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THE TOWN OF  
**ESTLAKE**

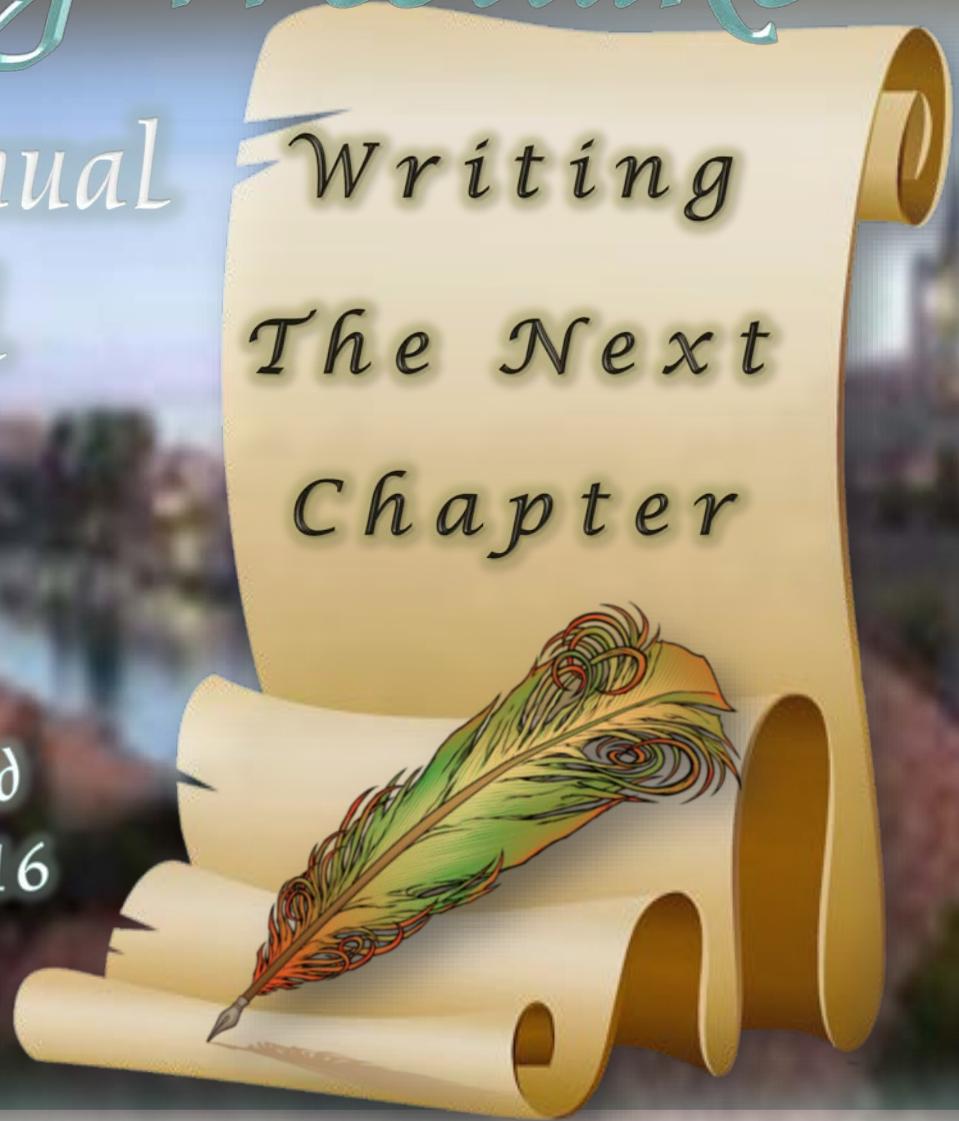


# Forging Westlake

Popular Annual  
Financial  
Report

Writing  
The Next  
Chapter

For the  
Fiscal Year Ended  
September 30, 2016



THE TOWN OF WESTLAKE \* 1301 SOLANA BLVD, STE 4202 \* WESTLAKE, TEXAS 76262 \* [WWW.WESTLAKE-TX.ORG](http://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.

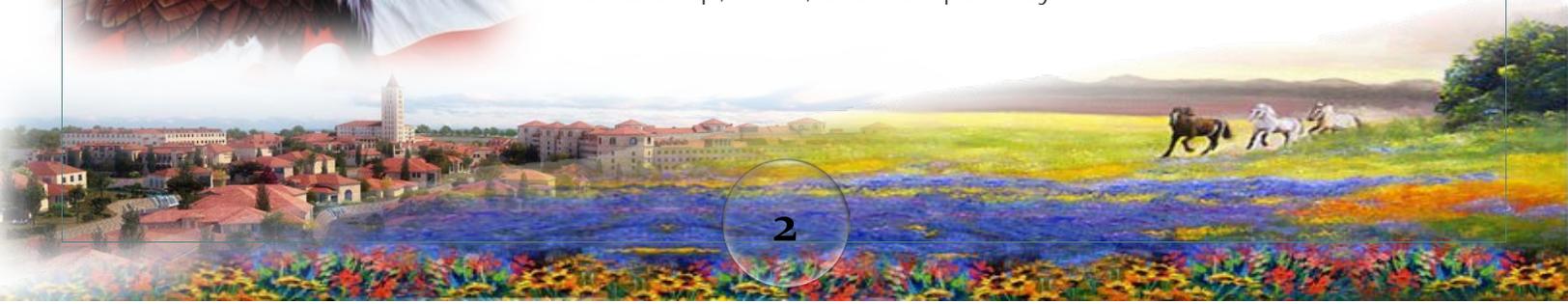


## SERVICE EXCELLENCE

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, 2016. 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).

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](http://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.



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.



# 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, 2016. The Town Council and I hope that you will utilize this document to learn more about our municipal organization's operations and accomplishments. One of our highest priorities is to provide you with an open view of our work on your behalf. We believe more informed and involved citizens make this community better for all of us. This document is an important part of an effort to conduct our work in a transparent manner.



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.

