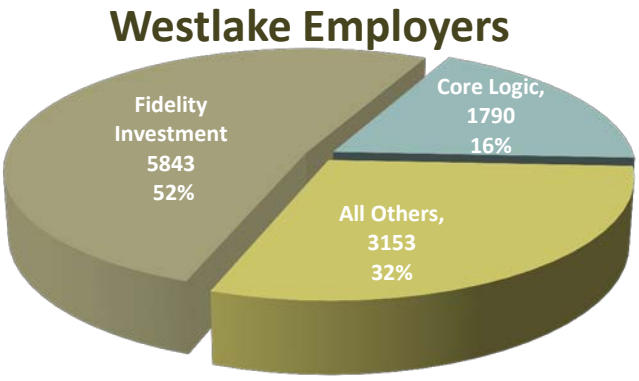
Population

The Town of Westlake has experienced exponential growth in the last decade; the national census reported 355 residents in 2005 and 1,200 residents in 2015.



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.

Personal Income

2011	$126,678,400
2012	$138,423,531
2013	$147,292,890
2014	$160,462,095
2015	$165,871,904

Tarrant County Unemployment Rate

2011	7.9%
2012	6.2%
2013	6.0%
2014	5.0%
2015	4.0%

Reference the CAFR: Statistical Section (page 108)

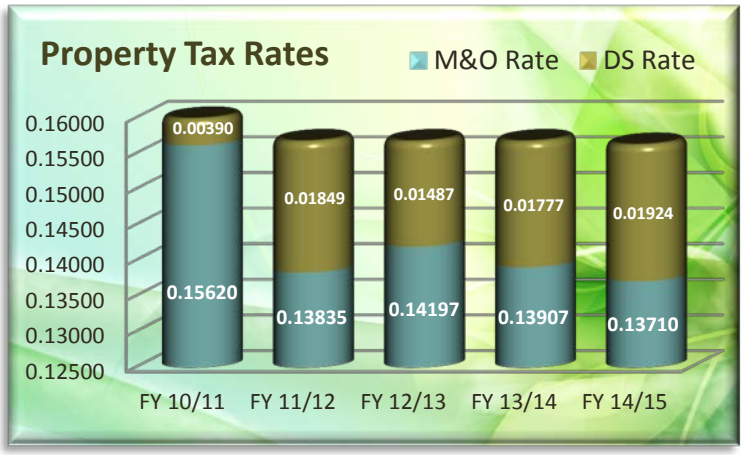
Information obtained from Tarrant Appraisal District 2015 Tax Rates per $100 Valuation for Tarrant County. Reference this website: http://www.tad.org/media/pdf/Reports/2015/2015TAXRATES.pdf

PROPERTY TAX

PROPERTY TAX

The Town of Westlake instituted a property tax in 2010.

- The adopted rate for FY 14/15 was $.15634
- Maintenance and Operations (M&O) - .13710
- Debt Service or Interest & Sinking (I&S) - .01924



Jurisdictions

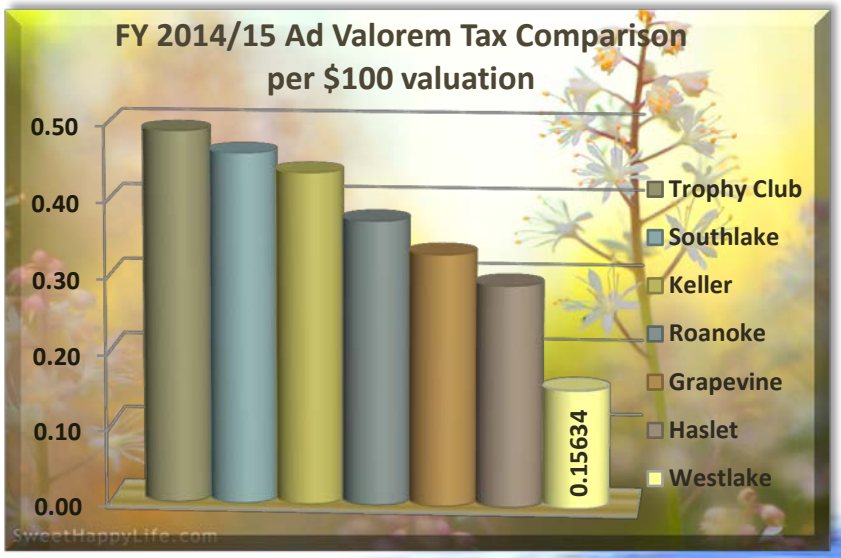
The Town of Westlake contracts with the Tarrant County Tax Assessor Collector's Office to collect the Town's portion of local property tax.

