

TOWN OF LITTLE ELM, TEXAS

**Comprehensive Annual Financial Report
For Year Ended September 30, 2015**

*"The Town with a
Lake Attitude"*



LITTLE ELM

Values drive Little Elm



In a year punctuated by a rare confluence of challenges brought about by a series of natural adversities and the accompanying need to develop new and inventive ways to respond to those challenges, the Town of Little Elm rose to the occasion, weathering the proverbial storm using its values as guideposts.

Steered by the four underlying values of **Integrity, Innovation, Efficiency and Customer Service**, the staff spent the year meeting challenges that were unusual, and in many respects, unprecedented.

The withering effects of a drought which had gripped the area for some five years, with its associated diminishing availability of water, created unforeseen circumstances for the crews whose responsibility included the upkeep and maintenance of parks, trees and vegetation. Restrictions on watering schedules meant that new and out-of-the-ordinary protocols for the care of the Town's flora would be necessary.

At the same time, faced with a customer base that was itself under the same restrictive limitations on water use added to the staff's need to create new and different ways of dealing with nature's parched conditions.

In late spring, however, the rains that had eluded the area for so long began to fall. For most of May and a good portion of June, steady and constant rains pelted the area, filling the lake which forms the Town's largest geographic feature. Additional water runoff from a lake to the north severely hampered the ability of the Town to reclaim its inundated recreational beach, municipal marina and shoreline.



The park's amphitheater, the favored venue for the Town's festivals, events and uniquely Little Elm undertakings, was rendered completely unusable. Alternate plans, work-around solutions, and never-before-used tactics were required to stay true to promised promotions and activities. Only a select few of the summer's activities were cancelled, and those because of safety concerns.

All the while, lakeside homes were being threatened, parkland and hiking trails were under water. Staff and crews, many of whom had never dealt with such a contingency, nevertheless rolled up their collective sleeves and sought solutions to the perplexing and unpredictable nature of the conditions.

Emergency plan response, public safety and security, safeguarding of life and property, domestic and feral animal rescue, and all of the attending details became the all-consuming refrain for members of virtually every aspect of Town services.

A determination born of a need to provide the highest level of service and a motivation solidly based on the values internalized by the staff created the conditions for a measured response that resulted in no injuries, to staff or citizens, a minimum loss of property, the successful relocation of major entertainment events and a timely restoration of full services.

Integrity, Innovation, Efficiency and Customer Service, truly served as enduring values for Little Elm.



Town of Little Elm, Texas

Comprehensive Annual Financial Report



**Fiscal Year Ended
September 30, 2015**

AS PREPARED BY THE FINANCE DEPARTMENT

Karla Stovall, CPM—Chief Financial Officer

Dianne Lawson, CGFO—Asst. Director of Finance

Robin N. Bromiley, CGFO

Crystal Williamson

Shelly Newell



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**TOWN OF LITTLE ELM, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

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INTRODUCTORY SECTION



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Finance Department Town of Little Elm

March 15, 2016

Honorable Mayor, Members of Town Council and
Citizens of Little Elm:

The Town Manager and the Finance Department are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Town of Little Elm, Texas (the Town), for the fiscal year ending September 30, 2015.

This report is published to provide the Town Council, our citizens, Town staff, and other readers with detailed information concerning the financial position and activities of the Town. Management has prepared the report and is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is complete and reliable in all material aspects. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

Also included in this report is an unmodified ("clean") opinion on the Town of Little Elm's financial statements for the year ended September 30, 2015 issued by Weaver, L.L.P. The independent auditor's report is located in the beginning of the financial section of the CAFR.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal.

CITY PROFILE

Little Elm had its humble beginnings as part of the Peters Colony settlement and was chartered in 1841 as part of the Republic of Texas. By 1900, Little Elm had a population of 194 residents. The Town's first census count was in 1970 and was reported with a population of 363 residents. There has been incredible growth since the 1970's by more recent estimates of over 32,000. Once a farming community nestled on Lake Lewisville, today, the Town is primarily a bedroom community. The Town is all wet, in the sense that over 66 miles of the Town's corporate town limits are shoreline on Lewisville Lake meaning that almost anywhere you travel in town, neighborhoods have a view of the lake, for which the Town is drawing more attention within the Dallas-Fort Worth metroplex region.

