



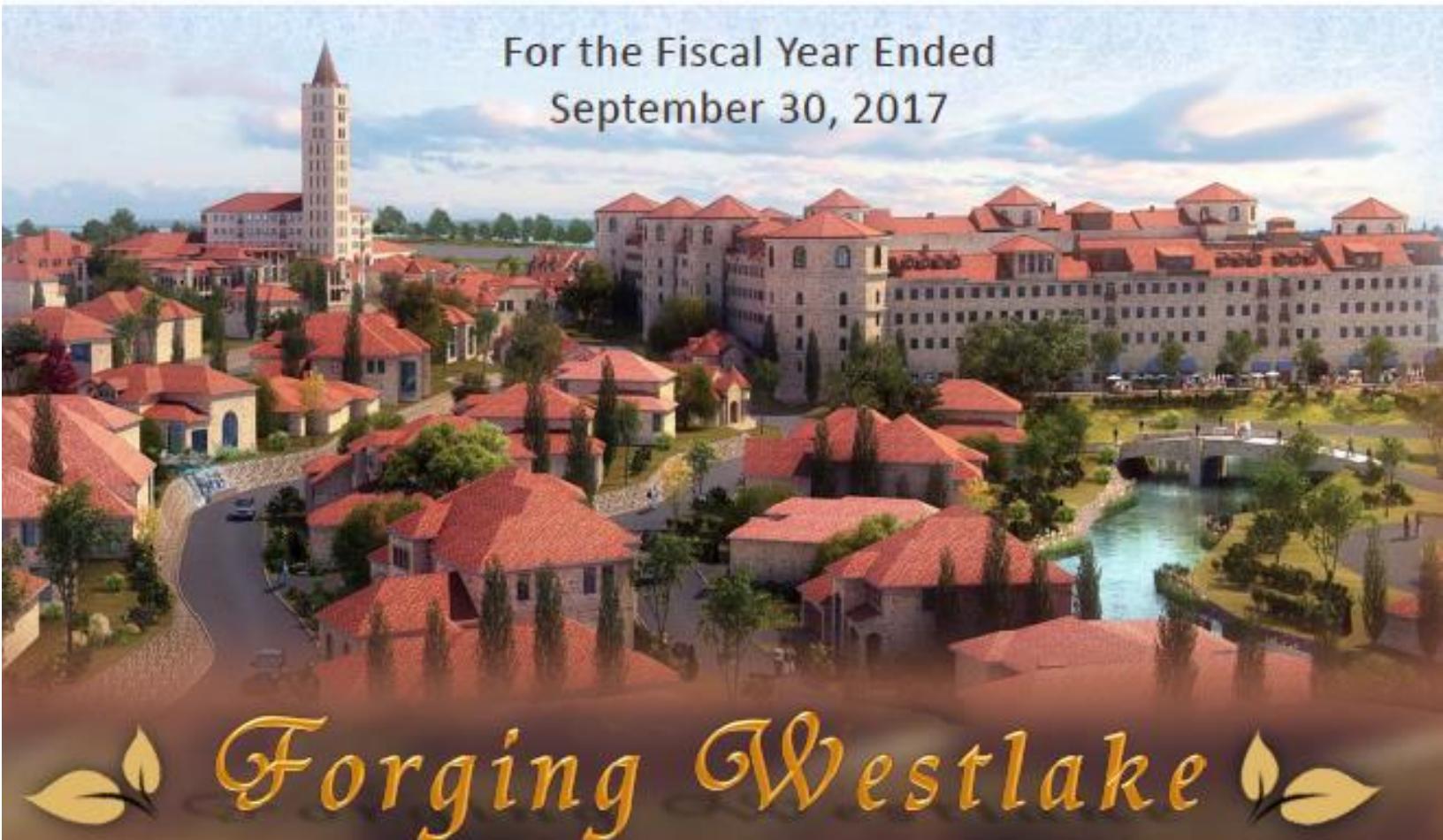
THE TOWN OF

WESTLAKE



COMPREHENSIVE ANNUAL FINANCIAL REPORT

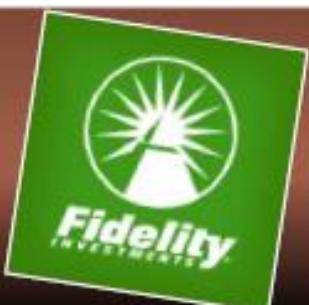
For the Fiscal Year Ended
September 30, 2017



Forging Westlake

MANAGING THE IMPACT OF GROWTH

THE TOWN OF WESTLAKE * 1500 SOLANA BLVD, SUITE 7200 * WESTLAKE, TEXAS 76262 * WWW.WESTLAKE-TX.ORG



HILLWOOD
A PEROT COMPANY



SOLANA



charles
SCHWAB





Town of Westlake

Town of Westlake, Texas

Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2017

Prepared by:

Town of Westlake
Finance Department

1500 Solana Blvd, Suite 7200
Westlake, Texas 76262



Town of Westlake

Town of Westlake
 Consolidated Annual Financial Report
 For the Fiscal Year Ended September 30, 2017
 Table of Contents

	Page	Exhibit
Introductory Section		
Letter of Transmittal	iii	
GFOA Certificate of Achievement	xii	
Organization Chart	xiii	
Town Officials	xv	
Financial Section		
Independent Auditor's Report	4	
Management's Discussion and Analysis	10	
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Position	24	A-1
Statement of Activities	25	A-2
Fund Financial Statements		
Governmental Funds Financial Statements		
Balance Sheet	27	A-3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	29	A-4
Statement of Revenues, Expenditures, and Changes in Fund Balance	31	A-5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	33	A-6
Proprietary Funds Financial Statements		
Statement of Net Position	34	A-7
Statement of Revenues, Expenses, and Changes in Net Position	35	A-8
Statement of Cash Flows	36	A-9
Fiduciary Funds Financial Statements		
Statement of Fiduciary Net Position	37	A-10
Discretely Presented Component Units Financial Statements		
Combining Statement of Net Position	38	A-11
Combining Statement of Activities	39	A-12
Notes to the Basic Financial Statements	42	
Required Supplementary Information		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	81	B-1
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Westlake Academy	82	B-2
Notes to Budgetary Comparison Schedules	83	
Schedule of Net Pension Liability and Related Ratios - TMRS	84	B-3
Schedule of Contributions - TMRS	85	B-4
Notes to TMRS Required Supplementary Information	86	
Schedule of Academy's Proportionate Share of Net Pension Liability - TRS	87	B-5
Schedule of Contributions - TRS	88	B-6

Town of Westlake
 Consolidated Annual Financial Report
 For the Fiscal Year Ended September 30, 2017
 Table of Contents – Continued

	Page	Exhibit
Combining and Individual Fund Statements and Schedules		
Major Governmental Funds		
Schedule of Revenues, Expenditures and Changes in Fund Balances		
Budget and Actual - Debt Service Fund	91	C-1
Nonmajor Governmental Funds		
Combining Balance Sheet	93	C-2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	94	C-3
Nonmajor Special Revenue Funds		
Budgetary Comparison Schedules		
Visitors Association Fund	95	C-4
Lone Star Public Facilities Corporation Fund	96	C-5
Economic Development Fund	97	C-6
4B Economic Development Corporation Fund	98	C-7
Agency Funds		
Statement of Changes in Assets and Liabilities - PID Agency Fund	100	C-8
Statistical Section		
Net Position By Component	104	S-1
Changes in Net Position	105	S-2
Fund Balances, Governmental Funds	107	S-3
Changes in Fund Balances, Governmental Funds	108	S-4
Assessed Value and Estimated Actual Value of Taxable Property	110	S-5
Principal Property Tax Payers	111	S-6
Property Tax Levies and Collections	112	S-7
Direct and Overlapping Property Tax Rates	113	S-8
Taxable Sales by Industry Type	114	S-9
Ratios of General Bonded Debt Outstanding	115	S-10
Ratios of Outstanding Debt by Type	116	S-11
Direct and Overlapping Governmental Activities Debt	117	S-12
Demographic and Economic Statistics	118	S-13
Principal Employers	119	S-14
Full-Time Equivalent City Government Employees by Function/Program	120	S-15
Operating Indicators by Function/Program	121	S-16
Capital Asset Statistics by Function/Program	122	S-17



Town of Westlake

March 23, 2018

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, 2017, 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, 2017, 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, 2017, 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 1,310. In 2017, 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 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 its 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 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

Local Challenges Involving Residential Growth

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."

Because of the current and potential development within our community, it is both an exciting and challenging time in Westlake! Adhering to the Town's Vision is the key to Westlake's success for managing the significant growth. While growth is occurring, it also presents very clear challenges for our community if we wish to continue to maintain the elements of Westlake that make it so unique. These community attributes include our beautiful neighborhoods with top quality residences, strong aesthetic standards, a top-tier Town owned K-12 charter school, open space preservation, streetscaping, emphasis on proactive planning, and maintaining our view corridors. The "sea of change" that surrounds Westlake involves not only our current internal development but also the current growth opportunities planned for the State

Highway (SH 114) corridor in northeast Tarrant County and into southern Denton County. The communities that surround us are undergoing significant development as well, which adds to the “sea of change” affecting Westlake.

The impact of anticipated growth along the SH 114 corridor is described by Mr. Robin McCaffrey (AIA and APA) of MESA Planning, the firm that was engaged to update the Town's latest Comprehensive Plan, Forging Westlake. According to Mr. McCaffrey:

Westlake, with the arrival of the Charles Schwab Corporation project, is crossing through a portal into the future suggested by the Town's 2015 Comprehensive Plan. In conjunction with Fidelity and other financial services in and around Westlake, Westlake hosts nearly 4 million square feet of an industry type (i.e. financial services), constituting a significant Industry Cluster. At this scale, the aggregation of a single industrial code activity is important enough to attract vertical and horizontal expansion, which further substantiates Westlake's importance as a financial services center in the Dallas/ Fort Worth Metroplex. Bringing the above described importance to the Town's other advantages of proximity, makes Westlake a singularly important center for growth and development going forward.

Westlake's Permanent Population Growth: This is the portion of our population considered to be our permanent residents. From the 1990 population of 185 to 2017's population of 1,310 represents an increase of 608% equal to 1,125 additional residents. We will need to continue to monitor and plan for the continued increase in these numbers considering our Comprehensive Plan's (Forging Westlake) forecast of approximately 7.21% annual population growth between now and 2040. This would bring us to around 7,000 residents.

Traffic Demands Due to Growth in Westlake and Surrounding Areas: The four (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 generate additional traffic that commutes through our Town. With our projected level of residents (7,000) and the existing zoning entitlements (if executed) we would expect 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 the community.

Balanced Growth to Impact Cost of Municipal Services: Likewise, the ability to fund 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 open space and 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 and Maintaining Westlake's High Quality Residential Housing: We continue to see strong single family residential construction demand. This has been demonstrated in Granada Phase 1 as well as in existing subdivisions such as Vaquero, Paigebrooke, and Terra Bella. Additionally, the infrastructure for three (3) new single family residential developments, Carlyle Court, Granada Phase 2 and Quail Hollow, has been completed, accepted by the Town and building permits issuance in those developments is underway.

Also, the mixed-use development called Entrada continues to progress with infrastructure construction making significant headway. 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 the 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 four (4) developments will add approximately 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 2008-09 recession. Housing starts in Westlake, due to the high value of our homes, add taxable value to our taxing base; however, this also impacts 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 communities continue to experience commercial development, this will further attract individuals who work for and own these businesses. In turn, these individuals will need housing. As our housing stock expands in response to these forces, we will need to manage our distinctive developments to ensure we maintain our community as an 'oasis of natural beauty' and achieve high-end housing options as identified in the Housing element of Forging Westlake.

Local Challenges Involving Commercial Growth

Commercial Development, Economic Development, and Daytime Population Growth: Because Westlake is the home to major corporate office campuses, its Monday-Friday daytime population is growing and is conservatively estimated to be approximately 10,000 - 12,000 individuals. These office complexes are comprised of notable corporate clients that include Deloitte, LLP and Fidelity Investments. Currently, Fidelity has almost 6,000 employees at their Westlake campus, with expansion room for two (2) more office buildings in addition to their two (2) existing office buildings.

New Charles Schwab Corporate Campus: The announcement of their regional corporate campus in 2016 is beginning to come to fruition. Phase 1 will consist of a 500,000-sq. ft. office building and parking garage. Adjacent to the Schwab campus will be a mixed-use development, which Hillwood Properties will develop near the intersection of SH170 and SH114. The campus will initially have approximately 1,500-1,900 employees and should round out with an estimated 5,000 employees when all phases are complete. Presently, Schwab is well underway in the process of hiring 500 employees for its temporary Roanoke Road location in Westlake.

Commercial Development in Entrada: 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 the development. A CVS Pharmacy is open for business as well as a Primrose Private School. Other commercial uses include various retail, restaurants, amphitheater and hotels.

Solana Redevelopment/Reinvestment: The Solana Office Complex, acquired by Equity Office (Blackstone) approximately two (2) years ago, has seen a resurgence in occupancy. Equity's multi-million-dollar investment in the complex to improve its parking, landscaping and buildings has been a strong positive path for Westlake. The investment is boosting office occupancy levels with Sabre Corporation expanding their presence into Westlake by leasing significant office space in Solana. They are also hiring up to 500 new employees. The municipality has assisted in this revitalization effort by leasing 20,000 sq. ft. of office space for the next 10 years. The new location in Solana allows the staff to be in one office suite and better serve the Westlake community.

Economic Development: The Town has also pursued the ideas advanced in the Economic Development element of Forging Westlake. That is, where appropriate, to pursue businesses that ultimately expand the Town's tax base with high quality office buildings, and at the same time, compliment our financial services business cluster, which has already been created through our corporate residents 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 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.

Local Challenges – Other

There are other local challenges involving both financial and physical site planning, strategic forecasting, residential feedback through our survey instruments and the Town's public charter school, Westlake Academy.

Westlake's residential growth impact on the Academy: 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 a strong motivator for our residents to live in Westlake, and one of the top three (3) reasons why they plan to remain in our community. For example, the 2017 municipal services survey results indicate 75% of the new residents say enrollment at Westlake Academy was extremely important/important to their decision to live in the community. With the majority of those residents then listing this as the number one (1) reason they will remain in Westlake over the next five (5) years.

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 school's enrollment.

Westlake Academy has experienced steady enrollment growth from 491 students in SY 2009-10 to a projected 856 in SY 2017-18. 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 admissions processes to provide adequate space for children of Westlake residents.

Approximately 39,000 sq. ft. of new facilities space was opened on campus 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 over approximately 2,411 students for this coming school year.

Continued 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. And, in the Legislature's most recent 2017 session, the per student funding for public education was not increased for the next biennium. This negatively impacts Westlake since it owns and operates our public charter school, Westlake Academy, which receives approximately 80% of its operational funding from the State. The municipal government continues to allocate significant resources to the school to deal with State funding limitations, maintain high quality educational services, provide for the Academy's facilities and support services, as well as preserve space for the children of Westlake residents. Additionally, the Westlake Academy Foundation (WAF) raises significant operating funds for the Academy, without which the school could not operate.

Pursuit of Infrastructure and Services Reinvestment While Combating Certain Cost Increases: We must also reinvest in maintaining our infrastructure. However, with growth comes the need to allocate 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 us to significantly invest in our water system.

Staffing Levels, Insurance Costs, and Retention: Our infrastructure investment must be monitored in tandem with the staffing needs to maintain our current service delivery levels. 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 in light of maximizing staff efficiencies and processes to help contain large expenditure drivers such as employee health insurance.

Customer interactions and our methodology to deliver services remains of interest to our residents and we continue to receive high marks for our personalized approach. In early 2017, our consultant, Chris Tatum with ETC presented Council with positive feedback indicating that our staff team is "setting the standard for service delivery compared to other communities". Since 2009, our composite index score for overall satisfaction has increased 21 points.

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 2017-18 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, 2016. This was the tenth 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 tenth GFOA Distinguished Budget Presentation Award for the fiscal year beginning October 1, 2016 for our municipal budget and the 8th 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 fifth Popular Annual Financial Report (PAFR) converting much of the FY 2015-2016 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."

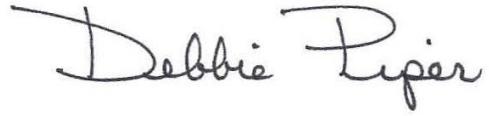
Acknowledgements

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.



