



THE TOWN OF

ESTLAKE



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2018

MAINTAINING *our* Vision

Hold Fast - Stay True

in a Sea of
CHANGE



THE TOWN OF
WESTLAKE

DISTINCTIVE BY DESIGN

Town of Westlake, Texas

Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2018

Prepared by:

Town of Westlake
Finance Department

1500 Solana Blvd, Suite 7200
Westlake, Texas 76262



THE TOWN OF
WESTLAKE

DISTINCTIVE BY DESIGN

Town of Westlake
Consolidated Annual Financial Report
For the Fiscal Year Ended September 30, 2018
Table of Contents

	Page	Exhibit
Introductory Section		
Letter of Transmittal	iii	
GFOA Certificate of Achievement	x	
Organization Chart	xi	
Town Officials	xiii	
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 Balances	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	92	B-1
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Westlake Academy	93	B-2
Notes to Budgetary Comparison Schedules	94	
Schedule of Net Pension Liability and Related Ratios - TMRS Pension Plan	95	B-3
Schedule of Pension Contributions - TMRS Pension Plan	96	B-4
Notes to TMRS Pension Plan Required Supplementary Information	97	
Schedule of Academy's Proportionate Share of Net Pension Liability - TRS Pension Plan	98	B-5
Schedule of Pension Contributions - TRS Pensions	99	B-6
Notes to TRS Pensions Required Supplementary Information	100	
Schedule of Changes in the Total OPEB Liability and Related Ratios - TMRS	101	B-7
Schedule of OPEB Contributions - TMRS	102	B-8
Notes to TMRS OPEB Required Supplementary Information	103	
Schedule of Academy's Proportionate Share of Net OPEB Liability - TRS Care Plan	104	B-9
Schedule of OPEB Contributions - TRS Care Plan	105	B-10
Notes to TRS Care Plan Required Supplementary Information	106	

Town of Westlake
 Consolidated Annual Financial Report
 For the Fiscal Year Ended September 30, 2018
 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	109	C-1
Nonmajor Governmental Funds		
Combining Balance Sheet	111	C-2
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	112	C-3
Nonmajor Special Revenue Funds		
Budgetary Comparison Schedules		
Visitors Association Fund	113	C-4
Lone Star Public Facilities Corporation Fund	114	C-5
Economic Development Fund	115	C-6
4B Economic Development Corporation Fund	116	C-7
Agency Funds		
Statement of Changes in Assets and Liabilities - PID Agency Fund	118	C-8
Statistical Section		
Net Position By Component	122	S-1
Changes in Net Position	123	S-2
Fund Balances, Governmental Funds	125	S-3
Changes in Fund Balances, Governmental Funds	126	S-4
Assessed Value and Estimated Actual Value of Taxable Property	128	S-5
Principal Property Tax Payers	129	S-6
Property Tax Levies and Collections	130	S-7
Direct and Overlapping Property Tax Rates	131	S-8
Taxable Sales by Industry Type	132	S-9
Ratios of General Bonded Debt Outstanding	133	S-10
Ratios of Outstanding Debt by Type	134	S-11
Direct and Overlapping Governmental Activities Debt	135	S-12
Demographic and Economic Statistics	136	S-13
Principal Employers	137	S-14
Full-Time Equivalent City Government Employees by Function/Program	138	S-15
Operating Indicators by Function/Program	139	S-16
Capital Asset Statistics by Function/Program	140	S-17



March 19, 2019

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, 2018, 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, 2018, 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, 2018, 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 Gold Level Scenic City and Tree City USA designated, 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 1,383. In 2018, the average size of new home construction was 9,693 square feet with an average estimated construction cost of \$1.82 million.

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

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

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

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

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

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

Services Provided

Westlake's value proposition is found in the excellent municipal and academic services that are provided to our residents – all at an exceptional price! Our community has high expectations for service delivery – both in accessibility, responsiveness, financial stewardship, amenities, distinctive developments, open spaces and education.

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 2018’s population of 1,383 represents an increase of 747% equal to 1,198 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.
- **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, Carlyle Court, Quail Hollow, Vaquero, and Terra Bella. Additionally, the infrastructure for a new single-family residential development, The Knolls is under construction.

Also, the mixed-use development called Entrada continues to progress with residential and commercial projects under construction and 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.

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, Fidelity Investments and Charles Schwab.
- **Charles Schwab Corporate Campus:** Since the announcement of their regional corporate campus in 2016, Phase 1 will consist of a 500,000-sq. ft. office building and parking garage which is nearing completion and expected to be occupied in the fall of 2019. Phase 2 was announced in 2018 and will comprise of an additional 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 6,000 employees when all phases are complete
- **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 additional commercial buildings have been approved by the Town for the development. A CVS Pharmacy is open for business as well as a Primrose Private School. Starbucks and restaurants are scheduled to open by the end of 2019. Other commercial uses include various retail, restaurants, amphitheater and hotels.
- **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, compliments our financial services business cluster which has already been created through our corporate residents of Fidelity, Deloitte and Charles Schwab. Further, we pursue the types of

businesses interested in high quality office campus development and creating well-paying positions for employees. With the completion of Charles Schwab along with TD AmeriTrade's complex in Southlake, we will be well on our way to becoming a financial services corridor within the DFW Metroplex.

- **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.

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. As we look to regional or state issues and opportunities, we will monitor these issues among others:

- **Pending ad valorem property tax cap proposed by the Governor** – as presented, the proposal would restrict the Council's ability to respond locally to the needs of our community. Staff will continue to monitor any legislation put forward for consideration and advise both the community and the Council as updates or changes occur.
- **Water usage and demand** – our staff team will continue to work with the City of Fort Worth on the Phase 2 waterline construction that will help secure our current and future water needs for Westlake.
- **Westlake's residential growth impact on the Academy:** 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. Town staff is currently updating Westlake Academy Facility Master Plan to determine student population and facility needs.
- **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 required a significant investment in our water system.

As our community evolves staff will keep a close eye on partnerships and/or opportunities that will help foster mobility within the community without compromising the design standards and expectations of our residents. East / West traffic continues to be an area of concern along with the ability of our surrounding highway capacity for transient vehicles. Town staff is working with TxDOT regarding plans for construction of service roads between FM 1938 and Dove Road in Southlake.

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, 2017. 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 eleventh GFOA Distinguished Budget Presentation Award for the fiscal year beginning October 1, 2017 for our municipal budget and the ninth 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.

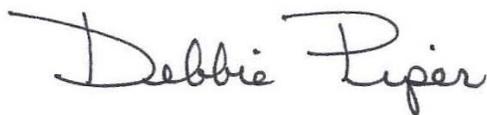
Westlake Academy has also received recognition from the Association of School Business Officials International as a recipient of the International Award for Budget Excellence for the past seven years.

Acknowledgements

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

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

Respectfully Submitted,

A handwritten signature in cursive script that reads "Debbie Piper". The signature is written in black ink and is positioned above the printed name and title.

Debbie Piper, CPA
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

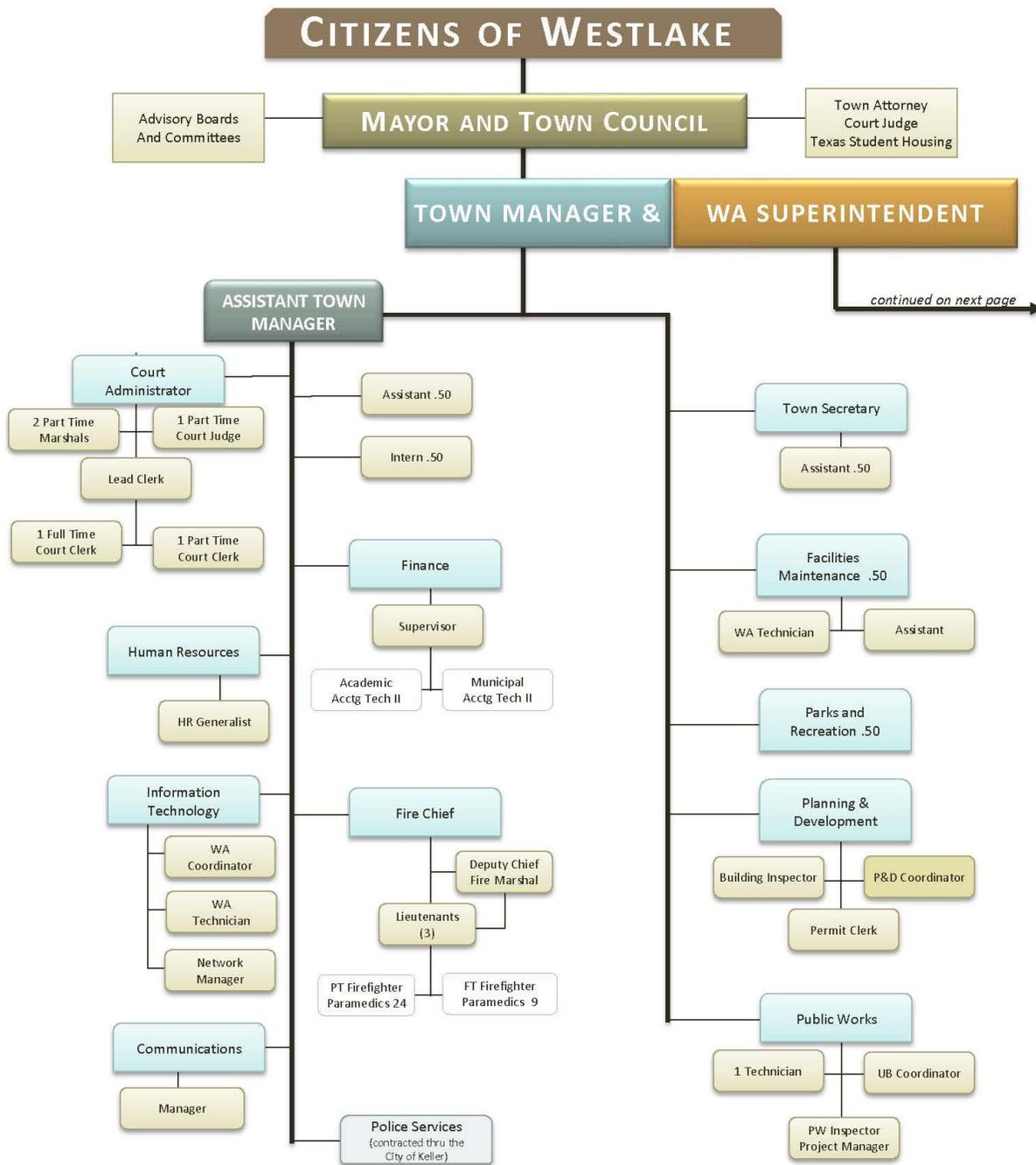
**Town of Westlake
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

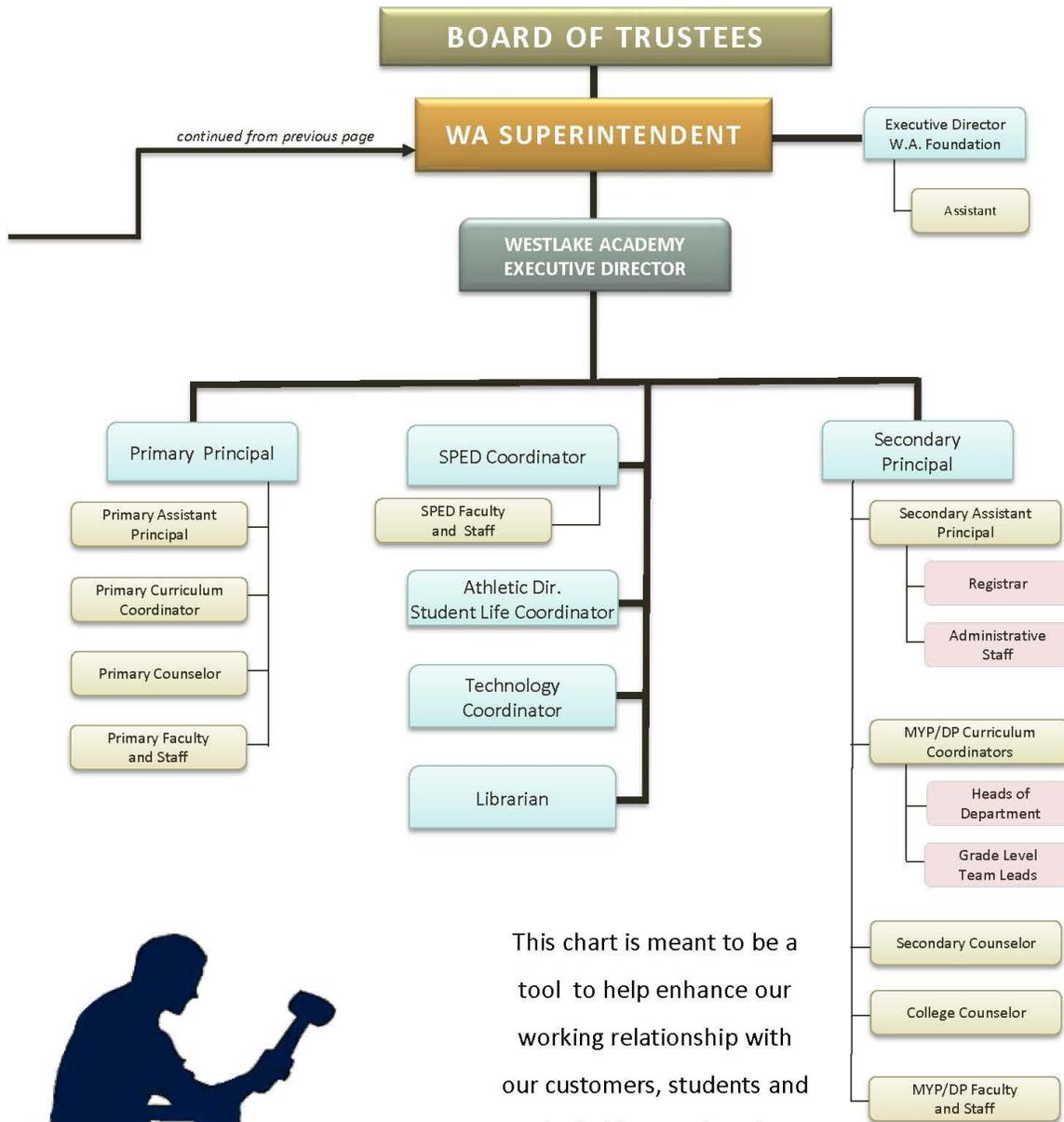
Christopher P. Morrill

Executive Director/CEO



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



This chart is 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.

**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



THE TOWN OF
WESTLAKE

DISTINCTIVE BY DESIGN

Financial Section



THE TOWN OF
WESTLAKE

DISTINCTIVE BY DESIGN

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, 2018, 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, 2018, 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.

The Honorable Mayor
and Members of Town Council
Town of Westlake, Texas

Emphasis of Matters

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.

Change in Accounting Principles

As discussed in Note 22 to the financial statements, in 2018, the Town adopted new accounting guidance, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Beginning net position has been restated to reflect the change in accounting principle for implementation of this Statement. 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 and OPEB schedules on pages 92 through 106 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.

The Honorable Mayor
and Members of Town Council
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 19, 2019 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 19, 2019



THE TOWN OF
WESTLAKE

DISTINCTIVE BY DESIGN

Management's Discussion and Analysis



THE TOWN OF
WESTLAKE

DISTINCTIVE BY DESIGN

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, 2018. 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 - ix of this report) and the statistical section (pages 122 - 140 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 \$55,752,321 (Net position). This number must be viewed within the context that the vast majority of the Town's net position of \$52,922,640 (95.0%) 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 \$1,077,646 (2%). The remaining amount, \$1,752,035 (3%), represents unrestricted net position.
- As of the close of the current fiscal year, the Town of Westlake's governmental funds reported combined ending fund balances of \$20,038,393, which is a decrease of \$7,769,725 in comparison with the prior year. Within this total, \$9,545,013 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 \$10,796,248 a decrease of \$141,244 in comparison with the prior year. Of this total fund balance, \$10,493,380 is unassigned. This represents 136% of the total general fund expenditures and is equivalent to 428 operating days.
- The Town's capital assets (net of accumulated depreciation) increased by \$6,630,735. This is due in large part to an increase of \$7,510,981 in construction in progress accounts. This increase is primarily due to the infrastructure construction expenditures related to the Public Improvement District (PID) and the Fire/EMS Complex.
- The Town's long-term debt decreased by \$1,810,692 in total, due to the scheduled repayment of principal on outstanding bonded debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-Wide Financial Statements

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

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

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

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

The government-wide financial statements include not only the Town (known as the *primary government*), but also discretely presented component units including all the Texas Student Housing entities. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. 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 eleven individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Westlake Academy, Debt Service, Capital Projects, and Solana PID Capital Projects funds, all of which are presented as major funds. Data from the other funds (Visitors Association, Economic Development, Lone Star Public Facilities Corporation, Public Arts Contribution, Westlake Academy Expansion Capital Projects and Westlake 4B Economic Development Corporation Funds) 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, Public Arts Contribution, 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 - 89 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 92 - 106.

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 and deferred outflows exceeded liabilities and deferred inflows by \$55,752,321 at the close of the most recent fiscal year.

The Town's *combined* net position changed from a year ago, decreasing \$4,132,985, inclusive of the cumulative effect of the change in accounting principle, from \$59,885,306 to \$55,752,321. 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, \$52,922,640 (95.0%), 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, \$1,077,646 (1.9%), represents resources that are subject to external or internal restrictions on how they may be used. The remaining balance of \$1,752,035 (3.1%) represents unrestricted net position which is available for the Town's ongoing expenses.