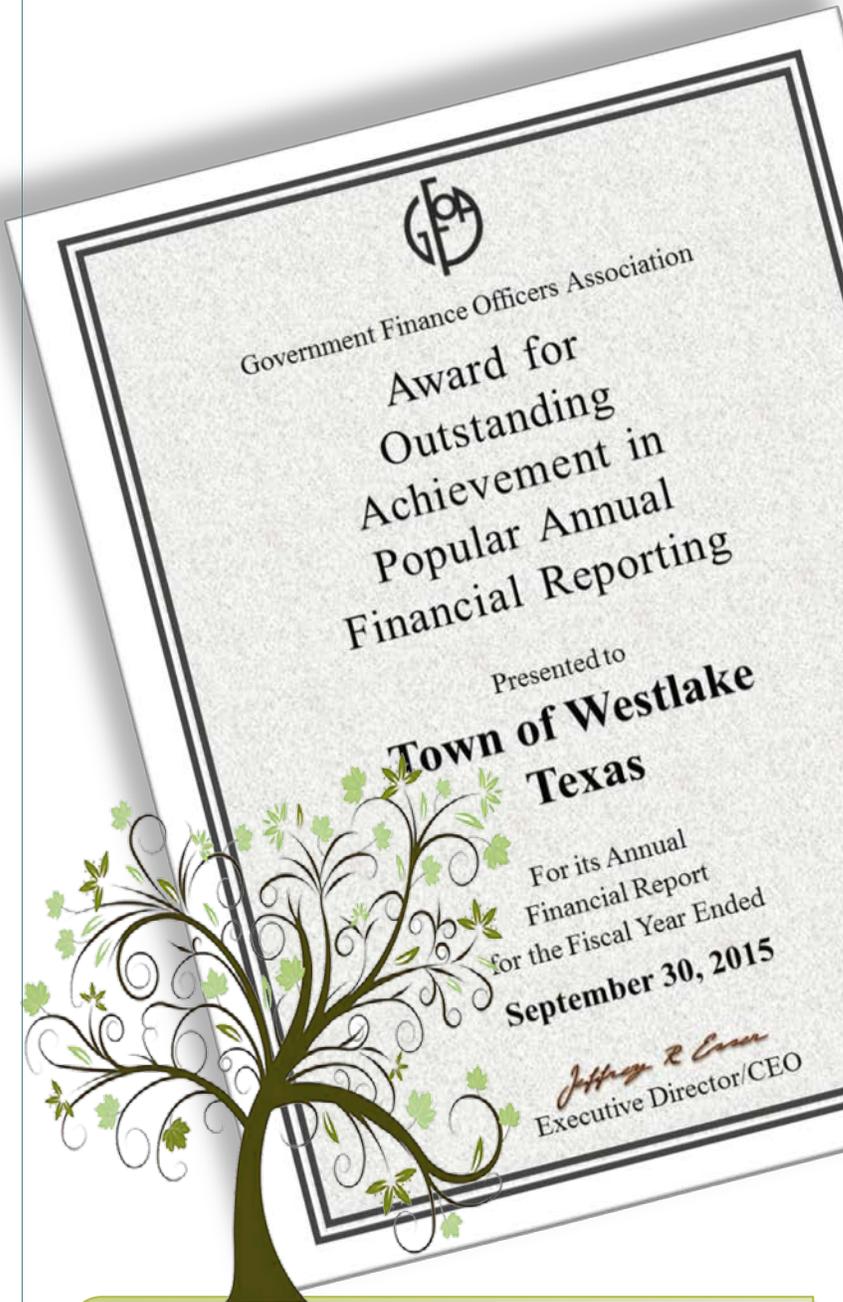
I'm proud of the work that has been done by the Town Council and staff and pleased to offer this report on the financial status of our Town. The Council and I remain confident that our best days are ahead. Citizen involvement, transparency and fiscal responsibility are the cornerstones of the Town of Westlake's Finance Department. I hope that you will find this report useful and invite you to share your feedback with us.



*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, 2015.

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, 2015.

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

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 Comprehensive Annual Financial Report (CAFR) contains more detailed information and can be viewed online at [www.westlake-tx.org](http://www.westlake-tx.org) or contact the Finance Department at 817-490-5721 to request a copy.

# FINANCE AWARDS

	AWARDED TO	NAME OF THE 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	Certificate in Achievement for Comprehensive Annual Financial Reporting	Government Finance Officers Association	the preparation and issuance of the annual audit
	Town of Westlake	Transparency Stars Traditional Finances	Texas Comptroller	meeting high financial transparency online
	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



# 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.

Regularly scheduled meetings are conducted on dates and times as established by the Town Council. Special meetings shall be called in accordance with Section 22.038(b) of the Texas Local Government Code.



