



THE TOWN OF WESTLAKE

Forging Westlake

Comprehensive Annual Financial Report

For the Fiscal Year
Ended September 30, 2016

*Writing
The Next
Chapter*



THE TOWN OF WESTLAKE * 1301 SOLANA BLVD, STE 4202 * WESTLAKE, TEXAS 76262 * WWW.WESTLAKE-TX.ORG





TOWN OF WESTLAKE

TOWN OF WESTLAKE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2016

Prepared by:
Town of Westlake
Finance Department

1301 Solana Blvd, Building 4, Suite 4202
Westlake, Texas 76262



TOWN OF WESTLAKE

TOWN OF WESTLAKE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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Town of Westlake

February 23, 2017

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, 2016, 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, 2016, 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, 2016, were fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

Profile of the Town

Westlake is an oasis of natural beauty that maintains open spaces in balance with distinctive development, trails, and quality of life amenities amidst an ever-expanding urban landscape.

Nestled in the DFW Metroplex, Westlake is a Gold Level Scenic City and home to many small independent businesses and several corporate campuses

Distinctive developments and architecturally vibrant corporate campuses find harmony among our meandering roads and trails, lined with native oaks and stone walls. We are leaders in education, known for our innovative partnerships between the Town-operated Charter school and our corporate neighbors.

We strive to maintain strong aesthetic standards and preserve the natural beauty in our town. Hospitality finds its home in Westlake, as a community, we are family friendly, welcoming, fully involved and invested in our rich heritage, vibrant present and exciting, sustainable future.

Westlake is conveniently located between DFW Airport and Alliance Airport, on the south side of State Highway 114, providing quick, easy access to all areas of the Dallas-Ft. Worth Metroplex.

The unique location of Westlake is ideal for many of its major corporate campuses and residential communities. A common ideal shared by our corporate and individual residents is their support of the existing character and charm of the community as well as a commitment to excellence in new development.

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 1,270. In 2016, the average size of new home construction was 9,693 square feet with an average estimated construction cost of \$1.82 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 for a two-year staggered term each May.

The financial reporting entity (the government) includes all funds of the primary government (i.e. the Town of Westlake), as well as all 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 to eliminate unemployment and underemployment, and to promote and encourage employment and the public welfare of, for, and on behalf of the Town by developing, implementing, financing, and providing one or more projects defined and permitted under Section 4B of the Act. The board of directors is composed of seven persons appointed by the members of the Town's governing board. Four of the members of the board of directors are members of the Town's governing board.

Westlake Academy (Academy) is an open-enrollment charter school, as provided by Subchapter D, Chapter 12, of the Texas Education Code. The Town of Westlake ("Charter Holder") applied for and became the first municipality in Texas to ever receive this special charter designation. The Academy had 825 students in FY 15-16 and serves Kindergarten thru 12th grade. The Academy graduated their first class in FY 09-10. The Board consists of six (6) trustees and is appointed by the Town's governing body. Currently, all members of the board of trustees are members of the Town's governing body. The Academy's year-end is August 31.

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

Services Provided

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

Economic Conditions and Outlook

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

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

Short Term Trends, Challenges and Planning

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

- ❖ **Westlake’s Permanent Population Growth:** This is the portion of our population considered to be our permanent residents. An increase in population of 185 in 1990 to 2016’s population of approximately 1,270 represents an increase of 586% equal to 1,085 additional residents. We will need to be monitor and plan for the continued increase in these numbers considering *Forging Westlake’s* (the Town’s Comprehensive Plan) forecast of 7.12% population growth between now and 2040.
- ❖ **Traffic Demands Due to Growth in Westlake and Surrounding Cities:** The 4 municipalities surrounding Westlake (Keller, Southlake, Trophy Club, and Roanoke) are projected to have a combined population of 215,000 people by 2040. The growth in these communities will create traffic that passes through our Town. Westlake is estimated to grow to 7,000 within the same time-period. Internally, current zoning entitlements, if executed, would create an estimated 300,000 vehicle trips per day. Local impacts associated with this level of growth affect our street infrastructure, water and sewer system capital investment requirements, as well as demand for daily municipal services. Policies established in *Forging Westlake* will be essential for addressing this issue via the Town’s thoroughfare plan as it pertains to development which occurs in Westlake.
- ❖ **Balanced Growth to Impact Cost of Municipal Services:** Likewise, the ability to pay for municipal services utilizing a cost-effective revenue format requires balanced growth that provides for commercial development and a diversified tax base, while maintaining the community’s bucolic atmosphere. At the same time, we must continue to ensure the policy direction of the Town is focused on growth paying for the infrastructure for which it creates the demand.
- ❖ **Housing Start Increases:** This past year, we continued to see strong single family residential construction demand. This has been evidenced in the recently completed *Granada Phase 1* as well as in existing subdivisions such as *Vaquero*, *Paigebrooke*, and *Terra Bella*.

Further, three (3) new single family residential developments, *Carlyle Court*, *Granada Phase II* and *Quail Hollow* have been platted. Construction of the infrastructure is either complete or underway. Also, the mixed-use development called *Entrada* is underway with platting and infrastructure construction in-process. *Entrada*'s infrastructure is being financed with a Town approved Public Improvement District (PID), the bonds for which are paid back by assessments on development within *Entrada*. When *Entrada*'s infrastructure is complete, it will add (over time) a wide variety of 322 residential units to Westlake - ranging from single family homes, to villas, to town homes. Once complete, these 4 developments will add 463 new lots to our residential inventory.

Our residential construction activity shows a steady increase in building permits for housing which has occurred since we have emerged from the '08 - '09 recession. Housing starts in Westlake, due to the high value of our homes, add taxable value to our tax base, but also impact the demand for municipal services, especially the Town's charter school, Westlake Academy.

As the area economy continues to perform well, and Westlake and our surrounding cities continue to experience commercial development, this will attract individuals who work for and own these businesses. In turn, these employees will need housing. As Westlake's housing stock expands in response to these forces, we will need to manage our distinctive housing developments to ensure we maintain our community as an '*oasis of natural beauty*' as outlined in our Vision statement, and achieve high-end housing options as identified in the Housing element of *Forging Westlake*.

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

Most recently the Charles Schwab Corporation, working with major Westlake land owner and developer Hillwood Properties, announced their intention to build a regional headquarters which will initially consist of a +/- 250,000 sq. ft. office building and a parking garage. It will be adjacent to a mixed-use development that Hillwood will develop and be located near the intersection of SH170 and SH114. Initially, the Charles Schwab Corporation plans to add 500 employees this year at its temporary Roanoke Road office building while it builds its permanent Westlake campus over the next several years. Schwab's stated goal is to ultimately employee 5,000 at its permanent Westlake facility.

The Town has also pursued the ideas advanced in the Economic Development element of *Forging Westlake*. That is, to pursue businesses that ultimately expand the Town's tax base with high quality office buildings, and at the same time, expands our financial services business core which has already been created with the location of Fidelity and Deloitte. Further, we pursue the types of businesses interested in high quality office campus development and creating well-paying positions for employees. With the Schwab announcement (and the start of construction of the TD AmeriTrade's complex in Southlake) we are well on our way to becoming a financial services corridor within the DFW Metroplex.

While offering economic development incentives for the Schwab project, the tax abatement provided is in-line with incentives offered in our region, plus the company is also providing

one-time funding for Westlake Academy. Staff will continue to monitor our corporate stakeholders and attempt to identify avenues to strengthen these relationships and assist in attracting new corporations to Westlake. The expansion of commercial development will continue to grow Westlake's daytime population.

The mixed-use development called Entrada, located at FM1938/Davis Blvd. and SH114, will also create growth in our commercial tax base. During the past budget year, commercial buildings totaling 55,000 sq. ft. have been approved by the Town for Entrada. A beautiful CVS Pharmacy has been completed with others soon to follow.

Additionally, the Solana Office Complex was acquired by Equity Office (Blackstone) approximately two (2) years ago. Their multi-million-dollar investment in the development to improve its parking, landscaping and buildings has been a strong positive path for Westlake. Equity's investment is beginning to bear fruit with higher office occupancy levels in Solana which are a direct result of their improvement efforts.

- ❖ **Continued Impact of Westlake Academy on Residential Growth:** The number of Westlake residents who are selecting Westlake Academy as the educational choice for their students has doubled in the past five years. Resident surveys continually indicate that the Academy is one of the main reasons our residents move to Westlake, and why they plan to remain in our community. For example, the 2015 academic services survey results indicate 96% of the new residents say enrollment at Westlake Academy was very/somewhat important to their decision to live in the community. Planning for Academy growth in the face of residential development continues to be a challenge. Wherever possible, the Town has entered economic development agreements with residential developers to provide funding for Westlake Academy facilities to lessen the impact of their residential development on the Academy's enrollment.

Westlake Academy has experienced steady enrollment growth from 491 students in SY 2009-10 to a projected 866 in SY 2016-17. The current increase of student population is a result of the Phase I expansion efforts on the Academy campus and our development. Our growth requires that we carefully manage our student enrollment processes to provide adequate space for children of Westlake residents. Approximately 39,000 sq. ft. of new facilities space was opened at the Academy in SY 14/15. It was comprised of a secondary classroom building, field house, and a primary years' multi-use hall. These buildings increased our capacity and allowed for decompression of our current school facilities. The lottery waiting list for student admissions from our secondary boundaries continues to grow from 705 in 2011 to approximately 2,250 students for this coming school year.

- ❖ **Public Education Funding Shortfall:** State funding of public education was decreased by the State Legislature in 2011. While it has increased somewhat since then, the allocation has not kept pace with basic cost increases. This negatively impacts Westlake since it owns and operates our public charter school, Westlake Academy, which receives 80% of its operational funding from the State. The municipal government continues to allocate significant resources to the Academy to deal with State funding limitations, maintain high quality educational services, provide for the Academy's facilities and support services, as well as preserve student slots for Westlake residents as we grow residentially. Additionally, the Westlake Academy Foundation (WAF) raises significant operating funds for the Academy, without which the school could not operate. Recently the Texas Supreme Court upheld, after a multi-year lawsuit, the constitutionality of Texas' public school funding system. For most public

schools, including a charter school like Westlake Academy, what the Court's decision holds for us in the future in terms of the State Legislature possibly increasing State public school funding remains to be seen.

- ❖ **Implementation of the Comprehensive Plan:** With adoption of the Town's new Comprehensive Plan, *Forging Westlake*, several of our ordinances need to be rewritten and new ones drafted so that the Plan's recommendations can be implemented. The task of implementing the changes to the ordinances will require additional staff and consultant time and oversight to ensure we reflect the direction of the Council and the Comp Plan. Progress on the first phase of this work is being made in FY15-16, but will need to continue into FY16-17.
- ❖ **Pursuit of Infrastructure and Services Reinvestment While Combating Certain Cost Increases:** We must reinvest in maintaining our infrastructure. However, with growth comes the need to also invest through capital spending in new public buildings and our water and sewer utility. An example of a key project needed to deal with the Town's growth is a Phase 2 water transmission line to our wholesale water provider. This is a costly project which will require significant dollars.
- ❖ **Staffing Levels, Insurance Costs, and Retention:** Our infrastructure investment must be facilitated in concert with the consideration of additional staffing needs to maintain our current service levels in response to growth. This includes keeping our compensation/benefit package competitive to attract and retain excellent employees so we can continue delivering exceptional service. We have found this to be especially true as it relates to having adequate staffing to deal with development review and construction. We have balanced all these components considering maximizing staff efficiencies and processes to help contain large expenditure drivers such as employee health insurance.
- ❖ **Continued Emphasis on Long-range Financial Planning:** The FY16-17 budget contains an updated Long-Range Financial Forecast which identifies key revenue and expenditure drivers while assessing historical financial trends and their potential impact upon the town's financial stability. The forecast must be monitored and updated during the budget formulation process, as well as reviewed with the Town Council as the budget is being prepared. Staff will also continue to produce a quarterly financial report for the Council that monitors and analyzes trends in the General Fund, Utility Fund, and Visitor Association Fund. The report serves as a valuable tool to assist in developing a proactive, rather than reactive, approach to our changing financial trends.

Users of this document, as well as others interested in the programs and services offered by the Town of Westlake, are encouraged to read the Town's Fiscal Year 2016-17 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, 2015.

This was the ninth year the Town has received this prestigious award. 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 ninth GFOA Distinguished Budget Presentation Award for the fiscal year beginning October 1, 2015 for our municipal budget and the 7th year for our educational services budget for Westlake Academy, a component unit of the Town. 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 seven years.

The Finance Department received its fourth Popular Annual Financial Report (PAFR) converting much of the FY 2014-2015 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

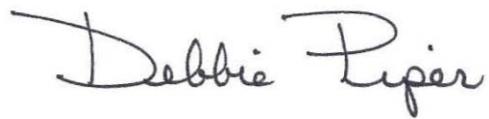
The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Appreciation is expressed to Town employees throughout the organization, especially those employees who were instrumental in the successful completion of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

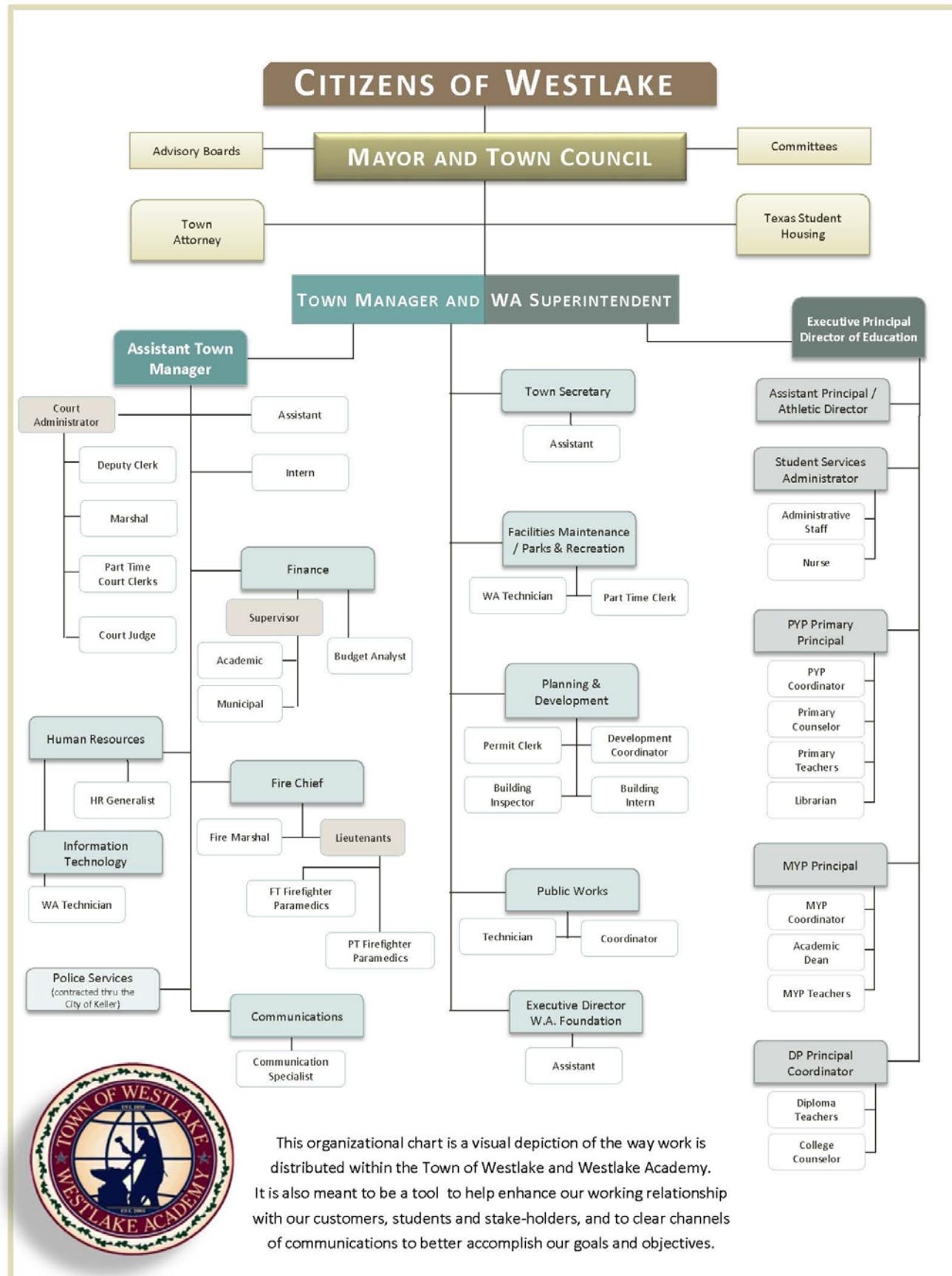
Presented to
**Town of Westlake
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

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

Executive Director/CEO



TOWN OF WESTLAKE

ELECTED AND APPOINTED OFFICIALS



**Laura
Wheat**



**Alesa
Belvedere**



**Michael
Barrett**



**Rick
Rennhack**



**Carol
Langdon**



**Wayne
Stoltenberg**

ELECTED OFFICIALS

Mayor

Laura Wheat

Mayor Pro-Tem

Carol Langdon

Council Member

Ales Belvedere

Council Member

Michael Barrett

Council Member

Rich Renhack

Council Member

Wayne Stoltenberg

APPOINTED OFFICIALS

TOM BRYMER

Town Manager

AMANDA DEGAN

Assistant Town Manager

GINGER AWTRY

Director of Communications
and Community Affairs

DEBBIE PIPER

Director of Finance

KELLY EDWARDS

Town Secretary

RON RUTHVEN

Director of Planning and
Development

TODD WOOD

Director of Human Resources
and Administrative Services

JARROD GREENWOOD

Director of Public Works

RICHARD WHITTEN

Fire Chief

TROY MEYER

Director of Facilities Maintenance
and Parks and Recreation

JASON POWER

Director of Information
Technology



TOWN OF WESTLAKE

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, 2016, 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.

Town of Westlake, Texas

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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, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15 and budgetary comparison information and pension schedules on pages 79 through 86 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

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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 23, 2017 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.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February 23, 2017



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, 2016. 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-viii of this report) and the statistical section (pages 98-116 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. It should be noted that the Independent Auditor's Report describes the auditors' association with the various sections of this report and that all the additional information from the website and other Town sources are unaudited.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$57,051,960 (Net position). This number must be viewed within the context that the vast majority of the Town's net position of \$44,343,700 (77.7%) is its investment in 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 \$7,489,048 (13.2%). The remaining amount, \$5,219,212 (9.1%), 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 \$20,395,822, which is a decrease of \$7,789,659 in comparison with the prior year. Within this total, \$11,303,101 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 \$9,679,473, an increase of \$1,998,923 in comparison with the prior year. Of this total fund balance, \$9,092,721 is unassigned. This represents 134% of the total general fund expenditures and is equivalent to 489 operating days.
- The Town's capital assets (net of accumulated depreciation) increased by \$7,455,000. This is due in large part to an increase of \$9,148,608 in construction in progress accounts. This increase is primarily due to the infrastructure construction expenditures related to the Public Improvement District (PID) offset by accumulated depreciation in capital improvements (\$567K), buildings (\$660K), machinery and equipment (\$433K).
- The Town's long-term debt decreased by \$807,692 in total, due to the scheduled repayment of principal on outstanding bonded debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-wide financial statements

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

The *statement of net position* presents information on all the Town's assets and deferred outflows of resources and liabilities and deferred inflows of resources 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 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 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 the Texas Student Housing entities. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. See pages 33- 34 of the "Financial Section" for detail on these entities. In addition, the Town has the following blended component units: Lone Star Public Facilities Corporation, 4B Economic Development Corporation, and Westlake Academy, an open enrollment charter school owned and operated by the Town of Westlake.