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

OCT
- Open Municipal fiscal year and Implement budget
- Prepare for Municipal audit

DEC
- Municipal budget submitted to GFOA
- External auditors begin Municipal audit

FEB
- Present Municipal CAFR to Council

NOV
- Academic budget submitted to GFOA
- External auditors begin work on Academic audit

JAN
- 1st quarter financials compiled
- Present Academic Audit to Board

MAR
- Municipal CAFR submitted to GFOA
- Academic Budget Kickoff

CAFR Reporting and Strategic Planning

Budget Development

APR
- Municipal Budget Kickoff
- 2nd quarter financials compiled
- Municipal PAFR submitted to GFOA

MAY
- Elections
- CIP Planning
- Council Planning Retreat

JUN
- Roundtable review of proposed Municipal Budget
- Continued review of Academic Budget

JUL
- 3rd quarter financials compiled
- Continued review of Municipal and Academic Budgets

AUG
- Proposed Municipal budget presented to Council
- Academic Budget Adopted
- End of Academic fiscal year

SEP
- Adopt Municipal budget
- End of Municipal fiscal year
- Open Academic fiscal year and Implement budget

Economic Conditions and Outlook

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.

Invested in the Town's Capital Improvement:

- ($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.

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.

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 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 prior six 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.
- 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 fourth year to achieve this award.
- **Texas Comptroller Leadership Circle Award** for opening financial books to the public, providing clear and consistent pictures of spending, and sharing information for taxpayers in a user-friendly format. This was the Town's second year to achieve this award.

- **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. 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.

Reference the CAFR:
Introductory Section (page iii thru vi)

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.

★ **Housing Start Increases:** This past year, we continued to see single family residential construction as a result of Granada Phase I receiving a final plat. Existing subdivisions such as Vaquero and Terra Bella also had strong home construction activity. Pre-recession 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.

★ **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 1,200 represents a 548% increase for a net gain of 1,050 residents. We will need to monitor and plan for the continued increase in these numbers in light of Forging Westlake's (comprehensive plan) forecast of 7.12% population growth between now and 2040.

★ **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.

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

- Completed its 12th year of operation
- 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.

★ **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 space was opened in SY 14/15, which contained a secondary classroom building, field house, and 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.

Reference the CAFR:
Introductory Section (page iii thru vi)

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.

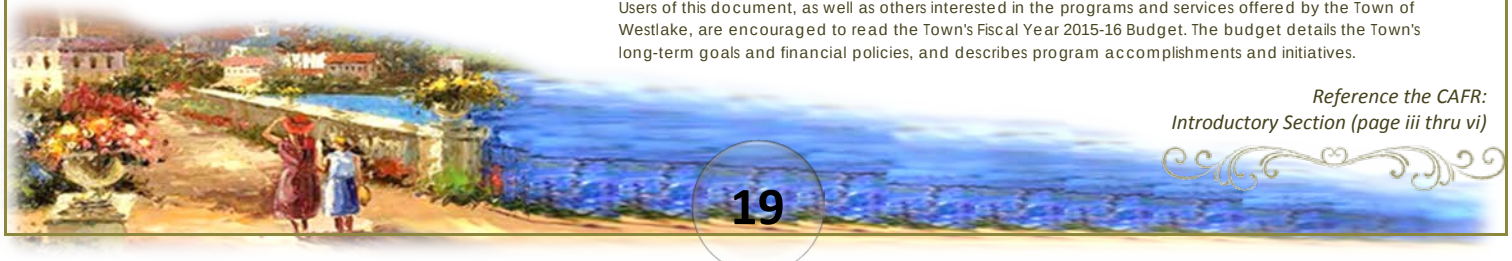
- **Continued emphasis on long-range financial planning:** The FY15-16 budget contains an updated Long-Range Financial Forecast which identifies key revenue and expenditure drivers while assessing historical financial trends and their potential impact upon the Town's financial stability. The forecast 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.

