



THE TOWN OF

**WESTLAKE**



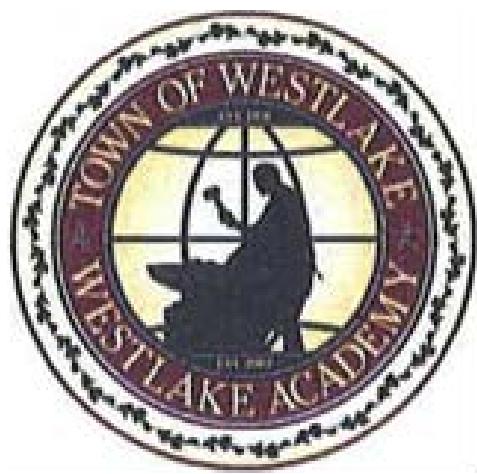
# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2014

*MOVING FORWARD  
TOGETHER...*



*A Growing  
Community...*



**TOWN OF WESTLAKE**

**TOWN OF WESTLAKE, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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

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



**TOWN OF WESTLAKE**

**TOWN OF WESTLAKE, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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## Town of Westlake

February 17, 2015

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

The Town of Westlake (the "Town") Fiscal and Budgetary Policies require that the Town's Finance Department prepare a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Accordingly, the Comprehensive Annual Financial Report (CAFR) for the Town of Westlake, Texas for the fiscal year ended September 30, 2014, is hereby issued.

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

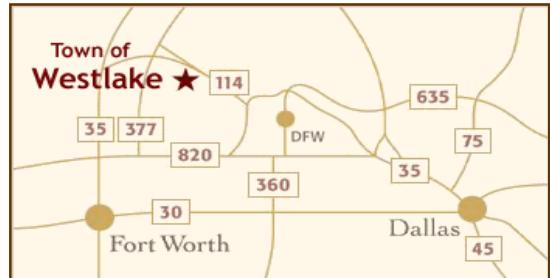
The Town's financial statements have been audited by Weaver and Tidwell, L.L.P. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended September 30, 2014, were free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for the fiscal year ended September 30, 2014, were fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

## Profile of the Town

Minutes from downtown Fort Worth, Texas and DFW International Airport, the Town of Westlake is home to several upscale residential communities and Fortune 500 companies, all of which share a unique character and charm, along with a commitment to excellence. The Town is located in northeast Tarrant County and may be conveniently accessed by several major thoroughfares, including SH 114 and US 377. The Town occupies approximately 7 square miles and serves a population of approximately 1,100 with an average appraised home value of \$1.2 million.



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

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

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

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

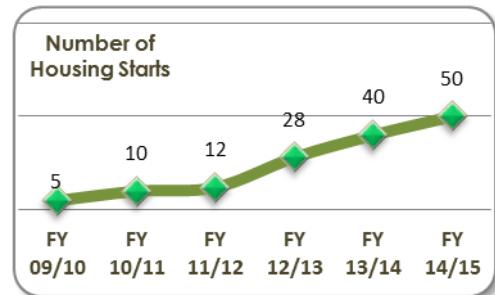
- International Award for Budget Excellence from the Association of School Business Officials International for the past five years.
- Certificate of Achievement for Excellence in Financial Reporting for our Comprehensive Annual Financial Report (CAFR), also known as the annual audit, which has also 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 second year to achieve this award.
- ❖ Invested in an update of our current Comprehensive Planning document as we began working with the Town Council, residents, and 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 and the committee with the final completion planned for FY 2014-15.
- ❖ Invested in the third iteration of our strategic plan through the use of the Balanced Scorecard system. Council members worked with an outside consultant to create strategic themes and updated our vision, mission, and values statements for Westlake. Staff then identified outcome objectives, created a Tier One Strategy Map, and developed performance measures for Council adoption.
- ❖ Invested in the Town's open enrollment charter school as Westlake Academy, completed its 11<sup>th</sup> year of operation and graduated our 5<sup>th</sup> class of seniors with 53 students.
  - Westlake Academy continues to have excellent academic and extra-curricular results and is ranked among the best high schools in America: *Washington Post* ranked us as 36<sup>th</sup> out of 1,900 schools across the nation.
- ❖ Invested in the Town's CIP (\$10.5M) mainly through focus on the expansion of our physical plant at Westlake Academy (\$8.2).
  - Invested approximately \$1.6M in streetscape improvements on FM 1938 (Davis Blvd) with median plantings and sidewalk installation, which is now in its final stages of completion.
  - Invested a total of \$500K in the Town's infrastructure through enhancements on SH 114/170 in partnership with our surrounding communities for bridge and overpass paintings, plantings in medians and entry monuments.
- ❖ Installation of a secondary ground storage water tank for future sustainability and service provision levels.

#### **FY 2014-15 Short Term Trends and Planning**

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

- ❖ **Reinvestment in our community through the replacement of our fire pumper truck during the coming fiscal year.** As our rolling stock continues to age, we will need to reinvest in our assets in order to maintain the exceptional levels of service we strive to deliver. The replacement truck will allow us to rotate the current vehicle to a back-up status as it is experiencing multiple repair events.

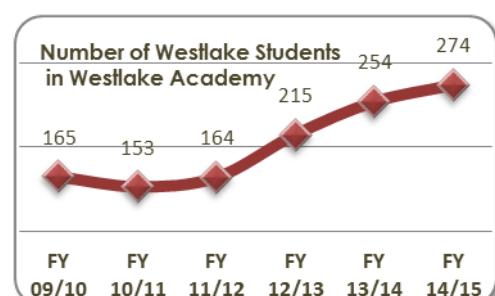
- ❖ **Housing Start Increases:** Westlake is expecting continued single family residential construction as a result of *Granada*. This is depicted in the side-chart – prerecession starts were at 38 per year and we are estimating 50 for the coming fiscal year.



- ❖ **Permanent Population Growth:** The North Central Council of Governments has updated Westlake's 2010 Census from 992 to 1,051. This is the portion of our population that is considered to be our permanent residence. An increase in population of 210 in 1990 to the present 1,051 represents a 400% increase.

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

- ❖ **Continued Impact of Westlake Academy on Residential Growth:** The number of Westlake residents who are selecting Westlake Academy as the educational choice for the students has doubled in the past five years. Resident surveys indicate that the Academy is one of the main reasons they moved to Westlake, and why they plan to remain in our community.



- ❖ **Increase in Westlake Academy Overall Enrollment:**

The Academy has experienced steady enrollment growth from 491 in SY 2009-10 to a projected 822 in SY 2014-15. The current increase of student population is a result of the Phase I expansion efforts on the Academy campus. We are completing the construction of three buildings that will accommodate the new students. The lottery waiting list for admissions continues to grow from 700 in 2010 to over 2,100 students for this coming school year.



- ❖ **Completion of Phase I Facility Improvements:** Construction will be complete and operational for the fall school year. The approximately 39,000 sq. ft. of new facilities comprised of a secondary classroom building, field house, and primary years' multi-use building will allow for decompression of our current facilities.

- ❖ **Continued work on the Comprehensive Plan:** The Town's current 1992 Comprehensive Plan is in the process of review and updating. The Comprehensive Plan serves as the "blue print" for planning and growth. We have convened a steering committee and held public meetings to discuss the plan elements and expect to be complete within the current fiscal year.

- ❖ **Continued emphasis on long-range financial planning:** The FY14-15 budget contains an updated Long-Range Financial Forecast which identifies key revenue and expenditure drivers while assessing historical financial trends and their potential impact upon the town's financial stability. Staff continues to produce a quarterly financial report for the Town Council that monitors and analyzes trends in the General Fund, Utility Fund, and Visitor Association Fund. The report serves as a tool to assist in developing a proactive, instead of reactive, approach to changing financial trends.
- ❖ **Continue to explore new ways to combat spiraling health care costs:** Costs have been increasing at an unsustainable level of 10 to 25% per year, and employee plan design changes are inevitable. Recently a comprehensive evaluation of the Town's health insurance costs was conducted and ultimately the decision was made to continue with Blue Cross Blue Shield.

### **Long Term Visioning for FY 2014-2015 and Beyond**

Long range planning and visioning is vital to the sustainability of any community and Westlake has a bright outlook for our future – much of this based on our governing board, residential commitment to our Town and the diligence of our staff members. The following trends will be important to our growth and development:

- ❖ **Continued Permanent Population Growth** - We anticipate the trend toward growth will continue as our existing lot inventory continues to be a scarce commodity. In addition, the aforementioned residential and mixed-use developments have the potential to significantly increase our permanent population.
- ❖ **Management of Development** – As the economy and the surrounding cities in the Metroplex experience commercial development and the influx of individuals continues to make the North Texas Region their home, we will need to manage our distinctive housing developments to ensure we maintain our community as an '*oasis of natural beauty*' as contained in our Vision statement.
- ❖ **Implementation of the Comprehensive Plan** – As mentioned in the short term trends, the Town will complete the updating of our Comp Plan and will transition into the application phase of the recommendations and feedback from our Comprehensive Plan Steering Committee, residents and stakeholders, Planning & Zoning Committee Members, and our Town Council. This will include the update of the applicable ordinance documents that will help guide our future developments and all the corresponding plan elements.
- ❖ **Oversight of Enrollment Demands at Westlake Academy** – As it becomes necessary with the rollout of Phase II of the Facility Master Plan, staff and the Council will plan for our long term visioning of the school to ensure each child reaches their '*highest individual potential*' as a student at Westlake Academy. The impact of new housing developments and population growth will continue to drive our capital projects in the future.

Users of this document, as well as others interested in the programs and services offered by the Town of Westlake, are encouraged to read the Town's Fiscal Year 2014-2015 Budget. The budget details the Town's long-term goals and financial policies, and describes program accomplishments and initiatives.

## Other Information

The Government Finance Officers Association of the United States of America and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Westlake for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2013. This was the seventh year the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, we also received our seventh GFOA Distinguished Budget Presentation Award for the fiscal year beginning October 1, 2013 for our municipal budget and the 5th year for our educational services budget for Westlake Academy, a component unit of the Town. In order to qualify for the Distinguished Budget Presentation Award, the Town and Academy budget documents had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

The Finance Department received its second Popular Annual Financial Report (PAFR) converting much of the FY 2012-2013 audit document into an easy-to-read format for our residents. The goal is to encourage resident awareness as it relates to Town finances through the condensed version of the budget. The report provides an "overview of our financial position and policies, and conveys our commitment to delivering responsive services and programs in a fiscally responsible manner."

## Acknowledgements

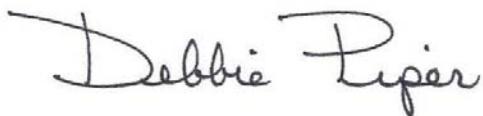
The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Appreciation is expressed to Town employees throughout the organization, especially those employees who were instrumental in the successful completion of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

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

Respectfully Submitted,



Tom Brymer  
Town Manager



Debbie Piper, CPA  
Finance Director



Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Town of Westlake  
Texas**

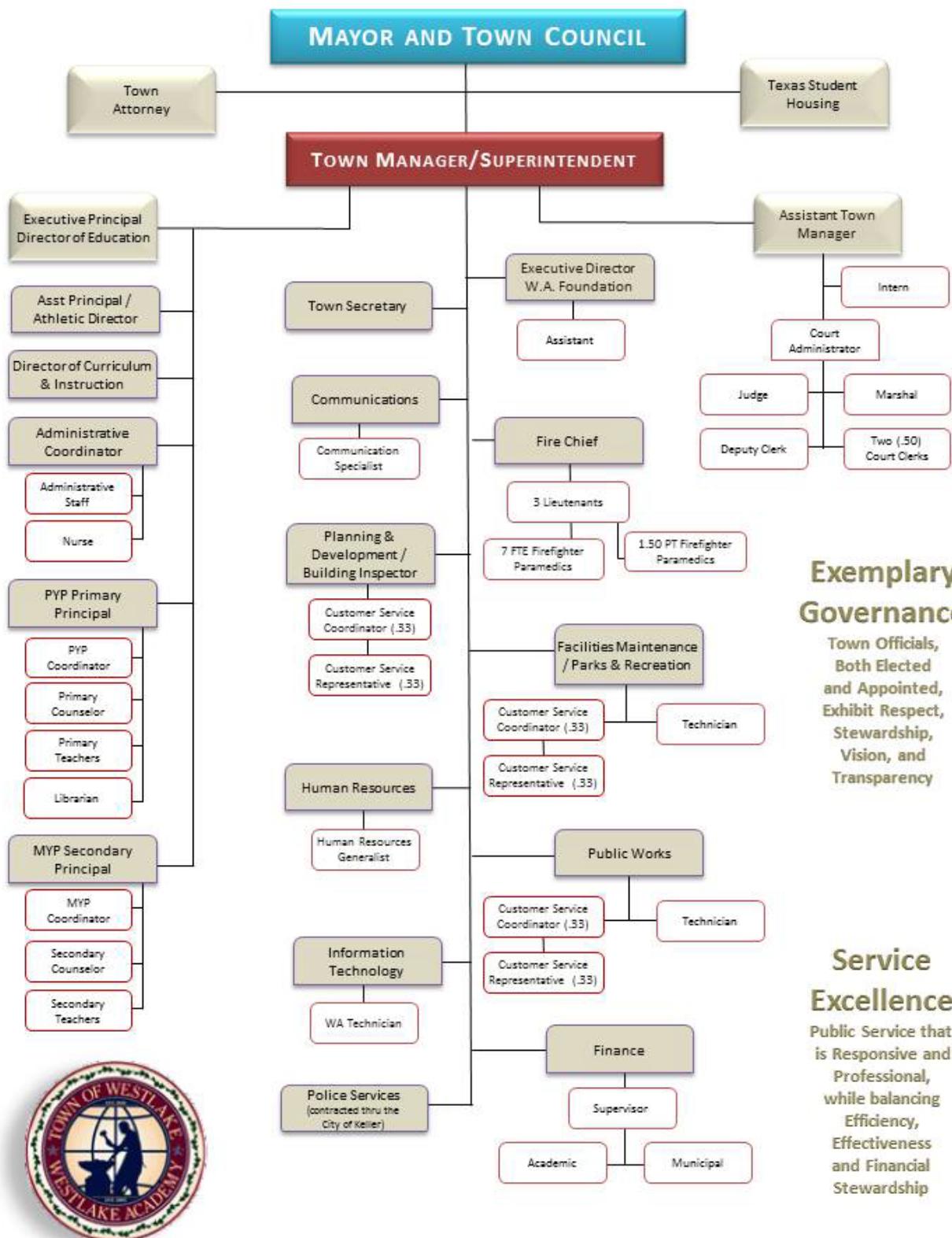
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2013**

A handwritten signature in black ink that reads "Jeffrey P. Emer". The signature is fluid and cursive, with "Jeffrey" on the top line and "P. Emer" on the bottom line.

Executive Director/CEO

# CITIZENS OF WESTLAKE



## Exemplary Governance

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

## Service Excellence

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



# TOWN OF WESTLAKE

## ELECTED AND APPOINTED OFFICIALS

September 30, 2014



Laura  
Wheat



Carol  
Langdon



Michael  
Barrett



Rick  
Rennhak



Alesa  
Belvedere



Wayne  
Stoltenberg

### ELECTED OFFICIALS

Mayor

LAURA WHEAT

Mayor Pro-Tem

CAROL LANGDON

Council Member

MICHAEL BARRETT

Council Member

RICK RENNANK

Council Member

ALESA BELVEDERE

Council Member

WAYNE STOLTENBERG

### APPOINTED OFFICIALS

**TOM BRYMER**

Town Manager

**AMANDA DEGAN, MPA**  
Assistant Town Manager

**GINGER AWTRY**  
Director of Communications and  
Community Affairs

**DEBBIE PIPER, CPA**  
Finance Director

**KELLY EDWARDS, TRMC**  
Town Secretary

**EDDIE EDWARDS**  
Director of Planning and  
Development

**TODD WOOD, SPHR, IPMA-CP**  
Director of Human Resources  
and Administrative Services

**JARROD GREENWOOD**  
Director of Public Works

**RICHARD WHITTEN**  
Fire Chief

**TROY MEYER**  
Facilities/ Parks and  
Recreation Director

**JASON POWER**  
Director of Information  
Technology

## **FINANCIAL SECTION**



**TOWN OF WESTLAKE**



## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Westlake (the Town) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Emphasis of Matter Regarding Going Concern**

The accompanying financial statements have been prepared assuming the discretely presented component units will continue as going concerns. As discussed in Note 16 to the financial statements, the discretely presented component units are in default on their bonds due to failure to meet certain bond covenants. This gives bond holders the right to accelerate and demand payment on the bonds in full. This condition raises substantial doubt about the discretely presented component units' ability to continue as going concerns. Management's plans regarding these matters are also described in Note 16. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

**Change in Accounting Principle**

As discussed in Note 15 to the financial statements, the Town adopted new accounting guidance, GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities," in 2014. Our opinion is not modified with respect to this matter.

**Other Matters**

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16 and budgetary comparison information and schedule of funding progress on pages 69 through 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Town of Westlake, Texas

Page 3

*Other Information*

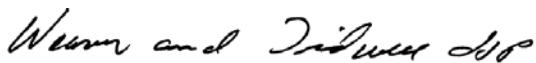
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2015 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



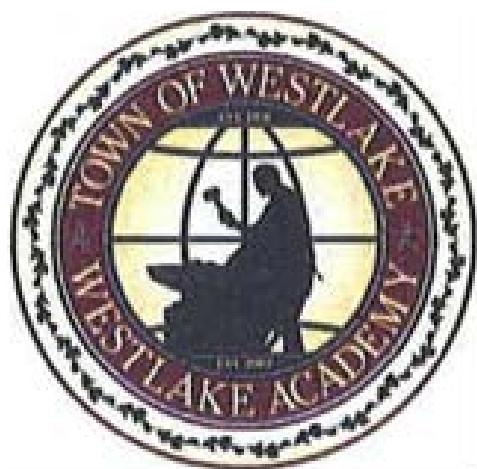
WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
February 17, 2015



**TOWN OF WESTLAKE**

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



**TOWN OF WESTLAKE**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the Town of Westlake offers the readers of the Town's financial statements this narrative overview and analysis of the financial activities and financial position of the Town for the fiscal year ended September 30, 2014. Financial reporting is limited in its ability to provide the "big picture" but rather focuses on financial position and changes in financial position. In other words; are revenues and/or expenditures higher or lower than the previous year? Has the net position (containing both short- term and long-term assets and liabilities) or fund balances (the current "spendable" assets less current liabilities") of the government been maintained? Readers are encouraged to consider the information presented here in conjunction with the additional information furnished in the letter of transmittal (pages i-vii of this report) and the statistical section (pages 82-100 of this report) as well as information in the annual operating budget, along with other community information found on the town's website at [www.westlake-tx.org](http://www.westlake-tx.org). It should be noted that the Independent Auditor's Report describes the auditors' association with the various sections of this report and that all of the additional information from the website and other Town sources are unaudited.

### FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$38,885,361 (Net position). This number must be viewed within the context that the vast majority of the Town's net position of \$38,783,405 (99.7%) are capital assets and that most capital assets in a government entity do not directly generate revenue nor can they be sold to generate liquid capital. The net position restricted for specific purposes totaled \$2,284,947 (5.9%). The remaining deficit, (-5.6%), represents unrestricted net position.
- As of the close of the current fiscal year, the Town of Westlake's governmental funds reported combined ending fund balances of \$11,887,640, which is a decrease of \$7,556,007 in comparison with the prior year. Within this total, \$4,216,467 is non-spendable, restricted, committed or assigned by management or council.
- At the end of the current fiscal year, fund balance for the general fund was \$7,953,518, an increase of \$901,887 in comparison with the prior year. Of this total fund balance, \$7,671,173 is unassigned. This represents 153% of the total general fund expenditures and is equivalent to 530 operating days.
- The Town's capital assets (net of accumulated depreciation) increased by \$10,063,397. This is primarily attributed to the completion of the Westlake Academy Expansion project which includes a multi-purpose building, three story secondary school building and a field house.
- The Town's long-term debt decreased by \$336,724 in total, due to the issuance of General Obligation Refunding Bonds, Series 2014, offset by the scheduled repayment of principal on outstanding bonded debt.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

## Government-wide financial statements

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All of the revenues and expenses are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

The government-wide financial statements include not only the Town (known as the *primary government*), but also discretely presented component units including all of the Texas Student Housing entities. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. See pages 29- 32 of the "Financial Section" for detail on these entities. In addition, the Town has the following blended component units: Lone Star Public Facilities Corporation, 4B Economic Development Corporation, and Westlake Academy, an open enrollment charter school owned and operated by the Town of Westlake.