Fund Financial Statements

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

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

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

of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33 – 78 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 79-96.

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

The Town's *combined* net position changed from a year ago, decreasing \$1,318,848 from \$58,370,808 to \$57,051,960. 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, \$44,343,700 (77.7%), reflects its investment in capital assets (e.g. land, buildings, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire capital assets still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. 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, \$7,489,048 (13.2%), represents resources that are subject to external or internal restrictions on how they may be used. The remaining balance of \$5,219,212 (9.1%) represents unrestricted net position which is available for the town's ongoing expenses.

Table 1
Condensed Statement of Net Position
At September 30, 2016 and 2015

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current and other assets	\$ 23,271,426	\$ 29,451,181	\$ 4,197,173	\$ 4,879,191	\$ 27,468,599	\$ 34,330,372
Capital assets	62,414,763	54,470,449	12,173,674	12,662,988	74,588,437	67,133,437
Total Assets	<u>\$ 85,686,189</u>	<u>\$ 83,921,630</u>	<u>\$ 16,370,847</u>	<u>\$ 17,542,179</u>	<u>\$ 102,057,036</u>	<u>\$ 101,463,809</u>
Deferred outflows of resources	2,546,463	1,549,467	84,021	42,985	2,630,484	1,592,452
Liabilities						
Noncurrent liabilities	30,117,478	29,466,305	6,308,304	6,357,349	\$ 36,425,782	\$ 35,823,654
Other liabilities	2,984,891	1,377,466	8,143,561	7,425,583	11,128,452	8,803,049
Total Liabilities	<u>33,102,369</u>	<u>30,843,771</u>	<u>14,451,865</u>	<u>13,782,932</u>	<u>\$ 47,554,234</u>	<u>\$ 44,626,703</u>
Deferred inflows of resources	81,326	58,750	-	-	81,326	58,750
Net Position						
Net investments in capital assets	38,299,337	29,633,298	6,044,363	6,410,547	\$ 44,343,700	\$ 36,043,845
Restricted	7,489,048	17,827,177	-	-	7,489,048	17,827,177
Unrestricted	9,260,572	7,108,101	(4,041,360)	(2,608,315)	5,219,212	4,499,786
Total Net Position	<u>\$ 55,048,957</u>	<u>\$ 54,568,576</u>	<u>\$ 2,003,003</u>	<u>\$ 3,802,232</u>	<u>\$ 57,051,960</u>	<u>\$ 58,370,808</u>

Table 2
Changes in Net Position
For the years ended September 30, 2016 and 2015

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues						
Fees, fines and charges for services	\$ 3,794,327	\$ 2,466,032	\$ 3,979,201	\$ 3,563,395	\$ 7,773,528	\$ 6,029,427
Operating grant and contributions	7,863,168	7,615,653	-	-	7,863,168	7,615,653
Capital grants and contributions	269,185	19,983,078	-	-	269,185	19,983,078
General revenues						
Taxes						
Sales taxes	4,609,523	4,925,428	-	-	4,609,523	4,925,428
Property taxes	1,476,355	1,438,969	-	-	1,476,355	1,438,969
Hotel occupancy taxes	822,490	872,179	-	-	822,490	872,179
Mixed beverage taxes	61,476	59,184	-	-	61,476	59,184
Franchise taxes	930,043	963,040	-	-	930,043	963,040
Interest on investments	55,600	28,904	13,095	7,083	68,695	35,987
Miscellaneous	241,501	198,199	-	-	241,501	198,199
Total revenues	<u>20,123,668</u>	<u>38,550,666</u>	<u>3,992,296</u>	<u>3,570,478</u>	<u>\$ 24,115,964</u>	<u>\$ 42,121,144</u>
Expenses:						
General governmental	4,491,557	3,145,716	-	-	4,491,557	3,145,716
Public safety	2,737,084	2,381,437	-	-	2,737,084	2,381,437
Culture and recreation	187,274	129,970	-	-	187,274	129,970
Economic development	141,779	171,757	-	-	141,779	171,757
Public works	1,102,636	1,081,996	-	-	1,102,636	1,081,996
Visitor services	740,835	665,936	-	-	740,835	665,936
Education	9,516,287	8,598,261	-	-	9,516,287	8,598,261
Interest on long-term debt	990,413	1,022,201	-	-	990,413	1,022,201
Water and sewer	-	-	5,519,116	4,861,529	5,519,116	4,861,529
Cemetery	-	-	7,831	7,297	7,831	7,297
Total expenses	<u>19,907,865</u>	<u>17,197,274</u>	<u>5,526,947</u>	<u>4,868,826</u>	<u>25,434,812</u>	<u>22,066,100</u>
Increase (decrease) in net position before transfers	215,803	21,353,392	(1,534,651)	(1,298,348)	(1,318,848)	20,055,044
Transfers	<u>264,578</u>	<u>323,100</u>	<u>(264,578)</u>	<u>(323,100)</u>	<u>-</u>	<u>-</u>
Change in net position	480,381	21,676,492	(1,799,229)	(1,621,448)	(1,318,848)	20,055,044
Net position, beginning as previously stated	54,568,576	33,422,961	3,802,232	5,423,680	58,370,808	38,846,641
Cumulative effect of a change in accounting principle	-	(530,877)	-	-	-	(530,877)
Net position, ending	<u>\$ 55,048,957</u>	<u>\$ 54,568,576</u>	<u>\$ 2,003,003</u>	<u>\$ 3,802,232</u>	<u>\$ 57,051,960</u>	<u>\$ 58,370,808</u>

Governmental activities: Governmental activities increased the Town's net position by \$480,381 (0.9%), increasing net position from \$54,568,576 to \$55,048,957. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, other legal requirements, and/or Council or management's decision, increased by \$2,152,471.

Total revenues for governmental activities decreased by \$18,426,998 when compared to the prior year. General revenue had a decrease of \$288,915, while program revenues had a decrease of \$18,138,083.

Program revenues

- Fees, fines and charges for services increased \$1,328,295. The Planning and Development department realized the biggest increase in revenues with the majority (\$1.4M) coming from inspection/plan review fees, reforestation, building permit fees and PID inspection fees. The Fire/EMS department reflected a 20% decrease of \$27K primarily from EMS ambulance revenues and permit/inspection fees.
- Operating Grants and Contributions increased by \$247,515 mostly due to the increase of state funding because of increased enrollment at Westlake Academy as a result of the campus expansion.
- Capital Grants and Contributions decreased by \$19,713,893 with the major portion (\$18M) being attributed to contribution of funds in the prior year related to the Public Improvement District (PID).

General revenues

- Sales tax decreased by \$315,905 mostly due to large audit collections and one-time payments received in the prior fiscal year.
- Property tax receipts increased by \$37,386.
- Hotel occupancy taxes decreased by \$49,689. The Town received a reduced amount of hotel receipts from Deloitte University.
- Franchise fees decreased by \$32,997. Increases of \$76,782 were reflected in AT&T, Trinity Waste and Charter communications franchise fees. These were offset by decreases of \$109,782 in Tri-County Electric, One-Source, TXU Gas and Verizon franchise fees.
- Miscellaneous income increased by \$43,302 due to reimbursements. Certain PID related contracted services are paid from town funds and reimbursement is sought from the PID. These revenues are not taken against the expenditure to more clearly see the expenditures related to this project.

Expenses

- Total expenses for governmental activities increased by \$2,710,591 or approximately 16%.
- General Government expenditures reflected a 43% increase of \$1.3M; Payroll and related taxes/retirement increased with the addition of staff; increase in consultant fees was

related to local PID expenditures (offset by reimbursements); information technology expenditures saw a slight increase; and, contracted and professional fees such as attorney and consultants fees and feasibility studies increased.

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

Business-type Activities: The net position of our business-type activities ended fiscal year 2016 at \$2,003,003 compared with \$3,802,232 in 2015. This represents a decrease in net position of \$1,799,229, or 47% less than the prior fiscal year.

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

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 \$20,395,822; a decrease of \$7,789,659 in comparison with the prior year. Approximately 45% of this total (\$9,092,721) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is non-spendable, 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, 2016, and the amount and percentage of increases and decreases in relation to the prior year.

Table 3
Summary of Governmental Funds Revenues

Revenues	2015-16 Amount	Percent Of Total	Increase (Decrease) From 2014-15	Percent Increase (Decrease)
Taxes				
Sales taxes	\$ 4,609,523	23.1%	\$ (315,905)	-6.4%
Property taxes	1,479,451	7.4%	45,432	3.2%
Hotel occupancy taxes	61,476	0.3%	2,292	3.9%
Mixed beverage taxes	822,490	4.1%	(49,689)	-5.7%
Franchise taxes	930,043	4.7%	(32,997)	-3.4%
Subtotal - Taxes	<u>7,902,983</u>	<u>39.6%</u>	<u>(350,867)</u>	<u>-4.3%</u>
State program	6,543,782	32.8%	370,364	6.0%
Federal program	98,564	0.5%	10,767	12.3%
Interest income	55,600	0.3%	26,696	92.4%
Building permits and fees	2,715,236	13.6%	1,514,446	126.1%
Fines and penalties	796,014	4.0%	61,862	8.4%
Intergovernmental	-	0.0%	(3,810)	-100.0%
Contributions	283,684	1.4%	(18,502,269)	-98.5%
Miscellaneous	1,542,835	7.8%	(924,546)	-37.5%
Total Revenues	<u>\$ 19,938,698</u>	<u>100.0%</u>	<u>\$ (17,797,357)</u>	<u>-47.2%</u>

Table 4
Summary of Governmental Funds Expenditures

Expenditures	2015-16 Amount	Percent Of Total	Increase (Decrease) From 2014-15	Percent Increase (Decrease)
General government	\$ 3,280,507	11.5%	\$ 869,268	36.1%
Public safety	2,453,857	8.6%	(36,694)	-1.5%
Culture and recreation	185,923	0.7%	55,601	42.7%
Economic development	141,779	0.5%	(29,978)	-17.5%
Public works	773,751	2.7%	29,723	4.0%
Visitor services	725,971	2.6%	55,814	8.3%
Education	9,245,592	32.5%	1,307,091	16.5%
Capital outlay	9,561,954	33.6%	7,058,969	282.0%
Debt services	2,097,901	7.3%	(10,273)	-0.5%
Total Expenditures	<u>\$ 28,467,235</u>	<u>100.0%</u>	<u>\$ 9,299,521</u>	<u>48.5%</u>

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

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

- Revenues increased \$1.1M - The Planning and Development department realized the biggest increase in revenues with the majority (\$1.5M) coming from inspection/plan review fees, reforestation, building permit fees and PID inspection fees. Transfers in decreased (\$108K) due to a one-time transfer from the PID capital project fund. Other revenues that presented an increase were court revenues, interest income and property taxes. Decreases were seen in Franchise fees and general sales tax. The sales tax decrease of \$241K is primarily due to large audit collections and one-time payments received in the prior fiscal year.
- Expenditures decreased 1.0M - Payroll and related taxes, insurance and retirement increased \$354K. Other expenditures decreased due to one-time transactions in the prior year. Maintenance and replacement projects decreased approximately \$1.0M due to fire department equipment purchases of a ladder pumper truck and Westlake Academy playground equipment.

Westlake Academy - Fund balance decreased by \$514,950 primarily due to the purchase of technology with designated funds as well as the use of local grant funds provided in the prior year.

Visitors Association Fund - Fund balance decreased by \$70,932 (7%) primarily due to the additional funds paid to the Marriott based on an economic development agreement to bring more groups to Westlake.

Capital Projects Fund - Fund balance increased by \$16,178 largely due to contributions for Westlake Academy Outdoor Science Center and Bleachers/Tower project. In addition, there were increases for transportation projects relating to signalization at Dover Road, FM 1938 Solana Blvd and SH 114.

Westlake Academy Expansion Fund - Fund balance increased by \$1,374 (from \$395,753 to \$397,127). This fund was created to account for proceeds from long-term financing and revenue and expenditures related to authorized construction related to the expansion of Westlake Academy facilities. The original project for this fund was completed in FY2015. Transfers in will be recorded for lot fee revenue based on an economic development agreement related to lot sales in several residential sub-division in future years.

Solana Public Improvement District (PID) Capital Project Fund - Fund balance decreased by \$9,229,851 due to infrastructure construction on the project. This fund was created in FY 2015 to detail the funds contributed based on bond proceeds for the construction of infrastructure for the Entrada development. All infrastructure will be conveyed to the Town upon completion.

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 \$2,003,003, a decrease of \$1,799,229 which was primarily due to the payment to the City of Fort Worth for the Town's proportionate share of water system upgrades to provide Westlake with future capacity needs.

General Fund Budgetary Highlights

The General Fund budget for fiscal year 2016 was amended in total to increase the net change in fund balance from \$1,108,690 to \$1,740,078, a total increase of \$631,388. The amended budget for net revenues was increased by \$308K (3%) based on anticipated increases in several categories. The amended budget for net expenditures was decreased by \$322K (4%). This was primarily due to a decrease in reduction of transfers out to the Capital Project Fund.

The General Fund actual revenue collections/other sources were more than the amended budget by \$118K. Actual expenditure costs/other sources were less than the amended budget by \$155K (3%) due mostly to less than anticipated service expenditures.

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, 2016, totaled \$74,588,437 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress. The net increase in the Town's investment in capital assets for the current fiscal year was \$7,455,000 or 11% mostly due to the additional construction in progress related to the PID. Increase for governmental activities was 14.6% (\$7,944,314) and 3.9% (\$489,314) decrease in business-type activities.

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

- \$9.4M - Construction in Progress (Primarily PID)
- \$122K - Solana and Dove Road/FM 1938 Signalization
- \$ 87K - Fire Station Complex
- \$ 70K - E Dove Road Reconstruction/Drainage
- \$ 56K - Stage Coach Hills Pavement Repair
- \$131K - IT Network and Server Equipment
- \$ 75K - Upgrade to audio/visual and furniture for Council Chambers and office staff

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 11,896,664	\$ 11,896,664	\$ -	\$ -	\$ 11,896,664	\$ 11,896,664
Capital improvements	10,335,819	10,539,908	10,097,620	10,461,290	20,433,439	21,001,198
Building	26,351,151	27,011,626			26,351,151	27,011,626
Machinery and equipment	1,614,268	1,914,727	1,669,017	1,802,085	3,283,285	3,716,812
W/W treatments rights			121,645	153,492	121,645	153,492
Construction in progress	12,216,861	3,107,524	285,392	246,121	12,502,253	3,353,645
Total capital assets	<u>\$ 62,414,763</u>	<u>\$ 54,470,449</u>	<u>\$ 12,173,674</u>	<u>\$ 12,662,988</u>	<u>\$ 74,588,437</u>	<u>\$ 67,133,437</u>

Additional information on the Town's capital assets can be found in Note 4 on pages 49- 52 of this report.

Long-term liabilities - At the end of the current fiscal year, the Town had total long-term debt outstanding of \$34,116,309. Of this amount, \$27,142,000 represents bonded indebtedness, \$563,045 capital leases, \$275,101 in loans and \$5,126,958 contractual obligations. During the fiscal year 2015-2016, the Town's total debt payable decreased by \$807,692. This decrease was due to the scheduled repayment of principal and interest on outstanding bonded debt.

Standard & Poor's Ratings Services, a division of McGraw-Hill, Inc. has recently increased the Town's rate from AA+/stable to AAA/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 52- 61.

Table 6
Outstanding Debt at Year-End

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 16,685,000	\$ 17,480,000	\$ -	\$ -	\$ 16,685,000	\$ 17,480,000
Certificates of obligation	9,485,700	9,759,250	971,300	992,750	10,457,000	10,752,000
Contractual obligations	-	33,814	5,126,958	5,226,294	5,126,958	5,260,108
Capital leases	563,045	174,373	-	-	563,045	174,373
Premium on bonds	657,912	701,120	31,053	33,397	688,965	734,517
Notes payable	275,101	323,227			275,101	323,227
Compensated absences	274,216	172,704	46,024	27,072	320,240	199,776
 Total long-term debt	 <u>\$ 27,940,974</u>	 <u>\$ 28,644,488</u>	 <u>\$ 6,175,335</u>	 <u>\$ 6,279,513</u>	 <u>\$ 34,116,309</u>	 <u>\$ 34,924,001</u>

The Town's net pension liability relative to its participation in Texas Municipal Retirement System (TMRS) increased from \$707,597 as of September 30, 2015 to \$1,215,618 as of September 30, 2016. The Academy's proportionate share of the Teacher Retirement System (TRS) net pension liability increased from \$192,056 as of August 31, 2015 to \$1,093,865 as of August 31, 2016.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

In the FY 2016-17 adopted budget, the General Fund balance is anticipated to decrease by \$2.2M (111%). Adopted revenue collections are budgeted to be less than the 2016 actuals by \$486K (5%); budgeted transfers in show a decrease of \$313K (32%) with the majority coming from a one-time transfer in the prior year from Utility Fund.

Anticipated expenditures/other uses are anticipated to be approximately \$1M more than the prior year. Total overall service expenditures are predicted to increase \$379K (15%) with the majority being from planning & development. Other accounts that the town has anticipated increases are legal and legislative fees \$46K; records management \$49K; Police contract \$27K; information technology contracted services \$43K; and \$42K from engineering and consultant fees. Fire department projects for the anticipated purchase of a new fire marshal vehicle and several accounts related to Westlake Academy facility projects increased \$127K (53%). Information Technology accounts increased \$38K (49%). Rent and utility expenditures increased \$197K (52%) mainly due to the anticipated relocation of the town hall and the associated increased rent and utility that will be incurred with the larger building.

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

The Utility Fund FY 2016-17 adopted budget projects a 21% decrease of \$333,272 from prior year actuals primarily due to the payment to the City of Fort Worth (\$888K) for the Town's proportionate share of water system upgrades to provide Westlake with future capacity needs. \$1.1M was paid towards the project in the prior fiscal year.

CONTACTING THE TOWN'S FINANCE DEPARTMENT

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

BASIC FINANCIAL STATEMENTS



TOWN OF WESTLAKE

EXHIBIT A-1
**TOWN OF WESTLAKE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016**

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 13,423,371	\$ 2,786,259	\$ 16,209,630	\$ 5,087,498
Receivables (net of allowance)	1,738,899	1,048,008	2,786,907	901,817
Inventories	-	95,893	95,893	-
Other assets	81,512	29,828	111,340	81,713
Restricted cash and cash equivalents	8,027,644	237,185	8,264,829	4,312,563
Capital assets:				
Land and construction in progress	24,113,525	285,392	24,398,917	7,282,413
Buildings and improvements	47,170,122	14,899,416	62,069,538	69,554,153
Wastewater treatment rights	-	635,199	635,199	-
Machinery and equipment	4,554,843	3,560,780	8,115,623	5,902,065
Less accumulated depreciation	(13,423,727)	(7,207,113)	(20,630,840)	(36,595,275)
Total capital assets	<u>62,414,763</u>	<u>12,173,674</u>	<u>74,588,437</u>	<u>46,143,356</u>
Total Assets	<u>85,686,189</u>	<u>16,370,847</u>	<u>102,057,036</u>	<u>56,526,947</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - TRS pension	869,371	-	869,371	-
Deferred outflows of resources - TMRS pension	684,049	84,021	768,070	-
Deferred loss on refunding	993,043	-	993,043	-
Total Deferred Outflows of Resources	<u>2,546,463</u>	<u>84,021</u>	<u>2,630,484</u>	<u>-</u>
LIABILITIES				
Accounts payable	2,870,128	596,206	3,466,334	1,331,686
Customer deposit payable	-	237,185	237,185	-
Unearned revenue	2,520	254,719	257,239	1,390,973
Accrued interest payable	112,243	7,055,451	7,167,694	29,021,722
Noncurrent liabilities:				
Due within one year	1,394,943	130,744	1,525,687	72,998,799
Due in more than one year	<u>28,722,535</u>	<u>6,177,560</u>	<u>34,900,095</u>	<u>-</u>
Total Liabilities	<u>33,102,369</u>	<u>14,451,865</u>	<u>47,554,234</u>	<u>104,743,180</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - TRS pension	81,326	-	81,326	-
Total Deferred Inflows of Resources	<u>81,326</u>	<u>-</u>	<u>81,326</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	38,299,337	6,044,363	44,343,700	(26,855,443)
Restricted for:				
Tourism	1,003,636	-	1,003,636	-
Construction	5,943,200	-	5,943,200	-
Court security and technology	238,636	-	238,636	-
Future projects	13,679	-	13,679	-
Education	289,897	-	289,897	-
Unrestricted	<u>9,260,572</u>	<u>(4,041,360)</u>	<u>5,219,212</u>	<u>(21,360,790)</u>
Total net position	<u>\$ 55,048,957</u>	<u>\$ 2,003,003</u>	<u>\$ 57,051,960</u>	<u>\$ (48,216,233)</u>

The accompanying notes are
an integral part of this statement.