- **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.

- **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.

- With adoption of the Town's Comprehensive Plan, 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 over sight 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.



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.

Reference the CAFR:
Introductory Section (page iii thru 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 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.

Governmental funds reported combined ending fund balances of $28,185,481, which is an increase of $16,297,841 in comparison to the prior year.

Within this total, $20,801,880 is non-spendable, restricted, committed or assigned by management or council.

The Town's long-term debt decreased by $1,331,958 due to the scheduled repayment of principal on outstanding bonded debt.

Fund balance for the General Fund was $7,680,550 a decrease of $272,968 in comparison to 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.

Capital assets (net of accumulated depreciation) increased by $3,824,916.
This is 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 2015	FY 2014	FY 2015	FY 2014		FY 2015	FY 2014
ASSETS							
Current assets	$ 29,451,181	$ 14,197,535	$ 4,879,191	$ 5,210,808		$ 34,330,372	$ 19,408,343
Capital assets	54,470,449	5,020,568	12,662,988	13,102,835		67,133,437	18,123,403
Deferred Outflow	1,549,467	1,194,749	42,985	-		1,592,452	1,194,749
TOTAL	**85,471,097**	**20,412,852**	**17,585,164**	**18,313,643**		**103,056,261**	**38,726,495**
LIABILITIES							
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
Deferred Inflow	58,750	-	-	-		58,750	-
	30,902,521	**32,175,009**	**13,782,932**	**12,851,243**		**44,685,453**	**45,026,252**
NET POSITION	**54,568,576**	**(11,762,157)**	**3,802,232**	**5,462,400**		**58,370,808**	**(6,299,757)**
Invested in Capital	29,633,298	32,048,991	6,410,547	6,734,414	A	36,043,845	38,783,405
Restricted	17,827,177	2,284,947	-	-	B	17,827,177	2,284,947
Unrestricted	7,108,101	(910,977)	(2,608,315)	(1,272,014)	C	4,499,786	(2,182,991)
Total Net Assets	**54,568,576**	**33,422,961**	**3,802,232**	**5,462,400**	D	**58,370,808**	**38,885,361**

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.

A

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.

B

The remaining balance of **$4,499,786** (7.8%) represents unrestricted net position which is available for ongoing expenses.

C

Combined net position changed from a year ago, increasing $19,485,447 from $38,885,361 to **$58,370,808**.

D

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

SUMMARY OF GOVERNMENTAL FUNDS

REVENUES	FY 2014-15 Amount	Percent of Total	*Increase* (Decrease) from FY 2013-14	*Percent* Increase (Decrease)
Taxes				
Sales Tax	$ 4,925,428	13.1%	$ 199,583	4.2%
Property Tax	1,432,917	3.8%	79,561	5.9%
Beverage Tax	59,184	0.2%	7,582	14.7%
Hotel Tax	872,179	2.3%	75,698	9.5%
Franchise Fees	963,040	2.6%	167,718	21.1%
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%
Permits and Fees	1,200,790	3.2%	25,715	2.2%
Fines & Penalties	734,152	1.9%	3,711	50.0%
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	**$ 37,734,953**	**100.0%**	**$ 20,982,925**	**125.3%**

EXPENDITURES	FY 2014-15 Amount	Percent of Total	*Increase* (Decrease) from FY 2013-14	*Percent* Increase (Decrease)
General Government	$ 2,411,239	11.0%	$ 174,879	7.8%
Public Safety	2,490,551	11.4%	343,964	16.0%
Culture & Recreation	130,322	0.6%	6,781	5.5%
Public Works	171,757	0.8%	24,072	16.3%
Economic Development	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 Service	2,108,174	9.6%	(82,275)	-3.8%
Total Expenditures	**$ 21,939,011**	**100.0%**	**$ (3,122,199)**	**-12.5%**

**Represents contributions related to Solana/PID capital project*

Reference the CAFR: The Management Discussion & Analysis Section (page 11)

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.