## Fund Financial Statements

A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Below are the three types of funds. The Town had only Governmental and Proprietary funds for the year ended September 30, 2014.

**Governmental funds** - *Governmental funds* are used to account for essentially the same functions reported as *government activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

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

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

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

The basic governmental fund financial statements can be found on pages 20 - 25 of this report.

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

The basic proprietary fund financial statements can be found on pages 26 - 28 on this report.

**Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is similar to the accounting used for proprietary funds. The Town of Westlake does not currently have any fiduciary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33 - 68 of this report.

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

The schedules are presented immediately following the notes to the financial statements and can be found on pages 69-80.

## 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.

The Town's *combined* net position changed from a year ago, *increasing* \$1,068,328 from \$37,817,033 to \$38,885,361. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

The largest portion of the Town's net position, \$38,783,405 (99.7%), reflects its investment in capital assets (e.g. land, buildings, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire capital assets still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. 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, \$2,284,947 (5.6%), represents resources that are subject to external or internal restrictions on how they may be used. The remaining balance reflects a deficit unrestricted net position of -\$2,182,991 (-5.3%).

**Table 1**  
**Condensed Statement of Net Position**  
**At September 30, 2014 and 2013**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Assets</b>						
Current and other assets	\$ 14,197,535	\$ 21,781,962	\$ 5,210,808	\$ 5,987,119	\$ 19,408,343	\$ 27,769,081
Capital assets	<u>50,205,686</u>	<u>41,121,883</u>	<u>13,102,835</u>	<u>12,123,241</u>	<u>63,308,521</u>	<u>53,245,124</u>
Total Assets	<u>\$ 64,403,221</u>	<u>\$ 62,903,845</u>	<u>\$ 18,313,643</u>	<u>\$ 18,110,360</u>	<u>\$ 82,716,864</u>	<u>\$ 81,014,205</u>
Deferred outflows of resources	<u>1,194,749</u>	<u>1,247,851</u>	<u>-</u>	<u>-</u>	<u>1,194,749</u>	<u>1,247,851</u>
<b>Liabilities</b>						
Noncurrent liabilities	29,866,622	27,611,536	6,389,337	6,485,445	\$ 36,255,959	\$ 34,096,981
Other liabilities	<u>2,308,387</u>	<u>1,986,917</u>	<u>6,461,906</u>	<u>5,865,423</u>	<u>8,770,293</u>	<u>7,852,340</u>
Total Liabilities	<u>32,175,009</u>	<u>29,598,453</u>	<u>12,851,243</u>	<u>12,350,868</u>	<u>\$ 45,026,252</u>	<u>\$ 41,949,321</u>
<b>Net Position</b>						
Net investments in capital assets	32,048,991	21,177,426	6,734,414	6,601,949	\$ 38,783,405	\$ 27,779,375
Restricted	2,284,947	4,242,491	-	-	2,284,947	4,242,491
Unrestricted	<u>(910,977)</u>	<u>6,637,624</u>	<u>(1,272,014)</u>	<u>(842,457)</u>	<u>(2,182,991)</u>	<u>5,795,167</u>
Total Net Position	<u>\$ 33,422,961</u>	<u>\$ 32,057,541</u>	<u>\$ 5,462,400</u>	<u>\$ 5,759,492</u>	<u>\$ 38,885,361</u>	<u>\$ 37,817,033</u>

**Table 2**  
**Changes in Net Position**  
**For the years ended September 30, 2014 and September 30, 2013**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
Program revenues						
Fees, fines and charges for services	\$ 2,127,786	\$ 1,798,529	\$ 3,436,451	\$ 3,162,842	\$ 5,564,237	\$ 4,961,371
Operating grant and contributions	6,592,642	4,907,472	-	-	6,592,642	4,907,472
Capital grants and contributions	80,472	5,897,456	-	-	80,472	5,897,456
General revenues						
Taxes						
Sales taxes	4,725,845	4,375,397	-	-	4,725,845	4,375,397
Property taxes	1,367,069	1,366,633	-	-	1,367,069	1,366,633
Hotel occupancy taxes	796,481	709,578	-	-	796,481	709,578
Mixed beverage taxes	51,602	39,727	-	-	51,602	39,727
Franchise taxes	795,322	734,935	-	-	795,322	734,935
Interest on investments	26,713	24,218	7,114	6,552	33,827	30,770
Miscellaneous	246,633	1,023,149	-	224,995	246,633	1,248,144
Total revenues	<u>16,810,565</u>	<u>20,877,094</u>	<u>3,443,565</u>	<u>3,394,389</u>	<u>\$ 20,254,130</u>	<u>\$ 24,271,483</u>
<b>Expenses:</b>						
General governmental						
Public safety	2,784,587	2,606,785	-	-	2,784,587	2,606,785
Culture and recreation	2,190,050	1,978,803	-	-	2,190,050	1,978,803
Economic development	123,541	113,924	-	-	123,541	113,924
Public works	147,680	232,215	-	-	147,680	232,215
Visitor services	955,794	626,423	-	-	955,794	626,423
Education	493,087	521,521	-	-	493,087	521,521
Interest on long-term debt	7,147,411	5,803,611	-	-	7,147,411	5,803,611
Water and sewer	998,951	1,067,086	-	-	998,951	1,067,086
Cemetery	-	-	3,690,137	3,356,466	3,690,137	3,356,466
Total expenses	<u>14,841,101</u>	<u>12,950,368</u>	<u>3,697,258</u>	<u>3,361,794</u>	<u>18,538,359</u>	<u>16,312,162</u>
Increase (decrease) in net position before transfers	1,969,464	7,926,726	(253,693)	32,595	1,715,771	7,959,321
Transfers	<u>43,399</u>	<u>(485,591)</u>	<u>(43,399)</u>	<u>485,591</u>	<u>-</u>	<u>-</u>
<b>Change in net position</b>	<b>2,012,863</b>	<b>7,441,135</b>	<b>(297,092)</b>	<b>518,186</b>	<b>1,715,771</b>	<b>7,959,321</b>
Net position, beginning as previously stated	32,057,541	24,616,406	5,759,492	5,241,306	37,817,033	29,857,712
Cumulative effect of a change in accounting principle	<u>(647,443)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(647,443)</u>	<u>-</u>
<b>Net position, ending</b>	<b>\$ 33,422,961</b>	<b>\$ 32,057,541</b>	<b>\$ 5,462,400</b>	<b>\$ 5,759,492</b>	<b>\$ 38,885,361</b>	<b>\$ 37,817,033</b>

**Governmental activities:** Governmental activities increased the Town's net position by \$1,365,420 (4.3%), increasing net position from \$32,057,541 to \$33,422,961. 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, decreased by \$7,547,853.

Total revenues for governmental activities decreased by \$4,066,529 when compared to the prior year. General revenue had a decrease of \$263,972, while program revenues had a decrease of \$3,802,557.

#### *Program revenues*

- Fees, fines and charges for services increased by \$329,257 which was primarily due to an increase of building permits/fees related to Granada and Entrada.
- Operating Grants and Contributions increased by \$1,685,170 primarily due to the increase at Westlake Academy regarding additional state funding as a result of increased enrollment and increased grant revenues from Westlake Academy Foundation and Hudson Foundation. In the prior year these revenues were recognized in "Miscellaneous."
- Capital Grants and Contributions decreased by \$5,816,984.
  - The following amounts were received in the prior year which was offset by a contribution of funds to purchase health and fitness equipment for the new field house at Westlake Academy:
    - \$4,665,818 materials/work was contributed by Hillwood Properties related to Dove and JT Ottinger Road.
    - \$1,000,000 contribution for the Westlake Academy Expansion Project.
    - \$149,622 from Roanoke and Trophy Club for Hwy 114/170 enhancements.
    - \$82,016 from Fidelity for FM 1938 landscape enhancements (median).

*General revenues* - Decrease of \$263,972 was primarily made up of the following components:

- Sales tax increased by \$350,447 which appears to be attributed to the continued improvement in the local economy as well as several new technology and professional related companies and several one-time payments related to purchases and/or construction.
- Hotel occupancy taxes increased by \$86,903 which now includes receipts from Deloitte University.
- Franchise Fees increased by \$60,387 with permits and fees increasing by \$205,341 due to an upswing in construction as well as Granada and Entrada permits.
- Decrease in Miscellaneous of \$715,211 is primarily due to the reclassification of Westlake Academy revenues to "Operating grants and contributions" offset by revenues received in the Westlake Academy Expansion Fund.

#### *Expenses*

- Total expenses for governmental activities increased by \$1,890,733 or approximately 15%. The increase is made up of several components. The majority of the total increase, \$1,343,800, was due to the education expenditures related to Westlake Academy. Additional students were enrolled; therefore, more staff was needed. With the anticipation of three new buildings opening in SY 2014-2015, additional supplies, etc. were needed to get the classrooms ready to begin the new school year. Additional payroll costs of \$228,866 were based on a 3% increase as well as \$115K market adjustments and the addition of one-full time lieutenant and Human Resources generalist. Contracted services increased due to the comprehensive plan update.

**Business-type Activities:** The net position of our business-type activities ended fiscal year 2014 at \$5,462,400 compared with \$5,759,492 in 2013. This represents a decrease in net position of \$297,092, or 5% less than the prior fiscal year.

Revenues of the Town's business-type activities were \$3,443,565 for the fiscal year ending September 30, 2014. Revenues increased \$49,176 or 1% more than the prior year. Operating expenses for the business-type activities were \$3,697,258 for the year, an increase of \$335,464 or 10%. The business-type activities also had net transfers out of \$43,399 in 2014 compared to net transfers in of \$485,591 in the prior year. The resulting decrease in net position is due to several factors, including the following:

- Increase in Charges for Services was \$273,609. This 8% increase was largely realized because FY 13/14 was drier than normal resulting in increased water billing revenues. Also, the TRA Wastewater Settle-up was \$178,082 greater than the prior year.
- The Town's increase in expenses of \$335,464 is attributed to the additional water purchases experienced during the dry weather months, increased payroll operating costs and \$213,525 expense due to the Hwy 114 Lift Station Discharge project.
- The General Fund transferred \$500K to the Utility Fund to supplement the \$1M bond proceeds received for the construction of the Town's second water storage tank in the prior year; therefore, there was a decrease in net transfers.

## FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$11,887,640; a decrease of \$7,556,007 in comparison with the prior year. Approximately 64.5% of this total (\$7,671,173) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending because it has already been committed.

The following tables present a summary of general, special revenue, capital project, and debt service fund revenues and expenditures for the fiscal year ended September 30, 2014, and the amount and percentage of increases and decreases in relation to the prior year.

**Table 3**  
**Summary of Governmental Funds Revenues**

<b>Revenues</b>	2013-14 Amount	Percent Of Total	Increase (Decrease) From 2012/13	Percent Increase (Decrease)
Taxes				
Sales taxes	\$ 4,725,845	28.2%	\$ 350,448	8.0%
Property taxes	1,353,356	8.1%	(13,187)	-1.0%
Hotel occupancy taxes	51,602	0.3%	11,875	29.9%
Mixed beverage taxes	796,481	4.8%	86,903	12.2%
Franchise taxes	795,322	4.7%	60,387	8.2%
Subtotal - Taxes	<u>7,722,606</u>	<u>46.1%</u>	<u>496,426</u>	<u>6.9%</u>
State program	5,269,641	31.5%	573,101	12.2%
Federal program	80,103	0.5%	(1,855)	-2.3%
Interest income	26,713	0.2%	2,495	10.3%
Building permits and fees	1,175,075	7.0%	205,340	21.2%
Fines and penalties	730,441	4.4%	35,274	5.1%
Intergovernmental	3,540	0.0%	(6,791)	-65.7%
Contributions	82,446	0.5%	(5,833,568)	-98.6%
Miscellaneous	1,661,463	9.9%	381,009	29.8%
Total Revenues	<u>\$ 16,752,028</u>	<u>100.0%</u>	<u>\$ (4,148,569)</u>	<u>-19.8%</u>

**Table 4**  
**Summary of Governmental Funds Expenditures**

<b>Expenditures</b>	2013-14 Amount	Percent Of Total	Increase (Decrease) From 2012/13	Percent Increase (Decrease)
General government	\$ 2,236,360	8.9%	\$ 325,815	17.1%
Public safety	2,146,587	8.6%	179,003	9.1%
Culture and recreation	123,541	0.5%	9,617	8.4%
Economic development	147,685	0.6%	(113,122)	-43.4%
Public works	615,781	2.5%	83,106	15.6%
Visitor services	493,082	2.0%	(28,439)	-5.5%
Education	7,143,678	28.5%	1,340,067	23.1%
Capital outlay	9,964,047	39.8%	2,362,416	31.1%
Debt services	2,190,449	8.7%	(1,816,433)	-45.3%
Total Expenditures	<u>\$ 25,061,210</u>	<u>100.0%</u>	<u>\$ 2,342,030</u>	<u>10.3%</u>

Below are summaries and explanations of the changes in fund balances from FY 2013 to FY 2014 of the *Governmental Funds* that are contained in the above totals:

General Fund - Fund balance increased \$901,887 (13%). Most General Fund revenue categories realized increases over the prior year and many surpassed budget estimates as well. Sales tax receipts, fines and fees, and building permits exceeded both budget and prior year. Sales taxes grew as a result of continued improvement in the local economy as well as several new technology and professional related companies and one-time payments related to purchases and/or construction. Fines and fees increases as a result of increased collections in municipal court and permits and fees increased due to increased home construction and Granada fees.

Visitors Association Fund- Fund balance increased by \$83,699 due to an increase in hotel occupancy tax and a savings in several expenditure accounts with the highest savings being in the Marriott marketing line-item. These expenditures relate to an agreement with the Marriott regarding incentive payments to bring businesses to the Town.

Capital Projects Fund - Fund balance decreased by \$1,325,744 largely due to the continuation of several street projects (FM 1938 and SH 114/Hwy 170) and the completion of the Stagecoach Hills Reconstruction/Drainage project.

Westlake Academy Expansion Fund- Fund balance decreased by \$7,293,786 because bond proceeds of \$8.2M received in the prior year were used to complete the Westlake Academy Expansion project.

Proprietary Funds. The Town's proprietary fund statements provide the same type of information found in the government-wide financial statements with greater detail. Total net position of the Proprietary Funds amounted to \$5,462,400, a decrease of \$297,092. Operating income totaled \$508,264 which was offset by a net non-operating expenses of \$761,957. A transfer in the amount of \$43,399 from the General Fund to supplement the construction costs of the ground storage tank constitutes the decrease.

### **General Fund Budgetary Highlights**

The General Fund budget for fiscal year 2014 was amended in total to increase the net change in fund balance from -\$368,422 to -\$253, a total increase of \$368,169.

- The amended budget for net revenues was increased by \$563,820(9%)
  - Sales Tax- \$125,000- received more taxes than anticipated.
  - Building permits and fees - \$222,500- the Town had more housing starts/permits than anticipated as well as Entrada permits that were not originally budgeted.
  - Franchise Fees and Fines and Forfeitures were increased by \$137,120 and \$75,000, respectively.
- The amended budget for expenditures was increased by \$48,658 with transfers out being increased by \$146,003 due to the transfer of funds to Westlake Academy for the purchase of smartboards for the new classrooms.

The General Fund actual revenue collections were more than the amended budget by \$484,327 which can be attributed to the unanticipated increase in sales tax, building permits and fees, and municipal fines and penalties received. The final expenditures were \$568,077 (10%) less than budgeted. A large contributing factor to this variance is the reclassification of \$192,000 from expenditures to a transfer-out to the Academy. There was also a savings on the budgeted attorney and consultant fees as a result of reimbursements regarding the Entrada/Granada developments. Savings was also seen in building inspections because we were able to use staff for more than anticipated inspections. The remaining larger savings were due to savings in contracted services and training.

## Capital Assets and Debt Administration

- Capital Assets. The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2014, totaled \$63,308,521 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress. The net increase in the Town's investment in capital assets for the current fiscal year was \$10,063,397 or 19%. Nearly the entire increase (\$10,302,548) is attributable to the completion of the Westlake Academy Expansion project. The remaining increase is due to the purchase of a facilities maintenance vehicle and information and software.

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 11,896,663	\$ 11,896,663	\$ -	\$ -	\$ 11,896,663	\$ 11,896,663
Capital improvements	7,814,722	8,184,522	10,809,857	9,614,902	18,624,579	17,799,424
Building	27,009,853	17,611,891			27,009,853	17,611,891
Machinery and equipment	1,016,010	594,715	1,861,591	1,948,389	2,877,601	2,543,104
W/W treatments rights			185,266	217,026	185,266	217,026
Construction in progress	2,468,438	2,834,092	246,121	342,924	2,714,559	3,177,016
Total capital assets	<u>\$ 50,205,686</u>	<u>\$ 41,121,883</u>	<u>\$ 13,102,835</u>	<u>\$ 12,123,241</u>	<u>\$ 63,308,521</u>	<u>\$ 53,245,124</u>

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

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

Standard & Poor's Ratings Services, a division of McGraw-Hill, Inc. has recently increased the Town's rate from AA to AA+/stable. Additional information about the rating agency or the significance of the rating provided may be obtained from Standard & Poor's web site. Additional information on the Town's long-term debt can be found in Note 5 on pages 51- 61.

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

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

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Long range planning and visioning is vital to the sustainability of any community and Westlake has a bright outlook for our future – much of this based on our governing board, residential commitment to our Town and the diligence of our staff members. The following trends will be important to our growth and development:

- **Continued Permanent Population Growth** - We anticipate the trend toward growth will continue as our existing lot inventory continues to be a scarce commodity. In addition, the residential and mixed-use developments have the potential to significantly increase our permanent population.
- **Management of Development** – As the economy and the surrounding cities in the Metroplex experience commercial development and the influx of individuals continues to make the North Texas Region their home, we will need to manage our distinctive housing developments to ensure we maintain our community as an 'oasis of natural beauty' as contained in our Vision statement.
- **Implementation of the Comprehensive Plan** – The Town will complete the updating of our Comp Plan and will transition into the application phase of the recommendations and feedback from our Comprehensive Plan Steering Committee, residents and stakeholders, Planning & Zoning Committee Members, and our Town Council. This will include the update of the applicable ordinance documents that will help guide our future developments and all the corresponding plan elements.
- **Oversight of Enrollment Demands at Westlake Academy** – As it becomes necessary with the rollout of Phase II of the Facility Master Plan, staff and the Council will plan for our long term visioning of the school to ensure each child reaches their 'highest individual potential' as a student at Westlake Academy. The impact of new housing developments and population growth will continue to drive our capital projects in the future.

## GENERAL FUND

In the FY 2014-15 adopted budget, the Town's General Fund balance is anticipated to decrease by \$670K.

- The Town is anticipating a 12% increase in revenues over the prior year by \$864,475
  - Increased sales tax revenue \$101,250.
  - Permits and fees related to the Granada development \$450,000.
  - Transfers in from Utility Fund for repayment of Ground Storage Water Tank \$256,445.
- Increase of \$557K in Payroll Expenditures.
  - This includes an increase in base costs of \$71,394 to maintain our current staff levels along with \$65,000 in market pay adjustments (inclusive of taxes and insurance) for work force attraction and \$54K in performance based pay, and a newly recommended allocation of \$8K for cell phone reimbursement of various staff members (Directors and on-call technicians). A portion of this increased expenditure is subsidized by transfers in from the Utility Fund (\$30K) and the Visitors Association Fund (\$92K).
  - This increase also includes the following personnel changes:
    - \$35,753 – transition of part-time Communication Specialist to full-time.
    - \$77,987 – addition of one full-time Firefighter / Paramedic.
    - \$19,592 – replacement of part-time Deputy Court Clerk.
  - Transition of shared services employees to municipal budget.
    - \$ 68,503 – Accounting Technician.
    - \$120,860 – IT Director.
  - \$130,144 increase for medical, dental and life Insurance costs (40%).
  - \$16,931 increase for social security and Medicare taxes (08%).
  - \$89,840 increase for ICMA and TMRS costs (46%).
- Operating expenditures and transfers out increased \$1M.
  - \$300K – future Westlake resident enrollment capacity.
  - \$ 42K – increase to Keller Police contract services.
  - \$520K – transfer to Capital Projects Fund.
  - \$168K – transfer to Debt Service Fund.