TOWN OF WESTLAKE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 4,491,557	\$ 789,457	\$ -	\$ -
Public safety	2,737,084	932,017	13,299	-
Cultural and recreation	187,274	-	1,200	-
Public works	1,102,636	1,789,776	-	269,185
Economic development	141,779	-	-	-
Visitor services	740,835	-	-	-
Education	9,516,287	283,077	7,848,669	-
Interest on long-term debt	990,534	-	-	-
Total governmental activities	<u>19,907,865</u>	<u>3,794,327</u>	<u>7,863,168</u>	<u>269,185</u>
Business-type activities:				
Water and sewer	5,519,116	3,968,086	-	-
Cemetery	7,831	11,115	-	-
Total business-type activities	<u>5,526,947</u>	<u>3,979,201</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 25,434,812</u>	<u>\$ 7,773,528</u>	<u>\$ 7,863,168</u>	<u>\$ 269,185</u>
Reported Discretely Presented Component Units	<u>\$ 18,409,488</u>	<u>\$ 13,552,335</u>	<u>\$ -</u>	<u>\$ -</u>
GENERAL REVENUES AND TRANSFERS:				
Taxes:				
Sales taxes				
Property taxes				
Hotel occupancy taxes				
Mixed beverage taxes				
Franchise taxes				
Interest Income				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
NET POSITION, beginning of year				
NET POSITION, end of year				

The accompanying notes are
an integral part of this statement.

EXHIBIT A-2

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Discretely Presented Component Units		
Governmental Activities	Business - Type Activities	Total			
\$	\$	\$	\$	\$	\$
(3,702,100)	-	(3,702,100)	-	-	-
(1,791,768)	-	(1,791,768)	-	-	-
(186,074)	-	(186,074)	-	-	-
956,325	-	956,325	-	-	-
(141,779)	-	(141,779)	-	-	-
(740,835)	-	(740,835)	-	-	-
(1,384,541)	-	(1,384,541)	-	-	-
(990,534)	-	(990,534)	-	-	-
<u>(7,981,185)</u>	<u>-</u>	<u>(7,981,185)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(1,551,030)	(1,551,030)	-	-	-
<u>-</u>	<u>3,284</u>	<u>3,284</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(7,981,185)</u>	<u>(1,547,746)</u>	<u>(1,547,746)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u><u>\$</u></u>	<u><u>-</u></u>	<u><u>\$</u></u>	<u><u>-</u></u>	<u><u>\$</u></u>	<u><u>(4,857,153)</u></u>
4,609,523	-	4,609,523	-	-	-
1,476,355	-	1,476,355	-	-	-
822,490	-	822,490	-	-	-
61,476	-	61,476	-	-	-
930,043	-	930,043	-	-	-
55,600	13,095	68,695	8,469	-	-
241,501	-	241,501	-	-	-
<u>264,578</u>	<u>(264,578)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>8,461,566</u>	<u>(251,483)</u>	<u>8,210,083</u>	<u>8,469</u>	<u>-</u>	<u>-</u>
480,381	(1,799,229)	(1,318,848)	(4,848,684)	-	-
<u>54,568,576</u>	<u>3,802,232</u>	<u>58,370,808</u>	<u>(43,367,549)</u>	<u>-</u>	<u>-</u>
<u><u>\$</u></u>	<u><u>55,048,957</u></u>	<u><u>2,003,003</u></u>	<u><u>\$</u></u>	<u><u>57,051,960</u></u>	<u><u>\$</u></u>
<u><u>(48,216,233)</u></u>					

**TOWN OF WESTLAKE
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

	General	Westlake Academy	Debt Service Fund
ASSETS:			
Cash and cash equivalents	\$ 8,939,772	\$ 878,151	\$ 30,979
Receivables :			
Property taxes	2,674	-	282
Accounts receivable	991,831	448,254	-
Due from other funds	199,237	-	-
Prepaid items	12,794	60,403	-
Restricted cash and cash equivalents	-	-	-
TOTAL ASSETS	\$ 10,146,308	\$ 1,386,808	\$ 31,261
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE:			
Liabilities:			
Accounts payable	\$ 464,160	\$ 228,046	\$ 512
Unearned revenue	-	-	-
Due to other funds	-	-	-
Total liabilities	464,160	228,046	512
DEFERRED INFLOWS OF RESOURCES:			
Unavailable resources - property taxes	2,675	-	281
Total deferred inflows of resources	2,675	-	281
Fund Balances:			
Nonspendable:			
Prepaid items	12,794	60,403	-
Restricted for:			
Tourism	-	-	-
Capital items	-	-	-
Court security and technology	238,636	-	-
Debt service	-	-	30,468
Future projects	-	-	-
Education	-	1,098,359	-
Committed for:			
Street and tree improvements	335,322	-	-
Unassigned	9,092,721	-	-
Total fund balances	9,679,473	1,158,762	30,468
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
	\$ 10,146,308	\$ 1,386,808	\$ 31,261

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

EXHIBIT A-3

Capital Projects	Westlake Academy Expansion	Solana PID Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,192,443	\$ 397,127	\$ -	\$ 984,899	\$ 13,423,371
-	-	-	-	2,956
-	-	-	295,858	1,735,943
-	-	-	-	199,237
-	-	-	8,315	81,512
-	-	8,027,644	-	8,027,644
\$ 2,192,443	\$ 397,127	\$ 8,027,644	\$ 1,289,072	\$ 23,470,663
\$ 31,281	\$ -	\$ 2,084,444	\$ 61,685	\$ 2,870,128
-	-	-	2,520	2,520
-	-	-	199,237	199,237
31,281	-	2,084,444	263,442	3,071,885
-	-	-	-	2,956
-	-	-	-	2,956
-	-	-	8,315	81,512
-	-	-	1,003,636	1,003,636
2,161,162	397,127	5,943,200	-	8,501,489
-	-	-	-	238,636
-	-	-	-	30,468
-	-	-	13,679	13,679
-	-	-	-	1,098,359
-	-	-	-	335,322
-	-	-	-	9,092,721
2,161,162	397,127	5,943,200	1,025,630	20,395,822
\$ 2,192,443	\$ 397,127	\$ 8,027,644	\$ 1,289,072	\$ 23,470,663

EXHIBIT A-4

TOWN OF WESTLAKE
RECONCILIATION OF THE GOVERMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

Total fund balance-governmental funds balance sheet	\$ 20,395,822
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.	62,414,763
Deferred losses on refunding are reported as deferred outflows of resources in the government-wide statement of net position.	993,043
Revenues earned but not available within sixty days of the fiscal year-end are not recognized as revenue in the fund financial statements.	2,956
Deferred outflows of resources related to the Town's and Academy's net pension liability increase net position by \$684,049 and \$869,371, respectively; while the Academy's deferred resource outflows related to the net pension liability decreases net position by \$81,326. This amount is the net effect.	1,472,094
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.	(112,243)
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>(30,117,478)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES - statement of net position	<u><u>\$ 55,048,957</u></u>

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



TOWN OF WESTLAKE

TOWN OF WESTLAKE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	General	Westlake Academy	Debt Service Fund
REVENUES:			
Taxes			
Sales	\$ 3,345,688	\$ -	\$ -
Property	1,318,058	-	161,393
Mixed beverage	61,476	-	-
Hotel occupancy	-	-	-
Franchise	930,043	-	-
State program revenues	-	6,543,782	-
Federal program revenues	-	98,564	-
Interest income	18,911	3,126	-
Building permits and fees	2,715,236	-	-
Fines and penalties	796,014	-	-
Contributions	13,299	-	-
Miscellaneous	227,886	1,301,334	-
Total revenues	9,426,611	7,946,806	161,393
EXPENDITURES:			
Current			
General government	3,280,507	-	-
Public safety	2,453,857	-	-
Cultural and recreation	185,923	-	-
Public works	773,751	-	-
Economic development	-	-	-
Visitor services	-	-	-
Education	-	9,245,592	-
Capital outlay	50,563	-	-
Debt service			
Principal retirement	48,126	-	1,068,550
Interest and other fiscal charges	121	5,464	939,882
Total expenditures	6,792,848	9,251,056	2,008,432
Excess (deficiency) of revenues			
Over (Under) Expenditures	2,633,763	(1,304,250)	(1,847,039)
OTHER FINANCING SOURCES (USES)			
Transfers in	277,878	315,000	1,856,591
Transfers out	(912,718)	-	-
Issuance of capital lease	-	474,300	-
Net other financing sources (uses)	(634,840)	789,300	1,856,591
NET CHANGE IN FUND BALANCES	1,998,923	(514,950)	9,552
FUND BALANCES, AT BEGINNING OF YEAR	7,680,550	1,673,712	20,916
FUND BALANCES AT END OF YEAR	\$ 9,679,473	\$ 1,158,762	\$ 30,468

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

EXHIBIT A-5

Capital Projects	Westlake Academy Expansion	Solana PID Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 1,263,835	\$ 4,609,523
-	-	-	-	1,479,451
-	-	-	-	61,476
-	-	-	822,490	822,490
-	-	-	-	930,043
-	-	-	-	6,543,782
-	-	-	-	98,564
7,272	1,374	21,261	3,656	55,600
-	-	-	-	2,715,236
-	-	-	-	796,014
269,185	-	-	1,200	283,684
-	-	-	13,615	1,542,835
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
276,457	1,374	21,261	2,104,796	19,938,698
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	-	3,280,507
-	-	-	-	2,453,857
-	-	-	-	185,923
-	-	-	-	773,751
-	-	-	141,779	141,779
-	-	-	725,971	725,971
-	-	-	-	9,245,592
260,279	-	9,251,112	-	9,561,954
-	-	-	33,814	1,150,490
-	-	-	1,944	947,411
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
260,279	-	9,251,112	903,508	28,467,235
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
16,178	1,374	(9,229,851)	1,201,288	(8,528,537)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	35,758	2,485,227
-	-	-	(1,307,931)	(2,220,649)
-	-	-	-	474,300
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	(1,272,173)	738,878
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
16,178	1,374	(9,229,851)	(70,885)	(7,789,659)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
2,144,984	395,753	15,173,051	1,096,515	28,185,481
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 2,161,162	\$ 397,127	\$ 5,943,200	\$ 1,025,630	\$ 20,395,822

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, 2016

Net change in fund balances- total governmental funds.	\$ (7,789,659)
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.	9,585,607
Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(1,632,768)
Loss on sale of capital assets decreases net position in the government-wide financial statements, but only proceeds from the sale are recorded in the governmental funds financial statements. This amount represents the reduction in capital assets.	(8,525)
The repayment of the principal of long term debt consumes the current financial resources of governmental funds, but has no effect on net position. The amortization of bond premiums and deferred gain/loss on refunding of long term debt is reported in the statement of activities but does not require the use of current financial resources. Therefore, the effect of the amortization of these various items are not reported in the statement of revenues, expenditures, and changes in fund balance.	
This amount represents the net effect of the following items:	
Repayments	1,150,490
Amortization of premium on bonds	43,208
Amortization of deferred loss on refunding	<u>(100,853)</u>
	1,092,845
Governmental funds reflect the proceeds of capital leases as other financing sources and payments as expenditures. However, in the government-wide statements, the proceeds and payments are reflected as changes in liabilities. This amount represents the net effect of proceeds (\$474,300) and payments, \$85,628.	(388,672)
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.	5,575
Implementation of GASB 68 requires certain expenditures to be de-expended and recorded as deferred outflows of resources. These contributions made after the measurement date caused the change in net position to increase by \$211,995. Contributions made before the measurement date, but after the previous measurement date were reversed from deferred outflows and recorded as a current year expense, causing a decrease in the change in net position of \$188,615. In addition, the recording of pension expense decreased the change in net position by \$138,234. This amount is the net effect.	(114,855)
Implementation of GASB 68 also affected the Academy. Contributions made to TRS after the measurement date caused the change in net position to increase by \$88,399. Contributions made before the measurement period caused a decrease in the change in net position of \$92,325. The net share of the Academy's amount of deferred inflows and outflows of resources decreased the change in net position by \$158,867. This amount is the net effect.	(162,793)
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.	(101,512)
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	<u>(4,862)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES - statement of activities	<u>\$ 480,381</u>

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, 2016**

	Utility Fund	Cemetery Fund	Total
ASSETS:			
Current Assets			
Cash and cash equivalents	\$ 2,723,915	\$ 62,344	\$ 2,786,259
Accounts receivable	1,048,008	-	1,048,008
Inventories	-	95,893	95,893
Prepaid expenses	29,828	-	29,828
Restricted cash and investments	237,185	-	237,185
Total current assets	<u>4,038,936</u>	<u>158,237</u>	<u>4,197,173</u>
Noncurrent assets			
Capital assets:			
Construction in progress	285,392	-	285,392
Buildings and improvements	14,899,416	-	14,899,416
Wastewater treatment rights	635,199	-	635,199
Machinery and equipment	3,560,780	-	3,560,780
Less: accumulated depreciation	(7,207,113)	-	(7,207,113)
Total capital assets	<u>12,173,674</u>	<u>-</u>	<u>12,173,674</u>
Total noncurrent assets	<u>12,173,674</u>	<u>-</u>	<u>12,173,674</u>
TOTAL ASSETS	<u>16,212,610</u>	<u>158,237</u>	<u>16,370,847</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows - TMRS pension	<u>84,021</u>	<u>-</u>	<u>84,021</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>84,021</u>	<u>-</u>	<u>84,021</u>
LIABILITIES			
Current liabilities:			
Accounts payable	596,206	-	596,206
Customer deposits payable	237,185	-	237,185
Accrued interest payable	7,055,451	-	7,055,451
Unearned revenue	254,719	-	254,719
Compensated absences - current portion	4,601	-	4,601
Current portion of bonds payable	22,000	-	22,000
Contractual obligations	104,143	-	104,143
Total current liabilities	<u>8,274,305</u>	<u>-</u>	<u>8,274,305</u>
Long-term liabilities:			
Bonds payable	949,300	-	949,300
Compensated absences	41,413	-	41,413
Contractual obligations	5,053,868	-	5,053,868
Net pension liability	132,979	-	132,979
Total long-term liabilities	<u>6,177,560</u>	<u>-</u>	<u>6,177,560</u>
TOTAL LIABILITIES	<u>14,451,865</u>	<u>-</u>	<u>14,451,865</u>
NET POSITION			
Net investment in capital assets	6,044,363	-	6,044,363
Unrestricted	<u>(4,199,597)</u>	<u>158,237</u>	<u>(4,041,360)</u>
TOTAL NET POSITION	<u>\$ 1,844,766</u>	<u>\$ 158,237</u>	<u>\$ 2,003,003</u>

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, 2016

	Utility Fund	Cemetery Fund	Total
OPERATING REVENUES:			
Charges for services	\$ 3,830,533	\$ 11,115	\$ 3,841,648
Miscellaneous revenue	137,553	-	137,553
Total operating revenues	<u>3,968,086</u>	<u>11,115</u>	<u>3,979,201</u>
OPERATING EXPENSES:			
Payroll costs	423,436	-	423,436
Professional and contract services	1,186,445	6,685	1,193,130
Depreciation	496,738	-	496,738
Amortization of wastewater treatment rights	31,847	-	31,847
Water purchases	1,358,068	-	1,358,068
Cost of cemetery lots sold	-	696	696
Other operating costs	1,203,193	450	1,203,643
Total operating expenses	<u>4,699,727</u>	<u>7,831</u>	<u>4,707,558</u>
Net operating income (loss)	<u>(731,641)</u>	<u>3,284</u>	<u>(728,357)</u>
NON-OPERATING REVENUES(EXPENSES):			
Interest income	12,880	215	13,095
Interest expense	(819,389)	-	(819,389)
Total non-operating revenues (expenses)	<u>(806,509)</u>	<u>215</u>	<u>(806,294)</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS			
	<u>(1,538,150)</u>	<u>3,499</u>	<u>(1,534,651)</u>
Transfer out	<u>(264,578)</u>	<u>-</u>	<u>(264,578)</u>
Total transfers and capital contributions	<u>(264,578)</u>	<u>-</u>	<u>(264,578)</u>
Change in net position	<u>(1,802,728)</u>	<u>3,499</u>	<u>(1,799,229)</u>
Total net position, beginning of year	<u>3,647,494</u>	<u>154,738</u>	<u>3,802,232</u>
Total net position, end of year	<u>\$ 1,844,766</u>	<u>\$ 158,237</u>	<u>\$ 2,003,003</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, 2016

	Utility Fund	Cemetery Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 3,933,503	\$ 11,115	\$ 3,944,618
Payments to employees	(418,601)	-	(418,601)
Payments to suppliers	<u>(3,702,037)</u>	<u>(8,760)</u>	<u>(3,710,797)</u>
Net cash provided by (used in) operating activities	<u>(187,135)</u>	<u>2,355</u>	<u>(184,780)</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfer to other funds	(264,578)	-	(264,578)
Net cash used in noncapital financing activities	<u>(264,578)</u>	<u>-</u>	<u>(264,578)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal paid on debt	(121,958)	-	(121,958)
Interest paid on debt	(136,450)	-	(136,450)
Investment earnings	12,880	215	13,095
Purchase of property and equipment	<u>(39,271)</u>	<u>-</u>	<u>(39,271)</u>
Net cash provided by (used in) capital and related financing activities	<u>(284,799)</u>	<u>215</u>	<u>(284,584)</u>
Net increase (decrease) in cash	(736,512)	2,570	(733,942)
Cash and cash equivalents at the beginning of the year	<u>3,697,612</u>	<u>59,774</u>	<u>3,757,386</u>
Cash and cash equivalents at the end of the year	<u>\$ 2,961,100</u>	<u>\$ 62,344</u>	<u>\$ 3,023,444</u>
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS:			
Cash and cash equivalents	\$ 2,723,915	\$ 62,344	\$ 2,786,259
Restricted cash and cash equivalents	<u>237,185</u>	<u>-</u>	<u>237,185</u>
Total cash and cash equivalents	<u>2,961,100</u>	<u>62,344</u>	<u>3,023,444</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	(731,641)	3,284	(728,357)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	528,585	-	528,585
Pension expense	14,107	-	14,107
Changes in operating assets and liabilities:			
Receivables	(22,792)	-	(22,792)
Prepaid items	(29,828)	-	(29,828)
Inventory	-	696	696
Compensated absences	18,942	-	18,942
Accounts payable	47,283	(1,625)	45,658
Customer deposits payable	18,025	-	18,025
Unearned revenue	<u>(29,816)</u>	<u>-</u>	<u>(29,816)</u>
Net cash provided by (used in) operating activities	<u>\$ (187,135)</u>	<u>\$ 2,355</u>	<u>\$ (184,780)</u>