Table 1
Condensed Statement of Net Position
At September 30, 2018 and 2017

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets	\$ 23,067,847	\$ 30,062,328	\$ 4,952,871	\$ 5,254,725	\$ 28,020,718	\$ 35,317,053
Capital assets	75,098,124	67,940,280	11,163,062	11,690,171	86,261,186	79,630,451
Total Assets	98,165,971	98,002,608	16,115,933	16,944,896	114,281,904	114,947,504
Deferred outflows of resources	2,031,443	2,446,574	68,448	94,162	2,099,891	2,540,736
Liabilities						
Noncurrent liabilities	40,439,383	39,936,334	6,064,710	6,333,158	46,504,093	46,269,492
Other liabilities	3,168,518	2,402,774	9,483,304	8,869,026	12,651,822	11,271,800
Total Liabilities	43,607,901	42,339,108	15,548,014	15,202,184	59,155,915	57,541,292
Deferred inflows of resources	1,444,570	61,642	28,989	-	1,473,559	61,642
Net Position						
Net investments in capital assets	47,629,452	46,499,873	5,293,188	5,583,570	52,922,640	52,083,443
Restricted	1,077,646	2,034,916	-	-	1,077,646	2,034,916
Unrestricted	6,437,845	9,513,643	(4,685,810)	(3,746,696)	1,752,035	5,766,947
Total Net Position	\$ 55,144,943	\$ 58,048,432	\$ 607,378	\$ 1,836,874	\$ 55,752,321	\$ 59,885,306

Table 2
Changes in Net Position
For the Years Ended September 30, 2018 and 2017

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Fees, fines and charges for service	\$ 3,195,972	\$ 4,471,161	\$ 5,824,258	\$ 4,825,599	\$ 9,020,230	\$ 9,296,760
Operating grant and contributions	7,044,597	8,047,113	-	-	7,044,597	8,047,113
Capital grants and contributions	424,948	3,485,255	1,271	-	426,219	3,485,255
General revenues						
Taxes						
Sales taxes	6,003,605	4,650,744	-	-	6,003,605	4,650,744
Property taxes	1,629,640	1,576,750	-	-	1,629,640	1,576,750
Hotel occupancy taxes	849,167	751,601	-	-	849,167	751,601
Mixed beverage taxes	62,347	68,432	-	-	62,347	68,432
Franchise taxes	779,506	818,423	-	-	779,506	818,423
Interest on investments	356,076	182,095	79,961	28,684	436,037	210,779
Miscellaneous	215,076	278,071	-	50,000.00	215,076	328,071
Total revenues	20,560,934	24,329,645	5,905,490	4,904,283	\$ 26,466,424	\$ 29,233,928
Expenses						
General governmental	4,776,131	5,716,302	-	-	4,776,131	5,716,302
Public safety	3,133,733	3,063,003	-	-	3,133,733	3,063,003
Culture and recreation	184,685	217,489	-	-	184,685	217,489
Economic development	469,852	163,578	-	-	469,852	163,578
Public works	1,820,908	1,634,549	-	-	1,820,908	1,634,549
Visitor services	885,654	737,071	-	-	885,654	737,071
Education	6,568,453	8,566,295	-	-	6,568,453	8,566,295
Interest on long-term debt	1,184,818	1,401,199	-	-	1,184,818	1,401,199
Water and sewer	-	-	7,049,946	4,893,075	7,049,946	4,893,075
Cemetery	-	-	9,754	8,021	9,754	8,021
Total expenses	19,024,234	21,499,486	7,059,700	4,901,096	26,083,934	26,400,582
Increase (decrease) in net position before transfers	1,536,700	2,830,159	(1,154,210)	3,187	382,490	2,833,346
Transfers	71,466	169,316	(71,466)	(169,316)	-	-
Change in net position	1,608,166	2,999,475	(1,225,676)	(166,129)	382,490	2,833,346
Net position, beginning	58,048,432	55,048,957	1,836,874	2,003,003	59,885,306	57,051,960
Cumulative effect of a change in accounting principle	(4,511,655)	-	(3,820)	-	(4,515,475)	-
Net position, ending	\$ 55,144,943	\$ 58,048,432	\$ 607,378	\$ 1,836,874	\$ 55,752,321	\$ 59,885,306

Governmental activities: Exclusive of the cumulative effect of implementation of GASB Statement No. 75, Governmental activities increased the Town's net position by \$1,608,166 (8%). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, other legal requirements, and/or Council or management's decision, decreased by \$3,075,798.

Total revenues for governmental activities decreased by \$3,768,711 when compared to the prior year. General revenue had an increase of \$1,569,301, while program revenues had a decrease of \$5,338,012.

Program revenues

- Fees, fines and charges for services decreased \$1,275,189. The permit and review fees received from Charles Schwab & Co. in the prior year were the major contributor to this decrease from prior year.
- Operating Grants and Contributions decreased by \$1,002,516 mostly due recording the State's on-behalf portion of the Academy's OPEB expense which, in turn, decreased both operating grants and contributions and expenses.
- Capital Grants and Contributions decreased by \$3,060,307 with the major portion being attributed to the donation of land for the Fire/EMS station received in the prior year and revenues restricted for the benefit of Westlake Academy based on economic development agreements.

General revenues

- Interest on Investments increased by \$173,981 due to higher interest rates.
- Sales tax increased by \$1,352,861 primarily due to an economic development situs agreement in addition to an increase of \$52,890 in property tax.
- Hotel occupancy taxes increased by \$97,566. Most of the increase (62%) is for Marriott Hotel occupancy tax at \$60,754 and a 37% increase of \$36,465 for Deloitte hotel occupancy tax. There have been several new hotels in the area that are competing with the Marriott. Their increase is due to efforts being made to retain and attract additional meetings and tourist stays.
- Franchise fees decreased by \$38,917 primarily due to less receipts from AT&T and Verizon.

Expenses

- Total expenses for governmental activities decreased by \$2,475,252 or approximately 12%.
- General Government expenditures reflected a 16% decrease of \$940K; a decrease in pension expense is the primary reason.
- Education expenditures decreased by 23% (\$2M) which was primarily due to a decrease in pension and OPEB expenses for the Teachers Retirement Plan.

Business-type Activities: The net position of our business-type activities ended fiscal year 2018 at \$607,378 compared with \$1,836,874 in 2017. This represents a decrease in net position of \$1,229,496, or 67% less than the prior fiscal year, inclusive of the cumulative effect of the change in accounting principle.

Revenues (Charges for Services) for business-type activities for the fiscal year ending September 30, 2018 were \$5,824,258; an increase of \$998,659 or 21%. Operating expenses for the business-type activities for the fiscal year ending September 30, 2018 were \$7,059,700; an increase of \$2,158,604 or 44%. This increase was primarily attributed to a higher cost for wastewater treatment and water purchases.

Financial Analysis of the Town's Funds

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$20,038,393; a decrease of \$7,769,725 in comparison with the prior year. Approximately 52% of this total (\$10,493,380) 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, 2018, and the amount and percentage of increases and decreases in relation to the prior year.

**Table 3
Summary of Governmental Funds Revenues**

Revenues	2017-18 Amount	Percent Of Total	Increase (Decrease) From 2016-17	Percent Increase (Decrease)
Taxes				
Sales taxes	\$ 6,003,605	27.1%	\$ 1,352,861	29.1%
Property taxes	1,626,696	7.3%	48,881	3.1%
Mixed beverage taxes	62,347	0.3%	(6,085)	-8.9%
Hotel occupancy taxes	849,167	3.8%	97,566	13.0%
Franchise taxes	779,506	3.5%	(38,917)	-4.8%
Subtotal - Taxes	9,321,321	42.0%	1,454,306	18.5%
State program	7,217,383	32.5%	614,025	9.3%
Federal program	114,797	0.5%	(25,355)	-18.1%
Interest income	356,076	1.6%	173,981	95.5%
Building permits and fees	2,314,933	10.4%	(1,206,753)	-34.3%
Fines and penalties	633,318	2.9%	(40,398)	-6.0%
Intergovernmental	-	0.0%	-	0.0%
Contributions	494,131	2.2%	(234,756)	-32.2%
Miscellaneous	1,735,201	7.9%	(1,128,600)	-39.4%
Total Revenues	\$ 22,187,160	100.0%	\$ (393,550)	-1.7%

Table 4
Summary of Governmental Funds Expenditures

Expenditures	2017-18 Amount	Percent Of Total	Increase (Decrease) From 2016-17	Percent Increase (Decrease)
General government	\$ 3,672,933	12.2%	\$ (923,894)	-20.1%
Public safety	2,992,727	10.0%	308,483	11.5%
Culture and recreation	183,816	0.6%	19,096	11.6%
Economic development	469,852	1.6%	306,274	187.2%
Public works	675,550	2.2%	(108,729)	-13.9%
Visitor services	875,322	2.9%	158,267	22.1%
Education	9,012,348	30.0%	193,174	2.2%
Capital outlay	9,407,447	31.3%	2,324,603	32.8%
Debt services	2,738,356	9.0%	140,005	5.4%
Total Expenditures	\$ 30,028,351	100.0%	\$ 2,417,279	8.8%

Below are summaries and explanations of the changes in fund balances from fiscal year 2017 to fiscal year 2018 of the Governmental Funds that are contained in the above totals.

General Fund - At the end of the current fiscal year, fund balance for the general fund was \$10,796,248, a decrease of \$141,244 in comparison with the prior year. Of this total, \$10,493,380 is unassigned. This represents 117% of the total general fund expenditures including transfers out to other funds related to operations of \$1,226,268. This is equivalent to 428 operating days.

- Revenues and transfers in decreased \$851K from FY17 to FY18; The Planning and Development department realized the biggest decrease in revenues with the majority (\$1.4M) coming from building permits, inspection/plan review fees and reforestation tree escrow received in the prior year. This decrease was offset by an increase in interest income of \$169K and an increase in General sales and use tax revenue of \$727K due to an economic development situs agreement.
- Expenditures and transfers out increased \$580K from FY17 to FY18; Maintenance and replacement projects decreased \$698K due to one-time purchases for furniture and equipment in the prior year for the new town hall building. This was offset by an increase of \$295K in payroll and related taxes, insurance and retirement due to additional employees and market adjustments. Transfers out to the Capital Project fund increased by \$950K and transfers out to the Debt Service fund increased \$178K.

Westlake Academy - Fund balance increased by \$155,950 primarily due to a transfer in from the general fund.

Capital Projects Fund - Fund balance decreased by \$7,307,360

- Fund 405 Municipal Facility Expansion Fund - Fund balance decreased by \$7,552,946 largely due to the use of funds for the construction of the Fire/EMS complex. Bond issuance and tax notes were received in prior years for the construction.
- Fund 410 Primary Capital Project Fund - Fund balance increased \$276,630 due to transfers in from general fund of \$950K offset by the use of funds for FM1938 Town Improvements of \$274K, the Solana/SH114 Signalization project of \$268K and the Outdoor Science project of \$213K for Westlake Academy.

- Fund 412 Westlake Academy Expansion Fund - Fund balance increased by \$238,498 due to transfers in from the Economic Development fund. This fund was created to account for proceeds from long-term financing and revenue and expenditures related to authorize 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 \$718,677 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 \$607,378, a decrease of \$1,229,496, inclusive of the cumulative effect of the change in accounting principle.

General Fund Budgetary Highlights

The General Fund budget for fiscal year 2018 was amended in total to increase the net change in fund balance from (\$1,372,677) to (\$641,698), a total increase of \$730,979. The amended budget for net revenues was increased by \$341K (3.7%) based on anticipated increases in property taxes, (\$119K), interest income (\$138K) and contributions (\$142K).

The amended budget for net expenditures was increased by \$620K (8%). This increase was primarily due to service expenditures increasing \$316K which included PID local costs, consultant and attorney fees, contracted services for Westlake Academy, the Fire Station complex, and the Keller Police contract. Rent and utility costs increased \$209K for right of way (ROW) irrigation in the public works department. Project maintenance and replacements costs increased \$96K of which the majority is for the purpose of a 77-passenger bus for Westlake Academy

The General Fund actual revenue collections/other sources were more than the amended budget by \$198K primarily due to an increase in sales taxes in the FY17-18. Actual expenditure costs/other uses were less than the amended budget by \$679K 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, 2018, totaled \$86,261,186 (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 \$6,630,735 or 8% mostly due to additional construction in progress related to the Public Improvement District and the Fire/EMS Complex.

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 12,446,059	\$ 12,446,059	\$ -	\$ -	\$ 12,446,059	\$ 12,446,059
Capital improvements	10,499,689	9,963,424	9,372,302	9,734,945	19,871,991	19,698,369
Building	25,035,319	25,693,236			25,035,319	25,693,236
Machinery and equipment	928,922	1,160,407	1,403,605	1,536,311	2,332,527	2,696,718
W/W treatments rights	-		58,125	89,885	58,125	89,885
Construction in progress	26,188,135	18,677,154	329,030	329,030	26,517,165	19,006,184
Total capital assets	\$ 75,098,124	\$ 67,940,280	\$ 11,163,062	\$ 11,690,171	\$ 86,261,186	\$ 79,630,451

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 \$41,930,973. Of this amount, \$34,666,000 represents bonded indebtedness, \$162,004 capital leases, \$201,727 in loans and \$4,913,865 contractual obligations. During the fiscal year 2017-2018, the Town's total debt payable decreased by \$1,810,692. This decrease was due to the scheduled repayment of principal and interest on outstanding bonded debt.

Standard & Poor's Ratings Services, a division of McGraw-Hill, Inc. has recently increased the Town's rate from AA+/stable to AAA/stable. Additional information about the rating agency or the significance of the rating provided may be obtained from Standard & Poor's web site. Additional information on the Town's long-term debt can be found in Note 5 on pages 59 - 63.

Table 6
Outstanding Debt at Year-End

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 14,407,000	\$ 15,267,000	\$ -	\$ -	\$ 14,407,000	\$ 15,267,000
Certificates of obligation	19,331,700	19,990,700	927,300	949,300	20,259,000	20,940,000
Contractual obligations	-	-	4,913,865	5,126,958	4,913,865	5,126,958
Capital leases	162,004	162,004	-	-	162,004	162,004
Premium on bonds	1,479,097	1,578,909	28,709	29,881	1,507,806	1,608,790
Notes payable	201,727	238,404	-	-	201,727	238,404
Compensated absences	407,160	333,005	72,411	65,504	479,571	398,509
Total long-term debt	\$ 35,988,688	\$ 37,570,022	\$ 5,942,285	\$ 6,171,643	\$ 41,930,973	\$ 43,741,665

The Town's net pension liability relative to its participation in Texas Municipal Retirement System (TMRS) decreased from \$1,476,481 as of September 30, 2017 to \$1,062,281 as of September 30, 2018. The Town's net other post-employment benefits (OPEB) liability relative to its participation in Texas Municipal Retirement System (TMRS) increased from \$39,253 as of September 30, 2017 to \$56,862 as of September 30, 2018. The Academy's proportionate share of the Teacher Retirement System (TRS) net pension liability decreased from \$1,051,346 as of August 31, 2017 to \$895,663 as of August 31, 2018. The Academy's proportionate share of the Teacher Retirement System (TRS) net OPEB liability decreased from \$4,516,574 as of August 31, 2017 to \$2,558,314 as of August 31, 2018.

Economic Factors and Next Year's Budgets

In the FY 2018-2019 adopted budget, the General Fund balance is anticipated to increase by \$1.1M. Adopted revenues and transfers in are budgeted to be more than the 2018 actuals by \$32.6 (27%) primarily due to large one-time building fees and permits anticipated (\$2.4M) as well as additional property tax revenue (\$404K).

Anticipated expenditures and transfers out are budgeted to be \$1.53M (15%) more than the prior year. Payroll increases were approximately \$500K (market adjustments, additional employees and staffing changes, increased insurance and benefits. Maintenance and Replacement projects increased by \$510K due to anticipated expenditure of (1) upgrades for network storage and equipment, phone system, peripheral devices, and network services (2) maintenance and replacement to Westlake Academy (parking lot, flooring, classroom refurbishments, etc.), and (3) one-time repairs for the reserve ambulance.

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.