Tom Brymer
Town Manager



Debbie Piper, CPA
Finance Director



Town of Westlake



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Town of Westlake
Texas**

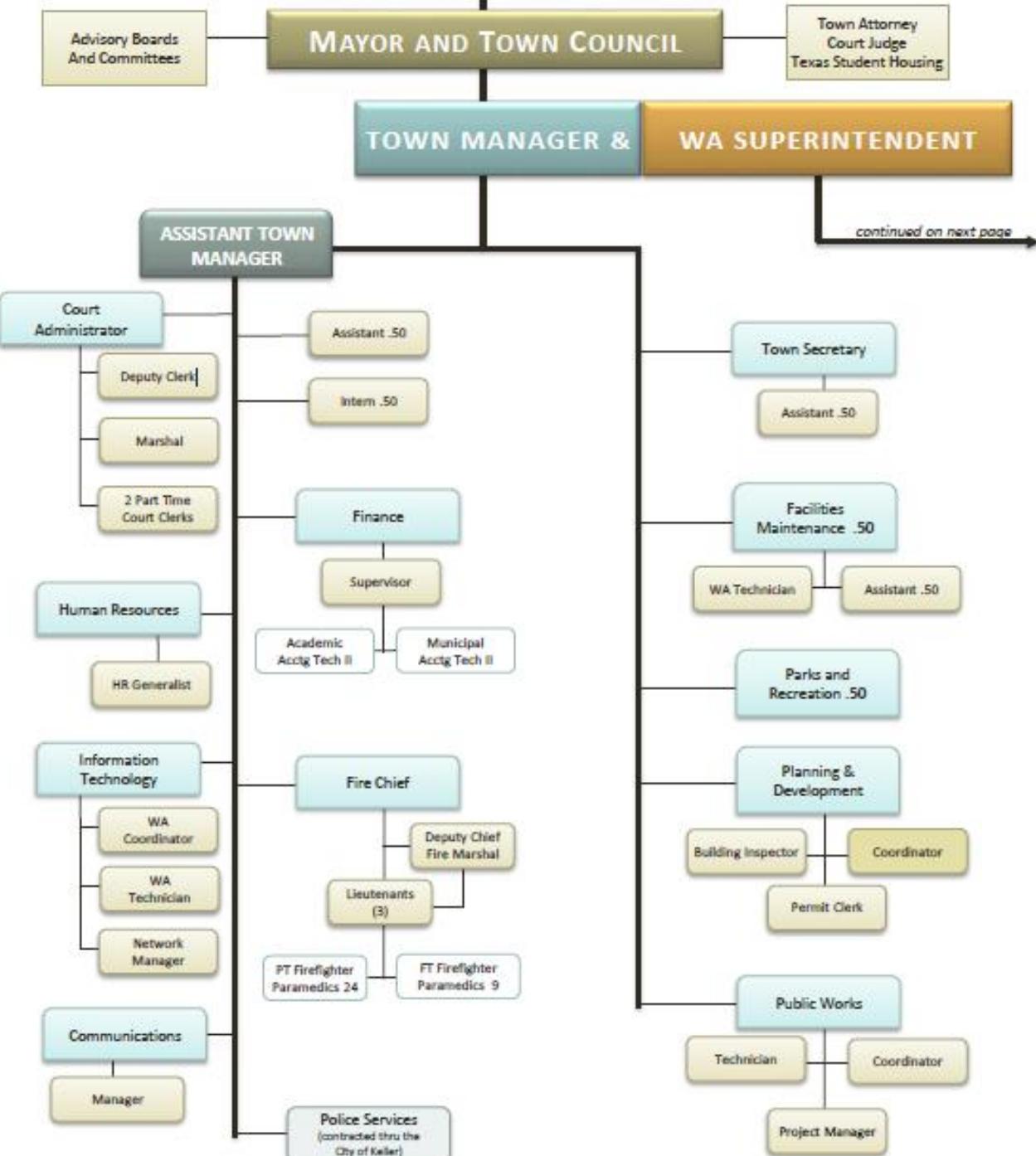
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Monill

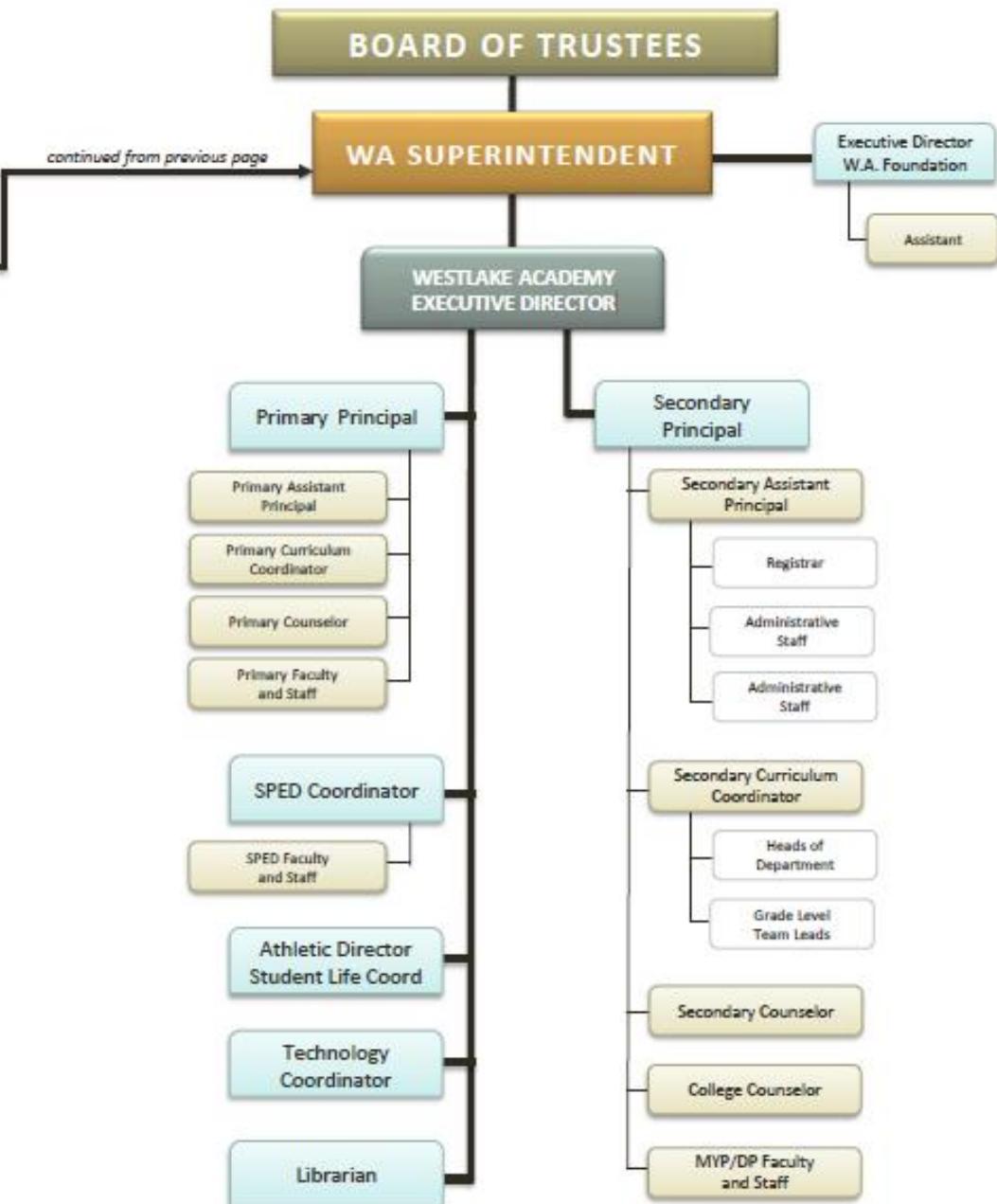
Executive Director/CEO

CITIZENS OF WESTLAKE



This organizational chart is a visual depiction of the way work is distributed within the Town of Westlake. It is also meant to be a tool to help enhance our working relationship with our customers, students and stake-holders, and to clear channels of communications to better accomplish our goals and objectives.

This organizational chart is a visual depiction of the way work is distributed within Westlake Academy



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

Alesa Belvedere

Council Member

Michael Barrett

Council Member

Rick Rennhack

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, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2017, 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 17 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 17. 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 10 through 20 and budgetary comparison information and pension schedules on pages 81 through 88 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.

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.

Town of Westlake, Texas

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 March 23, 2018 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
March 23, 2018



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, 2017. 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 iii - x of this report) and the statistical section (pages 103 - 122 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 \$59,885,306 (Net position). This number must be viewed within the context that the vast majority of the Town's net position of \$52,083,443 (87.0%) 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 \$2,034,916 (3.4%). The remaining amount, \$5,766,947 (9.6%), represents unrestricted net position.
- As of the close of the current fiscal year, the Town of Westlake's governmental funds reported combined ending fund balances of \$27,808,118, which is an increase of \$7,412,296 in comparison with the prior year. Within this total, \$17,444,416 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 \$10,937,492 an increase of \$1,258,019 in comparison with the prior year. Of this total fund balance, \$10,363,702 is unassigned. This represents 125% of the total general fund expenditures and is equivalent to 489 operating days.
- The Town's capital assets (net of accumulated depreciation) increased by \$5,042,014. This is due in large part to an increase of \$6,503,931 in construction in progress accounts. This increase is primarily due to the infrastructure construction expenditures related to the Public Improvement District (PID), E. Dove Road and Drainage project and the Fire/EMS Complex.
- The Town's long-term debt increased by \$9,547,067 in total, due to the issuance of \$9,180,000 Combination Tax & Revenue Bonds and \$1,530,000 Tax Notes.

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. 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. See pages 42 – 43 of the "Financial Section" for detail on these entities.

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 27 - 33 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 34 - 36 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 42 - 79 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 81 - 88.

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 \$59,885,306 at the close of the most recent fiscal year.

The Town's combined net position changed from a year ago, increasing \$2,833,346 from \$57,051,960 to \$59,885,306. 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, 52,083,443 (87%), reflects its investment in capital assets (e.g. land, buildings, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire capital assets still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$2,034,916 (3.4%), represents resources that are subject to external or internal restrictions on how they may be used. The remaining balance of \$5,766,947 (9.6%) represents unrestricted net position which is available for the Town's ongoing expenses.

Table 1
Condensed Statement of Net Position
At September 30, 2017 and 2016

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and other assets	\$ 30,062,328	\$ 23,271,426	\$ 5,254,725	\$ 4,197,173	\$ 35,317,053	\$ 27,468,599
Capital assets	67,940,280	62,414,763	11,690,171	12,173,674	79,630,451	74,588,437
Total Assets	\$ 98,002,608	\$ 85,686,189	\$ 16,944,896	\$ 16,370,847	\$ 114,947,504	\$ 102,057,036
Deferred outflows of resources	2,446,574	2,546,463	94,162	84,021	2,540,736	2,630,484
Liabilities						
Noncurrent liabilities	39,936,334	30,117,478	6,333,158	6,308,304	\$ 46,269,492	\$ 36,425,782
Other liabilities	2,402,774	2,984,891	8,869,026	8,143,561	11,271,800	11,128,452
Total Liabilities	42,339,108	33,102,369	15,202,184	14,451,865	\$ 57,541,292	\$ 47,554,234
Deferred inflows of resources	61,642	81,326	-	-	61,642	81,326
Net Position						
Net investments in capital assets	46,499,873	38,299,337	5,583,570	6,044,363	\$ 52,083,443	\$ 44,343,700
Restricted	2,034,916	7,489,048	-	-	2,034,916	7,489,048
Unrestricted	9,513,643	9,260,572	(3,746,696)	(4,041,360)	5,766,947	5,219,212
Total Net Position	\$ 58,048,432	\$ 55,048,957	\$ 1,836,874	\$ 2,003,003	\$ 59,885,306	\$ 57,051,960

Table 2
Changes in Net Position
For the Years Ended September 30, 2017 and 2016

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues						
Fees, fines and charges for services	\$ 4,471,161	\$ 3,794,327	\$ 4,825,599	\$ 3,979,201	\$ 9,296,760	\$ 7,773,528
Operating grant and contributions	8,047,113	7,863,168	-	-	8,047,113	7,863,168
Capital grants and contributions	3,485,255	269,185	-	-	3,485,255	269,185
General revenues						
Taxes						
Sales taxes	4,650,744	4,609,523	-	-	4,650,744	4,609,523
Property taxes	1,576,750	1,476,355	-	-	1,576,750	1,476,355
Hotel occupancy taxes	751,601	822,490	-	-	751,601	822,490
Mixed beverage taxes	68,432	61,476	-	-	68,432	61,476
Franchise taxes	818,423	930,043	-	-	818,423	930,043
Interest on investments	182,095	55,600	28,684	13,095	210,779	68,695
Miscellaneous	278,071	241,501	50,000	-	328,071	241,501
Total revenues	<u>24,329,645</u>	<u>20,123,668</u>	<u>4,904,283</u>	<u>3,992,296</u>	<u>\$ 29,233,928</u>	<u>\$ 24,115,964</u>
Expenses						
General governmental						
Public safety	5,716,302	4,491,557	-	-	5,716,302	4,491,557
Culture and recreation	3,063,003	2,737,084	-	-	3,063,003	2,737,084
Economic development	217,489	187,274	-	-	217,489	187,274
Public works	163,578	141,779	-	-	163,578	141,779
Visitor services	1,634,549	1,102,636	-	-	1,634,549	1,102,636
Education	737,071	740,835	-	-	737,071	740,835
Interest on long-term debt	8,566,295	9,516,287	-	-	8,566,295	9,516,287
Water and sewer	1,401,199	990,413	-	-	1,401,199	990,413
Cemetery	-	-	4,893,075	5,519,116	4,893,075	5,519,116
Total expenses	<u>21,499,486</u>	<u>19,907,865</u>	<u>4,901,096</u>	<u>5,526,947</u>	<u>26,400,582</u>	<u>25,434,812</u>
Increase (decrease) in net position before transfers	<u>2,830,159</u>	<u>215,803</u>	<u>3,187</u>	<u>(1,534,651)</u>	<u>2,833,346</u>	<u>(1,318,848)</u>
Transfers	<u>169,316</u>	<u>264,578</u>	<u>(169,316)</u>	<u>(264,578)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>2,999,475</u>	<u>480,381</u>	<u>(166,129)</u>	<u>(1,799,229)</u>	<u>2,833,346</u>	<u>(1,318,848)</u>
Net position, beginning	<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>
Net position, ending	<u>\$ 58,048,432</u>	<u>\$ 55,048,957</u>	<u>\$ 1,836,874</u>	<u>\$ 2,003,003</u>	<u>\$ 59,885,306</u>	<u>\$ 57,051,960</u>

Governmental activities: Governmental activities increased the Town's net position by \$2,999,475 (5.45%), increasing net position from \$55,048,957 to \$58,048,432. 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 \$816,934.

Total revenues for governmental activities increased by \$4,205,977 when compared to the prior year. General revenue had an increase of \$129,128, while program revenues had an increase of \$4,076,849.

Program revenues

- Fees, fines and charges for services increased \$676,834. The permit and review fees received from Charles Schwab & Co. were the major contributor to this increase
- Operating Grants and Contributions increased by \$293,945 mostly due the contribution of funds to Westlake Academy for the purchase of a school bus as well as additional state funding.
- Capital Grants and Contributions increased by \$3,106,070 with the major portion being attributed to the donation of land for the Fire/EMS station and revenues restricted for the benefit of Westlake Academy based on economic development agreements.

General revenues

- Interest on Investments increased by \$182,095 due to the addition of bond and tax note funds.
- Sales tax increased by \$41,201 in addition to an increase of \$98,364 in property tax.
- Hotel occupancy taxes decreased by \$70,889. There have been several new hotels in the area that are competing with the Marriott. Efforts are being made to retain and attract additional meetings and tourist stays.
- Franchise fees decreased by \$111,620 primarily due to AT&T and Verizon receipts.

Expenses

- Total expenses for governmental activities increased by \$1,062,685 or approximately 5%.
- General Government expenditures reflected a 40% 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 with the majority of the increase due to the relocation of Town Hall including additional furniture, network equipment transfer and replacements.
- Education expenditures decreased by 5% (\$426K) which was created by an accounting entry made in the prior years to recognize a capital lease. This amount was offset with lease proceeds in Other Resources.
- Public Safety saw a 9% increase of \$230K primarily due to payroll and related taxes/retirement increases based on market adjustments.

Business-type Activities: The net position of our business-type activities ended fiscal year 2017 at \$1,836,874 compared with \$2,003,003 in 2016. This represents a decrease in net position of \$166,129, or 8% less than the prior fiscal year.

Revenues (Charges for Services) for business-type activities for the fiscal year ending September 30, 2017 were \$4,825,599; an increase of \$846,398 or 21%. Operating expenses for the business-type activities for the fiscal year ending September 30, 2017 were \$4,023,410; a decrease of \$684,148 or 15%. This decrease 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 the prior year offset by a settle-up with the City of Southlake related to wastewater treatment.

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 \$27,808,118; an increase of \$7,412,296 in comparison with the prior year. Approximately 35% of this total (\$10,363,702) 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, 2017, and the amount and percentage of increases and decreases in relation to the prior year.

Table 3
Summary of Governmental Funds Revenues

Revenues	2016-17 Amount	Percent Of Total	Increase (Decrease) From 2015-16	Percent Increase (Decrease)
Taxes				
Sales taxes	\$ 4,650,744	20.6%	\$ 41,221	0.9%
Property taxes	1,577,815	7.0%	98,364	6.7%
Mixed beverage taxes	68,432	0.3%	6,956	11.3%
Hotel occupancy taxes	751,601	3.3%	(70,889)	-8.6%
Franchise taxes	818,423	3.6%	(111,620)	-12.0%
Subtotal - Taxes	<u>7,867,015</u>	<u>34.8%</u>	<u>(35,968)</u>	<u>-0.5%</u>
State program	6,603,358	29.2%	54,996	0.8%
Federal program	140,152	0.6%	41,588	42.2%
Interest income	182,095	0.8%	138,076	313.7%
Building permits and fees	3,521,686	15.6%	806,450	29.7%
Fines and penalties	673,716	3.0%	(122,298)	-15.4%
Intergovernmental	-	0.0%	-	0.0%
Contributions	728,887	3.2%	(18,502,269)	-100.5%
Miscellaneous	<u>2,863,801</u>	<u>12.8%</u>	<u>1,325,546</u>	<u>86.2%</u>
Total Revenues	\$ 22,580,710	100.0%	\$ (16,293,879)	-42.8%

Table 4
Summary of Governmental Funds Expenditures

Expenditures	2016-17 Amount	Percent Of Total	Increase (Decrease) From 2015-16	Percent Increase (Decrease)
General government	\$ 4,596,827	16.6%	\$ 1,316,320	40.1%
Public safety	2,684,244	9.7%	230,387	9.4%
Culture and recreation	164,720	0.6%	(21,203)	-11.4%
Economic development	163,578	0.6%	21,799	15.4%
Public works	784,279	2.8%	10,528	1.4%
Visitor services	717,055	2.6%	(8,916)	-1.2%
Education	8,819,174	31.9%	(426,418)	-4.6%
Capital outlay	7,082,844	25.7%	(2,479,110)	-25.9%
Debt services	2,598,351	9.3%	500,450	23.9%
Total Expenditures	\$ 27,611,072	100.0%	\$ (856,163)	-3.0%

Below are summaries and explanations of the changes in fund balances from fiscal year 2016 to fiscal year 2017 of the Governmental Funds that are contained in the above totals.

General Fund - Fund balance increased \$1,258,019 (13%). At the end of the current fiscal year, fund balance for the general fund was \$10,937,492, an increase of \$1,258,019 in comparison with the prior year. Of this total, \$10,363,702 is unassigned. This represents 125% 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 (\$1.7M) coming from inspection/plan review fees, reforestation, building permit fees and PID inspection fees. Other permits and fees decreased \$900K due to the PID reimbursement fund receiving one-time revenue of \$743K in the prior year.
- Expenditures increased 1.9M - Payroll and related taxes, insurance and retirement increased \$567K due to the addition of employees and market adjustments. Maintenance and replacement projects increased \$685K due to the relocation of the Town Hall and subsequent purchases of furniture and equipment.

