

Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2020



Aligning the Values of Westlake



THE TOWN OF
WESTLAKE

DISTINCTIVE BY DESIGN

Town of Westlake, Texas

Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2020

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, 2020
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April 20, 2021

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 for the Town of Westlake, Texas for the fiscal year ended September 30, 2020, 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 an absolute, assurance that the financial statements will be free from material misstatements. As management, we assert that this financial report is complete and reliable in all material respects to the best of our knowledge and belief.

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, 2020, 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, 2020, were fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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 and is generally presented on a multi-year basis.

Profile of the Town

Westlake is certainly distinctive by design. As a result of this intentional design, our community 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 Dallas-Fort Worth (DFW) Metroplex, Westlake is designated as both a Platinum Level Scenic City and a Tree City USA.

Extraordinary residential developments and architecturally vibrant corporate campuses find harmony among our meandering roads and trails, lined with native oaks and stone walls. Westlake is a leader 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 community where hospitality finds its home. Westlake is family-friendly, welcoming, fully involved and invested in our rich heritage, with a vibrant present and sustainable future.

Ideally located minutes from downtown Fort Worth, its Alliance Airport and the Dallas/Fort Worth International Airport, the Town of Westlake is home to several prestigious residential communities, Fortune 500 companies, and corporate headquarters, all of which possess a unique character and charm. There is a common ideal shared by our corporate and individual residents of support for the existing character and charm of the Westlake community as well as a commitment to excellence in new development.

The Town geographically lies in both northeast Tarrant County and southern Denton County and may be conveniently accessed by several major thoroughfares, including SH 114, SH 170 and US 377. Westlake occupies approximately seven (7) square miles and serves a population of approximately 1,664. In 2020, the average size of new home construction was 11,469 square feet, with an average estimated construction cost of \$2.85 million.

Westlake, 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 (7) 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 890 students in FY 19-20 and serves Kindergarten thru 12th grade. The Academy graduated their first class in FY 09-10. The Board consists of six (6) trustees, appointed by the Town's governing body. Currently, all members of the Academy Board are members of the Town's governing body. The Academy's year-end is August 31.

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

Services Provided

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

Coronavirus (COVID-19)

The coronavirus pandemic has cast a large shadow over the Town of Westlake's economic outlook and our country's as a whole. The United States' economic downturn was unprecedented as local, state and federal leaders worked through the impacts caused by the necessary actions designed to suppress COVID-19 transmission. The Town moved to increase their established conservative approach during this time and proceeded with cost-saving adjustments that included:

- Deeper examination of budget expenditures;
- No new staff requests;
- Deferred transfers to conduit funds; and
- Delayed capital improvement projects.

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's work on important initiatives and projects allows us to balance our "distinctive development, trails, and quality of life amenities amidst an ever-expanding urban landscape."

The current and potential development within our community continues to be both an exciting and challenging time in Westlake! Adhering to the Town's Vision remains the key to Westlake's success in managing the significant growth. While growth has continued, albeit slower in FY 2020 and 2021-, it also presents very clear challenges for our community if we wish to maintain the elements of Westlake that make it so distinctive. These community attributes include our beautiful neighborhoods with high quality residences, strong aesthetic standards, an exemplary Town owned IB World K-12 charter school, open space preservation, future public art projects, streetscaping, emphasis on proactive planning, and maintaining our view corridors. The impending change that surrounds Westlake involves not only our current internal development but also the growth opportunities planned for the State Highway corridors (SH 114 and SH 170) in northeast Tarrant County and into southern Denton County. Our neighboring communities have also experienced significant growth and are nearing a fully developed condition that will only add pressure from developers as they look to a relatively undeveloped Westlake.

The impact of anticipated growth along the SH 114 corridor is best described by Mr. Robin McCaffrey (AIA and APA) of MESA Planning, the firm that was engaged to update the Town's 2015-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 the 2020 population of 1,664, our Town saw an increase of 54 additional residents in the past year. We will monitor and plan for the anticipated increase in these numbers considering our Comprehensive Plan's 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 our Comprehensive Plan will be essential for addressing this issue via the Town's thoroughfare plan as it pertains to development 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, Quail Hollow, Vaquero, and The Knolls of Solana.

The Entrada mixed-use development continues to progress slowly with residential and commercial projects under construction. Entrada's infrastructure is 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 - including single-family homes, villas, condominiums, and townhomes.

Our residential construction activity shows a steady increase in building permits for housing, even through the effects of Covid-19. Housing starts in Westlake, due to our homes' high value, 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 push through the economic downturn of a pandemic, 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 our Comprehensive Plan.

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 14,000 individuals, pre-COVID. These office complexes are comprised of notable corporate clients that include Deloitte LLP, Fidelity Investments and Charles Schwab.
- **Commercial Development in Entrada:** The mixed-use development of Entrada, located at FM1938/Davis Boulevard 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. Starbucks and several medical services offices opened for business, joining CVS Pharmacy and Primrose Private Preschool, and soon the water front restaurants and chapel on the northeast side of the development will be as well. Other approved commercial uses include various retail, restaurants, wedding chapel, reception hall, and hotels.
- **Economic Development:** The Town has pursued the ideas advanced in the Economic Development element of the Comprehensive Plan. 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 industry hub 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 employees' positions. The completion of

Charles Schwab and its merger with TD Ameritrade's complex in Southlake firmly establishes us as a leading financial services corridor within the DFW Metroplex. Additionally, the Town has recently entered into an economic development agreement with Deloitte, LLP for expansion of their international learning and innovation center, no later than early 2022.

- **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 pastoral 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:

- **Impact of the Legislative Session** – The 87th Texas legislative session began on January 12, 2021. We understand there may be a few bills that could impact the Town. While it is still early, we will continue to follow this legislative session as the impact of any applicable bills passed could necessitate changes in our internal operations as well as our revenue forecasts in future years.
- **Water Usage and Demand** – The Town's future water needs have been secured through the addition of a million gallon water tank in 2013, more recently through the completion of the new 30-inch regional water line through a partnership with the City of Fort Worth and the Town of Westlake, and lastly, we are entering the bidding process for the addition of a fifth water pump at our Westlake Pump Station to be completed by the end of 2021. These improvements are estimated to meet the needs projected development at final build-out of the Town, along with our neighboring communities in northeast Tarrant County.
- **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 continues work on the updating of the Westlake Academy Facility Master Plan to determine the best balance of 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 infrastructure, including water and sewer utilities and our roadways.

As our community, and those surrounding us, continue to grow, Staff will maintain 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 continues to work with TxDOT regarding the construction of service roads between FM 1938 and Dove Road in Southlake and for the construction of SH 170 main lanes from SH 114 west to I-35.

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 2020-2021 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 for the fiscal year ended September 30, 2019. 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 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 twelfth GFOA Distinguished Budget Presentation Award for the fiscal year beginning October 1, 2019 for our municipal budget. To qualify for the Distinguished Budget Presentation Award, the Town budget document 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 nine years.

Acknowledgements

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

Town Staff would sincerely like to thank the Mayor and Council for their conservative leadership and steadfast support through their governance of the Town's financial operations in a responsible and progressive manner.

Respectfully Submitted,



Amanda DeGan
Town Manager/Superintendent



Ginger R. Awtry
Finance Director



THE TOWN OF
WESTLAKE

DISTINCTIVE BY DESIGN



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Westlake
Texas**

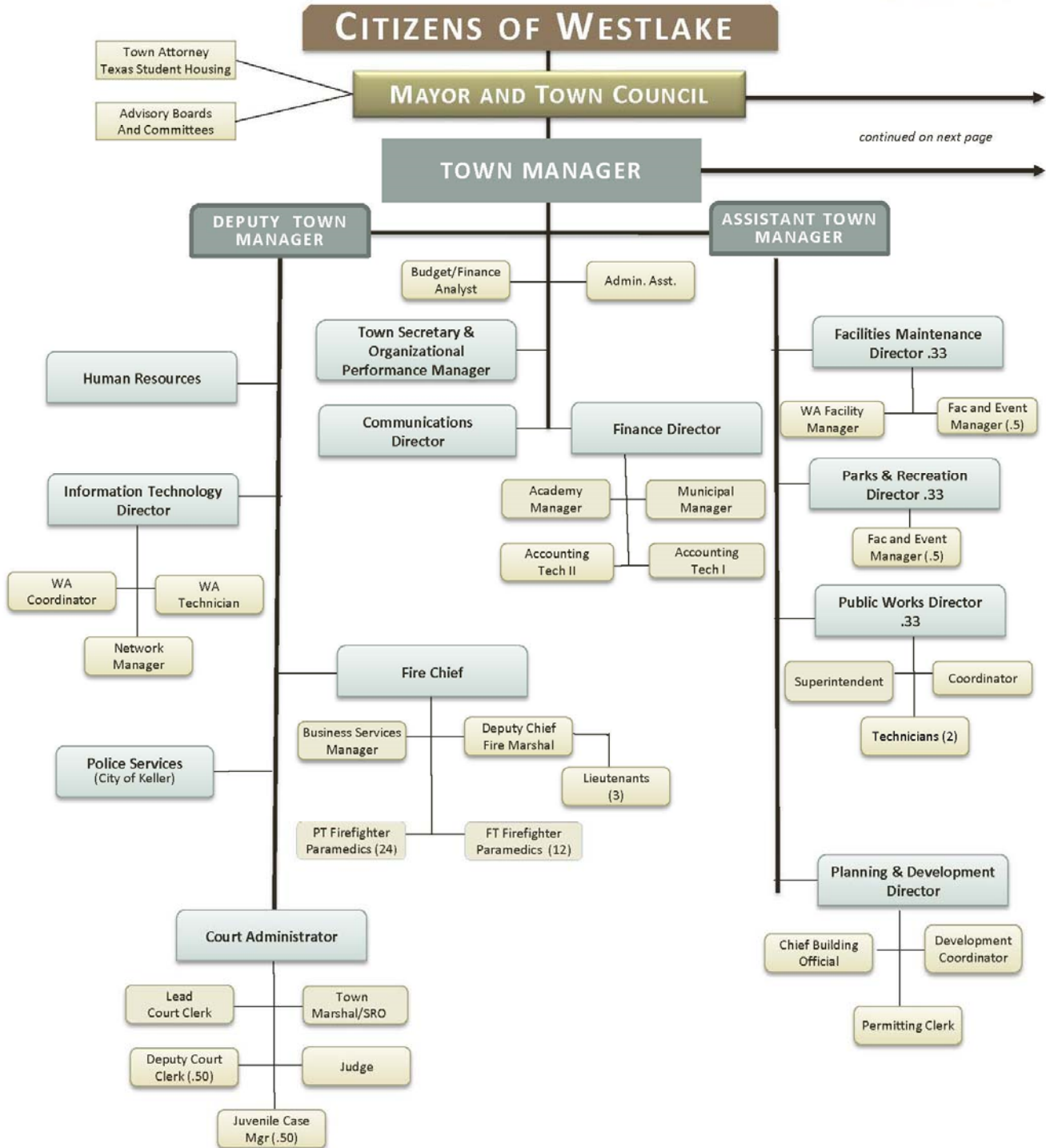
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

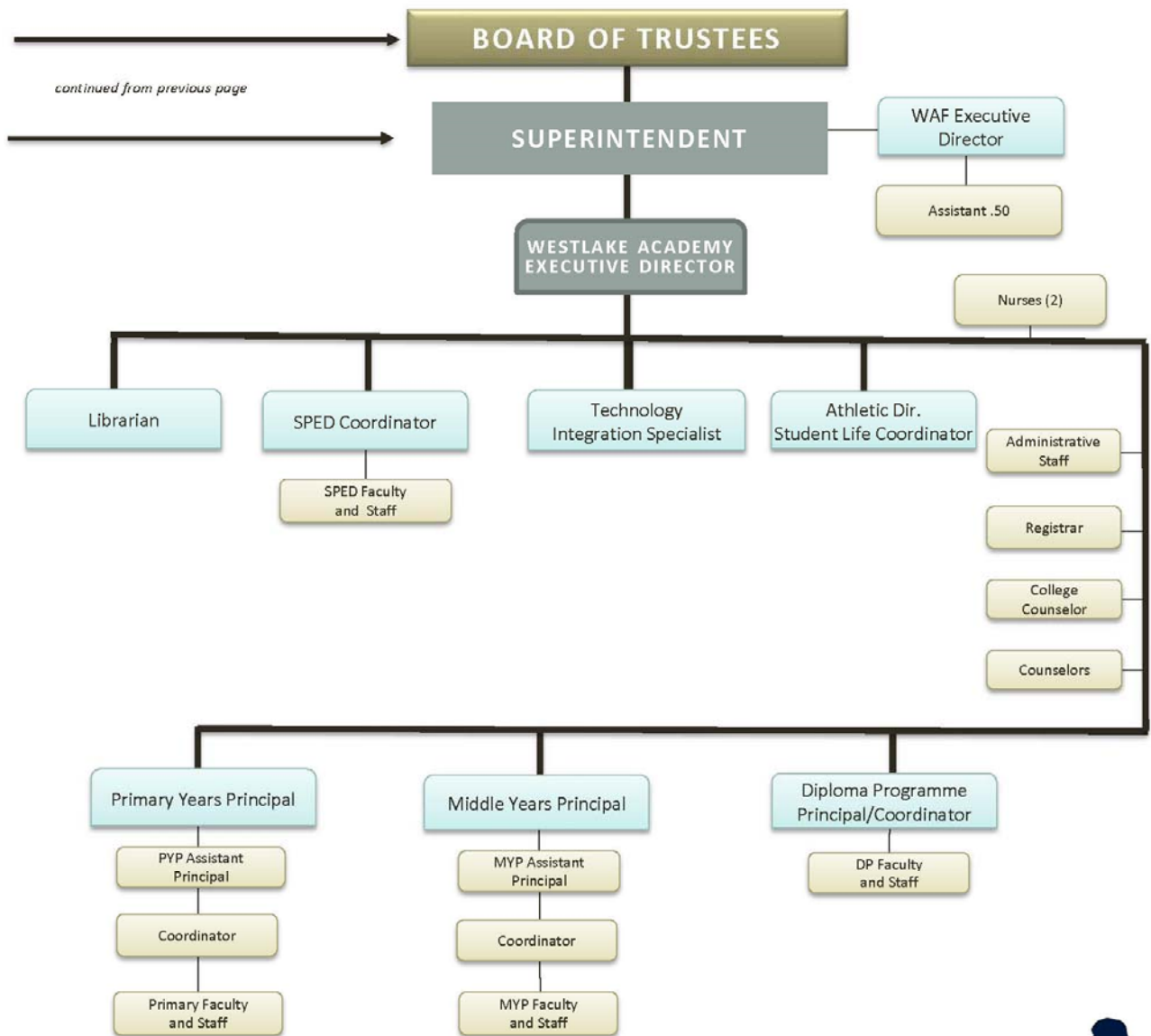
Christopher P. Morill

Executive Director/CEO

TOWN OF WESTLAKE ORGANIZATIONAL CHART



WESTLAKE ACADEMY ORGANIZATIONAL CHART



ELECTED COUNCIL MEMBERS

Laura Wheat
Mayor
lwheat@westlake-tx.org



Carol Langdon
Mayor Pro-Tem
clangdon@westlake-tx.org



Rick Rennhack
Council Member
rrennhack@westlake-tx.org



Alesa Belvedere
Council Member
abelvedere@westlake-tx.org



Greg Goble
Council Member
ggoble@westlake-tx.org



Rajiv Trivedi
Council Member
rtrivedi@westlake-tx.org



BOARDS & COMMISSIONS

Planning & Zoning Commission



Westlake Academy Foundation



4B Economic Development Board



Westlake Public Arts Society



Westlake Historical Preservation Society



Texas Student Housing Authority

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, 2020, 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, 2020, 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.

Weaver and Tidwell, L.L.P.
2300 North Field Street, Suite 1000 / Dallas, Texas 75201
Main: 972.490.1970

CPAs AND ADVISORS | WEAVER.COM

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.

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 9 through 19 and budgetary comparison information and pension and OPEB schedules on pages 91 through 101 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 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2021 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 solely 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
April 20, 2021



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, 2020. 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 and the statistical section, 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 \$61,031,306 (Net position). This number must be viewed within the context that the vast majority of the Town's net position of \$51,306,319 (84.1%) 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 \$3,703,143 (6.1%). The remaining amount, \$6,021,844 (9.8%), 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 \$23,520,815, which is a decrease of \$102,058 in comparison with the prior year. Within this total, \$7,255,506 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 \$16,590,510 an increase of \$1,352,312 in comparison with the prior year. Of this total fund balance, \$16,265,309 is unassigned. This represents 170.3% of the total general fund expenditures and is equivalent to 613 operating days.
- The Town's capital assets (net of accumulated depreciation) decreased by \$1,317,438. This is due in large part to depreciation expense exceeding current year capital asset additions.
- The Town's long-term debt decreased by \$1,767,955 in total, primarily 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 41 - 42 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 Westlake Academy Expansion 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, Solana PID Capital Projects and 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, 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 26 - 32 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 33 - 35 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 41 – 88 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 91 - 113.

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 \$61,031,306 at the close of the most recent fiscal year.

The Town's *combined* net position changed from a year ago, increasing \$78,126. 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, \$51,306,319 (84.1%), 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, \$3,703,143 (6.1%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,021,844 (9.8%) represents unrestricted net position which is available for the Town's ongoing expenses.