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



TOWN OF WESTLAKE

EXHIBIT A-10

TOWN OF WESTLAKE
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
SEPTEMBER 30, 2016

	PID Agency Fund
ASSETS	
Restricted cash and cash equivalents	\$ 2,769,575
Total Assets	<u>\$ 2,769,575</u>
LIABILITIES	
Liability to bond holders	\$ 2,769,575
Total Liabilities	<u>\$ 2,769,575</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, 2016

	Texas Student Housing Corporation Denton Project	Texas Student Housing Authority Jefferson Commons at Town Lake Project
ASSETS		
Cash and cash equivalents	\$ 451,153	\$ 231,575
Accounts receivable (net of allowance)	48,532	17,511
Prepaid rent	35,007	520
Restricted assets:		
Cash and cash equivalents	1,920,451	56,856
Capital assets:		
Land	2,200,000	2,182,816
Buildings and improvements	25,705,000	16,963,841
Machinery and equipment	1,253,841	1,211,085
Less: accumulated depreciation	<u>(14,407,723)</u>	<u>(8,512,377)</u>
Total assets	<u>17,206,261</u>	<u>12,151,827</u>
LIABILITIES AND NET POSITION		
LIABILITIES:		
Accounts payable and accrued expenses	268,702	489,385
Unearned revenue	230,443	127,821
Accrued interest payable	7,803,016	4,887,748
Bonds payable	<u>24,807,616</u>	<u>19,246,983</u>
Total liabilities	<u>33,109,777</u>	<u>24,751,937</u>
NET POSITION:		
Net investment in capital assets	(10,056,498)	(7,401,618)
Unrestricted	<u>(5,847,018)</u>	<u>(5,198,492)</u>
Total net position	<u>\$ (15,903,516)</u>	<u>\$ (12,600,110)</u>

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

EXHIBIT A-11

Texas Student Housing Corporation College Station Project	Texas Student Housing Authority	Total
\$ 3,424,156	\$ 980,614	\$ 5,087,498
488,432	347,342	901,817
46,186	-	81,713
2,335,256	-	4,312,563
2,899,597	-	7,282,413
26,885,312	-	69,554,153
3,437,139	-	5,902,065
(13,675,175)	-	(36,595,275)
<u>25,840,903</u>	<u>1,327,956</u>	<u>56,526,947</u>
571,293	2,306	1,331,686
994,959	37,750	1,390,973
16,330,958	-	29,021,722
<u>28,944,200</u>	<u>-</u>	<u>72,998,799</u>
<u>46,841,410</u>	<u>40,056</u>	<u>104,743,180</u>
(9,397,327)	-	(26,855,443)
<u>(11,603,180)</u>	<u>1,287,900</u>	<u>(21,360,790)</u>
<u>\$ (21,000,507)</u>	<u>\$ 1,287,900</u>	<u>\$ (48,216,233)</u>

TOWN OF WESTLAKE
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Business-type activities:				
Texas Student Housing Authority	\$ 241,645	\$ 580,855	\$ -	\$ -
Texas Student Housing Authority:				
College Station Project	8,189,891	4,590,864	-	-
Jefferson Commons at Town Lake	4,402,259	3,309,222	-	-
Denton Project	5,575,693	5,071,394	-	-
Total business-type activities	<u>18,409,488</u>	<u>13,552,335</u>	<u>-</u>	<u>-</u>
Total component units	<u><u>\$ 18,409,488</u></u>	<u><u>\$ 13,552,335</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
GENERAL REVENUES:				
Interest Income				
Total general revenues				
Change in Net Position				
NET POSITION, beginning of year, as restated				
NET POSITION, end of year				

The accompanying notes are
an integral part of this statement.

EXHIBIT A-12

Texas Student Housing Corporation Denton Project	Texas Student Housing Authority Jefferson Commons at Town Lake Project	Texas Student Housing Corporation College Station Project	Texas Student Housing Authority	Total
\$ -	\$ -	\$ -	\$ 339,210	\$ 339,210
-	-	(3,599,027)	-	(3,599,027)
-	(1,093,037)	-	-	(1,093,037)
(504,299)	-	-	-	(504,299)
(504,299)	(1,093,037)	(3,599,027)	339,210	(4,857,153)
<u>\$ (504,299)</u>	<u>\$ (1,093,037)</u>	<u>\$ (3,599,027)</u>	<u>\$ 339,210</u>	<u>\$ (4,857,153)</u>
 4,340	 -	 954	 3,175	 8,469
 4,340	 -	 954	 3,175	 8,469
 (499,959)	 (1,093,037)	 (3,598,073)	 342,385	 (4,848,684)
 (15,403,557)	 (11,507,073)	 (17,402,434)	 945,515	 (43,367,549)
 <u>\$ (15,903,516)</u>	 <u>\$ (12,600,110)</u>	 <u>\$ (21,000,507)</u>	 <u>\$ 1,287,900</u>	 <u>\$ (48,216,233)</u>



TOWN OF WESTLAKE

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Reporting Entity

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

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

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

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Component Units

Discretely Presented

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
99 Trophy Club Drive
Trophy Club, Texas 76262

Blended

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

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

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

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

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

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. The General Fund includes the Town's Major Maintenance and Replacement Fund, Vehicle Replacement Fund, and PIF (local) Fund.

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

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

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

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

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

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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

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

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

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

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

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

The Town reports the following major proprietary funds:

Utility Fund - to account for revenues and expenses related to providing water and sewer services to the general public on a continuing basis. The Utility Maintenance and Replacement fund is also included with the Utility Fund.

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

The Town reports the following fiduciary fund:

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

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

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

Assets, Liabilities, and Net Position or Equity

Cash and Cash Equivalents

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

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

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

Receivables and Payables

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

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Assets, Liabilities, and Net Position or Equity – Continued

Receivables and Payables – Continued

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

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

All property tax receivables are shown net of an allowance for uncollectibles. The net property tax receivable allowance is equal to management's estimate of uncollectible outstanding property taxes at September 30, 2016.

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

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 only payable upon retirement, death of the employee, or other circumstances when authorized by the Town Manager.

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

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

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 the Town Finance Director who has been delegated that authority.
- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

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

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

Summary of Significant Accounting Policies

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Estimates

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

Subsequent Events

The Town has evaluated all events or transactions that occurred after September 30, 2016 up through February 23, 2017, the date the financial statements were issued.

NOTE 2. CASH AND INVESTMENTS

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

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

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

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

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

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. CASH AND INVESTMENTS – CONTINUED

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

At year end, the carrying amount of the Town's deposits was \$16,646,614 and the bank balance was \$16,919,579. 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 \$9,400,061 and the bank balance was \$9,499,026. 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 \$5,087,498 in cash and cash equivalents and \$4,312,563 in restricted cash and cash equivalents.

At September 30, 2016, the Town's cash and cash equivalents consist of and are classified in the accompanying financial statements are follows:

Primary government:	
Cash and cash equivalents	\$ 16,209,630
Restricted cash and investments	<u>8,264,829</u>
Total primary government	24,474,459
Fiduciary funds:	
Restricted cash and cash equivalents	<u>2,769,575</u>
Total cash and investments	<u>\$ 27,244,034</u>
Deposits with financial institutions	\$ 16,646,614
Investments	<u>10,597,420</u>
Total cash and investments	<u>\$ 27,244,034</u>

Disclosures Relating to Interest Rate Risk

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

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

Disclosures Relating to Interest Rate Risk – Continued

As of September 30, 2016, the Town's investments were as follows:

Investment Type	Carrying Amount	Fair Value	Weighted Average Maturity (days)
TexPool	\$ 200	\$ 200	48 days
Mutual funds	<u>10,597,220</u>	<u>10,597,220</u>	1 day
Total	<u>\$ 10,597,420</u>	<u>\$ 10,597,420</u>	

Disclosures Relating to Credit Risk

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

Primary government	Carrying Amount	Fair Value	Minimum Legal Rating	Rating as of Year-end
Investments:				
TexPool	\$ 200	\$ 200	N/A	AAA-m
Mutual funds	<u>10,597,220</u>	<u>10,597,220</u>	<u>N/A</u>	<u>A-1</u>
Total	<u>\$ 10,597,420</u>	<u>\$ 10,597,420</u>		

Disclosures Relating to Concentration of Credit Risk

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

Disclosures Relating to Custodial Credit Risk

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

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

Disclosures Relating to Custodial Credit Risk – Continued

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

As of September 30, 2016, the Town's entire cash deposits with financial institutions in excess of federal depository insurance were fully collateralized.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The Town has recurring fair value measurements as presented in the table below. The Town's investment balances and weighted average maturity of such investments are as follows:

Value at August 31, 2016	Fair Value Measurements Using						Percent of Total Investments	Weighted Average Maturity (Days)		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)							
<i>Investments not Subject to Fair Value:</i>										
Investment Pools:										
TexPool	\$ 200	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	48		
<i>Investments by Fair Value Level:</i>										
Mutual Funds	10,597,220	10,597,220	-	-	-	-	100.00%	NA		
<i>Total Value</i>	<u>\$ 10,597,420</u>	<u>\$ 10,597,220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

Disclosures Relating to Custodial Credit Risk – Continued

Mutual funds reported as Level 1 consist of shares of a money market funds government portfolio and are valued at net asset value (NAV) of the assets held by the Town. The NAV is a quoted price in an active market.

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 71st 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, 2016, the Town had investments with TexPool. TexPool, a public funds investment pool created by the Treasurer of the State of Texas acting by and through the Texas Treasury Safekeeping Trust Company, which is empowered to invest funds and acts as custodian of investments purchased with local investment funds. These investments are not required to be categorized because the investor is not issued securities, but rather it owns an undivided beneficial interest in the assets of the respective funds. The fair value of the position in TexPool is the same as the value of the pool shares.

Restricted Cash

Proprietary Fund

Within the proprietary funds, the \$237,185 of restricted cash represents customer deposits received for water and sewer usage that are refundable upon termination of service.

Discretely Presented Component Units

Within the discretely presented component units, the \$4,312,563 in restricted cash and cash equivalents represents funds held for debt service.

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. RECEIVABLES

Governmental activities receivable balance consists of the following as of September 30, 2016:

	Governmental Funds					Total Governmental Funds
	General	Westlake Academy	Debt Service Fund	Capital Projects	Nonmajor Fund	
Receivables:						
Sales tax	\$ 570,473	\$ -	\$ -	\$ -	\$ 226,476	\$ 796,949
Property tax	3,566	-	375	-	-	3,941
Other taxes	15,198	-	-	-	69,382	84,580
Franchise tax	214,347	-	-	-	-	214,347
Accounts	42,817	-	-	-	-	42,817
Other	161,227	448,254	-	-	-	609,481
Gross receivables	1,007,628	448,254	375	-	295,858	1,752,115
Less: allowance for uncollectibles	(13,123)	-	(93)	-	-	(13,216)
Net total receivables	<u>\$ 994,505</u>	<u>\$ 448,254</u>	<u>\$ 282</u>	<u>\$ -</u>	<u>\$ 295,858</u>	<u>\$ 1,738,899</u>

Business-type receivables balance consists of the following as of September 30, 2016:

	Business-Type Activities		
	Utility Fund	Cemetery Fund	Total
Receivables:			
Sales tax	\$ -	\$ -	\$ -
Property tax	-	-	-
Other taxes	-	-	-
Franchise tax	-	-	-
Accounts	1,048,008	-	1,048,008
Other	-	-	-
Gross receivables	1,048,008	-	1,048,008
Less: allowance for uncollectibles	-	-	-
Net total receivables	<u>\$ 1,048,008</u>	<u>\$ -</u>	<u>\$ 1,048,008</u>

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016, was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 11,896,664	\$ -	\$ -	\$ -	\$ 11,896,664
Construction in progress	3,107,524	9,445,564	(2,400)	(333,827)	12,216,861
Total assets not being depreciated	15,004,188	9,445,564	(2,400)	(333,827)	24,113,525
Capital assets, being depreciated:					
Capital improvements	14,517,441	56,268	-	333,827	14,907,536
Buildings	32,262,586	-	-	-	32,262,586
Machinery and equipment	4,318,814	57,675	(11,105)	(15,704)	4,349,680
Information systems and software	197,488	26,100	(18,425)	-	205,163
Total capital assets being depreciated	51,296,329	140,043	(29,530)	318,123	51,724,965
Less accumulated depreciation:					
Capital improvements	(3,977,533)	(594,184)	-	-	(4,571,717)
Buildings	(5,250,960)	(660,475)	-	-	(5,911,435)
Machinery and equipments	(2,524,594)	(330,586)	11,105	15,704	(2,828,371)
Information systems and software	(76,981)	(47,523)	12,300	-	(112,204)
Total accumulated depreciation	(11,830,068)	(1,632,768)	23,405	15,704	(13,423,727)
Total capital assets being depreciated	39,466,261	(1,492,725)	(6,125)	333,827	38,301,238
Governmental activities capital assets, net	\$ 54,470,449	\$ 7,952,839	\$ (8,525)	\$ -	\$ 62,414,763
Business-type activities:					
Capital assets, not being depreciated:					
Construction in progress	\$ 246,121	\$ 39,271	\$ -	\$ -	\$ 285,392
Total assets not being depreciated	246,121	39,271	-	-	285,392
Capital assets, being depreciated:					
Capital improvements	14,899,416	-	-	-	14,899,416
Wastewater treatment rights	635,199	-	-	-	635,199
Machinery and equipment	3,566,595	-	(21,519)	15,704	3,560,780
Total capital assets being depreciated	19,101,210	-	(21,519)	15,704	19,095,395
Less accumulated depreciation:					
Capital improvements	(4,438,127)	(363,669)	-	-	(4,801,796)
Wastewater treatment rights	(481,707)	(31,847)	-	-	(513,554)
Machinery and equipment	(1,764,509)	(133,069)	21,519	(15,704)	(1,891,763)
Total accumulated depreciation	(6,684,343)	(528,585)	21,519	(15,704)	(7,207,113)
Total capital assets being depreciated	12,416,867	(528,585)	-	-	11,888,282
Business-type activities capital assets, net	\$ 12,662,988	\$ (489,314)	\$ -	\$ -	\$ 12,173,674

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS – CONTINUED

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

Governmental activities:

General government	\$ 837,155
Public safety	244,041
Public works	<u>551,572</u>
Total depreciation expense - governmental activities	<u>\$ 1,632,768</u>

Business-type activities:

Water and sewer	<u>\$ 528,585</u>
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A summary of discretely presented component units' capital assets at September 30, 2016 follows:

Texas Student Housing Corporation – Denton Project

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	<u>\$ 2,200,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,200,000</u>
Total assets not being depreciated	<u>2,200,000</u>	<u>-</u>	<u>-</u>	<u>2,200,000</u>
Capital assets, being depreciated:				
Buildings	<u>25,705,000</u>	<u>-</u>	<u>-</u>	<u>25,705,000</u>
Furniture and fixtures	<u>1,253,841</u>	<u>-</u>	<u>-</u>	<u>1,253,841</u>
Total capital assets being depreciated	<u>26,958,841</u>	<u>-</u>	<u>-</u>	<u>26,958,841</u>
Less accumulated depreciation:				
Buildings	<u>(12,352,680)</u>	<u>(856,833)</u>	<u>-</u>	<u>(13,209,513)</u>
Furniture and fixtures	<u>(1,189,760)</u>	<u>(8,450)</u>	<u>-</u>	<u>(1,198,210)</u>
Total accumulated depreciation	<u>(13,542,440)</u>	<u>(865,283)</u>	<u>-</u>	<u>(14,407,723)</u>
Total capital assets being depreciated	<u>13,416,401</u>	<u>(865,283)</u>	<u>-</u>	<u>12,551,118</u>
Capital assets, net	<u>\$ 15,616,401</u>	<u>\$ (865,283)</u>	<u>\$ -</u>	<u>\$ 14,751,118</u>

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS – CONTINUED

Texas Student Housing Authority – Jefferson Commons at Town Lake Project

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	<u>\$ 2,182,816</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,182,816</u>
Total assets not being depreciated	<u>2,182,816</u>	<u>-</u>	<u>-</u>	<u>2,182,816</u>
Capital assets, being depreciated:				
Building and improvements	<u>13,270,150</u>	<u>-</u>	<u>-</u>	<u>13,270,150</u>
Capitalized purchase price	<u>887,095</u>	<u>-</u>	<u>-</u>	<u>887,095</u>
Land improvements	<u>2,806,596</u>	<u>-</u>	<u>-</u>	<u>2,806,596</u>
Unit appliances	<u>295,134</u>	<u>-</u>	<u>-</u>	<u>295,134</u>
Furniture and fixtures	<u>915,951</u>	<u>-</u>	<u>-</u>	<u>915,951</u>
Total capital assets being depreciated	<u>18,174,926</u>	<u>-</u>	<u>-</u>	<u>18,174,926</u>
Less accumulated depreciation:				
Building and improvements	<u>(5,418,645)</u>	<u>(442,338)</u>	<u>-</u>	<u>(5,860,983)</u>
Capitalized purchase price	<u>(341,810)</u>	<u>(28,484)</u>	<u>-</u>	<u>(370,294)</u>
Land improvements	<u>(976,461)</u>	<u>(93,554)</u>	<u>-</u>	<u>(1,070,015)</u>
Unit appliances	<u>(295,134)</u>	<u>-</u>	<u>-</u>	<u>(295,134)</u>
Furniture and fixtures	<u>(915,951)</u>	<u>-</u>	<u>-</u>	<u>(915,951)</u>
Total accumulated depreciation	<u>(7,948,001)</u>	<u>(564,376)</u>	<u>-</u>	<u>(8,512,377)</u>
Total capital assets being depreciated	<u>10,226,925</u>	<u>(564,376)</u>	<u>-</u>	<u>9,662,549</u>
Capital assets, net	<u>\$ 12,409,741</u>	<u>\$ (564,376)</u>	<u>\$ -</u>	<u>\$ 11,845,365</u>

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS – CONTINUED

Texas Student Housing Corporation –College Station Project

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,899,597	\$ -	\$ -	\$ 2,899,597
Total assets not being depreciated	2,899,597	-	-	2,899,597
Capital assets, being depreciated:				
Buildings	26,885,312	-	-	26,885,312
Furniture and fixtures	3,437,138	-	-	3,437,138
Total capital assets being depreciated	30,322,450	-	-	30,322,450
Less accumulated depreciation:				
Buildings	(9,749,351)	(896,177)	-	(10,645,528)
Furniture and fixtures	(2,944,875)	(84,771)	-	(3,029,646)
Total accumulated depreciation	(12,694,226)	(980,948)	-	(13,675,174)
Total capital assets being depreciated	17,628,224	(980,948)	-	16,647,276
Capital assets, net	\$ 20,527,821	\$ (980,948)	\$ -	\$ 19,546,873

NOTE 5. LONG-TERM DEBT

A summary of long-term debt transactions for the year ended September 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One year
Governmental activities:					
General obligation bonds and certificates of obligation	\$ 27,239,250	\$ -	\$ (1,068,550)	\$ 26,170,700	\$ 1,088,000
Unamortized bond premium	701,120	-	(43,208)	657,912	-
Notes payable	323,227	-	(48,126)	275,101	36,677
Capital leases	174,373	474,300	(85,628)	563,045	242,844
Fidelity tax reimbursement	33,814	-	(33,814)	-	-
Compensated absences	172,704	179,763	(78,251)	274,216	27,422
Net pension liability- TMRS	629,761	452,878	-	1,082,639	-
Net pension liability - TRS	192,056	901,809	-	1,093,865	-
Total governmental activities	\$ 29,466,305	\$ 2,008,750	\$ (1,357,577)	\$ 30,117,478	\$ 1,394,943