## CAPITAL PROJECT FUND

This fund is anticipated to have a reduction of \$1.161M as a direct reflection of the construction of the following projects:

- FM1938 Streetscape Project- \$1M.
- Sam School, E. Dove, and Roanoke Road Reconstruction and Drainage \$819K.
- Park Improvements \$100K.
- Land cost allocation for Fire Station \$1.125M to be offset with bond proceeds.

## ENTERPRISE FUNDS

In the FY 2014-2015 adopted budget, the Utility fund balance is anticipated to decrease by \$326,435 with 88% of that being due to the sewer line transfer and meter reading equipment projects.

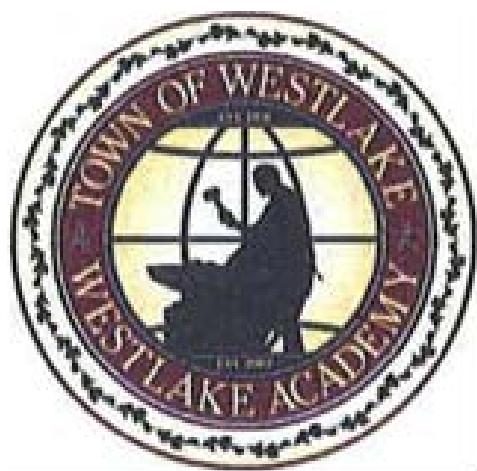
## **CONTACTING THE TOWN'S FINANCE DEPARTMENT**

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



**TOWN OF WESTLAKE**

## **BASIC FINANCIAL STATEMENTS**



**TOWN OF WESTLAKE**

**EXHIBIT A-1**
**TOWN OF WESTLAKE  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014**

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
	ASSETS			
Cash and cash equivalents	\$ 12,747,502	\$ 4,083,751	\$ 16,831,253	\$ 7,192,451
Receivables (net of allowance)	1,361,094	835,361	2,196,455	491,021
Inventories	-	96,986	96,986	-
Other assets	88,939	-	88,939	95,747
Restricted cash and cash equivalents	-	194,710	194,710	4,537,817
Capital assets:				
Land and construction in progress	14,365,101	246,121	14,611,222	12,070,678
Buildings and improvements	43,000,030	14,882,835	57,882,865	90,899,458
Wastewater treatment rights	-	635,199	635,199	-
Machinery and equipment	3,442,120	3,498,148	6,940,268	12,895,127
Less accumulated depreciation	(10,601,565)	(6,159,468)	(16,761,033)	(45,193,736)
Total capital assets	50,205,686	13,102,835	63,308,521	70,671,527
Total Assets	64,403,221	18,313,643	82,716,864	82,988,563
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on refunding	1,194,749	-	1,194,749	-
Total Deferred Outflows of Resources	1,194,749	-	1,194,749	-
<b>LIABILITIES</b>				
Accounts payable	2,186,107	234,895	2,421,002	1,975,869
Customer deposit payable	-	194,710	194,710	-
Unearned revenue	1,820	318,352	-	3,346,278
Accrued interest payable	120,460	5,713,949	5,834,409	31,005,021
Noncurrent liabilities:				
Due within one year	1,229,589	118,072	1,347,661	110,840,898
Due in more than one year	28,637,033	6,271,265	34,908,298	-
Total Liabilities	32,175,009	12,851,243	45,026,252	147,168,066
<b>NET POSITION</b>				
Net investment in capital assets	32,048,991	6,734,414	38,783,405	(40,169,371)
Restricted for:				
Tourism	1,107,520	-	1,107,520	-
Education	1,177,427	-	1,177,427	-
Unrestricted	(910,977)	(1,272,014)	(2,182,991)	(24,010,132)
Total net position	\$ 33,422,961	\$ 5,462,400	\$ 38,885,361	\$ (64,179,503)

The accompanying notes are  
an integral part of this statement.

**TOWN OF WESTLAKE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 2,784,587	\$ 33,975	\$ -	\$ -
Public safety	2,190,050	848,772	3,540	-
Cultural and recreation	123,541	-	1,974	-
Public works	955,794	1,022,769	-	-
Economic development	147,680	-	-	-
Visitor services	493,087	-	-	-
Education	7,147,411	222,270	6,587,128	80,472
Interest on long-term Debt	998,951	-	-	-
Total governmental activities	<u>14,841,101</u>	<u>2,127,786</u>	<u>6,592,642</u>	<u>80,472</u>
Business-type activities:				
Water and sewer	3,690,137	3,428,702	-	-
Cemetery	7,121	7,749	-	-
Total business-type activities	<u>3,697,258</u>	<u>3,436,451</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 18,538,359</u>	<u>\$ 5,564,237</u>	<u>\$ 6,592,642</u>	<u>\$ 80,472</u>
Reported Discretely Presented Component Units	<u>\$ 24,883,936</u>	<u>\$ 17,910,143</u>	<u>\$ -</u>	<u>\$ -</u>
<b>GENERAL REVENUES:</b>				
Taxes:				
Sales taxes				
Property taxes				
Hotel occupancy taxes				
Mixed beverage taxes				
Franchise taxes				
Interest Income				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
NET POSITION, beginning of year as previously stated				
Cumulative effect of change in accounting principle				
NET POSITION, end of year				

The accompanying notes are  
an integral part of this statement.

**EXHIBIT A-2**

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Net (Expense) Revenue and Changes in Net Position				
Primary Government			Discretely Presented Component Units	
Governmental Activities	Business - Type Activities	Total		
(2,750,612)	\$ -	\$ (2,750,612)	\$ -	
(1,337,738)	-	(1,337,738)		-
(121,567)	-	(121,567)		-
66,975	-	66,975		-
(147,680)	-	(147,680)		-
(493,087)	-	(493,087)		-
(257,541)	-	(257,541)		-
(998,951)	-	(998,951)		-
<u>(6,040,201)</u>	<u>-</u>	<u>(6,040,201)</u>		<u>-</u>
-	(261,435)	(261,435)		-
-	628	628		
<u>-</u>	<u>(260,807)</u>	<u>(260,807)</u>		<u>-</u>
<u>(6,040,201)</u>	<u>(260,807)</u>	<u>(6,301,008)</u>		<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,973,793)</u>
4,725,845	-	4,725,845		-
1,367,069	-	1,367,069		-
51,602	-	51,602		-
796,481	-	796,481		-
795,322	-	795,322		-
26,713	7,114	33,827	11,389	
246,633	-	246,633		-
43,399	(43,399)	-	-	
<u>8,053,064</u>	<u>(36,285)</u>	<u>8,016,779</u>	<u>11,389</u>	
2,012,863	(297,092)	1,715,771	(6,962,404)	
32,057,541	5,759,492	37,817,033	(53,864,843)	
(647,443)	-	(647,443)	(3,352,256)	
<u>\$ 33,422,961</u>	<u>\$ 5,462,400</u>	<u>\$ 38,885,361</u>	<u>\$ (64,179,503)</u>	

**TOWN OF WESTLAKE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2014**

---

	General	Westlake Academy	Debt Service Fund
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 7,399,920	\$ 866,250	\$ 1,130
Receivables :			
Property taxes	14,353	-	1,486
Accounts receivable	771,499	330,292	-
Due from other funds	157,353	-	-
Other assets	8,821	77,300	-
<b>TOTAL ASSETS</b>	<b>\$ 8,351,946</b>	<b>\$ 1,273,842</b>	<b>\$ 2,616</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE:</b>			
Liabilities:			
Accounts payable	\$ 372,092	\$ 96,415	\$ 49
Unearned revenue	-	-	-
Due to other funds	11,983	-	-
<b>Total liabilities</b>	<b>384,075</b>	<b>96,415</b>	<b>49</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable grant funds	-	106,129	-
Unavailable resources - property taxes	14,353	-	1,486
<b>Total deferred inflows of resources</b>	<b>14,353</b>	<b>106,129</b>	<b>1,486</b>
<b>Fund Balances:</b>			
Nonspendable:			
Prepaid items	8,821	77,300	-
Restricted for:			
Tourism	-	-	-
Capital items	-	-	-
Street and tree improvements	80,442	-	-
Debt service	-	-	1,081
Education	-	993,998	-
Committed for:			
Court security and technology	193,082	-	-
Unassigned	7,671,173	-	-
<b>Total fund balances</b>	<b>7,953,518</b>	<b>1,071,298</b>	<b>1,081</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
	<b>\$ 8,351,946</b>	<b>\$ 1,273,842</b>	<b>\$ 2,616</b>

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

**EXHIBIT A-3**

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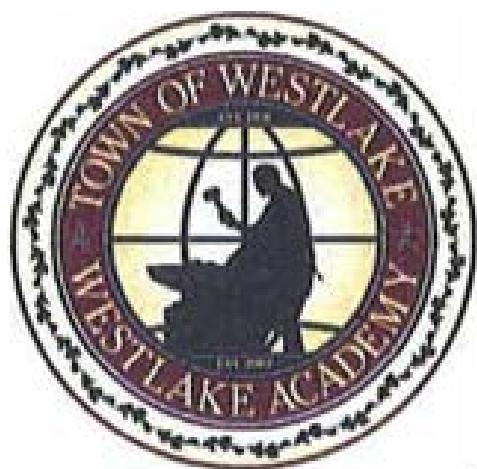
Capital Projects	Westlake Academy Expansion	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,563,165	\$ 1,794,572	\$ 1,122,465	\$ 12,747,502
-	-	-	15,839
-	-	243,464	1,345,255
-	-	11,983	169,336
-	-	2,818	88,939
<b>\$ 1,563,165</b>	<b>\$ 1,794,572</b>	<b>\$ 1,380,730</b>	<b>\$ 14,366,871</b>
\$ 250,074	\$ 1,369,878	\$ 97,599	\$ 2,186,107
-	-	1,820	1,820
-	-	157,353	169,336
<b>250,074</b>	<b>1,369,878</b>	<b>256,772</b>	<b>2,357,263</b>
-	-	-	106,129
-	-	-	15,839
-	-	-	121,968
-	-	2,818	88,939
-	-	1,107,520	1,107,520
1,313,091	424,694	13,620	1,751,405
-	-	-	80,442
-	-	-	1,081
-	-	-	993,998
-	-	-	193,082
-	-	-	7,671,173
<b>1,313,091</b>	<b>424,694</b>	<b>1,123,958</b>	<b>11,887,640</b>
<b>\$ 1,563,165</b>	<b>\$ 1,794,572</b>	<b>\$ 1,380,730</b>	<b>\$ 14,366,871</b>

**EXHIBIT A-4**

**TOWN OF WESTLAKE**  
**RECONCILIATION OF THE GOVERMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2014**

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Total fund balance-governmental funds balance sheet	\$ 11,887,640
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	50,205,686
Deferred losses on refunding are reported as deferred outflows of resources in the government-wide statement of net position.	1,194,749
Revenues earned but not available within sixty days of the fiscal year-end are not recognized as revenue in the fund financial statements.	121,968
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.	(120,460)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the fund financial statements.	<u>(29,866,622)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES - statement of net position</b>	<b>\$ <u>33,422,961</u></b>



**TOWN OF WESTLAKE**

**TOWN OF WESTLAKE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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	General	Westlake Academy	Debt Service Fund	Capital Projects
<b>REVENUES:</b>				
Taxes				
Sales	\$ 3,471,344	\$ -	\$ -	\$ -
Property	1,198,374	-	154,982	-
Mixed beverage	51,602	-	-	-
Hotel occupancy	-	-	-	-
Franchise	795,322	-	-	-
State program revenues	-	5,269,641	-	-
Federal program revenues	-	80,103	-	-
Interest income	10,503	1,450	-	3,544
Building permits and fees	1,175,075	-	-	-
Fines and penalties	730,441	-	-	-
Intergovernmental	3,540	-	-	-
Contributions	-	-	-	-
Miscellaneous	70,338	1,353,525	-	-
<b>Total revenues</b>	<b>7,506,539</b>	<b>6,704,719</b>	<b>154,982</b>	<b>3,544</b>
<b>EXPENDITURES:</b>				
Current				
General government	2,236,360	-	-	-
Public safety	2,146,587	-	-	-
Cultural and recreation	123,541	-	-	-
Public works	615,781	-	-	-
Economic development	-	-	-	-
Visitor services	-	-	-	-
Education	-	7,143,678	-	-
Capital outlay	20,875	-	-	1,129,288
Debt service				
Principal retirement	47,440	-	927,000	-
Interest and other fiscal charges	800	3,733	1,106,434	-
Bond issuance costs	-	-	69,283	-
<b>Total expenditures</b>	<b>5,191,384</b>	<b>7,147,411</b>	<b>2,102,717</b>	<b>1,129,288</b>
<b>Excess (deficiency) of revenues Over (Under) Expenditures</b>	<b>2,315,155</b>	<b>(442,692)</b>	<b>(1,947,735)</b>	<b>(1,125,744)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	56,419	282,000	1,878,051	-
Transfers out	(1,504,397)	-	-	(200,000)
Capital lease proceeds	-	239,009	-	-
Refunding bonds issued	-	-	1,910,000	-
Payment to refunding bond escrow agent	-	-	(1,925,315)	-
Premium on refunding bonds issued	-	-	84,598	-
Note proceeds	34,710	-	-	-
Net other financing sources (uses)	<b>(1,413,268)</b>	<b>521,009</b>	<b>1,947,334</b>	<b>(200,000)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>901,887</b>	<b>78,317</b>	<b>(401)</b>	<b>(1,325,744)</b>
<b>FUND BALANCES, AT BEGINNING OF YEAR</b>	<b>7,051,631</b>	<b>992,981</b>	<b>1,482</b>	<b>2,638,835</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 7,953,518</b>	<b>\$ 1,071,298</b>	<b>\$ 1,081</b>	<b>\$ 1,313,091</b>

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

**EXHIBIT A-5**

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Westlake Academy Expansion	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 1,254,501	\$ 4,725,845
-	-	1,353,356
-	-	51,602
-	796,481	796,481
-	-	795,322
-	-	5,269,641
-	-	80,103
9,352	1,864	26,713
-	-	1,175,075
-	-	730,441
-	-	3,540
80,472	1,974	82,446
233,500	4,100	1,661,463
<hr/> 323,324	<hr/> 2,058,920	<hr/> 16,752,028
 - -	 - -	 2,236,360
- -	- -	2,146,587
- -	- -	123,541
- -	- -	615,781
- -	147,685	147,685
- -	493,082	493,082
- -	- -	7,143,678
8,813,884	- -	9,964,047
 - -	 30,237	 1,004,677
- -	5,522	1,116,489
- -	- -	69,283
<hr/> 8,813,884	<hr/> 676,526	<hr/> 25,061,210
 <hr/> (8,490,560)	 <hr/> 1,382,394	 <hr/> (8,309,182)
 830,000	 47,741	 3,094,211
- -	(1,346,415)	(3,050,812)
- -	- -	239,009
- -	- -	1,910,000
- -	- -	(1,925,315)
- -	- -	84,598
366,774	- -	401,484
<hr/> 1,196,774	<hr/> (1,298,674)	<hr/> 753,175
 (7,293,786)	 83,720	 (7,556,007)
<hr/> 7,718,480	<hr/> 1,040,238	<hr/> 19,443,647
<hr/> \$ 424,694	<hr/> \$ 1,123,958	<hr/> \$ 11,887,640

**EXHIBIT A-6**

**TOWN OF WESTLAKE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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Net change in fund balances- total governmental funds. \$ (7,556,007)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. 10,012,566

Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds. (928,763)

The repayment of the principal of long term debt consumes the current financial resources of governmental funds, but has no effect on net position. The amortization of bond premiums and deferred gain/loss on refunding of long term debt is reported in the statement of activities but does not require the use of current financial resources. Therefore the effect of the amortization of these various items are not reported in the statement of revenues, expenditures, and changes in fund balance.

This amount represents the net effect of the following items:

Bond proceeds	(1,910,000)
Payment to refunding bond escrow agent	1,925,315
Note proceeds	(401,484)
Lease proceeds	(239,009)
Bond premiums	(84,598)
Repayments	1,004,677
Amortization of premium on bonds	40,858
Amortization of deferred loss on refunding	(98,417) <u>237,342</u>

Current year changes in accrued interest payable does not require the use of current financial resources; and therefore, are not reported as expenditures in governmental funds. 240,647

Current year changes in the long-term liability for compensated absences do not require the use of current financial resources; and therefore, are not reported as expenditures in governmental funds. (51,459)

Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. 58,537

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES - statement of activities** \$ 2,012,863

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

**EXHIBIT A-7**
**TOWN OF WESTLAKE  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2014**

	Utility Fund	Cemetery Fund	Total
<b>ASSETS:</b>			
Current Assets			
Cash and cash equivalents	\$ 4,032,112	\$ 51,639	\$ 4,083,751
Accounts receivable	835,303	58	835,361
Inventories	-	96,986	96,986
Restricted cash and investments	194,710	-	194,710
Total current assets	<u>5,062,125</u>	<u>148,683</u>	<u>5,210,808</u>
Noncurrent assets			
Capital assets:			
Construction in progress	246,121	-	246,121
Buildings and improvements	14,882,835	-	14,882,835
Wastewater treatment rights	635,199	-	635,199
Machinery and equipment	3,498,148	-	3,498,148
Less: accumulated depreciation	(6,159,468)	-	(6,159,468)
Total capital assets	<u>13,102,835</u>	<u>-</u>	<u>13,102,835</u>
Total noncurrent assets	<u>13,102,835</u>	<u>-</u>	<u>13,102,835</u>
<b>TOTAL ASSETS</b>	<b><u>18,164,960</u></b>	<b><u>148,683</u></b>	<b><u>18,313,643</u></b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	234,540	355	234,895
Customer deposits payable	194,710	-	194,710
Accrued interest payable	5,713,949	-	5,713,949
Unearned revenue	318,352	-	318,352
Compensated absences - current portion	2,092	-	2,092
Current portion of bonds payable	21,450	-	21,450
Contractual obligations	94,530	-	94,530
Total current liabilities	<u>6,579,623</u>	<u>355</u>	<u>6,579,978</u>
Long-term liabilities:			
Bonds payable	992,750	-	992,750
Compensated absences	18,824	-	18,824
Contractual obligations	5,259,691	-	5,259,691
Total long-term liabilities	<u>6,271,265</u>	<u>-</u>	<u>6,271,265</u>
<b>TOTAL LIABILITIES</b>	<b><u>12,850,888</u></b>	<b><u>355</u></b>	<b><u>12,851,243</u></b>
<b>NET POSITION</b>			
Net investment in capital assets	6,734,414	-	6,734,414
Unrestricted	<u>(1,420,342)</u>	<u>148,328</u>	<u>(1,272,014)</u>
<b>TOTAL NET POSITION</b>	<b><u>\$ 5,314,072</u></b>	<b><u>\$ 148,328</u></b>	<b><u>\$ 5,462,400</u></b>