THE TOWN OF
WESTLAKE

DISTINCTIVE BY DESIGN

Basic Financial Statements



THE TOWN OF
WESTLAKE

DISTINCTIVE BY DESIGN

Town of Westlake
Statement of Net Position
September 30, 2018

Exhibit A-1

	<u>Primary Government</u>			<u>Discretely Presented Component Units</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
ASSETS				
Cash and cash equivalents	\$ 19,450,048	\$ 3,892,164	\$ 23,342,212	\$ 4,520,010
Receivables (net of allowance)	3,184,768	700,669	3,885,437	290,150
Inventories	-	93,608	93,608	-
Other assets	75,650	-	75,650	66,801
Restricted cash and cash equivalents	357,381	266,430	623,811	3,375,397
Capital assets:				
Land and construction in progress	38,634,194	329,030	38,963,224	5,099,597
Buildings and improvements	48,441,613	14,899,416	63,341,029	52,590,312
Wastewater treatment rights	-	635,199	635,199	-
Machinery and equipment	4,798,349	3,560,780	8,359,129	4,690,979
Less accumulated depreciation	<u>(16,776,032)</u>	<u>(8,261,363)</u>	<u>(25,037,395)</u>	<u>(31,775,360)</u>
Total capital assets	<u>75,098,124</u>	<u>11,163,062</u>	<u>86,261,186</u>	<u>30,605,528</u>
Total assets	<u>98,165,971</u>	<u>16,115,933</u>	<u>114,281,904</u>	<u>38,857,886</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - TRS OPEB	46,603	-	46,603	-
Deferred outflows of resources - TMRS OPEB	8,041	988	9,029	-
Deferred outflows of resources - TRS pension	509,509	-	509,509	-
Deferred outflows of resources - TMRS pension	568,794	67,460	636,254	-
Deferred loss on refunding	898,496	-	898,496	-
Total deferred outflows of resources	<u>2,031,443</u>	<u>68,448</u>	<u>2,099,891</u>	<u>-</u>
LIABILITIES				
Accounts payable	3,018,263	382,732	3,400,995	454,330
Customer deposit payable	-	216,430	216,430	-
Unearned revenue	3,260	369,062	372,322	631,780
Accrued interest payable	146,995	8,515,080	8,662,075	29,801,770
Noncurrent liabilities:				
Due within one year				
Long-term debt	1,766,131	136,306	1,902,437	-
Compensated absences	40,716	7,241	47,957	-
Due in more than one year				
Long-term debt	33,815,397	5,733,568	39,548,965	51,237,586
Compensated absences	366,444	65,170	431,614	-
TRS net OPEB liability	2,558,314	-	2,558,314	-
TMRS total OPEB liability	50,642	6,220	56,862	-
TRS net pension liability	895,663	-	895,663	-
TMRS net pension liability	946,076	116,205	1,062,281	-
Total liabilities	<u>43,607,901</u>	<u>15,548,014</u>	<u>59,155,915</u>	<u>82,125,466</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - TRS OPEB	1,070,148	-	1,070,148	-
Deferred inflows - TRS pension	137,845	-	137,845	-
Deferred inflows - TMRS pension	236,577	28,989	265,566	-
Total deferred inflows of resources	<u>1,444,570</u>	<u>28,989</u>	<u>1,473,559</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	47,629,452	5,293,188	52,922,640	(20,632,058)
Restricted for:				
Tourism	781,775	-	781,775	-
Construction	78,557	-	78,557	-
Court security and technology	203,173	-	203,173	-
Future projects	14,141	-	14,141	-
Unrestricted	6,437,845	(4,685,810)	1,752,035	(22,635,522)
Total net position	<u>\$ 55,144,943</u>	<u>\$ 607,378</u>	<u>\$ 55,752,321</u>	<u>\$ (43,267,580)</u>

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, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 4,776,131	\$ 137,805	\$ -	\$ 4
Public safety	3,133,733	782,833	37,238	-
Cultural and recreation	184,685	-	31,945	-
Public works	1,820,908	2,027,613	-	224,944
Economic development	469,852	-	-	200,000
Visitor services	885,654	-	-	-
Education	6,568,453	247,721	6,975,414	-
Interest on long-term debt	1,184,818	-	-	-
Total governmental activities	<u>19,024,234</u>	<u>3,195,972</u>	<u>7,044,597</u>	<u>424,948</u>
Business-type activities:				
Water and sewer	7,049,946	5,794,818	-	-
Cemetery	9,754	29,440	-	1,271
Total business-type activities	<u>7,059,700</u>	<u>5,824,258</u>	<u>-</u>	<u>1,271</u>
Total primary government	<u>\$ 26,083,934</u>	<u>\$ 9,020,230</u>	<u>\$ 7,044,597</u>	<u>\$ 426,219</u>
Discretely Presented Component Units	<u>\$ 15,007,677</u>	<u>\$ 9,360,433</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				
Cumulative effect of change in accounting principle				
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	
\$ (4,638,322)	\$ -	\$ (4,638,322)	\$ -
(2,313,662)	-	(2,313,662)	-
(152,740)	-	(152,740)	-
431,649	-	431,649	-
(269,852)	-	(269,852)	-
(885,654)	-	(885,654)	-
654,682	-	654,682	-
(1,184,818)	-	(1,184,818)	-
<u>(8,358,717)</u>	<u>-</u>	<u>(8,358,717)</u>	<u>-</u>
-	(1,255,128)	(1,255,128)	-
-	20,957	20,957	-
<u>-</u>	<u>(1,234,171)</u>	<u>(1,234,171)</u>	<u>-</u>
<u>\$ (8,358,717)</u>	<u>\$ (1,234,171)</u>	<u>\$ (9,592,888)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,647,244)</u>
6,003,605	-	6,003,605	-
1,629,640	-	1,629,640	-
849,167	-	849,167	-
62,347	-	62,347	-
779,506	-	779,506	-
356,076	79,961	436,037	93,304
215,076	-	215,076	-
71,466	(71,466)	-	-
<u>9,966,883</u>	<u>8,495</u>	<u>9,975,378</u>	<u>93,304</u>
1,608,166	(1,225,676)	382,490	(5,553,940)
58,048,432	1,836,874	59,885,306	(37,713,640)
<u>(4,511,655)</u>	<u>(3,820)</u>	<u>(4,515,475)</u>	<u>-</u>
<u>\$ 55,144,943</u>	<u>\$ 607,378</u>	<u>\$55,752,321</u>	<u>\$ (43,267,580)</u>

Town of Westlake
 Balance Sheet
 Governmental Funds
 September 30, 2018

	<u>General</u>	<u>Westlake Academy</u>	<u>Debt Service Fund</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Cash and cash equivalents	\$ 9,151,702	\$ 728,468	\$ 31,346
Receivables :			
Property taxes	6,889	-	1,041
Accounts receivable	1,495,199	794,795	-
Due from other funds	487,121	-	-
Prepaid items	19,253	53,081	-
Restricted cash and cash equivalents	-	-	-
TOTAL ASSETS	<u>11,160,164</u>	<u>1,576,344</u>	<u>32,387</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred contributions	323,439	-	-
Total deferred inflows of resources	<u>323,439</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 11,483,603</u>	<u>\$ 1,576,344</u>	<u>\$ 32,387</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE:			
Liabilities:			
Accounts payable	\$ 680,465	\$ 131,707	\$ 2,548
Unearned revenue	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>680,465</u>	<u>131,707</u>	<u>2,548</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable contributions	-	323,439	-
Unavailable resources - property taxes	6,890	-	1,041
Total deferred inflows of resources	<u>6,890</u>	<u>323,439</u>	<u>1,041</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	19,253	53,081	-
Restricted for:			
Tourism	-	-	-
Capital items	-	-	-
Court security, technology, and Bonds	203,173	-	-
Debt service	-	-	28,798
Future projects	-	-	-
Education	-	1,068,117	-
Committed for:			
Street and tree improvements	80,442	-	-
Unassigned	10,493,380	-	-
Total fund balances	<u>10,796,248</u>	<u>1,121,198</u>	<u>28,798</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 11,483,603</u>	<u>\$ 1,576,344</u>	<u>\$ 32,387</u>

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

<u>Capital Projects</u>	<u>Solana PID Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 7,115,798	\$ -	\$ 2,422,734	\$ 19,450,048
-	-	-	7,930
-	-	886,844	3,176,838
-	-	-	487,121
-	-	3,316	75,650
-	357,381	-	357,381
<u>7,115,798</u>	<u>357,381</u>	<u>3,312,894</u>	<u>23,554,968</u>
-	-	-	323,439
-	-	-	323,439
<u>\$ 7,115,798</u>	<u>\$ 357,381</u>	<u>\$ 3,312,894</u>	<u>23,878,407</u>
\$ 1,553,281	\$ 278,824	\$ 371,438	\$ 3,018,263
-	-	3,260	3,260
-	-	487,121	487,121
<u>1,553,281</u>	<u>278,824</u>	<u>861,819</u>	<u>3,508,644</u>
-	-	-	323,439
-	-	-	7,931
-	-	-	331,370
-	-	3,316	75,650
-	-	781,775	781,775
5,562,517	78,557	1,651,843	7,292,917
-	-	-	203,173
-	-	-	28,798
-	-	14,141	14,141
-	-	-	1,068,117
-	-	-	80,442
-	-	-	10,493,380
<u>5,562,517</u>	<u>78,557</u>	<u>2,451,075</u>	<u>20,038,393</u>
<u>\$ 7,115,798</u>	<u>\$ 357,381</u>	<u>\$ 3,312,894</u>	<u>\$ 23,878,407</u>

Town of Westlake
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 September 30, 2018
Exhibit A-4

Total fund balance-governmental funds balance sheet	\$ 20,038,393
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.	75,098,124
Deferred losses on refunding are reported as deferred outflows of resources in the government-wide statement of net position.	898,496
Revenues earned but not available within sixty days of the fiscal year-end are not recognized as revenue in the fund financial statements.	7,931
Deferred outflows of resources related to the Town's TMRS pension liability and OPEB liability increased net position by \$568,794 and 8,041, respectively; while the Town's TMRS deferred resource inflows related to the pension liability decreases net position by \$236,577. This amount is the net effect.	340,258
Deferred outflows of resources related to the Academy's TRS pension liability and OPEB liability increase net position by \$509,509 and \$46,603, respectively; while the Academy's TRS deferred resource inflows related to the pension liability and OPEB liability decreased net position by \$137,845 and \$1,070,148, respectively. This amount is the net effect.	(651,881)
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.	(146,995)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the fund financial statements.	<u>(40,439,383)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES - statement of net position	<u><u>\$ 55,144,943</u></u>

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



THE TOWN OF
WESTLAKE

DISTINCTIVE BY DESIGN

Town of Westlake

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended September 30, 2018

	<u>General</u>	<u>Westlake Academy</u>	<u>Debt Service Fund</u>
REVENUES			
Taxes			
Sales	\$ 4,080,263	\$ -	\$ -
Property	1,329,236	-	297,460
Mixed beverage	62,347	-	-
Hotel occupancy	-	-	-
Franchise	779,506	-	-
State program revenues	-	7,217,383	-
Federal program revenues	-	114,797	-
Interest income	237,164	9,878	-
Building permits and fees	2,314,933	-	-
Fines and penalties	633,318	-	-
Contributions	37,238	-	-
Miscellaneous	206,305	1,520,125	-
Total revenues	<u>9,680,310</u>	<u>8,862,183</u>	<u>297,460</u>
EXPENDITURES			
Current			
General government	3,672,933	-	-
Public safety	2,992,727	-	-
Cultural and recreation	183,816	-	-
Public works	620,985	-	-
Economic development	-	-	-
Visitor services	-	-	-
Education	-	9,012,348	-
Capital outlay	209,164	-	-
Debt service			
Principal retirement	36,677	-	1,519,000
Interest and other fiscal charges	-	8,885	1,173,794
Total expenditures	<u>7,716,302</u>	<u>9,021,233</u>	<u>2,692,794</u>
Excess (deficiency) of revenues Over (Under) Expenditures	<u>1,964,008</u>	<u>(159,050)</u>	<u>(2,395,334)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	71,466	315,000	2,412,169
Transfers out	(2,176,718)	-	-
Net other financing sources (uses)	<u>(2,105,252)</u>	<u>315,000</u>	<u>2,412,169</u>
NET CHANGE IN FUND BALANCES	(141,244)	155,950	16,835
FUND BALANCES, AT BEGINNING OF YEAR	<u>10,937,492</u>	<u>965,248</u>	<u>11,963</u>
FUND BALANCES AT END OF YEAR	<u>\$ 10,796,248</u>	<u>\$ 1,121,198</u>	<u>\$ 28,798</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
\$ -	\$ -	\$ 1,923,342	\$ 6,003,605
-	-	-	1,626,696
-	-	-	62,347
-	-	849,167	849,167
-	-	-	779,506
-	-	-	7,217,383
-	-	-	114,797
41,479	9,601	57,954	356,076
-	-	-	2,314,933
-	-	-	633,318
224,944	4	231,945	494,131
333	-	8,438	1,735,201
<u>266,756</u>	<u>9,605</u>	<u>3,070,846</u>	<u>22,187,160</u>
-	-	-	3,672,933
-	-	-	2,992,727
-	-	-	183,816
54,565	-	-	675,550
-	-	469,852	469,852
-	-	875,322	875,322
-	-	-	9,012,348
8,470,001	728,282	-	9,407,447
-	-	-	1,555,677
-	-	-	1,182,679
<u>8,524,566</u>	<u>728,282</u>	<u>1,345,174</u>	<u>30,028,351</u>
<u>(8,257,810)</u>	<u>(718,677)</u>	<u>1,725,672</u>	<u>(7,841,191)</u>
950,450	-	200,000	3,949,085
-	-	(1,700,901)	(3,877,619)
<u>950,450</u>	<u>-</u>	<u>(1,500,901)</u>	<u>71,466</u>
<u>(7,307,360)</u>	<u>(718,677)</u>	<u>224,771</u>	<u>(7,769,725)</u>
<u>12,869,877</u>	<u>797,234</u>	<u>2,226,304</u>	<u>27,808,118</u>
<u>\$ 5,562,517</u>	<u>\$ 78,557</u>	<u>\$ 2,451,075</u>	<u>\$ 20,038,393</u>

Town of Westlake

Exhibit A-6

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, 2018

Net change in fund balances- total governmental funds.			\$	(7,769,725)
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.				8,756,155
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.				(1,598,311)
The repayment of the principal of long term debt consumes the current financial resources of governmental funds, but has no effect on net position. The amortization of bond premiums and deferred gain/loss on refunding of long term debt is reported in the statement of activities but does not require the use of current financial resources. Therefore, the effect of the amortization of these various items are not reported in the statement of revenues, expenditures, and changes in fund balance. This amount represents the net effect of the following items:				
Repayments		1,555,677		
Amortization of deferred loss on refunding		(108,507)		
Amortization of premium on bonds		99,812		1,546,982
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.				6,556
Implementation of GASB 68 and 75 requires certain expenditures to be de-expended and recorded as deferred outflows of resources. The changes in deferred outflows from pension and OPEB activity for TMRS decreased net position by \$197,820 and increased net position by \$4,185, respectively. The changes of net pension liability increased net position by \$368,890. The changes in OPEB liability decreased net position by \$15,683. The changes in deferred inflows of resources from pension activity for TMRS decreased net position by \$236,577. This amount is the net effect.				(77,005)
Implementation of GASB 68 and 75 also affected the Academy. Pension and OPEB contributions made to TRS after the measurement date caused the change in net position to increase by \$91,593 and \$46,603, respectively. Pension and OPEB contributions made before the measurement period caused a decrease in the change in net position of \$84,783 and \$36,022, respectively. The net share of the Academy's amount of deferred inflows and outflows of resources decreased the change in net position by \$90,778 and increased the change in net position by \$888,112 for pension and OPEB, respectively. This amount is the net effect.				814,725
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.				(74,155)
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.				2,944
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES - statement of activities			\$	<u>1,608,166</u>

Town of Westlake
Statement of Net Position
Proprietary Funds
September 30, 2018

Exhibit A-7

	Utility Fund	Cemetery Fund	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 3,799,542	\$ 92,622	\$ 3,892,164
Accounts receivable	700,669	-	700,669
Inventories	-	93,608	93,608
Restricted cash and investments	216,430	50,000	266,430
Total current assets	<u>4,716,641</u>	<u>236,230</u>	<u>4,952,871</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	<u>(8,261,363)</u>	<u>-</u>	<u>(8,261,363)</u>
Total capital assets	<u>11,163,062</u>	<u>-</u>	<u>11,163,062</u>
Total noncurrent assets	<u>11,163,062</u>	<u>-</u>	<u>11,163,062</u>
TOTAL ASSETS	<u>15,879,703</u>	<u>236,230</u>	<u>16,115,933</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - TMRS OPEB	988		988
Deferred outflows - TMRS pension	67,460	-	67,460
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>68,448</u>	<u>-</u>	<u>68,448</u>
LIABILITIES			
Current liabilities			
Accounts payable	382,064	668	382,732
Customer deposits payable	216,430	-	216,430
Accrued interest payable	8,515,080	-	8,515,080
Unearned revenue	369,062	-	369,062
Compensated absences - current portion	7,241	-	7,241
Current portion of bonds payable	22,550	-	22,550
Contractual obligations	113,756	-	113,756
Total current liabilities	<u>9,626,183</u>	<u>668</u>	<u>9,626,851</u>
Long-term liabilities:			
Bonds payable	904,750	-	904,750
Compensated absences	65,170	-	65,170
Contractual obligations	4,828,818	-	4,828,818
Total OPEB liability	6,220	-	6,220
Net pension liability	116,205	-	116,205
Total long-term liabilities	<u>5,921,163</u>	<u>-</u>	<u>5,921,163</u>
TOTAL LIABILITIES	<u>15,547,346</u>	<u>668</u>	<u>15,548,014</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - TMRS pension	28,989	-	28,989
Total deferred inflows of resources	<u>28,989</u>	<u>-</u>	<u>28,989</u>
NET POSITION			
Net investment in capital assets	5,293,188	-	5,293,188
Unrestricted	<u>(4,921,372)</u>	<u>235,562</u>	<u>(4,685,810)</u>
TOTAL NET POSITION	<u>\$ 371,816</u>	<u>\$ 235,562</u>	<u>\$ 607,378</u>

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

Town of WestlakeStatement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2018**Exhibit A-8**

	<u>Utility Fund</u>	<u>Cemetery Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 5,496,702	\$ 29,440	\$ 5,526,142
Miscellaneous revenue	298,116	1,271	299,387
Total operating revenues	<u>5,794,818</u>	<u>30,711</u>	<u>5,825,529</u>
OPERATING EXPENSES			
Payroll costs	466,165	-	466,165
Professional and contract services	1,003,706	5,495	1,009,201
Depreciation	495,349	-	495,349
Amortization of wastewater treatment rights	31,760	-	31,760
Water purchases	1,570,220	-	1,570,220
Cost of cemetery lots sold	-	1,441	1,441
Other operating costs	2,595,594	2,818	2,598,412
Total operating expenses	<u>6,162,794</u>	<u>9,754</u>	<u>6,172,548</u>
Net operating income (loss)	<u>(367,976)</u>	<u>20,957</u>	<u>(347,019)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income	76,703	3,258	79,961
Interest expense	(887,152)	-	(887,152)
Total non-operating revenues (expenses)	<u>(810,449)</u>	<u>3,258</u>	<u>(807,191)</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS			
	<u>(1,178,425)</u>	<u>24,215</u>	<u>(1,154,210)</u>
Transfer out	(71,466)	-	(71,466)
Total transfers and capital contributions	<u>(71,466)</u>	<u>-</u>	<u>(71,466)</u>
Change in net position	(1,249,891)	24,215	(1,225,676)
Total net position, beginning of year	1,625,527	211,347	1,836,874
Cumulative effect of change in accounting principle	(3,820)	-	(3,820)
Total net position, end of year	<u>\$ 371,816</u>	<u>\$ 235,562</u>	<u>\$ 607,378</u>