**Laura Wheat**  
Mayor  
Term Expires May 2018



**Carol Langdon**  
Mayor Pro-Tem  
Term Expires May 2017



**Michael Barrett**  
Council Member  
Term Expires May 2018



**Alesa Belvedere**  
Council Member  
Term Expires May 2018



**Rick Rennhack**  
Council Member  
Term Expires May 2017

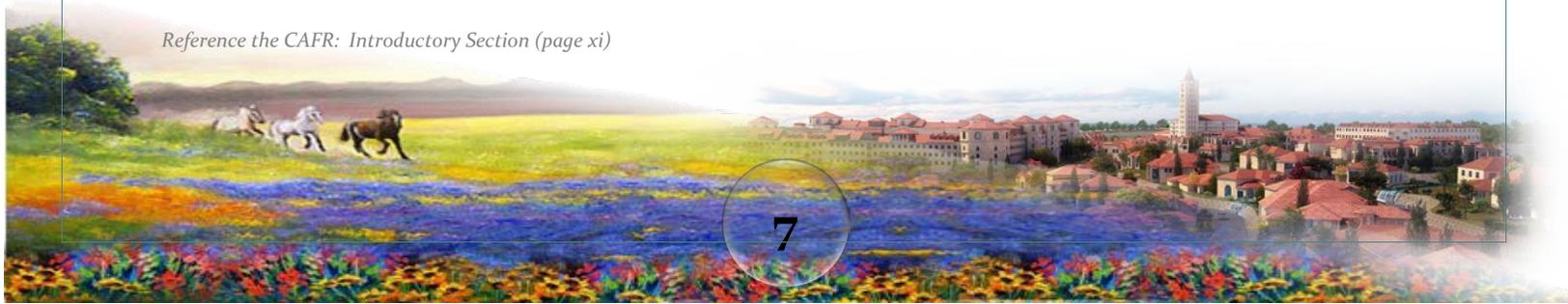


**Wayne Stoltenberg**  
Council Member  
Term Expires May 2017

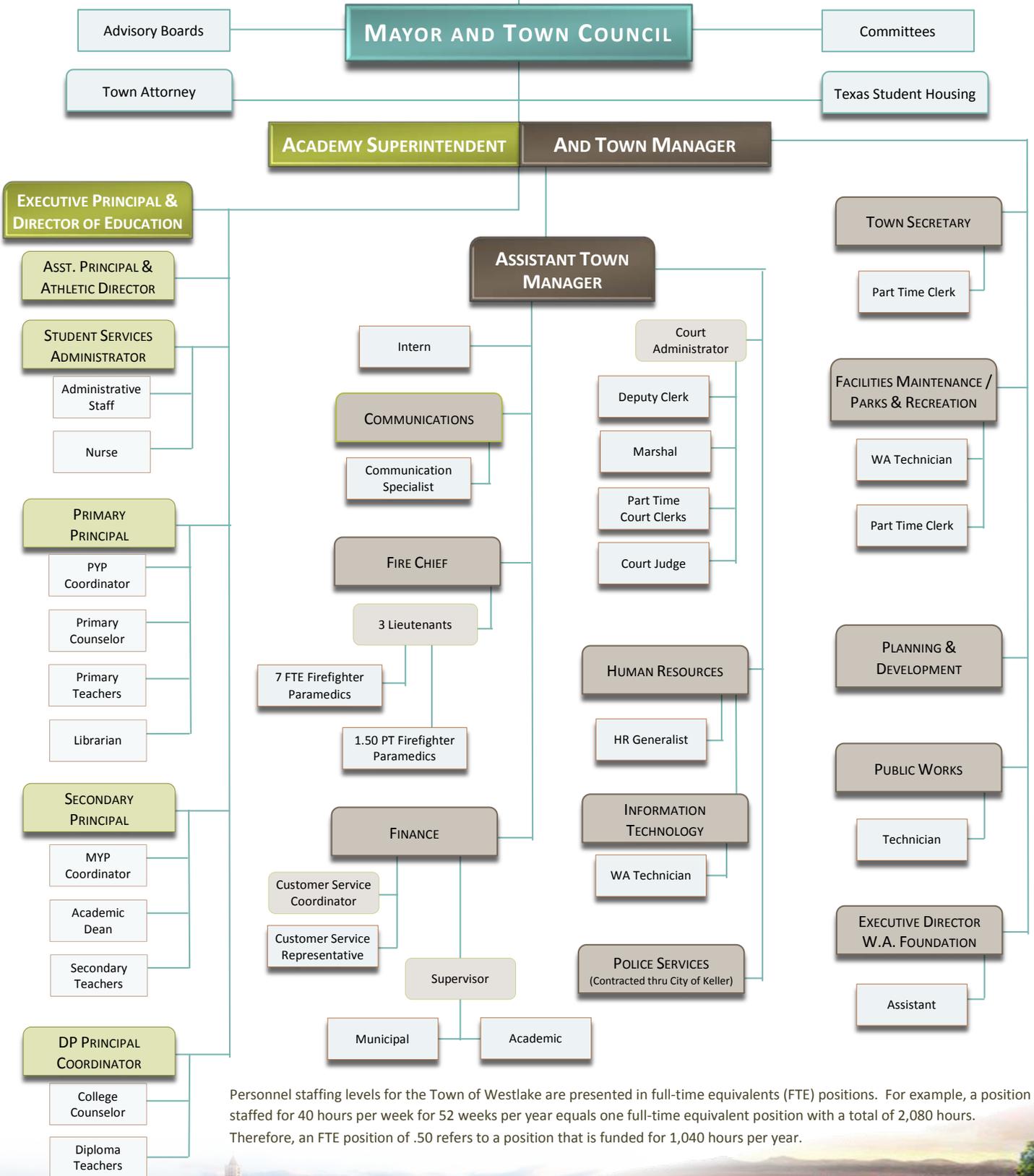
## Combining Strong Political Leadership & Professional Management

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 xi)*



# CITIZENS OF WESTLAKE



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.

## 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.

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. These 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 throughout the fiscal year. The Town Manager guides, coordinates, and facilitates recommendations to the Council on strategic planning initiatives and policies as well as their implementation. Responsibilities also include 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, Zoning Board of Adjustments, 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 supports municipal operations and well as the Westlake Academy thru a shared services model and provides services that include Benefits Administration, Policy Compliance, Risk Management and General Administrative Services. Support is offered in partnership with other departments for bidding and purchasing, strategic planning, policy development, general administration, and finance.

# KEY SERVICES PROVIDED BY THE TOWN

## Planning and Development

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 public safety needs for 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 the cemetery are maintained to ensure the safety of 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, 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 since June 2002. In July 2015, the Keller Police Department was awarded Gold Standard Accreditation with Excellence. At that time, approximately 16% of CALEA accredited agencies had received this distinction. In addition, they are a Texas Best Practices Recognition Award agency; this is similar to the National Accreditation program but incorporates Texas specific standards. In April of 2016, they signed a commitment with CALEA to achieve National Accreditation in our Regional Communication Center by the Summer of 2018. Once accredited, Netcom will be the only regional communication center to hold this distinction.

# WESTLAKE ACADEMY CHARTER SCHOOL

## OUR VISION

Westlake Academy inspires college bound students to achieve their highest individual potential in a nurturing environment that fosters the traits found in the IB Learner Profile:

- Inquirers
- Knowledgeable
- Thinkers
- Communicator
- Principled
- Open-Minded
- Balanced
- Risk-Takers
- Caring
- Reflective

## OUR MISSION

Westlake Academy is an IB World School whose mission is to provide students with an internationally minded education of the highest quality so they are well-balanced and respectful life-long learners.

## VALUES

- Maximizing Personal Development
- Academic Excellence
- Respect for Self and Others
- Personal Responsibility
- Compassion and Understanding

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.

Westlake Academy opened September 1, 2003 for students grades K-12 and graduated their first class in June 2010. The programmes of the International Baccalaureate Organization Primary Years (PYP), Middle Years (MYP) Diploma Program (DP) have been selected as the educational model utilized at the Academy.



825 students were enrolled in school year 15-16.

Westlake Academy's 61 graduates had a **100 percent college acceptance rate** and were accepted into many top-rated universities with over **\$3.49 million in scholarships and grants.**



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

Westlake Academy is a premier learning establishment and prides itself on providing a learning environment where students have the resources and facilities to excel. The primary geographic service area for Westlake Academy is the town limits of Westlake; students from other locations may be considered if seats are available.

# WESTLAKE ACADEMY CHARTER SCHOOL

## House System

Westlake Academy has chosen to implement a house system with each student and faculty member assigned to one of four houses named after people who represent qualities important to and inherent in the WA mission statement.

While school and team spirit are promoted, the house system also encourages integration, responsibility and a sense of community. Membership in a house is life-long. Each student should be responsible for the well being of fellow members and be proud to work for the betterment of the house. Houses will work together and compete in academic, sporting, service projects and events. All siblings will be assigned to the same house.

The House System organization and leadership team consists of a House Coordinator and its own leadership team consisting of a House Captain, Service Captain, PYP Captain, and a Faculty Liaison.



### Keller House

In 1882, at the age of two, Helen Keller became deaf and blind. Nevertheless, she learned to read, write and speak. She attended the most prestigious women's university in the United States and became a spokeswoman for all people with disabilities. She represents **determination, perseverance and passion**.



### Thoreau House

Henry David Thoreau was a writer, thinker and naturalist. He was one of the country's first environmentalists. He represents a love of **nature, independent thinking and standing up for one's convictions**.



### Wheatley House

Sold into slavery at the age of seven, Phillis Wheatley nonetheless learned to read and write in English, Greek and Latin and published her first poem at the age of thirteen. She was the United States' first African-American poet. She represents our search for **spirituality and cultural diversity**.



### Whitman House

Father of free, non rhyming verse in poetic literature, Walt Whitman was truly an innovator who began his career in the years before the civil war. He used his poetry to express the distinctive virtues of the American nation. He exalts the **democratic spirit and a love of a country**.

Information regarding Westlake Academy can be found in greater detail on their website. [www-westlakeacademy.org](http://www-westlakeacademy.org).