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

**EXHIBIT A-8**

**TOWN OF WESTLAKE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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	Utility Fund	Cemetery Fund	Total
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 3,028,787	\$ 7,749	\$ 3,036,536
Miscellaneous revenue	399,915	-	399,915
Total operating revenues	<u>3,428,702</u>	<u>7,749</u>	<u>3,436,451</u>
<b>OPERATING EXPENSES:</b>			
Payroll costs	328,944	-	328,944
Professional and contract services	94,069	6,525	100,594
Depreciation	430,527	-	430,527
Amortization of wastewater treatment rights	31,760	-	31,760
Water purchases	1,048,219	-	1,048,219
Cost of cemetery lots sold	-	596	596
Other operating costs	987,547	-	987,547
Total operating expenses	<u>2,921,066</u>	<u>7,121</u>	<u>2,928,187</u>
Net operating income	<u>507,636</u>	<u>628</u>	<u>508,264</u>
<b>NON-OPERATING REVENUES(EXPENSES):</b>			
Interest income	7,035	79	7,114
Interest expense	(769,071)	-	(769,071)
Total non-operating revenues (expenses)	<u>(762,036)</u>	<u>79</u>	<u>(761,957)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>			
Transfer out	(254,400)	707	(253,693)
Total transfers and capital contributions	<u>(43,399)</u>	<u>-</u>	<u>(43,399)</u>
Change in net position	(297,799)	707	(297,092)
Total net position, beginning of year	<u>5,611,871</u>	<u>147,621</u>	<u>5,759,492</u>
Total net position, end of year	<u>\$ 5,314,072</u>	<u>\$ 148,328</u>	<u>\$ 5,462,400</u>

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

**EXHIBIT A-9**

**TOWN OF WESTLAKE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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	Utility Fund	Cemetery Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers	\$ 3,425,711	\$ 6,549	\$ 3,432,260
Payments to employees	(315,069)	-	(315,069)
Payments to suppliers	(2,129,935)	(6,170)	(2,136,105)
Net cash provided by operating activities	<u>980,707</u>	<u>379</u>	<u>981,086</u>
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfer to other funds	(43,399)	-	(43,399)
Net cash used in noncapital financing activities	<u>(43,399)</u>	<u>-</u>	<u>(43,399)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Principal paid on debt	(102,325)	-	(102,325)
Interest paid on debt	(153,347)	-	(153,347)
Investment earnings	7,035	79	7,114
Purchase of property and equipment	(1,441,881)	-	(1,441,881)
Net cash provided by (used in) capital and related financing activities	<u>(1,690,518)</u>	<u>79</u>	<u>(1,690,439)</u>
Net increase (decrease) in cash	(753,210)	458	(752,752)
Cash and cash equivalents at the beginning of the year	<u>4,980,032</u>	<u>51,181</u>	<u>5,031,213</u>
Cash and cash equivalents at the end of the year	<u>\$ 4,226,822</u>	<u>\$ 51,639</u>	<u>\$ 4,278,461</u>
<b>RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS:</b>			
Cash and cash equivalents	\$ 4,032,112	\$ 51,639	\$ 4,083,751
Restricted cash and cash equivalents	<u>194,710</u>	<u>-</u>	<u>194,710</u>
Total cash and cash equivalents	<u>4,226,822</u>	<u>51,639</u>	<u>4,278,461</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income	507,636	628	508,264
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	462,287	-	462,287
Provision for bad debts	6,300	6,300	12,600
Changes in operating assets and liabilities:			
Receivables	1,618	(6,242)	(4,624)
Prepaid Items	-		
Inventory	-	596	596
Compensated absences	7,389	-	7,389
Accounts payable	6,386	355	6,741
Customer deposits payable	22,908	-	22,908
Deferred revenue	<u>(33,817)</u>	<u>(1,258)</u>	<u>(35,075)</u>
Net cash provided by operating activities	<u>\$ 980,707</u>	<u>\$ 379</u>	<u>\$ 981,086</u>

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

**TOWN OF WESTLAKE**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**COMBINING STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2014**

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	Texas Student Housing Authority Ballpark Austin Project	Texas Student Housing Authority The Ridge at North Texas	Texas Student Housing Authority Town Lake Austin Project
<b>ASSETS</b>			
Cash and cash equivalents	\$ 781,063	\$ 352,180	\$ 52,023
Accounts receivable (net of allowance)	60,703	39,271	23,040
Prepaid rent		(32,946)	(17,311)
Restricted assets:			
Cash and cash equivalents	228,364	1,932,392	471,487
Capital assets:			
Land	4,788,265	2,200,000	2,182,816
Buildings and improvements	21,345,305	25,705,000	16,963,841
Machinery and equipment	6,993,063	1,253,841	1,211,085
Less: accumulated depreciation	(13,419,978)	(12,677,157)	(7,383,625)
Total assets	<u>20,776,785</u>	<u>18,772,581</u>	<u>13,503,356</u>
<b>LIABILITIES AND NET POSITION</b>			
<b>LIABILITIES:</b>			
Accounts payable and accrued expenses	1,198,555	261,404	236,846
Unearned revenue	205,453	159,835	135,053
Accrued interest payable	9,064,376	6,765,433	3,601,729
Bonds payable	<u>34,623,519</u>	<u>26,352,646</u>	<u>19,979,733</u>
Total liabilities	<u>45,091,903</u>	<u>33,539,318</u>	<u>23,953,361</u>
<b>NET POSITION:</b>			
Net investment in capital assets	(14,916,864)	(9,870,962)	(7,005,616)
Unrestricted	<u>(9,398,254)</u>	<u>(4,895,775)</u>	<u>(3,444,389)</u>
Total net position	<u>\$ (24,315,118)</u>	<u>\$ (14,766,737)</u>	<u>\$ (10,450,005)</u>

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

**EXHIBIT A-10**

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Texas Student Housing Authority Cambridge at College Station	Texas Student Housing Authority	Total
\$ 5,454,797	\$ 552,388	\$ 7,192,451
344,289	23,718	491,021
146,004	-	95,747
1,905,574	-	4,537,817
2,899,597	-	12,070,678
26,885,312	-	90,899,458
3,437,138	-	12,895,127
(11,712,976)	-	(45,193,736)
<u>29,359,735</u>	<u>576,106</u>	<u>82,988,563</u>
278,494	570	1,975,869
2,805,430	40,507	3,346,278
11,573,483	-	31,005,021
<u>29,885,000</u>	<u>-</u>	<u>110,840,898</u>
<u>44,542,407</u>	<u>41,077</u>	<u>147,168,066</u>
(8,375,929)	-	(40,169,371)
(6,806,743)	<u>535,029</u>	<u>(24,010,132)</u>
<u>\$ (15,182,672)</u>	<u>\$ 535,029</u>	<u>\$ (64,179,503)</u>

**TOWN OF WESTLAKE**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**COMBINING STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Business-type activities:</b>				
Texas Student Housing Authority	\$ 292,320	\$ 421,262	\$ -	\$ -
Texas Student Housing Authority:				
Cambridge at College Station	8,154,588	5,811,212	-	-
Ballpark Austin Project	6,699,682	4,083,329	-	-
Town Lake Austin Project	4,136,014	3,102,367	-	-
The Ridge at North Texas	5,601,332	4,491,973	-	-
Total business-type activities	<u>24,883,936</u>	<u>17,910,143</u>	<u>-</u>	<u>-</u>
Total primary government	<u><u>\$ 24,883,936</u></u>	<u><u>\$ 17,910,143</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**GENERAL REVENUES:**

Interest Income

Total general revenues

Change in Net Postion

NET POSITION, beginning of year as previously stated

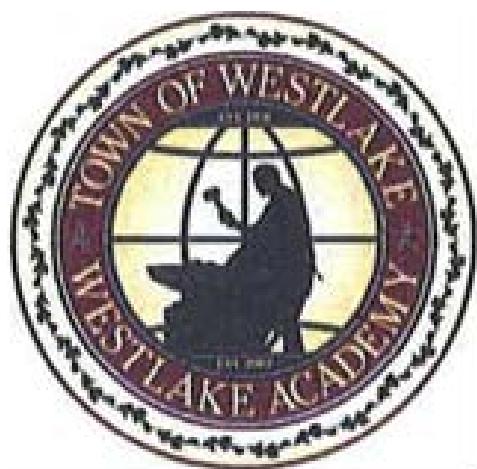
Change in accounting principle

NET POSITION, end of year

**EXHIBIT A-11**

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Net (Expense) Revenue and Changes in Net Position						Total
Texas Student Housing Authority Ballpark Austin Project	Texas Student Housing Authority The Ridge at North Texas	Texas Student Housing Authority Town Lake Austin Project	Texas Student Housing Authority Cambridge at College Station	Texas Student Housing Authority		Total
\$ -	\$ -	\$ -	\$ -	\$ 128,942	\$ 128,942	
-	-	-	(2,343,376)	-	(2,343,376)	
(2,616,353)	-	-	-	-	(2,616,353)	
-	-	(1,033,647)	-	-	(1,033,647)	
-	(1,109,359)	-	-	-	(1,109,359)	
<u>(2,616,353)</u>	<u>(1,109,359)</u>	<u>(1,033,647)</u>	<u>(2,343,376)</u>	<u>128,942</u>	<u>(6,973,793)</u>	
<u>\$ (2,616,353)</u>	<u>\$ (1,109,359)</u>	<u>\$ (1,033,647)</u>	<u>\$ (2,343,376)</u>	<u>\$ 128,942</u>	<u>\$ (6,973,793)</u>	
78	9,772	3	723	813	11,389	
78	9,772	3	723	813	11,389	
(2,616,275)	(1,099,587)	(1,033,644)	(2,342,653)	129,755	(6,962,404)	
(19,553,532)	(13,061,778)	(8,814,788)	(12,840,019)	405,274	(53,864,843)	
(2,145,311)	(605,372)	(601,573)	-	-	(3,352,256)	
<u>\$ (24,315,118)</u>	<u>\$ (14,766,737)</u>	<u>\$ (10,450,005)</u>	<u>\$ (15,182,672)</u>	<u>\$ 535,029</u>	<u>\$ (64,179,503)</u>	



**TOWN OF WESTLAKE**

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

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

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

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

**Financial Reporting Entity**

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Town's operations and are appropriately presented as funds of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the Town.

Based on these criteria, the financial information of the following entities have been blended or discretely presented within the financial statements: Lone Star Public Facilities Corporation, 4B Economic Development Corporation, Westlake Academy, Texas Student Housing Authority, Texas Student Housing Authority - Ballpark Austin Project; Texas Student Housing Authority- Town Lake Austin Project, Texas Student Housing Authority- Cambridge at College Station and Texas Student Housing Authority - The Ridge at North Texas.

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

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

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

**Component Units – Continued**

**Discretely Presented – Continued**

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

Texas Student Housing Authority  
3 Village Circle, Suite 202  
Westlake, Texas 76262

**Blended**

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

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

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

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

---

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

**Government-wide and Fund Financial Statements**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

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

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

The Town reports the following major governmental funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Town reports the following major proprietary funds:

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

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

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

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

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

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

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

**Cash and Cash Equivalents**

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

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

State statutes authorize the Town to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of, and interest on, which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent; (5) certificates of deposit by state or national banks domiciled in this state that are (a) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (b) secured by obligations that are described by (1) - (4); or (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by (1) pledged with third-party selected or (2) approved by the Town, and placed through a primary government securities dealer. All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

**Receivables and Payables**

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

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

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

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

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

**Receivables and Payables – Continued**

All property tax receivables are shown net of an allowance for uncollectibles. The net property tax receivable allowance is equal to management's estimate of uncollectible outstanding property taxes at September 30, 2014.

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

**Restricted Assets**

Certain bond proceeds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

**Inventories and prepaid items**

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

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

**Fund Changes and Transactions Between Funds**

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

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

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

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

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

**Capital Assets**

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

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

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

**Compensated Absences**

The Town's policy allows employees to earn 5 days of vacation and 5 days of sick leave between six months and one year of service, and 10 days of vacation and 10 days of sick leave between one year and two years of service and each successive year through five years of service. After completion of 5 years of service, 15 days of vacation and 15 days of sick leave per year are earned. After completion of 10 years of service, 20 days of vacation and 20 days of sick leave per year are earned. The Town makes sick and vacation time available in full at the beginning of each year, and hours are actually earned throughout the year. Unused, earned vacation hours are paid upon termination or retirement at the employee's normal hourly rate; accumulated, unused sick time is not payable upon termination or retirement.

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

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

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

**Long-term Obligations**

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

**Fund Equity and Net Position**

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

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

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

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

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

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

**Fund Equity and Net Position – Continued**

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

In the government-wide financial statements, net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**Estimates**

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

**Subsequent Events**

The Town has evaluated all events or transactions that occurred after September 30, 2014 up through February 17, 2015, the date the financial statements were issued.

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

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**NOTE 2. CASH AND INVESTMENTS**

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

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

That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar - weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

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

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

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

At year end, the carrying amount of the Town's deposits was \$17,025,613 and the bank balance was \$17,496,609. The bank balance was completely covered by federal deposit insurance and collateral held by the pledging financial institution in the Town's name.

At year end, the carrying amount of the component units' deposits was \$11,730,268 and the bank balance was \$11,709,260. The bank balance was completely covered by federal deposit insurance and collateral held by the pledging financial institution in the component units' names. The carrying amount consists of \$7,192,451 in cash and cash equivalents and \$4,537,817 in restricted cash and cash equivalents.

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

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

At September 30, 2014, the Town's cash and cash equivalents consist of and are classified in the accompanying financial statements are follows:

Cash and cash equivalents	\$ 16,831,253
Restricted cash and investments	<u>194,710</u>
Total cash and investments	<u>\$ 17,025,963</u>
Deposits with financial institutions	\$ 17,025,613
Investments	<u>350</u>
Total cash and investments	<u>\$ 17,025,963</u>

**Disclosures Relating to Interest Rate Risk**

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

As of September 30, 2014, the Town's investments were as follows:

Investment Type	Carrying Amount	Fair Value	Weighted Average Maturity (days)
TexPool	\$ <u>350</u>	\$ <u>350</u>	48 days

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

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

**Disclosures Relating to Credit Risk – Continued**

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

Primary government	Carrying Amount	Fair Value	Minimum Legal Rating	Rating as of Year-end
Investments: TexPool	\$ 350	\$ 350	N/A	AAA-m

**Disclosures Relating to Concentration of Credit Risk**

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

**Disclosures Relating to Custodial Credit Risk**

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

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

As of September 30, 2014, the Town's entire cash deposits with financial institutions in excess of federal depository insurance were fully collateralized.

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

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

**Investment in State Investment Pools**

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

During the year ended September 30, 2014, the Town had investments with TexPool. TexPool, a public funds investment pool created by the Treasurer of the State of Texas acting by and through the Texas Treasury Safekeeping Trust Company, which is empowered to invest funds and acts as custodian of investments purchased with local investment funds. These investments are not required to be categorized because the investor is not issued securities, but rather it owns an undivided beneficial interest in the assets of the respective funds. The fair value of the position in TexPool is the same as the value of the pool shares.

**Restricted Cash**

**Proprietary Fund**

Within the proprietary funds, \$194,710 of the fund represents customer deposits received for water and sewer usage that are refundable upon termination of service.

**Discretely Presented Component Units**

Within the discretely presented component units, the \$4,537,817 in restricted cash and cash equivalents represents funds held for debt service.

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

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**NOTE 3. RECEIVABLES**

Governmental activities receivable balance consists of the following as of September 30, 2014:

	Governmental Funds				
	General	Westlake Academy	Debt Service Fund	Nonmajor Fund	Total Governmental Funds
Receivables:					
Sales tax	\$ 451,937	\$ -	\$ -	\$ 177,474	\$ 629,411
Property tax	19,137	-	1,981	-	21,118
Other taxes	13,269	-	-	65,990	79,259
Franchise tax	195,118	-	-	-	195,118
Accounts	69,264	-	-	-	69,264
Other	90,120	330,292	-	-	420,412
Gross receivables	<u>838,845</u>	<u>330,292</u>	<u>1,981</u>	<u>243,464</u>	<u>1,414,582</u>
Less: allowance for uncollectibles	<u>(52,993)</u>	<u>-</u>	<u>(495)</u>	<u>-</u>	<u>(53,488)</u>
Net total receivables	<u><u>\$ 785,852</u></u>	<u><u>\$ 330,292</u></u>	<u><u>\$ 1,486</u></u>	<u><u>\$ 243,464</u></u>	<u><u>\$ 1,361,094</u></u>

Business-type receivables balance consists of the following as of September 30, 2014:

	Business-Type Activities		
	Utility Fund	Cemetery Fund	Total
Receivables:			
Sales tax	\$ -	\$ -	\$ -
Property tax	-	-	-
Other taxes	-	-	-
Franchise tax	-	-	-
Accounts	835,303	58	835,361
Other	-	-	-
Gross receivables	<u>835,303</u>	<u>58</u>	<u>835,361</u>
Less: allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>
Net total receivables	<u><u>\$ 835,303</u></u>	<u><u>\$ 58</u></u>	<u><u>\$ 835,361</u></u>

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

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**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2014, was as follows:

**Primary Government**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 11,896,663	\$ -	\$ -	\$ -	\$ 11,896,663
Construction in progress	2,834,092	1,123,009	-	(1,488,663)	2,468,438
Total assets not being depreciated	14,730,755	1,123,009	-	(1,488,663)	14,365,101
Capital assets, being depreciated:					
Capital improvements	11,374,376	-	-	-	11,374,376
Buildings	21,777,872	8,359,119	-	1,488,663	31,625,654
Machinery and equipment	2,840,828	495,728	-	-	3,336,556
Information systems and software	70,854	34,710	-	-	105,564
Total capital assets being depreciated	36,063,930	8,889,557	-	1,488,663	46,442,150
Less accumulated depreciation:					
Capital improvements	(3,189,854)	(369,800)	-	-	(3,559,654)
Buildings	(4,165,981)	(449,820)	-	-	(4,615,801)
Machinery and equipments	(2,264,537)	(103,002)	-	-	(2,367,539)
Information systems and software	(52,430)	(6,141)	-	-	(58,571)
Total accumulated depreciation	(9,672,802)	(928,763)	-	-	(10,601,565)
Total capital assets being depreciated	26,391,128	7,960,794	-	1,488,663	35,840,585
Governmental activities capital assets, net	<u>\$ 41,121,883</u>	<u>\$ 9,083,803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,205,686</u>
Business-type activities:					
Capital assets, not being depreciated:					
Construction in progress	\$ 342,924	\$ -	\$ -	\$ (96,803)	\$ 246,121
Total assets not being depreciated	342,924	-	-	(96,803)	246,121
Capital assets, being depreciated:					
Capital improvements	13,376,253	1,409,779	-	96,803	14,882,835
Wastewater treatment rights	635,199	-	-	-	635,199
Machinery and equipment	3,466,046	32,102	-	-	3,498,148
Total capital assets being depreciated	17,477,498	1,441,881	-	96,803	19,016,182
Less accumulated depreciation:					
Capital improvements	(3,761,351)	(311,627)	-	-	(4,072,978)
Wastewater treatment rights	(418,173)	(31,760)	-	-	(449,933)
Machinery and equipment	(1,517,657)	(118,900)	-	-	(1,636,557)
Total accumulated depreciation	(5,697,181)	(462,287)	-	-	(6,159,468)
Total capital assets being depreciated	11,780,317	979,594	-	96,803	12,856,714
Business-type activities capital assets, net	<u>\$ 12,123,241</u>	<u>\$ 979,594</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,102,835</u>

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

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**NOTE 4. CAPITAL ASSETS – CONTINUED**

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

Governmental activities:

General government	\$ 513,698
Public safety	75,052
Public works	<u>340,013</u>
Total depreciation expense - governmental activities	<u>\$ 928,763</u>

Business-type activities:

Water and sewer	<u>\$ 462,287</u>
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A summary of discretely presented component units' capital assets at September 30, 2014 follows:

**Texas Student Housing Authority – Ballpark Austin Project**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	<u>\$ 4,788,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,788,265</u>
Total assets not being depreciated	<u>4,788,265</u>	<u>-</u>	<u>-</u>	<u>4,788,265</u>
Capital assets, being depreciated:				
Buildings	<u>21,345,305</u>	<u>-</u>	<u>-</u>	<u>21,345,305</u>
Furniture and fixtures	<u>6,993,063</u>	<u>-</u>	<u>-</u>	<u>6,993,063</u>
Total capital assets being depreciated	<u>28,338,368</u>	<u>-</u>	<u>-</u>	<u>28,338,368</u>
Less accumulated depreciation:				
Buildings	<u>(8,300,952)</u>	<u>(711,510)</u>	<u>-</u>	<u>(9,012,462)</u>
Furniture and fixtures	<u>(4,258,350)</u>	<u>(149,166)</u>	<u>-</u>	<u>(4,407,516)</u>
Total accumulated depreciation	<u>(12,559,302)</u>	<u>(860,676)</u>	<u>-</u>	<u>(13,419,978)</u>
Total capital assets being depreciated	<u>15,779,066</u>	<u>(860,676)</u>	<u>-</u>	<u>14,918,390</u>
Capital assets, net	<u>\$ 20,567,331</u>	<u>\$ (860,676)</u>	<u>\$ -</u>	<u>\$ 19,706,655</u>