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

Town of Westlake
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2018

Exhibit A-9

	Utility Fund	Cemetery Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 6,195,803	\$ 30,711	\$ 6,226,514
Payments to employees	(447,465)	-	(447,465)
Payments to suppliers	(5,227,944)	(7,497)	(5,235,441)
Net cash provided by operating activities	<u>520,394</u>	<u>23,214</u>	<u>543,608</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer to other funds	(71,466)	-	(71,466)
Net cash used in noncapital financing activities	<u>(71,466)</u>	<u>-</u>	<u>(71,466)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on debt	(235,093)	-	(235,093)
Interest paid on debt	(162,997)	-	(162,997)
Investment earnings	76,703	3,258	79,961
Net cash provided by (used in) capital and related financing activities	<u>(321,387)</u>	<u>3,258</u>	<u>(318,129)</u>
Net increase in cash	127,541	26,472	154,013
Cash and cash equivalents at the beginning of the year	<u>3,888,431</u>	<u>116,150</u>	<u>4,004,581</u>
Cash and cash equivalents at the end of the year	<u>\$ 4,015,972</u>	<u>\$ 142,622</u>	<u>\$ 4,158,594</u>
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS			
Cash and cash equivalents	\$ 3,799,542	\$ 92,622	\$ 3,892,164
Restricted cash and cash equivalents	216,430	50,000	266,430
Total cash and cash equivalents	<u>\$ 4,015,972</u>	<u>\$ 142,622</u>	<u>\$ 4,158,594</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (367,976)	\$ 20,957	\$ (347,019)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation and amortization	527,109	-	527,109
Pension expense	10,381	-	10,381
OPEB expense	1,412	-	1,412
Changes in operating assets and liabilities:			
Receivables	454,278	-	454,278
Inventory	-	1,589	1,589
Compensated absences	6,907	-	6,907
Accounts payable	(58,424)	668	(57,756)
Customer deposits payable	(16,005)	-	(16,005)
Unearned revenue	(37,288)	-	(37,288)
Net cash provided by operating activities	<u>\$ 520,394</u>	<u>\$ 23,214</u>	<u>\$ 543,608</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, 2018

	<u>PID Agency Fund</u>
ASSETS	
Restricted cash and cash equivalents	\$ 2,113,820
Total Assets	<u>\$ 2,113,820</u>
LIABILITIES	
Liability to bond holders	\$ 2,113,820
Total Liabilities	<u>\$ 2,113,820</u>

Town of Westlake

Discretely Presented Component Units
 Combining Statement of Net Position
 September 30, 2018

Exhibit A-11

	Texas Student Housing Corporation Denton Project	Texas Student Housing Corporation College Station Project	Texas Student Housing Authority	Total
ASSETS				
Cash and cash equivalents	\$ 294,000	\$ 920,116	\$ 3,305,894	\$ 4,520,010
Accounts receivable (net of allowance)	111,492	177,962	696	290,150
Prepaid rent	65,798	1,003	-	66,801
Restricted assets:				
Cash and cash equivalents	2,092,565	1,282,832	-	3,375,397
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	(16,138,289)	(15,637,071)	-	(31,775,360)
Total assets	15,584,407	19,966,889	3,306,590	38,857,886
LIABILITIES AND NET POSITION				
LIABILITIES				
Accounts payable and accrued expenses	79,396	122,058	252,876	454,330
Unearned revenue	159,500	472,280	-	631,780
Accrued interest payable	8,975,418	20,826,352	-	29,801,770
Bonds payable	23,032,586	28,205,000	-	51,237,586
Total liabilities	32,246,900	49,625,690	252,876	82,125,466
NET POSITION				
Net investment in capital assets	(10,012,034)	(10,620,024)	-	(20,632,058)
Unrestricted	(6,650,459)	(19,038,777)	3,053,714	(22,635,522)
Total net position	\$ (16,662,493)	\$ (29,658,801)	\$ 3,053,714	\$ (43,267,580)

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, 2018

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Business-type activities:				
Texas Student Housing Authority	\$ 456,560	\$ 589,769	\$ -	\$ -
Texas Student Housing Authority College Station Project	8,569,140	3,331,791	-	-
Denton Project	5,981,977	5,438,873	-	-
Total business-type activities	15,007,677	9,360,433	-	-
Total component units	\$ 15,007,677	\$ 9,360,433	\$ -	\$ -

GENERAL REVENUES

Interest income

Total general revenues

Change in net position

NET POSITION, beginning of year

NET POSITION, end of year

Net (Expense) Revenues and Changes in Net Positions

Texas Student Housing Corporation Denton Project	Texas Student Housing Corporation College Station Project	Texas Student Housing Authority	Total
\$ -	\$ -	\$ 133,209	\$ 133,209
-	(5,237,349)	-	(5,237,349)
(543,104)	-	-	(543,104)
(543,104)	(5,237,349)	133,209	(5,647,244)
<u>\$ (543,104)</u>	<u>\$ (5,237,349)</u>	<u>\$ 133,209</u>	<u>\$ (5,647,244)</u>
35,471	-	57,833	93,304
35,471	-	57,833	93,304
(507,633)	(5,237,349)	191,042	(5,553,940)
(16,154,860)	(24,421,452)	2,862,672	(37,713,640)
<u>\$ (16,662,493)</u>	<u>\$ (29,658,801)</u>	<u>\$ 3,053,714</u>	<u>\$ (43,267,580)</u>



THE TOWN OF
WESTLAKE

DISTINCTIVE BY DESIGN

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 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.

Basis of Presentation

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 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.

Public Arts Contribution Fund – to account for contributions restricted for public art.

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.

Town of Westlake

Notes to the Financial Statements

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

Assets, Liabilities, Deferred Inflows/Outflows of Resources, 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, 2018.

Town of Westlake

Notes to the Financial Statements

Restricted Assets

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

Inventories and Prepaid Items

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

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

Fund Changes and Transactions between Funds

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

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

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.

Pensions and Other Post-Employment Benefits (OPEB)

For purposes of measuring the net pension/OPEB and total OPEB liabilities, pension and OPEB related deferred outflows and inflows of resources and pension and OPEB expense, the Town's specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and Teachers Retirement System (TRS) and additions to/deductions from the Town's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS and TRS. 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.

For TMRS, information regarding the Town's Total Pension Liability and Total OPEB Liability is obtained from TMRS through reports prepared for the Town by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

For TRS, information regarding the Town's Total Pension Liability and Total OPEB Liability is obtained from TRS which is a cost-sharing multi-employer defined benefit plan. Reports prepared are in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources on the Statement of Net Position and Governmental Fund Balance Sheet. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has the following items that qualify for reporting in this category:

Deferred Outflow from Loss on Refunding – these deferred outflows reported at the net position result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Town of Westlake

Notes to the Financial Statements

Deferred Outflow/Inflows from Pensions/OPEB – these deferred outflows/inflows reported on the Statement of Net Position result from pension/OPEB contributions after the measurement date (deferred and recognized as a reduction of the related liability in the following fiscal year) and/or differences in projected and actual earnings on pension/OPEB assets (deferred and amortized over a closed five-year period).

Deferred Outflow/Inflows from Contributions – these deferred outflows/inflows result from contributions made or received before time requirement is met. The deferred outflows/inflows from contributions are eliminated at the Statement of Activities and Net Position.

Deferred Inflows from Unavailable Resources – these deferred inflows result from property tax receivables not being collected within 60 days of year end. The deferred inflows from unavailable resources are recorded as revenues on the Statement of Activities.

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, 2018 up through March 19, 2019, the date the financial statements were issued.

Note 2. Cash and Investments

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

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

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

Town of Westlake

Notes to the Financial Statements

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
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 \$23,808,440 and the bank balance was \$24,465,133. 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 \$7,895,407 and the bank balance was \$8,102,720. 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 \$4,520,010 in cash and cash equivalents and \$3,375,397 in restricted cash and cash equivalents.

Town of Westlake

Notes to the Financial Statements

At September 30, 2018, 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	\$ 23,342,212
Restricted cash and investments	<u>623,811</u>
Total primary government	23,966,023
Fiduciary funds:	
Restricted cash and cash equivalents	<u>2,113,820</u>
Total cash and investments	<u><u>\$ 26,079,843</u></u>
Deposits with financial institutions	\$ 23,808,440
Investments	<u>2,271,403</u>
Total cash and investments	<u><u>\$ 26,079,843</u></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 28 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, 2018, the Town's investments were as follows:

Investment Type	Carrying Amount	Fair Value	Weighted Average Maturity (days)
TexPool	\$ 201	\$ 201	28 days
Mutual funds	<u>2,271,202</u>	<u>2,271,202</u>	N/A
Total	<u><u>\$ 2,271,403</u></u>	<u><u>\$ 2,271,403</u></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.

<u>Primary government</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year-end</u>
Investments:				
TexPool	\$ 201	\$ 201	N/A	AAA-m
Mutual funds	<u>2,271,202</u>	<u>2,271,202</u>	N/A	A-1
Total	<u>\$ 2,271,403</u>	<u>\$ 2,271,403</u>		

Disclosures Relating to Concentration of Credit Risk

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

Disclosures Relating to Custodial Credit Risk

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

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, 2018, 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, 2018	Fair Value Measurements Using			Percent of Total Investments	Weighted Average Maturity (Days)
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Investments not Subject to Fair Value:						
Investment Pools:						
TexPool	\$ 201	\$ -	\$ -	\$ -	0.01%	28
Investments by Fair Value Level:						
Mutual Funds	2,271,202	2,271,202	-	-	99.99%	N/A
Total Value	\$ 2,271,403	\$ 2,271,202	\$ -	\$ -		

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, 2018, 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, \$216,430 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 \$3,375,397 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, 2018:

	Governmental Funds				Total Governmental Funds
	General	Westlake Academy	Debt Service Fund	Nonmajor Fund	
Receivables:					
Sales tax	\$ 1,149,748	\$ -	\$ -	\$ 805,104	\$ 1,954,852
Property tax	9,186	-	1,041	-	10,227
Other taxes	16,523	-	-	81,740	98,263
Franchise tax	198,136	-	-	-	198,136
Other	130,792	794,795	-	-	925,587
Gross receivables	1,504,385	794,795	1,041	886,844	3,187,065
Less: allowance for uncollectibles	(2,297)	-	-	-	(2,297)
Net total receivables	\$ 1,502,088	\$ 794,795	\$ 1,041	\$ 886,844	\$ 3,184,768

Town of Westlake
Notes to the Financial Statements

Business-type receivables balance consists of the following as of September 30, 2018:

	Business-Type Activities		
	Utility Fund	Cemetery Fund	Total
Receivables:			
Accounts	\$ 753,714	\$ -	\$ 753,714
Other	-	-	-
Gross receivables	753,714	-	753,714
Less: allowance for uncollectibles	(53,045)	-	(53,045)
Net total receivables	\$ 700,669	\$ -	\$ 700,669

Note 4. Capital Assets

Capital asset activity for the year ended September 30, 2018, was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 12,446,059	\$ -	\$ -	\$ -	\$ 12,446,059
Construction in progress	18,677,154	8,278,835	-	(767,854)	26,188,135
Total assets not being depreciated	31,123,213	8,278,835	-	(767,854)	38,634,194
Capital assets, being depreciated:					
Capital improvements	15,079,702	331,471	-	767,854	16,179,027
Buildings	32,262,586	-	-	-	32,262,586
Machinery and equipment	4,360,115	110,397	-	-	4,470,512
Information systems and software	292,385	35,452	-	-	327,837
Total capital assets being depreciated	51,994,788	477,320	-	767,854	53,239,962
Less accumulated depreciation:					
Capital improvements	(5,116,278)	(563,060)	-	-	(5,679,338)
Buildings	(6,569,350)	(657,917)	-	-	(7,227,267)
Machinery and equipments	(3,311,193)	(300,656)	-	-	(3,611,849)
Information systems and software	(180,900)	(76,678)	-	-	(257,578)
Total accumulated depreciation	(15,177,721)	(1,598,311)	-	-	(16,776,032)
Total capital assets being depreciated	36,817,067	(1,120,991)	-	767,854	36,463,930
Governmental activities capital assets, net	\$ 67,940,280	\$ 7,157,844	\$ -	\$ -	\$ 75,098,124

Town of Westlake
Notes to the Financial Statements

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Construction in progress	\$ 329,030	\$ -	\$ -	\$ -	\$ 329,030
Total assets not being depreciated	329,030	-	-	-	329,030
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	19,095,395	-	-	-	19,095,395
Less accumulated depreciation:					
Capital improvements	(5,164,471)	(362,643)	-	-	(5,527,114)
Wastewater treatment rights	(545,314)	(31,760)	-	-	(577,074)
Machinery and equipment	(2,024,469)	(132,706)	-	-	(2,157,175)
Total accumulated depreciation	(7,734,254)	(527,109)	-	-	(8,261,363)
Total capital assets being depreciated	11,361,141	(527,109)	-	-	10,834,032
Business-type activities capital assets, net	\$ 11,690,171	\$ (527,109)	\$ -	\$ -	\$ 11,163,062

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

Governmental activities:	
General government	\$ 915,911
Public safety	199,473
Public works	482,927
Total depreciation expense - governmental activities	<u>\$ 1,598,311</u>
Business-type activities:	
Water and sewer	<u>\$ 527,109</u>

Town of Westlake

Notes to the Financial Statements

A summary of discretely presented component units' capital assets at September 30, 2018 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	2,200,000	-	-	2,200,000
Capital assets, being depreciated:				
Buildings	25,705,000	-	-	25,705,000
Furniture and fixtures	1,253,841	-	-	1,253,841
Total capital assets being depreciated	26,958,841	-	-	26,958,841
Less accumulated depreciation:				
Buildings	(14,066,346)	(856,833)	-	(14,923,179)
Furniture and fixtures	(1,206,660)	(8,450)	-	(1,215,110)
Total accumulated depreciation	(15,273,006)	(865,283)	-	(16,138,289)
Total capital assets being depreciated	11,685,835	(865,283)	-	10,820,552
Capital assets, net	\$ 13,885,835	\$ (865,283)	\$ -	\$ 13,020,552

Texas Student Housing Corporation – College Station Project

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,899,597	\$ -	\$ -	\$ 2,899,597
Total assets not being depreciated	2,899,597	-	-	2,899,597
Capital assets, being depreciated:				
Buildings	26,885,312	-	-	26,885,312
Furniture and fixtures	3,437,138	-	-	3,437,138
Total capital assets being depreciated	30,322,450	-	-	30,322,450
Less accumulated depreciation:				
Buildings	(11,541,705)	(896,178)	-	(12,437,883)
Furniture and fixtures	(3,114,417)	(84,771)	-	(3,199,188)
Total accumulated depreciation	(14,656,122)	(980,949)	-	(15,637,071)
Total capital assets being depreciated	15,666,328	(980,949)	-	14,685,379
Capital assets, net	\$ 18,565,925	\$ (980,949)	\$ -	\$ 17,584,976

Town of Westlake

Notes to the Financial Statements

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.

A summary of long-term debt transactions for the year ended September 30, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One year
Governmental activities:					
General obligation bonds					
other obligations	\$ 35,257,700	\$ -	\$ (1,519,000)	\$ 33,738,700	\$ 1,567,450
Unamortized bond premium	1,578,909	-	(99,812)	1,479,097	-
Notes payable	238,404	-	(36,677)	201,727	36,677
Capital leases	162,004	-	-	162,004	162,004
Compensated absences	333,005	202,853	(128,698)	407,160	40,716
Total OPEB liability - TMRS	34,959	15,683	-	50,642	
Net OPEB liability - TRS	4,516,574		(1,958,260)	2,558,314	
Net pension liability - TMRS	1,314,966	-	(368,890)	946,076	-
Net pension liability - TRS	1,051,346	-	(155,683)	895,663	-
Total governmental activities	\$ 44,487,867	\$ 218,536	\$ (4,267,020)	\$ 40,439,383	\$ 1,806,847
Business-type activities:					
Certificates of obligation	\$ 949,300	\$ -	\$ (22,000)	\$ 927,300	\$ 22,550
Contractual obligations	5,126,958	-	(213,093)	4,913,865	113,756
Unamortized bond premium	29,881	-	(1,172)	28,709	-
Compensated absences	65,504	29,696	(22,789)	72,411	7,241
Total OPEB liability - TMRS	4,294	1,926	-	6,220	-
Net pension liability - TMRS	161,515	-	(45,310)	116,205	-
Total business-type activities	\$ 6,337,452	\$ 31,622	\$ (304,364)	\$ 6,064,710	\$ 143,547

The Town's accrued interest for general obligation bonds reported in governmental activities was \$146,995 and certificate of obligation s reported in business-type activities for \$4,100.

Town of Westlake

Notes to the Financial Statements

General Obligation Bonds and Certificates of Obligation

General obligation bonds and certificates of obligation are as follows as of September 30, 2018:

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%	\$ 1,473,000	\$ -
\$7,375,000 General Obligation Refunding Bonds, Series 2011	2028	2.0-4.0%	5,660,000	-
\$9,320,000 Certificates of Obligation, Series 2013	2043	2.0-4.0%	7,550,700	927,300
\$2,200,000 General Obligation Refunding Bonds, Series 2013	2028	2.0-2.5%	1,452,000	-
\$9,180,000 Certificate of Obligation Bonds, Series 2016	2046	2.0-5.0%	8,980,000	-
\$5,795,000 General Obligation Refunding Bonds, Series 2017	2032	2.0-5.0%	5,765,000	-
\$1,530,000 Tax Notes, Series 2017	2024	2.0-5.0%	1,328,000	-
\$1,910,000 General Obligation Refunding Bonds, Series 2014	2032	2.0-5.0%	1,530,000	-
			<u>\$ 33,738,700</u>	<u>\$ 927,300</u>

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
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	1,742,700	945,371	2,688,071
2024-2028	8,503,850	3,921,635	12,425,485
2029-2033	8,260,800	2,342,786	10,603,586
2034-2038	3,293,100	1,375,407	4,668,507
2039-2043	3,966,850	696,848	4,663,698
2044-2046	1,440,000	88,000	1,528,000
Total	<u>\$ 33,738,700</u>	<u>\$ 13,602,872</u>	<u>\$ 47,341,572</u>

Town of Westlake

Notes to the Financial Statements

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

Year Ending September 30,	Principal	Interest	Total Requirements
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	25,300	30,288	55,588
2024-2028	139,150	139,223	278,373
2029-2033	233,200	107,112	340,312
2034-2038	196,900	65,840	262,740
2039-2043	238,150	24,503	262,653
Total	\$ 927,300	\$ 494,215	\$ 1,421,515

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
2019	\$ 36,677
2020	36,677
2021	36,677
2022	36,677
2023	36,677
2024	18,342
Total	\$ 201,727

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, 2018. 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, 2018.