Table 1
Condensed Statement of Net Position
At September 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 24,790,376	\$ 25,588,032	\$ 7,072,350	\$ 7,165,216	\$ 31,862,726	\$ 32,753,248
Capital assets	76,747,384	77,683,045	10,260,090	10,641,867	87,007,474	88,324,912
Total Assets	101,537,760	103,271,077	17,332,440	17,807,083	118,870,200	121,078,160
Deferred outflows of resources	2,670,680	2,816,250	78,178	103,307	2,748,858	2,919,557
Liabilities						
Noncurrent liabilities	38,422,095	40,286,447	7,833,053	8,115,903	46,255,148	48,402,350
Other liabilities	1,392,491	2,092,732	11,150,698	11,425,166	12,543,189	13,517,898
Total Liabilities	39,814,586	42,379,179	18,983,751	19,541,069	58,798,337	61,920,248
Deferred inflows of resources	1,757,053	1,115,505	32,362	8,784	1,789,415	1,124,289
Net Position (deficit)						
Net investments in capital assets	46,633,638	48,030,010	4,672,681	4,909,471	51,306,319	52,939,481
Restricted	3,653,143	3,786,893	50,000	-	3,703,143	3,786,893
Unrestricted	12,350,020	10,775,740	(6,328,176)	(6,548,934)	6,021,844	4,226,806
Total Net Position (deficit)	\$ 62,636,801	\$ 62,592,643	\$ (1,605,495)	\$ (1,639,463)	\$ 61,031,306	\$ 60,953,180

Table 2
Changes in Net Position
For the Years Ended September 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues						
Charges for services	\$ 2,645,897	\$ 6,808,893	\$ 6,478,333	\$ 5,404,863	\$ 9,124,230	\$ 12,213,756
Operating grant and contributions	9,725,263	9,166,821	-	-	9,725,263	9,166,821
Capital grants and contributions	280,000	1,861,623	-	54	280,000	1,861,677
General revenues						
Taxes						
Sales taxes	7,378,900	8,032,671	-	-	7,378,900	8,032,671
Property taxes	2,411,279	1,956,630	-	-	2,411,279	1,956,630
Hotel occupancy taxes	369,145	861,710	-	-	369,145	861,710
Mixed beverage taxes	41,949	66,923	-	-	41,949	66,923
Franchise taxes	972,520	964,239	-	-	972,520	964,239
Interest on investments	260,003	517,128	62,177	110,208	322,180	627,336
Miscellaneous	72,688	142,230	-	-	72,688	142,230
Total revenues	24,157,644	30,378,868	6,540,510	5,515,125	\$ 30,698,154	\$ 35,893,993
Expenses						
General governmental	6,555,048	6,091,403	-	-	6,555,048	6,091,403
Public safety	3,991,114	3,489,071	-	-	3,991,114	3,489,071
Culture and recreation	282,512	299,815	-	-	282,512	299,815
Economic development	150,037	306,982	-	-	150,037	306,982
Public works	1,326,090	1,368,049	-	-	1,326,090	1,368,049
Visitor services	802,244	927,670	-	-	802,244	927,670
Education	9,979,674	9,523,906	-	-	9,979,674	9,523,906
Interest on long-term debt	1,103,925	1,131,485	-	-	1,103,925	1,131,485
Water and sewer	-	-	6,407,650	7,544,125	6,407,650	7,544,125
Cemetery	-	-	21,734	10,628	21,734	10,628
Total expenses	24,190,644	23,138,381	6,429,384	7,554,753	30,620,028	30,693,134
Increase (decrease) in net position before transfers	(33,000)	7,240,487	111,126	(2,039,628)	78,126	5,200,859
Transfers	77,158	207,213	(77,158)	(207,213)	-	-
Change in net position	44,158	7,447,700	33,968	(2,246,841)	78,126	5,200,859
Net position (deficit), beginning	62,592,643	55,144,943	(1,639,463)	607,378	60,953,180	55,752,321
Net position (deficit), ending	\$ 62,636,801	\$ 62,592,643	\$ (1,605,495)	\$ (1,639,463)	\$ 61,031,306	\$ 60,953,180

Governmental activities: Governmental activities increased the Town's net position by \$44,158 (0.1%). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, other legal requirements, and/or Council or management's decision, increased by \$1,574,280 primarily due to an increase in charges for services from building permits and fees and sales taxes.

Total revenues for governmental activities decreased by \$6,221,224 when compared to the prior year. General revenue had a decrease of \$1,035,047, while program revenues had a decrease of \$5,186,177.

Program revenues

- Charges for services decreased \$4,162,996 which was primarily due to a decrease in permit and review fees for development.
- Capital Grants and Contributions decreased by \$1,581,623 with the major portion being attributed to a \$1 million donation received in the prior year for Westlake Academy expansion.

General revenues

- Sales tax decreased by \$653,771 as a result of decreased taxable sales due, in part, to the COVID-19 pandemic.
- Property taxes increased by \$454,649 due to increases in both the tax rate and taxable valuation.

Expenses

- Total expenses for governmental activities increased by \$1,052,263 or approximately 4.5%.
- Westlake Academy expenses reflected 43.3% of the increase which increased \$455,768. This increase is primarily due to the increase in the Westlake Academy teachers' pension and OPEB expense.
- The remaining increase in expenses was primarily due to increases in public safety expenses of \$502,043 due to an increase in fire fighter personnel and general governmental expenses of \$463,645 which was primarily due to an increase in the Town's pension expense.

Business-type Activities: The net position of the business-type activities was a deficit balance of \$1,605,495 as of September 30 2020, which was an increase of \$33,968. The business-type activities increased primarily due to operating revenues increasing by over \$1.0 million for service fees and operating expenses decreasing by over \$1.1 million, mainly attributed to reduced spending for the Southlake waste water treatment and professional and contract services.

Revenues (Charges for Services) for business-type activities for the fiscal year ending September 30, 2020 were \$6,478,333; an increase of \$1,073,470 or 19.9% due to increased water consumption and service fees. Operating expenses for the business-type activities for the fiscal year ending September 30, 2020 were \$6,429,384; a decrease of \$1,125,369 or 14.9%. This decrease was primarily attributed to reduced and conservative spending during the pandemic.

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 \$23,520,815; a decrease of \$102,058 in comparison with the prior year. Approximately 69.2% of this total (\$16,265,309) 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 of constraints.

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, 2020, and the amount and percentage of increases and decreases in relation to the prior year.

Table 3
Summary of Governmental Funds Revenues

Revenues	2019-20 Amount	Percent of Total	Increase (Decrease) From 2018-19	Percent Increase (Decrease)
Taxes				
Sales taxes	\$ 7,378,900	30.5%	\$ (653,771)	-8.1%
Property taxes	2,411,864	10.0%	455,623	23.3%
Mixed beverage taxes	41,949	0.2%	(24,974)	-37.3%
Hotel occupancy taxes	369,145	1.5%	(492,565)	-57.2%
Franchise taxes	972,520	4.0%	8,281	0.9%
Subtotal - Taxes	11,174,378	46.2%	(707,406)	-6.0%
State program	8,011,061	33.1%	595,842	8.0%
Federal program	137,910	0.6%	27,662	25.1%
Interest income	260,003	1.1%	(257,125)	-49.7%
Building permits and fees	1,996,834	8.3%	(3,876,695)	-66.0%
Fines and penalties	492,435	2.0%	(124,016)	-20.1%
Intergovernmental	24,750	0.1%	24,750	0.0%
Contributions	292,860	1.2%	(960,340)	-76.6%
Miscellaneous	1,812,994	7.6%	8,685	0.5%
Total Revenues	\$ 24,203,225	100.0%	\$ (5,268,643)	-17.9%

Table 4
Summary of Governmental Funds Expenditures

Expenditures	2019-20 Amount	Percent Of Total	Increase (Decrease) From 2018-19	Percent Increase (Decrease)
General government	\$ 5,169,039	20.7%	\$ (161,135)	-3.0%
Public safety	3,512,456	14.1%	242,678	7.4%
Culture and recreation	264,248	1.1%	(7,898)	-2.9%
Economic development	203,407	0.8%	(103,575)	-33.7%
Public works	622,307	2.5%	28,477	4.8%
Visitor services	781,883	3.1%	(122,806)	-13.6%
Education	9,845,685	39.4%	848,971	9.4%
Capital outlay	1,627,548	6.5%	(1,897,889)	-53.8%
Debt services	2,941,491	11.7%	46,640	1.6%
Total Expenditures	\$ 24,968,064	100.0%	\$ (1,126,537)	-4.3%

Below are summaries and explanations of the changes in fund balances from fiscal year 2019 to fiscal year 2020 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 (which for financial reporting purposes also includes the major maintenance fund and vehicle maintenance/replacement fund) was \$16,590,510, an increase of \$1,352,312 in comparison with the prior year. Of this total, \$16,265,309 is unassigned. This represents 170.3% of the total general fund expenditures including transfers out to other funds related to operations of \$272,089. This is equivalent to 613 operating days.

- Revenues decreased \$4,450,382 from FY19 to FY20; the primary reason for the decrease was building permits and fees which decreased \$3,876,695 from the previous year due to the Schwab building and campus being built in 2019.
- Expenditures remained consistent from FY19 to FY20, increasing by only \$47,810 due to conservative spending during the pandemic.

Westlake Academy - Fund balance increased by \$373,597 primarily due to a transfer in from the general fund.

Capital Projects Fund - Fund balance decreased by \$1,651,656 primarily due to spending of proceeds of bonds issued in prior years on current year projects.

Westlake Academy Expansion Capital Projects Fund - Fund balance increased by \$213,705 due primarily to transfers in of \$280,000 from the Economic Development Fund and interest income of \$33,705, offset by a \$100,000 transfer out for a cost analysis and programming study of the future Westlake Academy Arts & Science Center expansion.

Debt Service Fund – The debt service fund remained consistent only slightly increasing by \$105,835 with an ending fund balance of \$150,518. The debt service fund had transfers in from the general and non-major funds totaling \$2,116,814 which offset the net of debt service payments and property tax revenues (\$2,010,979).

Non Major Funds – The non major fund balance decreased by \$495,851 the result of transfers to the debt service fund of \$1,844,725.

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 increased by \$33,968. This increase is the net effect of a decrease in the utility fund of \$14,168 primarily due to reduced operating revenues and increased operating costs; and a \$48,136 increase in the cemetery fund due to a \$36,779 increase in charges for services.

General Fund Budgetary Highlights

The General Fund budget for fiscal year 2020 was amended in total to increase the net change in fund balance from (\$126,176) to \$168,204, a total increase of \$294,380. The amended budget for revenues was decreased by \$714,606 (6.4%) based on an anticipated decrease in building permits and fees (\$960,395).

The amended budget for expenditures was decreased by \$235,126 (2.3%). This decrease was primarily due to anticipated general government expenditures decreasing \$252,034 primarily for contracted planning and development cost of \$180K and equipment of \$125K. In addition, the anticipated budget for transfers out was reduced by \$773,860.

The General Fund actual revenues were more than the amended budget by \$658,589 primarily due to sales taxes and building permits and fee revenues more than budgeted. Actual expenditures were less than the amended budget by \$494,187 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, 2020, totaled \$87,007,474 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress. The net decrease in the Town's investment in capital assets for the current fiscal year was \$1,317,438 or 1.5% mostly due to depreciation exceeding current year capital asset additions.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 12,446,059	\$ 12,446,059	\$ -	\$ -	\$ 12,446,059	\$ 12,446,059
Capital improvements	27,033,940	27,747,452	8,646,033	9,009,627	35,679,973	36,757,079
Building	34,370,215	34,937,051			34,370,215	34,937,051
Machinery and equipment	1,442,037	1,781,244	1,285,027	1,276,845	2,727,064	3,058,089
W/W treatments rights	-		-	26,365	-	26,365
Construction in progress	1,455,133	771,239	329,030	329,030	1,784,163	1,100,269
Total capital assets	<u>\$ 76,747,384</u>	<u>\$ 77,683,045</u>	<u>\$ 10,260,090</u>	<u>\$ 10,641,867</u>	<u>\$ 87,007,474</u>	<u>\$ 88,324,912</u>

Additional information on the Town's capital assets can be found in Note 4 on pages 55 - 56 of this report.

Long-term liabilities - At the end of the current fiscal year, the Town had total long-term debt outstanding of \$40,398,437. Of this amount, \$33,449,000 represents bonded indebtedness with premium outstanding of \$1,305,838, \$398,012 of capital leases, \$437,270 of compensated absences, \$128,373 in loans and \$4,679,944 of contractual obligations. During the fiscal year 2019-2020, the Town's total debt payable decreased by \$ 1,767,955 from payment of bond, capital lease, and note principal of \$2,066,453, amortization of premium of \$100,984, a decrease in compensated absence liabilities of \$186,141, and issuance of a \$585,623 capital lease.

Standard & Poor's Ratings Services, a division of McGraw-Hill, Inc. has recently increased the Town's rate from AA+/stable to AAA/stable. Additional information about the rating agency or the significance of the rating provided may be obtained from Standard & Poor's web site. Additional information on the Town's long-term debt can be found in Note 5 on pages 58 – 62.

Table 6
Outstanding Debt at Year-End

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 12,660,000	\$ 13,570,000	\$ -	\$ -	\$ 12,660,000	\$ 13,570,000
Certificates of obligation	17,897,900	18,601,250	2,891,100	2,999,750	20,789,000	21,601,000
Contractual obligations	-	-	4,679,944	4,800,109	4,679,944	4,800,109
Capital leases	398,012	-	-	-	398,012	-
Premium on bonds	1,279,473	1,379,285	26,365	27,537	1,305,838	1,406,822
Notes payable	128,373	165,050	-	-	128,373	165,050
Compensated absences	368,239	531,355	69,031	92,056	437,270	623,411
Total long-term debt	<u>\$ 32,731,997</u>	<u>\$ 34,246,940</u>	<u>\$ 7,666,440</u>	<u>\$ 7,919,452</u>	<u>\$ 40,398,437</u>	<u>\$ 42,166,392</u>

In addition to the liabilities in Table 6, the Town reports liabilities for the Academy's proportionate share of the TRS net pension and OPEB liabilities and the Town's net pension and total OPEB liabilities associated with TMRS.

The Town's net pension liability relative to its participation in Texas Municipal Retirement System (TMRS) decreased from \$1,741,361 as of September 30, 2019 to \$1,440,488 as of September 30, 2020. The Town's net other post-employment benefits (OPEB) liability relative to its participation in Texas Municipal Retirement System (TMRS) increased from \$54,484 as of September 30, 2019 to \$82,590 as of September 30, 2020. The Academy's proportionate share of the Teacher Retirement System (TRS) net pension liability increased from \$1,489,525 as of August 31, 2019 to \$1,502,914 as of August 31, 2020. The Academy's proportionate share of the Teacher Retirement System (TRS) net OPEB liability decreased from \$2,950,588 as of August 31, 2019 to \$2,830,719 as of August 31, 2020.

Economic Factors and Next Year's Budgets

In the FY 2020-2021 adopted budget, the fund balance of the General Fund, which includes the Town's General Fund, General Major Maintenance Fund and the Vehicle Maintenance/Replacement Fund for audit purposes, is anticipated to decrease by \$271K. Adopted revenues and transfers in are budgeted to be more than the 2020 actuals by \$46K primarily due to a decrease in fines and penalties and the volatile market for interest income.

Anticipated expenditures and transfers out are budgeted to be \$1.6M less than the prior year. Payroll increases were approximately \$217K (market adjustments, staffing changes, and increased insurance/benefits).

The COVID-19 public health crisis has presented unique challenges for the upcoming fiscal year. Given the level of economic uncertainty due to COVID-19, the total budget and the economic impacts on businesses and local governments are unknown. Therefore, Town staff recommended the following cost saving adjustments:

- All departments continue to budget expenditures conservatively;
- No new staff requested unless the Town is awarded the SAFER grant for three new Fire/EMS positions; Subsequent to the adoption of the budget, we were not awarded this grant;
- Deferred transfers to conduit funds; and
- Delayed capital improvement projects.

The budget continues to support initiatives for service delivery and our ongoing commitment to community and organizational excellence. In adherence to our fiscal policies, the budget will be monitored monthly and regular updates will be provided to Town Council in order to respond responsibly. The budget is intended to be adaptable given the unknown long-term fiscal impact of COVID-19.

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 Ginger R. Awtry, Town of Westlake Director of Finance, at 817-490-5719 or email at gawtry@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, 2020

Exhibit A-1

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 22,694,794	\$ 5,562,951	\$ 28,257,745	\$ 4,196,080
Receivables (net of allowance)	1,740,154	1,027,342	2,767,496	50,527
Inventories	-	88,639	88,639	-
Other assets	125,026	-	125,026	-
Restricted cash and cash equivalents	230,402	393,418	623,820	2,231,260
Capital assets:				
Land and construction in progress	13,901,192	329,030	14,230,222	5,099,597
Buildings and improvements	77,583,883	14,899,416	92,483,299	52,590,312
Wastewater treatment rights	-	635,199	635,199	-
Machinery and equipment	6,108,098	3,710,614	9,818,712	4,690,979
Less accumulated depreciation	(20,845,789)	(9,314,169)	(30,159,958)	(35,416,962)
Total capital assets	76,747,384	10,260,090	87,007,474	26,963,926
Total assets	101,537,760	17,332,440	118,870,200	33,441,793
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - TRS OPEB	397,462	-	397,462	-
Deferred outflows of resources - TMRS OPEB	22,528	2,767	25,295	-
Deferred outflows of resources - TRS pension	955,246	-	955,246	-
Deferred outflows of resources - TMRS pension	613,962	75,411	689,373	-
Deferred loss on refunding	681,482	-	681,482	-
Total deferred outflows of resources	2,670,680	78,178	2,748,858	-
LIABILITIES				
Accounts payable	1,260,049	397,448	1,657,497	427,273
Customer deposit payable	-	241,480	241,480	-
Unearned revenue	-	289,048	289,048	432,105
Accrued interest payable	132,442	10,222,722	10,355,164	37,941,881
Noncurrent liabilities:				
Due within one year				
Long-term debt	1,883,135	4,793,594	6,676,729	49,212,556
Compensated absences	36,824	6,903	43,727	-
Due in more than one year				
Long-term debt	30,480,623	2,803,815	33,284,438	-
Compensated absences	331,415	62,128	393,543	-
TRS net OPEB liability	2,830,719	-	2,830,719	-
TMRS total OPEB liability	73,555	9,035	82,590	-
TRS net pension liability	1,502,914	-	1,502,914	-
TMRS net pension liability	1,282,910	157,578	1,440,488	-
Total liabilities	39,814,586	18,983,751	58,798,337	88,013,815
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - TRS OPEB	1,224,611	-	1,224,611	-
Deferred inflows - TRS pension	268,967	-	268,967	-
Deferred inflows - TMRS OPEB	4,389	539	4,928	-
Deferred inflows - TMRS pension	259,086	31,823	290,909	-
Total deferred inflows of resources	1,757,053	32,362	1,789,415	-
NET POSITION (DEFICIT)				
Net investment in capital assets	46,633,638	4,672,681	51,306,319	(22,248,630)
Restricted for:				
Tourism	423,333	-	423,333	-
Construction	3,011,918	-	3,011,918	-
Court security and technology	203,173	-	203,173	-
Future projects	14,719	-	14,719	-
Improvements	-	50,000	50,000	-
Unrestricted	12,350,020	(6,328,176)	6,021,844	(32,323,392)
Total net position (deficit)	\$ 62,636,801	\$ (1,605,495)	\$ 61,031,306	\$ (54,572,022)

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, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 6,555,048	\$ 318,140	\$ -	\$ -
Public safety	3,991,114	649,795	37,610	-
Cultural and recreation	282,512	-	2,089	-
Public works	1,326,090	1,587,839	-	-
Economic development	150,037	-	-	280,000
Visitor services	802,244	-	-	-
Education	9,979,674	90,123	9,685,564	-
Interest on long-term debt	1,103,925	-	-	-
Total governmental activities	24,190,644	2,645,897	9,725,263	280,000
Business-type activities:				
Water and sewer	6,407,650	6,410,755	-	-
Cemetery	21,734	67,578	-	-
Total business-type activities	6,429,384	6,478,333	-	-
Total primary government	\$ 30,620,028	\$ 9,124,230	\$ 9,725,263	\$ 280,000
Discretely Presented Component Units	\$ 13,104,158	\$ 7,456,317	\$ -	\$ -