Westlake Academy - Fund balance decreased by \$193,514 primarily due to the reduction of state revenue because the student enrollment was less than originally anticipated. In addition, there were additional transportation costs for the rental of buses for field trips and athletic activities due to the small size of the Academy's current two buses (16 and 18 passenger). A new bus was purchased for fiscal year 2017-2018 with a 71 passenger capacity.

Visitors Association Fund - Fund balance decreased by \$212,781 largely due to the debt service payment transferred out for the Arts and Sciences Center.

Capital Projects Fund - Fund balance increased by \$10,708,715 largely due the proceeds of the bond issuance and tax notes for the construction of the Fire/EMS complex

Westlake Academy Expansion Fund - Fund balance increased by \$1,016,218 (from \$397,127 to \$1,413,345). 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 FY 2015. 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 \$5,145,966 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 \$1,836,874, a decrease of \$166,129.

General Fund Budgetary Highlights

The General Fund budget for fiscal year 2017 was amended in total to increase the net change in fund balance from (\$214,923) to \$207,481, a total increase of \$422,404. The amended budget for net revenues was increased by \$515K (6%) based on anticipated increases in building permits and fees. The amended budget for net expenditures was increased by \$210K (2%). This was primarily due to additional needs related to the relocation of the Town Hall.

The General Fund actual revenue collections/other sources were more than the amended budget by \$603K primarily due to the receipt of building permits and fees that were not anticipated until the FY 17-18. Actual expenditure costs/other uses were less than the amended budget by \$447K 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, 2017, totaled \$79,630,451 (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 \$5,042,014 or 7% mostly due to additional construction in progress related to the Public Improvement District, the Fire/EMS Complex, and the E. Dove Road Reconstruction/Drainage Project totaling \$6.6M. This increase was offset by the sale of land in the amount of \$1.2M.

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 12,446,059	\$ 11,896,664	\$ -	\$ -	\$ 12,446,059	\$ 11,896,664
Capital improvements	9,865,482	10,335,819	9,734,945	10,097,620	19,600,427	20,433,439
Building	25,699,186	26,351,151			25,699,186	26,351,151
Machinery and equipment	1,252,399	1,614,268	1,536,311	1,669,017	2,788,710	3,283,285
W/W treatments rights			89,885	121,645	89,885	121,645
Construction in progress	18,677,154	12,216,861	329,030	285,392	19,006,184	12,502,253
Total capital assets	\$ 67,940,280	\$ 62,414,763	\$ 11,690,171	\$ 12,173,674	\$ 79,630,451	\$ 74,588,437

Additional information on the Town's capital assets can be found in Note 4 on pages 56 - 57 of this report.

Long-term liabilities - At the end of the current fiscal year, the Town had total long-term debt outstanding of \$43,741,665. Of this amount, \$36,207,000 represents bonded indebtedness, \$162,004 capital leases, \$238,404 in loans and \$5,126,958 contractual obligations. During the fiscal year 2016-2017, the Town's total debt payable increased by \$9,625,356. This increase was mainly due to the sale of bonds and tax notes for the Fire/EMS complex as well as the scheduled repayment of principal and interest on outstanding bonded debt and offset by a savings due to the refunding on the Town's Series 2007 CO's.

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 58 – 65.

Table 6
Outstanding Debt at Year-End

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 15,267,000	\$ 16,685,000	\$ -	\$ -	\$ 15,267,000	\$ 16,685,000
Certificates of obligation	19,990,700	9,485,700	949,300	971,300	20,940,000	10,457,000
Contractual obligations	-	-	5,126,958	5,126,958	5,126,958	5,126,958
Capital leases	162,004	563,045	-	-	162,004	563,045
Premium on bonds	1,578,909	657,912	29,881	31,053	1,608,790	688,965
Notes payable	238,404	275,101			238,404	275,101
Compensated absences	333,005	274,216	65,504	46,024	398,509	320,240
Total long-term debt	\$ 37,570,022	\$ 27,940,974	\$ 6,171,643	\$ 6,175,335	\$ 43,741,665	\$ 34,116,309

The Town's net pension liability relative to its participation in Texas Municipal Retirement System (TMRS) increased from \$1,215,618 as of September 30, 2016 to \$1,476,481 as of September 30, 2017. The Academy's proportionate share of the Teacher Retirement System (TRS) net pension liability decreased from \$1,093,865 as of August 31, 2016 to \$1,051,346 as of August 31, 2017.

Economic Factors and Next Year's Budgets

In the FY 2017-18 adopted budget, the General Fund balance is anticipated to decrease by \$1.4M. Adopted revenue collections are budgeted to be less than the 2017 actuals by \$1.0M (10%) primarily due to prior year one-time building fees and permits offset by additional general sales tax revenues due to a negotiated development agreement and additional property taxes.

Anticipated expenditures will be approximately \$600K more than the prior year. Payroll increases create most of this increase with approximately \$500K (market adjustments, two additional employees, increased insurance and benefits. Transfers out are estimated to increase by \$1.3M. The FY 17-18 budgeted amounts include transfers of one-time revenues from various commercial projects to the Capital Projects Fund for future use. The transfer to the Debt Service Fund increased to cover additional debt service requirements.

As stated in the Transmittal Letter, 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.

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.



Town of Westlake

Basic Financial Statements



Town of Westlake

Town of Westlake
 Statement of Net Position
 September 30, 2017

Exhibit A-1

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 26,295,605	\$ 3,722,146	\$ 30,017,751	\$ 6,171,501
Receivables (net of allowance)	1,848,083	1,154,947	3,003,030	410,969
Inventories	-	95,197	95,197	-
Other assets	262,106	-	262,106	161,211
Restricted cash and cash equivalents	1,656,534	282,435	1,938,969	3,132,602
Capital assets:				
Land and construction in progress	31,123,213	329,030	31,452,243	5,099,597
Buildings and improvements	47,342,288	14,899,416	62,241,704	52,590,312
Wastewater treatment rights	-	635,199	635,199	-
Machinery and equipment	4,652,500	3,560,780	8,213,280	4,690,979
Less accumulated depreciation	(15,177,721)	(7,734,254)	(22,911,975)	(29,929,128)
Total capital assets	67,940,280	11,690,171	79,630,451	32,451,760
Total assets	98,002,608	16,944,896	114,947,504	42,328,043
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - TRS pension	672,957	-	672,957	-
Deferred outflows of resources - TMRS	766,614	94,162	860,776	-
Deferred loss on refunding	1,007,003	-	1,007,003	-
Total deferred outflows of resources	2,446,574	94,162	2,540,736	-
LIABILITIES				
Accounts payable	2,247,373	440,488	2,687,861	324,020
Customer deposit payable	-	232,435	232,435	-
Unearned revenue	1,850	406,350	408,200	946,645
Accrued interest payable	153,551	7,789,753	7,943,304	26,401,717
Noncurrent liabilities:				
Due within one year				
Long-term debt	1,717,681	235,093	1,952,774	3,420,000
Compensated absences	33,301	6,550	39,851	-
Due in more than one year				
Long-term debt	35,519,336	5,871,046	41,390,382	48,949,301
Compensated absences	299,704	58,954	358,658	-
TRS pension liability	1,051,346	-	1,051,346	-
TMRS pension liability	1,314,966	161,515	1,476,481	-
Total liabilities	42,339,108	15,202,184	57,541,292	80,041,683
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - TRS pension	61,642	-	61,642	-
Total deferred inflows of resources	61,642	-	61,642	-
NET POSITION				
Net investment in capital assets	46,499,873	5,583,570	52,083,443	(19,917,541)
Restricted for:				
Tourism	799,170	-	799,170	-
Construction	797,234	-	797,234	-
Court security and technology	219,693	-	219,693	-
Future projects	13,789	-	13,789	-
Debt service	-	-	-	-
Education	205,030	-	205,030	-
Unrestricted	9,513,643	(3,746,696)	5,766,947	(17,796,099)
Total net position	\$ 58,048,432	\$ 1,836,874	\$ 59,885,306	\$ (37,713,640)

The Notes to the Financial Statements are an integral part of this statement.

Town of Westlake

Statement of Activities

For the Year Ended September 30, 2017

Functions/Programs	Expenses	Program Revenues			Capital Grants and Contributions
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT					
Governmental activities:					
General government	\$ 5,716,302	\$ 73,180	\$ -	\$ 5,956	
Public safety	3,063,003	783,681	532	-	
Cultural and recreation	217,489	-	3,100	-	
Public works	1,634,549	3,338,541	-	2,359,299	
Economic development	163,578	-	-	1,010,000	
Visitor services	737,071	-	-	-	
Education	8,566,295	275,759	8,043,481	110,000	
Interest on long-term debt	1,401,199	-	-	-	
Total governmental activities	<u>21,499,486</u>	<u>4,471,161</u>	<u>8,047,113</u>	<u>3,485,255</u>	
Business-type activities:					
Water and sewer	4,893,075	4,815,635	-	-	
Cemetery	8,021	9,964	-	50,000	
Total business-type activities	<u>4,901,096</u>	<u>4,825,599</u>	<u>-</u>	<u>50,000</u>	
Total primary government	<u>\$ 26,400,582</u>	<u>\$ 9,296,760</u>	<u>\$ 8,047,113</u>	<u>\$ 3,535,255</u>	
Reported Discretely Presented Component Units	<u>\$ 13,366,606</u>	<u>\$ 11,235,925</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 Notes to the Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position				
Primary Government				Discretely Presented Component Units
Governmental Activities	Business - Type Activities	Total		
\$ (5,637,166)	\$ -	\$ (5,637,166)	\$ -	
(2,278,790)	-	(2,278,790)		-
(214,389)	-	(214,389)		-
4,063,291	-	4,063,291		-
846,422	-	846,422		-
(737,071)	-	(737,071)		-
(137,055)	-	(137,055)		-
(1,401,199)	-	(1,401,199)		-
<u>(5,495,957)</u>	<u>-</u>	<u>(5,495,957)</u>		<u>-</u>
-	(77,440)	(77,440)		-
-	51,943	51,943		
-	(25,497)	(25,497)		-
<u>\$ (5,495,957)</u>	<u>\$ (25,497)</u>	<u>\$ (5,521,454)</u>		<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,130,681)</u>	
4,650,744	-	4,650,744		-
1,576,750	-	1,576,750		-
751,601	-	751,601		-
68,432	-	68,432		-
818,423	-	818,423		-
182,095	28,684	210,779	33,164	
278,071	-	278,071		-
169,316	(169,316)	-	-	-
<u>8,495,432</u>	<u>(140,632)</u>	<u>8,354,800</u>	<u>33,164</u>	
2,999,475	(166,129)	2,833,346	(2,097,517)	
<u>55,048,957</u>	<u>2,003,003</u>	<u>57,051,960</u>	<u>(35,616,123)</u>	
<u>\$ 58,048,432</u>	<u>\$ 1,836,874</u>	<u>\$ 59,885,306</u>	<u>\$ (37,713,640)</u>	

Town of Westlake

Balance Sheet

Governmental Funds

September 30, 2017

	General	Westlake Academy	Debt Service Fund
ASSETS			
Cash and cash equivalents	\$ 10,551,515	\$ 410,804	\$ 12,013
Receivables :			
Property taxes	5,216	-	433
Accounts receivable	1,021,417	446,291	-
Due from other funds	201,723	-	-
Prepaid items	18,705	235,539	-
Restricted cash and cash equivalents	-	-	-
TOTAL ASSETS	\$ 11,798,576	\$ 1,092,634	\$ 12,446
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE:			
Liabilities:			
Accounts payable	\$ 856,482	\$ 126,856	\$ 98
Unearned revenue	-	530	-
Due to other funds	-	-	-
Total liabilities	856,482	127,386	98
DEFERRED INFLOWS OF RESOURCES			
Unavailable grant funds	-	-	-
Unavailable resources - property taxes	4,602	-	385
Total deferred inflows of resources	4,602	-	385
FUND BALANCES			
Nonspendable:			
Prepaid items	18,705	235,539	-
Restricted for:			
Tourism	-	-	-
Capital items	-	-	-
Court security, technology, and Bonds	219,693	-	-
Debt service	-	-	11,963
Future projects	-	-	-
Education	-	729,709	-
Committed for:			
Street and tree improvements	335,392	-	-
Unassigned	10,363,702	-	-
Total fund balances	10,937,492	965,248	11,963
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
	\$ 11,798,576	\$ 1,092,634	\$ 12,446

The Notes to the Financial Statements are an integral part of this statement.

Capital Projects	Solana PID Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 13,124,934	\$ -	\$ 2,196,339	\$ 26,295,605
-	-	-	5,649
-	-	374,726	1,842,434
-	-	-	201,723
-	-	7,862	262,106
-	1,656,534	-	1,656,534
<u>\$ 13,124,934</u>	<u>\$ 1,656,534</u>	<u>\$ 2,578,927</u>	<u>\$ 30,264,051</u>
\$ 255,057	\$ 859,300	\$ 149,580	\$ 2,247,373
-	-	1,320	1,850
-	-	201,723	201,723
<u>255,057</u>	<u>859,300</u>	<u>352,623</u>	<u>2,450,946</u>
-	-	-	-
-	-	-	4,987
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,987</u>
-	-	7,862	262,106
-	-	791,308	791,308
12,869,877	797,234	1,413,345	15,080,456
-	-	-	219,693
-	-	-	11,963
-	-	13,789	13,789
-	-	-	729,709
-	-	-	335,392
-	-	-	10,363,702
<u>12,869,877</u>	<u>797,234</u>	<u>2,226,304</u>	<u>27,808,118</u>
<u>\$ 13,124,934</u>	<u>\$ 1,656,534</u>	<u>\$ 2,578,927</u>	<u>\$ 30,264,051</u>

Town of Westlake**Exhibit A-4**

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2017

Total fund balance-governmental funds balance sheet	\$ 27,808,118
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.	67,940,280
Deferred losses on refunding are reported as deferred outflows of resources in the government-wide statement of net position.	1,007,003
Revenues earned but not available within sixty days of the fiscal year-end are not recognized as revenue in the fund financial statements.	4,987
Deferred outflows of resources related to the Town's and Academy's net pension liability increase net position by \$766,614 and \$672,957, respectively; while the Academy's deferred resource inflows related to the net pension liability decreases net position by \$61,642. This amount is the net effect.	1,377,929
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.	(153,551)
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.	(39,936,334)
NET POSITION OF GOVERNMENTAL ACTIVITIES - statement of net position	<u>\$ 58,048,432</u>

The Notes to the Financial Statements 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, 2017

	General	Westlake Academy	Debt Service Fund
REVENUES			
Taxes			
Sales	\$ 3,353,658	\$ -	\$ -
Property	1,482,625	-	95,190
Mixed beverage	68,432	-	-
Hotel occupancy	-	-	-
Franchise	818,423	-	-
State program revenues	-	6,603,358	-
Federal program revenues	-	140,152	-
Interest income	67,680	5,371	-
Building permits and fees	3,521,686	-	-
Fines and penalties	673,716	-	-
Contributions	110,532	-	-
Miscellaneous	275,404	1,575,730	-
Total revenues	<u>10,372,156</u>	<u>8,324,611</u>	<u>95,190</u>
EXPENDITURES			
Current			
General government	4,596,827	-	-
Public safety	2,684,244	-	-
Cultural and recreation	164,720	-	-
Public works	784,279	-	-
Economic development	-	-	-
Visitor services	-	-	-
Education	-	8,819,174	-
Capital outlay	29,612	-	-
Debt service			
Principal retirement	36,697	-	1,088,000
Interest and other fiscal charges	-	13,951	1,091,425
Bond issuance costs	-	-	116,592
Total expenditures	<u>8,296,379</u>	<u>8,833,125</u>	<u>2,296,017</u>
Excess (deficiency) of revenues			
Over (Under) Expenditures	<u>2,075,777</u>	<u>(508,514)</u>	<u>(2,200,827)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	230,336	315,000	2,065,730
Transfers out	(1,048,094)	-	-
Proceeds from sale of assets	-	-	-
Refunding bonds issued	-	-	5,795,000
Payment to refunding bond escrow agent	-	-	(6,452,467)
Premium on bonds and certificates issued	-	-	774,059
Cerificates of obligation issued	-	-	-
Net other financing sources (uses)	<u>(817,758)</u>	<u>315,000</u>	<u>2,182,322</u>
NET CHANGE IN FUND BALANCES			
FUND BALANCES, AT BEGINNING OF YEAR	<u>1,258,019</u>	<u>(193,514)</u>	<u>(18,505)</u>
FUND BALANCES AT END OF YEAR	<u>\$ 9,679,473</u>	<u>1,158,762</u>	<u>30,468</u>
	<u>\$ 10,937,492</u>	<u>\$ 965,248</u>	<u>\$ 11,963</u>

The Notes to the Financial Statements are an integral part of this statement.