Town of Westlake

Notes to the Financial Statements

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, 2018:

Year Ending August 31,	Annual Lease Payments
2019	\$ 166,038
Total minimum lease payments	166,038
Less: Amounts representing interest	(4,034)
Present value of net minimum lease payments	\$ 162,004

Contractual Obligations

Proprietary funds contractual obligations as of September 30, 2018 are as follows:

Contractual Obligations	Maturity	Interest Rate	Business- Type
Elevated Water Storage Facility	2020	5.0-5.65%	\$ 233,921
Limited pledge contractual obligation: Dove Road Water Line and West Pump Station	2028	6.75%	4,679,944
			<u>\$ 4,913,865</u>

Elevated Water Storage Facility - On October 9, 2000, the Town approved an interlocal agreement with the Town 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 Town 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 constructions 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	\$ -	\$ 8,510,980	\$ 8,510,980
2019	113,756	891,431	1,005,187
2020	120,165	949,146	1,069,311
2021	4,679,944	752,757	5,432,701
Total	\$ 4,913,865	\$ 11,104,314	\$ 16,018,179

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, 2018, 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	\$ 21,195,000	\$ -	\$ (955,000)	\$ 20,240,000	\$ 1,015,000
2001 B Bonds	3,240,000	-	-	3,240,000	1,430,000
Less discount on bonds	(484,899)	-	37,485	(447,414)	-
Total	\$ 23,950,101	\$ -	\$ (917,515)	\$ 23,032,586	\$ 2,445,000

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, 2018, 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, 2018. 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	\$ 1,360,000	\$ 8,710,421	\$ 10,070,421
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	1,430,000	1,248,483	2,678,483
2024-2028	8,860,000	4,543,880	13,403,880
2029-2031	7,000,000	1,039,228	8,039,228
	<u>\$ 23,480,000</u>	<u>\$ 21,421,020</u>	<u>\$ 44,901,020</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>\$ 28,205,000</u>

The following is a summary of long-term debt transactions of the Project for the year ended August 31, 2018:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue Certificates	<u>\$ 28,419,200</u>	<u>\$ -</u>	<u>\$ (214,200)</u>	<u>\$ 28,205,000</u>	<u>\$ 1,610,800</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, 2018 are as follows:

Year Ending August 31,	Principal	Interest	Total
Past Due	\$ 890,800	\$ 20,336,807	\$ 21,227,607
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	495,000	1,410,935	1,905,935
2024-2028	3,090,000	6,415,005	9,505,005
2029-2033	4,450,000	5,004,005	9,454,005
2034-2038	6,425,000	2,953,495	9,378,495
2039-2040	9,634,200	372,715	10,006,915
Total	\$ 28,205,000	\$ 42,731,469	\$ 70,936,469

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, 2018.

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, 2018, 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 \$369,062 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 \$6,890 and \$1,041 of unavailable property taxes in the general fund and debt service fund, respectively, as well as \$323,439 of unavailable contributions in the Westlake Academy fund. The unavailable contribution is from the Town (general fund) with a time constraint to be used for fiscal year 2019. Accordingly, a deferred outflow of resources has been recorded in the general fund in the same amount.

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 Town 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 sewer line. The sewer line was constructed in 2000. Additionally, the Town must pay the Town 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, 2018, were as follows:

Source	Westlake Academy
Federal program revenues:	
U.S. Department of Education - Passed through State Department of Education	
Total federal program revenues	<u>\$ 114,797</u>
State program revenues:	
State Department of Education	<u>\$ 7,217,383</u>

Note 9. Interfund Balances and Transactions

Interfund receivables and payables at September 30, 2018, were as follows:

	Due from Other Funds	Due to Other Funds
General fund	\$ 487,121	\$ -
Nonmajor governmental funds:		
4B Economic Development Fund	-	487,121
	<u>\$ 487,121</u>	<u>\$ 487,121</u>

The 4B Economic Development Corporation Fund amount of \$487,121 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 2018 were as follows:

Transfer out	Transfer in	Amount	Purpose
General Fund	Debt Service Fund	\$ 911,268	Debt service payments
General Fund	Westlake Academy	315,000	For student reserve fund
General Fund	Capital projects fund	950,450	For capital improvements
Nonmajor Governmental	Nonmajor Governmental	200,000	Economic development payments for benefit of Westlake Academy
Nonmajor Governmental	Debt Service	1,500,901	Debt service payments
Utility Fund	General Fund	71,466	Fort Worth impact revenue
		<u>\$ 3,949,085</u>	

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, 2018 was \$1,570,220.

Note 11. Defined Benefit Pension Plan - TMRS

Plan Description

The Town participates as one of 866 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 Town 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 Town, 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 Town-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, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees of beneficiaries currently receiving benefits	11
Inactive employees entitled to but not yet receiving benefits	22
Active employees	41
	<hr/>
	74
	<hr/>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the Town matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the Town. Under the state law governing TMRS, the contribution rate for each Town 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 12.05% and 12.84% in calendar years 2017 and 2018, respectively. The Town's contributions to TMRS for the year ended September 30, 2018, were \$454,421, and were equal to the required contributions.

Net Pension Liability

The Town's Net Pension Liability (NPL) was measured as of December 31, 2017, 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, 2017 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, 2017, 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
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)
Balance at 12/31/2016	\$ 6,304,274	\$ 4,827,793	\$ 1,476,481
Changes for the year:			
Service Cost	566,643	-	566,643
Interest	439,725	-	439,725
Change of benefit terms	-	-	-
Difference between expected and actual experience	(120,557)	-	(120,557)
Changes of assumptions	-	-	-
Contributions - employer	-	400,684	(400,684)
Contributions - employee	-	232,776	(232,776)
Net investment income	-	670,195	(670,195)
Benefit payments, including refunds of employee contributions	(146,316)	(146,316)	-
Administrative expense	-	(3,468)	3,468
Other changes	-	(176)	176
Net Changes	739,495	1,153,695	(414,200)
Balance at 12/31/17	\$ 7,043,769	\$ 5,981,488	\$ 1,062,281

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%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability	\$ 2,193,790	\$ 1,062,281	\$ 135,820

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.tms.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, 2018, the Town recognized pension expense of \$530,286.

At September 30, 2018, 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
	<u> </u>	<u> </u>
Difference between expected and actual economic experience	\$ 227,613	\$ 97,506
Changes in actuarial assumptions	65,071	-
Difference between projected and actual investment earnings	-	168,060
Contributions subsequent to the measurement date	<u>343,570</u>	
Total	<u><u>\$ 636,254</u></u>	<u><u>\$ 265,566</u></u>

\$343,570 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, 2019. Other 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)
<u> </u>	<u> </u>
2018	\$ 78,927
2019	54,075
2020	(27,277)
2021	(73,305)
2022	<u>(5,302)</u>
Total	<u><u>\$ 27,118</u></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 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 2015 thru 2016. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2017 and 2018.

Contribution rates	2017	2018
Member	7.70%	7.70%
Non-employer contributing entity (State)	6.80%	6.80%
Employers	6.80%	6.80%
2018 Employer contributions	\$ 91,593	
2018 Member contributions	\$ 407,324	
2017 NECE on-behalf contributions	\$ 355,959	

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, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017
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. 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.

Town of Westlake

Notes to the Financial Statements

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2017 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-term Expected Portfolio Real Rate of Return*
Global Equity			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	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 2017 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	\$ 1,509,911	\$ 895,663	\$ 384,202

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 \$895,663 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	\$	895,663
State's proportionate share that is associated with Academy		<u>3,480,057</u>
	\$	<u><u>4,375,720</u></u>

The net pension liability was measured as of August 31, 2017 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, 2016 thru August 31, 2017.

At August 31, 2017, the employer's proportion of the collective net pension liability was 0.0028012% which was an increase of 0.000019% from its proportion measured as of August 31, 2016.

Changes since the Prior Actuarial Valuation

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

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

For the year ended August 31, 2018, the Academy recognized pension expense of \$441,006 and revenue of \$265,445 for support provided by the State.

Town of Westlake

Notes to the Financial Statements

At August 31, 2018, 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	\$ 13,104	\$ 48,302
Changes in actuarial assumptions	40,799	23,356
Changes in proportionate share	364,013	913
Difference between projected and actual investment earnings	-	65,274
Contributions paid to TRS subsequent to the measurement date	91,593	-
Total	\$ 509,509	\$ 137,845

The \$91,593 reported as a deferred outflow of resources resulting from Academy contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending August 31, 2019.

The other 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)
2019	\$ 63,372
2020	120,544
2021	58,977
2022	36,466
2023	857
Thereafter	(145)
Total	\$ 280,071

Note 13. Other Post-Employment Benefits – TMRS

Plan Description

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The Town has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for Town reporting.

Town of Westlake

Notes to the Financial Statements

Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of \$7,500.

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>41</u>
	<u>50</u>

Contributions

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

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each Town. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

The retiree portion of contribution rates to the SDBF for the Town was 0.00% and 0.01% in calendar years 2017 and 2018. The Town's contributions to the SDBF for the year ended September 30, 2018 were \$6,380, and were equal to the required contributions.

Total OPEB Liability

The Town's Total OPEB Liability (TOL) was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

Town of Westlake

Notes to the Financial Statements

Actuarial Assumptions

The Total OPEB Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.5% to 10.5% including inflation
Discount rate	3.31%
Retiree's share of benefit-related costs	0.00%

Salary increases were based on a service-related table. Mortality rates for service retirees were based on the 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. Mortality rates for disabled retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2017, valuation were developed primarily from an actuarial experience study of the four-year period from December 31, 2010 through December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, TMRS adopted the Entry Age Normal Actuarial Cost Method.

The discount rate used to measure the Total OPEB Liability was 3.31% and was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

Town of Westlake
Notes to the Financial Statements

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at 12/31/2016	\$ 39,253
Changes for the year:	
Service Cost	6,318
Interest on Total OPEB Liability	1,603
Change of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions or other inputs	4,872
Benefit payments	4,816
Administrative expense	-
Other changes	-
Net changes	<u>17,609</u>
Balance at 12/31/17	<u>\$ 56,862</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, calculated using the discount rate of 3.31%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.31%) or 1 percentage-point higher (4.31%) than the current rate:

	1% Decrease in Discount Rate (2.31%)	Discount Rate (3.31%)	1% Increase in Discount Rate (4.31%)
Total OPEB Liability	\$ 64,808	\$ 56,862	\$ 42,389

Town of Westlake

Notes to the Financial Statements

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the Town recognized pension expense of \$8,580. At September 30, 2018, 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
Changes in assumptions and other inputs	\$ 4,213	\$ -
Contributions subsequent to the measurement date	<u>4,816</u>	<u>-</u>
Total	<u>\$ 9,029</u>	<u>\$ -</u>

The \$4,816 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will reduce the Total OPEB liability during the year ending September 30, 2019. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended Sept. 30:	Net Deferred Outflows (Inflows)
2019	\$ 659
2020	659
2021	659
2022	659
2023	659
Thereafter	<u>918</u>
Total	<u>\$ 4,213</u>

Note 14. Health Care Coverage

During the period ended August 31, 2018, employees of the Academy (a blended component unit of the Town) who met minimum eligibility requirements were covered by a state-wide health care plan, TRS Active Care. The Academy's participation in this plan is renewed annually. The Academy paid into the Plan \$351 per month per employee and \$276 per month when the employee works less than 30 hours per week if eligible to enroll in TRS Active Care. Employees, at their option, pay premiums for any coverage above these amounts as well as for dependent coverage.

The Teacher Retirement System (TRS) manages TRS Active Care. The medical plan is administered by Aetna, and Caremark Health administers the prescription drug plan. The latest financial information on the state-wide plan may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading.

Town of Westlake

Notes to the Financial Statements

Note 15. Defined Other Post Employment Benefit Plan – TRS

Plan Description

The Academy participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS 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-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational Academics who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare Parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans.

TRS-Care Plan Premium Rates
Effective September 1, 2016 - December 31, 2017

	<u>TRS-Care 1</u> <u>Basic Plan</u>	<u>TRS-Care 2</u> <u>Optional Plan</u>	<u>TRS-Care 3</u> <u>Optional Plan</u>
Retiree*	\$ -	\$ 70	\$ 100
Retiree and spouse	20	175	255
Retiree* and children	41	132	182
Retiree and family	61	237	337
Surviving children only	28	62	82

* or surviving spouse

Town of Westlake

Notes to the Financial Statements

Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and Academy based upon Academy payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.0% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>2018</u>	<u>2017</u>
Active employee	0.65%	0.65%
Non-employer contribution entity (state)	1.25%	1.00%
Employers/District	0.75%	0.55%
Federal/private funding remitted by Employer	1.25%	1.00%

The contribution amounts for the Academy's fiscal year 2018 are as follows:

2018 Employer contributions	\$ 46,204
2018 Member contributions	\$ 407,324
2018 NECE on-behalf contributions	\$ 52,680

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (*regardless of whether or not they participate in the TRS Care OPEB program*). When employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$15.6 million in fiscal year 2017 and \$182.6 million in fiscal year 2018.

Town of Westlake

Notes to the Financial Statements

Actuarial Assumptions

The total OPEB liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	Expected payroll growth
Rates of disability incidence	
Additional Actuarial Methods and Assumptions:	
Valuation date	August 31, 2017
Actuarial cost method	Individual entry age normal
Inflation	2.50%
Discount rate*	3.42%*
Aging factors	Based on plan specific experience
Expenses	third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll growth rate	2.50%
Projected salary increases**	3.50% to 9.50%**
Healthcare trend rates***	4.50% to 12.00%***
Election Rates	Normal retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad hoc post-employment benefit changes	None

***Source:** Fixed income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2017.

**Includes inflation at 2.50%

***Initial trend rates are 7.00% for non-Medicare retiree; 10.00% for Medicare retirees and 12.00% for prescriptions for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 10 years.

Other information - There was a significant plan change adopted in fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will be offered and all retirees will be required to contribute monthly premiums for coverage. Assumption changes made for the August 31, 2017 valuation include a change to the assumption regarding the phase-out of the Medicare Part D subsidies and a change to the discount rate from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017.

Discount Rate

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of .44 percent in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active 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 OPEB plan's fiduciary net position was projected to *not be able to* make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Town of Westlake

Notes to the Financial Statements

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.42%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.42%)	Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
Academy's proportionate share of the net OPEB liability	\$ 3,019,446	\$ 2,558,314	\$ 2,187,668

Healthcare Cost Trend Rates Sensitivity Analysis. The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Academy's proportionate share of the net OPEB liability	\$ 2,130,052	\$ 2,558,314	\$ 3,120,248

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At August 31, 2018, the Academy reported a liability of \$2,558,314 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the Academy. The amount recognized by the Academy as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Academy were as follows:

Academy's proportionate share of the collective net pension liability	\$ 2,558,314
State's proportionate share that is associate with Academy	4,406,333
Total	\$ 6,964,647

The Net OPEB Liability was measured as of August 31, 2017 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016 thru August 31, 2017.

At August 31, 2017 the employer's proportion of the collective Net OPEB Liability was .00588304% which was the same proportion measured as of August 31, 2016.

Changes Since the Prior Actuarial Valuation. The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period.

The following assumptions and other inputs which are specific to TRS-Care were updated during the year ended August 31, 2017:

1. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.

Town of Westlake

Notes to the Financial Statements

- The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
- The discount rate changed from 2.98 percent as of August 31, 2016 to 3.42 percent as of August 31, 2017. This change lowered the total OPEB liability.

For the year ended August 31, 2018, the Academy recognized OPEB expense of (\$2,326,965) and revenue of (\$1,474,476) for support provided by the State.

At August 31, 2018, the Academy reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 53,407
Changes in actuarial assumptions	-	1,016,741
Difference between projected and actual investment earnings	389	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	10	-
Contributions paid to TRS subsequent to the measurement date	46,204	-
Total	\$ 46,603	\$ 1,070,148

The \$46,204 deferred outflow of resources resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2019. The net amounts of the remaining balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended August 31,	OPEB Expense (Income) Amount
2019	\$ (141,154)
2020	(141,154)
2021	(141,154)
2022	(141,154)
2023	(141,251)
Thereafter	(363,882)
Total	\$ (1,069,749)

Town of Westlake

Notes to the Financial Statements

Note 16. 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 17. 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, Lexington TNI, 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 18. 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 19. 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, 2018, the Town abated \$246,646 in property taxes; \$422,441 in sales taxes; and \$47,410 in hotel/motel taxes.

Note 20. Going Concern

The 2018 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.

Town of Westlake

Notes to the Financial Statements

Note 21. Expenditures In Excess of Appropriations

For the year ended September 30, 2018, the Westlake Academy Fund expenditures exceeded appropriations by \$93,311. The over-expenditure will be addressed through future appropriations.