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

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**NOTE 4. CAPITAL ASSETS – CONTINUED**

**Texas Student Housing Authority – The Ridge at North Texas**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,200,000	\$ -	\$ -	\$ 2,200,000
Total assets not being depreciated	2,200,000	-	-	2,200,000
Capital assets, being depreciated:				
Buildings	25,705,000	-	-	25,705,000
Furniture and fixtures	1,253,841	-	-	1,253,841
Total capital assets being depreciated	26,958,841	-	-	26,958,841
Less accumulated depreciation:				
Buildings	(10,639,014)	(856,833)	-	(11,495,847)
Furniture and fixtures	(1,172,860)	(8,450)	-	(1,181,310)
Total accumulated depreciation	(11,811,874)	(865,283)	-	(12,677,157)
Total capital assets being depreciated	15,146,967	(865,283)	-	14,281,684
Capital assets, net	\$ 17,346,967	\$ (865,283)	\$ -	\$ 16,481,684

**Texas Student Housing Authority – Town Lake Austin Project**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,182,816	\$ -	\$ -	\$ 2,182,816
Total assets not being depreciated	2,182,816	-	-	2,182,816
Capital assets, being depreciated:				
Building and improvements	13,270,150	-	-	13,270,150
Capitalized purchase price	887,095	-	-	887,095
Land improvements	2,806,596	-	-	2,806,596
Unit appliances	295,134	-	-	295,134
Furniture and fixtures	915,951	-	-	915,951
Total capital assets being depreciated	18,174,926	-	-	18,174,926
Less accumulated depreciation:				
Building and improvements	(4,533,968)	(442,338)	-	(4,976,306)
Capitalized purchase price	(284,840)	(28,485)	-	(313,325)
Land improvements	(789,356)	(93,553)	-	(882,909)
Unit appliances	(295,134)	-	-	(295,134)
Furniture and fixtures	(915,951)	-	-	(915,951)
Total accumulated depreciation	(6,819,249)	(564,376)	-	(7,383,625)
Total capital assets being depreciated	11,355,677	(564,376)	-	10,791,301
Capital assets, net	\$ 13,538,493	\$ (564,376)	\$ -	\$ 12,974,117

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

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**NOTE 4. CAPITAL ASSETS – CONTINUED**

**Texas Student Housing Authority – Cambridge at College Station**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,899,597	\$ -	\$ -	\$ 2,899,597
Total assets not being depreciated	2,899,597	-	-	2,899,597
Capital assets, being depreciated:				
Buildings	26,885,312	-	-	26,885,312
Furniture and fixtures	3,437,138	-	-	3,437,138
Total capital assets being depreciated	30,322,450	-	-	30,322,450
Less accumulated depreciation:				
Buildings	(7,957,433)	(895,741)	-	(8,853,174)
Furniture and fixtures	(2,771,229)	(88,573)	-	(2,859,802)
Total accumulated depreciation	(10,728,662)	(984,314)	-	(11,712,976)
Total capital assets being depreciated	19,593,788	(984,314)	-	18,609,474
Capital assets, net	\$ 22,493,385	\$ (984,314)	\$ -	\$ 21,509,071

**NOTE 5. LONG-TERM DEBT**

A summary of long-term debt transactions for the year ended September 30, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One year
<b>Governmental activities:</b>					
General obligation bonds and certificates of obligation	\$ 29,186,800	\$ 1,910,000	\$ (2,807,000)	\$ 28,289,800	\$ 1,050,550
Unamortized bond premium	700,588	84,598	(40,858)	744,328	-
Notes payable	17,420	401,484	(47,440)	371,464	48,247
Capital leases	-	239,009	(1,631)	237,378	83,031
Fidelity tax reimbursement	96,026	-	(30,237)	65,789	31,975
Compensated absences	106,404	120,920	(69,461)	157,863	15,786
Total governmental activities	\$ 30,107,238	\$ 2,756,011	\$ (2,996,627)	\$ 29,866,622	\$ 1,229,589

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One year
<b>Business-type activities:</b>					
Certificates of obligation	\$ 1,025,200	\$ -	\$ (11,000)	\$ 1,014,200	\$ 21,450
Contractual obligations	5,412,149	-	(91,325)	5,320,824	94,530
Unamortized bond premium	34,569	-	(1,172)	33,397	-
Compensated absences	13,527	16,757	(9,368)	20,916	2,092
Total business-type activities	\$ 6,485,445	\$ 16,757	\$ (112,865)	\$ 6,389,337	\$ 118,072

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

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

**General Obligation Bonds and Certificates of Obligation**

General obligation bonds and certificates of obligation are as follows as of September 30, 2014:

General Obligations Bonds and Certificates of Obligation	Final Maturity	Interest Rates	Governmental	Business-Type
\$7,465,000 General Obligation Refunding Bonds, Series 2007	2032	3.75-4.20%	\$ 7,200,000	\$ -
\$2,095,000 Combination Tax and Revenue Certificates of Obligation, Series 2011	2031	3.25%	1,824,000	-
\$7,375,000 General Obligation Refunding Bonds, Series 2011	2028	2.0-4.0%	7,175,000	-
\$9,320,000 Certificates of Obligation, Series 2013	2043	2.0-4.0%	8,205,800	1,014,200
\$2,200,000 General Obligation Refunding Bonds, Series 2013	2028	2.0-2.5%	1,975,000	-
\$1,910,000 General Obligation Refunding Bonds, Series 2014	2032	2.0-5.0%	1,910,000	-
			\$ 28,289,800	\$ 1,014,200

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

Year Ending September 30,	Principal	Interest	Total Requirements
2015	\$ 1,050,550	\$ 961,828	\$ 2,012,378
2016	1,068,550	942,543	2,011,093
2017	1,088,000	939,260	2,027,260
2018	1,127,000	897,495	2,024,495
2019	1,160,450	863,898	2,024,348
2020-2024	6,367,250	3,761,614	10,128,864
2025-2029	7,475,350	2,627,689	10,103,039
2030-2034	5,726,400	1,100,459	6,826,859
2035-2039	1,655,400	470,924	2,126,324
2040	1,570,850	128,961	1,699,811
	\$ 28,289,800	\$ 12,694,671	\$ 40,984,471

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

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

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

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

<b>Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Requirements</b>
2015	\$ 21,450	\$ 34,325	\$ 55,775
2016	21,450	33,896	55,346
2017	22,000	33,461	55,461
2018	22,000	33,021	55,021
2019	22,550	32,576	55,126
2020-2024	123,750	154,472	278,222
2025-2029	155,650	134,550	290,200
2030-2034	226,600	98,474	325,074
2035-2039	204,600	58,204	262,804
2040-2043	194,150	15,939	210,089
<b>Total</b>	<b>\$ 1,014,200</b>	<b>\$ 628,918</b>	<b>\$ 1,643,118</b>

In January 2014, the Town issued \$1,910,000 General Obligation Refunding Bonds, Series 2014 for the purpose of refunding \$1,880,000 of Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2003. The refunding was undertaken to lower debt service requirements. The reacquisition price exceeded the net carrying amount of the old debt by \$45,315. This amount is recorded as a deferred outflow of resources and is being amortized over the life of the refunded debt. The transaction reduced future debt service payments by \$197,294 and resulted in an economic gain (difference between the debt service payments of the old debt and new debt) of \$141,287.

**Notes Payable**

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

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

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

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

**Notes Payable – Continued**

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

<u>Year Ending</u> <u>September 30,</u>	
2015	\$ 48,247
2016	48,247
2017	36,677
2018	36,677
2019	36,677
2020-2024	<u>164,939</u>
 Total	 <u>\$ 371,464</u>

**Capital Leases**

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

Equipment and software with a historical cost of \$239,009 was under capital lease at September 30, 2014. Because the cost of the individual items was below the Town's capitalization threshold, the entire cost was recorded as expense during the year ended September 30, 2014.

The following schedule shows the future minimum lease payments under the capitalized lease together with the present value of the net minimum lease payments as of September 30, 2014:

<u>Year Ending</u> <u>August 31,</u>	<u>Annual</u> <u>Lease Payments</u>
2015	\$ 84,186
2016	84,186
2017	<u>84,186</u>
 Total minimum lease payments	 252,558
 Less: Amounts representing interest	 <u>(15,180)</u>
 Present value of net minimum lease payments	 <u>\$ 237,378</u>

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

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

**Fidelity Tax Reimbursement**

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

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

Year Ending September 30,	Principal	Interest	Total Requirements
2015	\$ 31,975	\$ 3,783	\$ 35,758
2016	<u>33,814</u>	<u>1,944</u>	<u>35,758</u>
Total	<u>\$ 65,789</u>	<u>\$ 5,727</u>	<u>\$ 71,516</u>

**Contractual Obligations**

Proprietary funds contractual obligations as of September 30, 2014 are as follows:

Contractual Obligations	Maturity	Interest Rate	Business- Type
Elevated Water Storage Facility	2020	5.0-5.65%	\$ 640,880
Limited pledge contractual obligation: Dove Road Water Line and West Pump Station	2028	6.75%	4,679,944
			<u>\$ 5,320,824</u>

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

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

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

**Contractual Obligations – Continued**

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

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

Year Ending September 30,	Principal	Interest	Total Requirements
2015	\$ 94,530	\$ 756,347	\$ 850,877
2016	99,336	806,206	905,542
2017	104,143	855,304	959,447
2018	108,950	910,117	1,019,067
2019	233,921	971,449	1,205,370
2020-2024	-	1,761,170	1,761,170
2025-2028	4,679,944	-	4,679,944
Total	\$ 5,320,824	\$ 6,060,593	\$ 11,381,417

**Prior Year Defeasance of Debt**

In prior years, the government defeased general obligations bonds by placing proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. At September 30, 2014, there were no prior year defeased bonds outstanding.

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

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

**Compensated Absences**

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

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

**Texas Student Housing Authority – Ballpark Austin Project**

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue Bonds:					
2001 A Bonds	\$ 28,840,000	\$ -	\$ -	\$ 28,840,000	\$ 745,000
2001 B Bonds	2,365,000	-	-	2,365,000	55,000
2001 C Bonds	3,000,000	-	-	3,000,000	-
Deferred purchase price	1,460,000	-	-	1,460,000	-
Less discounts	(1,101,566)	-	60,085	(1,041,481)	-
Total	<u>\$ 34,563,434</u>	<u>\$ -</u>	<u>\$ 60,085</u>	<u>\$ 34,623,519</u>	<u>\$ 800,000</u>

The bonds are payable solely from the revenues generated by the Project and secured by the revenues pledged and assigned under the terms of the trust indenture. Interest rates on the bonds range from 4.00% to 11.00% and are payable semi-annually.

The debt service requirements of the bonds are as follows:

Year Ending September 30,	Principal	Interest	Total Requirements
Past Due	\$ 1,035,000	\$ 4,668,109	\$ 5,703,109
2015	800,000	1,962,856	2,762,856
2016	845,000	1,916,950	2,761,950
2017	890,000	1,868,556	2,758,556
2018	940,000	1,817,406	2,757,406
2019	985,000	1,763,500	2,748,500
2020-2024	5,815,000	7,901,631	13,716,631
2025-2029	7,615,000	6,009,188	13,624,188
2030-2034	<u>15,280,000</u>	<u>6,893,438</u>	<u>22,173,438</u>
Total	<u>\$ 34,205,000</u>	<u>\$ 34,801,634</u>	<u>\$ 69,006,634</u>

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

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

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

**Texas Student Housing Authority – Ballpark Austin Project – Continued**

At August 31, 2013, the Project had not made interest payments on the Subordinate 2001C Bond Series since July 2003, and the Subordinate 2001C Bond is in default. In addition, the Project's fixed charges coverage ratio was not in compliance with the covenants of the indenture. These events constitute an event of default that accelerates the bonds.

**Texas Student Housing Corporation -The Ridge at North Texas**

The long-term debt activity of the Ridge at North Texas is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Revenue Bonds:					
2001 A Bonds	\$ 24,445,000	\$ -	\$ (735,000)	\$ 23,710,000	\$ 785,000
2001 B Bonds	3,240,000	-	-	3,240,000	-
Less discount on bonds	(634,839)	-	37,485	(597,354)	-
Total	<u>\$ 27,050,161</u>	<u>\$ -</u>	<u>\$ (697,515)</u>	<u>\$ 26,352,646</u>	<u>\$ 785,000</u>

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

At September 30, 2014, the Project was not in compliance with certain covenants of the Indenture including insufficient funds in some of the required funds discussed in Note 2 and a fixed charges ratio less than 1.0. In addition, all required principal payments on the Series B bonds had not been made as of September 30, 2014. Upon certain events of default either the trustee, or owners of not less than 25% in aggregate principal of the bonds then outstanding, may declare the principal and all interest then due to be immediately due and payable.

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

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

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

**Texas Student Housing Corporation – The Ridge at North Texas – Continued**

The debt service requirements of the bonds are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
Past Due	\$ 1,240,000	\$ 6,459,199	\$ 7,699,199
2015	785,000	1,837,405	2,622,405
2016	835,000	1,784,418	2,619,418
2017	950,000	1,728,055	2,678,055
2018	1,020,000	1,661,593	2,681,593
2019	1,085,000	1,589,980	2,674,980
2020-2024	6,710,000	6,683,473	13,393,473
2025-2029	9,500,000	3,905,638	13,405,638
2030-2034	4,825,000	531,508	5,356,508
	<u>\$ 26,950,000</u>	<u>\$ 26,181,269</u>	<u>\$ 53,131,269</u>

**Texas Student Housing Authority – Town Lake Austin Project**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreses</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Revenue Bonds:</b>					
2002 A-1 Bonds	\$ 15,216,509	\$ -	\$ (326,017)	\$ 14,890,492	\$ 354,491
2002 A-2 Bonds	<u>5,089,241</u>	<u>-</u>	<u>-</u>	<u>5,089,241</u>	<u>-</u>
Total	<u>\$ 20,305,750</u>	<u>\$ -</u>	<u>\$ (326,017)</u>	<u>\$ 19,979,733</u>	<u>\$ 354,491</u>

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

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

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

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

**Texas Student Housing Authority – Town Lake Austin Project – Continued**

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

Year Ending September 30,	Principal	Interest	Total Requirements
Past Due	\$ -	\$ 3,345,538	\$ 3,345,538
2015	354,491	1,914,271	2,268,762
2016	382,998	1,508,639	1,891,637
2017	413,797	1,477,840	1,891,637
2018	447,074	1,444,563	1,891,637
2019	483,026	1,408,611	1,891,637
2020-2024	3,064,148	6,394,037	9,458,185
2025-2029	4,510,942	4,947,243	9,458,185
2030-2033	10,323,257	2,467,629	12,790,886
Total	<u>\$ 19,979,733</u>	<u>\$ 24,908,371</u>	<u>\$ 44,888,104</u>

**Texas Student Housing Authority – Cambridge at College Station**

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

Lender/Security/Due/Date	Rate	Balance
Cambridge Student Housing Financing Company, L.P.; substantially all assets and assignment of rents: due November 1, 2039	8.00%	<u>\$ 29,885,000</u>

The following is a summary of long-term debt transactions of the Project for the year ended August 31, 2014:

Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>\$ 30,310,000</u>	<u>\$ -</u>	<u>\$ (425,000)</u>	<u>\$ 29,885,000</u>	<u>\$ 515,000</u>

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

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

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

**Texas Student Housing Authority – Cambridge at College Station – Continued**

The debt is to be amortized through 2040 with varying payments. The annual requirements to amortize the Project's outstanding installment notes payable as of September 30, 2014 are as follows:

Year Ending September 30, 2014	Governmental Activities		
	Principal	Interest	Total
Past Due	\$ 255,000	\$ 11,161,489	\$ 11,416,489
2015	515,000	1,838,003	2,353,003
2016	555,000	1,795,820	2,350,820
2017	600,000	1,751,328	2,351,328
2018	645,000	1,703,325	2,348,325
2019	720,000	1,650,637	2,370,637
2020-2024	3,525,000	7,371,300	10,896,300
2025-2029	3,325,000	6,173,200	9,498,200
2030-2034	4,790,000	4,653,750	9,443,750
2035-2039	6,915,000	2,442,720	9,357,720
2040	8,040,000	103,808	8,143,808
Total	<u>\$ 29,885,000</u>	<u>\$ 40,645,380</u>	<u>\$ 70,530,380</u>

Class C and D bonds are in default and the property does not generate enough revenue to pay the debt obligations. All of the Class C and D bonds issued remain outstanding as of September 30, 2014.

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

At September 30, 2014, the Project was not in compliance with the fixed charge coverage ratio. As a result, the lender may accelerate the maturity of the unpaid portion of the principal payable under the installment sale agreement. However, the Authority does not anticipate this event will occur, since foreclosure by private interests would result in the loss of tax-exempt status for the Project.

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

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

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

Unearned revenue in the proprietary fund of \$318,352 relates to the collection of the entire amount due on eight Ductbank leases as follows: one 25-year lease with AT&T local network services; five leases with Verizon Southwest ranging from 20 to 30 years; one 5-year lease with MCI Metro; and one 5-year lease with L3 Communications for use of the Town's Ductbank.

Governmental funds report *deferred inflows of resources* in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, deferred inflows of resources reported in the governmental funds consist of \$14,353 and \$1,486 of unavailable property taxes in the general fund and debt service fund, respectively; and \$106,129 of grants to be used primarily in the subsequent fiscal year in the Westlake Academy fund.

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

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

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

The Town received financial assistance from various federal and state governmental agencies in the form of grants for Westlake Academy. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any unallowed disbursement resulting from such audits becomes a liability of the Town. In the opinion of the Town management, no material refunds will be required as a result of unallowed disbursements (if any) by the grantor agencies. Sources of federal and state program revenues for the year ended September 30, 2014, were as follows:

Source	Westlake Academy
Federal program revenues:	
U.S. Department of Education - Passed through State Department of Education	
Total federal program revenues:	\$ <u>80,103</u>
State program revenues:	
State Department of Education	\$ <u>5,269,641</u>

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

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**NOTE 9. INTERFUND BALANCES AND TRANSACTIONS**

Interfund receivables and payables at September 30, 2014, were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General fund	\$ 157,353	\$ 11,983
Nonmajor governmental funds:		
4B Economic Development Fund	-	157,353
Economic Development Fund	<u>11,983</u>	<u>-</u>
	<u><u>\$ 169,336</u></u>	<u><u>\$ 169,336</u></u>

The 4B Economic Development Corporation fund amount of \$157,353 payable to the General Fund is related to debt service payment reimbursement.

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

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

Individual fund transfers for fiscal year 2014 were as follows:

Transfer out	Transfer in	Amount	Purpose
General Fund	Nonmajor governmental	\$ 35,758	Payment to Fidelity (Phase I)
General Fund	Debt Service Fund	544,656	Debt service payments
General Fund	Westlake Academy Expansion	630,000	Payment for the expansion project
General Fund	Nonmajor governmental	11,983	Economic development
Utility Fund	General Fund	43,399	Collection of Ft. Worth Impact Fees
Nonmajor governmental	Debt Service Fund	1,181,695	Debt service payments
Capital Projects	Westlake Academy Expansion	200,000	Payments for parking lot expenses
Nonmajor governmental	General Fund	13,020	Visitors association
Nonmajor governmental	Debt Service Fund	151,700	Debt service payments
General Fund	Westlake Academy	90,000	Facility and technology contributions
General Fund	Westlake Academy	<u>192,000</u>	Payment for the expansion project
		<u><u>\$ 3,094,211</u></u>	

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

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

The Town has a contract with the City of Fort Worth, Texas, to purchase water. Under the contract, the Town may obtain from the City of Fort Worth, a supply of potable water at a reasonable rate based on water usage. The rate charges are subject to minimum annual contract payments. Water expense for the year ended September 30, 2014 was \$1,048,219.