Capital Projects	Solana PID Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,297,086	\$ 4,650,744
-	-	-	1,577,815
-	-	-	68,432
-	-	751,601	751,601
-	-	-	818,423
-	-	-	6,603,358
-	-	-	140,152
72,428	23,234	13,382	182,095
-	-	-	3,521,686
-	-	-	673,716
609,299	5,956	1,013,100	1,738,887
-	-	2,667	1,853,801
<u>681,727</u>	<u>29,190</u>	<u>3,077,836</u>	<u>22,580,710</u>
-	-	-	4,596,827
-	-	-	2,684,244
-	-	-	164,720
-	-	-	784,279
-	-	163,578	163,578
-	-	717,055	717,055
-	-	-	8,819,174
1,878,076	5,175,156	-	7,082,844
-	-	-	1,124,697
-	-	-	1,105,376
<u>251,686</u>	<u>-</u>	<u>-</u>	<u>368,278</u>
<u>2,129,762</u>	<u>5,175,156</u>	<u>880,633</u>	<u>27,611,072</u>
<u>(1,448,035)</u>	<u>(5,145,966)</u>	<u>2,197,203</u>	<u>(5,030,362)</u>
-	-	1,010,000	3,621,066
-	-	(2,403,656)	(3,451,750)
1,200,000	-	-	1,200,000
-	-	-	5,795,000
-	-	-	(6,452,467)
246,750	-	-	1,020,809
<u>10,710,000</u>	<u>-</u>	<u>-</u>	<u>10,710,000</u>
<u>12,156,750</u>	<u>-</u>	<u>(1,393,656)</u>	<u>12,442,658</u>
10,708,715	(5,145,966)	803,547	7,412,296
<u>2,161,162</u>	<u>5,943,200</u>	<u>1,422,757</u>	<u>20,395,822</u>
<u>\$ 12,869,877</u>	<u>\$ 797,234</u>	<u>\$ 2,226,304</u>	<u>\$ 27,808,118</u>

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, 2017

Net change in fund balances- total governmental funds.	\$ 7,412,296
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.	6,771,224
Developers contributions that are not reported at the fund level but reported as revenue for the governmental activities.	1,750,000
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.	(1,795,102)
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.	(1,200,605)
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:	
Bonds and certificates issued	(16,505,000)
Bonds repaid through escrow agent	6,330,000
Capital lease payments	401,041
Bond premiums	(1,020,809)
Repayments	1,124,697
Deferred loss on refunding	122,467
Amortization of deferred loss on refunding	(108,507)
Amortization of premium on bonds	99,812
	(9,556,299)
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.	(41,308)
Implementation of GASB 68 requires certain expenditures to be de-expended and recorded as deferred outflows of resources. The changes in deferred outflows from pension activity for TMRS increased net position \$82,565. The changes of net pension liability decreased net position by \$232,327. This amount is the net effect.	(149,762)
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 \$84,783. Contributions made before the measurement period caused a decrease in the change in net position of \$88,399. The net share of the Academy's amount of deferred inflows and outflows of resources decreased the change in net position by \$130,595. This amount is the net effect.	(134,211)
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.	(58,789)
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.	2,031
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES - statement of activities	\$ 2,999,475

The Notes to the Financial Statements are an integral part of this statement.

Town of Westlake
 Statement of Net Position
 Proprietary Funds
 September 30, 2017

Exhibit A-7

	Utility Fund	Cemetery Fund	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 3,655,996	\$ 66,150	\$ 3,722,146
Accounts receivable	1,154,947	-	1,154,947
Inventories	-	95,197	95,197
Restricted cash and investments	232,435	50,000	282,435
Total current assets	<u>5,043,378</u>	<u>211,347</u>	<u>5,254,725</u>
Noncurrent assets			
Capital assets			
Construction in progress	329,030	-	329,030
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	(7,734,254)	-	(7,734,254)
Total capital assets	<u>11,690,171</u>	<u>-</u>	<u>11,690,171</u>
Total noncurrent assets	<u>11,690,171</u>	<u>-</u>	<u>11,690,171</u>
TOTAL ASSETS	<u>16,733,549</u>	<u>211,347</u>	<u>16,944,896</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - TMRS pension	<u>94,162</u>	<u>-</u>	<u>94,162</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>94,162</u>	<u>-</u>	<u>94,162</u>
LIABILITIES			
Current liabilities			
Accounts payable	440,488	-	440,488
Customer deposits payable	232,435	-	232,435
Accrued interest payable	7,789,753	-	7,789,753
Unearned revenue	406,350	-	406,350
Compensated absences - current portion	6,550	-	6,550
Current portion of bonds payable	22,000	-	22,000
Contractual obligations	213,093	-	213,093
Total current liabilities	<u>9,110,669</u>	<u>-</u>	<u>9,110,669</u>
Long-term liabilities:			
Bonds payable	927,300	-	927,300
Compensated absences	58,954	-	58,954
Contractual obligations	4,943,746	-	4,943,746
Net pension liability	161,515	-	161,515
Total long-term liabilities	<u>6,091,515</u>	<u>-</u>	<u>6,091,515</u>
TOTAL LIABILITIES	<u>15,202,184</u>	<u>-</u>	<u>15,202,184</u>
NET POSITION			
Net investment in capital assets	5,583,570	-	5,583,570
Unrestricted	(3,958,043)	211,347	(3,746,696)
TOTAL NET POSITION	<u>\$ 1,625,527</u>	<u>\$ 211,347</u>	<u>\$ 1,836,874</u>

The Notes to the Financial Statements are an integral part of this statement.

Town of Westlake
Exhibit A-8

 Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Funds
 For the Year Ended September 30, 2017

	Utility Fund	Cemetery Fund	Total
OPERATING REVENUES			
Charges for services	\$ 4,636,861	\$ 9,964	\$ 4,646,825
Miscellaneous revenue	178,774	-	178,774
Total operating revenues	<u>4,815,635</u>	<u>9,964</u>	<u>4,825,599</u>
OPERATING EXPENSES			
Payroll costs	497,740	-	497,740
Professional and contract services	87,632	7,325	94,957
Depreciation	495,381	-	495,381
Amortization of wastewater treatment rights	31,760	-	31,760
Water purchases	1,215,465	-	1,215,465
Cost of cemetery lots sold	-	696	696
Other operating costs	1,687,411	-	1,687,411
Total operating expenses	<u>4,015,389</u>	<u>8,021</u>	<u>4,023,410</u>
Net operating income	<u>800,246</u>	<u>1,943</u>	<u>802,189</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income	27,517	1,167	28,684
Interest expense	(877,686)	-	(877,686)
Total non-operating revenues (expenses)	<u>(850,169)</u>	<u>1,167</u>	<u>(849,002)</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS			
Capital contributions	(49,923)	3,110	(46,813)
Transfer out	-	50,000	50,000
Total transfers and capital contributions	<u>(169,316)</u>	<u>50,000</u>	<u>(119,316)</u>
Change in net position	(219,239)	53,110	(166,129)
Total net position, beginning of year	<u>1,844,766</u>	<u>158,237</u>	<u>2,003,003</u>
Total net position, end of year	\$ 1,625,527	\$ 211,347	\$ 1,836,874

The Notes to the Financial Statements are an integral part of this statement.

Town of Westlake
Exhibit A-9
Statement of Cash Flows
Proprietary Funds

For the Year Ended September 30, 2017

	Utility Fund	Cemetery Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 4,855,577	\$ 9,964	\$ 4,865,541
Payments to employees	(459,855)	-	(459,855)
Payments to suppliers	(3,116,398)	(7,325)	(3,123,723)
Net cash provided by operating activities	<u>1,279,324</u>	<u>2,639</u>	<u>1,281,963</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer to other funds	(169,316)	-	(169,316)
Net cash used in noncapital financing activities	<u>(169,316)</u>	<u>-</u>	<u>(169,316)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on debt	(22,000)	-	(22,000)
Interest paid on debt	(144,556)	-	(144,556)
Capital contributions	-	50,000	50,000
Investment earnings	27,517	1,167	28,684
Purchase of property and equipment	(43,638)	-	(43,638)
Net cash provided by (used in) capital and related financing activities	<u>(182,677)</u>	<u>51,167</u>	<u>(131,510)</u>
Net increase in cash	927,331	53,806	981,137
Cash and cash equivalents at the beginning of the year	2,961,100	62,344	3,023,444
Cash and cash equivalents at the end of the year	<u>\$ 3,888,431</u>	<u>\$ 116,150</u>	<u>\$ 4,004,581</u>
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS			
Cash and cash equivalents	\$ 3,655,996	\$ 66,150	\$ 3,722,146
Restricted cash and cash equivalents	232,435	50,000	282,435
Total cash and cash equivalents	<u>\$ 3,888,431</u>	<u>\$ 116,150</u>	<u>\$ 4,004,581</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 800,246	\$ 1,943	\$ 802,189
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation and amortization	527,141	-	527,141
Pension expense	18,395	-	18,395
Changes in operating assets and liabilities:			
Receivables	(106,939)	-	(106,939)
Prepaid items	29,828	-	29,828
Inventory	-	696	696
Compensated absences	19,490	-	19,490
Accounts payable	(155,718)	-	(155,718)
Customer deposits payable	(4,750)	-	(4,750)
Unearned revenue	151,631	-	151,631
Net cash provided by operating activities	<u>\$ 1,279,324</u>	<u>\$ 2,639</u>	<u>\$ 1,281,963</u>

The Notes to the Financial Statements are an integral part of this statement.

Town of Westlake

Statement of Fiduciary Net Position
Agency Fund
September 30, 2017

	PID Agency Fund
ASSETS	
Restricted cash and cash equivalents	\$ 2,085,576
Total Assets	<u>\$ 2,085,576</u>
LIABILITIES	
Liability to bond holders	\$ 2,085,576
Total Liabilities	<u>\$ 2,085,576</u>

The Notes to the Financial Statements are an integral part of this statement.

Town of Westlake
Exhibit A-11

Discretely Presented Component Units
 Combining Statement of Net Position
 September 30, 2017

	Texas Student Housing Corporation Denton Project	Texas Student Housing Corporation College Station Project	Texas Student Housing Authority	Total
ASSETS				
Cash and cash equivalents	\$ 451,726	\$ 2,817,751	\$ 2,902,024	\$ 6,171,501
Accounts receivable (net of allowance)	38,297	371,976	696	410,969
Prepaid rent	109,298	51,913	-	161,211
Restricted assets:				
Cash and cash equivalents	2,198,245	934,357	-	3,132,602
Capital assets:				
Land	2,200,000	2,899,597	-	5,099,597
Buildings and improvements	25,705,000	26,885,312	-	52,590,312
Machinery and equipment	1,253,841	3,437,138	-	4,690,979
Less: accumulated depreciation	(15,273,006)	(14,656,122)	-	(29,929,128)
Total assets	16,683,401	22,741,922	2,902,720	42,328,043
LIABILITIES AND NET POSITION				
LIABILITIES				
Accounts payable and accrued expenses	254,737	66,692	2,591	324,020
Unearned revenue	169,130	740,058	37,457	946,645
Accrued interest payable	8,464,293	17,937,424	-	26,401,717
Bonds payable	23,950,101	28,419,200	-	52,369,301
Total liabilities	32,838,261	47,163,374	40,048	80,041,683
NET POSITION				
Net investment in capital assets	(10,064,266)	(9,853,275)	-	(19,917,541)
Unrestricted	(6,090,594)	(14,568,177)	2,862,672	(17,796,099)
Total net position	\$ (16,154,860)	\$ (24,421,452)	\$ 2,862,672	\$ (37,713,640)

The Notes to the Financial Statements are an integral part of this statement.

Town of Westlake

Discretely Presented Component Units
 Combining Statement of Activities
 For the Fiscal Year Ended September 30, 2017

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Business-type activities:				
Texas Student Housing Authority	\$ 365,777	\$ 1,920,229	\$ -	\$ -
Texas Student Housing Authority				
College Station Project	7,364,984	3,944,039	-	-
Denton Project	5,635,845	5,371,657	-	-
Total business-type activities	13,366,606	11,235,925	-	-
Total component units	<u>\$ 13,366,606</u>	<u>\$ 11,235,925</u>	<u>\$ -</u>	<u>\$ -</u>
GENERAL REVENUES				
Interest Income				
Total general revenues				
Change in net position				
NET POSITION, beginning of year				
NET POSITION, end of year				

The Notes to the Financial Statements are an integral part of this statement.

Net (Expense) Revenues and Changes in Net Positions					
Texas Student					
Texas Student	Housing	Texas Student			
Housing	Corporation	Housing			
Corporation	College Station	Authority		Total	
Denton Project	Project				
\$ -	\$ -	\$ 1,554,452	\$ 1,554,452	\$ -	\$ -
-	(3,420,945)	-	-	(3,420,945)	
(264,188)		-	-	(264,188)	
(264,188)	(3,420,945)	1,554,452	1,554,452	(2,130,681)	
<u>\$ (264,188)</u>	<u>\$ (3,420,945)</u>	<u>\$ 1,554,452</u>	<u>\$ 1,554,452</u>	<u>\$ (2,130,681)</u>	
12,844	-	20,320	20,320	33,164	
12,844	-	20,320	20,320	33,164	
(251,344)	(3,420,945)	1,574,772	1,574,772	(2,097,517)	
(15,903,516)	(21,000,507)	1,287,900	1,287,900	(35,616,123)	
<u>\$ (16,154,860)</u>	<u>\$ (24,421,452)</u>	<u>\$ 2,862,672</u>	<u>\$ 2,862,672</u>	<u>\$ (37,713,640)</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 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.

Component Units

Discretely Presented

Separately issued financial reports are available for the 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

Town of Westlake

Notes to the Financial Statements

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 its 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.

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.

Town of Westlake

Notes to the 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.

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 PID (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.

Town of Westlake

Notes to the Financial Statements

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.

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.

Westlake Academy Expansion Capital Projects 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.

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.

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.

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,

Town of Westlake

Notes to the Financial Statements

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."

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, 2017.

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.

Town of Westlake

Notes to the Financial Statements

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.

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 acquisition 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

Town of Westlake

Notes to the Financial Statements

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.

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.

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.

Town of Westlake

Notes to the Financial Statements

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.

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, 2017 up through March 23, 2018, 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.

Town of Westlake

Notes to the Financial Statements

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

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

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

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

At year end, the carrying amount of the Town's deposits was \$30,499,986 and the bank balance was \$30,966,219. 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 \$9,304,103 and the bank balance was \$9,376,153. 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 \$6,171,501 in cash and cash equivalents and \$3,132,602 in restricted cash and cash equivalents.

Town of Westlake

Notes to the Financial Statements

At September 30, 2017, 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	\$ 30,017,751
Restricted cash and investments	<u>1,938,969</u>
Total primary government	31,956,720
Fiduciary funds:	
Restricted cash and cash equivalents	<u>2,085,576</u>
 Total cash and investments	<u>\$ 34,042,296</u>
Deposits with financial institutions	\$ 30,499,986
Investments	<u>3,542,310</u>
Total cash and investments	<u>\$ 34,042,296</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 37 days thus reducing the interest rate risk. Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Town's Investments.

As of September 30, 2017, the Town's investments were as follows:

Investment Type	Carrying Amount	Fair Value	Weighted Average Maturity (days)
TexPool	\$ 200	\$ 200	37 days
Mutual funds	<u>3,542,110</u>	<u>3,542,110</u>	1 day
Total	<u>\$ 3,542,310</u>	<u>\$ 3,542,310</u>	

Town of Westlake

Notes to the Financial Statements

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	3,542,110	3,542,110	N/A	A-1
Total	\$ 3,542,310	\$ 3,542,310		

Disclosures Relating to Concentration of Credit Risk

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

Disclosures Relating to Custodial Credit Risk

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

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

As of September 30, 2017, 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.

Town of Westlake

Notes to the Financial Statements

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 September 30, 2017	Fair Value Measurements Using						Weighted Average Maturity (Days)						
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	Percent of Total Investments									
		(Level 1)	(Level 2)	(Level 3)										
Investments not Subject to Fair Value:														
Investment Pools:														
TexPool	\$ 200	\$ -	\$ -	\$ -	0.01%	37								
Investments by Fair Value Level:														
Mutual Funds	\$ 3,542,110	\$ 3,542,110	\$ -	\$ -	99.99%	NA								
Total Value	\$ 3,542,310	\$ 3,542,110	\$ -	\$ -										

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.

Town of Westlake

Notes to the Financial Statements

During the year ended September 30, 2017, 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, \$282,435 of restricted cash represents customer deposits received for water and sewer usage that are refundable upon termination of service and \$50,000 of restricted cash represents a contribution restricted for cemetery improvements.

Discretely Presented Component Units

Within the discretely presented component units, the \$3,132,602 in restricted cash and cash equivalents represents funds held for debt service.

Note 3. Receivables

Governmental activities receivable balance consists of the following as of September 30, 2017:

	Governmental Funds					Total Governmental Funds	
	General	Westlake Academy	Debt Service Fund		Nonmajor Fund		
Receivables:							
Sales tax	\$ 496,421	\$ -	\$ -	\$ -	\$ 310,471	\$ 806,892	
Property tax	6,751	-	433		-	7,184	
Other taxes	19,191	-	-		64,255	83,446	
Franchise tax	189,780	-	-		-	189,780	
Accounts	42,473	-	-		-	42,473	
Other	302,565	446,291	-	-	-	748,856	
Gross receivables	1,057,181	446,291	433	374,726		1,878,631	
Less: allowance for uncollectibles	(30,548)	-	-	-		(30,548)	
Net total receivables	\$ 1,026,633	\$ 446,291	\$ 433	\$ 374,726		\$ 1,848,083	

Town of Westlake

Notes to the Financial Statements

Business-type receivables balance consists of the following as of September 30, 2017:

	Business-Type Activities		
	Utility Fund	Cemetery Fund	Total
Receivables:			
Sales tax	\$ -	\$ -	\$ -
Property tax	-	-	-
Other taxes	-	-	-
Franchise tax	-	-	-
Accounts	1,162,249	-	1,162,249
Other	<u>-</u>	<u>-</u>	<u>-</u>
 Gross receivables	 1,162,249	 -	 1,162,249
Less: allowance for uncollectibles	(7,302)	<u>-</u>	(7,302)
 Net total receivables	 <u>\$ 1,154,947</u>	 <u>\$ -</u>	 <u>\$ 1,154,947</u>