Note 22. Cumulative Effect of Change in Accounting Principle

As a result of the implementation of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", the following adjustments were made to beginning net position:

	Governmental Activities	Business-Type Activities
Beginning Net position		
before restatement	\$ 58,048,432	\$ 1,836,874
Deferred outflow (TMRS)	3,856	474
Total Pension Liability (TMRS)	(34,959)	(4,294)
Deferred outflow (TRS)	36,022	-
Net OPEB Liability (TRS)	(4,516,574)	-
Cumulative effect of change in accounting principle	(4,511,655)	(3,820)
Beginning Net position	\$ 53,536,777	\$ 1,833,054

Required Supplementary Information



THE TOWN OF
WESTLAKE

DISTINCTIVE BY DESIGN

Town of Westlake

Exhibit B-1

Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Budget and Actual – General Fund
For the Year Ended September 30, 2018

	General Fund			Variance Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Amended		
REVENUES				
Taxes				
Sales	\$ 3,510,500	\$ 3,510,500	\$ 4,080,263	\$ 569,763
Property	1,205,205	1,325,125	1,329,236	4,111
Mixed beverages	62,500	62,500	62,347	(153)
Franchise	983,630	983,815	779,506	(204,309)
Interest income	45,575	183,735	237,164	53,429
Building permits and fees	2,445,266	2,420,481	2,314,933	(105,548)
Fines and penalties	809,880	715,545	633,318	(82,227)
Contributions	-	142,240	37,238	(105,002)
Miscellaneous	78,035	137,960	206,305	68,345
Total revenues	9,140,591	9,481,901	9,680,310	198,409
EXPENDITURES				
Current				
General government	3,632,122	3,946,671	3,672,933	273,738
Public safety	3,096,217	3,234,696	2,992,727	241,969
Cultural and recreation	360,288	348,172	183,816	164,356
Public works	438,069	581,569	620,985	(39,416)
Capital outlay	212,000	248,125	209,164	38,961
Debt service				
Principal retirement	36,680	36,697	36,677	20
Total expenditures	7,775,376	8,395,930	7,716,302	679,628
Excess of revenues over expenditures	1,365,215	1,085,971	1,964,008	878,037
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	62,000	71,466	9,466
Transfers out	(2,787,892)	(1,789,669)	(2,176,718)	(387,049)
Net other financing sources (uses)	(2,737,892)	(1,727,669)	(2,105,252)	(377,583)
NET CHANGE IN FUND BALANCE	(1,372,677)	(641,698)	(141,244)	500,454
FUND BALANCE AT BEGINNING OF YEAR	10,937,492	10,937,492	10,937,492	-
FUND BALANCE AT END OF YEAR	\$ 9,564,815	\$ 10,295,794	\$ 10,796,248	\$ 500,454

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, 2018

	Westlake Academy			Variance Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
State program revenues	\$ 7,159,096	\$ 7,030,713	\$ 7,217,383	\$ 186,670
Federal program revenues	104,000	114,797	114,797	-
Interest income	3,000	9,000	9,878	878
Local and intermediate sources	1,334,900	1,480,986	1,520,125	39,139
Total revenues	8,600,996	8,635,496	8,862,183	226,687
EXPENDITURES				
Education	8,643,210	8,919,037	9,012,348	(93,311)
Interest and other fiscal charges	8,885	8,885	8,885	-
Total expenditures	8,652,095	8,927,922	9,021,233	(93,311)
Deficiency of revenues under expenditures	(51,099)	(292,426)	(159,050)	133,376
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	263,901	22,574	155,950	133,376
FUND BALANCE AT BEGINNING OF YEAR	965,248	965,248	965,248	-
FUND BALANCE AT END OF YEAR	\$ 1,229,149	\$ 987,822	\$ 1,121,198	\$ 133,376

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

Exhibit B-3

Schedule of Net Pension Liability and Related Ratios
Texas Municipal Retirement System Pension Plan
Last Four Measurement Years

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 566,643	\$ 483,414	\$ 435,146	\$ 288,923
Interest	439,725	371,753	317,982	264,994
Change in benefit terms	-	-	-	-
Difference between expected and actual experience	(120,557)	212,434	96,226	176,965
Change in assumptions	-	-	139,579	-
Benefit payments	(146,316)	(58,144)	(38,289)	(55,762)
Net change in total pension liability	739,495	1,009,457	950,644	675,120
Total pension liability, beginning	6,304,274	5,294,817	4,344,173	3,669,053
Total pension liability, ending	7,043,769	6,304,274	5,294,817	4,344,173
Plan fiduciary net position				
Contributions, employer	400,684	330,604	290,278	172,064
Contributions, nonemployer	232,776	203,359	188,725	152,077
Net investment income	670,195	276,056	5,368	182,430
Benefit payments	(146,316)	(58,144)	(38,289)	(55,762)
Administrative income	(3,468)	(3,113)	(3,268)	(1,904)
Other	(176)	(168)	(191)	(127)
Net change in plan fiduciary net position	1,153,695	748,594	442,623	448,778
Plan fiduciary net position, beginning	4,827,793	4,079,199	3,636,576	3,187,798
Plan fiduciary net position, ending	5,981,488	4,827,793	4,079,199	3,636,576
Town's net pension liability, ending	\$ 1,062,281	\$ 1,476,481	\$ 1,215,618	\$ 707,597
Plan fiduciary net position as a % of total pension liability	84.92%	76.58%	77.04%	83.71%
Covered payroll	\$ 3,325,369	\$ 2,905,134	\$ 2,696,072	\$ 2,172,525
Town's net pension liability as a % of payroll	31.94%	50.82%	45.09%	32.57%

Note: Only four 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 not 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 Pension Contributions
 Texas Municipal Retirement System Pension Plan
 Last Four Measurement Years

Exhibit B-4

	2018	2017	2016	2015
Actuarially determined contributions	\$ 454,421	\$ 419,720	\$ 316,618	\$ 277,651
Contributions in relation to the actuarially determined contributions	(454,421)	(419,720)	(316,618)	(277,651)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	3,595,707	3,325,369	2,821,349	2,778,776
Contributions as a percentage of covered payroll	12.64%	12.62%	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 four 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 not 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 Pension Plan Required Supplementary Information
For the Year Ended September 30, 2018

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	26 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.
Other information	There were no benefit changes during the year.

Town of Westlake

Exhibit B-5

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

	2017	2016	2015	2014
Academy's proportion of the net pension liability	0.0028012%	0.0027822%	0.0030945%	0.0007190%
Academy's proportionate share of net pension liability	\$ 895,663	\$ 1,051,346	\$ 1,093,865	\$ 192,056
State's proportionate share of net pension liability associated with the Westlake Academy	3,480,057	4,035,754	3,667,893	2,965,583
Total	<u>\$ 4,375,720</u>	<u>\$ 5,087,100</u>	<u>\$ 4,761,758</u>	<u>\$ 3,157,639</u>
Academy's covered payroll	\$ 5,391,515	\$ 5,094,571	\$ 4,784,695	\$ 4,300,931
Academy's proportionate share of net pension liability as a percentage of its covered payroll	16.61%	20.64%	22.86%	4.47%
Plan fiduciary net position as a percentage of total pension liability	82.17%	78.00%	78.43%	83.25%

Note: Only four 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

Exhibit B-6

Schedule of Pension Contributions
 Teacher Retirement System Pension Plan
 Last Four Fiscal Years
 (Unaudited)

	2018	2017	2016	2015
Statutorily required contributions	\$ 91,593	\$ 131,436	\$ 88,399	\$ 92,325
Actual contributions in relation to statutorily required contributions	(91,593)	131,436	88,399	92,325
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Academy's covered payroll	\$ 5,289,916	\$ 5,391,515	\$ 5,094,571	\$ 4,784,694
Contributions as a percentage of Academy's covered payroll	1.73%	2.44%	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 four 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

Notes to Teachers Retirement System Pension Plan Required Supplementary Information
For the Year Ended September 30, 2018

Actuarial Methods and Assumptions used to Determine Contribution Rates

The following information was used in the actuarial valuation for determining the actuarially - determined contribution rate used for funding purposes. The methods and assumptions are as follows:

Valuation date	August 31, 2017
Actuarial cost method	Ultimate entry age normal
Amortization method	Level percentage of payroll, Floating
Remaining amortization period	32.2 years
Asset valuation method	Five year smoothed market
Actuarial assumption	
Inflation	2.50%
Salary increases	3.50% to 9.50% including inflation
Investment rate of return	8.00%

**Actuarial determined contribution rates are calculated as of August 31, of the preceding fiscal year. Members and employees are based upon statutorily fixed rates.

Town of Westlake**Exhibit B-7**

Schedule of Changes in the Total OPEB Liability and Related Ratios
 Texas Municipal Retirement System OPEB Plan
 Last Ten Measurement Years
 (Unaudited)

	<u>2017</u>
Total OPEB liability	
Service cost	\$ 6,318
Interest	1,603
Change in benefit terms	-
Difference between expected and actual experience	-
Change in assumptions	4,872
Benefit payments	<u>4,816</u>
Net change in total OPEB liability	17,609
Total OPEB liability, beginning	<u>39,253</u>
Total OPEB liability, ending	<u>\$ 56,862</u>
Covered payroll	\$ 3,325,369
Total OPEB liability as a % of covered payroll	1.71%

Note: Only one year of data is presented in accordance with GASB #75. Additional years' information will be displayed as it becomes available.

The TMRS Supplementary Death Benefit Fund (SDBF) is considered to be an unfunded OPEB plan; therefore, no plan fiduciary net position and related ratios are reported in the above schedule.

Town of Westlake
 Schedule of OPEB Contributions
 Texas Municipal Retirement System OPEB Plan
 Last Ten Fiscal Years
 (Unaudited)

Exhibit B-8

	<u>2018</u>
Actuarially determined contributions	\$ 6,380
Contributions in relation to the actuarially determined contributions	<u>(6,380)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered payroll	\$ 3,595,707
Contributions as a percentage of covered payroll	0.18%

Note: GASB #75, paragraph 57 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.

The TMRS Supplementary Death Benefit Fund (SDBF) is considered to be an unfunded OPEB plan; therefore, no plan fiduciary net position and related ratios are reported in the above schedule.

Town of Westlake

Notes to Texas Municipal Retirement System OPEB Required Supplementary Information
For the Year Ended September 30, 2018

Valuation Date Actuarially determined contribution rates are calculated as of December 31, and become effective in January 13 months

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	17 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

Town of Westlake**Exhibit B-9**

Schedule of Academy's Proportionate Share the Net OPEB Liability and Related Ratios
 Teacher Retirement System TRS Care Plan
 Last Ten Measurement Years
 (Unaudited)

	<u>2017</u>
Academy's proportion of the net OPEB liability	0.0058830%
Academy's proportionate share of net OPEB liability	\$ 2,558,314
State's proportionate share of net OPEB liability associated with the Westlake Academy	<u>4,406,333</u>
Total	<u>\$ 6,964,647</u>
Academy's covered payroll	\$ 5,391,515
Academy's proportionate share of net OPEB liability as a percentage of its covered payroll	47.45%
Plan fiduciary net position as a percentage of total OPEB liability	0.91%

Note: Only one year of data is presented in accordance with GASB #75. "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 Academy's OPEB Contributions
 Teacher Retirement System TRS Care Plan
 Last Ten Fiscal Years
 (Unaudited)

Exhibit B-10

	2018
Statutorily required contributions	\$ 46,204
Actual contributions in relation to statutorily required contributions	(46,204)
Contribution deficiency (excess)	\$ -
Academy's covered payroll	\$ 5,289,916
Contributions as a percentage of Academy's covered payroll	0.87%

Note: GASB 75 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 one year of data is presented in accordance with GASB #75. "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

Notes to Teacher Retirement System TRS Care Plan Required Supplementary Information For the Year Ended September 30, 2018

There was a significant plan change adopted in fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will be offered and all retirees will be required to contribute monthly premiums for coverage.

Assumption changes made for the August 31, 2017 valuation include a change to the assumption regarding the phase-out of the Medicare Part D subsidies and a change to the discount rate from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017. The change to the Medicare Part D subsidy phase-out assumption had the larger impact.



THE TOWN OF
WESTLAKE

DISTINCTIVE BY DESIGN

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, 2018

	Debt Service Fund			Variance Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Amended		
REVENUES				
Taxes				
Property	\$ 271,411	\$ 296,984	\$ 297,460	\$ 476
Total revenues	271,411	296,984	297,460	476
EXPENDITURES				
Debt service				
Principal retirement	1,519,000	1,519,000	1,519,000	-
Interest and other fiscal charges	1,169,160	1,171,293	1,173,794	(2,501)
Total expenditures	2,688,160	2,690,293	2,692,794	(2,501)
Deficiency of revenues under expenditures	(2,416,749)	(2,393,309)	(2,395,334)	(2,025)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,710,068	2,412,169	2,412,169	-
Net other financing sources (uses)	2,710,068	2,412,169	2,412,169	-
NET CHANGE IN FUND BALANCE	293,319	18,860	16,835	(2,025)
FUND BALANCE AT BEGINNING OF YEAR	11,963	11,963	11,963	-
FUND BALANCE AT END OF YEAR	\$ 305,282	\$ 30,823	\$ 28,798	\$ (2,025)

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.

Public Arts Contribution Fund

To account for contributions restricted for public arts.

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
Combining Balance Sheet
Non Major Governmental Funds
For the Year Ended September 30, 2018

Exhibit C-2

	Special Revenue Funds					Westlake Academy Expansion Capital Projects Fund	Total Nonmajor Governmental Funds
	Visitors Association	Lone Star Public Facilities Corporation Fund	Economic Development Fund	Public Arts Contribution	4B Economic Development Corporation Fund		
ASSETS							
Cash and cash equivalents	\$ 705,350	\$ 14,141	\$ 21,400	\$ 30,000	\$ -	\$ 1,651,843	\$ 2,422,734
Accounts receivable	79,909	-	319,814	-	487,121	-	886,844
Prepaid items	3,316	-	-	-	-	-	3,316
Total assets	\$ 788,575	\$ 14,141	\$ 341,214	\$ 30,000	\$ 487,121	\$ 1,651,843	\$ 3,312,894
LIABILITIES AND FUND BALANCES							
Accounts payable	\$ 30,224	\$ -	\$ 341,214	\$ -	\$ -	\$ -	\$ 371,438
Unearned revenue	3,260	-	-	-	-	-	3,260
Due to other funds	-	-	-	-	487,121	-	487,121
Total liabilities	33,484	-	341,214	-	487,121	-	861,819
FUND BALANCES							
Nonspendable:							
Prepaid items	3,316	-	-	-	-	-	3,316
Restricted for:							
Capital items	-	-	-	-	-	1,651,843	1,651,843
Tourism	751,775	-	-	30,000	-	-	781,775
Future projects	-	14,141	-	-	-	-	14,141
Total fund balances	755,091	14,141	-	30,000	-	1,651,843	2,451,075
Total liabilities and fund balances	\$ 788,575	\$ 14,141	\$ 341,214	\$ 30,000	\$ 487,121	\$ 1,651,843	\$ 3,312,894

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, 2018

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Visitors Association	Lone Star Public Facilities Corporation Fund	Economic Development Fund	Public Arts Contribution	4B Economic Development Corporation Fund	Westlake Academy Expansion Capital Projects Fund	
REVENUES							
Sales taxes	\$ -	\$ -	\$ 422,441	\$ -	\$ 1,500,901	\$ -	\$ 1,923,342
Hotel occupancy taxes	801,756	-	47,411	-	-	-	849,167
Interest income	19,104	352	-	-	-	38,498	57,954
Contributions	1,945	-	200,000	30,000	-	-	231,945
Miscellaneous	8,438	-	-	-	-	-	8,438
Total revenues	831,243	352	669,852	30,000	1,500,901	38,498	3,070,846
EXPENDITURES							
Current:							
Economic development	-	-	469,852	-	-	-	469,852
Visitor services	875,322	-	-	-	-	-	875,322
Total expenditures	875,322	-	469,852	-	-	-	1,345,174
Excess (deficiency) of revenues over (under) expenditures	(44,079)	352	200,000	30,000	1,500,901	38,498	1,725,672
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	200,000	200,000
Transfers out	-	-	(200,000)	-	(1,500,901)	-	(1,700,901)
Total other financing sources (uses)	-	-	(200,000)	-	(1,500,901)	200,000	(1,500,901)
Net change in fund balances	(44,079)	352	-	30,000	-	238,498	224,771
Fund balances, October 1	799,170	13,789	-	-	-	1,413,345	2,226,304
Fund balances, September 30	\$ 755,091	\$ 14,141	\$ -	\$ 30,000	\$ -	\$ 1,651,843	\$ 2,451,075

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, 2018

	Visitors Association Fund			Variance Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Amended		
REVENUES				
Taxes				
Hotel occupancy	\$ 812,360	\$ 816,702	\$ 801,756	\$ (14,946)
Interest income	5,150	14,606	19,104	4,498
Contributions	3,000	3,000	1,945	(1,055)
Miscellaneous	6,310	14,137	8,438	(5,699)
Total revenues	<u>826,820</u>	<u>848,445</u>	<u>831,243</u>	<u>(17,202)</u>
EXPENDITURES				
Visitor services	<u>909,759</u>	<u>893,919</u>	<u>875,322</u>	<u>18,597</u>
Total expenditures	<u>909,759</u>	<u>893,919</u>	<u>875,322</u>	<u>18,597</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(82,939)</u>	<u>(45,474)</u>	<u>(44,079)</u>	<u>1,395</u>
NET CHANGE IN FUND BALANCE	(82,939)	(45,474)	(44,079)	1,395
FUND BALANCE AT BEGINNING OF YEAR	<u>799,170</u>	<u>799,170</u>	<u>799,170</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ 716,231</u></u>	<u><u>\$ 753,696</u></u>	<u><u>\$ 755,091</u></u>	<u><u>\$ 1,395</u></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, 2018

	Lone Star Public Facilities Corporation			Variance Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Amended		
REVENUES:				
Interest income	\$ 80	\$ 275	\$ 352	\$ 77
Total revenues	80	275	352	77
EXPENDITURES:				
Economic development	-	-	-	-
Total expenditures	-	-	-	-
NET CHANGE IN FUND BALANCE	80	275	352	77
FUND BALANCE AT BEGINNING OF YEAR	13,789	13,789	13,789	-
FUND BALANCE AT END OF YEAR	\$ 13,869	\$ 14,064	\$ 14,141	\$ 77

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, 2018

	Economic Development Fund			Variance Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Amended		
REVENUES				
Taxes				
Sales	\$ 202,000	\$ 202,000	\$ 422,441	\$ 220,441
Hotel occupancy	32,640	36,940	47,411	10,471
Miscellaneous	750,000	340,000	200,000	(140,000)
Total revenues	<u>984,640</u>	<u>578,940</u>	<u>669,852</u>	<u>90,912</u>
EXPENDITURES				
Economic development	<u>234,640</u>	<u>238,940</u>	<u>469,852</u>	<u>(230,912)</u>
Total expenditures	<u>234,640</u>	<u>238,940</u>	<u>469,852</u>	<u>(230,912)</u>
Excess of revenues over expenditures	<u>750,000</u>	<u>340,000</u>	<u>200,000</u>	<u>(140,000)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(750,000)</u>	<u>(340,000)</u>	<u>(200,000)</u>	<u>140,000</u>
Total other financing sources (uses)	<u>(750,000)</u>	<u>(340,000)</u>	<u>(200,000)</u>	<u>140,000</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE AT BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2018