**NOTE 11. RETIREMENT PLAN**

**Plan Description**

The Town provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the Town are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly-available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at [www.TMRS.com](http://www.TMRS.com).

The plan provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS. Plan provisions for the Town were as follows:

	<u>Plan Year 2013</u>	<u>Plan Year 2014</u>
Employee deposit rate	7.0%	7.0%
Matching ration (town to employee)	2 to 1	2 to 1
Years required for Vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated sevice credit	100% repeating, transfers	100% repeating, transfers
Annuity increase (to retirees)	0% of CPI repeating	0% of CPI repeating

**Contributions**

Under the state law governing TMRS, the contribution rate for each town is determined annually by the actuary, using the Early Age Normal (EAN) actuarial cost method (EAN was first used in the December 31, 2013 valuation; previously the Projected Unit Credit actuarial costs method had been used). This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

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

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**NOTE 11. RETIREMENT PLAN – CONTINUED**

**Contributions – Continued**

The Town contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the Town make contributions monthly. Since the Town needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

Accounting Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation
9/30/2012	\$ 132,882	\$ 132,882	100%	-
9/30/2013	135,813	135,813	100%	-
9/30/2014	179,250	179,250	100%	-

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

Valuation Date	12/31/2011	12/31/2012	12/31/2013
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization Method	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 Equivalent Single Amortization Period	21.3 years; closed period	20.9 years closed period	30.0 years closed period
Amortization Period for New Gains/Losses	25 years	25 years	25 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return *	7.0%	7.0%	7.0%
Projected Salary Increases *	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at Cost-of-Living Adjustments	3.0% 0.0%	3.0% 0.0%	3.0% 0.0%

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

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**NOTE 11. RETIREMENT PLAN – CONTINUED**

**Contributions – Continued**

The funded status as of December 31, 2013, under the actuarial valuation, is presented as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio	Unfunded Actuarial Accrued Liability	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
12/31/2010	\$ 1,863,399	\$ 2,197,161	84.8%	\$ 333,762	\$ 1,534,927	21.7%
12/31/2011	2,226,028	2,631,416	84.6%	405,388	1,759,432	23.0%
12/31/2012	2,611,474	3,086,228	84.6%	474,754	1,876,305	25.3%
12/31/2013	3,024,883	3,669,053	82.4%	644,170	1,936,016	33.3%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

**Other Postemployment Benefits**

**Supplemental Death Benefits Fund**

The Town also participates in the cost sharing multiple-employer defined benefit group term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The Town elected, by ordinance to provide group term life insurance coverage to both current and retired employees. The Town may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

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

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**NOTE 11. RETIREMENT PLAN – CONTINUED**

**Other Postemployment Benefits – Continued**

**Contributions**

The Town contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The Town's contributions to the TMRS SDBF for the years ended September 30, 2014 and 2013 were \$2,637 and \$2,270, respectively.

**NOTE 12. RISK MANAGEMENT**

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

**NOTE 13. CONTINGENT LIABILITIES**

**Litigation**

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

**Circle T Municipal Utility Districts**

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

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

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

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**NOTE 14. SUBSEQUENT EVENTS**

**Fire Loss**

On December 31, 2014, the Town's fire department suffered a loss due to a fire in the living quarters. During a Town Council Emergency Meeting on January 8, 2015, \$200,000 was approved for expenditures related to the loss. Firefighters are staying in temporary living quarters until replacement accommodations can be built. Land for a permanent fire station is currently being explored.

**Special Assessment Revenue Bond Issue**

On February 5, 2015, the Town issued \$26,175,000 of Special Assessment Revenue Bonds, Series 2015 related to the Solana Public Improvement District (the District) which was created by the Town on February 24, 2014. The proceeds from the issue will be used as follows: payment of a portion of the costs of construction, acquisition, or purchase of certain water, wastewater and roadway public improvements for the benefit of the District; funding a reserve fund; funding capitalized interest; payment of a portion of the costs incidental to the organization of the District; and payment of the cost of issuance of the bonds. The bonds are special obligations of the Town payable solely from special assessments levied against parcels within the District and other pledged funds held under the indenture relating to the bonds. The bonds do not give rise to a charge against the general credit or taxing powers of the Town.

**NOTE 15. CUMULATIVE EFFECT OF ADOPTION OF GASB STATEMENT NO. 65**

As a result of the implementation of GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, an adjustment has been made to write off all unamortized bond issuance costs from previous years. As a result, governmental activities beginning net position has been decreased by \$647,443.

**NOTE 16. GOING CONCERN**

The 2014 financial statements were prepared assuming the Texas Student Housing entities will continue as going concerns. The Texas Student Housing entities' bonds payable are considered to be in default due to not making full principal and interest payments and, therefore, are reported as current liabilities. This is considered an event of default by the Trustees, which gives the bondholders the right to accelerate and demand payment of the bonds in full. Management and the property managers are in the process of developing and implementing plans to increase occupancy and rental rates at the properties to improve their financial performance. Texas Student Housing - Ballpark Austin was unsuccessful in identifying sufficient funds to cure its maturity default and entered into a termination agreement with the bondholder, which resulted in the foreclosure and sale of the Ballpark Austin property in satisfaction of the bonds subsequent to year end.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**EXHIBIT B-1**

**TOWN OF WESTLAKE**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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	General Fund			
	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Amended		
<b>REVENUES:</b>				
Taxes				
Sales	\$ 3,150,000	\$ 3,275,000	\$ 3,471,344	\$ 196,344
Property	1,189,825	1,189,825	1,198,374	8,549
Mixed beverages	50,000	50,000	51,602	1,602
Franchise	650,388	787,508	795,322	7,814
Interest income	10,420	10,420	10,503	83
Building permits and fees	786,000	1,008,500	1,175,075	166,575
Fines and penalties	570,000	645,000	730,441	85,441
Intergovernmental	-	-	3,540	3,540
Miscellaneous	<u>51,759</u>	<u>55,959</u>	<u>70,338</u>	<u>14,379</u>
Total revenues	<u>6,458,392</u>	<u>7,022,212</u>	<u>7,506,539</u>	<u>484,327</u>
<b>EXPENDITURES:</b>				
Current				
General government	2,465,611	2,674,111	2,236,360	437,751
Public safety	2,267,644	2,267,644	2,146,587	121,057
Cultural and recreation	157,518	152,518	123,541	28,977
Public works	791,010	631,849	615,781	16,068
Capital outlay	29,020	15,000	20,875	(5,875)
Debt service				
Principal retirement	-	18,339	47,440	(29,101)
Interest and other fiscal charges	-	-	800	(800)
Total expenditures	<u>5,710,803</u>	<u>5,759,461</u>	<u>5,191,384</u>	<u>568,077</u>
Excess of revenues over expenditures	<u>747,589</u>	<u>1,262,751</u>	<u>2,315,155</u>	<u>1,052,404</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	50,520	50,520	56,419	5,899
Transfers out	(1,166,531)	(1,313,524)	(1,504,397)	(190,873)
Note proceeds	-	-	34,710	34,710
Net other financing sources (uses)	<u>(1,116,011)</u>	<u>(1,263,004)</u>	<u>(1,413,268)</u>	<u>(150,264)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(368,422)</b>	<b>(253)</b>	<b>901,887</b>	<b>902,140</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>7,051,631</b>	<b>7,051,631</b>	<b>7,051,631</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 6,683,209</b>	<b>\$ 7,051,378</b>	<b>\$ 7,953,518</b>	<b>\$ 902,140</b>

**EXHIBIT B-2**

**TOWN OF WESTLAKE**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL – WESTLAKE ACADEMY**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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	Westlake Academy			Variance Favorable (Unfavorable)	
	Budgeted Amounts		Actual		
	Original	Final			
<b>REVENUES:</b>					
State program revenues	\$ 4,855,506	\$ 5,110,628	\$ 5,269,641	\$ 159,013	
Federal program revenues	67,722	80,008	80,103	95	
Interest income	2,500	2,500	1,450	(1,050)	
Miscellaneous	<u>1,535,934</u>	<u>1,971,339</u>	<u>1,353,525</u>	<u>(617,814)</u>	
Total revenues	<u>6,461,662</u>	<u>7,164,475</u>	<u>6,704,719</u>	<u>(459,756)</u>	
<b>EXPENDITURES:</b>					
Education	6,390,294	6,976,597	7,143,678	(167,081)	
Interest and other fiscal charges	<u>6,405</u>	<u>6,405</u>	<u>3,733</u>	<u>2,672</u>	
Total expenditures	<u>6,396,699</u>	<u>6,983,002</u>	<u>7,147,411</u>	<u>(164,409)</u>	
Excess (deficiency) of revenues over expenditures	64,963	181,473	(442,692)	(624,165)	
<b>OTHER FINANCING SOURCES</b>					
Transfers in	-	256,266	282,000	25,734	
Capital lease proceeds	-	-	239,009	239,009	
Total other financing sources	-	<u>256,266</u>	<u>521,009</u>	<u>264,743</u>	
<b>NET CHANGE IN FUND BALANCE</b>	64,963	437,739	78,317	(359,422)	
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>992,981</u>	<u>992,981</u>	<u>992,981</u>	<u>-</u>	
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 1,057,944</u>	<u>\$ 1,430,720</u>	<u>\$ 1,071,298</u>	<u>\$ (359,422)</u>	

**TOWN OF WESTLAKE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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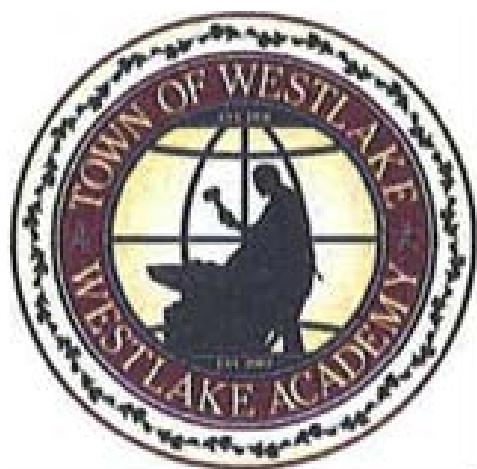
**Budgetary Information** -The Town follows these procedures annually in establishing the budgetary data reflected in the budgetary comparison schedules:

1. The Town Manager submits to the Town Council a proposed budget for the fiscal year commencing the following October 1. The budget includes proposed expenditures and the means of financing them.
2. Prior to October 1, the budget is legally adopted through passage of an ordinance. This budget is reported as the Original Budget in the budgetary comparison schedules.
3. During the fiscal year, changes to the adopted budget may be authorized, as follows:
  - a. Items requiring Town Council action - appropriation of fund balance reserves; transfers of appropriations between funds; new inter-fund loans or advances; and creation of new capital projects or increases to existing capital projects.
  - b. Items delegated to the Town Manager - appropriation balances from an expenditure account to another within a single fund.
4. Annual budgets are legally adopted and amended as required for the general, special revenue and debt service funds. Project length budgets are adopted for the capital projects funds. All budgets are adopted on a basis consistent with generally accepting accounting principles. Budgets are adopted for the proprietary funds annually only as a management tool. There are no legally mandated budgetary constraints for the proprietary funds.
5. Budget amounts are reflected after all authorized amendments and revisions. This budget is reported as the Final Budget in the budgetary comparison schedules.
6. The appropriated budget is prepared by fund, function and department. The Town's management may make transfers of appropriations within a fund. Transfers of appropriations between funds require the approval of the Town Council. The legal level of budgetary control is the fund level. The Town Council made several supplementary budget appropriations during the year.
7. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation is utilized in the governmental funds. Encumbrances lapse at year-end and do not constitute expenditures or liabilities because the commitments must be re-appropriated and honored during the subsequent year.
8. Expenditures exceeded appropriations in the capital outlay and debt service of the General Fund and total expenditures exceeded appropriations in the Westlake Academy Fund.

**TOWN OF WESTLAKE**  
**SCHEDULE OF FUNDING PROGRESS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**  
**(UNAUDITED)**

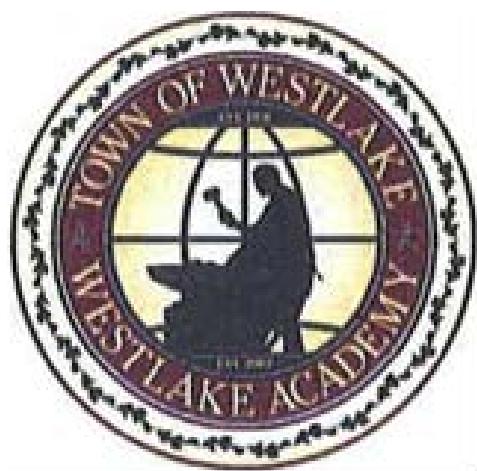
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Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio	Unfunded Actuarial Accrued Liability	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
12/31/2010	\$ 1,863,399	\$ 2,197,161	84.8%	\$ 333,762	\$ 1,534,927	21.7%
12/31/2011	2,226,028	2,631,416	84.6%	405,388	1,759,432	23.0%
12/31/2012	2,611,474	3,086,228	84.6%	474,754	1,876,305	25.3%
12/31/2013	3,024,883	3,669,053	82.4%	644,170	1,936,016	33.3%



**TOWN OF WESTLAKE**

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**



**TOWN OF WESTLAKE**

**TOWN OF WESTLAKE  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – DEBT SERVICE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**EXHIBIT C-1**

	Debt Service Fund			Variance Favorable (Unfavorable)	
	Budgeted Amounts		Actual		
	Original	Amended			
<b>REVENUES:</b>					
Taxes					
Property	\$ 153,868	\$ 140,522	\$ 154,982	\$ 14,460	
Total revenues	153,868	140,522	154,982	14,460	
<b>EXPENDITURES:</b>					
Debt service					
Principal retirement	938,000	927,000	927,000	-	
Interest and other fiscal charges	1,152,226	1,151,834	1,106,434	45,400	
Bond issuance costs	-	-	69,283	(69,283)	
Total expenditures	2,090,226	2,078,834	2,102,717	(23,883)	
Deficiency of revenues under expenditures	(1,936,358)	(1,938,312)	(1,947,735)	(9,423)	
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,936,358	1,924,966	1,878,051	(46,915)	
Refunding bonds issued	-	-	1,910,000	1,910,000	
Payment to refunding bond escrow agent	-	-	(1,925,315)	(1,925,315)	
Premium on refunding bonds issued	-	-	84,598	84,598	
Net other financing sources (uses)	1,936,358	1,924,966	1,947,334	22,368	
<b>NET CHANGE IN FUND BALANCE</b>	-	(13,346)	(401)	12,945	
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	1,482	1,482	1,482	-	
<b>FUND BALANCE AT END OF YEAR</b>	\$ 1,482	\$ (11,864)	\$ 1,081	\$ 12,945	

**TOWN OF WESTLAKE  
NONMAJOR GOVERNMENTAL FUNDS**

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**Visitors Association Fund**

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

**Lone Star Public Facilities Corporation**

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

**Economic Development Fund**

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

**4B Economic Development Corporation**

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

**TOWN OF WESTLAKE**  
**COMBINING BALANCE SHEET**  
**NON MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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	Visitors Association	Lone Star Public Facilities Corporation Fund	Economic Development Fund	4B Economic Development Corporation Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,076,628	\$ 13,620	\$ 32,217	\$ -	\$ 1,122,465
Receivables: (net of allowances for uncollectibles)					
Accounts receivable	62,834	-	23,277	157,353	243,464
Due from other funds	-	-	11,983	-	11,983
Other assets	2,818	-	-	-	2,818
<b>Total assets</b>	<b>\$ 1,142,280</b>	<b>\$ 13,620</b>	<b>\$ 67,477</b>	<b>\$ 157,353</b>	<b>\$ 1,380,730</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Accounts payable	\$ 30,122	\$ -	\$ 67,477	\$ -	\$ 97,599
Unearned revenue	1,820	-	-	-	1,820
Due to other funds	-	-	-	157,353	157,353
<b>Total liabilities</b>	<b>31,942</b>	<b>-</b>	<b>67,477</b>	<b>157,353</b>	<b>256,772</b>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid items	2,818	-	-	-	2,818
Restricted for:					
Tourism	1,107,520	-	-	-	1,107,520
Future projects	-	13,620	-	-	13,620
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>1,110,338</b>	<b>13,620</b>	<b>-</b>	<b>-</b>	<b>1,123,958</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,142,280</b>	<b>\$ 13,620</b>	<b>\$ 67,477</b>	<b>\$ 157,353</b>	<b>\$ 1,380,730</b>

**EXHIBIT C-3**

**TOWN OF WESTLAKE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES**  
**NON MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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	Visitors Association	Lone Star Public Facilities Corporation Fund	Economic Development Fund	4B Economic Development Corporation Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>					
Sales	\$ -	\$ -	\$ 73,040	\$ 1,181,461	\$ 1,254,501
Hotel occupancy	733,823	-	62,658	-	796,481
Interest income	1,604	21	-	239	1,864
Contributions	1,974	-	-	-	1,974
Miscellaneous	4,100	-	-	-	4,100
<b>Total revenues</b>	<b>741,501</b>	<b>21</b>	<b>135,698</b>	<b>1,181,700</b>	<b>2,058,920</b>
<b>EXPENDITURES</b>					
Current:					
Economic development	-	-	147,680	5	147,685
Visitor services	493,082	-	-	-	493,082
Debt service					
Principal retirement	-	-	30,237	-	30,237
Interest and other fiscal charges	-	-	5,522	-	5,522
<b>Total expenditures</b>	<b>493,082</b>	<b>-</b>	<b>183,439</b>	<b>5</b>	<b>676,526</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>248,419</b>	<b>21</b>	<b>(47,741)</b>	<b>1,181,695</b>	<b>1,382,394</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	47,741	-	47,741
Transfers out	(164,720)	-	-	(1,181,695)	(1,346,415)
<b>Total other financing sources (uses)</b>	<b>(164,720)</b>	<b>-</b>	<b>47,741</b>	<b>(1,181,695)</b>	<b>(1,298,674)</b>
<b>Net change in fund balances</b>	<b>83,699</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>83,720</b>
Fund balances, October 1	1,026,639	13,599	-	-	1,040,238
Fund balances, September 30	<b>\$ 1,110,338</b>	<b>\$ 13,620</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,123,958</b>

**EXHIBIT C-4**

**TOWN OF WESTLAKE**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL – VISITORS ASSOCIATION FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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	Visitors Association Fund			
	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Orginal	Amended		
<b>REVENUES:</b>				
Taxes				
Hotel occupancy	\$ 700,000	\$ 700,000	\$ 733,823	\$ 33,823
Interest income	2,900	2,900	1,604	(1,296)
Contributions	6,810	6,810	1,974	(4,836)
Miscellaneous	11,840	11,840	4,100	(7,740)
Total revenues	<u>721,550</u>	<u>721,550</u>	<u>741,501</u>	<u>19,951</u>
<b>EXPENDITURES:</b>				
Visitor services	535,052	527,429	493,082	34,347
Total expenditures	<u>535,052</u>	<u>527,429</u>	<u>493,082</u>	<u>34,347</u>
Excess of revenues over expenditures	<u>186,498</u>	<u>194,121</u>	<u>248,419</u>	<u>54,298</u>
<b>OTHER FINANCING USES</b>				
Transfers out	(164,720)	(164,720)	(164,720)	-
Total other financing uses	<u>(164,720)</u>	<u>(164,720)</u>	<u>(164,720)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	21,778	29,401	83,699	54,298
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>1,026,639</u>	<u>1,026,639</u>	<u>1,026,639</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 1,048,417</u>	<u>\$ 1,056,040</u>	<u>\$ 1,110,338</u>	<u>\$ 54,298</u>

**TOWN OF WESTLAKE**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL – LONE STAR PUBLIC FACILITIES CORPORATION FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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	Lone Star Public Facilities Corporation			
	Budgeted Amounts		Variance	
	Orginal	Amended	Actual	Favorable (Unfavorable)
<b>REVENUES:</b>				
Interest income	\$ 45	\$ 45	\$ 21	\$ (24)
Total revenues	45	45	21	(24)
<b>EXPENDITURES:</b>				
General government	-	-	-	-
Total expenditures	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	45	45	21	(24)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	13,599	13,599	13,599	-
<b>FUND BALANCE AT END OF YEAR</b>	\$ 13,644	\$ 13,644	\$ 13,620	\$ (24)