# ENTRADA COMMERCIAL DEVELOPMENT

You and your family will especially appreciate the mixed-use approach that will make all your favorite spots convenient and easy to access.

The architecture will emulate the Catalonia region of northeastern Spain with a blend of rich Texas-Spanish Mission style and a community design to create a European village type environment. The red tile roofs are planned to quickly let you know you're not in a cookie cutter rehashed development.

Carefully planned to provide residents with an enviable lifestyle, the \$500 million project uses the latest trends in lifestyle planning to provide a combination of office, hospitality, entertainment, and single-family housing, including a selection of detached homes, townhomes, condominiums, and villas.

This development has attracted some of the nation's most respected builders of luxury homes and, when completed, will set a standard for both architectural design and luxury living in the North Texas area.



## WHAT'S SPECIAL

Westlake's Entrada project is taking shape with a 135-room Hyatt Place Hotel, a Primrose School, a Starbucks and a CVS Pharmacy all confirmed for the 85-acre project.

Entrada also will have 300 residential units, including 200 single family villas, 70 to 80 townhomes and 40 to 50 condominiums. Several luxury retailers are anticipated for the project. The 161,000-square-foot Hyatt will have a 15,000-square-foot conference room for special events.

The centerpiece will be a lake with a fountain feature that harkens back to a village on the Spanish coastline. The project also includes an outdoor amphitheater and trails that connect to the rest of Westlake's network. The buildings will have small setbacks, echoing the European-inspired design.

\* \* \* \* \*

# 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.

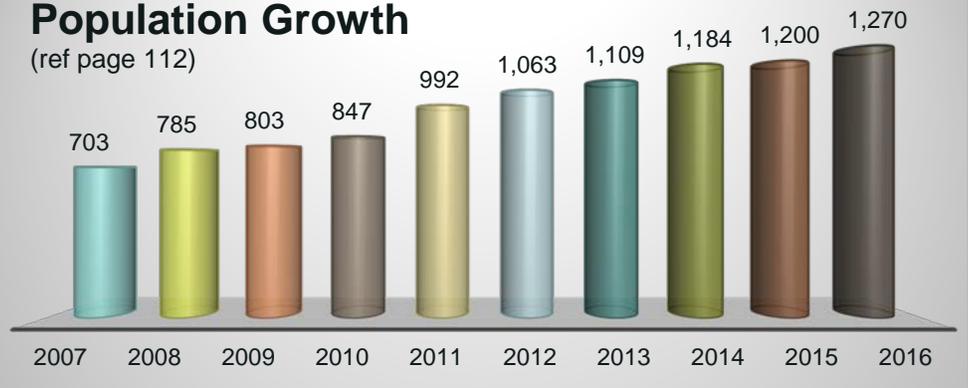


## Population

The Town of Westlake has experienced exponential growth in the last decade; the national census reported 355 residents in 2005 and 1,270 estimated population in 2016.

## Population Growth

(ref page 112)



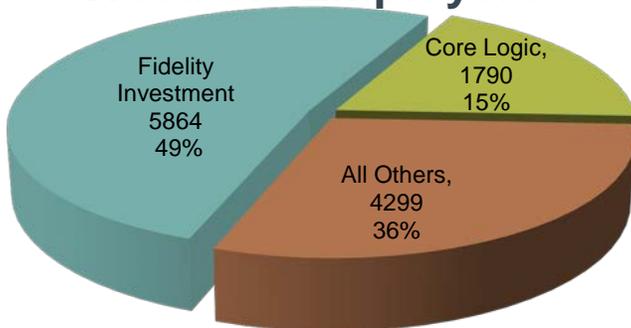
## Westlake Employers

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. (reference page 113)

Personal Income		
Fiscal Year	Town of Westlake	Nation Wide
2011	\$126.6K	\$121.0K
2012	\$138.4K	\$122.4K
2013	\$147.2K	\$123.9K
2014	\$160.4K	\$124.5K
2015	\$165.8K	\$125.8K
2016	\$179.0K	n/a

Reference Page 112

## Westlake Employers



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 and many more.

## Unemployment Rate

Fiscal Year	Tarrant County	Nation Wide
2012	6.2%	7.8%
2013	6.0%	7.2%
2014	5.0%	5.9%
2015	4.0%	5.0%
2016	4.1%	4.9%

Reference Page 112

Reference the CAFR: Statistical Section (pages 112 and 113)

# PROPERTY TAX

Information obtained from Tarrant Appraisal District 2016 Tax Rates per \$100 Valuation for Tarrant County. Reference this website: <http://www.tad.org/media/pdf/Reports/2016/2016TAXRATES.pdf>

## PROPERTY TAX

The Town of Westlake instituted a property tax in 2010.

- \$.15634 - Adopted Tax Rate for FY 15/16
- \$.13947 - Maintenance and Operations (M&O)
- \$.01687 - Debt Service or Interest & Sinking (I&S)

## 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.

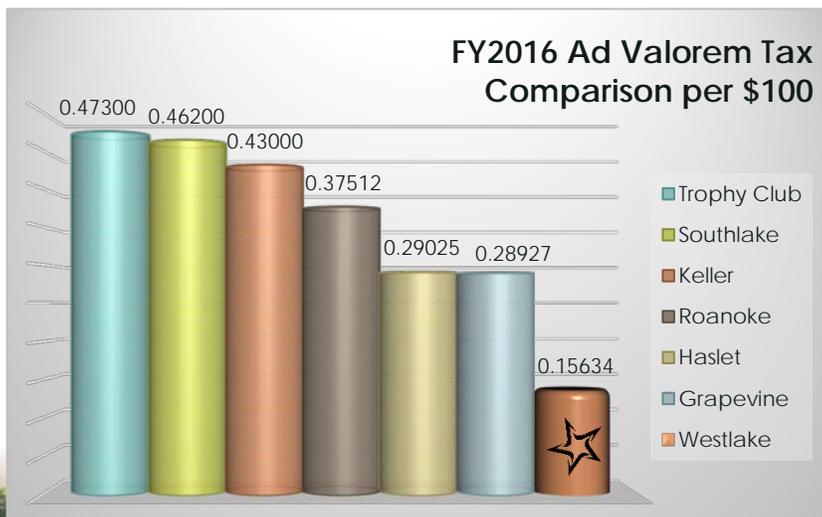
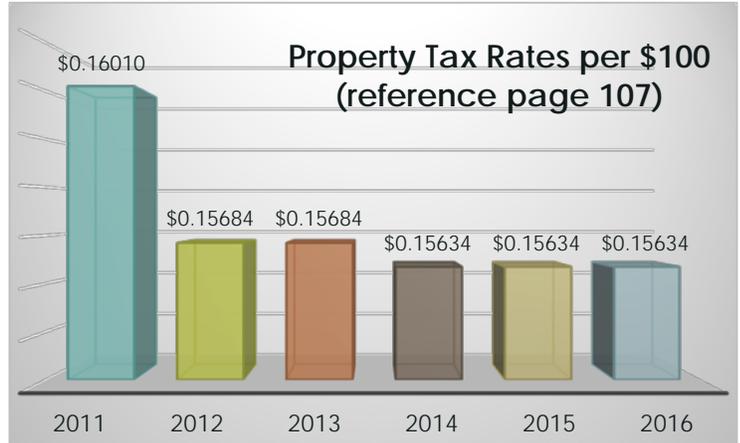
There are multiple taxing jurisdictions within Westlake's boundaries; whether or not a business or residence is required to pay tax to a particular jurisdiction is determined by where they are located within Westlake and the boundaries of the respective taxing jurisdictions.