GENERAL REVENUES AND TRANSFERS

Taxes:

Sales taxes

Property taxes

Hotel occupancy taxes

Mixed beverage taxes

Franchise taxes

Interest Income

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

NET POSITION, beginning of year

NET POSITION, end of year

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Discretely Presented Component Units
Governmental Activities	Business - Type Activities	Total	
\$ (6,236,908)	\$ -	\$ (6,236,908)	\$ -
(3,303,709)	-	(3,303,709)	-
(280,423)	-	(280,423)	-
261,749	-	261,749	-
129,963	-	129,963	-
(802,244)	-	(802,244)	-
(203,987)	-	(203,987)	-
(1,103,925)	-	(1,103,925)	-
(11,539,484)	-	(11,539,484)	-
-	3,105	3,105	-
-	45,844	45,844	-
-	48,949	48,949	-
\$ (11,539,484)	\$ 48,949	\$ (11,490,535)	\$ -
\$ -	\$ -	\$ -	\$ (5,647,841)
7,378,900	-	7,378,900	-
2,411,279	-	2,411,279	-
369,145	-	369,145	-
41,949	-	41,949	-
972,520	-	972,520	-
260,003	62,177	322,180	70,283
72,688	-	72,688	-
77,158	(77,158)	-	-
11,583,642	(14,981)	11,568,661	70,283
44,158	33,968	78,126	(5,577,558)
62,592,643	(1,639,463)	60,953,180	(48,994,464)
\$ 62,636,801	\$ (1,605,495)	\$ 61,031,306	\$ (54,572,022)

Town of Westlake
Balance Sheet
Governmental Funds
September 30, 2020

	General	Westlake Academy	Debt Service Fund
ASSETS			
Cash and cash equivalents	\$ 15,976,916	\$ 1,351,339	\$ 150,518
Receivables :			
Property taxes	5,818	-	1,917
Accounts receivable	1,045,393	437,260	-
Due from other funds	249,766	-	-
Prepaid items	41,586	76,171	-
Restricted cash and cash equivalents	-	-	-
Total assets	17,319,479	1,864,770	152,435
TOTAL ASSETS	\$ 17,319,479	\$ 1,864,770	\$ 152,435
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 723,151	\$ 101,706	\$ -
Due to other funds	-	-	-
Total liabilities	723,151	101,706	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable contributions	-	1,777	-
Unavailable resources - property taxes	5,818	-	1,917
Total deferred inflows of resources	5,818	1,777	1,917
FUND BALANCES			
Nonspendable:			
Prepaid items	41,586	76,171	-
Restricted for:			
Tourism	-	-	-
Capital items	-	-	-
Court security and technology	203,173	-	-
Debt service	-	-	150,518
Future projects	-	-	-
Education	-	1,685,116	-
Committed for:			
Street and tree improvements	80,442	-	-
Unassigned	16,265,309	-	-
Total fund balances	16,590,510	1,761,287	150,518
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 17,319,479	\$ 1,864,770	\$ 152,435

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

Capital Projects	Westlake Academy Expansion Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,762,320	\$ 3,011,918	\$ 441,783	\$ 22,694,794
-	-	-	7,735
-	-	249,766	1,732,419
-	-	-	249,766
-	-	7,269	125,026
-	-	230,402	230,402
1,762,320	3,011,918	929,220	25,040,142
\$ 1,762,320	\$ 3,011,918	\$ 929,220	25,040,142
\$ 223,193	\$ -	\$ 211,999	\$ 1,260,049
-	-	249,766	249,766
223,193	-	461,765	1,509,815
-	-	-	1,777
-	-	-	7,735
-	-	-	9,512
-	-	7,269	125,026
-	-	416,064	416,064
1,539,127	3,011,918	29,403	4,580,448
-	-	-	203,173
-	-	-	150,518
-	-	14,719	14,719
-	-	-	1,685,116
-	-	-	80,442
-	-	-	16,265,309
1,539,127	3,011,918	467,455	23,520,815
\$ 1,762,320	\$ 3,011,918	\$ 929,220	\$ 25,040,142

Town of Westlake**Exhibit A-4****Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2020**

Total fund balance-governmental funds balance sheet	\$ 23,520,815
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.	76,747,384
Deferred losses on refunding are reported as deferred outflows of resources in the government-wide statement of net position.	681,482
Revenues earned but not available within sixty days of the fiscal year-end are not recognized as revenue in the fund financial statements.	9,512
Deferred outflows of resources related to the Town's TMRS pension liability and OPEB liability increased net position by \$613,962 and \$22,528, respectively; while the Town's TMRS deferred resource inflows related to the pension liability and OPEB liability decreased net position by \$259,086 and \$4,389. This amount is the net effect.	373,015
Deferred outflows of resources related to the Academy's TRS pension liability and OPEB liability increased net position by \$955,246 and \$397,462, respectively; while the Academy's TRS deferred resource inflows related to the pension liability and OPEB liability decreased net position by \$268,967 and \$1,224,611, respectively. This amount is the net effect.	(140,870)
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.	(132,442)
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.	(38,422,095)
NET POSITION OF GOVERNMENTAL ACTIVITIES - statement of net position	\$ 62,636,801



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, 2020

	General	Westlake Academy	Debt Service Fund
REVENUES			
Taxes			
Sales	\$ 5,534,125	\$ -	\$ -
Property	1,725,951	-	685,913
Mixed beverage	41,949	-	-
Hotel occupancy	-	-	-
Franchise	972,520	-	-
State program revenues	-	8,011,061	-
Federal program revenues	-	137,910	-
Interest income	170,036	17,293	-
Building permits and fees	1,996,834	-	-
Fines and penalties	492,435	-	-
Intergovernmental	24,750	-	-
Contributions	12,860	-	-
Miscellaneous	126,198	1,675,317	-
Total revenues	11,097,658	9,841,581	685,913
EXPENDITURES			
Current			
General government	5,169,039	-	-
Public safety	3,512,456	-	-
Cultural and recreation	264,248	-	-
Public works	567,995	-	-
Economic development	-	-	-
Visitor services	-	-	-
Education	-	9,845,685	-
Capital outlay	-	-	-
Debt service			
Principal retirement	36,677	187,611	1,613,350
Interest and other fiscal charges	-	20,311	1,083,542
Total expenditures	9,550,415	10,053,607	2,696,892
Excess (deficiency) of revenues			
Over (Under) Expenditures	1,547,243	(212,026)	(2,010,979)
OTHER FINANCING SOURCES (USES)			
Transfers in	77,158	-	2,116,814
Transfers out	(272,089)	-	-
Issuance of capital lease	-	585,623	-
Net other financing sources (uses)	(194,931)	585,623	2,116,814
NET CHANGE IN FUND BALANCES	1,352,312	373,597	105,835
FUND BALANCES, AT BEGINNING OF YEAR	15,238,198	1,387,690	44,683
FUND BALANCES AT END OF YEAR	\$ 16,590,510	\$ 1,761,287	\$ 150,518

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

Capital Projects	Westlake Academy Expansion Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,844,775	\$ 7,378,900
-	-	-	2,411,864
-	-	-	41,949
-	-	369,145	369,145
-	-	-	972,520
-	-	-	8,011,061
-	-	-	137,910
30,204	33,705	8,765	260,003
-	-	-	1,996,834
-	-	-	492,435
-	-	-	24,750
-	-	280,000	292,860
-	-	11,479	1,812,994
30,204	33,705	2,514,164	24,203,225
-	-	-	5,169,039
-	-	-	3,512,456
-	-	-	264,248
54,312	-	-	622,307
-	-	203,407	203,407
-	-	781,883	781,883
-	-	-	9,845,685
1,627,548	-	-	1,627,548
-	-	-	1,837,638
-	-	-	1,103,853
1,681,860	-	985,290	24,968,064
(1,651,656)	33,705	1,528,874	(764,839)
100,000	280,000	100,000	2,673,972
(100,000)	(100,000)	(2,124,725)	(2,596,814)
-	-	-	585,623
-	180,000	(2,024,725)	662,781
(1,651,656)	213,705	(495,851)	(102,058)
3,190,783	2,798,213	963,306	23,622,873
\$ 1,539,127	\$ 3,011,918	\$ 467,455	\$ 23,520,815

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, 2020

Net change in fund balances- total governmental funds.	\$	(102,058)
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.		1,430,820
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.		(2,366,481)
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	1,650,027	
Amortization of deferred loss on refunding	(108,507)	
Amortization of premium on bonds	99,812	1,641,332
Governmental funds reflect the proceeds of capital leases as other financing sources and payments as expenditures. However, in the government-wide statements, the proceeds and payments are reflected as changes in liabilities. This amount represents the net effect of proceeds (\$585,623) and payments, \$187,611.		(398,012)
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.		8,623
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 \$219,000 and increase net position by \$14,422, respectively. The change in net position liability increased net position by \$267,960. The change in OPEB liability decreased net position by \$25,031. The change in deferred inflows of resources from pension and OPEB activity for TMRS decreased net position by \$192,776 and increased net position by \$815, respectively. This amount is the net effect.		(153,612)
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 TRS increased net position by \$37,423 and \$130,094, respectively. The change in net pension liability decreased net position by \$13,389. The change in OPEB liability increased net position by \$119,869. The changes in deferred inflows of resources from pension and OPEB activity for TRS decreased net position by \$158,023 and by \$291,564, respectively. This amount is the net effect.		(175,590)
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.		163,116
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.		(3,980)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES - statement of activities	\$	44,158

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

Town of Westlake
Statement of Net Position
Proprietary Funds
September 30, 2020

Exhibit A-7

	Utility Fund	Cemetery Fund	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 5,390,988	\$ 171,963	\$ 5,562,951
Accounts receivable	1,027,342	-	1,027,342
Inventories	-	88,639	88,639
Restricted cash and investments	343,418	50,000	393,418
Total current assets	6,761,748	310,602	7,072,350
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	3,710,614	-	3,710,614
Less: accumulated depreciation	(9,314,169)	-	(9,314,169)
Total capital assets	10,260,090	-	10,260,090
Total noncurrent assets	10,260,090	-	10,260,090
TOTAL ASSETS	17,021,838	310,602	17,332,440
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - TMRS OPEB	2,767	-	2,767
Deferred outflows - TMRS pension	75,411	-	75,411
TOTAL DEFERRED OUTFLOWS OF RESOURCES	78,178	-	78,178
LIABILITIES			
Current liabilities			
Accounts payable	395,150	2,298	397,448
Customer deposits payable	241,480	-	241,480
Accrued interest payable	10,222,722	-	10,222,722
Unearned revenue	289,048	-	289,048
Compensated absences - current portion	6,903	-	6,903
Current portion of bonds payable	113,650	-	113,650
Contractual obligations	4,679,944	-	4,679,944
Total current liabilities	15,948,897	2,298	15,951,195
Long-term liabilities:			
Bonds payable	2,803,815	-	2,803,815
Compensated absences	62,128	-	62,128
Total OPEB liability	9,035	-	9,035
Net pension liability	157,578	-	157,578
Total long-term liabilities	3,032,556	-	3,032,556
TOTAL LIABILITIES	18,981,453	2,298	18,983,751
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - TMRS OPEB	539	-	539
Deferred inflows - TMRS pension	31,823	-	31,823
Total deferred inflows of resources	32,362	-	32,362
NET POSITION (DEFICIT)			
Net investment in capital assets	4,672,681	-	4,672,681
Restricted for improvements	-	50,000	50,000
Unrestricted	(6,586,480)	258,304	(6,328,176)
TOTAL NET POSITION (DEFICIT)	\$ (1,913,799)	\$ 308,304	\$ (1,605,495)

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

Town of Westlake
Exhibit A-8

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Funds
 For the Year Ended September 30, 2020

	Utility Fund	Cemetery Fund	Total
OPERATING REVENUES			
Charges for services	\$ 6,067,022	\$ 67,578	\$ 6,134,600
Miscellaneous revenue	343,733	-	343,733
Total operating revenues	6,410,755	67,578	6,478,333
OPERATING EXPENSES			
Payroll costs	387,839	-	387,839
Professional and contract services	1,011,596	12,722	1,024,318
Depreciation	505,246	-	505,246
Amortization of wastewater treatment rights	26,365	-	26,365
Water purchases	1,201,671	-	1,201,671
Cost of cemetery lots sold	-	3,379	3,379
Other operating costs	2,209,740	5,633	2,215,373
Total operating expenses	5,342,457	21,734	5,364,191
Net operating income	1,068,298	45,844	1,114,142
NON-OPERATING REVENUES (EXPENSES)			
Interest income	59,885	2,292	62,177
Interest expense	(1,065,193)	-	(1,065,193)
Total non-operating revenues (expenses)	(1,005,308)	2,292	(1,003,016)
INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	62,990	48,136	111,126
Transfer in	-	-	-
Transfer out	(77,158)	-	(77,158)
Total transfers and capital contributions	(77,158)	-	(77,158)
Change in net position	(14,168)	48,136	33,968
Total net position, beginning of year	(1,899,631)	260,168	(1,639,463)
Total net position, end of year	\$ (1,913,799)	\$ 308,304	\$ (1,605,495)

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, 2020

Exhibit A-9

	Utility Fund	Cemetery Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 6,281,319	\$ 67,578	\$ 6,348,897
Payments to employees	(412,200)	-	(412,200)
Payments to suppliers	(5,457,213)	(16,678)	(5,473,891)
Net cash provided by operating activities	411,906	50,900	462,806
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	-	-
Transfer to other funds	(77,158)	-	(77,158)
Net cash used in noncapital financing activities	(77,158)	-	(77,158)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on debt	(228,815)	-	(228,815)
Interest paid on debt	(218,215)	-	(218,215)
Purchase of property and equipment	(149,834)	-	(149,834)
Net cash used in capital and related financing activities	(596,864)	-	(596,864)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings	59,885	2,292	62,177
Net cash provided by investing activities	59,885	2,292	62,177
Net increase (decrease) in cash	(202,231)	53,192	(149,039)
Cash and cash equivalents at the beginning of the year	5,936,637	168,771	6,105,408
Cash and cash equivalents at the end of the year	\$ 5,734,406	\$ 221,963	\$ 5,956,369
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS			
Cash and cash equivalents	\$ 5,390,988	\$ 171,963	\$ 5,562,951
Restricted cash and cash equivalents	343,418	50,000	393,418
Total cash and cash equivalents	\$ 5,734,406	\$ 221,963	\$ 5,956,369
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 1,068,298	\$ 45,844	\$ 1,114,142
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	531,611	-	531,611
Pension expense	(2,911)	-	(2,911)
OPEB expense	1,575	-	1,575
Changes in operating assets and liabilities:			
Receivables	(109,821)	-	(109,821)
Prepaid Items	50,269	-	50,269
Inventory	-	3,379	3,379
Compensated absences	(23,025)	-	(23,025)
Accounts payable	(1,084,475)	1,677	(1,082,798)
Customer deposits payable	2,110	-	2,110
Unearned revenue	(21,725)	-	(21,725)
Net cash provided by operating activities	\$ 411,906	\$ 50,900	\$ 462,806

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, 2020

	PID Agency Fund
ASSETS	
Restricted cash and cash equivalents	\$ 2,097,911
Total Assets	<u>\$ 2,097,911</u>
LIABILITIES	
Liability to bond holders	\$ 2,097,911
Total Liabilities	<u>\$ 2,097,911</u>

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

Town of Westlake

Discretely Presented Component Units
Combining Statement of Net Position
September 30, 2020

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	\$ 385,650	\$ 403,085	\$ 3,407,345	\$ 4,196,080
Accounts receivable (net of allowance)	34,553	15,278	696	50,527
Restricted assets:				
Cash and cash equivalents	1,959,384	271,876	-	2,231,260
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	(17,868,855)	(17,548,107)	-	(35,416,962)
Total assets	13,669,573	16,364,179	3,408,041	33,441,793
LIABILITIES AND NET POSITION				
LIABILITIES				
Accounts payable and accrued expenses	138,350	285,477	3,446	427,273
Unearned revenue	158,454	273,651	-	432,105
Accrued interest payable	10,200,536	27,741,345	-	37,941,881
Bonds payable	21,007,556	28,205,000	-	49,212,556
Total liabilities	31,504,896	56,505,473	3,446	88,013,815
NET POSITION (DEFICIT)				
Net investment in capital assets	(9,717,570)	(12,531,060)	-	(22,248,630)
Unrestricted	(8,117,753)	(27,610,234)	3,404,595	(32,323,392)
Total net position (deficit)	<u><u>\$ (17,835,323)</u></u>	<u><u>\$ (40,141,294)</u></u>	<u><u>\$ 3,404,595</u></u>	<u><u>\$ (54,572,022)</u></u>

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, 2020

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Business-type activities:				
Texas Student Housing Authority	\$ 412,099	\$ 435,990	\$ -	\$ -
Texas Student Housing Corporation				
College Station Project	6,689,950	1,785,725	-	-
Denton Project	6,002,109	5,234,602	-	-
Total business-type activities	13,104,158	7,456,317	-	-
Total component units	\$ 13,104,158	\$ 7,456,317	\$ -	\$ -

GENERAL REVENUES

Interest income

Total general revenues

Change in net position

NET POSITION (DEFICIT), beginning of year

NET POSITION (DEFICIT), end of year

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

Net (Expense) Revenues and Changes in Net Positions			
Texas Student Housing Corporation Denton Project	Texas Student Housing Corporation College Station Project	Texas Student Housing Authority	Total
\$ -	\$ -	\$ 23,891	\$ 23,891
-	(4,904,225)	-	(4,904,225)
(767,507)	-	-	(767,507)
(767,507)	(4,904,225)	23,891	(5,647,841)
<u>\$ (767,507)</u>	<u>\$ (4,904,225)</u>	<u>\$ 23,891</u>	<u>\$ (5,647,841)</u>
27,834	-	42,449	70,283
27,834	-	42,449	70,283
(739,673)	(4,904,225)	66,340	(5,577,558)
(17,095,650)	(35,237,069)	3,338,255	(48,994,464)
<u>\$ (17,835,323)</u>	<u>\$ (40,141,294)</u>	<u>\$ 3,404,595</u>	<u>\$ (54,572,022)</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 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
P.O. Box 93419
Southlake, Texas 76092

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

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.

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 Fund – to account for contributions restricted for public art.

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

The Town adopts an annual appropriated budget for all governmental funds except capital projects, Solana PID capital projects, Public Arts, and Westlake Academy Expansion capital projects fund, 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, 2020.

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 using the consumption method 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 provides vacation and sick leave to be accrued at the start of employment. Employees earn 10 days of vacation and 10 days of sick leave between one year and 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. Unused vacation hours are paid upon termination or retirement at the employee's normal hourly rate.