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One year
Business-type activities:					
Certificates of obligation	\$ 992,750	\$ -	\$ (21,450)	\$ 971,300	\$ 22,000
Contractual obligations	5,226,294	-	(99,336)	5,126,958	104,142
Unamortized bond premium	33,397	-	(2,344)	31,053	-
Compensated absences	27,072	27,832	(8,890)	46,014	4,602
Net pension liability - TMRS	77,836	55,143	-	132,979	-
Total business-type activities	\$ 6,357,349	\$ 82,975	\$ (132,020)	\$ 6,308,304	\$ 130,744

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT – CONTINUED

General Obligation Bonds and Certificates of Obligation

General obligation bonds and certificates of obligation are as follows as of September 30, 2016:

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%	\$ 6,755,000	\$ -
\$2,095,000 Combination Tax and Revenue Certificates of Obligation, Series 2011	2031	3.25%	1,627,000	-
\$7,375,000 General Obligation Refunding Bonds, Series 2011	2028	2.0-4.0%	6,635,000	-
\$9,320,000 Certificates of Obligation, Series 2013	2043	2.0-4.0%	7,858,700	971,300
\$2,200,000 General Obligation Refunding Bonds, Series 2013	2028	2.0-2.5%	1,755,000	-
\$1,910,000 General Obligation Refunding Bonds, Series 2014	2032	2.0-5.0%	1,540,000	-
			\$ 26,170,700	\$ 971,300

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
2017	\$ 1,088,000	\$ 897,933	\$ 1,985,933
2018	1,127,000	858,170	1,985,170
2019	1,160,450	826,679	1,987,129
2020	1,198,350	794,008	1,992,358
2021	1,232,350	759,825	1,992,175
2022-2026	6,770,100	3,233,156	10,003,256
2027-2031	8,014,600	1,985,487	10,000,087
2032-2036	2,981,050	703,711	3,684,761
2037-2041	1,780,000	341,218	2,121,218
2042-2043	818,800	33,108	851,908
	\$ 26,170,700	\$ 10,433,295	\$ 36,603,995

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

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:

Year Ending September 30,	Principal	Interest	Total Requirements
2017	\$ 22,000	\$ 33,461	\$ 55,461
2018	22,000	33,021	55,021
2019	22,550	32,576	55,126
2020	23,650	32,114	55,764
2021	23,650	31,582	55,232
2022-2026	130,900	147,401	278,301
2027-2031	191,400	122,961	314,361
2032-2036	213,950	81,317	295,267
2037-2041	220,000	42,173	262,173
2042-2043	101,200	4,092	105,292
Total	\$ 971,300	\$ 560,698	\$ 1,531,998

Notes Payable

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

In August 2014, the Town entered into a purchase agreement to acquire technology equipment secured by a 3-year interest-free note in the amount of \$34,710. As of September 30, 2016, the note has been paid in full.

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT – CONTINUED

Notes Payable – Continued

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

<u>Year Ending September 30,</u>	
2017	\$ 36,677
2018	36,677
2019	36,677
2020	36,677
2021	36,677
2022-2024	<u>91,716</u>
 Total	 <u>\$ 275,101</u>

Capital Leases

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

Equipment and software with a historical cost of \$730,049 was under capital lease at September 30, 2016. 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, 2016.

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, 2016:

<u>Year Ending August 31,</u>	<u>Annual Lease Payments</u>
2017	\$ 256,585
2018	166,168
2019	<u>166,038</u>
 Total minimum lease payments	 588,791
 Less: Amounts representing interest	 <u>(25,746)</u>
 Present value of net minimum lease payments	 <u>\$ 563,045</u>

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

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. As of September 30, 2016, the rebate was paid in full.

Contractual Obligations

Proprietary funds contractual obligations as of September 30, 2016 are as follows:

<u>Contractual Obligations</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Business-Type</u>
Elevated Water Storage Facility	2020	5.0-5.65%	\$ 447,014
Limited pledge contractual obligation: Dove Road Water Line and West Pump Station	2028	6.75%	4,679,944
			<u>\$ 5,126,958</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

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:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
Past Due	\$ -	\$ 7,051,241	\$ 7,051,241
2017	104,143	842,697	946,840
2018	108,950	896,233	1,005,183
2019	113,756	956,584	1,070,340
2020	120,165	1,016,363	1,136,528
2021	4,679,944	717,581	5,397,525
Total	\$ 5,126,958	\$ 11,480,699	\$ 16,607,657

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, 2016, there were no prior year defeased bonds outstanding.

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT – CONTINUED

Compensated Absences

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

Discretely Presented Component Units – Long-term Debt

Texas Student Housing Corporation –Denton Project

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

	<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	\$ 22,925,000	\$ -	\$ (835,000)	\$ 22,090,000	\$ 895,000
2001 B Bonds	3,240,000	-	-	3,240,000	1,295,000
Less discount on bonds	(559,869)	-	37,485	(522,384)	-
Total	<u>\$ 25,605,131</u>	<u>\$ -</u>	<u>\$ (797,515)</u>	<u>\$ 24,807,616</u>	<u>\$ 2,190,000</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, 2016, 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, 2016. 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

NOTE 5. LONG-TERM DEBT – CONTINUED

Discretely Presented Component Units – Long-term Debt – Continued

Texas Student Housing Corporation – Denton Project – Continued

The debt service requirements of the bonds are as follows:

Year Ending September 30,	Principal	Interest	Total Requirements
Past Due	\$ 1,240,000	\$ 7,515,007	\$ 8,755,007
2017	950,000	1,728,055	2,678,055
2018	1,020,000	1,661,593	2,681,593
2019	1,085,000	1,589,980	2,674,980
2020	1,165,000	1,513,768	2,678,768
2021	1,250,000	1,431,730	2,681,730
2022-2026	7,705,000	5,691,360	13,396,360
2027-2031	<u>10,915,000</u>	<u>2,483,760</u>	<u>13,398,760</u>
	<u>\$ 25,330,000</u>	<u>\$ 23,615,253</u>	<u>\$ 48,945,253</u>

Texas Student Housing Authority – Jefferson Commons at Town Lake Project

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue Bonds:					
2002 A-1 Bonds	\$ 14,538,279	\$ -	\$ (380,537)	\$ 14,157,742	\$ 416,258
2002 A-2 Bonds	<u>5,089,241</u>	<u>-</u>	<u>-</u>	<u>5,089,241</u>	<u>-</u>
Total	<u>\$ 19,627,520</u>	<u>\$ -</u>	<u>\$ (380,537)</u>	<u>\$ 19,246,983</u>	<u>\$ 416,258</u>

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

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT – CONTINUED

Discretely Presented Component Units – Long-term Debt – Continued

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

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

Year Ending September 30,	Principal	Interest	Total Requirements
Past Due	\$ 2,461	\$ 4,641,441	\$ 4,643,902
2017	413,797	1,477,840	1,891,637
2018	447,074	1,444,563	1,891,637
2019	483,026	1,408,611	1,891,637
2020	521,870	1,369,767	1,891,637
2021	563,837	1,327,800	1,891,637
2022-2026	3,576,784	5,881,401	9,458,185
2027-2031	5,265,627	4,192,558	9,458,185
2032-2036	6,649,507	1,037,383	7,686,890
2037-2038	1,323,000	-	1,323,000
Total	<u>\$ 19,246,983</u>	<u>\$ 22,781,364</u>	<u>\$ 42,028,347</u>

Texas Student Housing Corporation – College Station Project

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>\$ 28,944,200</u>

The following is a summary of long-term debt transactions of the Project for the year ended August 31, 2016:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue Certificates	<u>\$ 29,429,200</u>	\$ -	\$ (485,000)	<u>\$ 28,944,200</u>	<u>\$ 985,000</u>

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT – CONTINUED

Discretely Presented Component Units – Long-term Debt – Continued

Texas Student Housing Corporation – College Station Project – Continued

The debt is to be amortized through 2040 with varying payments. The annual requirements to amortize the Project's outstanding installment notes payable as of September 30, 2016 are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
Past Due	\$ 385,000	\$ 15,661,202	\$ 16,046,202
2017	600,000	1,751,328	2,351,328
2018	645,000	1,703,325	2,348,325
2019	720,000	1,650,637	2,370,637
2020	775,000	1,592,890	2,367,890
2021	830,000	1,530,858	2,360,858
2022-2026	3,105,000	6,865,292	9,970,292
2027-2031	3,845,000	5,632,175	9,477,175
2032-2036	5,550,000	3,867,415	9,417,415
2037-2040	12,489,200	1,256,148	13,745,348
Total	\$ 28,944,200	\$ 41,511,270	\$ 70,455,470

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, 2016.

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, 2016, 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

NOTE 6. UNEARNED REVENUE / DEFERRED INFLOWS OF RESOURCES

Unearned revenue in the proprietary fund of \$254,719 relates to the collection of the entire amount due on eight Ductbank leases as follows: one 25-year lease with AT&T local network services; five leases with Verizon Southwest ranging from 20 to 30 years; one 5-year lease with MCI Metro; and one 5-year lease with L3 Communications for use of the Town's Ductbank. Unearned revenue of \$2,520 in the non-major governmental funds represents sponsorship and registration fees received in advance of an event held in October 2016.

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 \$2,675 and \$281 of unavailable property taxes in the general fund and debt service fund, respectively.

NOTE 7. INTERLOCAL AGREEMENT WITH THE CITY OF SOUTHLAKE

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

NOTE 8. FEDERAL AND STATE PROGRAM REVENUES

The Town received financial assistance from various federal and state governmental agencies in the form of grants for Westlake Academy. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any unallowed disbursement resulting from such audits becomes a liability of the Town. In the opinion of the Town management, no material refunds will be required as a result of unallowed disbursements (if any) by the grantor agencies. Sources of federal and state program revenues for the year ended September 30, 2016, 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>98,564</u>
State program revenues:	
State Department of Education	\$ <u>6,543,782</u>

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. INTERFUND BALANCES AND TRANSACTIONS

Interfund receivables and payables at September 30, 2016, were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General fund	\$ 199,237	\$ -
Nonmajor governmental funds:		
4B Economic Development Fund	- <hr/>	<hr/> 199,237
	<hr/> \$ 199,237	<hr/> \$ 199,237

The 4B Economic Development Corporation Fund amount of \$199,237 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.

Individual fund transfers for fiscal year 2016 were as follows:

Transfer out	Transfer in	Amount	Purpose
General Fund	Debt Service Fund	\$ 561,960	Debt service payments
General Fund	Nonmajor Governmental	35,758	Payment to Fidelity (Phase I)
Utility Fund	General Fund	256,245	Loan payment for Ground Storage Tank project
Utility Fund	General Fund	8,333	Annual transfer to the build fund
Nonmajor Governmental	General Fund	13,300	Operating expenditures for Communications Department.
Nonmajor Governmental	Debt Service	142,250	Debt service payments
Nonmajor Governmental	Debt Service	1,152,381	Debt service payments
General Fund	Westlake Academy	315,000	Student reserve funds
		<hr/> \$ 2,485,227	

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

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, 2016 was \$1,358,068.

NOTE 11. DEFINED BENEFIT PENSION PLAN - TMRS

Plan Description

The Town participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Employees Covered By Benefit Terms

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees of beneficiaries currently receiving benefits	8
Inactive employees entitled to but not yet receiving benefits	19
Active employees	32
	59

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. DEFINED BENEFIT PENSION PLAN – TMRS - CONTINUED

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the Town were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the Town were 10.92% and 11.53% in calendar years 2015 and 2016, respectively. The Town's contributions to TMRS for the year ended September 30, 2016, were \$316,618, and were equal to the required contributions.

Net Pension Liability

The Town's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

- Inflation 2.5% per year
- Overall payroll growth 3.0% per year
- Investment Rate of Return 6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. DEFINED BENEFIT PENSION PLAN - TMRS – CONTINUED

Actuarial Assumptions – Continued

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	8.00%
Total	<u>100.0%</u>	

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. DEFINED BENEFIT PENSION PLAN – TMRS – CONTINUED

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Allocations

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

Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2014	\$ 4,344,173	\$ 3,636,576	\$ 707,597
Changes for the year:			
Service Cost	435,146	-	435,146
Interest	317,982	-	317,982
Change of benefit terms	-	-	-
Difference between expected and actual experience	96,226	-	96,226
Changes of assumptions	139,579	-	139,579
Contributions - employer	-	290,278	(290,278)
Contributions - employee	-	188,725	(188,725)
Net investment income	-	5,368	(5,368)
Benefit payments, including refunds of employee contributions	(38,289)	(38,289)	-
Administrative expense		(3,268)	3,268
Other changes	-	(191)	191
Net Changes	<u>950,644</u>	<u>442,623</u>	<u>508,021</u>
Balance at 12/31/15	<u>\$ 5,294,817</u>	<u>\$ 4,079,199</u>	<u>\$ 1,215,618</u>

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. DEFINED BENEFIT PENSION PLAN – TMRS – CONTINUED

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

The following presents the net pension liability of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	<u>1% Decrease in Discount Rate (5.75%)</u>	<u>Discount Rate (6.75%)</u>	<u>1% Increase in Discount Rate (7.75%)</u>
Net pension liability	\$ 2,083,089	\$ 1,215,618	\$ 504,978

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

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

For the year ended September 30, 2016, the Town recognized pension expense of \$445,492.

At September 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual economic experience	\$ 191,511	\$ -
Changes in actuarial assumptions	114,743	-
Difference between projected and actual investment earnings	223,783	-
Contributions subsequent to the measurement date	238,033	-
Total	\$ 768,070	\$ -

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. DEFINED BENEFIT PENSION PLAN – TMRS – CONTINUED

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

\$238,033 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2017. Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended Sept. 30,	
2017	\$ 132,218
2018	132,218
2019	132,219
2020	107,367
2021	26,015
Total	<hr/> \$ 530,037

NOTE 12. DEFINED BENEFIT PENSION PLAN – TRS

Plan Description

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

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

Pension Plan Fiduciary Net Position

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

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12. DEFINED BENEFIT PENSION PLAN – TRS – CONTINUED

Benefits Provided

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

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

Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12. DEFINED BENEFIT PENSION PLAN – TRS – CONTINUED

Contributions – Continued

Contribution Rates

	<u>2015</u>	<u>2016</u>
Member	6.7%	7.2%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
2016 Employer Contributions	\$ 88,399	
2016 Member Contributions	\$ 366,807	
2015 NECE On-behalf Contributions	\$ 307,339	

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

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

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

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to:

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12. DEFINED BENEFIT PENSION PLAN – TRS – CONTINUED

Contributions – Continued

- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

Actuarial Assumptions

The total pension liability in the August 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2015
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return*	8.00%
Inflation	2.50%
Salary Increases including inflation	3.50% to 9.50%
Payroll Growth Rate	2.50%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.

Discount Rate

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

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12. DEFINED BENEFIT PENSION PLAN – TRS – CONTINUED

Discount Rate – Continued

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2015 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Real Rate of Return*	Long-term Expected Portfolio
Global Equity				
U.S.	18%	4.6%	1.0%	
Non-U.S. Developed	13%	5.1%	0.8%	
Emerging Markets	9%	5.9%	0.7%	
Directional Hedge Funds	4%	3.2%	0.1%	
Private Equity	13%	7.0%	1.1%	
Stable Value				
U.S. Treasuries	11%	0.7%	0.1%	
Absolute Return	0%	1.8%	0.0%	
Stable Value Hedge Funds	4%	3.0%	0.1%	
Cash	1%	-0.2%	0.0%	
Real Return				
Global Inflation Linked Bonds	3%	0.9%	0.0%	
Real Assets	16%	5.1%	1.1%	
Energy and Natural Resources	3%	6.6%	0.2%	
Commodities	0%	1.2%	0.0%	
Risk Parity				
Risk Parity	5%	6.7%	0.3%	
Inflation Expectation			2.2%	
Alpha			1.0%	
Total	<u>100.0%</u>		<u>8.7%</u>	

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

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2015 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Academy's proportionate share of the TRS net pension liability	\$ 1,713,880	\$ 1,093,865	\$ 577,431

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12. DEFINED BENEFIT PENSION PLAN – TRS – CONTINUED

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

At August 31, 2015, the Academy reported a liability of \$1,093,865 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the Academy. The amount recognized by the Academy as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Academy were as follows:

Academy's Proportionate share of the collective net pension liability	\$ 1,093,865
State's proportionate share that is associated with Academy	<u>3,667,893</u>
Total	<u>\$ 4,761,758</u>

The net pension liability was measured as of August 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2014 thru August 31, 2015.

At August 31, 2015 the employer's proportion of the collective net pension liability was 0.0030945% which was an increase of 0.0023755% from its proportion measured as of August 31, 2014.

Changes Since the Prior Actuarial Valuation

The following are changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

Economic Assumptions

1. The inflation assumption was decreased from 3.00% to 2.50%.
2. The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
3. In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.
4. The payroll growth assumption was lowered from 3.50% to 2.50%.

Mortality Assumptions

5. The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
6. The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
7. The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12. DEFINED BENEFIT PENSION PLAN – TRS – CONTINUED

Changes Since the Prior Actuarial Valuation – Continued

Other Demographic Assumptions

1. Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
2. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
3. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
4. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
5. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

Actuarial Methods and Policies

6. The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

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

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 12. DEFINED BENEFIT PENSION PLAN – TRS – CONTINUED

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

For the year ended August 31, 2016, the Academy recognized pension expense of \$522,616 and revenue of \$522,616 for support provided by the State.

At August 31, 2016, the Academy reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual economic experience	\$ 2,470	\$ 42,038
Changes in actuarial assumptions	10,383	39,024
Changes in proportionate share	542,750	264
Difference between projected and actual investment earnings	225,369	-
Contributions paid to TRS subsequent to the measurement date	<u>88,399</u>	<u>-</u>
Total	<u>\$ 869,371</u>	<u>\$ 81,326</u>

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

<u>Year ended</u>	
<u>Aug. 31,</u>	
2017	\$ 133,442
2018	133,442
2019	133,442
2020	148,115
2021	80,614
Thereafter	<u>70,591</u>
Total	<u>\$ 699,646</u>

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 13. RISK MANAGEMENT

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

NOTE 14. CONTINGENT LIABILITIES

Litigation

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

Circle T Municipal Utility Districts

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

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

NOTE 15. SOLANA PUBLIC IMPROVEMENT DISTRICT

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

TOWN OF WESTLAKE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 15. SOLANA PUBLIC IMPROVEMENT DISTRICT – CONTINUED

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

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

NOTE 16. GOING CONCERN

The 2016 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.

NOTE 17. SUBSEQUENT EVENTS

On December 1, 2016, the Town issued \$9,180,000 Combination Tax and Revenue Certificates of Obligation, Series 2016. Proceeds of the certificates will be used to pay for acquiring, constructing, installing and equipping fire-fighting facilities.