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 <https://www.dentoncad.com/> Tarrant <http://www.tad.org/>



## 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 <https://www.dentoncad.com/>  
Tarrant <http://www.tad.org/>

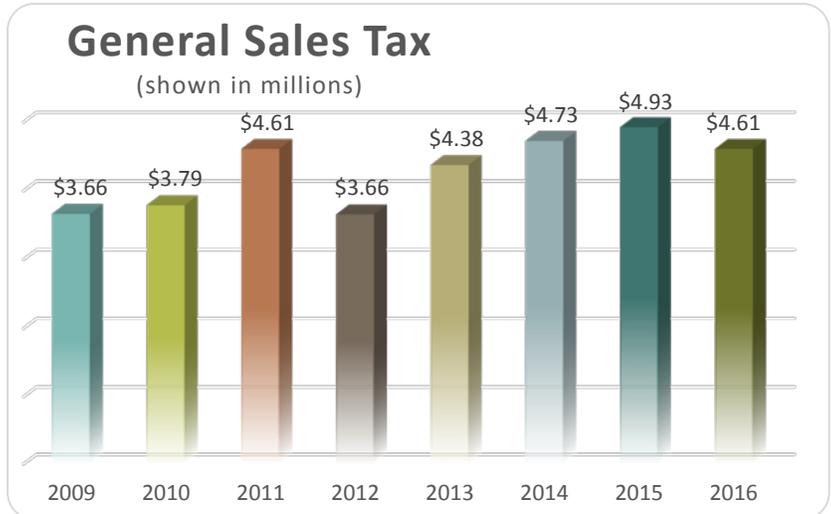
# GENERAL SALES TAX

## 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  $\frac{1}{2}$  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  $1\frac{1}{2}$  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



## 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.

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](http://www-westlake-tx.org).

# 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.

## ★ Staffing Levels, Insurance Costs, and Retention:

Our infrastructure investment must be facilitated in concert with the consideration of additional staffing needs to maintain our current service levels in response to growth. This includes keeping our compensation/benefit package competitive to attract and retain excellent employees so we can continue delivering exceptional service. We have found this to be especially true as it relates to having adequate staffing to deal with development review and construction. We have balanced all these components considering maximizing staff efficiencies and processes to help contain large expenditure drivers such as employee health insurance.

**Traffic Demands Due to Growth in Westlake and Surrounding Cities:** The 4 municipalities surrounding Westlake (Keller, Southlake, Trophy Club, and Roanoke) are projected to have a combined population of 215,000 people by 2040. The growth in these communities will create traffic that passes through our Town. Westlake is estimated to grow to 7,000 within the same time-period. Internally, current zoning entitlements, if executed, would create an estimated 300,000 vehicle trips per day. Local impacts associated with this level of growth affect our street infrastructure, water and sewer system capital investment requirements, as well as demand for daily municipal services. Policies established in "*Forging Westlake*" (adopted comprehensive plan) will be essential for addressing this issue via the Town's thoroughfare plan as it pertains to development which occurs in Westlake.

Continue 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 Westlake Academy for the prior six years.
- ★ **Certificate of Achievement for Excellence in Financial Reporting** for our Comprehensive Annual Financial Report (CAFR; annual audit) which has also been recognized through GFOA for the last seven years.
- ★ **Certificate of 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 Transparency Star 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.

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 strong single family residential construction demand. This has been evidenced in the recently completed Granada Phase 1 as well as in existing subdivisions such as Vaquero, Paigebrooke, and Terra Bella. Further, three (3) new single family residential developments, Carlyle Court, Granada Phase II and Quail Hollow

★ **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 2016's population of approximately 1,270 represents an increase of 586% equal to 1,085 additional residents. We will need to monitor and plan for the continued increase in these numbers considering the Town's Comprehensive Plan forecast of 7.12% population growth between now and 2040.

★ **Daytime Population:** Because Westlake is the home of major corporate office campuses, its Monday-Friday daytime population swells to approximately 11,000 - 12,000 individuals. These office complexes are comprised of notable corporate clients that include Deloitte LLP and Fidelity Investments. Fidelity has almost 5,900 employees at their Westlake campus, with expansion room for two (2) more office buildings in addition to their two (2) existing office buildings.

★ **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 2016 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:** Westlake Academy has experienced steady enrollment growth from 491 students in SY 2009-10 to a projected 866 in SY 2016-17. The current increase of student population is a result of the Phase I expansion efforts on the Academy campus and our development. Approximately 39,000 sq. ft. of new facilities space was opened at the Academy in SY 14/15. It was comprised of a secondary classroom building, field house, and a primary years' multi-use hall. These buildings increased our capacity and allowed for decompression of our current school facilities. The lottery waiting list for student admissions from our secondary boundaries continues to grow from 705 in 2011 to approximately 2,250 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 80% of its operational funding from the State.

★ **Pursuit of Infrastructure and Services Reinvestment While Combating Certain Cost Increases:** We must reinvest in maintaining our infrastructure. However, with growth comes the need to also invest through capital spending in new public buildings and our water and sewer utility. An example of a key project needed to deal with the Town's growth is a Phase 2 water transmission line to our wholesale water provider. This is a costly project which will require significant dollars.

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 the 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 organization 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 FY16-17 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 Visitors Association Fund. The report serves as a valuable tool to assist in developing a proactive, rather than reactive, approach to our changing financial trends.

\*\*\*\*\*

★ **Implementation of the Comprehensive Plan:** With adoption of the Town's Comprehensive Plan, "Forging Westlake", several ordinances will need to be rewritten and new ones drafted to implement the recommendations in the Plan. The task of applying changes to the ordinances will require additional staff, consultant time and oversight to ensure we reflect the direction of the Council and the Comp Plan. Progress on the first phase of this work began in FY15-16, and will continue into FY16-17.

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

★ **Pursuit of Infrastructure and Services Reinvestment While Combating Certain Cost Increases:** We must reinvest in maintaining our infrastructure. However, with growth comes the need to also invest through capital spending in new public buildings and our water and sewer utility. An example of a key project needed to deal with the Town's growth is a Phase 2 water transmission line to our wholesale water provider. This is a costly project which will require significant dollars.