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.

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.

Town of Westlake

Notes to the Financial Statements

In the government-wide financial statements, net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. 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), differences in projected and actual earnings on pension/OPEB investments (deferred and amortized over a closed five-year period), and differences between expected and actual experience and/or changes in assumptions (deferred and amortized over the remaining average service life of participants.)

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 Governmental-wide 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.

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:

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

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

At year end, the carrying amount of the Town's deposits was \$28,850,957 and the bank balance was \$29,307,755. 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 \$6,427,341 and the bank balance was \$6,456,006. 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 \$4,196,080 in cash and cash equivalents and \$2,231,261 in restricted cash and cash equivalents.

At September 30, 2020, 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	\$ 28,257,745
Restricted cash and investments	623,820
Total primary government	28,881,565
Fiduciary funds:	
Restricted cash and cash equivalents	2,097,911
Total cash and investments	\$ 30,979,476
Deposits with financial institutions	
Investments	\$ 28,850,957
	2,128,519
Total cash and investments	\$ 30,979,476

Town of Westlake

Notes to the Financial Statements

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 38 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, 2020, the Town's investments were as follows:

Investment Type	Carrying Amount	Fair Value	Weighted Average Maturity (days)
TexPool	\$ 207	\$ 207	38 days
Mutual funds	2,128,312	2,128,312	N/A
Total	\$ 2,128,519	\$ 2,128,519	

Disclosures Relating to Credit Risk

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

Primary government	Carrying Amount	Fair Value	Minimum Legal Rating	Rating as of Year-end
Investments:				
TexPool	\$ 207	\$ 207	N/A	AAA-m
Mutual funds	2,128,312	2,128,312	N/A	A-1
Total	\$ 2,128,519	\$ 2,128,519		

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.

Town of Westlake

Notes to the Financial Statements

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, 2020, the Town's entire cash deposits with financial institutions in excess of federal depository insurance were fully collateralized.

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

Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 inputs are inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

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

Town of Westlake

Notes to the Financial Statements

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, 2020	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	\$ 207	\$ -	\$ -	\$ -	0.01%	38
Investments by Fair Value Level:						
Mutual Funds	2,128,312	2,128,312	-	-	99.99%	N/A
Total Value	\$ 2,128,519	\$ 2,128,312	\$ -	\$ -		

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

Investment in State Investment Pools

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

During the year ended September 30, 2020, 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, \$241,480 of restricted cash represents customer deposits received for water and sewer usage that are refundable upon termination of service; \$101,938 represents remaining Texas Water Development Board bond proceeds to be spent on the Fort Worth waterline; and \$50,000 of restricted cash represents a contribution restricted for cemetery improvements.

Discretely Presented Component Units

Within the discretely presented component units, the \$2,231,260 in restricted cash and cash equivalents represents funds held for debt service.

Town of Westlake
Notes to the Financial Statements

Note 3. Receivables

Governmental activities receivable balance consists of the following as of September 30, 2020:

	Governmental Funds				Total Governmental Funds
	General	Westlake Academy	Debt Service Fund	Nonmajor Fund	
Receivables:					
Sales tax	\$ 749,299	\$ -	\$ -	\$ 249,766	\$ 999,065
Property tax	7,757	-	2,556	-	10,313
Other taxes	4,209	-	-	-	4,209
Franchise tax	215,108	-	-	-	215,108
Other	139,891	437,260	-	-	577,151
Gross receivables	1,116,264	437,260	2,556	249,766	1,805,846
Less: allowance for uncollectibles	(65,053)	-	(639)	-	(65,692)
Net total receivables	\$ 1,051,211	\$ 437,260	\$ 1,917	\$ 249,766	\$ 1,740,154

Business-type receivables balance consists of the following as of September 30, 2020:

	Business-Type Activities		
	Utility Fund	Cemetery Fund	Total
Receivables:			
Accounts	\$ 1,027,342	\$ -	\$ 1,027,342
Gross receivables	1,027,342	-	1,027,342
Less: allowance for uncollectibles	-	-	-
Net total receivables	\$ 1,027,342	\$ -	\$ 1,027,342

Town of Westlake
Notes to the Financial Statements

Note 4. Capital Assets

Capital asset activity for the year ended September 30, 2020, 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	771,239	683,894	-	-	1,455,133
Total assets not being depreciated	13,217,298	683,894	-	-	13,901,192
Capital assets, being depreciated:					
Capital improvements	34,114,192	179,984	-	-	34,294,176
Buildings	42,974,724	314,983	-	-	43,289,707
Machinery and equipment	5,047,482	186,286	(23,000)	-	5,210,768
Information systems and software	831,657	65,673	-	-	897,330
Total capital assets being depreciated	82,968,055	746,926	(23,000)	-	83,691,981
Less accumulated depreciation:					
Capital improvements	(6,366,740)	(893,496)	-	-	(7,260,236)
Buildings	(8,037,673)	(881,819)	-	-	(8,919,492)
Machinery and equipments	(3,782,419)	(407,275)	23,000	-	(4,166,694)
Information systems and software	(315,476)	(183,891)	-	-	(499,367)
Total accumulated depreciation	(18,502,308)	(2,366,481)	23,000	-	(20,845,789)
Total capital assets being depreciated	64,465,747	(1,619,555)	-	-	62,846,192
Governmental activities capital assets, net	\$ 77,683,045	\$ (935,661)	\$ -	\$ -	\$ 76,747,384

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	149,834	-	-	3,710,614
Total capital assets being depreciated	19,095,395	149,834	-	-	19,245,229
Less accumulated depreciation:					
Capital improvements	(5,889,789)	(363,594)	-	-	(6,253,383)
Wastewater treatment rights	(608,834)	(26,365)	-	-	(635,199)
Machinery and equipment	(2,283,935)	(141,652)	-	-	(2,425,587)
Total accumulated depreciation	(8,782,558)	(531,611)	-	-	(9,314,169)
Total capital assets being depreciated	10,312,837	(381,777)	-	-	9,931,060
Business-type activities					
capital assets, net	<u>\$ 10,641,867</u>	<u>\$ (381,777)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,260,090</u>

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

Governmental activities:	
General government	\$ 936,226
Public safety	630,275
Public works	799,980
Total depreciation expense - governmental activities	<u>\$ 2,366,481</u>
Business-type activities:	
Water and sewer	<u>\$ 531,611</u>

Town of Westlake
Notes to the Financial Statements

A summary of discretely presented component units' capital assets at August 31, 2020 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	(15,780,012)	(856,833)	-	(16,636,845)
Furniture and fixtures	(1,223,560)	(8,450)	-	(1,232,010)
Total accumulated depreciation	(17,003,572)	(865,283)	-	(17,868,855)
Total capital assets being depreciated	9,955,269	(865,283)	-	9,089,986
Capital assets, net	\$ 12,155,269	\$ (865,283)	\$ -	\$ 11,289,986

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	(13,334,060)	(896,177)	-	(14,230,237)
Furniture and fixtures	(3,283,959)	(33,911)	-	(3,317,870)
Total accumulated depreciation	(16,618,019)	(930,088)	-	(17,548,107)
Total capital assets being depreciated	13,704,431	(930,088)	-	12,774,343
Capital assets, net	\$ 16,604,028	\$ (930,088)	\$ -	\$ 15,673,940

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, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One year
Governmental activities:					
General obligation bonds					
other obligations	\$32,171,250	\$ -	\$ (1,613,350)	\$ 30,557,900	\$1,651,350
Unamortized bond premium	1,379,285	-	(99,812)	1,279,473	-
Notes payable	165,050	-	(36,677)	128,373	36,677
Capital leases	-	585,623	(187,611)	398,012	195,108
Compensated absences	531,355	194,622	(357,738)	368,239	36,824
Total OPEB liability - TMRS	48,524	25,031	-	73,555	-
Net OPEB liability - TRS	2,950,588	-	(119,869)	2,830,719	-
Net pension liability - TMRS	1,550,870	-	(267,960)	1,282,910	-
Net pension liability - TRS	1,489,525	13,389	-	1,502,914	-
Total governmental activities	\$40,286,447	\$ 818,665	\$ (2,683,017)	\$ 38,422,095	\$1,919,959
	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One year
Business-type activities:					
Certificates of obligation	\$ 2,999,750	\$ -	\$ (108,650)	\$ 2,891,100	\$ 113,650
Contractual obligations	4,800,109	-	(120,165)	4,679,944	4,679,944
Unamortized bond premium	27,537	-	(1,172)	26,365	-
Compensated absences	92,056	46,032	(69,057)	69,031	6,903
Total OPEB liability - TMRS	5,960	3,075	-	9,035	-
Net pension liability - TMRS	190,491	-	(32,913)	157,578	-
Total business-type activities	\$ 8,115,903	\$ 49,107	\$ (331,957)	\$ 7,833,053	\$ 4,800,497

The Town's accrued interest for general obligation bonds reported in governmental activities was \$132,442 and certificates of obligation reported in business-type activities for \$32,977.

Town of Westlake
Notes to the Financial Statements

General Obligation Bonds, Tax Notes and Certificates of Obligation

General obligation bonds, tax notes and certificates of obligation are as follows as of September 30, 2020:

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%	\$ 1,303,000	\$ -
\$7,375,000 General Obligation Refunding Bonds, Series 2011	2028	2.0-4.0%	4,215,000	-
\$9,320,000 Certificates of Obligation, Series 2013	2043	2.0-4.0%	7,128,900	881,100
\$2,200,000 General Obligation Refunding Bonds, Series 2013	2028	2.0-2.5%	1,225,000	-
\$9,180,000 Certificate of Obligation Bonds, Series 2016	2046	2.0-5.0%	8,565,000	-
\$5,795,000 General Obligation Refunding Bonds, Series 2017	2032	2.0-5.0%	5,700,000	-
\$1,530,000 Tax Notes, Series 2017	2024	2.0-5.0%	901,000	-
\$1,910,000 General Obligation Refunding Bonds, Series 2014	2032	2.0-5.0%	1,520,000	-
\$2,100,000 Certificates of Obligation, Series 2018	2028	2.0-2.7%	-	2,010,000
			<u>\$ 30,557,900</u>	<u>\$ 2,891,100</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
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	1,796,600	894,734	2,691,334
2025	1,594,600	841,342	2,435,942
2026-2030	8,819,200	3,328,520	12,147,720
2031-2035	5,805,000	1,819,199	7,624,199
2036-2040	3,532,700	1,129,867	4,662,567
2041-2045	3,416,500	402,014	3,818,514
2046	500,000	10,000	510,000
Total	<u>\$ 30,557,900</u>	<u>\$ 11,400,602</u>	<u>\$ 41,958,502</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
2021	\$ 113,650	\$ 86,717	\$ 200,367
2022	114,750	84,051	198,801
2023	120,300	81,173	201,473
2024	121,400	78,075	199,475
2025	121,400	74,884	196,284
2026-2030	703,800	319,064	1,022,864
2031-2035	830,000	198,879	1,028,879
2036-2040	617,300	69,238	686,538
2041-2043	148,500	9,086	157,586
Total	\$ 2,891,100	\$ 1,001,167	\$ 3,892,267

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
2021	36,677
2022	36,677
2023	36,677
2024	18,342
Total	\$ 128,373

Capital Leases

In 2020, the Academy acquired equipment and software with a historical cost of \$585,623 under a capital lease. The following schedule shows the future minimum payments under the lease as of August 31, 2020:

Year Ending August 31,	Principal	Interest	Annual Lease Payments
2021	\$ 195,108	\$ 12,814	\$ 207,922
2022	202,904	5,017	207,921
Total	\$ 398,012	\$ 17,831	\$ 415,843

Town of Westlake

Notes to the Financial Statements

Contractual Obligations

Proprietary funds contractual obligations as of September 30, 2020 are as follows:

Contractual Obligations	Maturity	Interest Rate	Business- Type
Limited pledge contractual obligation:			
Dove Road Water Line and West Pump Station	2028	6.75%	\$ 4,679,944

Elevated Water Storage Facility - On October 9, 2000, the Town approved an interlocal agreement with the City of Keller, which provided for the joint construction, operation, maintenance and use of an elevated water storage facility and appurtenances. The Town recorded a contractual obligation of \$1,466,000 based on the terms of the interlocal agreement, which requires 20 annual principal and interest payments to the City of Keller, with payments due each September 30 at interest rates ranging from 5.0% to 5.65%. The last payment to the City of Keller was made in fiscal year 2020.

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.

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

Year Ending September 30,	Principal	Interest	Total Requirements
Past Due	\$ -	\$ 10,189,745	\$ 10,189,745
2021	4,679,944	768,278	5,448,222
Total	\$ 4,679,944	\$ 10,958,023	\$ 15,637,967

Town of Westlake

Notes to the Financial Statements

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, 2020, 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	\$ 19,225,000	\$ -	\$ (1,085,000)	\$ 18,140,000	\$ 1,160,000
2001 B Bonds	3,240,000	-	-	3,240,000	1,600,000
Less discount on bonds	(409,929)	-	37,485	(372,444)	-
Total	\$ 22,055,071	\$ -	\$ (1,047,515)	\$ 21,007,556	\$ 2,760,000

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.

At August 31, 2020, 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, 2020. Upon certain events of default either the trustee, or owners of not less than 25% in aggregate principal of the bonds then outstanding, may declare the principal and all interest then due to be immediately due and payable.

Town of Westlake

Notes to the Financial Statements

The debt service requirements of the bonds are as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
Past Due	\$ 1,510,000	\$ 9,961,914	\$ 11,471,914
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	1,535,000	1,145,963	2,680,963
2025	1,645,000	1,035,835	2,680,835
2026-2030	10,185,000	3,220,028	13,405,028
2031	2,495,000	181,283	2,676,283
	<u>\$ 21,380,000</u>	<u>\$ 19,568,766</u>	<u>\$ 40,948,766</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, 2020:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue Certificates	<u>\$ 28,205,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,205,000</u>	<u>\$ 3,215,800</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, 2020 are as follows:

Year Ending August 31,	Principal	Interest	Total
Past Due	\$ 2,385,800	\$ 27,285,485	\$ 29,671,285
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	530,000	1,372,495	1,902,495
2025	570,000	1,331,160	1,901,160
2026-2030	3,575,000	5,912,733	9,487,733
2031-2035	5,155,000	4,275,367	9,430,367
2036-2040	13,769,200	1,854,218	15,623,418
Total	\$ 28,205,000	\$ 46,437,373	\$ 74,642,373

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, 2020.

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 The Bank of New York (the Trustee) for the purpose of determining that each class is paid in accordance with the private placement memorandum.

At August 31, 2020, 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 \$289,048 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 \$5,818 and \$1,917 of unavailable property taxes in the general fund and debt service fund, respectively. The unavailable contribution of \$1,777 reported in the Westlake Academy fund is from the Town (general fund) with a time constraint to be used for fiscal year 2021.

Town of Westlake

Notes to the Financial Statements

Note 7. Interlocal Agreement with the City of Southlake

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, 2020, were as follows:

Source	Westlake Academy
Federal program revenues:	
U.S. Department of Education - Passed through State Department of Education	
Total federal program revenues	\$ 137,910
State program revenues:	
State Department of Education	\$ 8,011,061

Note 9. Interfund Balances and Transactions

Interfund receivables and payables at September 30, 2020, were as follows:

	Due from Other Funds	Due to Other Funds
General fund	\$ 249,766	\$ -
Nonmajor governmental funds:		
4B Economic Development Fund	-	249,766
	\$ 249,766	\$ 249,766

The 4B Economic Development Corporation Fund amount of \$249,766 payable to the General Fund is related to sales tax.

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 2020 were as follows:

Transfer out	Transfer in	Amount	Purpose
General Fund	Debt Service Fund	\$ 272,089	Debt service payments
Capital projects fund	Nonmajor Governmental	100,000	Accumulate funds for expenditures
Westlake Academy			
Expansion	Capital projects fund	100,000	For Westlake Academy capital projects
Nonmajor Governmental	Westlake Academy		
	Expansion	280,000	For Westlake Academy capital projects
Nonmajor Governmental	Debt Service Fund	1,844,725	Debt service payments
Utility Fund	General Fund	77,158	Fort Worth impact revenue
		<u>\$ 2,673,972</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, 2020 was \$1,201,671.

Note 11. Town of Westlake and Westlake Academy Pension Plans

The Town provides for two pension plans; one provides for defined retirement pension benefits to the Town's employees, Texas Municipal Retirement System - TMRS, and the other provides defined retirement pension benefits to teachers at Westlake Academy, Teacher Retirement System of Texas (TRS). Both plans are described in detail below. Aggregate amounts for the two pension plans are as follows:

	TMRS	TRS	Total
Pension Liability	\$ 1,440,488	\$ 1,502,914	\$ 2,943,402
Deferred outflows of resources	689,373	955,246	1,644,619
Deferred inflows of resources	290,909	268,967	559,876
Pension Expense	639,541	1,192,380	1,831,921

TMRS Plan Description

The Town participates as one of 888 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 by writing to TMRS, P.O. Box 149153, Austin, Texas, 78714-9153 or by calling 800-924-8677. In addition, the report is available on TMRS' website at www.tmr.com.

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

Town of Westlake

Notes to the Financial Statements

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.

TMRS Employees Covered By Benefit Terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees of beneficiaries currently receiving benefits	13
Inactive employees entitled to but not yet receiving benefits	27
Active employees	45
	<hr/>
	85
	<hr/>

TMRS 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 11.80% and 11.77% in calendar years 2019 and 2020, respectively. The Town's contributions to TMRS for the year ended September 30, 2020, were \$478,059, and were equal to the required contributions.

TMRS Net Pension Liability

The Town's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

TMRS Actuarial Assumptions

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

- Inflation 2.5% per year
- Overall payroll growth 3.5% to 11.5%, including inflation
- Investment Rate of Return 6.75%, net of pension plan investment expense, including inflation
- Amortization method: Level percentage of payroll, closed
- Actuarial Cost Method: Entry Age Normal

Town of Westlake

Notes to the Financial Statements

Salary increases were based on a service-related table. Mortality rates for post-retirement were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with the scale UMP. Mortality rates for pre-retirement were based on PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Actuarial assumptions used in the December 31, 2019, valuation were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were first adopted in 2019 and first used in the December 31, 2019 actuarial valuations.

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with an emphasis on both capital appreciation and 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). The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.76%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	100.0%	

Town of Westlake

Notes to the Financial Statements

TMRS 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 remain at the current 7% 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.