Town of Westlake

Notes to the Financial Statements

Note 4. Capital Assets

Capital asset activity for the year ended September 30, 2017, was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 11,896,664	\$ 1,750,000	\$ (1,200,605)	\$ -	\$ 12,446,059
Construction in progress	12,216,861	6,567,395	-	(107,102)	18,677,154
Total assets not being depreciated	<u>24,113,525</u>	<u>8,317,395</u>	<u>(1,200,605)</u>	<u>(107,102)</u>	<u>31,123,213</u>
Capital assets, being depreciated:					
Capital improvements	14,907,536	118,323	-	53,843	15,079,702
Buildings	32,262,586	-	-	-	32,262,586
Machinery and equipment	4,349,680	51,543	(41,108)	-	4,360,115
Information systems and software	205,163	33,963	-	53,259	292,385
Total capital assets being depreciated	<u>51,724,965</u>	<u>203,829</u>	<u>(41,108)</u>	<u>107,102</u>	<u>51,994,788</u>
Less accumulated depreciation:					
Capital improvements	(4,571,717)	(544,561)	-	-	(5,116,278)
Buildings	(5,911,435)	(657,915)	-	-	(6,569,350)
Machinery and equipments	(2,828,371)	(523,930)	41,108	-	(3,311,193)
Information systems and software	(112,204)	(68,696)	-	-	(180,900)
Total accumulated depreciation	<u>(13,423,727)</u>	<u>(1,795,102)</u>	<u>41,108</u>	<u>-</u>	<u>(15,177,721)</u>
Total capital assets being depreciated	<u>38,301,238</u>	<u>(1,591,273)</u>	<u>-</u>	<u>107,102</u>	<u>36,817,067</u>
Governmental activities					
 capital assets, net	<u>\$ 62,414,763</u>	<u>\$ 6,726,122</u>	<u>\$ (1,200,605)</u>	<u>\$ -</u>	<u>\$ 67,940,280</u>
Business-type activities:					
Capital assets, not being depreciated:					
Construction in progress	\$ 285,392	\$ 43,638	\$ -	\$ -	\$ 329,030
Total assets not being depreciated	<u>285,392</u>	<u>43,638</u>	<u>-</u>	<u>-</u>	<u>329,030</u>
Capital assets, being depreciated:					
Capital improvements	14,899,416	-	-	-	14,899,416
Wastewater treatment rights	635,199	-	-	-	635,199
Machinery and equipment	3,560,780	-	-	-	3,560,780
Total capital assets being depreciated	<u>19,095,395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,095,395</u>
Less accumulated depreciation:					
Capital improvements	(4,801,796)	(362,675)	-	-	(5,164,471)
Wastewater treatment rights	(513,554)	(31,760)	-	-	(545,314)
Machinery and equipment	(1,891,763)	(132,706)	-	-	(2,024,469)
Total accumulated depreciation	<u>(7,207,113)</u>	<u>(527,141)</u>	<u>-</u>	<u>-</u>	<u>(7,734,254)</u>
Total capital assets being depreciated	<u>11,888,282</u>	<u>(527,141)</u>	<u>-</u>	<u>-</u>	<u>11,361,141</u>
Business-type activities					
 capital assets, net	<u>\$ 12,173,674</u>	<u>\$ (483,503)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,690,171</u>

Town of Westlake

Notes to the Financial Statements

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

Governmental activities:	
General government	\$ 879,694
Public safety	431,939
Public works	<u>483,469</u>
Total depreciation expense - governmental activities	<u>\$ 1,795,102</u>
Business-type activities:	
Water and sewer	<u>\$ 527,141</u>

A summary of discretely presented component units' capital assets at September 30, 2017 follows:

Texas Student Housing Corporation – Denton Project

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,200,000	\$ -	\$ -	\$ 2,200,000
Total assets not being depreciated	<u>2,200,000</u>	<u>-</u>	<u>-</u>	<u>2,200,000</u>
Capital assets, being depreciated:				
Buildings	25,705,000	-	-	25,705,000
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	(13,209,513)	(856,833)	-	(14,066,346)
Furniture and fixtures	<u>(1,198,210)</u>	<u>(8,450)</u>	<u>-</u>	<u>(1,206,660)</u>
Total accumulated depreciation	<u>(14,407,723)</u>	<u>(865,283)</u>	<u>-</u>	<u>(15,273,006)</u>
Total capital assets being depreciated	<u>12,551,118</u>	<u>(865,283)</u>	<u>-</u>	<u>11,685,835</u>
Capital assets, net	<u>\$ 14,751,118</u>	<u>\$ (865,283)</u>	<u>\$ -</u>	<u>\$ 13,885,835</u>

Town of Westlake

Notes to the Financial Statements

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	<u>2,899,597</u>	<u>-</u>	<u>-</u>	<u>2,899,597</u>
Capital assets, being depreciated:				
Buildings	26,885,312	-	-	26,885,312
Furniture and fixtures	<u>3,437,138</u>	<u>-</u>	<u>-</u>	<u>3,437,138</u>
Total capital assets being depreciated	<u>30,322,450</u>	<u>-</u>	<u>-</u>	<u>30,322,450</u>
Less accumulated depreciation:				
Buildings	(10,645,528)	(896,177)	-	(11,541,705)
Furniture and fixtures	<u>(3,029,646)</u>	<u>(84,771)</u>	<u>-</u>	<u>(3,114,417)</u>
Total accumulated depreciation	<u>(13,675,174)</u>	<u>(980,948)</u>	<u>-</u>	<u>(14,656,122)</u>
Total capital assets being depreciated	<u>16,647,276</u>	<u>(980,948)</u>	<u>-</u>	<u>15,666,328</u>
Capital assets, net	<u>\$ 19,546,873</u>	<u>\$ (980,948)</u>	<u>\$ -</u>	<u>\$ 18,565,925</u>

Note 5. Long-Term Debt

The Town issues general obligation bonds, certificates of obligation and tax notes to provide for the acquisition and construction of major capital facilities and infrastructure. Combination tax and revenue certificates of obligation are issued for both governmental and business-type activities. General obligation bonds, governmental revenue bonds and tax notes pledge the full faith and credit of the Town.

In December 2016, the Town issued \$9,180,000 Combination Tax and Revenue Certificates of Obligations, Series 2016. Proceeds from the sale of the Certificates will be used for (i) acquiring, construction, installing and equipping fire-fighting facilities; and (ii) legal, fiscal and engineering fees in connection with such project.

In January 2017, the Town issued \$5,795,000 of General Obligation Refunding Bonds, Series 2017. The debt was issued to refund \$6,330,000 of the Town's Series 2007 General Obligation Refunding Bonds to achieve a present value debt service savings. Net proceeds from the sale of the bonds totaled \$6,452,467 which was placed with an escrow agent to provide for all future debt service payments on the refunded bonds. This refunding resulted in a decrease in the Town's debt service payments of \$979,756, which resulted in an economic gain (difference between the present value of the debt service payments of the old and new debt) of \$766,362.

In August 2017, the Town also issued a Tax Note for \$1,530,000 at a net interest rate of 1.81%. The note was issued for the purpose of paying all or a portion of the Town's contractual obligations incurred in connection with (i) acquiring, constructing, installing and equipping fire-fighting facilities, with any surplus proceeds to be used for (1) equipping Town Hall, including related parking, landscaping, and signage; and (2) constructing and improving streets, roads and sidewalks in the Town, including related drainage, signalization, landscaping, lighting, signage and utility relocation (collectively, the "Project") and (ii) payment of costs of issuance of the Notes.

Town of Westlake

Notes to the Financial Statements

A summary of long-term debt transactions for the year ended September 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One year
Governmental activities:					
General obligation bonds					
other obligations	\$ 26,170,700	\$ 16,505,000	\$ (7,418,000)	\$ 35,257,700	\$ 1,519,000
Unamortized bond premium	657,912	1,020,809	(99,812)	1,578,909	-
Notes payable	275,101	-	(36,697)	238,404	36,677
Capital leases	563,045	-	(401,041)	162,004	162,004
Fidelity tax reimbursement	-	-	-	-	-
Compensated absences	274,216	193,893	(135,104)	333,005	33,301
Net pension liability-TMRS	1,082,639	232,327	-	1,314,966	-
Net pension liability - TRS	1,093,865	-	(42,519)	1,051,346	-
Total governmental activities	\$ 30,117,478	\$ 17,952,029	\$ (8,133,173)	\$ 39,936,334	\$ 1,750,982
Business-type activities:					
Certificates of obligation					
\$ 971,300	\$ -	\$ (22,000)	\$ 949,300	\$ 22,000	
Contractual obligations	5,126,958	-	-	5,126,958	213,093
Unamortized bond premium	31,053	-	(1,172)	29,881	-
Compensated absences	46,014	25,865	(6,375)	65,504	6,550
Net pension liability - TMRS	132,979	28,536	-	161,515	-
Total business-type activities	\$ 6,308,304	\$ 54,401	\$ (29,547)	\$ 6,333,158	\$ 241,643

General Obligation Bonds and Certificates of Obligation

General obligation bonds and certificates of obligation are as follows as of September 30, 2017:

General Obligations Bonds, Tax Notes, and Certificates of Obligation	Final Maturity	Interest Rates	Governmental	Business-Type
\$2,095,000 Combination Tax and Revenue Certificates of Obligation, Series 2011	2031	3.25%	\$ 1,552,000	\$ -
\$7,375,000 General Obligation Refunding Bonds, Series 2011	2028	2.0-4.0%	6,360,000	-
\$9,320,000 Certificates of Obligation, Series 2013	2043	2.0-4.0%	7,728,700	949,300
\$2,200,000 General Obligation Refunding Bonds, Series 2013	2028	2.0-2.5%	1,577,000	-
\$9,180,000 Certificate of Obligation Bonds, Series 2016	2046	2.0-5.0%	9,180,000	-
\$5,795,000 General Obligation Refunding Bonds, Series 2017	2032	2.0-5.0%	5,795,000	-
\$1,530,000 Tax Notes, Series 2017	2024	2.0-5.0%	1,530,000	-
\$1,910,000 General Obligation Refunding Bonds, Series 2014	2032	2.0-5.0%	1,535,000	-
			\$ 35,257,700	\$ 949,300

Town of Westlake

Notes to the Financial Statements

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
2018	\$ 1,519,000	\$ 1,169,160	\$ 2,688,160
2019	1,567,450	1,122,540	2,689,990
2020	1,613,350	1,080,730	2,694,080
2021	1,651,350	1,037,343	2,688,693
2022	1,699,250	992,212	2,691,462
2023-2027	8,482,250	4,197,912	12,680,162
2028-2032	9,434,750	2,671,880	12,106,630
2033-2037	3,180,800	1,488,057	4,668,857
2038-2042	3,811,200	850,431	4,661,631
2043-2046	2,298,300	162,766	2,461,066
Total	\$ 35,257,700	\$ 14,773,031	\$ 50,030,731

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

Year Ending September 30,	Principal	Interest	Total Requirements
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	24,750	30,977	55,727
2023-2027	134,750	143,442	278,192
2028-2032	228,250	115,564	343,814
2033-2037	189,200	73,330	262,530
2038-2042	228,800	33,597	262,397
2043-2046	51,700	1,034	52,734
Total	\$ 949,300	\$ 527,237	\$ 1,476,537

Town of Westlake

Notes to the Financial Statements

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.

Year Ending September 30,	Note Payments	
2018	\$	36,677
2019		36,677
2020		36,677
2021		36,677
2022		36,677
2023-2024		55,019
Total	\$	238,404

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 August 31, 2017. 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 August 31, 2017.

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 August 31, 2017:

Year Ending August 31,	Annual Lease Payments
2018	\$ 166,038
Total minimum lease payments	166,038
Less: Amounts representing interest	(4,034)
Present value of net minimum lease payments	\$ 162,004

Town of Westlake

Notes to the Financial Statements

Contractual Obligations

Proprietary funds contractual obligations as of September 30, 2017 are as follows:

Contractual Obligations	Maturity	Interest Rate	Business-Type
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%.

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.

Town of Westlake

Notes to the Financial Statements

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

Year Ending September 30,	Principal	Interest	Total Requirements
Past Due	\$ -	\$ 7,789,753	\$ 7,789,753
2018	213,093	912,628	1,125,721
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	\$ 11,392,909	\$ 16,519,867

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, 2017, there were no prior year defeased bonds outstanding.

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:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue Bonds:					
2001 A Bonds	\$ 22,090,000	\$ -	\$ (895,000)	\$ 21,195,000	\$ 955,000
2001 B Bonds	3,240,000	-	-	3,240,000	1,360,000
Less discount on bonds	(522,384)	-	37,485	(484,899)	-
Total	\$ 24,807,616	\$ -	\$ (857,515)	\$ 23,950,101	\$ 2,315,000

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.

Town of Westlake

Notes to the Financial Statements

At August 31, 2017, the Project was not in compliance with certain covenants of the Indenture including insufficient funds in some of the required funds and a fixed charges ratio less than 1.25. In addition, all required principal payments on the Series B bonds had not been made as of August 31, 2017. 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.

The debt service requirements of the bonds are as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
Past Due	\$ 1,295,000	\$ 8,187,361	\$ 9,482,361
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	1,330,000	1,343,530	2,673,530
2023-2027	8,265,000	5,138,253	13,403,253
2028-2031	9,025,000	1,693,338	10,718,338
	<u>\$ 24,435,000</u>	<u>\$ 22,559,553</u>	<u>\$ 46,994,553</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>\$ 28,419,200</u>

The following is a summary of long-term debt transactions of the Project for the year ended August 31, 2017:

	Amounts				
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Revenue					
Certificates	<u>\$ 28,944,200</u>	<u>\$ -</u>	<u>\$ (525,000)</u>	<u>\$ 28,419,200</u>	<u>\$ 1,105,000</u>

Town of Westlake

Notes to the Financial Statements

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 August 31, 2017 are as follows:

Year Ending August 31,	Principal	Interest	Total
Past Due	\$ 460,000	\$ 17,433,363	\$ 17,893,363
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	895,000	1,464,122	2,359,122
2023-2027	2,875,000	6,639,508	9,514,508
2028-2032	4,130,000	5,330,167	9,460,167
2033-2037	5,975,000	3,427,523	9,402,523
2038-2040	11,114,200	759,710	11,873,910
Total	\$ 28,419,200	\$ 41,532,103	\$ 69,951,303

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 August 31, 2017.

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 August 31, 2017, 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.

Note 6. Unearned Revenue / Deferred Inflows of Resources

Unearned revenue in the proprietary fund of \$406,350 relates to the collection of the entire amount due on twelve Ductbank leases as follows: three leases with AT&T local network services ranging from 5 – 30 years; six leases with Verizon Southwest ranging from 5-30 years; one five-year lease with MCI Metro; one five-year lease with L3 Communications for use of the Town's Ductbank; and one five-year lease with Charter.

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 \$4,602 and \$385 of unavailable property taxes in the general fund and debt service fund, respectively.

Town of Westlake

Notes to the Financial Statements

Note 7. Interlocal Agreement with the Town of Westlake

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, 2017, were as follows:

Source	Westlake Academy
Federal program revenues:	
U.S. Department of Education - Passed through State Department of Education	
Total federal program revenues	\$ 140,152
State program revenues:	
State Department of Education	\$ 6,603,358

Note 9. Interfund Balances and Transactions

Interfund receivables and payables at September 30, 2017, were as follows:

	Due from Other Funds	Due to Other Funds
General fund	\$ 201,723	\$ -
Nonmajor governmental funds:		
4B Economic Development Fund	-	201,723
	\$ 201,723	\$ 201,723

The 4B Economic Development Corporation Fund amount of \$201,723 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.

Town of Westlake

Notes to the Financial Statements

Individual fund transfers for fiscal year 2017 were as follows:

Transfer out	Transfer in	Amount	Purpose
General Fund	Debt Service Fund	\$ 733,094	Debt service payments
General Fund	Westlake Academy	315,000	For student reserve fund
Nonmajor Governmental	General Fund	61,020	For operating expenditures in the Communications Dept.
Nonmajor Governmental	Nonmajor Governmental	1,010,000	Economic development payments for benefit of Westlake Academy
Nonmajor Governmental Utility Fund	Debt Service General Fund	1,332,636 169,316 <hr/> \$ 3,621,066	Debt service payments Fort Worth impact revenue

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, 2017 was \$1,215,465.

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.

Town of Westlake

Notes to the Financial Statements

Employees Covered By Benefit Terms

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees of beneficiaries currently receiving benefits	9
Inactive employees entitled to but not yet receiving benefits	21
Active employees	<u>36</u>
	<u><u>66</u></u>

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 11.38% and 12.05% in calendar years 2016 and 2017, respectively. The Town's contributions to TMRS for the year ended September 30, 2017, were \$382,427, and were equal to the required contributions.

Net Pension Liability

The Town's Net Pension Liability (NPL) was measured as of December 31, 2016, 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, 2016 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

Actuarial assumptions used in the December 31, 2016, 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	100.0%	

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.

Town of Westlake

Notes to the Financial Statements

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
	<hr/>		
Balance at 12/31/2015	\$ 5,294,817	\$ 4,079,199	\$ 1,215,618
Changes for the year:			
Service Cost	483,414	-	483,414
Interest	371,753	-	371,753
Change of benefit terms	-	-	-
Difference between expected and actual experience	212,434	-	212,434
Changes of assumptions	-	-	-
Contributions - employer	-	330,604	(330,604)
Contributions - employee	-	203,359	(203,359)
Net investment income	-	276,056	(276,056)
Benefit payments, including refunds of employee contributions	(58,144)	(58,144)	-
Administrative expense		(3,113)	3,113
Other changes	-	(168)	168
Net Changes	<hr/> 1,009,457	<hr/> 748,594	<hr/> 260,863
Balance at 12/31/16	\$ 6,304,274	\$ 4,827,793	\$ 1,476,481

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:

	1% Decrease in Discount Rate (5.75%)	1% Increase in Discount Rate (7.75%)	
		Discount Rate (6.75%)	Discount Rate (7.75%)
	<hr/>	<hr/>	<hr/>
Net pension liability	\$ 2,491,690	\$ 1,476,481	\$ 642,693

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.

Town of Westlake

Notes to the Financial Statements

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

For the year ended September 30, 2017, the Town recognized pension expense of \$550,584.

At September 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 315,779	\$ -
Changes in actuarial assumptions	89,907	-
Difference between projected and actual investment earnings	165,234	-
Contributions subsequent to the measurement date	<u>289,856</u>	<u>-</u>
Total	<u>\$ 860,776</u>	<u>\$ -</u>

\$289,856 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, 2018. Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30,	Net Deferred Outflows (Inflows)	
2017	\$ 170,841	
2018	170,842	
2019	145,990	
2020	64,638	
2021	18,609	
Total	<u>\$ 570,920</u>	

Town of Westlake

Notes to the Financial Statements

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.

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 five 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 five 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.

Town of Westlake

Notes to the Financial Statements

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 2016 and 2017.

Contribution rates	2016	2017
Member	7.20%	7.20%
Non-employer contributing entity (State)	6.80%	6.80%
Employers	6.80%	6.80%
2017 Employer contributions	\$ 84,783	
2017 Member contributions		382,298
2016 NECE on-behalf contributions		340,001

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
- 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.