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 exceeded its liabilities and deferred inflows of resources by \$57,051,960 (Net position).**

- The majority of the net position of \$44,343,700 (77.7%) are capital assets
- The net position restricted for specific purposes totaled \$7,489,048 (13.2%)
- The remaining amount, \$5,219,212 (9.1%), represents unrestricted net position

**Governmental funds reported combined ending fund balances of \$20,395,822**, which is a decrease of \$7,789,659 in comparison to the prior year.

Within this total, \$11,303,101 is non-spendable, restricted, committed or assigned by management or council.

**The Town's long-term debt decreased by \$807,692**

due to the scheduled repayment of principal on outstanding

**Fund balance for the General Fund was \$9,679,473 an increase of \$1,998,923** in comparison to the prior year.

Of this total fund balance, \$9,092,721 is unassigned.

This represents 134% of the total general fund expenditures and is equivalent to 489 operating days.

**Capital assets (net of accumulated depreciation) increased by \$7,455,000.**

- This is due in large part to an increase of \$9.1M in construction in progress accounts.
- This increase is primarily due to the infrastructure construction expenditures related to the Public Improvement District (PID) offset by accumulated depreciation in capital improvements (\$567K), buildings (\$660K), machinery & equipment (\$433K).

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

# FUND NAMES AND DESCRIPTIONS

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

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

The following are major governmental funds:

- **General Fund** - to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available for any purpose, provided it is expended or transferred in accordance with the legally adopted budget of the Town. The General Fund includes the Town's Major Maintenance and Replacement Fund, Vehicle Replacement Fund, and PIF (local) Fund.
- **Westlake Academy Fund** - to account for all local, state and federal revenue and related educational expenditures of the Academy.
- **Debt Service Fund** - to account for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
- **Capital Projects Fund** - to account for proceeds from long-term financing and revenue and expenditures related to authorized construction and other capital asset acquisitions other than those related to the expansion of Westlake Academy facilities.
- **Westlake Academy Expansion Fund** - to account for proceeds from long-term financing and revenue and expenditures related to authorized construction related to the expansion of Westlake Academy facilities.
- **Solana Public Improvement District (PID) Capital Projects Fund** - to account for the acquisition or construction of capital facilities and improvements relating to the Solana public improvement district.

The following are nonmajor governmental funds:

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

- **Lone Star Public Facilities Corporation** - to account for investment activity relating to the Lone Star Public Facilities Corporation.
- **4B Economic Development Corporation** - to account for sales tax collected to fund the activities of the 4B Economic Development Corporation.
- **Economic Development Fund** - to account for sales tax and hotel occupancy tax collected to fund activity relating to Economic Development agreements.

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

- **Utility Fund** - to account for revenues and expenses related to providing water and sewer services to the general public on a continuing basis. The Utility Maintenance and Replacement fund is also included with the Utility Fund.
- **Cemetery Fund** - to account for the operations of the Town's cemetery.

**FIDUCIARY FUNDS** The Town reports the following fund:

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

*Reference the CAFR: Notes to Financial Statements Section (page 36-37)*



# FUND BALANCE COMPONENTS

In February 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This Statement established five components of fund balance and because circumstances differ among governments, not everyone will report all components. GASB 54 shifts the focus of fund balance reporting from the availability of fund resources for budgeting to “the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the fund can be spent.”

- **Fund Balance Reporting** - The Town shall report governmental fund balances per GASB 54 definitions in the balance sheet as follows: Non-spendable, Restricted, Committed, Assigned, Unassigned
- **General Fund Undesignated Fund Balance** - The Town shall strive to maintain the General Fund undesignated fund balance at, or in excess of, 90 days of operation.
- **Retained Earnings of Other Operating Funds** - In the Utility Fund, the Town shall strive to maintain positive retained earnings positions to provide sufficient reserves for emergencies and revenue shortfalls.
- **Use of Fund Balance** – The Council delegates the responsibility to assign funds to the Town Manager or his/her designee. The Council shall have the authority to assign any amount of funds. Assignments may occur subsequent to fiscal year-end. The Council will utilize funds in the following spending order: Restricted, Committed, Assigned, Unassigned

Fund Balance will be targeted to only be used with Council approval and can only be used for the following:

- Emergencies,
- non-recurring expenditures such as technology/FF&E (furniture, fixtures and equipment), or major capital purchases that cannot be accommodated through current year savings.
- Should such use reduce the balance below the appropriate level set as the objective for that fund, recommendations will be made on how to restore it.
- The Council shall approve all commitments by formal action. The action to commit funds must occur prior to fiscal year-end, to report such commitments in the balance sheet of the respective period, even though the amount may be determined subsequent to fiscal year-end.
- A commitment can only be modified or removed by the same formal action.

NONSPENDABLE FUND BALANCE	RESTRICTED FUND BALANCE	ASSIGNED FUND BALANCE	UNASSIGNED FUND BALANCE	COMMITTED FUND BALANCE
<ul style="list-style-type: none"><li>• Portion of net resources that cannot be spent because of their form and because they must be maintained intact.</li></ul>	<ul style="list-style-type: none"><li>• This term will is used to describe net fund resources subject to externally enforceable legal restrictions.</li></ul>	<ul style="list-style-type: none"><li>• This term is used to describe the portion of fund balance that reflects a government’s intended use of resources.</li></ul>	<ul style="list-style-type: none"><li>• The residual net resources in excess of what is properly categorized in one of the other four categories.</li></ul>	<ul style="list-style-type: none"><li>• The portion of fund balance constrained by limitations imposed by government at its highest level and remains binding unless removed in the same manner.</li></ul>

Reference the CAFR: Notes to Financial Statements Section (page 41-42)

# GOVERNMENT WIDE FINANCIAL

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 **\$57,051,960** at the close of the most recent fiscal year.

## Condensed Statement of Net Position

REFERENCE TABLE 1	Governmental Activities		Business-Type Activities		Total	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
<b>ASSETS</b>						
Current assets	\$ 23,271,426	\$ 29,451,181	\$ 4,197,173	\$ 4,879,191	\$ 27,468,599	\$ 34,330,372
Capital assets	62,414,763	54,470,449	12,173,674	12,662,988	74,588,437	67,133,437
Deferred Outflows	2,546,463	1,549,467	84,021	42,985	2,630,484	1,592,452
<b>TOTAL</b>	<b>\$ 88,232,652</b>	<b>\$ 85,471,097</b>	<b>\$ 16,454,868</b>	<b>\$ 17,585,164</b>	<b>\$ 104,687,520</b>	<b>\$ 103,056,261</b>
<b>LIABILITIES</b>						
Noncurrent liabilities	30,117,478	29,466,305	6,308,304	6,357,349	36,425,782	35,823,654
Other liabilities	2,984,891	1,377,466	8,143,561	7,425,583	11,128,452	8,803,049
Deferred Inflows	81,326	58,750	-	-	81,326	58,750
<b>TOTAL</b>	<b>\$ 33,183,695</b>	<b>\$ 30,902,521</b>	<b>\$ 14,451,865</b>	<b>\$ 13,782,932</b>	<b>\$ 47,635,560</b>	<b>\$ 44,685,453</b>
<b>NET POSITION</b>	<b>55,048,957</b>	<b>54,568,576</b>	<b>2,003,003</b>	<b>3,802,232</b>	<b>57,051,960</b>	<b>58,370,808</b>
Invested in Capital	38,299,337	29,633,298	6,044,363	6,410,547	<b>A</b> 44,343,700	36,043,845
Restricted	7,489,048	17,827,177	-	-	<b>B</b> 7,489,048	17,827,177
Unrestricted	9,260,572	7,108,101	(4,041,360)	(2,608,315)	<b>C</b> 5,219,212	4,499,786
<b>Total Net Assets</b>	<b>\$ 55,048,957</b>	<b>\$ 54,568,576</b>	<b>\$ 2,003,003</b>	<b>\$ 3,802,232</b>	<b>D</b> <b>\$ 57,051,960</b>	<b>\$ 58,370,808</b>