TMRS Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2018	\$ 8,183,993	\$ 6,442,632	\$ 1,741,361
Changes for the year:			
Service Cost	651,255	-	651,255
Interest	570,598	-	570,598
Change of benefit terms	-	-	-
Difference between expected and actual experience	131,635	-	131,635
Changes of assumptions	89,534	-	89,534
Contributions - employer	-	470,903	(470,903)
Contributions - employee	-	279,349	(279,349)
Net investment income	-	999,440	(999,440)
Benefit payments, including refunds of employee contributions	(112,642)	(112,642)	-
Administrative expense	-	(5,628)	5,628
Other changes	-	(169)	169
Net Changes	1,330,380	1,631,253	(300,873)
Balance at 12/31/19	\$ 9,514,373	\$ 8,073,885	\$ 1,440,488

Net Pension Liability as a Percentage of Covered Payroll is 36.36%.

Town of Westlake

Notes to the Financial Statements

TMRS 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	\$ 2,921,522	\$ 1,440,488	\$ 222,317

TMRS 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.tmr.com.

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

For the year ended September 30, 2020, the Town recognized pension expense of \$639,541.

At September 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 250,080	\$ 51,404
Changes in actuarial assumptions	87,548	-
Difference between projected and actual investment earnings	-	239,505
Contributions subsequent to the measurement date	351,745	-
Total	\$ 689,373	\$ 290,909

\$351,745 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, 2021.

Town of Westlake

Notes to the Financial Statements

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)
2021	\$ 44,766
2022	(1,262)
2023	66,740
2024	(69,969)
2025	6,444
Total	\$ 46,719

Defined Benefit Pension Plan – TRS

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.

TRS 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.

TRS 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.

Town of Westlake

Notes to the Financial Statements

TRS 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. Employee contribution rates are set in state statute, Texas Government Code 825.402. The Texas Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased both employee and employer contribution rates for plan years 2020 through 2025.

Contribution rates	2019	2020
Member	7.70%	7.70%
Non-employer contributing entity (State)	6.80%	7.50%
Employers (District)	6.80%	7.50%
Employers (District - Non-OASDI)*	1.50%	1.50%

*SB12 requires an increase in employer contributions by public school districts, charter schools and regional education service centers. Prior to SB12 only those employers not participating in social security were required to pay a 1.5% contribution (Non-OASDI surcharge). Beginning September 1, 2019, all employers are required to pay the Public Education Employer contribution irrespective of participation in social security.

2019 Employer contributions	\$ 230,148
2019 Member contributions	\$ 462,758
2019 NECE on-behalf contributions	\$ 354,995

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. 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.
- On 1.5% of covered payroll. This contribution, known as the Public Education Employer Contribution, replaced the non-OASDI surcharge that was in effect until 2019.

Town of Westlake

Notes to the Financial Statements

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.

TRS Actuarial Assumptions

The total pension liability in the August 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2018 rolled forward to August 2019
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return*	7.25%
Municipal bond rate as of August 2018	2.63%. Source for the rate is the fixed Income Market Data/Yield Curve/Date Municipal Bonds with 20 Years to maturity that include only federally tax-exempt Municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Inflation	2.30%
Salary increases including inflation	3.50% to 9.50% includes inflation
Ad hoc post-employment benefit changes	None
Active mortality rates	Based on 90% of the RP 2014 Employing Mortality Tables for males and females with full generational mortality. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Health Pensioner Mortality Tables with full Generational projection using the ultimate Improvement rates from the most recently Published projective scale U-MP.

The actuarial methods and assumptions are primarily based on a study of actual experience for the four-year period ending August 31, 2017 and adopted on September 24, 2018.

Town of Westlake

Notes to the Financial Statements

TRS Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 2.63%. 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 sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. 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.

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2019 are summarized below:

Asset Class	2019 PY Target Allocation*	Net Target Allocation**	Long-term Expected Portfolio Real Rate of Return***
Global Equity			
U.S.	18%	18.0%	6.4%
Non-U.S. Developed	13%	13.0%	6.3%
Emerging Markets	9%	9.0%	7.3%
Directional Hedge Funds	4%	0.0%	0.0%
Private Equity	13%	14.0%	8.4%
Stable Value			
U.S. Treasuries	11%	16.0%	3.4%
Absolute Return	4%	5.0%	4.5%
Stable Value Hedge Funds	0%	0.0%	0.0%
Cash	0%	0.0%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	0.0%	0.0%
Real Assets	14%	16.0%	8.5%
Energy and Natural Resources	5%	6.0%	7.3%
Commodities	0%	0.0%	0.0%
Risk Parity			
Risk Parity	5%	8.0%	5.8%/6.5% ****
Asset Allocation Leverage			2.5%
Cash	1%	2.0%	
Asset Allocation Leverage	0%	-6.0%	2.7%
Total	100.0%		7.2%

* FY 2019 Target Allocation based on the Strategic Asset Allocation dated 10/1/2018

** New Target allocation based on the Strategic Asset Allocation dated 10/1/2019

*** 10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.1%

**** New Target Allocation groups Government Bonds within the stable value allocation. This include global sovereign nominal and inflation-linked bonds

Town of Westlake

Notes to the Financial Statements

TRS 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 (7.25%) in measuring the 2019 Net Pension Liability.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Academy's proportionate share of the TRS net pension liability	\$ 2,310,197	\$ 1,502,914	\$ 848,859

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

At August 31, 2020, the Academy reported a liability of \$1,502,914 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the Academy. The amount recognized by the Academy as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Academy were as follows:

Academy's proportionate share of the collective net pension liability	\$ 1,502,914
State's proportionate share that is associated with Academy	5,272,547
	<u>\$ 6,775,461</u>

The net pension liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as August 31, 2018 rolled forward to August 31, 2019. 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, 2018 thru August 31, 2019.

At August 31, 2019, the employer's proportion of the collective net pension liability was 0.0028912% which was an increase of 0.00001851% from its proportion measured as of August 31, 2018.

TRS Changes since the Prior Actuarial Valuation

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

- The single discount rate as of August 31, 2018 was a blended rate of 6.907% and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of Senate Bill 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in plan year 2020.

For the year ended August 31, 2019, the Academy recognized pension expense of \$1,192,380 and revenue of \$828,243 for support provided by the State.

Town of Westlake

Notes to the Financial Statements

At August 31, 2020, 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	\$ 6,314	\$ 52,184
Changes in actuarial assumptions	466,278	192,688
Changes in proportionate share	237,415	24,095
Difference between projected and actual investment earnings	15,091	-
Contributions paid to TRS subsequent to the measurement date	230,148	-
Total	\$ 955,246	\$ 268,967

The \$230,148 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, 2021.

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)
2021	\$ 143,456
2022	120,512
2023	86,421
2024	83,164
2025	32,429
Thereafter	(9,851)
Total	\$ 456,131

Town of Westlake

Notes to the Financial Statements

Note 12. Other Post-Employment Benefits (OPEB)

The Town provides for two other post-employment benefit (OPEB) plans; one provides for postemployment health insurance benefits for teachers at Westlake Academy through a multiple-employer defined benefit medical plan Texas Public School Retired Employees Group Insurance Program (TRS-Care), and the other is the Texas' Municipal Retirement System Supplemental Death Benefits Fund (TMRS-SDBF), a single employer defined benefit OPEB plan for the Town employees. Both plans are described in detail below. Aggregate amounts for the two OPEB plans are as follows:

	TMRS SDBF	TRS-Care	Total
OPEB Liability	\$ 82,590	\$ 2,830,719	\$ 2,913,309
Deferred outflows of resources	25,295	397,462	422,757
Deferred inflows of resources	4,928	1,224,611	1,229,539
OPEB Expense	11,524	187,014	198,538

TMRS-SDBF 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.

TMRS-SDBF 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, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	8
Inactive employees entitled to but not yet receiving benefits	4
Active employees	45
	<u>57</u>

Town of Westlake
Notes to the Financial Statements

TMRS-SDBF 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 0.019% and 0.019% in calendar years 2019 and 2020. The Town's contributions to the SDBF for the year ended September 30, 2020 were \$7,712, and were equal to the required contributions.

TMRS-SDBF Total OPEB Liability

The Town's Total OPEB Liability (TOL) was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

TMRS-SDBF Actuarial Assumptions

The Total OPEB Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.5% to 11.5% including inflation
Discount rate	2.75%
Retiree's share of benefit-related costs	\$0

Salary increases were based on a service-related table. Salary increases were based on a service - related table. Mortality rates for post-retirement were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Mortality rates for pre-retirement were based on PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Actuarial assumptions used in the December 31, 2019 valuation were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were first adopted in 2019 and first used in the December 31, 2019 actuarial valuation.

The discount rate used to measure the Total OPEB Liability was 2.75% and was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

Town of Westlake
Notes to the Financial Statements

TMRS-SDBF Changes in Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2018	\$ 54,484
Changes for the year:	
Service Cost	7,131
Interest on Total OPEB Liability	2,146
Change of benefit terms	-
Difference between expected and actual experience	3,831
Changes of assumptions or other inputs	15,394
Benefit payments	(396)
Administrative expense	-
Other changes	-
Net changes	28,106
Balance at 12/31/19	\$ 82,590

Total OPEB Liability as a Percentage of Covered Payroll is 2.08%.

TMRS-SDBF 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 2.75%, 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 (1.75%) or 1 percentage-point higher (3.75%) than the current rate:

	1% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
Total OPEB Liability	\$ 102,472	\$ 82,590	\$ 67,205

Town of Westlake

Notes to the Financial Statements

TMRS-SDBF OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2020, the Town recognized OPEB expense of \$11,524. At September 30, 2020, 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 expected and actual experience	\$ 3,332	\$ 1,550
Changes in assumptions and other inputs	16,285	3,378
Contributions subsequent to the measurement date	5,678	-
Total	\$ 25,295	\$ 4,928

The \$5,678 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, 2021. 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)
2021	\$ 2,247
2022	2,247
2023	2,247
2024	2,247
2025	1,847
Thereafter	3,854
Total	\$ 14,689

TRS-Care Health Care Coverage

During the period ended August 31, 2020, 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 \$367 per month per employee and \$292 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

TRS-Care Defined Other Post Employment Benefit Plan

TRS-Care 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.

TRS-Care 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.

TRS-Care 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 academies 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, 2019 - December 31, 2019			
	TRS-Care 1		TRS-Care 2
	Medicare	Non-Medicare	Non-Medicare
Retiree*	\$ 135	\$	200
Retiree and spouse	529		689
Retiree* and children	468		408
Retiree and family	1,020		999
* or surviving spouse			

Town of Westlake

Notes to the Financial Statements

TRS-Care 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 1.25% 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.

	2019	2018
Active employee	0.65%	0.65%
Non-employer contribution entity (state)	1.25%	1.25%
Employers/District	0.75%	0.75%
Federal/private funding remitted by Employers	1.25%	1.25%

The contribution amounts for the Academy's fiscal year 2020 are as follows:

2019 Employer contributions	\$ 46,278
2019 Member contributions	39,064
2019 NECE on-behalf contributions	56,446

In addition, the State of Texas contributed \$27,410, \$20,423, and \$16,866 in 2020, 2019, and 2018, respectively, for on-behalf payments for Medicare Part D.

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 \$73.3 million in fiscal year 2019.

TRS-Care Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2018. Update procedures were used to roll forward the total OPEB liability to August 31, 2019. The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex.

The following assumptions used for the valuation of the TRS-Care OPEB liability are identical to the assumptions employed in the August 31, 2019 TRS annual pension actuarial valuation:

<u>Demographic Assumptions</u>	<u>Economic Assumptions</u>
Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	Salary increase
Rates of disability	

Town of Westlake

Notes to the Financial Statements

The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The initial medical trend rates were 10.25% for Medicare retirees and 7.50% for non-Medicare retirees. There was an initial prescription drug trend rate of 10.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 13 years.

Valuation date	August 31, 2018, rolled forward to August 31, 2019
Actuarial cost method	Individual entry age normal
Inflation	2.30%
Discount Rate	2.63%. Source from 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
Aging factors	Based on plan specific experience Normal
Election rates	Retirement; 65% participation prior to age 65 and 50% after age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age- adjusted claims costs.
Healthcare trend rates	Initial medical trend rates of 107.74 percent and 9.00 percent for Medicare retirees and an initial medical trend rate of 6.75 percent for Non-medicare retirees. Initial prescription drug trend rate of 11.00 percent for all retirees. The first year trend increase for Medicare Advantage (medical) premiums reflects the anticipated return of the Health Insurer Fee (HIF) in 2020.
Ad-hoc employment benefit changes	None

In this valuation, the impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.30%
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 point addition to the long-term trend rate assumption.

Town of Westlake
Notes to the Financial Statements

TRS-Care Discount Rate

A single discount rate of 2.63% was used to measure the total OPEB liability at August 31, 2019. There was a change of 1.06% in the discount rate since August 31, 2018 measurement date. The plan is essentially a "pay-as-you-go" plan, and based on the assumption that contributions are made at the statutorily required rates, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments to current members and therefore, the single discount rate is equal to the prevailing municipal bond rate. The source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index".

TRS-Care 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 (2.63%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (1.63%)	Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
Academy's proportionate share of the net OPEB liability	\$ 3,417,584	\$ 2,830,719	\$ 2,371,611

TRS-Care 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 Rate	Trend Rate	1% Increase in Discount Rate
Academy's proportionate share of the net OPEB liability	\$ 2,309,200	\$ 2,830,719	\$ 3,529,311

TRS-Care OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2020, the Academy reported a liability of \$2,830,719 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 OPEB liability	\$ 2,830,719
State's proportionate share that is associated with Academy	3,761,390
Total	\$ 6,592,109

The Net OPEB Liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 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, 2018 thru August 31, 2019.

Town of Westlake

Notes to the Financial Statements

At August 31, 2019 the employer's proportion of the collective Net OPEB Liability was .0059857139% which was an increase of .0000763739% the same proportion measured as of August 31, 2018.

TRS-Care 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 discount rate changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019. This change increased the total OPEB liability.
- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the total OPEB liability.
- The trend rates were reset to better reflect the plan's anticipated experience. This change increased the total OPEB liability.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%. These changes decreased the total OPEB liability.

For the year ended August 31, 2020, the Academy recognized OPEB expense of \$187,014 and revenue of \$99,135 for support provided by the State.

At August 31, 2020, 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	\$ 138,871	\$ 463,217
Changes in actuarial assumptions	157,224	761,394
Difference between projected and actual investment earnings	305	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	54,784	-
Contributions paid to TRS subsequent to the measurement date	46,278	-
Total	\$ 397,462	\$ 1,224,611

The \$46,278 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, 2021.

Town of Westlake

Notes to the Financial Statements

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
2021	\$ (149,145)
2022	(149,145)
2023	(149,244)
2024	(149,303)
2025	(149,287)
Thereafter	(127,303)
Total	\$ (873,427)

Note 13. Risk Management

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

Note 14. Contingent Liabilities

Litigation

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

Circle T Municipal Utility Districts

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

To date, three projects, 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 three tracks from the Circle T MUDs have taken place but have not come to a conclusion as to the settlement amounts. These discussions are ongoing until the Town receives full documentation that it determines is adequate to support the requested payments. The Town of Westlake holds full rights and privileges under the State granted Certificate of Convenience and Necessity (CCN) and can serve all water and sewer customers within these MUD boundaries regardless of the status of these negotiations.

Town of Westlake

Notes to the Financial Statements

Note 15. Solana Public Improvement District

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

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

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

Note 16. Tax Abatements

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

Other Economic Agreements

Chapter 380 of the Texas Local Government Code allows the Town to provide grants for the purpose of promoting local economic development. These grants are based on a percentage of property and/or sales tax received by the Town. For the fiscal year ending September 30, 2020, the Town abated \$258,852 in property taxes; \$130,702 in sales taxes; and \$19,335 in hotel/motel taxes.

Town of Westlake

Notes to the Financial Statements

Note 17. Going Concern

The 2020 financial statements were prepared assuming the Texas Student Housing entities will continue as going concerns. The Texas Student Housing entities' bonds payable are considered to be in default due to not making full principal and interest payments and, therefore, are reported as current liabilities. This is considered an event of default by the Trustees, which gives the bondholders the right to accelerate and demand payment of the bonds in full. Management and the property managers are in the process of developing and implementing plans to increase occupancy and rental rates at the properties to improve their financial performance.

Note 18. Subsequent Events

The Town has evaluated all events or transactions that occurred after September 30, 2020 up through April 20, 2021, the date the financial statements were issued. During this period, there were no material subsequent events that required recognition or additional disclosure in these financial statements, except as follows:

COVID-19

In March 2020, the World Health Organization declared the novel coronavirus ('COVID-19') a global pandemic and recommended containment and mitigation measures worldwide. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected public education, workforces, economies, and financial markets globally, potentially leading to economic downturn. It has also disrupted the normal operations of many businesses and organizations. It is not possible for management to predict the duration or magnitude of the adverse results of the outbreak and its disruptive effects on the Town's operations and financial results at this time.

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, 2020

	General Fund			
	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Amended	Actual	
REVENUES				
Taxes				
Sales	\$ 5,437,500	\$ 5,085,001	\$ 5,534,125	\$ 449,125
Property	1,634,916	1,725,000	1,725,951	951
Mixed beverages	62,500	40,750	41,949	1,199
Franchise	316,924	981,968	972,520	(9,448)
Interest income	289,250	197,500	170,036	(27,464)
Building permits and fees	2,838,560	1,878,165	1,996,834	118,669
Fines and penalties	547,426	510,709	492,435	(18,274)
Intergovernmental	-	-	24,750	24,750
Contributions	-	(24,750)	12,860	37,610
Miscellaneous	26,600	44,727	126,198	81,471
Total revenues	11,153,676	10,439,070	11,097,658	658,589
EXPENDITURES				
Current				
General government	5,719,036	5,467,003	5,169,039	297,964
Public safety	3,688,420	3,672,643	3,512,456	160,187
Cultural and recreation	354,395	308,997	264,248	44,749
Public works	481,196	559,279	567,995	(8,716)
Debt service				
Principal retirement	36,680	36,680	36,677	3
Total expenditures	10,279,728	10,044,602	9,550,415	494,187
Excess of revenues over expenditures	873,948	394,468	1,547,243	1,152,775
OTHER FINANCING SOURCES (USES)				
Transfers in	67,225	67,225	77,158	9,933
Transfers out	(1,067,349)	(293,489)	(272,089)	21,400
Net other financing sources (uses)	(1,000,124)	(226,264)	(194,931)	31,333
NET CHANGE IN FUND BALANCE	(126,176)	168,204	1,352,312	1,184,108
FUND BALANCE AT BEGINNING OF YEAR	15,238,198	15,238,198	15,238,198	-
FUND BALANCE AT END OF YEAR	\$ 15,112,022	\$ 15,406,402	\$ 16,590,510	\$ 1,184,108

Town of Westlake

Exhibit B-2

Schedule of Revenues, Expenditures And Changes in Fund Balances Budget and Actual – Westlake Academy For the Year Ended August 31, 2020

	Westlake Academy			
	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
State program revenues	\$ 8,277,372	\$ 8,108,857	\$ 8,011,061	\$ (97,796)
Federal program revenues	111,772	113,670	137,910	24,240
Interest income	20,000	18,000	17,293	(707)
Local and intermediate sources	1,819,061	1,737,640	1,675,317	(62,323)
Total revenues	10,228,205	9,978,167	9,841,581	(136,586)
EXPENDITURES				
Education	9,222,497	10,231,943	9,845,685	386,258
Debt service	350,005	207,922	207,922	-
Total expenditures	9,572,502	10,439,865	10,053,607	386,258
Excess (Deficiency) of revenues over (under) expenditures	655,703	(461,698)	(212,026)	249,672
OTHER FINANCING SOURCES				
Transfers in	90,000	90,000	-	(90,000)
Issuance of capital lease	-	585,623	585,623	-
Total other financing sources	90,000	675,623	585,623	(90,000)
NET CHANGE IN FUND BALANCE	745,703	213,925	373,597	159,672
FUND BALANCE AT BEGINNING OF YEAR	1,387,690	1,387,690	1,387,690	-
FUND BALANCE AT END OF YEAR	\$ 2,133,393	\$ 1,601,615	\$ 1,761,287	\$ 159,672

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. Expenditures were in excess of appropriations as follows for the fiscal year ended September 30, 2020:
 - Public works (\$8,716)
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. Commitments are for goods or services in future years. Accounting under other commitments for the expenditure of resources are recorded to reserve a portion of the governmental funds. The budgeted commitments lapse at year-end and do not constitute expenditures or liabilities because the commitments must be re-appropriated, budgeted, and honored during the subsequent year.
8. Prior to August 25 of the preceding fiscal year, the Westlake Academy prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them. A meeting of the Board of Trustees is then called for the purpose of adopting the proposed budget. Prior to September 1, the budget is legally enacted through resolution by the Board. Once a budget is approved, it can only be amended at the object, function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment made before the fact, is reflected in the official minutes of the Board, and is not made after fiscal year end. All budget appropriations lapse at year end.