Town of Westlake

Notes to the Financial Statements

Actuarial Assumptions

The total pension liability in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2016	
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

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, 2016 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-term
			Expected Portfolio
Global Equity			Real Rate of Return*
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	100.0%		8.7%

*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 2016 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	\$ 1,627,129	\$ 1,051,346	\$ 562,965

Town of Westlake

Notes to the Financial Statements

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

At August 31, 2017, the Academy reported a liability of \$1,051,346 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	\$ 1,051,346
State's proportionate share that is associated with Academy	4,035,754
	<hr/>
	\$ 5,087,100

The net pension liability was measured as of August 31, 2016 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, 2015 thru August 31, 2016.

At August 31, 2016, the employer's proportion of the collective net pension liability was 0.0027822% which was a decrease of 0.0003123% from its proportion measured as of August 31, 2015.

Changes since the Prior Actuarial Valuation

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

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

For the year ended August 31, 2017, the Academy recognized pension expense of \$418,815 and revenue of \$418,815 for support provided by the State.

Town of Westlake

Notes to the Financial Statements

At August 31, 2017, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 16,485	\$ 31,393
Changes in actuarial assumptions	32,043	29,142
Changes in proportionate share	450,620	1,107
Difference between projected and actual investment earnings	89,026	-
Contributions paid to TRS subsequent to the measurement date	84,783	-
Total	<u>\$ 672,957</u>	<u>\$ 61,642</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:

Year ended Aug. 31,	Net Deferred Outflows (Inflows)
2018	\$ 99,970
2019	99,970
2020	156,755
2021	95,606
2022	73,187
Thereafter	1,044
Total	<u>\$ 526,532</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, three projects, Chrysler Financial, Deloitte University, and Charles Schwab, 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

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 being 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. Tax Abatements

The Town enters into economic development agreements authorized under Chapter 380 of the Texas Local Government Code and Chapter 312 of the Texas Tax Code. These agreements are planning tools designed to stimulate economic activity, redevelopment, community improvement, and provide a return on investment for the community. These programs abate or rebate property and/or sales and hotel/motel taxes and may include other incentive payments such as fee reductions or construction costs reimbursements. Economic development agreements are considered on a case-by-case basis by the Town Council and generally contain recapture provisions, which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

Other Economic Agreements

Chapter 380 of the Texas Local Government Code allows the Town to provide grants for the purpose of promoting local economic development. These grants are based on a percentage of property and/or sales tax received by the Town. For the fiscal year ending September 30, 2017, the Town abated \$209,341 in property taxes; \$134,400 in sales taxes; and \$159,178 in hotel/motel taxes.

Note 17. Going Concern

The 2017 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 18. Expenditures In Excess of Appropriations

For the year ended September 30, 2017, the Westlake Academy Fund expenditures exceeded appropriations by \$60,706. The over-expenditure will be addressed through future appropriations.

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, 2017

	General Fund				Variance Favorable (Unfavorable)	
	Budgeted Amounts		Actual			
	Original	Amended				
REVENUES						
Taxes						
Sales	\$ 3,310,500	\$ 3,310,500	\$ 3,353,658	\$ 43,158		
Property	1,437,050	1,479,500	1,482,625	3,125		
Mixed beverages	62,500	62,500	68,432	5,932		
Franchise	966,370	974,770	818,423	(156,347)		
Interest income	14,440	45,575	67,680	22,105		
Building permits and fees	2,551,442	2,805,828	3,521,686	715,858		
Fines and penalties	805,350	809,880	673,716	(136,164)		
Contributions	-	110,535	110,532	(3)		
Miscellaneous	106,280	169,460	275,404	105,944		
Total revenues	9,253,932	9,768,548	10,372,156	603,608		
EXPENDITURES						
Current						
General government	4,182,287	4,822,665	4,596,827	225,838		
Public safety	2,898,780	2,721,961	2,684,244	37,717		
Cultural and recreation	148,603	210,763	164,720	46,043		
Public works	1,033,235	857,756	784,279	73,477		
Capital outlay	190,000	49,500	29,612	19,888		
Debt service						
Principal retirement	36,680	36,697	36,697	-		
Total expenditures	8,489,585	8,699,342	8,296,379	402,963		
Excess of revenues over expenditures	764,347	1,069,206	2,075,777	1,006,571		
OTHER FINANCING SOURCES (USES)						
Transfers in	74,365	231,278	230,336	(942)		
Transfers out	(1,053,635)	(1,093,003)	(1,048,094)	44,909		
Net other financing sources (uses)	(979,270)	(861,725)	(817,758)	43,967		
NET CHANGE IN FUND BALANCE	(214,923)	207,481	1,258,019	1,050,538		
FUND BALANCE AT BEGINNING OF YEAR	9,679,473	9,679,473	9,679,473	-		
FUND BALANCE AT END OF YEAR	\$ 9,464,550	\$ 9,886,954	\$ 10,937,492	\$ 1,050,538		

Town of Westlake**Exhibit B-2**

Schedule of Revenues, Expenditures
 And Changes in Fund Balances
 Budget and Actual – Westlake Academy
 For the Year Ended September 30, 2017

	Westlake Academy			Variance Favorable (Unfavorable)	
	Budgeted Amounts		Actual		
	Original	Final			
REVENUES					
State program revenues	\$ 6,760,431	\$ 6,276,996	\$ 6,603,358	\$ 326,362	
Federal program revenues	102,394	139,853	140,152	299	
Interest income	4,500	4,500	5,371	871	
Local and intermediate sources	1,808,862	1,880,592	1,575,730	(304,862)	
 Total revenues	 8,676,187	 8,301,941	 8,324,611	 22,670	
EXPENDITURES					
Education	8,627,066	8,758,468	8,819,174	(60,706)	
Interest and other fiscal charges	13,951	13,951	13,951	-	
 Total expenditures	 8,641,017	 8,772,419	 8,833,125	 (60,706)	
 Deficiency of revenues under expenditures	 35,170	 (470,478)	 (508,514)	 (38,036)	
OTHER FINANCING SOURCES					
Transfers in	315,000	315,000	315,000	-	
 Total other financing sources	 315,000	 315,000	 315,000	 -	
NET CHANGE IN FUND BALANCE	350,170	(155,478)	(193,514)	(38,036)	
FUND BALANCE AT BEGINNING OF YEAR	1,158,762	1,158,762	1,158,762	-	
FUND BALANCE AT END OF YEAR	\$ 1,508,932	\$ 1,003,284	\$ 965,248	\$ (38,036)	

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.

Town Of Westlake
 Schedule of Net Pension Liability and Related Ratios
 Texas Municipal Retirement System
 Last Three Measurement Years
Exhibit B-3

	2016	2015	2014
Total pension liability			
Service cost	\$ 483,414	\$ 435,146	\$ 288,923
Interest	371,753	317,982	264,994
Change in benefit terms	-	-	-
Difference between expected and actual experience	212,434	96,226	176,965
Change in assumptions	-	139,579	-
Benefit payments	(58,144)	(38,289)	(55,762)
Net change in total pension liability	1,009,457	950,644	675,120
Total pension liability, beginning	5,294,817	4,344,173	3,669,053
Total pension liability, ending	6,304,274	5,294,817	4,344,173
Plan fiduciary net position			
Contributions, employer	330,604	290,278	172,064
Contributions, nonemployer	203,359	188,725	152,077
Net investment income	276,056	5,368	182,430
Benefit payments	(58,144)	(38,289)	(55,762)
Administrative income	(3,113)	(3,268)	(1,904)
Other	(168)	(191)	(127)
Net change in plan fiduciary net position	748,594	442,623	448,778
Plan fiduciary net position, beginning	4,079,199	3,636,576	3,187,798
Plan fiduciary net position, ending	4,827,793	4,079,199	3,636,576
Town's net pension liability, ending	\$ 1,476,481	\$ 1,215,618	\$ 707,597
Plan fiduciary net position as a % of total pension liability	76.58%	77.04%	83.71%
Covered payroll	\$ 2,905,134	\$ 2,696,072	\$ 2,172,525
Town's net pension liability as a % of employee payroll	50.82%	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' will be displayed as it becomes available."

Town of Westlake

Schedule of Contributions
 Texas Municipal Retirement System
 Last Three Measurement Years

Exhibit B-4

	2017	2016	2015
Actuarially determined contributions	\$ 382,427	\$ 316,618	\$ 277,651
Contributions in relation to the actuarially determined contributions	<u>(382,427)</u>	<u>(316,618)</u>	<u>(277,651)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	3,218,899	2,821,349	2,778,776
Contributions as a percentage of covered employee payroll	11.88%	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 three 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, 2017

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	27 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**Exhibit B-5**

Schedule of Academy's Proportionate Share
 of Net Pension Liability – Teacher Retirement System
 Last Three Measurement Years

	2016	2015	2014
Academy's proportion of the net pension liability	0.0027822%	0.0030945%	0.0007190%
Academy's proportionate share of net pension liability	\$ 1,051,346	\$ 1,093,865	\$ 192,056
State's proportionate share of net pension liability associated with the Westlake Academy	4,035,754	3,667,893	2,965,583
Total	\$ 5,087,100	\$ 4,761,758	\$ 3,157,639
Academy's covered payroll	\$ 5,094,571	\$ 4,784,695	\$ 4,300,931
Academy's proportionate share of net pension liability as a percentage of its covered payroll	20.64%	22.86%	4.47%
Plan fiduciary net position as a percentage of total pension liability	78.00%	78.43%	83.25%

Note: Only three 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

Schedule of Contributions
 Teacher Retirement System
 Last Three Fiscal Years
 (Unaudited)

Exhibit B-6

	2017	2016	2015
Statutorially required contributions	\$ 131,436	\$ 88,399	\$ 92,325
Actual contributions in relation to statutorially required contributions	131,436	88,399	92,325
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Academy's covered payroll	\$ 4,965,944	\$ 5,094,571	\$ 4,784,694
Contributions as a percentage of Academy's covered payroll	2.65%	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 three 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
Exhibit C-1

Schedule of Revenues, Expenditures
and Changes In Fund Balances
Budget and Actual – Debt Service Fund
For the Year Ended September 30, 2017

Debt Service Fund					
	Budgeted Amounts			Variance	
	Original	Amended	Actual	Favorable	
				(Unfavorable)	
REVENUES					
Taxes					
Property	\$ 88,635	\$ 95,010	\$ 95,190	\$ 180	
Total revenues	<u>88,635</u>	<u>95,010</u>	<u>95,190</u>	<u>180</u>	
EXPENDITURES					
Debt service					
Principal retirement	1,043,902	1,088,000	1,088,000	-	
Interest and other fiscal charges	1,108,094	1,098,126	1,091,425	6,701	
Bond issuance costs	-	-	116,592	(116,592)	
Total expenditures	<u>2,151,996</u>	<u>2,186,126</u>	<u>2,296,017</u>	<u>(109,891)</u>	
Deficiency of revenues under expenditures	<u>(2,063,361)</u>	<u>(2,091,116)</u>	<u>(2,200,827)</u>	<u>(109,711)</u>	
OTHER FINANCING SOURCES (USES)					
Transfers in	2,033,385	2,066,128	2,065,730	(398)	
Refunding bonds issued	-	-	5,795,000	5,795,000	
Payment to refunding bond escrow agent	-	-	(6,452,467)	(6,452,467)	
Premium on refunding bonds issued	-	-	774,059	774,059	
Net other financing sources (uses)	<u>2,033,385</u>	<u>2,066,128</u>	<u>2,182,322</u>	<u>116,194</u>	
NET CHANGE IN FUND BALANCE	<u>(29,976)</u>	<u>(24,988)</u>	<u>(18,505)</u>	<u>6,483</u>	
FUND BALANCE AT BEGINNING OF YEAR	<u>30,468</u>	<u>30,468</u>	<u>30,468</u>	<u>-</u>	
FUND BALANCE AT END OF YEAR	\$ 492	\$ 5,480	\$ 11,963	\$ 6,483	

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.

Westlake Academy Expansion Fund

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

Town of Westlake
Exhibit C-2
Combining Balance Sheet
Non Major Governmental Funds

For the Year Ended September 30, 2017

	Special Revenue Funds					Westlake Academy Expansion Capital Projects Fund	Total Nonmajor Governmental Funds
	Visitors Association	Lone Star Public Facilities Corporation Fund		4B Economic Development Corporation Fund			
ASSETS							
Cash and cash equivalents	\$ 746,998	\$ 13,789	\$ 22,207	\$ -	\$ 1,413,345	\$ 2,196,339	
Accounts receivable	62,424	-	110,579	201,723	-	-	374,726
Prepaid items	7,862	-	-	-	-	-	7,862
Total assets	\$ 817,284	\$ 13,789	\$ 132,786	\$ 201,723	\$ 1,413,345	\$ 2,578,927	
LIABILITIES AND FUND BALANCES							
Accounts payable	\$ 16,794	\$ -	\$ 132,786	\$ -	\$ -	\$ 149,580	
Unearned revenue	1,320	-	-	-	-	-	1,320
Due to other funds	-	-	-	201,723	-	-	201,723
Total liabilities	18,114	-	132,786	201,723	-	-	352,623
FUND BALANCES							
Nonspendable:							
Prepaid items	7,862	-	-	-	-	-	7,862
Restricted for:							
Capital items	-	-	-	-	1,413,345	1,413,345	
Tourism	791,308	-	-	-	-	-	791,308
Future projects	-	13,789	-	-	-	-	13,789
Total fund balances	799,170	13,789	-	-	1,413,345	2,226,304	
Total liabilities and fund balances	\$ 817,284	\$ 13,789	\$ 132,786	\$ 201,723	\$ 1,413,345	\$ 2,578,927	

Town of Westlake
Exhibit C-3

 Combining Statement of Revenues, Expenditures, and Changes
 in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended September 30, 2017

	Special Revenue Funds						Westlake Academy Expansion Capital Projects Fund	Total Nonmajor Governmental Funds		
	Visitors Association	Lone Star		4B Economic						
		Public Facilities Corporation Fund	Economic Development Fund	Development Corporation Fund						
REVENUES										
Sales	\$ -	\$ -	\$ 134,400	\$ 1,162,686	\$ -	\$ 1,297,086				
Hotel occupancy	722,423	-	29,178	-	-	-	751,601			
Interest income	7,054	110	-	-	6,218	13,382				
Contributions	3,100	-	1,010,000	-	-	-	1,013,100			
Miscellaneous	2,667	-	-	-	-	-	2,667			
Total revenues	735,244	110	1,173,578	1,162,686	6,218	3,077,836				
EXPENDITURES										
Current:										
Economic development	-	-	163,578	-	-	163,578				
Visitor services	717,055	-	-	-	-	-	717,055			
Debt service										
Principal retirement	-	-	-	-	-	-	-			
Interest and other fiscal charges	-	-	-	-	-	-	-			
Total expenditures	717,055	-	163,578	-	-	-	880,633			
Excess of revenues over expenditures	18,189	110	1,010,000	1,162,686	6,218	2,197,203				
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	1,010,000	1,010,000				
Transfers out	(230,970)	-	(1,010,000)	(1,162,686)	-	-	(2,403,656)			
Total other financing sources (uses)	(230,970)	-	(1,010,000)	(1,162,686)	1,010,000	1,010,000	(1,393,656)			
Net change in fund balances	(212,781)	110	-	-	1,016,218	1,016,218	803,547			
Fund balances, October 1	1,011,951	13,679	-	-	397,127	397,127	1,422,757			
Fund balances, September 30	\$ 799,170	\$ 13,789	\$ -	\$ -	\$ 1,413,345	\$ 1,413,345	\$ 2,226,304			

Town Of Westlake**Exhibit C-4**

Schedule of Revenues, Expenditures
 And Changes in Fund Balances
 Budget and Actual – Visitors Association Fund
 For the Year Ended September 30, 2017

	Visitors Association Fund			
	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Amended		
REVENUES				
Taxes				
Hotel occupancy	\$ 804,640	\$ 804,640	\$ 722,423	\$ (82,217)
Interest income	2,900	5,150	7,054	1,904
Contributions	1,200	3,000	3,100	100
Miscellaneous	4,150	8,020	2,667	(5,353)
Total revenues	<u>812,890</u>	<u>820,810</u>	<u>735,244</u>	<u>(85,566)</u>
EXPENDITURES				
Visitor services	<u>872,095</u>	<u>818,281</u>	<u>717,055</u>	<u>101,226</u>
Total expenditures	<u>872,095</u>	<u>818,281</u>	<u>717,055</u>	<u>101,226</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(59,205)</u>	<u>2,529</u>	<u>18,189</u>	<u>15,660</u>
OTHER FINANCING USES				
Transfers out	<u>(157,850)</u>	<u>(211,645)</u>	<u>(230,970)</u>	<u>(19,325)</u>
Total other financing uses	<u>(157,850)</u>	<u>(211,645)</u>	<u>(230,970)</u>	<u>(19,325)</u>
NET CHANGE IN FUND BALANCE	<u>(217,055)</u>	<u>(209,116)</u>	<u>(212,781)</u>	<u>(3,665)</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>1,011,951</u>	<u>1,011,951</u>	<u>1,011,951</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 794,896</u>	<u>\$ 802,835</u>	<u>\$ 799,170</u>	<u>\$ (3,665)</u>

Town of Westlake**Exhibit C-5**

Schedule of Revenues, Expenditures
and Changes In Fund Balances

Budget and Actual – Lone Star Public Facilities Corporation Fund
For the Year Ended September 30, 2017

Lone Star Public Facilities Corporation				
	Budgeted Amounts		Variance	
	Original	Amended	Actual	Favorable (Unfavorable)
REVENUES:				
Interest income	\$ 30	\$ 80	\$ 110	\$ 30
Total revenues	30	80	110	30
EXPENDITURES:				
Economic development	-	-	-	-
Total expenditures	-	-	-	-
NET CHANGE IN FUND BALANCE	30	80	110	30
FUND BALANCE AT BEGINNING OF YEAR	13,679	13,679	13,679	-
FUND BALANCE AT END OF YEAR	\$ 13,709	\$ 13,759	\$ 13,789	\$ 30

Town of Westlake**Exhibit C-6**

Schedule of Revenues, Expenditures
and Changes in Fund Balances

Budget and Actual – Economic Development Fund
For the Year Ended September 30, 2017

	Economic Development Fund				Variance Favorable (Unfavorable)	
	Budgeted Amounts		Actual			
	Original	Amended				
REVENUES:						
Taxes						
Sales	\$ 102,000	\$ 102,000	\$ 134,400	\$ 32,400		
Hotel occupancy	32,640	32,640	29,178	(3,462)		
Miscellaneous	1,210,000	1,010,000	1,010,000	-		
Total revenues	1,344,640	1,144,640	1,173,578	28,938		
EXPENDITURES:						
Economic development	134,640	134,640	163,578	(28,938)		
Total expenditures	134,640	134,640	163,578	(28,938)		
Excess of revenues over expenditures	1,210,000	1,010,000	1,010,000	-		
OTHER FINANCING SOURCES (USES)						
Transfers out	(1,210,000)	(1,010,000)	(1,010,000)	-		
Total other financing sources (uses)	(1,210,000)	(1,010,000)	(1,010,000)	-		
NET CHANGE IN FUND BALANCE						
FUND BALANCE AT BEGINNING OF YEAR	-	-	-	-		
FUND BALANCE AT END OF YEAR	\$ -	\$ -	\$ -	\$ -		

Town of Westlake**Exhibit C-7**

Schedule of Revenues, Expenditures
and Changes in Fund Balances

Budget and Actual – 4B Economic Development Corporation Fund
For the Year Ended September 30, 2017

4B Economic Development Corporation				
	Budgeted Amounts			Variance
	Original	Amended	Actual	Favorable (Unfavorable)
REVENUES				
Taxes				
Sales	\$ 1,137,500	\$ 1,137,500	\$ 1,162,686	\$ 25,186
Total revenues	<u>1,137,500</u>	<u>1,137,500</u>	<u>1,162,686</u>	<u>25,186</u>
EXPENDITURES				
Economic development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	1,137,500	1,137,500	1,162,686	25,186
OTHER FINANCING USES				
Transfers out	(1,137,500)	(1,137,500)	(1,162,686)	(25,186)
Total other financing uses	<u>(1,137,500)</u>	<u>(1,137,500)</u>	<u>(1,162,686)</u>	<u>(25,186)</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**Exhibit C-8**

PID Agency Fund

Statement of Changes in Assets and Liabilities

For the Year Ended September 30, 2017

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
ASSETS				
Restricted cash and cash equivalents	\$ 2,769,575	\$ 8,724	\$ (692,723)	\$ 2,085,576
Total assets	<u>\$ 2,769,575</u>	<u>\$ 8,724</u>	<u>\$ (692,723)</u>	<u>\$ 2,085,576</u>
LIABILITIES				
Liability to bond holders	\$ 2,769,575	\$ 8,724	\$ (692,723)	\$ 2,085,576
Total liabilities	<u>\$ 2,769,575</u>	<u>\$ 8,724</u>	<u>\$ (692,723)</u>	<u>\$ 2,085,576</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.