**EXHIBIT C-6**

**TOWN OF WESTLAKE**

**SCHEDULE OF REVENUES, EXPENDITURES**

**AND CHANGES IN FUND BALANCES**

**BUDGET AND ACTUAL – ECONOMIC DEVELOPMENT FUND**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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	Economic Development Fund			
	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Orginal	Amended		
<b>REVENUES:</b>				
Taxes				
Sales	\$ 150,000	\$ 100,000	\$ 73,040	\$ (26,960)
Hotel occupancy	-	70,000	62,658	(7,342)
Total revenues	<u>150,000</u>	<u>170,000</u>	<u>135,698</u>	<u>(34,302)</u>
<b>EXPENDITURES:</b>				
Economic development	150,000	170,000	147,680	22,320
Debt service				
Principal retirement	30,237	30,237	30,237	-
Interest and other fiscal charges	5,522	5,522	5,522	-
Total expenditures	<u>185,759</u>	<u>205,759</u>	<u>183,439</u>	<u>22,320</u>
Deficiency of revenues under expenditures	<u>(35,759)</u>	<u>(35,759)</u>	<u>(47,741)</u>	<u>(11,982)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>35,759</u>	<u>35,759</u>	<u>47,741</u>	<u>11,982</u>
Total other financing sources	<u>35,759</u>	<u>35,759</u>	<u>47,741</u>	<u>11,982</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	-	-	-	-
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**EXHIBIT C-7**

**TOWN OF WESTLAKE**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL – 4B ECONOMIC DEVELOPMENT CORPORATION FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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4B Economic Development Corporation				Variance Favorable (Unfavorable)
Budgeted Amounts		Actual		
	Orginal	Amended		
<b>REVENUES:</b>				
Taxes				
Sales	\$ 1,100,000	\$ 1,125,000	\$ 1,181,461	\$ 56,461
Interest income	500	500	239	(261)
Total revenues	<u>1,100,500</u>	<u>1,125,500</u>	<u>1,181,700</u>	<u>56,200</u>
<b>EXPENDITURES:</b>				
Economic development	-	-	5	(5)
Total expenditures	<u>-</u>	<u>-</u>	<u>5</u>	<u>(5)</u>
Excess of revenues over expenditures	<u>1,100,500</u>	<u>1,125,500</u>	<u>1,181,695</u>	<u>56,195</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(1,100,500)</u>	<u>(1,125,500)</u>	<u>(1,181,695)</u>	<u>(56,195)</u>
Total other financing uses	<u>(1,100,500)</u>	<u>(1,125,500)</u>	<u>(1,181,695)</u>	<u>(56,195)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	-	-	-	-
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## **STATISTICAL SECTION**



**TOWN OF WESTLAKE**

## **STATISTICAL SECTION (UNAUDITED)**

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

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	82-87
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the Town's most significant local revenue sources. Although sales taxes are the Town's most significant local revenue source, information about principal revenue payers is confidential under Texas statutes, and; therefore, not disclosed. Trend information about sales tax revenue is provided in Exhibit S-9.	88-92
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	93-95
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	96-97
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	98-100
Sources: Unless otherwise noted, the information in these schedules is derived from annual financial reports for the relevant year.	

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

	<b>Fiscal Year</b>									
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Governmental activities:</b>										
Invested in capital assets, net of related debt	\$ 7,975,910	\$ 9,171,657	\$ 9,646,644	\$ 10,313,743	\$ 13,244,690	\$ 13,633,485	\$ 12,658,921	\$ 14,866,299	\$ 21,177,426	\$ 32,048,991
Restricted	-	1,406,756	1,719,771	2,004,763	1,761,067	1,564,868	7,137,362	4,726,376	4,243,239	2,284,947
Unrestricted	1,557,394	3,023,875	3,305,542	3,835,751	4,122,185	5,866,046	3,448,100	5,023,731	6,636,876	( 910,977)
<b>Total governmental activities net position</b>	<b>\$ 9,533,304</b>	<b>\$ 13,602,288</b>	<b>\$ 14,671,957</b>	<b>\$ 16,154,257</b>	<b>\$ 19,127,942</b>	<b>\$ 21,064,399</b>	<b>\$ 23,244,383</b>	<b>\$ 24,616,406</b>	<b>\$ 32,057,541</b>	<b>\$ 33,422,961</b>
<b>Business-type activities:</b>										
Invested in capital assets, net of related debt	\$ 8,450,781	\$ 8,436,729	\$ 8,097,807	\$ 7,726,576	\$ 7,349,032	\$ 7,033,831	\$ 6,875,031	\$ 6,877,555	\$ 6,601,949	\$ 6,734,414
Unrestricted	( 1,621,273)	( 1,846,851)	( 2,008,243)	( 1,997,281)	( 1,945,578)	( 2,003,600)	( 1,542,092)	( 1,636,249)	( 842,457)	( 1,272,014)
<b>Total business-type activities net position</b>	<b>\$ 6,829,508</b>	<b>\$ 6,589,878</b>	<b>\$ 6,089,564</b>	<b>\$ 5,729,295</b>	<b>\$ 5,403,454</b>	<b>\$ 5,030,231</b>	<b>\$ 5,332,939</b>	<b>\$ 5,241,306</b>	<b>\$ 5,759,492</b>	<b>\$ 5,462,400</b>
<b>Primary government:</b>										
Invested in capital assets, net of related debt	\$ 16,426,691	\$ 17,608,386	\$ 17,744,451	\$ 18,040,319	\$ 20,593,722	\$ 20,667,316	\$ 19,533,952	\$ 21,743,854	\$ 27,779,375	\$ 38,783,405
Restricted	-	1,406,756	1,719,771	2,004,763	1,761,067	1,564,868	7,137,362	4,726,376	4,243,239	2,284,947
Unrestricted	( 63,879)	1,177,024	1,297,299	1,838,470	2,176,607	3,862,446	1,906,008	3,387,482	5,794,419	( 2,182,991)
<b>Total primary government net position</b>	<b>\$ 16,362,812</b>	<b>\$ 20,192,166</b>	<b>\$ 20,761,521</b>	<b>\$ 21,883,552</b>	<b>\$ 24,531,396</b>	<b>\$ 26,094,630</b>	<b>\$ 28,577,322</b>	<b>\$ 29,857,712</b>	<b>\$ 37,817,033</b>	<b>\$ 38,885,361</b>

Source: Annual financial reports

**EXHIBIT S-2 (CONTINUED)**

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

	<i>Fiscal Year</i>									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>EXPENSES</b>										
Governmental activities:										
General government	\$ 2,162,365	\$ 1,811,281	\$ 1,941,289	\$ 2,031,460	\$ 2,203,882	\$ 2,272,127	\$ 2,478,826	\$ 2,518,490	\$ 2,606,785	\$ 2,784,587
Public Safety	1,592,962	1,705,528	1,738,080	1,795,782	1,939,441	1,698,164	1,801,585	1,883,424	1,978,803	2,190,050
Cultural and Recreation	96,617	91,444	86,560	129,641	115,770	105,997	122,400	111,765	113,924	123,541
Public Works	342,500	613,956	455,481	1,013,804	1,028,934	594,705	470,054	216,901	267,973	955,794
Economic Development	349,208	35,759	120,753	473,451	207,044	309,653	680,823	546,039	626,423	147,680
Visitor Services	448,604	393,115	217,992	312,777	341,270	420,270	356,365	475,719	521,521	493,087
Education	2,166,256	2,249,998	2,672,698	3,305,220	3,722,705	4,138,875	4,884,985	6,193,560	5,803,611	7,147,411
Interest on long-term debt	1,028,104	1,021,779	869,327	991,184	1,068,935	1,026,026	1,127,913	897,573	1,031,328	998,951
Total governmental activities expenses	<u>8,186,616</u>	<u>7,922,860</u>	<u>8,102,180</u>	<u>10,053,319</u>	<u>10,627,981</u>	<u>10,565,817</u>	<u>11,922,951</u>	<u>12,843,471</u>	<u>12,950,368</u>	<u>14,841,101</u>
Business-type activities:										
Water and Sewer	1,888,064	2,137,831	2,206,618	2,410,765	2,694,407	2,567,675	2,794,235	3,098,466	3,356,466	3,690,137
Cemetery	-	-	-	13,299	473	27,822	5,604	6,282	5,328	7,121
Total business-type activities expenses	<u>1,888,064</u>	<u>2,137,831</u>	<u>2,206,618</u>	<u>2,424,064</u>	<u>2,694,880</u>	<u>2,595,497</u>	<u>2,799,839</u>	<u>3,104,748</u>	<u>3,361,794</u>	<u>3,697,258</u>
Total primary government program expense	<u>\$ 10,074,680</u>	<u>\$ 10,060,691</u>	<u>\$ 10,308,798</u>	<u>\$ 12,477,383</u>	<u>\$ 13,322,861</u>	<u>\$ 13,161,314</u>	<u>\$ 14,722,790</u>	<u>\$ 15,948,219</u>	<u>\$ 16,312,162</u>	<u>\$ 18,538,359</u>
<b>PROGRAM REVENUES</b>										
Governmental activities:										
Fees, fines and charges for services:										
General Government	\$ 1,039,214	\$ 742,176	\$ 785,771	\$ 522,215	\$ 677,948	\$ 716,624	\$ 721,157	\$ 673,090	\$ 774,909	\$ 33,975
Public Safety	45,213	136,870	165,255	113,755	107,634	80,665	140,600	142,402	182,154	848,772
Public Works	711,655	699,753	625,340	902,875	594,338	1,597,655	292,572	407,328	659,246	1,022,769
Education	39,430	98,357	85,925	42,839	98,314	102,406	99,638	195,059	182,220	222,270
Operating grants and contributions	1,646,438	3,686,964	1,257,058	1,296,378	1,522,935	853,151	728,242	5,269,841	4,907,472	6,592,642
Capital grants and contributions	141,139	1,455,626	-	-	2,059,624	83,250	425,900	-	5,897,456	80,472
Total governmental activities program revenue	<u>3,623,089</u>	<u>6,819,746</u>	<u>2,919,349</u>	<u>2,878,062</u>	<u>5,060,793</u>	<u>3,433,751</u>	<u>2,408,109</u>	<u>6,687,720</u>	<u>12,603,457</u>	<u>8,800,900</u>
Business-type activities:										
Charges for services:										
Water and Sewer	1,722,659	1,842,238	1,657,186	2,037,306	2,345,236	2,101,510	3,078,868	2,934,842	3,157,332	3,428,702
Cemetery	-	-	-	2,100	-	5,550	13,300	4,500	5,510	7,749
Operating grants and contributions	370,551	19,653	-	-	-	46,810	-	24,423	-	-
Capital grants and contributions	-	-	-	169,034	-	-	-	-	-	-
Total business-type activities program revenue	<u>2,093,210</u>	<u>1,861,891</u>	<u>1,657,186</u>	<u>2,208,440</u>	<u>2,345,236</u>	<u>2,153,870</u>	<u>3,092,168</u>	<u>2,963,765</u>	<u>3,162,842</u>	<u>3,436,451</u>
Total primary government program revenue	<u>\$ 5,716,299</u>	<u>\$ 8,681,637</u>	<u>\$ 4,576,535</u>	<u>\$ 5,086,502</u>	<u>\$ 7,406,029</u>	<u>\$ 5,587,621</u>	<u>\$ 5,500,277</u>	<u>\$ 9,651,485</u>	<u>\$ 15,766,299</u>	<u>\$ 12,237,351</u>

**EXHIBIT S-2 (CONCLUDED)**
**TOWN OF WESTLAKE  
CHANGES IN NET POSITION  
LAST TEN YEARS  
(ACCURIAL BASIS OF ACCOUNTING – UNAUDITED)**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>NET (EXPENSE) REVENUES</b>										
Governmental activities	\$( 4,563,527)	\$( 1,103,114)	\$( 5,182,831)	\$( 7,175,257)	\$( 5,567,188)	\$( 7,132,066)	\$( 9,514,842)	\$( 6,155,751)	\$( 346,911)	\$( 6,040,201)
Business-type activities	205,146	( 275,940)	( 549,432)	( 215,624)	( 349,644)	( 441,627)	292,329	( 140,983)	( 198,952)	( 260,807)
Total primary government net expense	( 4,358,381)	( 1,379,054)	( 5,732,263)	( 7,390,881)	( 5,916,832)	( 7,573,693)	( 9,222,513)	( 6,296,734)	( 545,863)	( 6,301,008)
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>										
Governmental activities:										
Taxes										
Sales	\$ 994,606	\$ 1,810,706	\$ 2,197,756	\$ 3,590,575	\$ 3,664,409	\$ 3,790,533	\$ 4,609,626	\$ 3,657,274	\$ 4,375,397	\$ 4,725,845
Property										
Hotel Occupancy	381,221	415,544	458,471	527,662	497,769	457,693	527,261	590,853	709,578	796,481
Mixed Beverage	13,846	13,674	14,066	16,177	17,869	17,902	19,721	38,286	39,727	51,602
Franchise	352,115	457,004	560,312	649,108	624,401	603,233	586,836	664,991	734,935	795,322
Unrestricted grants and contributions	1,722,198	1,822,200	2,259,643	2,500,817	2,960,590	3,484,141	3,744,757	-	-	-
Investment earnings	41,802	98,824	261,622	188,459	61,224	38,383	46,248	33,535	24,218	26,713
Miscellaneous	64,047	448,827	466,654	564,973	568,782	676,638	691,345	1,112,858	1,023,149	246,633
Transfers	71,857	45,319	33,976	220,819	61,321	-	145,216	45,507	( 485,591)	43,399
Extraordinary item							56,704	( 124,346)	-	-
Special item							-	67,760	-	-
Gain on sale of capital assets	-	-	-	-	-	-	7,000	-	-	-
Total governmental activities	3,641,692	5,112,098	6,252,500	8,258,590	8,456,365	9,068,523	11,694,826	7,527,774	7,788,046	8,053,064
Business-type activities:										
Investment earnings	2,416	25,604	46,158	32,103	7,858	8,334	9,929	10,077	6,552	7,114
Miscellaneous	-	56,025	36,936	44,071	77,266	60,070	145,666	84,780	224,995	-
Transfers	( 71,857)	( 45,319)	( 33,976)	( 220,819)	( 61,321)	-	( 145,216)	( 45,507)	485,591	( 43,399)
Total business-type activities	( 69,441)	36,310	49,118	( 144,645)	23,803	68,404	10,379	49,350	717,138	( 36,285)
Total primary government	3,572,251	5,148,408	6,301,618	8,113,945	8,480,168	9,136,927	11,705,205	7,577,124	8,505,184	8,016,779
<b>CHANGE IN NET POSITION</b>										
Governmental activities	( 921,835)	4,008,984	1,069,669	1,083,333	2,889,177	1,936,457	2,179,984	1,372,023	7,441,135	2,012,863
Business-type activities	135,705	( 239,630)	( 500,314)	( 360,269)	( 325,841)	( 373,223)	302,708	( 91,633)	518,186	( 297,092)
Total primary government	\$( 786,130)	\$ 3,769,354	\$ 569,355	\$ 723,064	\$ 2,563,336	\$ 1,563,234	\$ 2,482,692	\$ 1,280,390	\$ 7,959,321	\$ 1,715,771

Source: Annual financial reports

**EXHIBIT S-3**

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

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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund										
Reserved	\$ 131,657	\$ 434,375	\$ 563,176	\$ 303,639	\$ 193,105	\$ 214,750	\$ -	\$ -	\$ -	\$ -
Unreserved	805,769	2,850,789	2,533,123	2,503,099	2,532,207	3,578,235				
Nonspendable:							62,020	6,856	6,906	8,821
Prepaid items										
Restricted for:							219,687	49,941	74,941	80,442
Future projects										
Committed for:							186,776	192,768	194,422	193,082
Assigned for:										
Future equipment							22,000	22,000	24,000	-
Unassigned	-	-	-	-	-	-	3,524,911	4,992,240	6,751,362	7,671,173
Total general fund	\$ 937,426	\$ 3,285,164	\$ 3,096,299	\$ 2,806,738	\$ 2,725,312	\$ 3,792,985	\$ 4,015,394	\$ 5,263,805	\$ 7,051,631	\$ 7,953,518
All other governmental funds										
Reserved										
Special revenue funds	\$ 779,244	\$ 869,694	\$ 1,183,020	\$ 1,527,724	\$ 1,256,954	\$ 1,112,941	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	181,960	427,720	846,214	1,666,371	1,933,564	2,693,846	-	-	-	-
Nonspendable:							33,511	60,963	62,635	80,118
Prepaid items										
Restricted for:										
Tourism							1,109,365	1,052,546	1,025,891	1,107,520
Future projects							4,647,863	3,594,379	10,370,914	1,751,405
Debt service							7,505	22,657	1,482	1,081
Education							885,365	758,127	931,094	993,998
Economic development							267,577	178,384	-	-
Capital projects funds	-	102,687	102,376	3,233,471	323,009	237,177	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 961,204	\$ 1,400,101	\$ 2,131,610	\$ 6,427,566	\$ 3,513,527	\$ 4,043,964	\$ 6,951,186	\$ 5,667,056	\$ 12,392,016	\$ 3,934,122

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

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

Source: Annual financial reports

**EXHIBIT S-4 (CONTINUED)**

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

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>REVENUES</b>										
Taxes	\$ 1,741,788	\$ 2,696,928	\$ 3,230,605	\$ 4,783,522	\$ 4,804,448	\$ 4,869,361	\$ 7,000,690	\$ 6,393,472	\$ 7,226,180	\$ 7,722,606
Licenses, fees and permits	740,027	748,016	900,121	1,108,083	860,697	1,746,954	530,646	598,394	944,735	1,175,075
Fines and penalties	1,007,142	751,036	651,090	554,376	523,515	647,170	605,705	622,338	695,167	730,441
State program revenues	1,597,362	1,925,043	2,387,733	2,673,680	3,163,129	3,687,706	3,945,658	4,369,635	4,696,540	5,269,641
Federal program revenues	285,392	75,662	49,200	75,207	56,134	199,436	337,508	152,351	81,958	80,103
Investment earnings	41,786	98,824	261,622	188,459	61,224	38,383	46,248	33,353	24,218	26,713
Contributions	1,324,264	4,964,085	1,079,768	1,048,308	1,264,262	533,400	-	732,535	5,916,014	82,446
Other revenues	292,690	547,184	552,579	607,812	673,400	779,044	980,816	1,323,237	1,274,826	1,665,003
Total revenues	<u>7,030,451</u>	<u>11,806,778</u>	<u>9,112,718</u>	<u>11,039,447</u>	<u>11,406,809</u>	<u>12,501,454</u>	<u>13,447,271</u>	<u>14,225,315</u>	<u>20,859,638</u>	<u>16,752,028</u>
<b>EXPENDITURES</b>										
General government	2,243,162	2,542,295	1,385,492	1,516,346	1,519,600	1,644,587	1,733,324	1,878,885	1,910,545	2,236,360
Public safety	1,554,115	1,627,641	1,665,879	1,731,317	1,890,469	1,634,936	1,842,751	2,224,469	1,967,584	2,146,587
Cultural and recreation	96,617	91,444	86,560	129,641	115,770	105,997	122,400	111,765	113,924	123,541
Public works	112,764	434,716	276,789	846,604	841,822	333,831	326,749	391,115	532,675	615,781
Economic development	35,758	35,759	141,197	495,071	229,907	401,879	706,391	243,939	296,565	147,685
Visitor services	448,604	393,115	226,992	312,777	341,270	420,270	356,365	475,719	521,521	493,082
Education	1,877,398	2,249,998	2,672,698	3,305,220	3,722,705	4,138,875	4,884,985	6,193,560	5,762,652	7,143,678
Capital Outlay	263,681	371,860	836,787	463,918	4,335,114	682,103	1,023,772	1,110,476	7,601,631	9,964,047
Capital Project										
Debt service										
Principal	-	350,000	470,000	395,000	593,937	563,703	555,000	668,000	2,955,000	1,004,677
Interest and other fiscal charges	1,028,104	1,028,634	1,240,950	923,944	990,641	977,163	1,083,377	952,027	830,425	1,116,489
Bond issuance cost	-	-	-	33,000	-	-	36,446	148,891	185,699	69,283
Total expenditures	<u>7,660,203</u>	<u>9,125,462</u>	<u>9,003,344</u>	<u>10,152,838</u>	<u>14,581,235</u>	<u>10,903,344</u>	<u>12,671,560</u>	<u>14,398,846</u>	<u>22,678,221</u>	<u>25,061,210</u>
<b>EXCESS (DEFICIENCY)</b>										
<b>OF REVENUES OVER (UNDER) EXPENDITURES</b>										
	<u>\$( 629,752)</u>	<u>\$ 2,681,316</u>	<u>\$ 109,374</u>	<u>\$ 886,609</u>	<u>\$( 3,174,426)</u>	<u>\$ 1,598,110</u>	<u>\$ 775,711</u>	<u>\$( 173,531)</u>	<u>\$( 1,818,583)</u>	<u>\$( 8,309,182)</u>