	4B Economic Development Corporation			Variance Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Amended		
REVENUES				
Taxes				
Sales	\$ 1,237,500	\$ 1,237,500	\$ 1,500,901	\$ 263,401
Total revenues	1,237,500	1,237,500	1,500,901	263,401
EXPENDITURES				
Economic development	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	1,237,500	1,237,500	1,500,901	263,401
OTHER FINANCING USES				
Transfers out	(1,237,500)	(1,237,500)	(1,500,901)	(263,401)
Total other financing uses	(1,237,500)	(1,237,500)	(1,500,901)	(263,401)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE AT BEGINNING OF YEAR	-	-	-	-
FUND BALANCE AT END OF YEAR	\$ -	\$ -	\$ -	\$ -

Town of Westlake

Agency Funds

PID Agency Fund

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

Town of Westlake

PID Agency Fund

Statement of Changes in Assets and Liabilities

For the Year Ended September 30, 2018

Exhibit C-8

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
ASSETS				
Restricted cash and cash equivalents	\$ 2,085,576	\$ 28,244	\$ -	\$ 2,113,820
Total assets	<u>\$ 2,085,576</u>	<u>\$ 28,244</u>	<u>\$ -</u>	<u>\$ 2,113,820</u>
LIABILITIES				
Liability to bond holders	\$ 2,085,576	\$ 28,244	\$ -	\$ 2,113,820
Total liabilities	<u>\$ 2,085,576</u>	<u>\$ 28,244</u>	<u>\$ -</u>	<u>\$ 2,113,820</u>



THE TOWN OF
WESTLAKE

DISTINCTIVE BY DESIGN

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

122 - 127

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

128 - 132

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

133 - 135

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

136 - 138

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

139 - 140

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
Net Position by Component
Last Ten Years
Accrual Basis of Accounting – Unaudited

Exhibit S-1

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
Net Investment in capital assets	\$ 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	\$ 47,629,452
Restricted	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	1,077,646
Unrestricted	<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>	<u>6,437,845</u>
Total governmental activities net position	<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>	<u>\$ 55,144,943</u>
Business-type activities:										
Net investment in capital assets	\$ 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	\$ 5,293,188
Unrestricted	<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>	<u>(4,685,810)</u>
Total business-type activities net position	<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>	<u>\$ 607,378</u>
Primary government:										
Net investment in capital assets	\$ 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	\$ 52,922,640
Restricted	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	1,077,646
Unrestricted	<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>	<u>1,752,035</u>
Total primary government net position	<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>	<u>\$ 55,752,321</u>

Source: Annual financial reports

Town of Westlake
Changes in Net Position
Last Ten Years – Concluded
Accrual Basis of Accounting – Unaudited

Exhibit S-2

	<i>Fiscal Year</i>									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
EXPENSES										
Governmental activities:										
General government	\$ 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	\$ 4,776,131
Public Safety	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	3,133,733
Cultural and Recreation	115,770	105,997	122,400	111,765	113,924	123,541	129,970	187,274	217,489	184,685
Public Works	1,028,934	594,705	470,054	216,901	267,973	955,794	1,081,996	1,102,636	1,634,549	1,820,908
Economic Development	207,044	309,653	680,823	546,039	626,423	147,680	171,757	141,779	163,578	469,852
Visitor Services	341,270	420,270	356,365	475,719	521,521	493,087	665,936	740,835	737,071	885,654
Education	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	6,568,453
Interest on long-term debt	1,068,935	1,026,026	1,127,913	897,573	1,031,328	998,951	1,022,201	990,413	1,401,199	1,184,818
Total governmental activities expenses	<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>	<u>19,024,234</u>
Business-type activities:										
Water and Sewer	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	7,049,946
Cemetery	473	27,822	5,604	6,282	5,328	7,121	7,297	7,831	8,021	9,754
Total business-type activities expenses	<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>	<u>7,059,700</u>
Total primary government program expenses	<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>	<u>\$ 26,083,934</u>
PROGRAM REVENUES										
Governmental activities:										
Fees, fines, and charges for services:										
General Government	\$ 677,948	\$ 716,624	\$ 721,157	\$ 673,090	\$ 774,909	\$ 33,975	\$ 110,778	\$ 789,457	\$ 73,180	\$ 137,805
Public Safety	107,634	80,665	140,600	142,402	182,154	848,772	887,919	932,017	783,681	782,833
Public Works	594,338	1,597,655	292,572	407,328	659,246	1,022,769	936,245	1,789,776	3,338,541	2,027,613
Education	98,314	102,406	99,638	195,059	182,220	222,270	531,090	283,077	275,759	247,721
Operating grants and contributions	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	7,044,597
Capital grants and contributions	2,059,624	83,250	425,900	-	5,897,456	80,472	19,983,078	269,185	3,485,255	424,948
Total governmental activities program revenues	<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>	<u>10,665,517</u>
Business-type activities:										
Charges for services:										
Water and Sewer	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	5,794,818
Cemetery	-	5,550	13,300	4,500	5,510	7,749	13,620	11,115	9,964	29,440
Operating grants and contributions	-	46,810	-	24,423	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	50,000	1,271
Total business-type activities program revenues	<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>	<u>5,825,529</u>
Total primary government program revenues	<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>	<u>\$ 16,491,046</u>

Town of Westlake
Changes in Net Position
Last Ten Years – Concluded
Accrual Basis of Accounting – Unaudited

Exhibit S-2

	<i>Fiscal Year</i>									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
NET (EXPENSE) REVENUES										
Governmental activities	\$ (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)	\$ (8,358,717)
Business-type activities	(349,644)	(441,627)	292,329	(140,983)	(198,952)	(260,807)	(1,305,431)	(1,547,746)	(25,497)	(1,234,171)
Total primary government net expense	(5,916,832)	(7,573,693)	(9,222,513)	(6,296,734)	(545,863)	(6,301,008)	11,562,058	(9,528,931)	(5,521,454)	(9,592,888)
GENERAL REVENUES AND OTHER										
CHANGES IN NET POSITION										
Governmental activities:										
Taxes										
Sales	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	6,003,605
Property			1,260,112	1,441,238	1,366,633	1,367,069	1,438,969	1,476,355	1,576,750	1,629,640
Hotel Occupancy	497,769	457,693	527,261	590,853	709,578	796,481	872,179	822,490	751,601	849,167
Mixed Beverage	17,869	17,902	19,721	38,286	39,727	51,602	59,184	61,476	68,432	62,347
Franchise	624,401	603,233	586,836	664,991	734,935	795,322	963,040	930,043	818,423	779,506
Unrestricted grants and contributions	2,960,590	3,484,141	3,744,757	-	-	-	-	-	-	-
Investment earnings	61,224	38,383	46,248	33,353	24,218	26,713	28,904	55,600	182,095	356,076
Miscellaneous	568,782	676,638	691,345	1,112,858	1,023,149	246,633	198,199	241,501	278,071	215,076
Transfers	61,321	-	145,216	45,507	(485,591)	43,399	323,100	264,578	169,316	71,466
Extraordinary item	-	-	56,704	(124,346)	-	-	-	-	-	-
Special item	-	-	-	67,760	-	-	-	-	-	-
Gain on sale of capital assets	-	-	7,000	-	-	-	-	-	-	-
Total governmental activities	8,456,365	9,068,523	11,694,826	7,527,774	7,788,046	8,053,064	8,809,003	8,461,566	8,495,432	9,966,883
Business-type activities:										
Investment earnings	7,858	8,334	9,929	10,077	6,552	7,114	7,083	13,095	28,684	79,961
Miscellaneous	77,266	60,070	145,666	84,780	224,995	1,271	1,271	-	-	-
Transfers	(61,321)	-	(145,216)	(45,507)	485,591	(43,399)	(323,100)	(264,578)	(169,316)	(71,466)
Total business-type activities	23,803	68,404	10,379	49,350	717,138	(35,014)	(314,746)	(251,483)	(140,632)	8,495
Total primary government	8,480,168	9,136,927	11,705,205	7,577,124	8,505,184	8,018,050	8,494,257	8,210,083	8,354,800	9,975,378
CHANGE IN NET POSITION										
Governmental activities	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	1,608,166
Business-type activities	(325,841)	(373,223)	302,708	(91,633)	518,186	(295,821)	(1,620,177)	(1,799,229)	(166,129)	(1,225,676)
Total primary government	\$ 2,563,336	\$ 1,563,234	\$ 2,482,692	\$ 1,280,390	\$ 7,959,321	\$ 1,717,042	\$ 20,056,315	\$ (1,318,848)	\$ 2,833,346	\$ 382,490

Source: Annual financial reports

Town of Westlake
Fund Balances
Governmental Funds
Last Ten Years

Exhibit S-3

Modified Accrual Basis of Accounting – Unaudited

	<i>Fiscal Year</i>									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Reserved	\$ 193,105	\$ 214,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	2,532,207	3,578,235	-	-	-	-	-	-	-	-
Nonspendable:										
Prepaid items	-	-	62,020	6,856	6,906	8,821	13,334	12,794	18,705	19,253
Restricted for:										
Court security and technology	-	-	186,776	192,768	194,422	193,082	203,173	238,636	219,693	203,173
Committed for:										
Future projects	-	-	219,687	49,941	74,941	80,442	80,442	335,322	335,392	80,442
Assigned for:										
Future equipment	-	-	22,000	22,000	24,000	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>3,524,911</u>	<u>4,992,240</u>	<u>6,751,362</u>	<u>7,671,173</u>	<u>7,383,601</u>	<u>9,092,721</u>	<u>10,363,702</u>	<u>10,493,380</u>
Total general fund	<u>\$ 2,725,312</u>	<u>\$ 3,792,985</u>	<u>\$ 4,015,394</u>	<u>\$ 5,263,805</u>	<u>\$ 7,051,631</u>	<u>\$ 7,953,518</u>	<u>\$ 7,680,550</u>	<u>\$ 9,679,473</u>	<u>\$ 10,937,492</u>	<u>\$ 10,796,248</u>
All other governmental funds										
Reserved										
Special revenue funds	\$ 1,256,954	\$ 1,112,941	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	1,933,564	2,693,846	-	-	-	-	-	-	-	-
Nonspendable:										
Prepaid items	-	-	33,511	60,963	62,635	80,118	83,359	68,718	243,401	56,397
Restricted for:										
Tourism	-	-	1,109,365	1,052,546	1,025,891	1,107,520	1,081,009	1,003,636	791,308	781,775
Future projects	-	-	4,647,863	3,594,379	10,370,914	1,751,405	13,632	13,679	13,789	14,141
Debt service	-	-	7,505	22,657	1,482	1,081	20,916	30,468	11,963	28,798
Education	-	-	885,365	758,127	931,094	993,998	1,592,227	1,098,359	729,709	1,068,117
Economic development	-	-	267,577	178,384	-	-	-	-	-	-
Capital projects funds	323,009	237,177	-	-	-	-	17,713,788	8,501,489	15,080,456	7,292,917
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 3,513,527</u>	<u>\$ 4,043,964</u>	<u>\$ 6,951,186</u>	<u>\$ 5,667,056</u>	<u>\$ 12,392,016</u>	<u>\$ 3,934,122</u>	<u>\$ 20,504,931</u>	<u>\$ 10,716,349</u>	<u>\$ 16,870,626</u>	<u>\$ 9,242,145</u>

Note: Economic Development Funds were classified as special revenue funds through FY 2002 and considered discretely presented component units through FY 2007. 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

Changes in Fund Balances

Governmental Funds

Last Ten Years – Continued

Modified Accrual Basis of Accounting – Unaudited

Exhibit S-4

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
REVENUES										
Taxes	\$ 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	\$ 9,321,321
Licenses, fees and permits	860,697	1,746,954	530,646	598,394	944,735	1,175,075	1,200,790	2,715,236	3,521,686	2,314,933
Fines and penalties	523,515	647,170	605,705	622,338	695,167	730,441	734,152	796,014	673,716	633,318
State program revenues	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	7,217,383
Federal program revenues	56,134	199,436	337,508	152,351	81,958	80,103	87,797	98,564	140,152	114,797
Investment earnings	61,224	38,383	46,248	33,353	24,218	26,713	28,904	55,600	182,095	356,076
Contributions	1,264,262	533,400	-	732,535	5,916,014	82,446	18,785,953	283,684	728,887	494,131
Other revenues	<u>673,400</u>	<u>779,044</u>	<u>980,816</u>	<u>1,323,237</u>	<u>1,274,826</u>	<u>1,665,003</u>	<u>2,471,191</u>	<u>1,542,835</u>	<u>2,863,801</u>	<u>1,735,201</u>
Total revenues	<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>	<u>22,187,160</u>
EXPENDITURES										
General government	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	3,672,933
Public safety	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	2,992,727
Cultural and recreation	115,770	105,997	122,400	111,765	113,924	123,541	130,322	185,923	164,720	183,816
Public works	841,822	333,831	326,749	391,115	532,675	615,781	744,028	773,751	784,279	675,550
Economic development	229,907	401,879	706,391	243,939	296,565	147,685	171,757	141,779	163,578	469,852
Visitor services	341,270	420,270	356,365	475,719	521,521	493,082	670,157	725,971	717,055	875,322
Education	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	9,012,348
Capital Outlay	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	9,407,447
Capital Project										
Debt service										
Principal	593,937	563,703	555,000	668,000	2,955,000	1,004,677	1,130,762	1,150,490	1,124,697	1,555,677
Interest and other fiscal charges	990,641	977,163	1,083,377	952,027	830,425	1,116,489	977,412	947,411	1,105,376	1,182,679
Bond issuance cost	<u>-</u>	<u>-</u>	<u>36,446</u>	<u>148,891</u>	<u>185,699</u>	<u>69,283</u>	<u>-</u>	<u>-</u>	<u>368,278</u>	<u>-</u>
Total expenditures	<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>	<u>30,028,351</u>
EXCESS (DEFICIENCY)										
OF REVENUES OVER										
(UNDER) EXPENDITURES	<u>\$ (3,174,426)</u>	<u>\$ 1,598,110</u>	<u>\$ 775,711</u>	<u>\$ (173,531)</u>	<u>\$ (1,818,583)</u>	<u>\$ (8,309,182)</u>	<u>\$ 15,795,942</u>	<u>\$ (8,528,537)</u>	<u>\$ (5,030,362)</u>	<u>\$ (7,841,191)</u>

Town of Westlake

Changes in Fund Balances

Governmental Funds

Last Ten Years – Continued

Modified Accrual Basis of Accounting – Unaudited

Exhibit S-4

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
OTHER FINANCING										
SOURCES (USES):										
Proceeds from sale of land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sale of assets	-	-	7,000	-	-	-	-	-	1,200,000	-
Issuance of debt	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	2,435,486	1,804,577	7,082,163	2,121,099	2,104,929	3,094,211	4,617,896	2,485,227	3,621,066	3,949,085
Transfers out	(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)	(3,877,619)
Total other financing sources (uses)	<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>	<u>71,466</u>
Prior period adjustment	-	-	-	-	-	-	-	-	-	-
NET CHANGES IN FUND BALANCES	<u><u>\$ (2,995,465)</u></u>	<u><u>\$ 1,598,110</u></u>	<u><u>\$ 3,129,631</u></u>	<u><u>\$ (35,719)</u></u>	<u><u>\$ 8,512,786</u></u>	<u><u>\$ (7,556,007)</u></u>	<u><u>\$ 16,297,841</u></u>	<u><u>\$ (7,789,659)</u></u>	<u><u>\$ 7,412,296</u></u>	<u><u>\$ (7,769,725)</u></u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<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>	<u>12.9%</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

Assessed Value and Estimated Actual Value of Taxable Property
 Last Eight Fiscal Years
 Modified Accrual Basis of Accounting – Unaudited

Exhibit S-5

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
2018	1,517,833,356	133,680,163	442,433,216	1,209,080,303	0.13615

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 Seven Years Ago – Unaudited

Exhibit S-6

2018			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
BRE Solana LLC	\$ 123,689,077	1	30.92%
FMR Texas, LLC/LTD Partnership	77,129,554	2	19.28%
Dallas MTA LP	49,822,886	3	12.46%
DCLI, LLC	46,697,787	4	11.67%
HMC Solana LLC	39,844,325	5	9.96%
Maguire Parthers-Solana Land LP	17,562,432	6	4.39%
Lexington TNI Westlake LP	17,012,143	7	4.25%
Marsh USA Inc	11,763,580	8	2.94%
Fidelity Investments	9,482,577	9	2.37%
Prince Whipple Trust	6,979,984	10	1.76%
Total	\$ 399,984,345		100.00%

2011			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Maguire Thomas Partners, etal	\$ 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		44.21%

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 2017 (fiscal year 2018) is \$1,209,080,303.