Town Of Westlake

Exhibit B-3

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

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 651,255	\$ 605,453	\$ 566,643	\$ 483,414	\$ 435,146	\$ 288,923
Interest	570,598	493,022	439,725	371,753	317,982	264,994
Change in benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	131,635	126,691	(120,557)	212,434	96,226	176,965
Change in assumptions	89,534	-	-	-	139,579	-
Benefit payments	(112,642)	(84,942)	(146,316)	(58,144)	(38,289)	(55,762)
Net change in total pension liability	1,330,380	1,140,224	739,495	1,009,457	950,644	675,120
Total pension liability, beginning	8,183,993	7,043,769	6,304,274	5,294,817	4,344,173	3,669,053
Total pension liability, ending	9,514,373	8,183,993	7,043,769	6,304,274	5,294,817	4,344,173
Plan fiduciary net position						
Contributions, employer	470,903	472,011	400,684	330,604	290,278	172,064
Contributions, nonemployer	279,349	257,327	232,776	203,359	188,725	152,077
Net investment income	999,440	(179,608)	670,195	276,056	5,368	182,430
Benefit payments	(112,642)	(84,942)	(146,316)	(58,144)	(38,289)	(55,762)
Administrative income	(5,628)	(3,463)	(3,468)	(3,113)	(3,268)	(1,904)
Other	(169)	(181)	(176)	(168)	(191)	(127)
Net change in plan fiduciary net position	1,631,253	461,144	1,153,695	748,594	442,623	448,778
Plan fiduciary net position, beginning	6,442,632	5,981,488	4,827,793	4,079,199	3,636,576	3,187,798
Plan fiduciary net position, ending	8,073,885	6,442,632	5,981,488	4,827,793	4,079,199	3,636,576
Town's net pension liability, ending	\$ 1,440,488	\$ 1,741,361	\$ 1,062,281	\$ 1,476,481	\$ 1,215,618	\$ 707,597
Plan fiduciary net position as a % of total pension liability	84.86%	78.72%	84.92%	76.58%	77.04%	83.71%
Covered payroll	\$ 3,961,404	\$ 3,676,095	\$ 3,325,369	\$ 2,905,134	\$ 2,696,072	\$ 2,172,525
Town's net pension liability as a % of payroll	36.36%	47.37%	31.94%	50.82%	45.09%	32.57%

Note: Only six 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

Exhibit B-4

Schedule of Pension Contributions Texas Municipal Retirement System Pension Plan Last Six Fiscal Years

	2020	2019	2018	2017	2016	2015
Actuarially determined contributions	\$ 478,059	\$ 473,030	\$ 454,421	\$ 419,720	\$ 316,618	\$ 277,651
Contributions in relation to the actuarially determined contributions	(478,059)	(473,030)	(454,421)	(419,720)	(316,618)	(277,651)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	4,058,942	3,920,565	3,676,094	3,325,369	2,821,349	2,778,776
Contributions as a percentage of covered payroll	11.78%	12.07%	12.36%	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 six 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

Exhibit B-5

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

	2019	2018	2017	2016	2015	2014
Academy's proportion of the net pension liability	0.0028912%	0.0027061%	0.0028012%	0.0027822%	0.0030945%	0.0007190%
Academy's proportionate share of net pension liability	\$ 1,502,914	\$ 1,489,525	\$ 895,663	\$ 1,051,346	\$ 1,093,865	\$ 192,056
State's proportionate share of net pension liability associated with the Westlake Academy	5,272,547	5,571,598	3,480,057	4,035,754	3,667,893	2,965,583
Total	\$ 6,775,461	\$ 7,061,123	\$ 4,375,720	\$ 5,087,100	\$ 4,761,758	\$ 3,157,639
Academy's covered payroll	\$ 5,534,431	\$ 5,289,916	\$ 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	27.16%	28.16%	16.61%	20.64%	22.86%	4.47%
Plan fiduciary net position as a percentage of total pension liability	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

Note: Only six 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 Six Fiscal Years (Unaudited)

	2020	2019	2018	2017	2016	2015
Statutorily required contributions	\$ 230,148	\$ 100,311	\$ 91,593	\$ 131,436	\$ 88,399	\$ 92,325
Actual contributions in relation to statutorily required contributions	(230,148)	(100,311)	(91,593)	131,436	88,399	92,325
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Academy's covered payroll	\$ 5,984,542	\$ 5,534,431	\$ 5,289,916	\$ 5,391,515	\$ 5,094,571	\$ 4,784,694
Contributions as a percentage of Academy's covered payroll	3.85%	1.81%	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 six years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the ten-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-7

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

	2019	2018	2017
Total OPEB liability			
Service cost	\$ 7,131	\$ 7,720	\$ 6,318
Interest	2,146	1,844	1,603
Change in benefit terms	-	-	-
Difference between expected and actual experience	3,831	(2,126)	-
Change in assumptions	15,394	(4,632)	4,872
Benefit payments	(396)	(5,184)	4,816
Net change in total OPEB liability	28,106	(2,378)	17,609
Total OPEB liability, beginning	54,484	56,862	39,253
Total OPEB liability, ending	\$ 82,590	\$ 54,484	\$ 56,862
Covered payroll	\$ 3,961,404	\$ 3,676,094	\$ 3,325,369
Total OPEB liability as a % of covered payroll	2.08%	1.48%	1.71%

Note: Only three years 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**Exhibit B-8**

Schedule of OPEB Contributions
Texas Municipal Retirement System OPEB Plan
Last Three Fiscal Years
(Unaudited)

	2020	2019	2018
Actuarially determined contributions	\$ 7,712	\$ 7,349	\$ 6,380
Contributions in relation to the actuarially determined contributions	(7,712)	(7,349)	(6,380)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 4,058,942	\$ 3,920,565	\$ 3,676,094
Contributions as a percentage of covered payroll	0.19%	0.19%	0.17%

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.

Only three years 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**Exhibit B-9**

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Academy's proportion of the net OPEB liability	0.59857139%	0.00590934%	0.00588304%
Academy's proportionate share of net OPEB liability	\$ 2,830,719	\$ 2,950,588	\$ 2,558,314
State's proportionate share of net OPEB liability associated with the Westlake Academy	<u>3,761,390</u>	<u>4,695,104</u>	<u>4,406,333</u>
Total	<u><u>\$ 6,592,109</u></u>	<u><u>\$ 7,645,692</u></u>	<u><u>\$ 6,964,647</u></u>
Academy's covered payroll	\$ 5,534,431	\$ 5,289,916	\$ 5,391,515
Academy's proportionate share of net OPEB liability as a percentage of its covered payroll	51.15%	55.78%	47.45%
Plan fiduciary net position as a percentage of total OPEB liability	2.66%	1.57%	0.91%

Note: Only three years 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**Exhibit B-10**

Schedule of Academy's OPEB Contributions
Teacher Retirement System TRS Care Plan
Last Three Fiscal Years
(Unaudited)

	2020	2019	2018
Statutorily required contributions	\$ 46,278	\$ 46,703	\$ 46,204
Actual contributions in relation to statutorily required contributions	(46,278)	(46,703)	(46,204)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Academy's covered payroll	\$ 5,984,542	\$ 5,534,431	\$ 5,289,916
Contributions as a percentage of Academy's covered payroll	0.77%	0.84%	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 three years 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."



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, 2020

	Debt Service Fund		
	Budgeted Amounts		Variance
	Original	Amended	Favorable (Unfavorable)
REVENUES			
Taxes			
Property	\$ 666,221	\$ 701,220	\$ 685,913
			\$ (15,307)
Total revenues	666,221	701,220	685,913
			(15,307)
EXPENDITURES			
Debt service			
Principal retirement	1,613,350	1,613,350	1,613,350
			-
Interest and other fiscal charges	1,084,340	1,084,340	1,083,542
			798
Total expenditures	2,697,690	2,697,690	2,696,892
			798
Excess (deficiency) of revenues over (under) expenditures	(2,031,469)	(1,996,470)	(2,010,979)
			(14,509)
OTHER FINANCING SOURCES			
Transfers in	1,988,489	1,988,489	2,116,814
			128,325
Total other financing sources	1,988,489	1,988,489	2,116,814
			128,325
NET CHANGE IN FUND BALANCE	(42,980)	(7,981)	105,835
			113,816
FUND BALANCE AT BEGINNING OF YEAR	44,683	44,683	44,683
			-
FUND BALANCE AT END OF YEAR	\$ 1,703	\$ 36,702	\$ 150,518
			\$ 113,816

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 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.

Solana Public Improvement District (PID) Capital Projects Fund

To account for the acquisition or construction of capital facilities and improvements relating to the Solana public improvement district.

Town of Westlake
Combining Balance Sheet
Non Major Governmental Funds
September 30, 2020

Exhibit C-2

	Special Revenue Funds						
		Lone Star Public Facilities Corporation Fund	Economic Development Fund	Public Arts Fund	4B Economic Development Corporation Fund	Solana PID Capital Projects Fund	Total Nonmajor Governmental Funds
	Visitors Association						
ASSETS							
Cash and cash equivalents	\$ 327,014	\$ 14,719	\$ 50	\$ 100,000	\$ -	\$ -	\$ 441,783
Accounts receivable	-	-	-	-	249,766	-	249,766
Prepaid items	7,269	-	-	-	-	-	7,269
Restricted cash and investments	-	-	-	-	-	230,402	230,402
Total assets	\$ 334,283	\$ 14,719	\$ 50	\$ 100,000	\$ 249,766	\$ 230,402	\$ 929,220
LIABILITIES AND FUND BALANCES							
Accounts payable	\$ 10,950	\$ -	\$ 50	\$ -	\$ -	200,999	\$ 211,999
Due to other funds	-	-	-	-	249,766	-	249,766
Total liabilities	10,950	-	50	-	249,766	200,999	461,765
FUND BALANCES							
Nonspendable:							
Prepaid items	7,269	-	-	-	-	-	7,269
Restricted for:							
Capital items	-	-	-	-	-	29,403	29,403
Tourism	316,064	-	-	100,000	-	-	416,064
Future projects	-	14,719	-	-	-	-	14,719
Total fund balances	323,333	14,719	-	100,000	-	29,403	467,455
Total liabilities and fund balances	\$ 334,283	\$ 14,719	\$ 50	\$ 100,000	\$ 249,766	\$ 230,402	\$ 929,220

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, 2020

	Special Revenue Funds						
	Visitors Association	Lone Star Public Facilities Corporation Fund	Economic Development Fund	Public Arts Fund	4B Economic Development Corporation Fund	Solana PID Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES							
Sales taxes	\$ -	\$ -	\$ 50	\$ -	\$ 1,844,725	\$ -	\$ 1,844,775
Hotel occupancy taxes	349,810	-	19,335	-	-	-	369,145
Interest income	7,594	176	-	-	-	995	8,765
Contributions	-	-	280,000	-	-	-	280,000
Miscellaneous	11,479	-	-	-	-	-	11,479
Total revenues	368,883	176	299,385	-	1,844,725	995	2,514,164
EXPENDITURES							
Current:							
Economic development	-	-	150,037	-	-	53,370	203,407
Visitor services	771,883	-	-	10,000	-	-	781,883
Total expenditures	771,883	-	150,037	10,000	-	53,370	985,290
Excess (deficiency) of revenues over (under) expenditures	(403,000)	176	149,348	(10,000)	1,844,725	(52,375)	1,528,874
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	100,000	-	-	100,000
Transfers out	-	-	(280,000)	-	(1,844,725)	-	(2,124,725)
Total other financing sources (uses)	-	-	(280,000)	100,000	(1,844,725)	-	(2,024,725)
Net change in fund balances	(403,000)	176	(130,652)	90,000	-	(52,375)	(495,851)
Fund balances, October 1	726,333	14,543	130,652	10,000	-	81,778	963,306
Fund balances, September 30	\$ 323,333	\$ 14,719	\$ -	\$ 100,000	\$ -	\$ 29,403	\$ 467,455

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, 2020

	Visitors Association Fund			
	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Amended	Actual	
REVENUES				
Hotel occupancy taxes	\$ 816,702	\$ 349,723	\$ 349,810	\$ 87
Interest income	14,606	8,000	7,594	(406)
Miscellaneous	4,112	11,480	11,479	(1)
Total revenues	835,420	369,203	368,883	(320)
EXPENDITURES				
Visitor services	955,966	915,341	771,883	143,458
Total expenditures	955,966	915,341	771,883	143,458
Excess (deficiency) of revenues over (under) expenditures	(120,546)	(546,138)	(403,000)	143,138
NET CHANGE IN FUND BALANCE	(120,546)	(546,138)	(403,000)	143,138
FUND BALANCE AT BEGINNING OF YEAR	726,333	726,333	726,333	-
FUND BALANCE AT END OF YEAR	\$ 605,787	\$ 180,195	\$ 323,333	\$ 143,138

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, 2020

	Lone Star Public Facilities Corporation			
	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Amended	Actual	
REVENUES				
Interest income	\$ 1,035	\$ 150	\$ 176	\$ 26
Total revenues	1,035	150	176	26
NET CHANGE IN FUND BALANCE	1,035	150	176	26
FUND BALANCE AT BEGINNING OF YEAR	14,543	14,543	14,543	-
FUND BALANCE AT END OF YEAR	\$ 15,578	\$ 14,693	\$ 14,719	\$ 26

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, 2020

	Economic Development Fund		
	Budgeted Amounts		Variance
	Original	Amended	Favorable (Unfavorable)
REVENUES			
Taxes			
Sales	\$ -	\$ -	\$ 50
Hotel occupancy	36,982	23,000	(3,665)
Miscellaneous	280,000	280,000	-
Total revenues	316,982	303,000	(3,615)
EXPENDITURES			
Economic development	36,982	153,652	3,615
Total expenditures	36,982	153,652	3,615
Excess of revenues over expenditures	280,000	149,348	-
OTHER FINANCING USES			
Transfers out	(280,000)	(280,000)	-
Total other financing uses	(280,000)	(280,000)	-
NET CHANGE IN FUND BALANCE	-	(130,652)	-
FUND BALANCE AT BEGINNING OF YEAR	130,652	130,652	-
FUND BALANCE AT END OF YEAR	\$ 130,652	\$ -	\$ -

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, 2020

	4B Economic Development Corporation		
	Budgeted Amounts		Variance
	Original	Amended	Favorable (Unfavorable)
REVENUES			
Taxes			
Sales	\$ 1,812,500	\$ 1,695,000	\$ 1,844,725
			\$ 149,725
Total revenues	1,812,500	1,695,000	1,844,725
			149,725
OTHER FINANCING USES			
Transfers out	(1,812,500)	(1,695,000)	(1,844,725)
			(149,725)
Total other financing uses	(1,812,500)	(1,695,000)	(1,844,725)
			(149,725)
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**Exhibit C-8**

PID Agency Fund

Statement of Changes in Assets and Liabilities

For the Year Ended September 30, 2020

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
ASSETS				
Restricted cash and cash equivalents	\$ 2,160,298	\$ -	\$ (62,387)	\$ 2,097,911
Total assets	<u>\$ 2,160,298</u>	<u>\$ -</u>	<u>\$ (62,387)</u>	<u>\$ 2,097,911</u>
LIABILITIES				
Liability to bond holders	\$ 2,160,298	\$ -	\$ (62,387)	\$ 2,097,911
Total liabilities	<u>\$ 2,160,298</u>	<u>\$ -</u>	<u>\$ (62,387)</u>	<u>\$ 2,097,911</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