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, 2016

	General Fund			Variance Favorable (Unfavorable)	
	Budgeted Amounts		Actual		
	Orginal	Amended			
REVENUES:					
Taxes					
Sales	\$ 3,723,000	\$ 3,310,500	\$ 3,345,688	\$ 35,188	
Property	1,280,258	1,317,350	1,318,058	708	
Mixed beverages	53,025	61,280	61,476	196	
Franchise	849,733	928,177	930,043	1,866	
Interest income	10,620	14,415	18,911	4,496	
Building permits and fees	2,307,786	2,705,999	2,715,236	9,237	
Fines and penalties	710,000	808,595	796,014	(12,581)	
Contributions	10,000	-	13,299	13,299	
Miscellaneous	<u>32,750</u>	<u>124,418</u>	<u>227,886</u>	<u>103,468</u>	
Total revenues	<u>8,977,172</u>	<u>9,270,735</u>	<u>9,426,611</u>	<u>155,876</u>	
EXPENDITURES:					
Current					
General government	3,102,146	3,330,015	3,280,507	49,508	
Public safety	2,605,108	2,470,266	2,453,857	16,409	
Cultural and recreation	207,707	191,293	185,923	5,370	
Public works	769,937	729,006	773,751	(44,745)	
Capital outlay	12,750	176,350	50,563	125,787	
Debt service					
Principal retirement	36,678	36,678	48,126	(11,448)	
Interest and other fiscal charges	<u>-</u>	<u>-</u>	<u>121</u>	<u>(121)</u>	
Total expenditures	<u>6,734,326</u>	<u>6,933,608</u>	<u>6,792,848</u>	<u>140,760</u>	
Excess of revenues over expenditures	<u>2,242,845</u>	<u>2,337,127</u>	<u>2,633,763</u>	<u>296,636</u>	
OTHER FINANCING SOURCES (USES)					
Transfers in	315,378	315,378	277,878	(37,500)	
Transfers out	(1,449,534)	(927,422)	(912,718)	14,704	
Insurance proceeds	<u>-</u>	<u>14,995</u>	<u>-</u>	<u>(14,995)</u>	
Net other financing sources (uses)	<u>(1,134,156)</u>	<u>(597,049)</u>	<u>(634,840)</u>	<u>(37,791)</u>	
NET CHANGE IN FUND BALANCE	1,108,690	1,740,078	1,998,923	258,845	
FUND BALANCE AT BEGINNING OF YEAR	7,680,550	7,680,550	7,680,550	-	
FUND BALANCE AT END OF YEAR	\$ 8,789,240	\$ 9,420,628	\$ 9,679,473	\$ 258,845	

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, 2016

	Westlake Academy			Variance Favorable (Unfavorable)	
	Budgeted Amounts		Actual		
	Orginal	Final			
REVENUES:					
State program revenues	\$ 6,435,693	\$ 6,445,856	\$ 6,543,782	\$ 97,926	
Federal program revenues	90,000	98,564	98,564	-	
Interest income	1,575	3,000	3,126	126	
Miscellaneous	<u>1,437,645</u>	<u>1,482,280</u>	<u>1,301,334</u>	<u>(180,946)</u>	
Total revenues	<u>7,964,913</u>	<u>8,029,700</u>	<u>7,946,806</u>	<u>(82,894)</u>	
EXPENDITURES:					
Education	8,282,960	9,229,616	9,245,592	(15,976)	
Interest and other fiscal charges	5,993	5,993	5,464	529	
Total expenditures	<u>8,288,953</u>	<u>9,235,609</u>	<u>9,251,056</u>	<u>(15,447)</u>	
Excess (deficiency) of revenues over expenditures	<u>(324,040)</u>	<u>(1,205,909)</u>	<u>(1,304,250)</u>	<u>(98,341)</u>	
OTHER FINANCING SOURCES					
Transfers in	315,000	315,000	315,000	-	
Issuance of capital lease	-	482,425	474,300	(8,125)	
Total other financing sources	<u>315,000</u>	<u>797,425</u>	<u>789,300</u>	<u>(8,125)</u>	
NET CHANGE IN FUND BALANCE	(9,040)	(408,484)	(514,950)	(106,466)	
FUND BALANCE AT BEGINNING OF YEAR	<u>1,673,712</u>	<u>1,673,712</u>	<u>1,673,712</u>	<u>-</u>	
FUND BALANCE AT END OF YEAR	<u>\$ 1,664,672</u>	<u>\$ 1,265,228</u>	<u>\$ 1,158,762</u>	<u>\$ (106,466)</u>	

TOWN OF WESTLAKE
NOTES TO BUDGETARY COMPARISON SCHEDULES

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 accepted 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 public works and debt service of the General Fund.

EXHIBIT B-3

TOWN OF WESTLAKE
SCHEDULE OF NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
LAST TWO MEASUREMENT YEARS

	2015	2014
Total Pension Liability:		
Service cost	\$ 435,146	\$ 288,923
Interest	317,982	264,994
Change in benefit terms	-	-
Difference between expected and actual experience	96,226	176,965
Change in assumptions	139,579	-
Benefit payments	(38,289)	(55,762)
Net change in total pension liability	<u>950,644</u>	<u>675,120</u>
Total Pension Liability-beginning	<u>4,344,173</u>	<u>3,669,053</u>
Total Pension Liability-ending	<u>5,294,817</u>	<u>4,344,173</u>
 Plan Fiduciary Net Position		
Contributions - employer	290,278	172,064
Contributions - nonemployer	188,725	152,077
Net investment income	5,368	182,430
Benefit payments	(38,289)	(55,762)
Administrative income	(3,268)	(1,904)
Other	(191)	(127)
Net change in plan fiduciary net position	<u>442,623</u>	<u>448,778</u>
Plan fiduciary net position -beginning	<u>3,636,576</u>	<u>3,187,798</u>
Plan fiduciary net position - ending	<u>4,079,199</u>	<u>3,636,576</u>
 Town's net pension liability -ending	 <u>\$ 1,215,618</u>	 <u>\$ 707,597</u>
 Plan fiduciary net position as a % of total pension liability	 77.04%	 83.71%
 Covered payroll	 \$ 2,696,072	 \$ 2,172,525
 Town's net pension liability as a % of employee payroll	 45.09%	 32.57%

Note: Only two years of data is presented in accordance with GASB #68, paragraph 138. "The information for all period for the 10-year schedules that are required to be presented as required supplementary information may be available initially. In these cases, during the transition period, that information should be presented for as many periods as are available. The schedules should not include information that is not measured in accordance with the requirements of this statement. Additional years' information will be displayed as it becomes available."

EXHIBIT B-4**TOWN OF WESTLAKE
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
LAST TWO FISCAL YEARS**

	<u>2016</u>	<u>2015</u>
Actuarially Determined Contributions	\$ 316,618	\$ 277,651
Contributions in relation to the actuarially determined contributions	<u>(316,618)</u>	<u>(277,651)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	2,821,349	2,778,776
Contributions as a percentage of covered employee payroll	11.22%	9.99%

Note: GASB #68, paragraph 81.2.b requires that the data in this schedule be presented as of the Town's fiscal year as opposed to the time period covered by the measurement date.

Note: Only two years of data is presented in accordance with GASB #68, paragraph 138. "The information for all period for the 10-year schedules that are required to be presented as required supplementary information may be available initially. In these cases, during the transition period, that information should be presented for as many periods as are available. The schedules should not include information that is not measured in accordance with the requirements of this statement. Additional years' information will be displayed as it becomes available."

**TOWN OF WESTLAKE
NOTES TO TEXAS MUNICIPAL RETIREMENT SYSTEM REQUIRED SUPPLEMENTARY
INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

VALUATION DATE:

Actuarial determined contribution rates are calculated as of December 31 each year and become effective in January, 12 months and one day later.

METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	28 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

TOWN OF WESTLAKE
SCHEDULE OF ACADEMY'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY – TEACHER RETIREMENT SYSTEM
LAST TWO MEASUREMENT YEARS

EXHIBIT B-5

	2015	2014
Academy's proportion of the net pension liability	0.0030945%	0.0007190%
Academy's proportionate share of net pension liability	\$ 1,093,865	\$ 192,056
State's proportionate share of net pension liability associated with the Westlake Academy	<u>3,667,893</u>	<u>2,965,583</u>
Total	<u><u>\$ 4,761,758</u></u>	<u><u>\$ 3,157,639</u></u>
Academy's covered payroll	\$ 4,784,695	\$ 4,300,931
Academy's proportionate share of net pension liability as a percentage of its covered payroll	22.86%	4.47%
Plan fiduciary net position as a percentage of total pension liability	78.43%	83.25%

Note: Only two years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

EXHIBIT B-6**TOWN OF WESTLAKE
SCHEDULE OF CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
(UNAUDITED)**

	2016	2015
Statutorially required contributions	\$ 88,399	\$ 92,325
Actual contributions in relation to statutorially required contributions	<u>88,399</u>	<u>92,325</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Academy's covered payroll	\$ 5,094,571	\$ 4,784,694
Contributions as a percentage of Academy's covered payroll	1.74%	1.93%

Note: GASB 68, Paragraph 81.2.b requires that the data in this schedule be presented as of the Academy's current fiscal year as opposed to the time period covered by the measurement date.

Note: Only two years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."



TOWN OF WESTLAKE

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

TOWN OF WESTLAKE
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

EXHIBIT C-1

Debt Service Fund				
				Variance
	Budgeted Amounts			
	Original	Amended	Actual	Favorable (Unfavorable)
REVENUES:				
Taxes				
Property	\$ 133,507	\$ 161,915	\$ 161,393	\$ (522)
Total revenues	<u>133,507</u>	<u>161,915</u>	<u>161,393</u>	<u>(522)</u>
EXPENDITURES:				
Debt service				
Principal retirement	1,068,550	1,068,550	1,068,550	-
Interest and other fiscal charges	<u>944,944</u>	<u>940,718</u>	<u>939,882</u>	<u>836</u>
Total expenditures	<u>2,013,494</u>	<u>2,009,268</u>	<u>2,008,432</u>	<u>836</u>
Deficiency of revenues under expenditures	<u>(1,879,987)</u>	<u>(1,847,353)</u>	<u>(1,847,039)</u>	<u>314</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,857,511	1,856,413	1,856,591	178
Net other financing sources (uses)	<u>1,857,511</u>	<u>1,856,413</u>	<u>1,856,591</u>	<u>178</u>
NET CHANGE IN FUND BALANCE	(22,476)	9,060	9,552	492
FUND BALANCE AT BEGINNING OF YEAR	20,916	20,916	20,916	-
FUND BALANCE AT END OF YEAR	<u>\$ (1,560)</u>	<u>\$ 29,976</u>	<u>\$ 30,468</u>	<u>\$ 492</u>

**TOWN OF WESTLAKE
NONMAJOR GOVERNMENTAL FUNDS**

Visitors Association Fund

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

Lone Star Public Facilities Corporation

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

Economic Development Fund

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

4B Economic Development Corporation

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

EXHIBIT C-2

TOWN OF WESTLAKE
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Visitors Association	Lone Star Public Facilities Corporation Fund	Economic Development Fund	4B Economic Development Corporation Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 969,343	\$ 13,679	\$ 1,877	\$ -	\$ 984,899
Receivables: (net of allowances for uncollectibles)					
Accounts receivable	66,102	-	30,519	199,237	295,858
Prepaid items	8,315	-	-	-	8,315
Total assets	\$ 1,043,760	\$ 13,679	\$ 32,396	\$ 199,237	\$ 1,289,072
LIABILITIES AND FUND BALANCES					
Accounts payable	\$ 29,289	\$ -	\$ 32,396	\$ -	\$ 61,685
Unearned revenue	2,520	-	-	-	2,520
Due to other funds	-	-	-	199,237	199,237
Total liabilities	31,809	-	32,396	199,237	263,442
FUND BALANCES					
Nonspendable:					
Prepaid items	8,315	-	-	-	8,315
Restricted for:					
Tourism	1,003,636	-	-	-	1,003,636
Future projects	-	13,679	-	-	13,679
Total fund balances	1,011,951	13,679	-	-	1,025,630
Total liabilities and fund balances	\$ 1,043,760	\$ 13,679	\$ 32,396	\$ 199,237	\$ 1,289,072

TOWN OF WESTLAKE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Visitors Association	Lone Star Public Facilities Corporation Fund	Economic Development Fund	4B Economic Development Corporation Fund	Total Nonmajor Governmental Funds
REVENUES					
Sales	\$ -	\$ -	\$ 111,454	\$ 1,152,381	\$ 1,263,835
Hotel occupancy	792,165	-	30,325	-	822,490
Interest income	3,609	47	-	-	3,656
Contributions	1,200	-	-	-	1,200
Miscellaneous	13,615	-	-	-	13,615
Total revenues	810,589	47	141,779	1,152,381	2,104,796
EXPENDITURES					
Current:					
Economic development	-	-	141,779	-	141,779
Visitor services	725,971	-	-	-	725,971
Debt service					
Principal retirement	-	-	33,814	-	33,814
Interest and other fiscal charges	-	-	1,944	-	1,944
Total expenditures	725,971	-	177,537	-	903,508
Excess of revenues over expenditures	84,618	47	(35,758)	1,152,381	1,201,288
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	35,758	-	35,758
Transfers out	(155,550)	-	-	(1,152,381)	(1,307,931)
Total other financing sources (uses)	(155,550)	-	35,758	(1,152,381)	(1,272,173)
Net change in fund balances	(70,932)	47	-	-	(70,885)
Fund balances, October 1	1,082,883	13,632	-	-	1,096,515
Fund balances, September 30	\$ 1,011,951	\$ 13,679	\$ -	\$ -	\$ 1,025,630

TOWN OF WESTLAKE
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – VISITORS ASSOCIATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Visitors Association Fund			Variance Favorable (Unfavorable)	
	Budgeted Amounts		Actual		
	Orginal	Amended			
REVENUES:					
Taxes					
Hotel occupancy	\$ 825,000	\$ 789,000	\$ 792,165	\$ 3,165	
Interest income	2,900	2,900	3,609	709	
Contributions	8,860	1,200	1,200	-	
Miscellaneous	<u>13,040</u>	<u>4,150</u>	<u>13,615</u>	<u>9,465</u>	
Total revenues	<u>849,800</u>	<u>797,250</u>	<u>810,589</u>	<u>13,339</u>	
EXPENDITURES:					
Visitor services	<u>775,841</u>	<u>740,090</u>	<u>725,971</u>	<u>14,119</u>	
Total expenditures	<u>775,841</u>	<u>740,090</u>	<u>725,971</u>	<u>14,119</u>	
Excess of revenues over expenditures	<u>73,959</u>	<u>57,160</u>	<u>84,618</u>	<u>27,458</u>	
OTHER FINANCING USES					
Transfers out	<u>(155,550)</u>	<u>(155,550)</u>	<u>(155,550)</u>	<u>-</u>	
Total other financing uses	<u>(155,550)</u>	<u>(155,550)</u>	<u>(155,550)</u>	<u>-</u>	
NET CHANGE IN FUND BALANCE	(81,591)	(98,390)	(70,932)	27,458	
FUND BALANCE AT BEGINNING OF YEAR	1,082,883	1,082,883	1,082,883	-	
FUND BALANCE AT END OF YEAR	\$ 1,001,292	\$ 984,493	\$ 1,011,951	\$ 27,458	

EXHIBIT C-5

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, 2016

	Lone Star Public Facilities Corporation				Variance Favorable (Unfavorable)	
	Budgeted Amounts					
	Orginal	Amended	Actual			
REVENUES:						
Interest income	\$ 25	\$ 30	\$ 47	\$ 17		
Total revenues	25	30	47	17		
EXPENDITURES:						
Economic development	-	-	-	-		
Total expenditures	-	-	-	-		
NET CHANGE IN FUND BALANCE	25	30	47	17		
FUND BALANCE AT BEGINNING OF YEAR	13,632	13,632	13,632	-		
FUND BALANCE AT END OF YEAR	\$ 13,657	\$ 13,662	\$ 13,679	\$ 17		

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, 2016

	Economic Development Fund			
	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Orginal	Amended		
REVENUES:				
Taxes				
Sales	\$ 102,000	\$ 102,000	\$ 111,454	\$ 9,454
Hotel occupancy	85,000	32,000	30,325	(1,675)
Miscellaneous	<u>450,000</u>	-	-	-
Total revenues	<u>637,000</u>	<u>134,000</u>	<u>141,779</u>	<u>7,779</u>
EXPENDITURES:				
Economic development	187,000	134,000	141,779	(7,779)
Debt service				
Principal retirement	30,236	30,236	33,814	(3,578)
Interest and other fiscal charges	<u>5,522</u>	<u>5,522</u>	<u>1,944</u>	<u>3,578</u>
Total expenditures	<u>222,758</u>	<u>169,758</u>	<u>177,537</u>	<u>(7,780)</u>
Excess of revenues over expenditures	<u>414,242</u>	<u>(35,758)</u>	<u>(35,758)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	35,758	35,758	35,758	-
Transfers out	<u>(450,000)</u>	-	-	-
Total other financing sources (uses)	<u>(414,242)</u>	<u>35,758</u>	<u>35,758</u>	<u>-</u>
NET CHANGE IN FUND BALANCE				
FUND BALANCE AT BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<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, 2016

4B Economic Development Corporation				
	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Orginal	Amended		
REVENUES:				
Taxes				
Sales	\$ 1,275,000	\$ 1,137,500	\$ 1,152,381	\$ 14,881
Interest income	500	-	-	-
Total revenues	<u>1,275,500</u>	<u>1,137,500</u>	<u>1,152,381</u>	<u>14,881</u>
EXPENDITURES:				
Economic development				
Total expenditures	-	-	-	-
Excess of revenues over expenditures	<u>1,275,500</u>	<u>1,137,500</u>	<u>1,152,381</u>	<u>14,881</u>
OTHER FINANCING USES				
Transfers out	<u>(1,275,500)</u>	<u>(1,137,500)</u>	<u>(1,152,381)</u>	<u>(14,881)</u>
Total other financing uses	<u>(1,275,500)</u>	<u>(1,137,500)</u>	<u>(1,152,381)</u>	<u>(14,881)</u>
NET CHANGE IN FUND BALANCE				
FUND BALANCE AT BEGINNING OF YEAR	-	-	-	-
FUND BALANCE AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**TOWN OF WESTLAKE
AGENCY FUNDS**

PID Agency Fund

To account for bond proceeds, assessments, and related debt associated with bonds issued by the Town as an agent for the Solana public improvement district.