	Page
Financial Trends	104 - 109
These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	
Revenue Capacity	110 - 114
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.	
Debt Capacity	115 - 117
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.	
Demographic and Economic Information	118 - 120
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	
Operating Information	121 - 122
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.	

Sources: Unless otherwise noted, the information in these schedules is derived from annual financial reports for the relevant year.

Town of Westlake
Exhibit S-1

Net Position by Component

Last Ten Years

Accrual Basis of Accounting – Unaudited

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
Invested in capital assets, net of related debt	\$ 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	\$ 46,499,873
Restricted	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	2,034,916
Unrestricted	<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>	<u>9,513,643</u>
Total governmental activities net position	<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>	<u>\$ 58,048,432</u>
Business-type activities:										
Invested in capital assets, net of related debt	\$ 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	\$ 5,583,570
Unrestricted	<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>	<u>(3,746,696)</u>
Total business-type activities net position	<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>	<u>\$ 1,836,874</u>
Primary government:										
Invested in capital assets, net of related debt	\$ 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	\$ 52,083,443
Restricted	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	2,034,916
Unrestricted	<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>	<u>5,766,947</u>
Total primary government net position	<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>	<u>\$ 59,885,306</u>

Source: Annual financial reports

Town of Westlake

Changes in Net Position

Last Ten Years - Continued

Accrual Basis of Accounting – Unaudited

Exhibit S-2

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
EXPENSES										
Governmental activities:										
General government	\$ 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	\$ 5,716,302
Public Safety	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	3,063,003
Cultural and Recreation	129,641	115,770	105,997	122,400	111,765	113,924	123,541	129,970	187,274	217,489
Public Works	1,013,804	1,028,934	594,705	470,054	216,901	267,973	955,794	1,081,996	1,102,636	1,634,549
Economic Development	473,451	207,044	309,653	680,823	546,039	626,423	147,680	171,757	141,779	163,578
Visitor Services	312,777	341,270	420,270	356,365	475,719	521,521	493,087	665,936	740,835	737,071
Education	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	8,566,295
Interest on long-term debt	991,184	1,068,935	1,026,026	1,127,913	897,573	1,031,328	998,951	1,022,201	990,413	1,401,199
Total governmental activities expenses	<u>10,053,319</u>	<u>10,627,981</u>	<u>10,565,817</u>	<u>11,922,951</u>	<u>12,843,471</u>	<u>12,950,368</u>	<u>14,841,101</u>	<u>17,197,274</u>	<u>19,907,865</u>	<u>21,499,486</u>
Business-type activities:										
Water and Sewer	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	4,893,075
Cemetery	13,299	473	27,822	5,604	6,282	5,328	7,121	7,297	7,831	8,021
Total business-type activities expenses	<u>2,424,064</u>	<u>2,694,880</u>	<u>2,595,497</u>	<u>2,799,839</u>	<u>3,104,748</u>	<u>3,361,794</u>	<u>3,697,258</u>	<u>4,868,826</u>	<u>5,526,947</u>	<u>4,901,096</u>
Total primary government program expenses	<u>\$ 12,477,383</u>	<u>\$ 13,322,861</u>	<u>\$ 13,161,314</u>	<u>\$ 14,722,790</u>	<u>\$ 15,948,219</u>	<u>\$ 16,312,162</u>	<u>\$ 18,538,359</u>	<u>\$ 22,066,100</u>	<u>\$ 25,434,812</u>	<u>\$ 26,400,582</u>
PROGRAM REVENUES										
Governmental activities:										
Fees, fines, and charges for services:										
General Government	\$ 522,215	\$ 677,948	\$ 716,624	\$ 721,157	\$ 673,090	\$ 774,909	\$ 33,975	\$ 110,778	\$ 789,457	\$ 73,180
Public Safety	113,755	107,634	80,665	140,600	142,402	182,154	848,772	887,919	932,017	783,681
Public Works	902,875	594,338	1,597,655	292,572	407,328	659,246	1,022,769	936,245	1,789,776	3,338,541
Education	42,839	98,314	102,406	99,638	195,059	182,220	222,270	531,090	283,077	275,759
Operating grants and contributions	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	8,047,113
Capital grants and contributions	-	2,059,624	83,250	425,900	-	5,897,456	80,472	19,983,078	269,185	3,485,255
Total governmental activities program revenues	<u>2,878,062</u>	<u>5,060,793</u>	<u>3,433,751</u>	<u>2,408,109</u>	<u>6,687,720</u>	<u>12,603,457</u>	<u>8,800,900</u>	<u>30,064,763</u>	<u>11,926,680</u>	<u>16,003,529</u>
Business-type activities:										
Charges for services:										
Water and Sewer	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	4,815,635
Cemetery	2,100	-	5,550	13,300	4,500	5,510	7,749	13,620	11,115	9,964
Operating grants and contributions	-	-	46,810	-	24,423	-	-	-	-	-
Capital grants and contributions	169,034	-	-	-	-	-	-	-	-	50,000
Total business-type activities program revenues	<u>2,208,440</u>	<u>2,345,236</u>	<u>2,153,870</u>	<u>3,092,168</u>	<u>2,963,765</u>	<u>3,162,842</u>	<u>3,436,451</u>	<u>3,563,395</u>	<u>3,979,201</u>	<u>4,875,599</u>
Total primary government program revenues	<u>\$ 5,086,502</u>	<u>\$ 7,406,029</u>	<u>\$ 5,587,621</u>	<u>\$ 5,500,277</u>	<u>\$ 9,651,485</u>	<u>\$ 15,766,299</u>	<u>\$ 12,237,351</u>	<u>\$ 33,628,158</u>	<u>\$ 15,905,881</u>	<u>\$ 20,879,128</u>

Town of Westlake

Changes in Net Position

Last Ten Years – Concluded

Accrual Basis of Accounting – Unaudited

Exhibit S-2

	<i>Fiscal Year</i>									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
NET (EXPENSE) REVENUES										
Governmental activities	\$(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)	\$(5,495,957)
Business-type activities	(215,624)	(349,644)	(441,627)	292,329	(140,983)	(198,952)	(260,807)	(1,305,431)	(1,547,746)	(25,497)
Total primary government net expense	<u>(7,390,881)</u>	<u>(5,916,832)</u>	<u>(7,573,693)</u>	<u>(9,222,513)</u>	<u>(6,296,734)</u>	<u>(545,863)</u>	<u>(6,301,008)</u>	<u>11,562,058</u>	<u>(9,528,931)</u>	<u>(5,521,454)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes										
Sales	\$ 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	\$ 4,650,744
Property					1,260,112	1,441,238	1,366,633	1,367,069	1,438,969	1,476,355
Hotel Occupancy	527,662	497,769	457,693	527,261	590,853	709,578	796,481	872,179	822,490	751,601
Mixed Beverage	16,177	17,869	17,902	19,721	38,286	39,727	51,602	59,184	61,476	68,432
Franchise	649,108	624,401	603,233	586,836	664,991	734,935	795,322	963,040	930,043	818,423
Unrestricted grants and contributions	2,500,817	2,960,590	3,484,141	3,744,757	-	-	-	-	-	-
Investment earnings	188,459	61,224	38,383	46,248	33,353	24,218	26,713	28,904	55,600	182,095
Miscellaneous	564,973	568,782	676,638	691,345	1,112,858	1,023,149	246,633	198,199	241,501	278,071
Transfers	220,819	61,321	-	145,216	45,507	(485,591)	43,399	323,100	264,578	169,316
Extraordinary item				56,704	(124,346)	-	-	-	-	-
Special item				-	67,760	-	-	-	-	-
Gain on sale of capital assets				7,000	-	-	-	-	-	-
Total governmental activities	<u>8,258,590</u>	<u>8,456,365</u>	<u>9,068,523</u>	<u>11,694,826</u>	<u>7,527,774</u>	<u>7,788,046</u>	<u>8,053,064</u>	<u>8,809,003</u>	<u>8,461,566</u>	<u>8,495,432</u>
Business-type activities:										
Investment earnings	32,103	7,858	8,334	9,929	10,077	6,552	7,114	7,083	13,095	28,684
Miscellaneous	44,071	77,266	60,070	145,666	84,780	224,995	50,000	50,000	-	-
Transfers	(220,819)	(61,321)	-	(145,216)	(45,507)	485,591	(43,399)	(323,100)	(264,578)	(169,316)
Total business-type activities	<u>(144,645)</u>	<u>23,803</u>	<u>68,404</u>	<u>10,379</u>	<u>49,350</u>	<u>717,138</u>	<u>13,715</u>	<u>(266,017)</u>	<u>(251,483)</u>	<u>(140,632)</u>
Total primary government	<u>8,113,945</u>	<u>8,480,168</u>	<u>9,136,927</u>	<u>11,705,205</u>	<u>7,577,124</u>	<u>8,505,184</u>	<u>8,066,779</u>	<u>8,542,986</u>	<u>8,210,083</u>	<u>8,354,800</u>
CHANGE IN NET POSITION										
Governmental activities	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	2,999,475
Business-type activities	(360,269)	(325,841)	(373,223)	302,708	(91,633)	518,186	(247,092)	(1,571,448)	(1,799,229)	(166,129)
Total primary government	<u>\$ 723,064</u>	<u>\$ 2,563,336</u>	<u>\$ 1,563,234</u>	<u>\$ 2,482,692</u>	<u>\$ 1,280,390</u>	<u>\$ 7,959,321</u>	<u>\$ 1,765,771</u>	<u>\$ 20,105,044</u>	<u>\$ (1,318,848)</u>	<u>\$ 2,833,346</u>

Source: Annual financial reports

Town of Westlake
Exhibit S-3
Fund Balances
Governmental Funds
Last Ten Years
Modified Accrual Basis of Accounting – Unaudited

	<i>Fiscal Year</i>									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Reserved	\$ 303,639	\$ 193,105	\$ 214,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	2,503,099	2,532,207	3,578,235	-	-	-	-	-	-	-
Nonspendable:										
Prepaid items				62,020	6,856	6,906	8,821	13,334	12,794	18,705
Restricted for:										
Court security and technology				186,776	192,768	194,422	193,082	203,173	238,636	219,693
Committed for:										
Future projects				219,687	49,941	74,941	80,442	80,442	335,322	335,392
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	10,363,702
Total general fund	\$ 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	\$ 10,937,492
All other governmental funds										
Reserved										
Special revenue funds	\$ 1,527,724	\$ 1,256,954	\$ 1,112,941	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	1,666,371	1,933,564	2,693,846	-	-	-	-	-	-	-
Nonspendable:										
Prepaid items				33,511	60,963	62,635	80,118	83,359	68,718	243,401
Restricted for:										
Tourism				1,109,365	1,052,546	1,025,891	1,107,520	1,081,009	1,003,636	791,308
Future projects				4,647,863	3,594,379	10,370,914	1,751,405	13,632	13,679	13,789
Debt service				7,505	22,657	1,482	1,081	20,916	30,468	11,963
Education				885,365	758,127	931,094	993,998	1,592,227	1,098,359	729,709
Economic development				267,577	178,384	-	-	-	-	-
Capital projects funds	3,233,471	323,009	237,177	-	-	-	-	17,713,788	8,501,489	15,080,456
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 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	\$ 16,870,626

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

Town of Westlake
Exhibit S-4

Changes in Fund Balances

Governmental Funds

Last Ten Years – Continued

Modified Accrual Basis of Accounting – Unaudited

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
REVENUES										
Taxes	\$ 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	\$ 7,867,015
Licenses, fees and permits	1,108,083	860,697	1,746,954	530,646	598,394	944,735	1,175,075	1,200,790	2,715,236	3,521,686
Fines and penalties	554,376	523,515	647,170	605,705	622,338	695,167	730,441	734,152	796,014	673,716
State program revenues	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	6,603,358
Federal program revenues	75,207	56,134	199,436	337,508	152,351	81,958	80,103	87,797	98,564	140,152
Investment earnings	188,459	61,224	38,383	46,248	33,353	24,218	26,713	28,904	55,600	182,095
Contributions	1,048,308	1,264,262	533,400	-	732,535	5,916,014	82,446	18,785,953	283,684	728,887
Other revenues	607,812	673,400	779,044	980,816	1,323,237	1,274,826	1,665,003	2,471,191	1,542,835	2,863,801
Total revenues	<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>	<u>22,580,710</u>
EXPENDITURES										
General government	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	4,596,827
Public safety	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	2,684,244
Cultural and recreation	129,641	115,770	105,997	122,400	111,765	113,924	123,541	130,322	185,923	164,720
Public works	846,604	841,822	333,831	326,749	391,115	532,675	615,781	744,028	773,751	784,279
Economic development	495,071	229,907	401,879	706,391	243,939	296,565	147,685	171,757	141,779	163,578
Visitor services	312,777	341,270	420,270	356,365	475,719	521,521	493,082	670,157	725,971	717,055
Education	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	8,819,174
Capital Outlay	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	7,082,844
Capital Project										
Debt service										
Principal	395,000	593,937	563,703	555,000	668,000	2,955,000	1,004,677	1,130,762	1,150,490	1,124,697
Interest and other fiscal charges	923,944	990,641	977,163	1,083,377	952,027	830,425	1,116,489	977,412	947,411	1,105,376
Bond issuance cost	33,000	-	-	36,446	148,891	185,699	69,283	-	-	368,278
Total expenditures	<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>	<u>27,611,072</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES										
	\$ 886,609	\$(3,174,426)	\$ 1,598,110	\$ 775,711	\$(173,531)	\$(1,818,583)	\$(8,309,182)	\$ 15,795,942	\$(8,528,537)	\$(5,030,362)

Town of Westlake

Exhibit S-4

Changes in Fund Balances

Governmental Funds

Last Ten Years – Continued

Modified Accrual Basis of Accounting – Unaudited

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
OTHER FINANCING										
SOURCES (USES):										
Proceeds from sale of land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sale of assets				7,000						1,200,000
Issuance of debt	2,500,000	117,640	-	2,095,000	-	8,294,800	-	-	-	-
Premium on CO issued						284,437	-	-	-	-
Refunding bonds issued	-	-	-	-	7,799,196	2,200,000	1,910,000	-	-	5,795,000
Premium on refunding bonds issued						37,723	84,598	-	-	1,020,809
Payments to bond escrow agent	-	-	-	-	(7,650,305)	-	(1,925,315)	-	-	(6,452,467)
Issuance of capital lease	-	-	-	-	-	-	239,009	16,740	474,300	-
Notes payable issued			50,000		-	-	401,484	162,059	-	-
Certificate of obligations issued	-	-	-	-	-	-	-	-	-	10,710,000
Special item				-	67,760	40,959	-	-	-	-
Extraordinary item			56,704	(124,346)	(40,959)	-	-	-	-	-
Transfers in	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	3,621,066
Transfers out	(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)	(3,451,750)
Total other financing sources (uses)	<u>2,720,819</u>	<u>178,961</u>	<u>-</u>	<u>2,353,920</u>	<u>137,812</u>	<u>10,331,369</u>	<u>753,175</u>	<u>501,899</u>	<u>738,878</u>	<u>12,442,658</u>
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>\$ 3,607,428</u>	<u>\$ (2,995,465)</u>	<u>\$ 1,598,110</u>	<u>\$ 3,129,631</u>	<u>\$ (35,719)</u>	<u>\$ 8,512,786</u>	<u>\$ (7,556,007)</u>	<u>\$ 16,297,841</u>	<u>\$ (7,789,659)</u>	<u>\$ 7,412,296</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<u>13.6%</u>	<u>15.4%</u>	<u>15.0%</u>	<u>14.1%</u>	<u>12.5%</u>	<u>25.3%</u>	<u>14.4%</u>	<u>12.8%</u>	<u>11.1%</u>	<u>12.4%</u>

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**Exhibit S-5**

Assessed Value and Estimated Actual Value of Taxable Property
 Last Seven 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
2017	1,468,274,115	132,422,540		437,293,366	1,163,403,289	0.13695

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

Town of Westlake

Principal Property Tax Payers

Current and Six Years Ago – Unaudited

Exhibit S-6

2017				
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	
BRE Solana LLC	\$ 173,218,573	1	14.89%	
FMR Texas, LLC/LTD Partnership	80,939,255	2	6.96%	
DCLI, LLC	47,521,483	3	4.08%	
Fidelity Investments Inc.	39,098,584	4	3.36%	
Dallas MTA LP	38,537,456	5	3.31%	
Marsh USA, INC.	15,402,373	6	1.32%	
Lexington TNI Westlake LP	14,618,533	7	1.26%	
Prince Whipple Trust	7,070,782	8	0.61%	
Hutton Keith	6,391,904	9	0.55%	
Wells Vernon III	5,837,063	10	0.50%	
Total	\$ 428,636,006		36.84%	

2011				
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	
Maguire Thomas Partners, et al	\$ 116,839,380	1	13.31%	
FMR Texas, LLC/LTD Partnership	148,569,643	2	16.93%	
Maguire Partners	39,117,985	3	4.46%	
Lexington TNI Westlake LP	18,249,200	4	2.08%	
First American Leasing/Real Estate	17,636,457	5	2.01%	
DCLI, LLC	13,234,691	6	1.51%	
Fidelity Investments	12,277,810	7	1.40%	
Levi Strauss & Co.	8,215,271	8	0.94%	
Westlake Terra, LLC	7,400,002	9	0.84%	
EMC Corp	6,418,484	10	0.73%	
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 2016 (fiscal year 2017) is \$1,163,403,289.