Net Investment in Capital Assets

(net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Total	
	FY 2015	FY 2014	FY 2015	FY 2014	FY 2015	FY 2014
Land	$ 11,896,663	$ 11,896,663	$ -	$ -	$ 11,896,663	$ 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
Wastewater Treatment 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	**$ 54,470,448**	**$ 50,205,686**	**$ 12,662,988**	**$ 13,102,835**	**$ 67,133,436**	**$ 63,308,521**

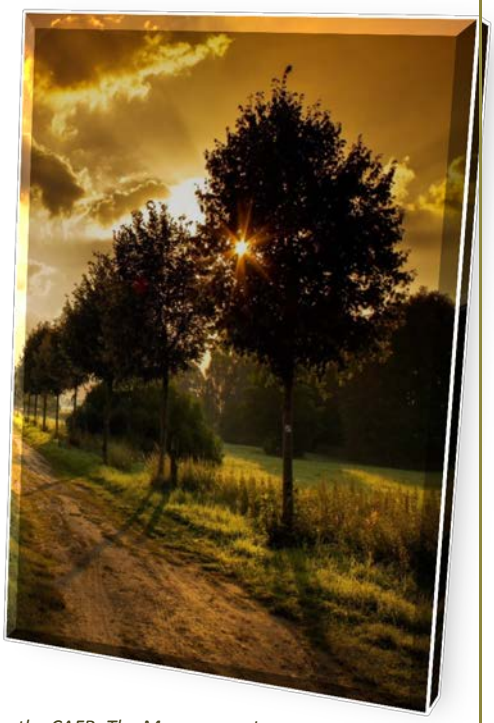
The net increase in the Town's investment in capital assets for the current fiscal year was **$3,824,915** or 6%.

The investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress.

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).

Governmental Capital Activities increased 8.5% which equaled $4,264,763.

Business-Type Capital Activities decreased 3.3% which equaled $439,847.



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 2015	FY 2014	FY 2015	FY 2014	FY 2015	FY 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 Lease	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	**$ 28,644,488**	**$ 29,866,622**	**$ 6,279,513**	**$ 6,389,337**	**$ 34,924,001**	**$ 36,255,959**

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
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

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 14)

GLOSSARY

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.

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.

Bonds: 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.

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

Deferred Inflows: Represents acquisition of resources that is applicable to future reporting periods that will be reported in a separate section after liabilities.

Deferred Outflows: Represents consumption of resources that is applicable to future reporting periods that will be reported in a separate section after assets.

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.

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.

Net Position: Represents the difference between all other elements in a statement of financial position and should be displayed in three components – *net investment in capital assets; restricted; and unrestricted.*

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.

Statement of Net Position: Reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

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

Value Statements

Transparent / Integrity-Driven Government
&
Strong Aesthetic Standards
&
Preservation of our Natural Beauty
&
Fiscal Responsibility
&
Planned / Responsible Development
&
Educational Leaders
&
Family Friendly & Welcoming
&
Sense of Community
&
Informed & Engaged Citizens
&
Innovation

Mission Statement

Westlake is a unique community blending preservation of our natural environment and viewscapes, while serving our residents and businesses with superior municipal and academic services that are accessible, efficient, cost-effective, and transparent.

Mission Tag Line

One-of-a-kind community; a natural oasis providing an exceptional level of service.

The Town of Westlake

Finance Department
1301 Solana Blvd.
Building 4, Suite #4202
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 Blacksmith and Anvil

The symbol of character, honor and strength

The Oak Leaves

A symbol of Westlake's commitment to the environment

The Globe

The symbol of internationalism

Dark Green

Symbolizes the natural environment and financial growth of Westlake

Popular Annual
Financial Report 2015