**TOWN OF WESTLAKE
PID AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

EXHIBIT C-8

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
ASSETS				
Restricted cash and cash equivalents	\$ 4,372,587	\$ 7,526	\$ (1,610,538)	\$ 2,769,575
Total Assets	<u>\$ 4,372,587</u>	<u>\$ 7,526</u>	<u>\$ (1,610,538)</u>	<u>\$ 2,769,575</u>
Liabilities				
Liability to bond holders	4,372,587	7,526	(1,610,538)	2,769,575
Total Liabilities	<u>\$ 4,372,587</u>	<u>\$ 7,526</u>	<u>\$ (1,610,538)</u>	<u>\$ 2,769,575</u>



TOWN OF WESTLAKE

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

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

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	98-103
Revenue Capacity	
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.	104-108
Debt Capacity	
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.	109-111
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	112-113
Operating Information	
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.	114-116
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
(ACCRAUL BASIS OF ACCOUNTING – UNAUDITED)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Invested in capital assets, net of related debt	\$ 9,646,644	\$ 10,313,743	\$ 13,244,690	\$ 13,633,485	\$ 12,658,921	\$ 14,866,299	\$ 21,177,426	\$ 32,048,991	\$ 29,633,298	\$ 38,299,337
Restricted	1,719,771	2,004,763	1,761,067	1,564,868	7,137,362	4,726,376	4,243,239	2,284,947	17,827,177	7,489,048
Unrestricted	<u>3,305,542</u>	<u>3,835,751</u>	<u>4,122,185</u>	<u>5,866,046</u>	<u>3,448,100</u>	<u>5,023,731</u>	<u>6,636,876</u>	<u>(910,977)</u>	<u>7,108,101</u>	<u>9,260,572</u>
Total governmental activities net position	<u>\$ 14,671,957</u>	<u>\$ 16,154,257</u>	<u>\$ 19,127,942</u>	<u>\$ 21,064,399</u>	<u>\$ 23,244,383</u>	<u>\$ 24,616,406</u>	<u>\$ 32,057,541</u>	<u>\$ 33,422,961</u>	<u>\$ 54,568,576</u>	<u>\$ 55,048,957</u>
Business-type activities:										
Invested in capital assets, net of related debt	\$ 8,097,807	\$ 7,726,576	\$ 7,349,032	\$ 7,033,831	\$ 6,875,031	\$ 6,877,555	\$ 6,601,949	\$ 6,734,414	\$ 6,410,547	\$ 6,044,363
Unrestricted	<u>(2,008,243)</u>	<u>(1,997,281)</u>	<u>(1,945,578)</u>	<u>(2,003,600)</u>	<u>(1,542,092)</u>	<u>(1,636,249)</u>	<u>(842,457)</u>	<u>(1,272,014)</u>	<u>(2,608,315)</u>	<u>(4,041,360)</u>
Total business-type activities net position	<u>\$ 6,089,564</u>	<u>\$ 5,729,295</u>	<u>\$ 5,403,454</u>	<u>\$ 5,030,231</u>	<u>\$ 5,332,939</u>	<u>\$ 5,241,306</u>	<u>\$ 5,759,492</u>	<u>\$ 5,462,400</u>	<u>\$ 3,802,232</u>	<u>\$ 2,003,003</u>
Primary government:										
Invested in capital assets, net of related debt	\$ 17,744,451	\$ 18,040,319	\$ 20,593,722	\$ 20,667,316	\$ 19,533,952	\$ 21,743,854	\$ 27,779,375	\$ 38,783,405	\$ 36,043,845	\$ 44,343,700
Restricted	1,719,771	2,004,763	1,761,067	1,564,868	7,137,362	4,726,376	4,243,239	2,284,947	17,827,177	7,489,048
Unrestricted	<u>1,297,299</u>	<u>1,838,470</u>	<u>2,176,607</u>	<u>3,862,446</u>	<u>1,906,008</u>	<u>3,387,482</u>	<u>5,794,419</u>	<u>(2,182,991)</u>	<u>4,499,786</u>	<u>5,219,212</u>
Total primary government net position	<u>\$ 20,761,521</u>	<u>\$ 21,883,552</u>	<u>\$ 24,531,396</u>	<u>\$ 26,094,630</u>	<u>\$ 28,577,322</u>	<u>\$ 29,857,712</u>	<u>\$ 37,817,033</u>	<u>\$ 38,885,361</u>	<u>\$ 58,370,808</u>	<u>\$ 57,051,960</u>

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>									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
EXPENSES										
Governmental activities:										
General government	\$ 1,941,289	\$ 2,031,460	\$ 2,203,882	\$ 2,272,127	\$ 2,478,826	\$ 2,518,490	\$ 2,606,785	\$ 2,784,587	\$ 3,145,716	\$ 4,491,557
Public Safety	1,738,080	1,795,782	1,939,441	1,698,164	1,801,585	1,883,424	1,978,803	2,190,050	2,381,437	2,737,084
Cultural and Recreation	86,560	129,641	115,770	105,997	122,400	111,765	113,924	123,541	129,970	187,274
Public Works	455,481	1,013,804	1,028,934	594,705	470,054	216,901	267,973	955,794	1,081,996	1,102,636
Economic Development	120,753	473,451	207,044	309,653	680,823	546,039	626,423	147,680	171,757	141,779
Visitor Services	217,992	312,777	341,270	420,270	356,365	475,719	521,521	493,087	665,936	740,835
Education	2,672,698	3,305,220	3,722,705	4,138,875	4,884,985	6,193,560	5,803,611	7,147,411	8,598,261	9,516,287
Interest on long-term debt	869,327	991,184	1,068,935	1,026,026	1,127,913	897,573	1,031,328	998,951	1,022,201	990,413
Total governmental activities expenses	8,102,180	10,053,319	10,627,981	10,565,817	11,922,951	12,843,471	12,950,368	14,841,101	17,197,274	19,907,865
Business-type activities:										
Water and Sewer	2,206,618	2,410,765	2,694,407	2,567,675	2,794,235	3,098,466	3,356,466	3,690,137	4,861,529	5,519,116
Cemetery	-	13,299	473	27,822	5,604	6,282	5,328	7,121	7,297	7,831
Total business-type activities expenses	2,206,618	2,424,064	2,694,880	2,595,497	2,799,839	3,104,748	3,361,794	3,697,258	4,868,826	5,526,947
Total primary government program expenses	\$ 10,308,798	\$ 12,477,383	\$ 13,322,861	\$ 13,161,314	\$ 14,722,790	\$ 15,948,219	\$ 16,312,162	\$ 18,538,359	\$ 22,066,100	\$ 25,434,812
PROGRAM REVENUES										
Governmental activities:										
Fees, fines and charges for services:										
General Government	\$ 785,771	\$ 522,215	\$ 677,948	\$ 716,624	\$ 721,157	\$ 673,090	\$ 774,909	\$ 33,975	\$ 110,778	\$ 789,457
Public Safety	165,255	113,755	107,634	80,665	140,600	142,402	182,154	848,772	887,919	932,017
Public Works	625,340	902,875	594,338	1,597,655	292,572	407,328	659,246	1,022,769	936,245	1,789,776
Education	85,925	42,839	98,314	102,406	99,638	195,059	182,220	222,270	531,090	283,077
Operating grants and contributions	1,257,058	1,296,378	1,522,935	853,151	728,242	5,269,841	4,907,472	6,592,642	7,615,653	7,863,168
Capital grants and contributions	-	-	2,059,624	83,250	425,900	-	5,897,456	80,472	19,983,078	269,185
Total governmental activities program revenues	2,919,349	2,878,062	5,060,793	3,433,751	2,408,109	6,687,720	12,603,457	8,800,900	30,064,763	11,926,680
Business-type activities:										
Charges for services:										
Water and Sewer	1,657,186	2,037,306	2,345,236	2,101,510	3,078,868	2,934,842	3,157,332	3,428,702	3,549,775	3,968,086
Cemetery	-	2,100	-	5,550	13,300	4,500	5,510	7,749	13,620	11,115
Operating grants and contributions	-	-	-	46,810	-	24,423	-	-	-	-
Capital grants and contributions	-	169,034	-	-	-	-	-	-	-	-
Total business-type activities program revenues	1,657,186	2,208,440	2,345,236	2,153,870	3,092,168	2,963,765	3,162,842	3,436,451	3,563,395	3,979,201
Total primary government program revenues	\$ 4,576,535	\$ 5,086,502	\$ 7,406,029	\$ 5,587,621	\$ 5,500,277	\$ 9,651,485	\$ 15,766,299	\$ 12,237,351	\$ 33,628,158	\$ 15,905,881

EXHIBIT S-2 (CONCLUDED)

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

	<i>Fiscal Year</i>									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
NET (EXPENSE) REVENUES										
Governmental activities	\$(5,182,831)	\$(7,175,257)	\$(5,567,188)	\$(7,132,066)	\$(9,514,842)	\$(6,155,751)	\$(346,911)	\$(6,040,201)	\$ 12,867,489	\$(7,981,185)
Business-type activities	(549,432)	(215,624)	(349,644)	(441,627)	292,329	(140,983)	(198,952)	(260,807)	(1,305,431)	(1,547,746)
Total primary government net expense	(5,732,263)	(7,390,881)	(5,916,832)	(7,573,693)	(9,222,513)	(6,296,734)	(545,863)	(6,301,008)	11,562,058	(9,528,931)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes										
Sales	\$ 2,197,756	\$ 3,590,575	\$ 3,664,409	\$ 3,790,533	\$ 4,609,626	\$ 3,657,274	\$ 4,375,397	\$ 4,725,845	\$ 4,925,428	\$ 4,609,523
Property					1,260,112	1,441,238	1,366,633	1,367,069	1,438,969	1,476,355
Hotel Occupancy	458,471	527,662	497,769	457,693	527,261	590,853	709,578	796,481	872,179	822,490
Mixed Beverage	14,066	16,177	17,869	17,902	19,721	38,286	39,727	51,602	59,184	61,476
Franchise	560,312	649,108	624,401	603,233	586,836	664,991	734,935	795,322	963,040	930,043
Unrestricted grants and contributions	2,259,643	2,500,817	2,960,590	3,484,141	3,744,757	-	-	-	-	-
Investment earnings	261,622	188,459	61,224	38,383	46,248	33,353	24,218	26,713	28,904	55,600
Miscellaneous	466,654	564,973	568,782	676,638	691,345	1,112,858	1,023,149	246,633	198,199	241,501
Transfers	33,976	220,819	61,321	-	145,216	45,507	(485,591)	43,399	323,100	264,578
Extraordinary item				56,704	(124,346)	-	-	-	-	-
Special item					-	67,760	-	-	-	-
Gain on sale of capital assets	-	-	-	-	7,000	-	-	-	-	-
Total governmental activities	6,252,500	8,258,590	8,456,365	9,068,523	11,694,826	7,527,774	7,788,046	8,053,064	8,809,003	8,461,566
Business-type activities:										
Investment earnings	46,158	32,103	7,858	8,334	9,929	10,077	6,552	7,114	7,083	13,095
Miscellaneous	36,936	44,071	77,266	60,070	145,666	84,780	224,995	-	-	-
Transfers	(33,976)	(220,819)	(61,321)	-	(145,216)	(45,507)	485,591	(43,399)	(323,100)	(264,578)
Total business-type activities	49,118	(144,645)	23,803	68,404	10,379	49,350	717,138	(36,285)	(316,017)	(251,483)
Total primary government	6,301,618	8,113,945	8,480,168	9,136,927	11,705,205	7,577,124	8,505,184	8,016,779	8,492,986	8,210,083
CHANGE IN NET POSITION										
Governmental activities	1,069,669	1,083,333	2,889,177	1,936,457	2,179,984	1,372,023	7,441,135	2,012,863	21,676,492	480,381
Business-type activities	(500,314)	(360,269)	(325,841)	(373,223)	302,708	(91,633)	518,186	(297,092)	(1,621,448)	(1,799,229)
Total primary government	\$ 569,355	\$ 723,064	\$ 2,563,336	\$ 1,563,234	\$ 2,482,692	\$ 1,280,390	\$ 7,959,321	\$ 1,715,771	\$ 20,055,044	\$ (1,318,848)

Source: Annual financial reports

EXHIBIT S-3

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

	<i>Fiscal Year</i>									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Reserved	\$ 563,176	\$ 303,639	\$ 193,105	\$ 214,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	2,533,123	2,503,099	2,532,207	3,578,235	-	-	-	-	-	-
Nonspendable:										
Prepaid items					62,020	6,856	6,906	8,821	13,334	12,794
Restricted for:										
Court security and technology					186,776	192,768	194,422	193,082	203,173	238,636
Committed for:										
Future projects					219,687	49,941	74,941	80,442	80,442	335,322
Assigned for:										
Future equipment					22,000	22,000	24,000	-	-	-
Unassigned	-	-	-	-	3,524,911	4,992,240	6,751,362	7,671,173	7,383,601	9,092,721
Total general fund	\$ 3,096,299	\$ 2,806,738	\$ 2,725,312	\$ 3,792,985	\$ 4,015,394	\$ 5,263,805	\$ 7,051,631	\$ 7,953,518	\$ 7,680,550	\$ 9,679,473
All other governmental funds										
Reserved										
Special revenue funds	\$ 1,183,020	\$ 1,527,724	\$ 1,256,954	\$ 1,112,941	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	846,214	1,666,371	1,933,564	2,693,846	-	-	-	-	-	-
Nonspendable:										
Prepaid items					33,511	60,963	62,635	80,118	83,359	68,718
Restricted for:										
Tourism					1,109,365	1,052,546	1,025,891	1,107,520	1,081,009	1,003,636
Future projects					4,647,863	3,594,379	10,370,914	1,751,405	13,632	13,679
Debt service					7,505	22,657	1,482	1,081	20,916	30,468
Education					885,365	758,127	931,094	993,998	1,592,227	1,098,359
Economic development					267,577	178,384	-	-	-	-
Capital projects funds	102,376	3,233,471	323,009	237,177	-	-	-	-	17,713,788	8,501,489
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 2,131,610	\$ 6,427,566	\$ 3,513,527	\$ 4,043,964	\$ 6,951,186	\$ 5,667,056	\$ 12,392,016	\$ 3,934,122	\$ 20,504,931	\$ 10,716,349

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)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES										
Taxes	\$ 3,230,605	\$ 4,783,522	\$ 4,804,448	\$ 4,869,361	\$ 7,000,690	\$ 6,393,472	\$ 7,226,180	\$ 7,722,606	\$ 8,252,748	\$ 7,902,983
Licenses, fees and permits	900,121	1,108,083	860,697	1,746,954	530,646	598,394	944,735	1,175,075	1,200,790	2,715,236
Fines and penalties	651,090	554,376	523,515	647,170	605,705	622,338	695,167	730,441	734,152	796,014
State program revenues	2,387,733	2,673,680	3,163,129	3,687,706	3,945,658	4,369,635	4,696,540	5,269,641	6,173,418	6,543,782
Federal program revenues	49,200	75,207	56,134	199,436	337,508	152,351	81,958	80,103	87,797	98,564
Investment earnings	261,622	188,459	61,224	38,383	46,248	33,353	24,218	26,713	28,904	55,600
Contributions	1,079,768	1,048,308	1,264,262	533,400	-	732,535	5,916,014	82,446	18,785,953	283,684
Other revenues	552,579	607,812	673,400	779,044	980,816	1,323,237	1,274,826	1,665,003	2,471,191	1,542,835
Total revenues	<u>9,112,718</u>	<u>11,039,447</u>	<u>11,406,809</u>	<u>12,501,454</u>	<u>13,447,271</u>	<u>14,225,315</u>	<u>20,859,638</u>	<u>16,752,028</u>	<u>37,734,953</u>	<u>19,938,698</u>
EXPENDITURES										
General government	1,385,492	1,516,346	1,519,600	1,644,587	1,733,324	1,878,885	1,910,545	2,236,360	2,411,239	3,280,507
Public safety	1,665,879	1,731,317	1,890,469	1,634,936	1,842,751	2,224,469	1,967,584	2,146,587	2,490,551	2,453,857
Cultural and recreation	86,560	129,641	115,770	105,997	122,400	111,765	113,924	123,541	130,322	185,923
Public works	276,789	846,604	841,822	333,831	326,749	391,115	532,675	615,781	744,028	773,751
Economic development	141,197	495,071	229,907	401,879	706,391	243,939	296,565	147,685	171,757	141,779
Visitor services	226,992	312,777	341,270	420,270	356,365	475,719	521,521	493,082	670,157	725,971
Education	2,672,698	3,305,220	3,722,705	4,138,875	4,884,985	6,193,560	5,762,652	7,143,678	7,938,501	9,245,592
Capital Outlay	836,787	463,918	4,335,114	682,103	1,023,772	1,110,476	7,601,631	9,964,047	5,274,282	9,561,954
Capital Project										
Debt service										
Principal	470,000	395,000	593,937	563,703	555,000	668,000	2,955,000	1,004,677	1,130,762	1,150,490
Interest and other fiscal charges	1,240,950	923,944	990,641	977,163	1,083,377	952,027	830,425	1,116,489	977,412	947,411
Bond issuance cost	-	33,000	-	-	36,446	148,891	185,699	69,283	-	-
Total expenditures	<u>9,003,344</u>	<u>10,152,838</u>	<u>14,581,235</u>	<u>10,903,344</u>	<u>12,671,560</u>	<u>14,398,846</u>	<u>22,678,221</u>	<u>25,061,210</u>	<u>21,939,011</u>	<u>28,467,235</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES										
	\$ 109,374	\$ 886,609	\$(3,174,426)	\$ 1,598,110	\$ 775,711	\$(173,531)	\$(1,818,583)	\$(8,309,182)	\$ 15,795,942	\$(8,528,537)

EXHIBIT S-4 (CONCLUDED)

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
OTHER FINANCING SOURCES (USES):										
Proceeds from sale of land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sale of assets					7,000					
Issuance of debt	-	2,500,000	117,640	-	2,095,000	-	8,294,800	-	-	-
Premium on CO issued							284,437	-	-	-
Refunding bonds issued	7,465,000	-	-	-	-	7,799,196	2,200,000	1,910,000	-	-
Premium on refunding bonds issued							37,723	84,598	-	-
Payments to bond escrow agent	(7,088,706)	-	-	-	-	(7,650,305)	-	(1,925,315)	-	-
Issuance of capital lease	23,000	-	-	-	-	-	-	239,009	16,740	474,300
Notes payable issued					50,000	-	-	401,484	162,059	-
Special item					-	67,760	40,959	-	-	-
Extraordinary item					56,704	(124,346)	(40,959)	-	-	-
Transfers in	1,212,558	2,160,174	2,435,486	1,804,577	7,082,163	2,121,099	2,104,929	3,094,211	4,617,896	2,485,227
Transfers out	(1,178,582)	(1,939,355)	(2,374,165)	(1,804,577)	(6,936,947)	(2,075,592)	(2,590,520)	(3,050,812)	(4,294,796)	(2,220,649)
Total other financing sources (uses)	433,270	2,720,819	178,961	-	2,353,920	137,812	10,331,369	753,175	501,899	738,878
Prior period adjustment	-	-	-	-	-	-	-	-	-	-
NET CHANGES IN FUND BALANCES										
	\$ 542,644	\$ 3,607,428	\$ (2,995,465)	\$ 1,598,110	\$ 3,129,631	\$ (35,719)	\$ 8,512,786	\$ (7,556,007)	\$ 16,297,841	\$ (7,789,659)
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES										
	20.9%	13.6%	15.4%	15.0%	14.1%	12.5%	25.3%	14.4%	12.8%	11.1%

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

Source: Annual Financial Reports

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

Fiscal Year	Appraised Value		Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property			
2011	\$ 951,070,355	\$ 70,569,170	\$ 143,856,142	\$ 877,783,383	0.16010
2012	1,016,474,604	85,329,823	156,315,552	945,488,875	0.15684
2013	1,099,249,031	122,792,343	335,814,215	886,227,159	0.15684
2014	1,091,142,760	151,927,427	346,730,543	896,339,644	0.15634
2015	1,123,354,430	139,936,507	342,248,275	921,042,662	0.15634
2016	1,175,230,336	107,537,466	336,770,136	945,997,666	0.15634

Note: No ad valorem taxes were assessed by the Town of Westlake prior to the fiscal year ended September 30, 2011.

Source: Tarrant County Appraisal District
Denton Central Appraisal District

EXHIBIT S-6

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

2016				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
BRE Solana LLC	\$ 164,977,385	1	17.44%	Maguire Thomas Partners, et al	\$ 116,839,380	1	13.31%
FMR Texas, LLC/LTD Partnership	73,943,304	2	7.82%	FMR Texas, LLC/LTD Partnership	148,569,643	2	16.93%
DCLI, LLC	51,201,275	3	5.41%	Maguire Partners	39,117,985	3	4.46%
Fidelity Investments Inc.	19,681,046	4	2.08%	Lexington TNI Westlake LP	18,249,200	4	2.08%
Marsh USA Inc	15,402,374	5	1.63%	First American Leasing/Real Estate	17,636,457	5	2.01%
Lexington TNI Westlake LP	12,750,000	6	1.35%	DCLI, LLC	13,234,691	6	1.51%
Corelogic Solutions LLC	6,494,537	7	0.69%	Fidelity Investments	12,277,810	7	1.40%
Prince Whipple Trust	5,802,272	8	0.61%	Levi Strauss & Co.	8,215,271	8	0.94%
Vaquero Club, Inc.	5,383,416	9	0.57%	Westlake Terra, LLC	7,400,002	9	0.84%
Wells Vernon III	5,310,200	10	0.56%	EMC Corp	6,418,484	10	0.73%
Total	\$ 360,945,809		38.16%	Total	\$ 387,958,923		44.20%

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 2015 (fiscal year 2016) is \$945,997,666.