Town of Westlake**Exhibit S-7**

Property Tax Levies and Collections
Last Seven Fiscal Years – Unaudited

Fiscal Year	Taxes Levied for the Fiscal Year		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	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%		
2017	1,573,803	33,281	1,540,522	1,536,921	99.77%	-	1,536,921	99.77%		

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

Exhibit S-8

Direct and Overlapping Property Tax Rates
(Per \$100 of Assessed Value)
Last Seven Fiscal Years – Unaudited

Fiscal Year	City Direct Rates			Overlapping Rates								
	Operating/ General Fund	Debt Service Fund	Total (A) Direct	School Districts			Counties		Tarrant County College Dist	Tarrant County Hospital Dist.	Trophy Club MUD #1	Total Direct and Overlapping
				Carroll ISD	Northwest ISD	Keller ISD	Denton County	Tarrant County				
2011	0.15620	0.00390	0.16010	1.41500	1.37500	1.53060	0.27736	0.26400	0.13764	0.22790	0.19500	5.58260
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
2017	0.12882	0.00813	0.13695	1.39000	1.45250	1.52000	0.24841	0.25400	0.14473	0.22790	0.12722	5.50171

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

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

Source: Tarrant County Appraisal District
Denton Central Appraisal District

Town of Westlake

Exhibit S-9

Taxable Sales by Industry Type Last Ten Fiscal Years – Unaudited

NAICS	Industry Type	Fiscal Year									
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
11	Agriculture, Forestry, Fishing and Hunting	\$ 182	\$ 210	\$ -	\$ 60	\$ 38	\$ 163	\$ 731	\$ 775	\$ 2,083	\$ 1,685
21	Mining	2,109	20	400	4,260	3,050	335	15	714	655	128
22	Utilities	230,072	186,773	178,693	180,032	171,131	176,622	204,280	191,031	138,331	147,000
23	Construction	998,867	1,043,752	68,306	132,780	139,000	365,049	239,888	216,546	230,067	340,077
31-33	Manufacturing	371,193	430,515	386,492	402,062	526,755	295,660	375,905	234,651	209,128	86,798
42	Wholesale Trade	142,999	138,456	105,557	145,631	134,466	59,571	421,371	515,602	356,946	339,854
44-45	Retail	610,119	648,597	1,097,007	707,553	1,106,427	1,132,811	962,244	1,332,659	415,356	458,833
48-49	Transportation and Warehousing		791	556	316	1,156	3,662	1,962	3,550	1,107	1,133
51	Information	320,848	377,828	423,834	508,609	367,298	378,221	623,828	567,685	551,172	387,714
52	Financial and Insurance	107,319	68,936	87,188	73,455	27,857	75,529	505,585	295,622	754,386	509,201
53	Real Estate and Rental and Leasing	138,879	154,315	327,207	210,158	215,754	457,693	493,570	708,747	940,971	999,118
54	Professional, Scientific, and Technical Services	199,700	192,008	202,263	231,526	221,331	536,971	242,069	193,145	287,066	261,704
56	Admin and Support and Waste Mgmt & Rem Srv	127,779	22,319	39,539	65,045	39,027	110,686	103,340	50,264	125,033	85,430
61	Education Services	282	2,980	619,228	1,675,351	356,689	373,117	153,279	201,761	230,775	220,078
62	Health Care and Social Assistance	238		-	170	106	251	11,018	2,887	228	398
71	Arts, Entertainment and Recreation	199,876	174,485	158,996	206,050	204,456	184,687	191,343	189,027	201,391	241,107
72	Accommodation and Food Services	130,923	140,344	140,996	175,938	93,123	204,044	221,061	246,755	230,615	233,769
81	Other Services (except Public Administration)	18,576	1,756	4,462	4,632	9,805	13,156	17,412	8,965	3,167	2,963
92	Public Administration	-	-	11	1	135	295	27,243	-	-	1
		\$ 3,599,961	\$ 3,584,085	\$ 3,840,735	\$ 4,723,629	\$ 3,617,604	\$ 4,368,523	\$ 4,796,144	\$ 4,960,386	\$ 4,678,477	\$ 4,316,991
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

Exhibit S-10

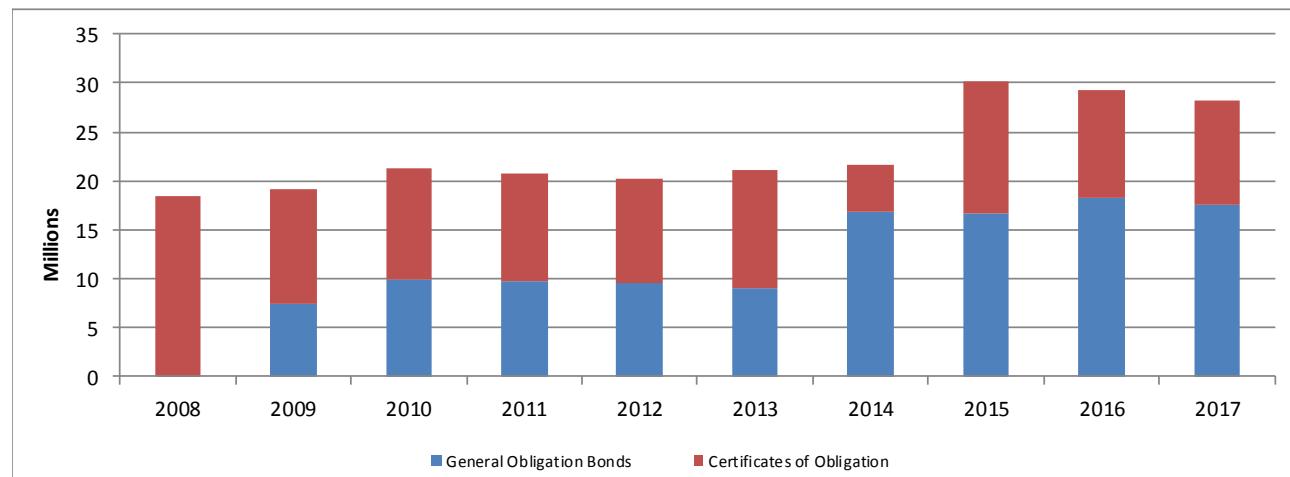
Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years – Unaudited

Fiscal Year	General Bonded Debt Outstanding			Total	Percentage of Actual Taxable Sales	Per Capita
	General Obligation Bonds	Certificates of Obligation	Tax Notes			
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	17,480,000	11,046,131	-	28,526,131	11.58%	23,772
2016	17,091,659	10,739,306	-	27,830,965	12.08%	22,627
2017	15,267,000	18,460,700	1,530,000	35,257,700	15.16%	26,914

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
Exhibit S-11

 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	Tax Notes	Capital Leases	Loans	Other Contractual Obligations	Certificates of Obligation			
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	9,759,250		154,347	357,041	5,226,294	1,286,881	34,263,813	21%	28,553
2016	17,091,659	9,736,953		563,045	275,101	5,126,958	971,300	33,796,069	20%	28,308
2017	15,267,000	18,460,700	1,530,000	162,004	238,404	5,156,839	949,300	41,764,247	22%	31,881

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.

Town of Westlake**Exhibit S-12**

Direct and Overlapping Governmental Activities Debt
As of September 30, 2017 –Unaudited

Taxing Body	Amount of Debt Outstanding	As of	Overlapping	
			Percent (1)	Amount
Carroll ISD	\$ 269,575,245	9/30/2017	10.81%	\$ 29,141,084
Denton County	645,305,000	9/30/2017	0.02%	129,061
Keller ISD	706,960,916	9/30/2017	1.19%	8,412,835
Northwest ISD	803,407,028	9/30/2017	2.64%	21,209,946
Tarrant County	321,795,000	9/30/2017	0.76%	2,445,642
Tarrant County Hospital District	20,835,000	9/30/2017	0.79%	164,597
Trophy Club MUD#1	9,450,000	9/30/2017	18.98%	<u>1,793,610</u>
Total Overlapping Debt				63,296,774
Town of Westlake Outstanding Debt				<u>35,658,108</u>
Total Direct & Overlapping Debt				<u>\$ 98,954,882</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.

Town of Westlake

Demographic and Economic Statistics
Last Ten Fiscal Years – Unaudited

Exhibit S-13

Calendar Year	Estimated Population	Personal Income	Per Capita Personal Income	Tarrant County Unemployment Rate
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	1,230	173,419,076	140,991	4.1%
2017	1,310	188,392,333	143,811	3.2%

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.

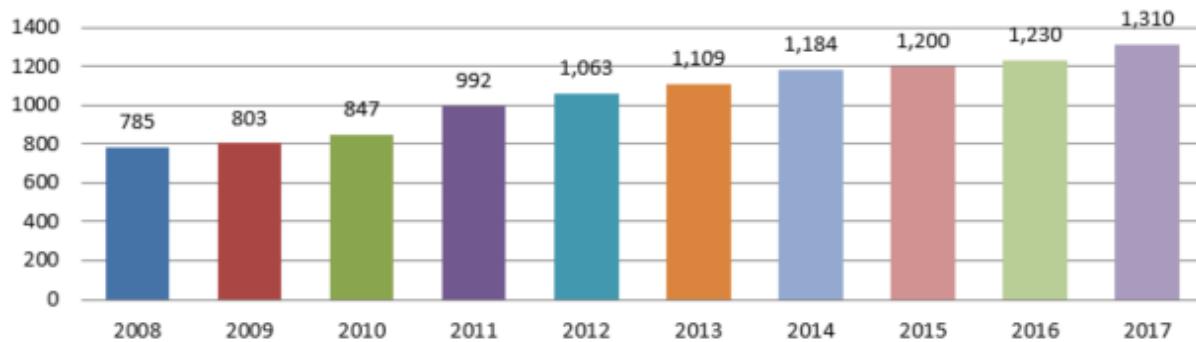
Tarrant County Unemployment Rate information taken from Texas Workforce Commission.

American Community Survey (ACS)

USA.com - Per Capita Income source

North Central Texas Council of Governments/US Census 2010

Estimated Population



Town of Westlake

Principal Employers

Current and Nine Years Ago – Unaudited

Exhibit S-14

2017			2007		
Employer	Employees	Percentage of Estimated Total Town Employment	Employer	Employees	Percentage of Estimated Total Town Employment
Fidelity Investments	5,400	52.23%	Fidelity Investments	3,100	37.15%
Travelocity	880	8.51%	First American/Core Logic	3,000	35.95%
Wells Fargo	617	5.97%	Wells Fargo	790	9.47%
Schwab	526	5.09%	Chrysler Financial/TD Auto Finance	325	3.89%
Sabre JLL Facilities	500	4.84%	McKesson Corporation	215	2.58%
Deloitte	487	4.71%	Sonitrol/World Factory	165	1.98%
Verizon Wireless	384	3.71%	Walco	150	1.80%
Goosehead Insurance	200	1.93%	Vaquero Club	140	1.68%
Sount Physicians	173	1.67%	Marriott Solana Hotel	120	1.44%
Marriott Solana Hotel	143	1.38%	Pfizer, Inc.	115	1.38%
Levi Strauss	140	1.35%	Town of Westlake/Westlake Academy	73	0.87%
Vaquero Country Club	135	1.31%	Premier Academy	34	0.41%
Westlake Academy	133	1.29%	Solara Healthcare	28	0.34%
All Other Business	620	6.00%	All Other Business	90	1.08%
Total	10,338	100%	Total	8,345	100%

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

Town of Westlake**Exhibit S-15**

Full-Time Equivalent City Government Employees
by Function/Program
Last Ten Fiscal Years – Unaudited

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	1.00
Assistant to Town Manager	1.00	1.00	1.00	1.00	0.75	0.00	0.00	0.00	0.50	0.50
Administrative	0.00	0.75	0.50	0.75	0.75	1.00	0.50	0.50	0.00	1.50
Building official	1.00	1.33	1.33	1.33	1.33	1.50	1.66	1.66	3.17	4.00
Town secretary	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.50
Facilities/Grounds maintenance	0.75	1.08	1.08	1.08	0.83	1.00	1.09	1.34	1.58	0.50
Municipal	4.00	4.25	4.50	4.50	3.75	4.75	5.10	5.00	4.60	4.00
Finance	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00	4.25	4.00
Payroll/Human Resources	1.00	1.33	1.33	1.33	1.33	2.00	2.00	2.00	2.00	2.00
Information Technology						1.00	1.00	1.00	1.00	1.00
Public safety (EMS)	11.00	9.00	9.00	9.00	9.00	10.00	13.25	14.25	14.25	11.00
Culture and recreation	0.75	0.75	0.75	0.75	0.50	0.75	0.84	0.84	0.84	0.50
Public works	1.50	1.50	1.50	1.50	2.00	3.00	2.66	2.66	2.67	3.00
Marketing and public affairs	0.00	0.00	0.00	0.00	1.00	1.00	2.00	2.00	2.00	2.00
Education	43.00	48.10	55.62	59.44	67.48	76.18	91.18	93.65	95.31	95.05
Total	69.00	74.09	81.61	85.68	93.72	106.93	128.18	132.15	135.32	132.55

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.

Town of Westlake
 Operating Indicators
 by Function/Program
 Last Ten Fiscal Years – Unaudited

Exhibit S-16

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government										
Permits issued	93	61	44	70	85	132	144	159	218	217
Permit values	\$ 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	\$ 262,690,940
Police (Contract with Keller PD)										
Motor vehicle stops	10,357	9,247	9,763	9,829	12,221	9,993	9,579	10,432	11,109	10,718
Traffic accident investigations	208	266	273	348	343	322	341	398	461	386
Part I crimes	26	23	19	30	39	9	15	20	13	22
DWI arrests	45	24	32	80	50	69	55	62	66	70
Fire/EMS										
Fire runs	169	118	172	191	181	238	211	211	257	248
Ambulance runs	159	184	187	264	266	286	240	253	288	269
Inspections	132	15	71	71	54	96	286	261	246	290
Public Works - General										
Street resurfacing (LF)	-	-	-	3,800	30,000	-	-	-	-	6,000
Potholes repaired	20.00	10.00	5.00	36.00	6.00	2.00	6.00	20.00	20.00	10.00
Public Works - Utility										
Number of water accounts	419	437	478	500	568	614	651	713	752	810
Water main breaks	4	5	6	4	4	3	1	1	-	-
Avg daily consumption MG(water)	0.999	1.020	0.889	1.200	1.100	1.090	1.045	1.021	1.122	1.233
Peak daily consumption MG(water)	2.060	2.740	2.460	2.540	2.600	2.480	2.690	2.770	1.586	1.646
System capacity - MG(water)	1.685	1.685	1.685	1.685	1.685	1.685	2.685	2.685	2.685	2.685
Water purchased (in gallons x 000)	364,764	372,933	324,843	443,222	407,305	401,457	381,482	372,838	409,817	450,208
Water sold (in gallons x 1000)	340,743	313,495	290,000	385,320	376,496	357,297	347,148	360,000	350,000	419,520
Wastewater										
Number of new sewer connections	240	251	254	245	292	325	350	384	403	454
Avg daily sewage treatment (thousands of gallons)	0.124	0.101	0.063	0.163	0.136	0.151	0.208	0.166	0.132	0.176

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

Exhibit S-17

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	3	3	3	3	3	3	3	3
Telecommunications Duct Bank (LF)	43,703	49,103	51,803	57,783	57,783	57,783	59,936	66,084	66,084	82,231
Telecommunications Duct Bank Manholes	104	113	122	122	122	122	122	140	140	140
Water										
Water mains (LF)	64,600	70,000	79,000	130,000	137,891	137,891	142,694	148,117	148,117	181,393
Fire hydrants	130	130	154	188	191	191	201	214	214	256
Storage capacity MG	1,685	1,685	1,685	1,685	1,685	1,685	2,685	2,685	2,685	2,685
Wastewater										
Sanitary sewers (LF)	39,300	39,300	49,900	94,000	94,000	94,000	98,964	104,373	104,373	123,168
Manholes	267	284	304	304	304	304	326	355	355	444
Public Works - Utility										
Streets (miles)	10.80	10.80	10.80	10.80	10.25	10.25	10.25	10.50	10.42	10.42
Traffic signals (school zone flashers)	2	2	2	2	2	2	2	2	2.0	2.0
Parks and recreation										
Open Space (acres)	25	25	25	25	25	25	27	27	27.0	27.0
Playgrounds	2	2	2	2	2	2	2	2.0	2.0	2.0
Softball/soccer field	1	1	1	1	1	1	1	1.0	1.0	1.0
Football field	1	1	1	1	1	1	1	1.0	1.0	1.0
Public trails (miles)	3.5	3.5	3.5	5.0	5.0	5.0	7.0	8.5	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