**EXHIBIT S-4 (CONCLUDED)**

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

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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>OTHER FINANCING SOURCES (USES):</b>										
<b>  PROCEEDS FROM SALES</b>										
Proceeds from sale of land	\$ 412,239	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sale of assets										
Issuance of debt					2,500,000	117,640				
Premium on CO issued										
Refunding bonds issued				7,465,000						
Premium on refunding bonds issued										
Payments to bond escrow agent				( 7,088,706)						
Proceeds from capital lease				23,000						
Notes payable issued							50,000			
Special item							-	67,760	40,959	-
Extraordinary item							56,704	( 124,346)	( 40,959)	-
Transfers in	172,010	704,577	1,212,558	2,160,174	2,435,486	1,804,577	7,082,163	2,121,099	2,104,929	3,094,211
Transfers out	( 100,153)	( 659,258)	( 1,178,582)	( 1,939,355)	( 2,374,165)	( 1,804,577)	( 6,936,947)	( 2,075,592)	( 2,590,520)	( 3,050,812)
<b>Total other financing sources (uses)</b>	<b>484,096</b>	<b>45,319</b>	<b>433,270</b>	<b>2,720,819</b>	<b>178,961</b>	<b>-</b>	<b>2,353,920</b>	<b>137,812</b>	<b>10,331,369</b>	<b>753,175</b>
Prior period adjustment		60,000								
<b>NET CHANGES IN FUND BALANCES</b>	<b><u>\$( 145,656)</u></b>	<b><u>\$ 2,786,635</u></b>	<b><u>\$ 542,644</u></b>	<b><u>\$ 3,607,428</u></b>	<b><u>\$( 2,995,465)</u></b>	<b><u>\$ 1,598,110</u></b>	<b><u>\$ 3,129,631</u></b>	<b><u>\$( 35,719)</u></b>	<b><u>\$ 8,512,786</u></b>	<b><u>\$( 7,556,007)</u></b>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<b><u>13.9%</u></b>	<b><u>15.7%</u></b>	<b><u>20.9%</u></b>	<b><u>13.6%</u></b>	<b><u>15.4%</u></b>	<b><u>15.0%</u></b>	<b><u>14.1%</u></b>	<b><u>12.5%</u></b>	<b><u>25.3%</u></b>	<b><u>14.4%</u></b>

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

Source: Annual Financial Reports

**EXHIBIT S-5**

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

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

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

**Source:** Tarrant County Appraisal District  
Denton Central Appraisal District

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

2014				2011			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
5 Village Circle Holdings LP	\$ 140,613,560	1	15.69%	Maguire Thomas Partners, et al	\$ 116,839,380	1	13.31%
FMR Texas, LLC/LTD Partnership	71,938,529	2	8.03%	FMR Texas, LLC/LTD Partnership	154,220,911	2	17.57%
DCLI, LLC	52,633,131	3	5.87%	Maguire Partners	39,117,985	3	4.46%
Fidelity Investments Inc.	26,383,422	4	2.94%	Lexington TNI Westlake LP	18,249,200	4	2.08%
Marsh USA Inc	21,098,171	5	2.35%	First American Leasing/Real Estate	17,636,457	5	2.01%
Lexington TNI Westlake LP	14,700,000	6	1.64%	DCLI, LLC	13,234,691	6	1.51%
Corelogic Solutions LLC	14,473,635	7	1.61%	Fidelity Investments	12,277,810	7	1.40%
Prince Whipple Trust	6,850,000	8	0.76%	Levi Strauss & Co.	8,215,271	8	0.94%
Levi Strauss & Company	5,903,735	9	0.66%	Westlake Terra, LLC	7,400,002	9	0.84%
Vaquero Club, Inc.	5,383,415	10	0.60%	EMC Corp	6,418,484	10	0.73%
Total	\$ 359,977,598		40.16%	Total	\$ 393,610,191		44.84%

Source: Tarrant County Appraisal District

Note: (1) Prior to fiscal year ended September 30, 2011, the Town of Westlake did not assess an ad valorem tax.

(2) Total Taxable Assessed Value including real and personal property for tax year 2010 (fiscal year 2011) is \$877,783,383

(3) Total Taxable Assessed Value including real and personal property for tax year 2013 (fiscal year 2014) is \$896,339,644

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

---

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

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

Source: Tarrant County Appraisal District  
 Denton Central Appraisal District

**EXHIBIT S-8**

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

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

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

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

Source: Tarrant County Appraisal District  
Denton Central Appraisal District

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

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

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

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

Source: Texas State Comptroller reports

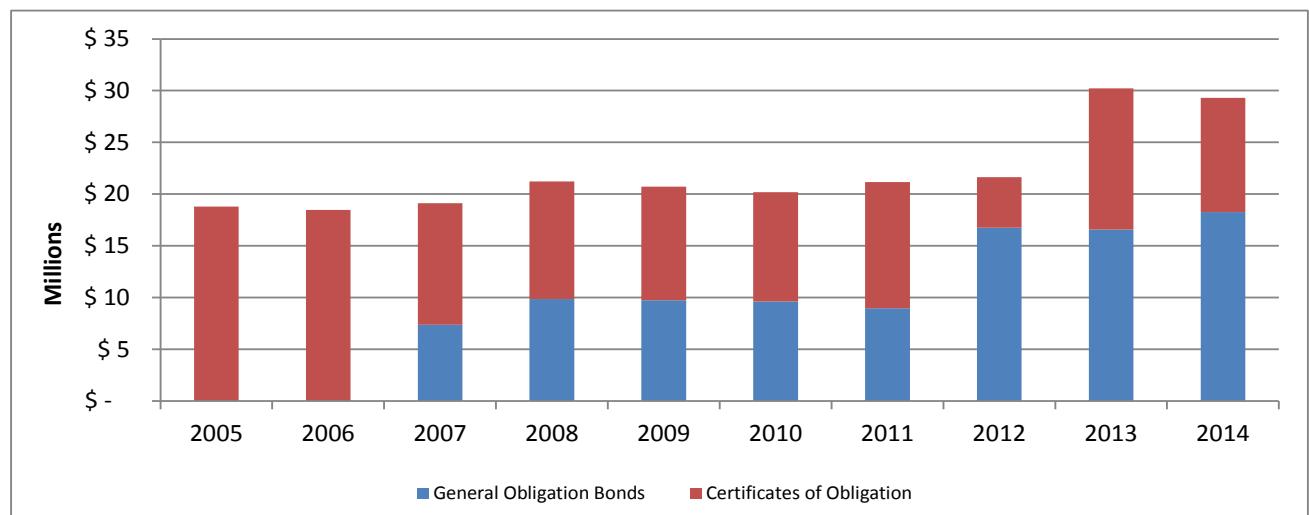
**TOWN OF WESTLAKE**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Sales	Per Capita
	General Obligation Bonds	Certificates of Obligation	Total		
2005	\$ -	\$ 18,810,000	\$ 18,810,000	18.91%	\$ 52,986
2006	-	18,460,000	18,460,000	10.19%	26,447
2007	7,365,000	11,755,000	19,120,000	13.05%	27,198
2008	9,850,000	11,375,000	21,225,000	11.82%	27,038
2009	9,735,000	10,975,000	20,710,000	11.30%	25,791
2010	9,630,000	10,555,000	20,185,000	10.65%	23,831
2011	8,962,656	12,210,000	21,172,656	9.19%	21,343
2012	16,770,000	4,877,000	21,647,000	11.84%	20,369
2013	16,590,000	13,622,000	30,212,000	13.81%	27,251
2014	18,260,000	11,044,000	29,304,000	12.40%	24,748

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

There was no debt issued until fiscal year 2000.

See Table 13 for personal income and population data.



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

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

Note:

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

See Table 13 for personal income and population data.

**EXHIBIT S-12**

**TOWN OF WESTLAKE**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF SEPTEMBER 30, 2014**  
**(UNAUDITED)**

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<b>Taxing Body</b>	<b>Amount of Debt Outstanding</b>	<b>As of</b>	<b>Overlapping</b>	
			<b>Percent (1)</b>	<b>Amount</b>
Carroll ISD	\$ 226,024,791	9/30/2014	5.26%	\$ 11,888,904
Denton County	614,975,000	9/30/2014	0.02%	122,995
Keller ISD	654,308,399	9/30/2014	4.68%	30,621,633
Northwest ISD	737,438,319	9/30/2014	1.71%	12,610,195
Tarrant County	317,820,000	9/30/2014	0.78%	2,478,996
Tarrant County College District	7,935,000	9/30/2014	0.78%	61,893
Tarrant County Hospital District	24,425,000	9/30/2014	0.78%	190,515
Trophy Club MUD#1	5,520,000	9/30/2014	18.76%	<u>1,035,552</u>
Total Overlapping Debt				59,010,683
Town of Westlake Outstanding Debt				<u>28,964,431</u>
Total Direct & Overlapping Debt				<u><u>\$ 87,975,114</u></u>

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

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

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

## EXHIBIT S-13

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

<b>Calendar Year</b>	<b>Estimated Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Tarrant County Unemployment Rate</b>
2005	355	45,292,916	127,586	5.1%
2006	698	90,835,901	130,137	4.6%
2007	703	93,316,319	132,740	4.3%
2008	785	115,891,905	147,633	5.1%
2009	803	120,920,285	150,586	8.1%
2010	847	102,852,057	121,431	8.1%
2011	992	126,678,400	127,700	7.9%
2012	1,063	138,423,531	130,254	6.2%
2013	1,109	147,292,890	132,859	6.0%
2014	1,184	160,462,095	135,516	5.0%

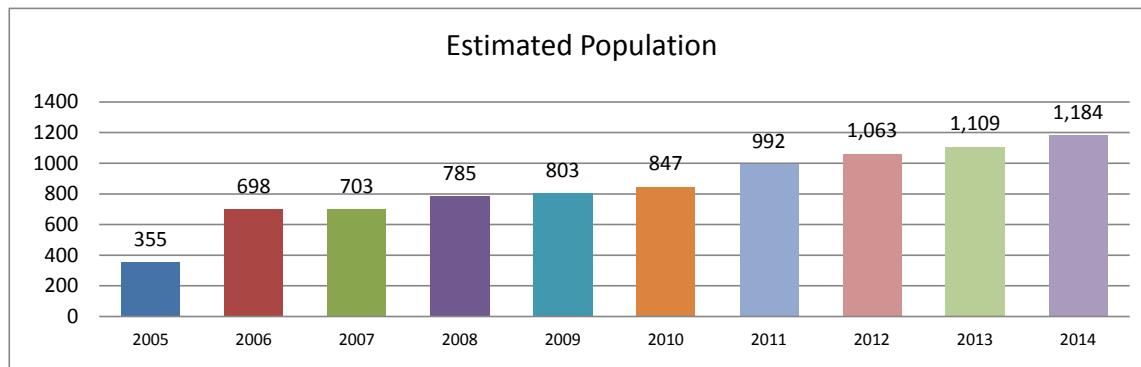
Sources: Population for 2000 is from the 2000 census. Fiscal Years 2001 through 2003 are estimated. The Town took over the utility billing in 2004 and estimated the population by using number of residential water accounts and assuming a 2.5 average household size. 2010 Census shows median household income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

Tarrant County Unemployment Rate information taken from Texas Workforce Commission.

American Community Survey (ACS)

USA.com - Per Capita Income source

North Central Texas Council of Governments/US Census 2010



**EXHIBIT S-14**
**TOWN OF WESTLAKE  
PRINCIPAL EMPLOYERS  
CURRENT AND SEVEN YEARS AGO  
(UNAUDITED)**

<b>2014</b>			<b>2007</b>		
<b>Employer</b>	<b>Employees</b>	<b>Percentage of Estimated Total Town Employment</b>	<b>Employer</b>	<b>Employees</b>	<b>Percentage of Estimated Total Town Employment</b>
Fidelity Investments	5,003	47.10%	Fidelity Investments	3,100	37.15%
Core Logic	1,790	16.85%	First American/Core Logic	3,000	35.95%
Wells Fargo	574	5.40%	Chrysler Financial/TD Auto Finance	325	3.89%
Deloitte	478	4.50%	Wells Fargo	790	9.47%
TD Auto Finance	390	3.67%	McKesson Corporation	215	2.58%
Sabre JLL Facilities	317	2.98%	Sonitrol/World Factory	165	1.98%
First American Title	262	2.47%	Walco	150	1.80%
Verizon Wireless	331	3.12%	Vaquero Club	140	1.68%
Town of Westlake/Westlake Academy	128	1.20%	Marriott Solana Hotel	120	1.44%
Vaquero Country Club	123	1.16%	Pfizer, Inc.	115	1.38%
Marriott Solana Hotel	108	1.02%	Town of Westlake/Westlake Academy	73	0.87%
Travelocity	90	0.85%	Premier Academy	34	0.41%
Lev Strauss	80	0.75%	Solara Healthcare	28	0.34%
<b>Total</b>	<b><u>9,674</u></b>	<b><u>91%</u></b>	<b>Total</b>	<b><u>8,255</u></b>	<b><u>99%</u></b>

Note: Information on the Principal Employers from 2005 is not available. Information will be accumulated over the next ten years. Comparisons will be made to the first available data until ten years can be compared.

Source: Cassidy Turley tenant records and contact with employers of the Town

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

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Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government										
Town manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Assistant Town Manager									0.75	0.90
Assistant to Town Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	0.00	0.00
Administrative	0.50	0.50	0.00	0.00	0.75	0.50	0.75	0.75	1.00	0.50
Building official	1.00	1.00	1.00	1.00	1.33	1.33	1.33	1.33	1.50	1.66
Town secretary	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Facilities/Grounds maintenance	0.50	0.50	0.50	0.75	1.08	1.08	1.08	0.83	1.00	1.09
Municipal	3.75	3.75	4.00	4.00	4.25	4.50	4.50	3.75	4.75	5.10
Finance	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00
Payroll/Human Resources	0.00	0.00	0.00	1.00	1.33	1.33	1.33	1.33	2.00	2.00
Information Technology										1.00
Public safety (EMS)	10.00	11.00	11.00	11.00	9.00	9.00	9.00	9.00	10.00	13.25
Culture and recreation	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.50	0.75	0.84
Public works	1.00	1.00	1.00	1.50	1.50	1.50	1.50	2.00	3.00	2.66
Marketing and public affairs	1.00	1.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	2.00
Education	25.15	32.40	36.40	43.00	48.10	55.62	59.44	67.48	76.18	91.18
<b>Total</b>	<b>49.40</b>	<b>57.65</b>	<b>60.40</b>	<b>69.00</b>	<b>74.09</b>	<b>81.61</b>	<b>85.68</b>	<b>93.72</b>	<b>106.93</b>	<b>128.18</b>

Source: Prior Town budgets and Academy personnel records

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

**EXHIBIT S-16**
**TOWN OF WESTLAKE  
OPERATING INDICATORS  
BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government										
Permits issued	240	194	162	93	61	44	70	85	132	144
Permit values	\$ 67,536,744	\$ 47,464,851	\$ 67,101,543	\$ 188,578,581	\$ 21,051,297	\$ 190,388,737	\$ 21,173,592	\$ 29,481,047	\$ 50,544,048	\$ 59,358,904
Police (Contract with Keller PD)										
Motor vehicle stops	9,586	8,992	10,045	10,357	9,247	9,763	9,829	12,221	9,993	9,579
Traffic accident investigations	163	164	225	208	266	273	348	343	322	341
Part I crimes	26	30	25	26	23	19	30	39	9	15
DWI arrests	86	56	53	45	24	32	80	50	69	55
Fire/EMS										
Fire runs	148	136	153	169	118	172	191	181	238	211
Ambulance runs	135	207	251	159	184	187	264	266	286	240
Inspections	89	161	96	132	15	71	71	54	96	286
Public Works - General										
Street resurfacing (LF)	-	7,128	5,333	-	-	-	3,800	30,000	-	-
Potholes repaired	40.00	20.00	0.00	20.00	10.00	5.00	36.00	6.00	2.00	6.00
Public Works - Utility										
Number of water accounts	271	338	386	419	437	478	500	568	614	651
Water main breaks	3	3	2	4	5	6	4	4	3	1
Avg daily consumption MG (water)	0.817	1.031	0.729	0.999	1.020	0.889	1.200	1.100	1.090	1.045
Peak daily consumption MG (water)	2.198	2.677	1.978	2.060	2.740	2.460	2.540	2.600	2.480	2.690
System capacity - MG (water)	1.685	1.685	1.685	1.685	1.685	1.685	1.685	1.685	1.685	2.685
Water purchased (in gallons x 000)	298,124	376,264	266,158	364,764	372,933	324,843	443,222	407,305	401,457	381,482
Water sold (in gallons x 1000)	230,657	338,085	246,280	340,743	313,495	290,000	385,320	376,496	357,297	347,148
Wastewater										
Number of new sewer connections	179	211	235	240	251	254	245	292	325	350
Avg daily sewage treatment (thousands of gallons)	0.1270	0.1320	0.1370	0.124	0.101	0.063	0.163	0.136	0.151	0.208

Source: Various Town departments

Notes: N/A represents information that is unavailable.

**EXHIBIT S-17**

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

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Fire Stations	1	1	1	1	1	1	1	1	1	1	1
Public Works - Utility											
Pump station	1	1	1	1	1	1	1	1	1	1	1
Lift station	2	2	2	2	2	2	3	3	3	3	3
Telecommunications Duct Bank (LF)	36,703	38,303	38,303	38,303	43,703	49,103	51,803	57,783	57,783	57,783	59,936
Telecommunications Duct Bank Manholes	91	95	95	95	104	113	122	122	122	122	122
Water											
Water mains (LF)	52,000	57,500	58,300	59,200	64,600	70,000	79,000	130,000	137,891	137,891	142,694
Fire hydrants	76	95	119	119	130	130	154	188	191	191	201
Storage capacity MG	1,685	1,685	1,685	1,685	1,685	1,685	1,685	1,685	1,685	1,685	2,685
Wastewater											
Sanitary sewers (LF)	20,000	15,000	35,000	35,000	39,300	39,300	49,900	94,000	94,000	94,000	98,964
Manholes	160	200	250	250	267	284	304	304	304	304	326
Public Works - Utility											
Streets (miles)	10.80	10.80	10.80	10.80	10.80	10.80	10.80	10.80	10.25	10.25	10.25
Highways (miles)	-	-	-	-	-	-	-	-	-	-	-
Streetlights	-	-	-	-	-	-	-	-	-	-	-
Traffic signals (school zone flashers)	2	2	2	2	2	2	2	2	2	2	2
Parks and recreation											
Acreage	14	14	19	19	25	25	25	25	25	25	27
Playgrounds	2	2	2	2	2	2	2	2	2	2	2
Softball/soccer field	1	1	1	1	1	1	1	1	1	1	1
Football field	-	-	-	-	1	1	1	1	1	1	1

Source: Various Town departments

Note: No capital asset indicators are available for the general government.

The amount of roads decreased in FY 2011-2012 due to a portion of road being dedicated to TxDot