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

Fiscal Year	Taxes Levied for the Fiscal Year		Adjustments to Levy		Adjusted Taxes Levied for Fiscal Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years		Total Collections to Date		
							Amount	Percent of Levy			Amount	Percentage of Levy	
2011	\$ 1,409,956		\$ 47,560		\$ 1,362,396		\$ 1,356,050	99.53%	\$ 4,136		\$ 1,360,186	99.84%	
2012		1,486,968		47,220		1,439,748		1,437,908	99.87%	3,359		1,437,908	99.87%
2013		1,398,777		45,297		1,353,480		1,352,097	99.90%	3,358		1,352,097	99.90%
2014		1,405,819		44,761		1,361,058		1,350,639	99.23%	10,172		1,360,811	99.98%
2015		1,450,674		43,948		1,406,726		1,405,148	99.89%	1,005		1,406,153	99.96%
2016		1,482,989		40,244		1,442,745		1,441,536	99.92%	-		1,441,536	99.92%

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

Source: Tarrant County Appraisal District
 Denton Central Appraisal District

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

Fiscal Year	City Direct Rates			Overlapping Rates									Total Direct and Overlapping
	Operating/ General Fund	Debt Service Fund	Total (A) Direct	School Districts			Counties		Tarrant County College Dist	Tarrant County Hospital Dist.	Trophy Club MUD #1		
				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	5.58260	
2012	0.13835	0.01849	0.15684	1.41500	1.37500	1.54000	0.28287	0.26400	0.14897	0.22790	0.17500	5.58557	
2013	0.14197	0.01487	0.15684	1.40000	1.37500	1.54000	0.28287	0.26400	0.14897	0.22790	0.13339	5.52896	
2014	0.13710	0.01924	0.15634	1.40000	1.45250	1.54000	0.27220	0.26400	0.14950	0.22790	0.13339	5.59583	
2015	0.13710	0.01924	0.15634	1.40000	1.45250	1.54000	0.27220	0.26400	0.14950	0.22790	0.13339	5.59583	
2016	0.13947	0.01687	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

EXHIBIT S-9
**TOWN OF WESTLAKE
TAXABLE SALES BY INDUSTRY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)**

NAICS	Industry Type	Fiscal Year									
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
11	Agriculture, Forestry, Fishing and Hunting	\$ 67	\$ 182	\$ 210	\$ -	\$ 60	\$ 38	\$ 163	\$ 731	\$ 775	\$ 2,083
21	Mining	-	2,109	20	400	4,260	3,050	335	15	714	655
22	Utilities	212,336	230,072	186,773	178,693	180,032	171,131	176,622	204,280	191,031	138,331
23	Construction	200,791	998,867	1,043,752	68,306	132,780	139,000	365,049	239,888	216,546	230,067
31-33	Manufacturing	360,010	371,193	430,515	386,492	402,062	526,755	295,660	375,905	234,651	209,128
42	Wholesale Trade	284,082	142,999	138,456	105,557	145,631	134,466	59,571	421,371	515,602	356,946
44-45	Retail	253,293	610,119	648,597	1,097,007	707,553	1,106,427	1,132,811	962,244	1,332,659	415,356
48-49	Transportation and Warehousing	491	791	556	316	1,156	3,662	1,962	3,550	1,107	
51	Information	223,672	320,848	377,828	423,834	508,609	367,298	378,221	623,828	567,685	551,172
52	Financial and Insurance	343,446	107,319	68,936	87,188	73,455	27,857	75,529	505,585	295,622	754,386
53	Real Estate and Rental and Leasing	204,398	138,879	154,315	327,207	210,158	215,754	457,693	493,570	708,747	940,971
54	Professional, Scientific, and Technical Services	452,018	199,700	192,008	202,263	231,526	221,331	536,971	242,069	193,145	287,066
56	Admin and Support and Waste Mgmt & Rem Srv	45,809	127,779	22,319	39,539	65,045	39,027	110,686	103,340	50,264	125,033
61	Education Services	317	282	2,980	619,228	1,675,351	356,689	373,117	153,279	201,761	230,775
62	Health Care and Social Assistance	-	238	-	-	170	106	251	11,018	2,887	228
71	Arts, Entertainment and Recreation	224,101	199,876	174,485	158,996	206,050	204,456	184,687	191,343	189,027	201,391
72	Accommodation and Food Services	57,084	130,923	140,344	140,996	175,938	93,123	204,044	221,061	246,755	230,615
81	Other Services (except Public Administration)	130,392	18,576	1,756	4,462	4,632	9,805	13,156	17,412	8,965	3,167
92	Public Administration	-	-	-	11	1	135	295	27,243	-	-
		\$ 2,992,307	\$ 3,599,960	\$ 3,584,084	\$ 3,840,735	\$ 4,723,628	\$ 3,617,604	\$ 4,368,521	\$ 4,796,144	\$ 4,960,386	\$ 4,678,477
Town direct sales tax rate		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

Note: 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

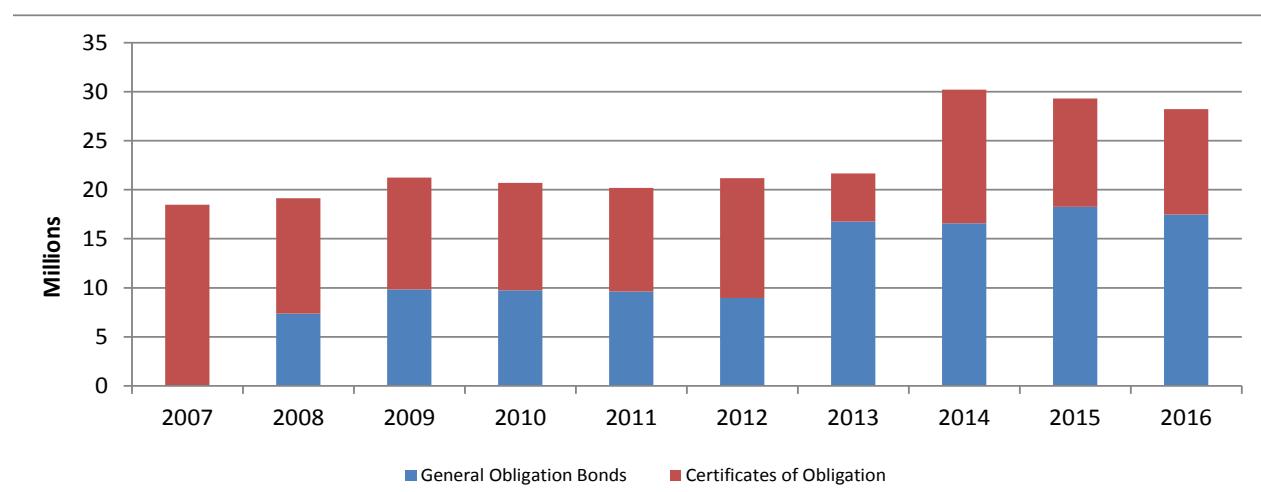
TOWN OF WESTLAKE
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Sales	Per Capita
	General Obligation Bonds	Certificates of Obligation	Total		
2007	\$ 7,365,000	\$ 11,755,000	\$ 19,120,000	13.05%	\$ 27,198
2008	9,850,000	11,375,000	21,225,000	11.82%	27,038
2009	9,735,000	10,975,000	20,710,000	11.30%	25,791
2010	9,630,000	10,555,000	20,185,000	10.65%	23,831
2011	8,962,656	12,210,000	21,172,656	9.19%	21,343
2012	16,770,000	4,877,000	21,647,000	11.84%	20,369
2013	16,590,000	13,622,000	30,212,000	13.81%	27,251
2014	18,260,000	11,044,000	29,304,000	12.40%	24,748
2015	17,920,386	11,046,131	28,966,517	11.46%	23,527
2016	17,091,659	10,739,306	27,830,965	12.08%	21,760

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

There was no debt issued until fiscal year 2002.

See Table 13 for personal income and population data.



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

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation	Capital Leases	Loans	Other Contractual Obligations	Certificates of Obligation				
2007	\$ 7,365,000	\$ 11,755,000	\$ 23,000	\$ -	\$ 5,822,299			\$ 24,965,299	27%	35,513
2008	9,850,000	11,375,000	15,264	-	5,763,022			27,003,286	23%	34,399
2009	9,735,000	10,975,000	46,559	-	5,734,191			26,490,750	22%	32,990
2010	9,630,000	10,555,000	-	-	5,658,888			25,843,888	25%	30,512
2011	8,962,656	12,210,000	-	50,000	5,580,380			26,803,036	21%	27,019
2012	16,770,000	4,877,000	-	34,075	5,498,668			27,179,743	20%	25,576
2013	16,590,000	13,622,000	-	18,150	5,412,149			35,642,299	24%	32,150
2014	18,260,000	10,029,800	237,378	437,253	5,320,824	1,014,200		35,299,455	22%	29,812
2015	17,480,000	10,199,636	154,347	357,041	5,226,294	1,286,881		34,704,199	21%	28,920
2016	17,091,659	9,736,953	563,045	275,101	5,126,958	1,002,353		33,796,069	20%	28,308

Note:

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

See Table 13 for personal income and population data.

EXHIBIT S-12

TOWN OF WESTLAKE
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2016
(UNAUDITED)

Taxing Body	Amount of Debt Outstanding	As of	Overlapping	
			Percent (1)	Amount
Carroll ISD	\$ 204,151,047	9/30/2016	5.67%	\$ 11,575,364
Denton County	602,995,000	9/30/2016	0.02%	120,599
Keller ISD	728,705,387	9/30/2016	4.56%	33,228,966
Northwest ISD	733,049,556	9/30/2016	1.37%	10,042,779
Tarrant County	338,430,000	9/30/2016	0.78%	2,639,754
Tarrant County Hospital District	22,335,000	9/30/2016	0.78%	174,213
Trophy Club MUD#1	10,845,000	9/30/2016	18.76%	<u>2,034,522</u>
Total Overlapping Debt				59,816,197
Town of Westlake Outstanding Debt				<u>33,796,069</u>
Total Direct & Overlapping Debt				<u>\$ 93,612,266</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)

Calendar Year	Estimated Population	Personal Income	Per Capita Personal Income	Tarrant County Unemployment Rate
2007	703	\$ 93,316,319	\$ 132,740	4.1%
2008	785	115,891,905	147,633	5.1%
2009	803	120,920,285	150,586	8.1%
2010	847	102,852,057	121,431	8.1%
2011	992	126,678,400	127,700	7.9%
2012	1,063	138,423,531	130,254	6.2%
2013	1,109	147,292,890	132,859	6.0%
2014	1,184	160,462,095	135,516	5.0%
2015	1,200	165,871,904	138,227	4.0%
2016	1,270	179,058,721	140,991	4.0%

Sources: Population for 2000 is from the 2000 census. Fiscal Years 2001 through 2003 are estimated. The Town assumed 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

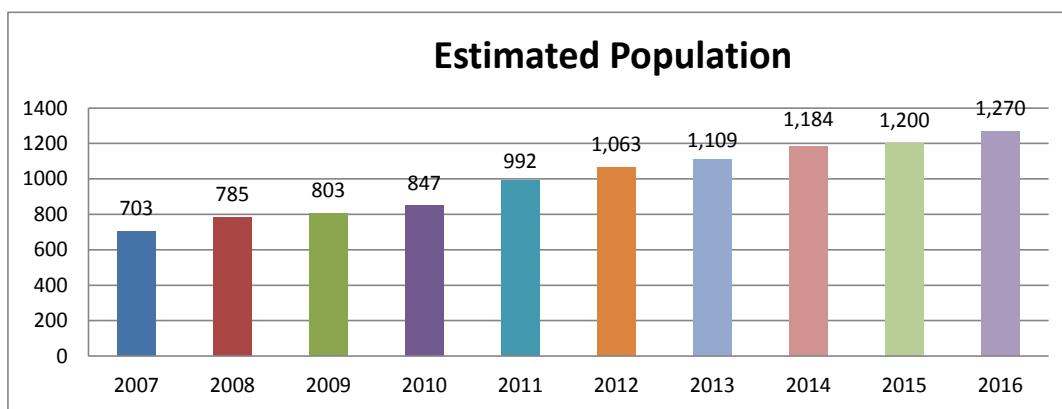


EXHIBIT S-14
**TOWN OF WESTLAKE
PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO
(UNAUDITED)**

2016			2007		
Employer	Employees	Percentage of Estimated Total Town Employment	Employer	Employees	Percentage of Estimated Total Town Employment
Fidelity Investments	5,864	49.06%	Fidelity Investments	3,100	37.15%
Core Logic	1,790	14.98%	First American/Core Logic	3,000	35.95%
Travelocity	880	7.36%	Chrysler Financial/TD Auto Finance	325	3.89%
Wells Fargo	617	5.16%	Wells Fargo	790	9.47%
Sabre JLL Facilities	500	4.18%	McKesson Corporation	215	2.58%
Deloitte	486	4.07%	Sonitrol/World Factory	165	1.98%
First American Title	262	2.19%	Walco	150	1.80%
Verizon Wireless	446	3.73%	Vaquero Club	140	1.68%
Sount Physicians	173	1.45%	Marriott Solana Hotel	120	1.44%
Marriott Solana Hotel	143	1.20%	Pfizer, Inc.	115	1.38%
Vaquero Country Club	135	1.13%	Town of Westlake/Westlake Academy	73	0.87%
Westlake Academy	95	0.79%	Premier Academy	34	0.41%
All Other Business	562	4.70%	Solara Healthcare	28	0.34%
Total	11,953	100%	Total	8,255	99%

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

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

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

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

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government										
Town manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Assistant Town Manager							0.75	0.90	1.00	0.90
Assistant to Town Manager	1.00	1.00	1.00	1.00	1.00	0.75	0.00	0.00	0.00	0.50
Administrative	0.00	0.00	0.75	0.50	0.75	0.75	1.00	0.50	0.50	0.00
Building official	1.00	1.00	1.33	1.33	1.33	1.33	1.50	1.66	1.66	3.17
Town secretary	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.25	1.25
Facilities/Grounds maintenance	0.50	0.75	1.08	1.08	1.08	0.83	1.00	1.09	1.34	1.58
Municipal	4.00	4.00	4.25	4.50	4.50	3.75	4.75	5.10	5.00	4.60
Finance	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00	4.25
Payroll/Human Resources	0.00	1.00	1.33	1.33	1.33	1.33	2.00	2.00	2.00	2.00
Information Technology								1.00	1.00	1.00
Public safety (EMS)	11.00	11.00	9.00	9.00	9.00	9.00	10.00	13.25	14.25	14.25
Culture and recreation	0.50	0.75	0.75	0.75	0.75	0.50	0.75	0.84	0.84	0.84
Public works	1.00	1.50	1.50	1.50	1.50	2.00	3.00	2.66	2.66	2.67
Marketing and public affairs	0.00	0.00	0.00	0.00	0.00	1.00	1.00	2.00	2.00	2.00
Education	36.40	43.00	48.10	55.62	59.44	67.48	76.18	91.18	93.65	95.31
Total	60.40	69.00	74.09	81.61	85.68	93.72	106.93	128.18	132.15	135.32

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	Fiscal Year										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
General government											
Permits issued	162	93	61	44	70	85	132	144	159	218	
Permit values	\$ 67,101,543	\$ 188,578,581	\$ 21,051,297	\$ 190,388,737	\$ 21,173,592	\$ 29,481,047	\$ 50,544,048	\$ 59,358,904	\$ 80,011,354	\$ 87,307,794	
Police (Contract with Keller PD)											
Motor vehicle stops	10,045	10,357	9,247	9,763	9,829	12,221	9,993	9,579	10,432	11,109	
Traffic accident investigations	225	208	266	273	348	343	322	341	398	461	
Part I crimes	25	26	23	19	30	39	9	15	20	13	
DWI arrests	53	45	24	32	80	50	69	55	62	66	
Fire/EMS											
Fire runs	153	169	118	172	191	181	238	211	211	257	
Ambulance runs	251	159	184	187	264	266	286	240	253	288	
Inspections	96	132	15	71	71	54	96	286	261	246	
Public Works - General											
Street resurfacing (LF)	5,333	-	-	-	3,800	30,000	-	-	-	-	
Potholes repaired	0.00	20.00	10.00	5.00	36.00	6.00	2.00	6.00	20.00	20.00	
Public Works - Utility											
Number of water accounts	386	419	437	478	500	568	614	651	713	752	
Water main breaks	2	4	5	6	4	4	3	1	1	1	
Avg daily consumption MG (water)	0.729	0.999	1.020	0.889	1.200	1.100	1.090	1.045	1.021	1.122	
Peak daily consumption MG (water)	1.978	2.060	2.740	2.460	2.540	2.600	2.480	2.690	2.770	1.586	
System capacity - MG (water)	1.685	1.685	1.685	1.685	1.685	1.685	1.685	2.685	2.685	2.685	
Water purchased (in gallons x 000)	266,158	364,764	372,933	324,843	443,222	407,305	401,457	381,482	372,838	409,817	
Water sold (in gallons x 1000)	246,280	340,743	313,495	290,000	385,320	376,496	357,297	347,148	360,000	350,000	
Wastewater											
Number of new sewer connections	235	240	251	254	245	292	325	350	384	403	
Avg daily sewage treatment (thousands of gallons)	0.1370	0.124	0.101	0.063	0.163	0.136	0.151	0.208	0.166	0.132	

Source: Various Town departments

Notes: N/A represents information that is unavailable.

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

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Fire Stations	1	1	1	1	1	1	1	1	1	1
Public Works - Utility										
Pump station	1	1	1	1	1	1	1	1	1	1
Lift station	2	2	2	3	3	3	3	3	3	3
Telecommunications Duct Bank (LF)	38,303	43,703	49,103	51,803	57,783	57,783	57,783	59,936	66,084	66,084
Telecommunications Duct Bank Manholes	95	104	113	122	122	122	122	122	140	140
Water										
Water mains (LF)	59,200	64,600	70,000	79,000	130,000	137,891	137,891	142,694	148,117	148,117
Fire hydrants	119	130	130	154	188	191	191	201	214	214
Storage capacity MG	1,685	1,685	1,685	1,685	1,685	1,685	1,685	2,685	2,685	3
Wastewater										
Sanitary sewers (LF)	35,000	39,300	39,300	49,900	94,000	94,000	94,000	98,964	104,373	104,373
Manholes	250	267	284	304	304	304	304	326	355	355
Public Works - Utility										
Streets (miles)	10.80	10.80	10.80	10.80	10.80	10.25	10.25	10.25	10.50	1.42
Traffic signals (school zone flashers)	2	2	2	2	2	2	2	2	2	2.0
Parks and recreation										
Open Space (acres)	19	25	25	25	25	25	25	27	27	27.0
Playgrounds	2	2	2	2	2	2	2	2	2.0	2.0
Softball/soccer field	1	1	1	1	1	1	1	1	1.0	1.0
Football field	-	1	1	1	1	1	1	1	1.0	1.0
Public trails (miles)	3.5	3.5	3.5	3.5	5.0	5.0	5.0	7.0	8.5	8.5

Source: Various Town departments

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

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