Town of Westlake
Property Tax Levies and Collections
Last Eight Fiscal Years – Unaudited

Exhibit S-7

Fiscal Year	Taxes Levied for the Fiscal Year	Adjustments to Levy	Adjusted Taxes Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percent of Levy		Amount	Percentage of Levy
2011	\$ 1,409,956	\$ 47,560	\$ 1,362,396	\$ 1,356,050	99.53%	\$ 4,136	\$ 1,360,186	99.84%
2012	1,486,968	47,220	1,439,748	1,437,908	99.87%	3,359	1,437,908	99.87%
2013	1,398,777	45,297	1,353,480	1,352,097	99.90%	3,358	1,352,097	99.90%
2014	1,405,819	44,761	1,361,058	1,350,639	99.23%	10,172	1,360,811	99.98%
2015	1,450,674	43,948	1,406,726	1,405,148	99.89%	1,005	1,406,153	99.96%
2016	1,482,989	40,244	1,442,745	1,441,536	99.92%	-	1,441,536	99.92%
2017	1,573,803	33,281	1,540,522	1,536,921	99.77%	25,133	1,562,054	101.40%
2018	1,661,110	30,810	1,630,300	1,624,655	99.65%	(8,127)	1,616,528	99.16%

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

Source: Tarrant County Appraisal District
Denton Central Appraisal District

Town of Westlake

Direct and Overlapping Property Tax Rates

(Per \$100 of Assessed Value)

Last Eight Fiscal Years – Unaudited

Exhibit S-8

Fiscal Year	City Direct Rates			Overlapping Rates								Total Direct and Overlapping
	Operating/ General Fund	Debt Service Fund	Total (A) Direct	School Districts			Counties		Tarrant County College Dist	Tarrant County Hospital Dist.	Trophy Club MUD #1	
				Carroll ISD	Northwest ISD	Keller ISD	Denton County	Tarrant County				
2011	0.15620	0.00390	0.16010	1.41500	1.37500	1.53060	0.27736	0.26400	0.13764	0.22790	0.19500	5.58260
2012	0.13835	0.01849	0.15684	1.41500	1.37500	1.54000	0.28287	0.26400	0.14897	0.22790	0.17500	5.58557
2013	0.14197	0.01487	0.15684	1.40000	1.37500	1.54000	0.28287	0.26400	0.14897	0.22790	0.13339	5.52896
2014	0.13710	0.01924	0.15634	1.40000	1.45250	1.54000	0.27220	0.26400	0.14950	0.22790	0.13339	5.59583
2015	0.13710	0.01924	0.15634	1.40000	1.45250	1.54000	0.27220	0.26400	0.14950	0.22790	0.13339	5.59583
2016	0.13947	0.01687	0.15634	1.40000	1.45250	1.54000	0.27220	0.26400	0.14950	0.22790	0.13339	5.59583
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
2018	0.11133	0.02482	0.13615	1.38500	1.49000	1.52000	0.23781	0.24400	0.14006	0.22443	0.12021	5.49766

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

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

Source: Tarrant County Appraisal District
Denton Central Appraisal District

Town of Westlake
Taxable Sales by Industry Type
Last Ten Fiscal Years – Unaudited

Exhibit S-9

NAICS	Industry Type	Fiscal Year									
		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
11	Agriculture, Forestry, Fishing and Hunting	\$ 210	\$ -	\$ 60	\$ 38	\$ 163	\$ 731	\$ 775	\$ 2,083	\$ 1,685	\$ 4,303
21	Mining	20	400	4,260	3,050	335	15	714	655	128	5
22	Utilities	186,773	178,693	180,032	171,131	176,622	204,280	191,031	138,331	147,000	180,564
23	Construction	1,043,752	68,306	132,780	139,000	365,049	239,888	216,546	230,067	340,077	1,294,092
31-33	Manufacturing	430,515	386,492	402,062	526,755	295,660	375,905	234,651	209,128	86,798	113,487
42	Wholesale Trade	138,456	105,557	145,631	134,466	59,571	421,371	515,602	356,946	339,854	278,054
44-45	Retail	648,597	1,097,007	707,553	1,106,427	1,132,811	962,244	1,332,659	415,356	458,833	428,355
48-49	Transportation and Warehousing	791	556	316	1,156	3,662	1,962	3,550	1,107	1,133	567
51	Information	377,828	423,834	508,609	367,298	378,221	623,828	567,685	551,172	387,714	817,086
52	Financial and Insurance	68,936	87,188	73,455	27,857	75,529	505,585	295,622	754,386	509,201	709,787
53	Real Estate and Rental and Leasing	154,315	327,207	210,158	215,754	457,693	493,570	708,747	940,971	999,118	675,273
54	Professional, Scientific, and Technical Services	192,008	202,263	231,526	221,331	536,971	242,069	193,145	287,066	261,704	309,704
56	Admin and Support and Waste Mgmt & Rem Srv	22,319	39,539	65,045	39,027	110,686	103,340	50,264	125,033	85,430	93,967
61	Education Services	2,980	619,228	1,675,351	356,689	373,117	153,279	201,761	230,775	220,078	555,159
62	Health Care and Social Assistance	-	-	170	106	251	11,018	2,887	228	398	999
71	Arts, Entertainment and Recreation	174,485	158,996	206,050	204,456	184,687	191,343	189,027	201,391	241,107	216,403
72	Accommodation and Food Services	140,344	140,996	175,938	93,123	204,044	221,061	246,755	230,615	233,769	228,003
81	Other Services (except Public Administration)	1,756	4,462	4,632	9,805	13,156	17,412	8,965	3,167	2,963	2,772
92	Public Administration	-	11	1	135	295	27,243	-	-	1	1,391
		<u>\$ 3,584,085</u>	<u>\$ 3,840,735</u>	<u>\$ 4,723,629</u>	<u>\$ 3,617,604</u>	<u>\$ 4,368,523</u>	<u>\$ 4,796,144</u>	<u>\$ 4,960,386</u>	<u>\$ 4,678,477</u>	<u>\$ 4,316,991</u>	<u>\$ 5,909,966</u>
	Town direct sales tax rate	<u>2.00%</u>									

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

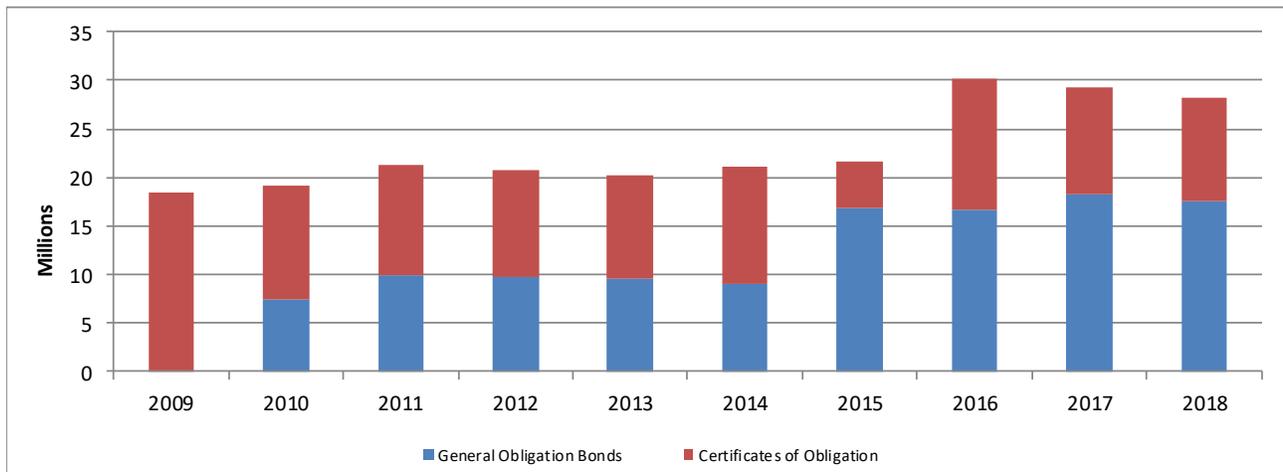
Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years – Unaudited

Fiscal Year	General Bonded Debt Outstanding				Percentage of Actual Taxable Sales	Per Capita
	General Obligation Bonds	Certificates of Obligation	Tax Notes	Total		
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
2018	14,455,000	18,883,000	1,328,000	34,666,000	11.55%	25,066

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

There was no debt issued until fiscal year 2002.

See Table 13 for personal income and population data.



Town of Westlake

Ratios of Outstanding Debt by Type Last Ten Fiscal Years – Unaudited

Exhibit S-11

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			
2009	\$ 9,735,000	\$ 10,975,000	\$ -	\$ 46,559	\$ -	\$ 5,734,191	\$ -	\$ 26,490,750	19%	23,887
2010	9,630,000	10,555,000	-	-	-	5,658,888	-	25,843,888	18%	22,473
2011	8,962,656	12,210,000	-	-	50,000	5,580,380	-	26,803,036	17%	22,638
2012	16,770,000	4,877,000	-	-	34,075	5,498,668	-	27,179,743	19%	25,576
2013	16,590,000	13,622,000	-	-	18,150	5,412,149	-	35,642,299	21%	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	20%	24,775
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
2018	14,455,000	17,955,700	1,328,000	-	201,737	4,913,865	927,300	39,781,602	23%	28,765

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

Direct and Overlapping Governmental Activities Debt
As of September 30, 2018 –Unaudited

Exhibit S-12

Taxing Body	Amount of Debt Outstanding	As of	Overlapping	
			Percent (1)	Amount
Carroll ISD	\$ 254,924,999	9/30/2018	5.74%	\$ 14,632,695
Denton County	612,630,000	9/30/2018	0.01%	61,263
Keller ISD	680,508,707	9/30/2018	4.07%	27,696,704
Northwest ISD	870,670,379	9/30/2018	1.15%	10,012,709
Tarrant County	294,500,000	9/30/2018	0.72%	2,120,400
Tarrant County Hospital District	19,300,000	9/30/2018	0.72%	138,960
Trophy Club MUD#1	8,725,000	9/30/2017	18.64%	1,626,340
Total Overlapping Debt				56,289,072
Town of Westlake Outstanding Debt				34,666,000
Total Direct & Overlapping Debt				<u>\$ 90,955,072</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.

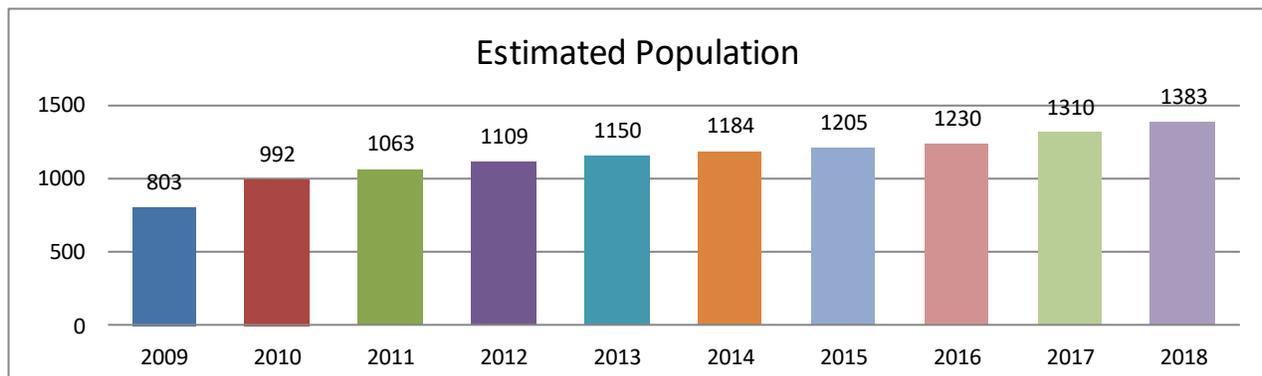
- (1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the entity's taxable assessed value that is within the Town's boundaries and dividing it by the entities' total taxable assessed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

Town of Westlake
 Demographic and Economic Statistics
 Last Ten Fiscal Years – Unaudited

Exhibit S-13

Calendar Year	Estimated Population	Personal Income	Personal Income	Median Age	School Enrollment	Unemployment Rate
2009	803	\$ 150,586	\$ 120,920,285	37.6	417	8.1%
2010	992	121,431	120,459,552	39.8	491	8.1%
2011	1063	110,487	117,447,681	41.5	530	7.9%
2012	1,109	112,697	138,423,531	41.8	630	6.2%
2013	1,150	114,951	147,292,890	41.4	658	6.0%
2014	1,184	117,250	160,462,095	41.2	697	5.0%
2015	1,205	119,595	144,111,592	41.8	812	4.0%
2016	1,230	121,987	173,419,076	41.7	825	4.1%
2017	1,310	124,426	162,998,462	41.5	830	3.2%
2018	1,383	126,915	175,523,215	41.2	856	3.4%

Sources: Tarrant County Unemployment Rate information taken from Texas Workforce Commission.
 Municipal Advisory Council of Texas - Population
 USA.com - Per Capita Income source
 North Central Texas Council of Governments
 United States Census - Median Age



Town of Westlake

Principal Employers

Current and Ten Years Ago – Unaudited

Exhibit S-14

2018		
Employer	Employees	Percentage of Estimated Total Town Employment
Fidelity Investments	2,568	33.86%
Schwab	850	11.21%
Travelocity	580	7.65%
Wells Fargo	573	7.55%
Deloitte	501	6.61%
Sabre JLL Facilities	345	4.55%
Verizon Wireless	319	4.21%
Goosehead Insurance	273	3.60%
Sound Physicians	194	2.56%
Solera	190	2.50%
Levi Strauss	143	1.89%
Vaquero Country Club	130	1.71%
Town of Westlake/Westlake Academy	142	1.87%
All Other Businesses	777	10.24%
Total	7,585	100%

2008		
Employer	Employees	Percentage of Estimated Total Town Employment
Fidelity Investments	2,691	38.21%
Core Logic	1,800	25.56%
TD Auto Finance	1,000	14.20%
Wells Fargo	400	5.68%
McKesson	215	3.05%
Sonitrol/World Factory	156	2.22%
Marriott Solana Hotel	150	2.13%
Walco/Animal Health	145	2.06%
Vaquero Country Club	132	1.87%
Levi Strauss	92	1.31%
Westlake Academy	77	1.09%
Pfizer, Inc.	50	0.71%
Premier Academy	30	0.43%
Solara Health	104	1.48%
Total	7,042	100%

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

Town of Westlake

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

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	0.00	0.00	0.00	0.00	0.75	0.90	1.00	0.90	1.00	1.00
Assistant to Town Manager	1.00	1.00	1.00	0.75	0.00	0.00	0.00	0.50	0.50	0.75
Administrative	0.75	0.50	0.75	0.75	1.00	0.50	0.50	0.00	1.50	1.00
Building official	1.33	1.33	1.33	1.33	1.50	1.66	1.66	3.17	4.00	4.00
Town secretary	1.00	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.50	1.50
Facilities/Grounds maintenance	1.08	1.08	1.08	0.83	1.00	1.09	1.34	1.58	0.50	1.75
Municipal	4.25	4.50	4.50	3.75	4.75	5.10	5.00	4.60	4.00	3.50
Finance	3.00	3.00	3.00	3.00	3.00	4.00	4.00	4.25	4.00	4.00
Payroll/Human Resources	1.33	1.33	1.33	1.33	2.00	2.00	2.00	2.00	2.00	2.00
Information Technology	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	1.00	2.00
Public safety (EMS)	9.00	9.00	9.00	9.00	10.00	13.25	14.25	14.25	11.00	15.50
Culture and recreation	0.75	0.75	0.75	0.50	0.75	0.84	0.84	0.84	0.50	0.50
Public works	1.50	1.50	1.50	2.00	3.00	2.66	2.66	2.67	3.00	4.00
Marketing and public affairs	0.00	0.00	0.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00
Education	48.10	55.62	59.44	67.48	76.18	91.18	93.65	95.31	95.05	98.00
Total	74.09	81.61	85.68	93.72	106.93	128.18	132.15	135.32	132.55	142.50

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government										
Permits issued	61	44	70	85	132	144	159	218	217	259
Permit values	\$ 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	\$ 311,013,915
Police (Contract with Keller PD)										
Motor vehicle stops	9,247	9,763	9,829	12,221	9,993	9,579	10,432	11,109	10,718	8,339
Traffic accident investigations	266	273	348	343	322	341	398	461	386	333
Part I crimes	23	19	30	39	9	15	20	13	22	31
DWI arrests	24	32	80	50	69	55	62	66	70	50
Fire/EMS										
Fire runs	118	172	191	181	238	211	211	257	248	320
Ambulance runs	184	187	264	266	286	240	253	288	269	202
Inspections	15	71	71	54	96	286	261	246	290	188
Public Works - General										
Street resurfacing (LF)	-	-	3,800	30,000	-	-	-	-	6,000	-
Potholes repaired	10	5	36	6	2	6	20	20	10	5
Public Works - Utility										
Number of water accounts	437	478	500	568	614	651	713	752	810	835
Water main breaks	5	6	4	4	3	1	1	-	-	1
Avg daily consumption MG (water)	1.020	0.889	1.200	1.100	1.090	1.045	1.021	1.122	1.233	1.400
Peak daily consumption MG (water)	2.740	2.460	2.540	2.600	2.480	2.690	2.770	1.586	1.646	1.564
System capacity - MG (water)	1.685	1.685	1.685	1.685	1.685	2.685	2.685	2.685	2.685	2.685
Water purchased (in gallons x000)	372,933	324,843	443,222	407,305	401,457	381,482	372,838	409,817	450,208	510,931
Water sold (in gallons x 1000)	313,495	290,000	385,320	376,496	357,297	347,148	360,000	350,000	419,520	470,168
Wastewater										
Number of new sewer connections	251	254	245	292	325	350	384	403	454	503
Avg daily sewage treatment (thousands of gallons)	0.101	0.063	0.163	0.136	0.151	0.208	0.166	0.132	0.176	1.171

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	3	3	3	3	3	3	3	3	3
Telecommunications Duct Bank (LF)	49,103	51,803	57,783	57,783	57,783	59,936	66,084	66,084	82,231	82,231
Telecommunications Duct Bank Manholes	113	122	122	122	122	122	140	140	140	140
Water										
Water mains (LF)	70,000	79,000	130,000	137,891	137,891	142,694	148,117	148,117	181,393	181,393
Fire hydrants	130	154	188	191	191	201	214	214	256	256
Storage capacity MG	1,685	1,685	1,685	1,685	1,685	2,685	2,685	2,685	2,685	2,685
Wastewater										
Sanitary sewers (LF)	39,300	49,900	94,000	94,000	94,000	98,964	104,373	104,373	123,168	123,168
Manholes	284	304	304	304	304	326	355	355	444	444
Public Works - Utility										
Streets (miles)	10.80	10.80	10.80	10.25	10.25	10.25	10.50	10.42	10.42	10.42
Traffic signals (school zone flashers)	2	2	2	2	2	2	2	2.0	2.0	2.0
Parks and recreation										
Open Space (acres)	25	25	25	25	25	27	27	27.0	27.0	27.0
Playgrounds	2	2	2	2	2	2	2.0	2.0	2.0	2.0
Softball/soccer field	1	1	1	1	1	1	1.0	1.0	1.0	1.0
Football field	1	1	1	1	1	1	1.0	1.0	1.0	1.0
Public trails (miles)	3.5	3.5	5.0	5.0	5.0	7.0	8.5	8.5	8.5	15.0

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