The largest portion of the Town's net position, **\$44,343,700** (77.7%), 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, **\$7,489,048** (13.2%), represents resources that are subject to external or internal restrictions on how they may be used.

**B**

The remaining balance of **\$5,219,212** (9.1%) represents unrestricted net position which is available for ongoing expenses.

**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, decreasing \$1,318,848 from \$58,370,808 to **\$57,051,960**.

**D**

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

# GOVERNMENT WIDE ANALYSIS

Governmental activities increased the Town's net position by \$480,381 (0.9%), increasing net position from \$54,568,576 to \$55,048,957. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, other legal requirements, and/or Council or management's decision, increased by \$2,152,471. Total revenues for governmental activities decreased by \$18,426,998 when compared to the prior year. General revenue had a decrease of \$288,915, while program revenues had a decrease of \$18,138,083.

## GOVERNMENTAL PROGRAM REVENUES

- Fees, fines and charges for services increased \$1,328,295. The Planning and Development department realized the biggest increase in revenues with the majority (\$1.4M) coming from inspection/plan review fees, reforestation, building permit fees and PID inspection fees. Operating Grants and Contributions increased by \$247,515 mostly due to the increase of state funding because of increased enrollment at Westlake Academy as a result of the campus expansion.
- Capital Grants and Contributions decreased by \$19,713,893 with the major portion (\$18M) being attributed to contribution of funds in the prior year related to the Public Improvement District (PID).

## GOVERNMENTAL GENERAL REVENUES

- Sales tax decreased by \$315,905 mostly due to large audit collections and one-time payments received in the prior fiscal year.
- Property tax receipts increased by \$37,386.
- Hotel occupancy taxes decreased by \$49,689. The Town received a reduced amount of hotel receipts from Deloitte University.
- Franchise fees decreased by \$32,997.
- Miscellaneous income increased by \$43,302 due to reimbursements. Certain PID related contracted services are paid from town funds and reimbursement is sought from the PID. These revenues are not taken against the expenditure to more clearly see the expenditures related to this project.

## GOVERNMENTAL EXPENSES

- Total expenses for governmental activities increased by \$2,710,591 or approximately 16%.
- General Government expenditures reflected a 43% increase of \$1.3M; Payroll and related taxes/retirement increased with the addition of staff.
- Education expenditures increased by 15% (\$918K) which was created by several factors. A new capital lease, as well as the remaining principal balance payable from previous leases, was expensed during the current fiscal year; additional technology totaling \$125K was purchased with designated fund balance; and, additional payroll related expenditures were due to the addition of teachers and the realignment of salary scale to be within 3 of the districts surveyed for market comparison purposes.
- Public Safety saw an 11% increase of \$355K; payroll and related taxes/retirement increased \$102K; other operating and maintenance accounts increased \$250K, with the majority coming from various supply and service accounts such as the Keller Police contract and communication services.

## BUSINESS-TYPE ACTIVITIES:

- The net position of our business-type activities ended fiscal year 2016 at \$2,003,003 compared with \$3,802,232 in 2015. This represents a decrease in net position of \$1,799,229, or 47% less than the prior fiscal year.
- **Revenues** (Charges for Services) for business-type activities for the fiscal year ending September 30, 2016 were \$3,992,296; an increase of \$421,818 or 12%.
- **Operating expenses** for the business-type activities for the fiscal year ending September 30, 2016 were \$5,526,947; an increase of \$658,121 or 14%. This increase was primarily attributed to a payment to the City of Fort Worth for the Town's proportionate share of water system upgrades to provide Westlake with future capacity needs. In FY 2015 payments of \$1.082M were made and \$1.114M in FY2016. The business-type activities also had net transfers out of \$264,578 in 2016 compared to transfers out of \$323,100 in the prior

Reference the CAFR: The Management Discussion & Analysis Section (page 9-10)

# GOVERNMENTAL FUNDS

REVENUES REFERENCE TABLE 3	FY 2015-16		FY 2014-15		FY 2013-14	
	% of Total	Amount	% of Total	Amount	% of Total	Amount
Taxes						
Sales Tax	23%	\$ 4,609,523	13%	\$ 4,925,428	28%	\$ 4,725,845
Property Tax	7%	1,479,451	4%	1,432,917	8%	1,353,356
Beverage Tax	0%	61,476	0%	59,184	0%	51,602
Hotel Tax	4%	822,490	2%	872,179	5%	796,481
Franchise Fees	5%	930,043	3%	963,040	5%	795,322
<b>Total Taxes</b>	<b>40%</b>	<b>\$ 7,902,983</b>	<b>22%</b>	<b>\$ 8,252,748</b>	<b>46%</b>	<b>\$ 7,722,606</b>
State Program	33%	6,543,782	16%	6,173,418	31%	5,269,641
Federal Program	0%	98,564	0%	87,797	0%	80,103
Interest Income	0%	55,600	0%	28,904	0%	26,713
Permits and Fees	14%	2,715,236	3%	1,200,790	7%	1,175,075
Fines & Penalties	4%	796,017	2%	734,152	4%	730,441
Intergovernmental	0%	-	0%	3,810	0%	3,540
Contributions	1%	283,684	50%	18,785,953	0%	82,446
Miscellaneous	8%	1,542,835	7%	2,467,381	10%	1,661,463
<b>Total Other</b>	<b>60%</b>	<b>\$ 12,035,718</b>	<b>78%</b>	<b>\$ 29,482,205</b>	<b>54%</b>	<b>\$ 9,029,422</b>
<b>Total Revenues</b>	<b>100%</b>	<b>\$ 19,938,701</b>	<b>100%</b>	<b>\$ 37,734,953</b>	<b>100%</b>	<b>\$ 16,752,028</b>
<b>EXPENDITURES</b> REFERENCE TABLE 4						
	% of Total	Amount	% of Total	Amount	% of Total	Amount
General Government	12%	3,280,507	11%	2,411,239	9%	2,236,360
Public Safety	9%	2,453,857	11%	2,490,551	9%	2,146,587
Culture & Recreation	1%	185,923	1%	130,322	0%	123,541
Public Works	0%	141,779	1%	171,757	1%	147,685
Economic Development	3%	773,751	3%	744,028	2%	615,781
Visitor Services	3%	725,971	3%	670,157	2%	493,082
Education	32%	9,245,592	36%	7,938,501	29%	7,143,678
Capital Outlay	34%	9,561,954	24%	5,274,282	40%	9,964,047
Debt Service	7%	2,097,901	10%	2,108,174	9%	2,190,449
<b>Total Expenditures</b>	<b>100%</b>	<b>\$ 28,467,235</b>	<b>100%</b>	<b>\$ 21,939,011</b>	<b>100%</b>	<b>\$ 25,061,210</b>
<b>Net Revenues Over (Under) Expenditures</b>		<b>(\$8,528,534)</b>		<b>\$15,795,942</b>		<b>-\$8,309,182</b>