117 - 122

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

123 - 127

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

128 - 130

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

131 - 133

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

134 - 135

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

	<i>Fiscal Year</i>									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Net Investment in capital assets	\$ 12,658,921	\$ 14,866,299	\$ 21,177,426	\$ 32,048,991	\$ 29,633,298	\$ 38,299,337	\$ 46,499,873	\$ 47,629,452	\$ 48,030,010	\$ 46,633,638
Restricted	7,137,362	4,726,376	4,243,239	2,284,947	17,827,177	7,489,048	2,034,916	1,077,646	3,786,893	3,653,143
Unrestricted	<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>	<u>10,775,740</u>	<u>12,350,020</u>
Total governmental activities net position	<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>	<u>\$ 62,592,643</u>	<u>\$ 62,636,801</u>
Business-type activities:										
Net investment in capital assets	\$ 6,875,031	\$ 6,877,555	\$ 6,601,949	\$ 6,734,414	\$ 6,410,547	\$ 6,044,363	\$ 5,583,570	\$ 5,293,188	\$ 4,909,471	\$ 4,672,681
Restricted	-	-	-	-	-	-	-	-	-	50,000
Unrestricted	<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>	<u>(6,548,934)</u>	<u>(6,328,176)</u>
Total business-type activities net position	<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>	<u>\$ (1,639,463)</u>	<u>\$ (1,605,495)</u>
Primary government:										
Net investment in capital assets	\$ 19,533,952	\$ 21,743,854	\$ 27,779,375	\$ 38,783,405	\$ 36,043,845	\$ 44,343,700	\$ 52,083,443	\$ 52,922,640	\$ 52,939,481	\$ 51,306,319
Restricted	7,137,362	4,726,376	4,243,239	2,284,947	17,827,177	7,489,048	2,034,916	1,077,646	3,786,893	3,703,143
Unrestricted	<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>	<u>4,226,806</u>	<u>6,021,844</u>
Total primary government net position	<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>	<u>\$ 60,953,180</u>	<u>\$ 61,031,306</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>									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
EXPENSES										
Governmental activities:										
General government	\$ 2,478,826	\$ 2,518,490	\$ 2,606,785	\$ 2,784,587	\$ 3,145,716	\$ 4,491,557	\$ 5,716,302	\$ 4,776,131	\$ 6,091,403	\$ 6,555,048
Public Safety	1,801,585	1,883,424	1,978,803	2,190,050	2,381,437	2,737,084	3,063,003	3,133,733	3,489,071	3,991,114
Cultural and Recreation	122,400	111,765	113,924	123,541	129,970	187,274	217,489	184,685	299,815	282,512
Public Works	470,054	216,901	267,973	955,794	1,081,996	1,102,636	1,634,549	1,820,908	1,368,049	1,326,090
Economic Development	680,823	546,039	626,423	147,680	171,757	141,779	163,578	469,852	306,982	150,037
Visitor Services	356,365	475,719	521,521	493,087	665,936	740,835	737,071	885,654	927,670	802,244
Education	4,884,985	6,193,560	5,803,611	7,147,411	8,598,261	9,516,287	8,566,295	6,568,453	9,523,906	9,979,674
Interest on long-term debt	1,127,913	897,573	1,031,328	998,951	1,022,201	990,413	1,401,199	1,184,818	1,131,485	1,103,925
Total governmental activities expenses	<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>	<u>23,138,381</u>	<u>24,190,644</u>
Business-type activities:										
Water and Sewer	2,794,235	3,098,466	3,356,466	3,690,137	4,861,529	5,519,116	4,893,075	7,049,946	7,544,125	6,407,650
Cemetery	5,604	6,282	5,328	7,121	7,297	7,831	8,021	9,754	10,628	21,734
Total business-type activities expenses	<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>	<u>7,554,753</u>	<u>6,429,384</u>
Total primary government program expenses	<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>	<u>\$ 30,693,134</u>	<u>\$ 30,620,028</u>
PROGRAM REVENUES										
Governmental activities:										
Fees, fines, and charges for services:										
General Government	\$ 721,157	\$ 673,090	\$ 774,909	\$ 33,975	\$ 110,778	\$ 789,457	\$ 73,180	\$ 137,805	\$ 91,845	\$ 318,140
Public Safety	140,600	142,402	182,154	848,772	887,919	932,017	783,681	782,833	984,268	649,795
Public Works	292,572	407,328	659,246	1,022,769	936,245	1,789,776	3,338,541	2,027,613	5,419,039	1,587,839
Education	99,638	195,059	182,220	222,270	531,090	283,077	275,759	247,721	313,741	90,123
Operating grants and contributions	728,242	5,269,841	4,907,472	6,592,642	7,615,653	7,863,168	8,047,113	7,044,597	9,166,821	9,725,263
Capital grants and contributions	425,900	-	5,897,456	80,472	19,983,078	269,185	3,485,255	424,948	1,861,623	280,000
Total governmental activities program revenues	<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>	<u>17,837,337</u>	<u>12,651,160</u>
Business-type activities:										
Charges for services:										
Water and Sewer	3,078,868	2,934,842	3,157,332	3,428,702	3,549,775	3,968,086	4,815,635	5,794,818	5,374,118	6,410,755
Cemetery	13,300	4,500	5,510	7,749	13,620	11,115	9,964	29,440	30,745	67,578
Operating grants and contributions	-	24,423	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	50,000	1,271	54	-
Total business-type activities program revenues	<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>	<u>5,404,917</u>	<u>6,478,333</u>
Total primary government program revenues	<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>	<u>\$ 23,242,254</u>	<u>\$ 19,129,493</u>

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

Exhibit S-2

	<i>Fiscal Year</i>									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
NET (EXPENSE) REVENUES										
Governmental activities	\$(9,514,842)	\$(6,155,751)	\$(346,911)	\$(6,040,201)	\$ 12,867,489	\$(7,981,185)	\$(5,495,957)	\$(8,358,717)	\$(5,301,044)	\$(11,539,484)
Business-type activities	292,329	(140,983)	(198,952)	(260,807)	(1,305,431)	(1,547,746)	(25,497)	(1,234,171)	(2,149,836)	48,949
Total primary government net expense	(9,222,513)	(6,296,734)	(545,863)	(6,301,008)	11,562,058	(9,528,931)	(5,521,454)	(9,592,888)	(7,450,880)	(11,490,535)
GENERAL REVENUES AND OTHER										
CHANGES IN NET POSITION										
Governmental activities:										
Taxes										
Sales	4,609,626	3,657,274	4,375,397	4,725,845	4,925,428	4,609,523	4,650,744	6,003,605	8,032,671	7,378,900
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	1,956,630	2,411,279
Hotel Occupancy	527,261	590,853	709,578	796,481	872,179	822,490	751,601	849,167	861,710	369,145
Mixed Beverage	19,721	38,286	39,727	51,602	59,184	61,476	68,432	62,347	66,923	41,949
Franchise	586,836	664,991	734,935	795,322	963,040	930,043	818,423	779,506	964,239	972,520
Unrestricted grants and contributions	3,744,757	-	-	-	-	-	-	-	-	-
Investment earnings	46,248	33,353	24,218	26,713	28,904	55,600	182,095	356,076	517,128	260,003
Miscellaneous	691,345	1,112,858	1,023,149	246,633	198,199	241,501	278,071	215,076	142,230	72,688
Transfers	145,216	45,507	(485,591)	43,399	323,100	264,578	169,316	71,466	207,213	77,158
Extraordinary item	56,704	(124,346)	-	-	-	-	-	-	-	-
Special item	-	67,760	-	-	-	-	-	-	-	-
Gain on sale of capital assets	7,000	-	-	-	-	-	-	-	-	-
Total governmental activities	11,631,122	7,527,774	7,788,046	8,053,064	8,809,003	8,461,566	8,495,432	9,966,883	12,748,744	11,583,642
Business-type activities:										
Investment earnings	9,929	10,077	6,552	7,114	7,083	13,095	28,684	79,961	110,208	62,177
Miscellaneous	145,666	84,780	224,995	-	-	-	-	-	-	-
Transfers	(145,216)	(45,507)	485,591	(43,399)	(323,100)	(264,578)	(169,316)	(71,466)	(207,213)	(77,158)
Total business-type activities	10,379	49,350	717,138	(36,285)	(316,017)	(251,483)	(140,632)	8,495	(97,005)	(14,981)
Total primary government	11,641,501	7,577,124	8,505,184	8,016,779	8,492,986	8,210,083	8,354,800	9,975,378	12,651,739	11,568,661
CHANGE IN NET POSITION										
Governmental activities	2,116,280	1,372,023	7,441,135	2,012,863	21,676,492	480,381	2,999,475	1,608,166	7,447,700	44,158
Business-type activities	302,708	(91,633)	518,186	(297,092)	(1,621,448)	(1,799,229)	(166,129)	(1,225,676)	(2,246,841)	33,968
Total primary government	\$ 2,418,988	\$ 1,280,390	\$ 7,959,321	\$ 1,715,771	\$ 20,055,044	\$(1,318,848)	\$ 2,833,346	\$ 382,490	\$ 5,200,859	\$ 78,126

Source: Annual financial reports

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

Exhibit S-3

	<i>Fiscal Year</i>									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund										
Nonspendable:										
Prepaid items	\$ 62,020	\$ 6,856	\$ 6,906	\$ 8,821	\$ 13,334	\$ 12,794	\$ 18,705	\$ 19,253	\$ 19,302	\$ 41,586
Restricted for:										
Court security and technology	186,776	192,768	194,422	193,082	203,173	238,636	219,693	203,173	237,804	203,173
Committed for:										
Future projects	219,687	49,941	74,941	80,442	80,442	335,322	335,392	80,442	80,442	80,442
Assigned for:										
Future equipment	22,000	22,000	24,000	-	-	-	-	-	-	-
Unassigned	<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>	<u>14,900,650</u>	<u>16,265,309</u>
Total general fund	<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>	<u>\$ 15,238,198</u>	<u>\$ 16,590,510</u>
All other governmental funds										
Nonspendable										
Prepaid items	\$ 33,511	\$ 60,963	\$ 62,635	\$ 80,118	\$ 83,359	\$ 68,718	\$ 243,401	\$ 56,397	\$ 196,074	\$ 83,440
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	734,938	416,064
Future projects	4,647,863	3,594,379	10,370,914	1,751,405	13,632	13,679	13,789	14,141	14,543	14,719
Debt service	7,505	22,657	1,482	1,081	20,916	30,468	11,963	28,798	44,683	150,518
Education	885,365	758,127	931,094	993,998	1,592,227	1,098,359	729,709	1,068,117	1,323,663	1,685,116
Economic development	267,577	178,384	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	17,713,788	8,501,489	15,080,456	7,292,917	6,070,774	4,580,448
Total all other governmental funds	<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>	<u>\$ 8,384,675</u>	<u>\$ 6,930,305</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.

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

	<i>Fiscal Year</i>									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
REVENUES										
Taxes	\$ 7,000,690	\$ 6,393,472	\$ 7,226,180	\$ 7,722,606	\$ 8,252,748	\$ 7,902,983	\$ 7,867,015	\$ 9,321,321	\$ 11,881,784	\$ 11,174,378
Licenses, fees and permits	530,646	598,394	944,735	1,175,075	1,200,790	2,715,236	3,521,686	2,314,933	5,873,529	1,996,834
Fines and penalties	605,705	622,338	695,167	730,441	734,152	796,014	673,716	633,318	616,451	492,435
State program revenues	3,945,658	4,369,635	4,696,540	5,269,641	6,173,418	6,543,782	6,603,358	7,217,383	7,415,219	8,011,061
Federal program revenues	337,508	152,351	81,958	80,103	87,797	98,564	140,152	114,797	110,248	137,910
Investment earnings	46,248	33,353	24,218	26,713	28,904	55,600	182,095	356,076	517,128	260,003
Contributions	-	732,535	5,916,014	82,446	18,785,953	283,684	728,887	494,131	1,253,200	292,860
Other revenues	980,816	1,323,237	1,274,826	1,665,003	2,471,191	1,542,835	2,863,801	1,735,201	1,804,309	1,837,744
Total revenues	<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>	<u>29,471,868</u>	<u>24,203,225</u>
EXPENDITURES										
General government	1,733,324	1,878,885	1,910,545	2,236,360	2,411,239	3,280,507	4,596,827	3,672,933	5,330,174	5,169,039
Public safety	1,842,751	2,224,469	1,967,584	2,146,587	2,490,551	2,453,857	2,684,244	2,992,727	3,269,778	3,512,456
Cultural and recreation	122,400	111,765	113,924	123,541	130,322	185,923	164,720	183,816	272,146	264,248
Public works	326,749	391,115	532,675	615,781	744,028	773,751	784,279	675,550	593,830	622,307
Economic development	706,391	243,939	296,565	147,685	171,757	141,779	163,578	469,852	306,982	203,407
Visitor services	356,365	475,719	521,521	493,082	670,157	725,971	717,055	875,322	904,689	781,883
Education	4,884,985	6,193,560	5,762,652	7,143,678	7,938,501	9,245,592	8,819,174	9,012,348	8,996,714	9,845,685
Capital Outlay	1,023,772	1,110,476	7,601,631	9,964,047	5,274,282	9,561,954	7,082,844	9,407,447	3,525,437	1,627,548
Capital Project										
Debt service										
Principal	555,000	668,000	2,955,000	1,004,677	1,130,762	1,150,490	1,124,697	1,555,677	1,766,131	1,837,638
Interest and other fiscal charges	1,083,377	952,027	830,425	1,116,489	977,412	947,411	1,105,376	1,182,679	1,128,720	1,103,853
Bond issuance cost	<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>	<u>-</u>	<u>-</u>
Total expenditures	<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>	<u>26,094,601</u>	<u>24,968,064</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES										
	\$ <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>	\$ <u>3,377,267</u>	\$ <u>(764,839)</u>

Town of Westlake
Changes in Fund Balances
Governmental Funds
Last Ten Years – Continued
Modified Accrual Basis of Accounting – Unaudited

Exhibit S-4

	<i>Fiscal Year</i>									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
OTHER FINANCING										
SOURCES (USES):										
Proceeds from sale of land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sale of assets	7,000	-	-	-	-	-	1,200,000	-	-	-
Issuance of debt	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	-	-	-	585,623
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	7,082,163	2,121,099	2,104,929	3,094,211	4,617,896	2,485,227	3,621,066	3,949,085	3,902,325	2,673,972
Transfers out	(6,936,947)	(2,075,592)	(2,590,520)	(3,050,812)	(4,294,796)	(2,220,649)	(3,451,750)	(3,877,619)	(3,695,112)	(2,596,814)
Total other financing sources (uses)	2,353,920	137,812	10,331,369	753,175	501,899	738,878	12,442,658	71,466	207,213	662,781
NET CHANGES IN FUND BALANCES										
	\$ 3,129,631	\$ (35,719)	\$ 8,512,786	\$ (7,556,007)	\$ 16,297,841	\$ (7,789,659)	\$ 7,412,296	\$ (7,769,725)	\$ 3,584,480	\$ (102,058)
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES										
	14.1%	12.5%	25.3%	14.4%	12.8%	11.1%	12.4%	12.9%	13.0%	12.5%

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 Ten 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	0.15684
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
2019	1,558,408,769	139,762,420	400,628,631	1,297,542,558	0.15600
2020	1,388,137,170	121,646,081	322,005,656	1,187,777,595	0.16018

Source: Tarrant County Appraisal District
Denton Central Appraisal District

Town of Westlake
Principal Property Tax Payers
Current and Eight Years Ago – Unaudited

Exhibit S-6

2020			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
SOL Westlake LP	\$ 108,461,277	1	9.13%
CS Kinross Lake Parkway LLC	89,456,385	2	7.53%
FMR Texas I LLC/FMR Texas Ltd. Partnership	78,687,737	3	6.62%
Dallas MTA LP	69,507,181	4	5.85%
DCLI, LLC	50,970,395	5	4.29%
BRE Solana LLC	48,965,793	6	4.12%
HMC Solana LLC	36,573,910	7	3.08%
Maguire Partners - Solana Land LP	31,142,724	8	2.62%
Lexington TNI Westlake LP	17,700,814	9	1.49%
Quail Hollow Development II LLC	9,838,111	10	0.83%
Total	\$ 541,304,327		45.56%

2012			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Maguire Thomas Partners, etal	\$ 150,235,546	1	15.85%
FMR Texas, LLC/LTD Partnership	77,754,274	2	8.20%
DCLI, LLC	76,847,119	3	8.11%
Corelogic Real Estate	18,050,838	4	1.90%
Lexington TNI Westlake LP	16,560,450	5	1.75%
Marsh USA, Inc.	10,030,377	6	1.06%
First American Leasing	8,804,230	7	0.93%
Levi Strauss & Co.	8,637,483	8	0.91%
Westlake Terra, LLC	6,808,002	9	0.72%
Louco Investment Partners LP	6,467,500	10	0.68%
Total	\$ 380,195,819		40.11%

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 2011 (fiscal year 2012) is \$945,488,875.
 (3) Total Taxable Assessed Value including real and personal property for tax year 2019 (fiscal year 2020) is \$1,187,777,59.

Town of Westlake
Property Tax Levies and Collections
Last Ten 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 Net of Refunds in Subsequent Years	Total Collections to Date	
					Percent of Levy			Percentage of Levy
				Amount			Amount	
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	45,693	1,441,275	1,437,908	99.77%	3,367	1,441,275	100.00%
2013	1,398,777	43,314	1,355,463	1,352,097	99.75%	3,366	1,355,463	100.00%
2014	1,405,819	44,761	1,361,058	1,350,639	99.23%	10,182	1,360,821	99.98%
2015	1,450,674	43,948	1,406,726	1,405,148	99.89%	1,179	1,406,327	99.97%
2016	1,482,989	40,244	1,442,745	1,441,536	99.92%	1,052	1,442,588	99.99%
2017	1,573,803	11,749	1,562,054	1,536,921	98.39%	25,133	1,562,054	100.00%
2018	1,661,110	30,810	1,630,300	1,624,655	99.65%	(8,127)	1,616,528	99.16%
2019	2,007,359	40,698	1,966,661	1,953,575	99.33%	(8,858)	1,944,717	98.88%
2020	2,454,143	88,265	2,365,878	2,392,470	101.12%	4,498	2,396,968	101.31%

Source: Tarrant County Appraisal District
Denton Central Appraisal District

Town of Westlake

Direct and Overlapping Property Tax Rates

(Per \$100 of Assessed Value)

Last Ten Fiscal Years – Unaudited

Exhibit S-8

Fiscal Year	Town Direct Rates			Overlapping Rates								
	Operating/ General Fund	Debt Service Fund	Total (A) Direct	School Districts			Counties		Tarrant County College Dist	Tarrant County Hospital Dist.	Trophy Club MUD #1	Total Direct and Overlapping
				Carroll ISD	Northwest ISD	Keller ISD	Denton County	Tarrant County				
2011	0.15620	0.00390	0.16010	1.41500	1.37500	1.53060	0.27736	0.26400	0.13764	0.22790	0.19500	5.58260
2012	0.13835	0.01849	0.15684	1.41500	1.37500	1.54000	0.28287	0.26400	0.14897	0.22790	0.17500	5.58557
2013	0.14197	0.01487	0.15684	1.40000	1.37500	1.54000	0.28287	0.26400	0.14897	0.22790	0.13339	5.52896
2014	0.13710	0.01924	0.15634	1.40000	1.45250	1.54000	0.27220	0.26400	0.14950	0.22790	0.13339	5.59583
2015	0.13710	0.01924	0.15634	1.40000	1.45250	1.54000	0.27220	0.26400	0.14950	0.22790	0.13339	5.59583
2016	0.13947	0.01687	0.15634	1.40000	1.45250	1.54000	0.27220	0.26400	0.14950	0.22790	0.13339	5.59583
2017	0.12882	0.00813	0.13695	1.39000	1.45250	1.52000	0.24841	0.25400	0.14473	0.22790	0.12722	5.50171
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
2019	0.13201	0.02399	0.15600	1.38000	1.49000	1.51000	0.22557	0.02340	0.13607	0.22443	0.11618	5.26165
2020	0.11453	0.04565	0.16018	1.30000	1.42000	1.40830	0.22528	0.23400	0.13607	0.22443	0.11618	5.22444

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									
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
11	Agriculture, Forestry, Fishing and Hunting	\$ 60	\$ 38	\$ 163	\$ 731	\$ 775	\$ 2,083	\$ 1,685	\$ 4,303	\$ 336	\$ 196
21	Mining	4,260	3,050	335	15	714	655	128	5	-	11
22	Utilities	180,032	171,131	176,622	204,280	191,031	138,331	147,000	180,564	183,347	179,545
23	Construction	132,780	139,000	365,049	239,888	216,546	230,067	340,077	1,294,092	2,249,378	1,385,998
31-33	Manufacturing	402,062	526,755	295,660	375,905	234,651	209,128	86,798	113,487	284,939	350,447
42	Wholesale Trade	145,631	134,466	59,571	421,371	515,602	356,946	339,854	278,054	533,723	406,321
44-45	Retail	707,553	1,106,427	1,132,811	962,244	1,332,659	415,356	458,833	428,355	523,021	737,764
48-49	Transportation and Warehousing	316	1,156	3,662	1,962	3,550	1,107	1,133	567	624	1,723
51	Information	508,609	367,298	378,221	623,828	567,685	551,172	387,714	817,086	793,755	764,753
52	Financial and Insurance	73,455	27,857	75,529	505,585	295,622	754,386	509,201	709,787	835,150	352,872
53	Real Estate and Rental and Leasing	210,158	215,754	457,693	493,570	708,747	940,971	999,118	675,273	928,259	884,229
54	Professional, Scientific, and Technical Services	231,526	221,331	536,971	242,069	193,145	287,066	261,704	309,704	519,447	596,913
56	Admin and Support and Waste Mgmt & Rem Srv	65,045	39,027	110,686	103,340	50,264	125,033	85,430	93,967	98,927	76,437
61	Education Services	1,675,351	356,689	373,117	153,279	201,761	230,775	220,078	555,159	577,530	424,882
62	Health Care and Social Assistance	170	106	251	11,018	2,887	228	398	999	592	692
71	Arts, Entertainment and Recreation	206,050	204,456	184,687	191,343	189,027	201,391	241,107	216,403	266,915	460,281
72	Accommodation and Food Services	175,938	93,123	204,044	221,061	246,755	230,615	233,769	228,003	226,361	122,585
81	Other Services (except Public Administration)	4,632	9,805	13,156	17,412	8,965	3,167	2,963	2,772	2,329	4,285
92	Public Administration	1	135	295	27,243	-	-	1	1,391	1,656	1,717
		<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>	<u>\$ 8,026,289</u>	<u>\$ 6,751,651</u>
	Town direct sales tax rate	<u>2.00%</u>	<u>2.00%</u>	<u>2.00%</u>	<u>2.00%</u>	<u>2.00%</u>	<u>2.00%</u>	<u>2.00%</u>	<u>2.00%</u>	<u>2.00%</u>	<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

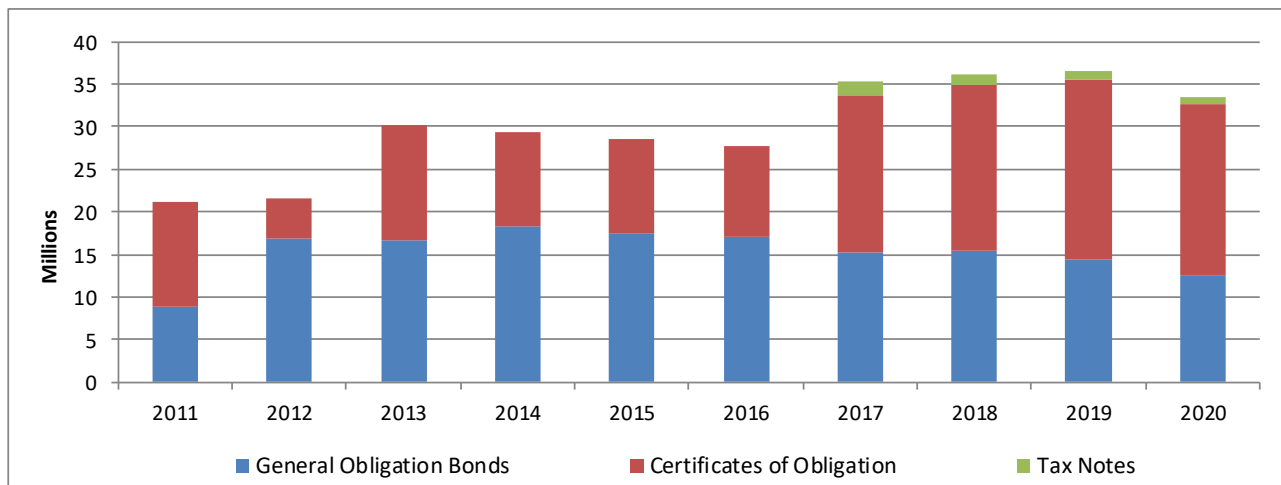
Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years – Unaudited

Fiscal Year	General Bonded Debt Outstanding				Percentage of Actual Taxable Sales	Per Capita
	General Obligation Bonds	Certificates of Obligation	Tax Notes	Total		
2011	\$ 8,962,656	\$ 12,210,000	\$ -	\$ 21,172,656	9.19%	19,918
2012	16,770,000	4,877,000	-	21,647,000	11.84%	19,519
2013	16,590,000	13,622,000	-	30,212,000	13.81%	26,271
2014	18,260,000	11,044,000	-	29,304,000	12.40%	24,750
2015	17,480,000	11,046,131	-	28,526,131	11.58%	22,409
2016	17,091,659	10,739,306	-	27,830,965	11.30%	20,080
2017	15,267,000	18,460,700	1,530,000	33,727,700	14.50%	22,697
2018	15,457,018	19,361,251	1,328,000	36,146,269	15.54%	23,200
2019	14,504,400	20,957,422	1,116,000	36,577,822	12.19%	22,719
2020	13,512,294	20,341,544	901,000	34,754,838	9.42%	20,886

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

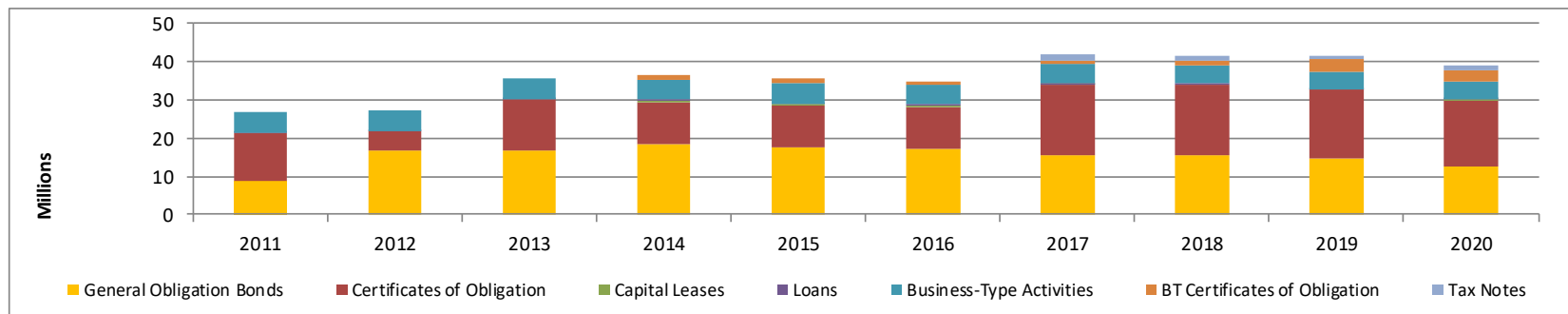
Ratios of Outstanding Debt by Type Last Ten Fiscal Years – Unaudited

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			
2011	\$ 16,770,000	\$ 4,877,000	\$ -	\$ -	\$ 50,000	\$ 5,580,380	\$ -	\$ 27,277,380	23%	25,661
2012	16,770,000	4,877,000	-	-	34,075	5,498,668	-	27,179,743	20%	24,508
2013	16,590,000	13,622,000	-	-	18,150	5,412,149	-	35,642,299	24%	30,993
2014	18,260,000	10,029,800	-	237,378	437,253	5,320,824	1,014,200	35,299,455	22%	25,576
2015	17,480,000	9,759,250	-	154,347	357,041	5,226,294	1,286,881	34,263,813	23%	32,150
2016	17,091,659	9,736,953	-	563,045	275,101	5,126,958	971,300	33,765,016	19%	29,812
2017	15,457,018	19,361,251	1,328,000	162,004	238,404	5,156,839	949,300	42,652,816	23%	28,703
2018	15,457,018	18,432,779	1,328,000	162,004	201,737	4,913,865	956,009	41,451,412	20%	28,308
2019	14,504,400	17,930,135	1,116,000	-	165,050	4,800,109	3,027,287	41,542,981	20%	28,765
2020	13,512,294	14,424,079	901,000	398,012	128,373	4,679,944	2,917,465	36,961,167	17%	23,246

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

See Table 13 for personal income and population data.



Town of Westlake

Exhibit S-12

Direct and Overlapping Governmental Activities Debt As of September 30, 2020 –Unaudited

Taxing Body	Amount of Debt Outstanding	As of	Overlapping	
			Percent (1)	Amount
Carroll ISD	\$ 346,705,000	9/30/2020	5.94%	\$ 20,594,277
Denton County	611,835,000	9/30/2020	0.08%	489,468
Keller ISD	992,714,060	9/30/2020	4.09%	40,602,005
Northwest ISD	1,065,295,272	9/30/2020	1.90%	20,240,610
Tarrant County	240,445,000	9/30/2020	0.71%	1,707,160
Tarrant County Hospital District	264,175,000	9/30/2020	0.71%	1,875,643
Trophy Club MUD#1	16,135,000	9/30/2020	0.71%	114,559
Total Overlapping Debt	7,205,000	9/30/2020	30.46%	85,623,721
Town of Westlake Outstanding Debt				36,961,167
Total Direct & Overlapping Debt				<u>\$ 122,584,888</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

Year	Population	Income	Income	Age	Enrollment	Rate
2011	1063	\$ 110,487	\$ 117,447,681	41.5	530	6.2%
2012	1109	112,697	138,423,531	41.8	630	6.0%
2013	1,150	114,951	147,292,890	41.4	658	5.0%
2014	1,184	117,250	160,462,095	41.2	697	4.0%
2015	1,273	119,595	144,111,592	41.8	812	4.1%
2016	1,386	121,987	173,419,076	41.7	825	3.2%
2017	1,486	124,427	162,998,462	41.5	830	3.4%
2018	1,558	126,915	197,733,767	41.2	856	3.4%
2019	1,610	129,453	208,420,020	41.2	869	3.1%
2020	1,664	132,042	219,718,715	42.8	890	7.7%

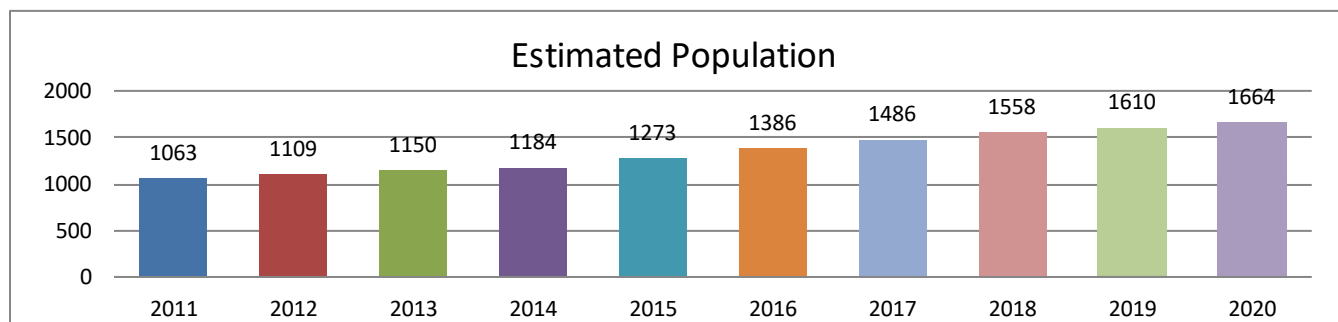
Sources: Tarrant County Unemployment Rate information taken from Texas Workforce Commission.

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

2020		
Employer	Employees	Percentage of Estimated Total Town Employment
Schwab	7,500	41.07%
Fidelity Investments	5,400	29.57%
Travelocity	880	4.82%
Wells Fargo	617	3.38%
Deloitte	500	2.74%
Sabre JLL Facilities	500	2.74%
Core-Mark	434	2.38%
Verizon	405	2.22%
Solera	330	1.81%
Goosehead Insurance	239	1.31%
Sound Physicians	173	0.95%
Marriott	143	0.78%
Town of Westlake/Westlake Academy	142	0.78%
All Other Businesses	999	5.47%
Total	18,262	100%

2010		
Employer	Employees	Percentage of Estimated Total Town Employment
Fidelity Investments	3,600	41.63%
Core Logic	2,400	27.76%
Wells Fargo	950	6.94%
Chrysler Financial	600	10.99%
McKesson Corporation	187	2.16%
Marriott Solana Hotel	150	1.73%
Walco International	159	1.84%
Vaquero Club	132	1.53%
Levi Strauss	92	1.06%
Town of Westlake/Westlake Academy	83	0.96%
All Other Businesses	294	3.00%
Total	8,647	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

Exhibit S-15

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
Town Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Deputy Town Manager	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00
Assistant Town Manager	0.00	0.00	0.75	0.90	1.00	0.90	1.00	1.00	1.00	1.00
Assistant to Town Manager	1.00	0.75	0.00	0.00	0.00	0.50	0.50	0.75	0.00	0.00
Administrative	0.75	0.75	1.00	0.50	0.50	0.00	1.50	1.00	1.00	1.00
Building official	1.33	1.33	1.50	1.66	1.66	3.17	4.00	4.00	4.00	4.00
Town secretary	1.00	1.00	1.00	1.00	1.25	1.25	1.50	1.50	1.50	1.00
Facilities/Grounds maintenance	1.08	0.83	1.00	1.09	1.34	1.58	0.50	1.75	1.00	0.83
Municipal	4.50	3.75	4.75	5.10	5.00	4.60	4.00	3.50	4.25	4.00
Finance	3.00	3.00	3.00	4.00	4.00	4.25	4.00	4.00	4.00	3.00
Payroll/Human Resources	1.33	1.33	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00
Information Technology	0.00	0.00	0.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00
Public safety (EMS)	9.00	9.00	10.00	13.25	14.25	14.25	11.00	15.50	15.50	15.00
Culture and recreation	0.75	0.50	0.75	0.84	0.84	0.84	0.50	0.50	1.00	0.83
Public works	1.50	2.00	3.00	2.66	2.66	2.67	3.00	4.00	4.00	4.00
Marketing and public affairs	0.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00
Education	59.44	67.48	76.18	91.18	93.65	95.31	95.05	98.00	95.00	101.00
Total	85.68	93.72	106.93	128.18	132.15	135.32	132.55	142.50	140.25	141.66

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
Permits issued	70	85	132	144	159	218	217	259	250	193
Permit values	\$ 21,173,592	\$ 29,481,047	\$ 50,544,048	\$ 59,358,904	\$ 80,011,354	\$ 87,307,794	\$ 262,690,940	\$ 311,013,915	\$ 332,197,798	\$ 65,739,881
Police (Contract with Keller PD)										
Motor vehicle stops	9,829	12,221	9,993	9,579	10,432	11,109	10,718	8,339	7,729	7,457
Traffic accident investigations	348	343	322	341	398	461	386	333	327	219
Part I crimes	30	39	9	15	20	13	22	31	14	48
DWI arrests	80	50	69	55	62	66	70	50	25	33
Fire/EMS										
Fire runs	191	181	238	211	211	257	248	320	235	308
Ambulance runs	264	266	286	240	253	288	269	202	206	128
Inspections	71	54	96	286	261	246	290	188	227	103
Public Works - General										
Street resurfacing (LF)	3,800	30,000	-	-	-	-	6,000	-	-	5,012
Potholes repaired	36	6	2	6	20	20	10	5	8	10
Public Works - Utility										
Number of water accounts	500	568	614	651	713	752	810	835	762	773
Water main breaks	4	4	3	1	1	-	-	1	2	4
Avg daily consumption MG (water)	1.200	1.100	1.090	1.045	1.021	1.122	1.233	1.400	1.209	1.000
Peak daily consumption MG (water)	2.540	2.600	2.480	2.690	2.770	1.586	1.646	1.564	2.709	2.709
System capacity - MG (water)	1.685	1.685	1.685	2.685	2.685	2.685	2.685	2.685	2.685	2.685
Water purchased (in gallons x 000)	443,222	407,305	401,457	381,482	372,838	409,817	450,208	510,931	441,352	462,529
Water sold (in gallons x 1000)	385,320	376,496	357,297	347,148	360,000	350,000	419,520	470,168	422,635	492,376
Wastewater										
Number of new sewer connections	245	292	325	350	384	403	454	503	541	545
Avg daily sewage treatment (thousands of gallons)	0.163	0.136	0.151	0.208	0.166	0.132	0.176	1.171	1.171	0.210

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	3	3	3	3	3	3	3	3	3	3
Telecommunications Duct Bank (LF)	57,783	57,783	57,783	59,936	66,084	66,084	82,231	82,231	82,231	86,711
Telecommunications Duct Bank Manholes	122	122	122	122	140	140	140	140	140	160
Water										
Water mains (LF)	130,000	137,891	137,891	142,694	148,117	148,117	181,393	181,393	181,393	188,387
Fire hydrants	188	191	191	201	214	214	256	256	256	267
Storage capacity MG	1,685	1,685	1,685	2,685	2,685	2,685	2,685	2,685	2,685	2,685
Wastewater										
Sanitary sewers (LF)	94,000	94,000	94,000	98,964	104,373	104,373	123,168	123,168	123,168	128,923
Manholes	304	304	304	326	355	355	444	444	444	467
Public Works - Utility										
Streets (miles)	10.80	10.25	10.25	10.25	10.50	10.42	10.42	10.42	10.84	10.84
Traffic signals (school zone flashers)	2	2	2	2	2	2	2.0	2.0	2.0	2.0
Parks and recreation										
Open Space (acres)	25	25	25	27	27	27	27.0	27.0	27.0	27.0
Playgrounds	2	2	2	2	2	2.0	2.0	2.0	2.0	2.0
Softball/soccer field	1	1	1	1	1	1.0	1.0	1.0	1.0	1.0
Football field	1	1	1	1	1	1.0	1.0	1.0	1.0	1.0
Public trails (miles)	5.0	5.0	5.0	7.0	8.5	8.5	8.5	15.0	16.0	16.0

Source: Various Town departments

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

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