Reference the CAFR: The Management Discussion & Analysis Section (page 11) for each year listed

# GOVERNMENTAL FUND ANALYSIS

Below are summaries and explanations of the changes in fund balances from fiscal year 2015 to fiscal year 2016 of the Governmental Funds that are contained in the above totals.

- **Westlake Academy** - Fund balance decreased by \$514,950 primarily due to the purchase of technology with designated funds as well as the use of local grant funds provided in the prior year.
- **Visitors Association Fund** - Fund balance decreased by \$70,932 (7%) primarily due to the additional funds paid to the Marriott based on an economic development agreement to bring more groups to Westlake.
- **Capital Projects Fund** - Fund balance increased by \$16,178 largely due to contributions for Westlake Academy Outdoor Science Center and Bleachers/Tower project. In addition, there were increases for transportation projects relating to signalization at Dover Road, FM 1938 Solana Blvd and SH 114.
- **Westlake Academy Expansion Fund** - Fund balance increased by \$1,374 (from \$395,753 to \$397,127). This fund was created to account for proceeds from long-term financing and revenue and expenditures related to authorized construction related to the expansion of Westlake Academy facilities. The original project for this fund was completed in FY2015.
- **Solana Public Improvement District (PID) Capital Project Fund** - Fund balance decreased by \$9,229,851 due to infrastructure construction on the project. This fund was created in FY 2015 to detail the funds contributed based on bond proceeds for the construction of infrastructure for the Entrada development. All infrastructure will be conveyed to the Town upon completion.

**General Fund** - Fund balance increased \$1,998,923 (26%). At the end of the current fiscal year, fund balance for the general fund was \$9,679,473, an increase of \$1,998,923 in comparison with the prior year. Of this total, \$9,092,721 is unassigned. This represents 134% of the total general fund expenditures and is equivalent to 489 operating days.

- **Revenues increased \$1.1M** - The Planning and Development department realized the biggest increase in revenues with the majority (\$1.5M) coming from inspection/plan review fees, reforestation, building permit fees and PID inspection fees. Transfers in decreased (\$108K) due to a one-time transfer from the PID capital project fund. Other revenues that presented an increase were court revenues, interest income and property taxes. Decreases were seen in Franchise fees and general sales tax. The sales tax decrease of \$241K is primarily due to large audit collections and one-time payments received in the prior fiscal year.

- **Expenditures decreased \$1.0M** - Payroll and related taxes, insurance and retirement increased \$354K. Other expenditures decreased due to one-time transactions in the prior year. Maintenance & replacement projects decreased approximately \$1.0M due to fire department equipment purchases of a ladder pumper truck and Westlake Academy playground equipment.



Reference the CAFR: The Management Discussion & Analysis Section (page 12)

# 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.

## Town's Capital Assets (net of accumulated depreciation)

REFERENCE TABLE 5	Governmental Activities		Business-Type Activities		Total	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Land	\$ 11,896,664	\$ 11,896,664	\$ -	\$ -	\$ 11,896,664	\$ 11,896,664
Capital Improvements	10,335,819	10,539,908	10,097,620	10,461,290	20,433,439	21,001,198
Building	26,351,151	27,011,626	-	-	26,351,151	27,011,626
Machinery and Equipment	1,614,268	1,914,727	1,669,017	1,802,085	3,283,285	3,716,812
Wastewater Treatment Rights	-	-	121,645	153,492	121,645	153,492
Construction in Progress	12,216,861	3,107,527	285,392	246,121	12,502,253	3,353,645
<b>TOTAL</b>	<b>\$ 62,414,763</b>	<b>\$ 54,470,449</b>	<b>\$ 12,173,674</b>	<b>\$ 12,662,988</b>	<b>\$ 74,588,437</b>	<b>\$ 67,133,437</b>

Investment in capital assets for governmental and business-type activities as of September 30, 2016, totaled **\$74,588,437** (net of accumulated depreciation).

The net increase in the Town's investment in capital assets for the current fiscal year was **\$7,455,000**.

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

**Governmental Capital Activities** increased 15% which equaled **\$7,944,314**.

**Business-Type Capital Activities** decreased 4% which equaled **\$489,314**.

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 2016-17 Budget. The budget details the Town's long-term goals and financial policies, and describes program accomplishments and initiatives.

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

REFERENCE TABLE 6	Governmental Activities		Business-Type Activities		Total	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
General Obligation Bonds	\$ 16,685,000	\$ 17,480,000	\$ --	\$ -	\$ 16,685,000	\$ 17,480,000
Certificates of Obligation	9,485,700	9,759,250	971,300	992,750	10,457,000	10,752,000
Contractual Obligations	-	33,714	5,126,958	5,226,294	5,126,958	5,260,108
Capital Lease	563,045	174,373	-	-	563,045	174,373
Premium on Bonds	657,912	701,120	31,053	33,397	688,965	734,517
Notes Payable	275,101	323,227	-	-	275,101	323,227
Compensated Absences	274,216		46,024	27,072	320,240	199,776
<b>Total</b>	<b>\$ 27,940,974</b>	<b>\$ 28,644,488</b>	<b>\$ 6,175,335</b>	<b>\$ 6,279,513</b>	<b>\$ 34,116,309</b>	<b>\$ 34,924,001</b>

At the end of the current fiscal year, the Town had total long-term debt outstanding of **\$34,116,309**. Of this amount, **\$27,142,000** represents bonded indebtedness, **\$563,045** capital leases, **\$275,101** in loans and **\$5,126,958** contractual obligations. During the fiscal year 2015-2016, the Town's total debt payable decreased by **\$807,692**. 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 AAA/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.

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

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 audited reserves in excess 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.

# 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 Assets:** Examples of capital assets are land, buildings, machinery and equipment and vehicles with a useful life longer than a year.

**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.

*Users of this document are encouraged to read the Town's FY16-17 Budget. [www.westlake-tx.org](http://www.westlake-tx.org)*

## 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 viewsapes, 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

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Building 4, Suite #4202  
Westlake, Texas 76262  
[www.westlake-tx.org](http://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