The Town of Little Elm was officially incorporated in 1966 encompassing 1,222 acres and in 2001 adopted the council-manager form of government and its Home Rule Charter. A mayor and six council members are elected on staggered, three-year terms on a non-partisan basis. The Mayor, place 1, and place 6 are elected at-large, whereas Place 2, 3, 4, and 5 are elected by district. After a recent Town Charter Amendment election, beginning with the election in May 2020, there are new guidelines for Town Council elections.

The Council Member elected in at-large place 1 shall serve for a term of two (2) years until the election in May, 2022, after which time the Council Member elected in at-large place 1 shall serve a term of three (3) years from that election going forward. Beginning with the election in May 2021, the Council Member elected in single member district place 5 shall serve a term for two (2) years until the election in May 2023, after which time the Council Member elected in single member district place 5 shall serve a term of three (3) years from that election going forward.

Under the provisions of the Town Charter, and subject only to the limitations imposed by the Texas Constitution, State Law, and the Town Charter, the Town Council enacts legislation, adopts the annual operating budget, and sets policy. The Town Manager under the oversight of Town Council is responsible for the proper administration of the operations of the Town.

Services Provided

The Town provides a full range of public services. These services include police, fire protection, emergency medical services, construction and maintenance of streets and other infrastructure; recreation services, library services; parks maintenance and public utilities. The Town's utilities include water and sewer, drainage and sanitation services. The Town operates its own sewer treatment facility. Community Waste Disposal ("CWD") provides solid waste collection; and, the North Texas Municipal Water District ("NTMWD") provides water for the Town on a "take-or-pay" basis. The Town's drainage utility operates to mitigate drainage and environmental hazards and is self-supporting with fees billed monthly to all residential and commercial customers. The Town provides on a contractual basis to areas in its extra-territorial jurisdictions ("ETJ") public safety and construction inspections.

Financial System and Budgetary Controls

Town Council is required to adopt an annual operating budget no later than the beginning of the fiscal year. The process begins with the staff of each department submitting their annual budget requests during workshop. It during this collaborative workshop setting including the Town Manager and Department Directors and involved staff each fund's proposed budget is balanced to comprise the Town Manager's Proposed Budget to Town Council. The proposed budget receives additional scrutiny by Town Council by holding subsequent workshop sessions. Prior to official adoption of the budget and tax rate by Town Council, any required public hearings on the proposed tax rate and budget are held to allow for public input.

The budget is developed on a departmental level and adopted at the fund level. The level of control at which expenditures may not exceed budget with our Town Council approval is at the fund level. The Town Manager has authority to approve individual departmental budget overages. The budget is amended by ordinance when the budget is exceeded at the fund level or for any that were unforeseen during the regular budget process.

This report includes all funds of the Town including its component units. The Town's component units are legally separate entities for which the Town is financially accountable but are not part of the Town's operations. The Town's discretely presented component units are:

- Little Elm Economic Development Type 4A Sales Tax Corporation (EDC)
- Little Elm Community Development Type 4B Sales Tax Corporation (CDC)
- Little Elm Tax Increment Reinvestment Zone (TIRZ) #3

ECONOMIC CONDITIONS AND OUTLOOK

Regional Economy

Little Elm, part of the Dallas/Fort Worth Metroplex, maintains a very strong economy and is ranked as one of the fastest growing cities in the state. Little Elm's population exceeds the state average in education and income, and is increasingly trending younger and technologically proficient. The Town's footprint is just over 21 square miles and boasts some 66 linear miles of lake shoreline within its boundaries. Little Elm is located approximately 10 miles east of the City of Denton and 33 miles north of downtown Dallas on the northeast shore of Lewisville Lake and is the sixth largest municipality in Denton County.

The Town has experienced rapid population growth, increasing from a 2000 U.S. Census population of 3,646, to a 2010 U.S. Census population of 25,898, a 610% increase. The Town's population has grown to an estimated 33,842 in 2015. Including active subdivisions in the ETJ, that figure exceeds 45,000. Little Elm's build-out population is anticipated to be over 90,000.

In fiscal year 2015, 1,372 new residential lots were platted in the Town and ETJ, an increase over the 791 lots in fiscal year 2014. The Town's permitting activity increased 15% from 860 single family units in fiscal year 2014 to 993 in fiscal year 2015. The fiscal year 2015 total estimated construction value of new home starts is \$350,553,925 with an average home value of \$353,025. There were 69 new commercial businesses added in fiscal year 2015, compared to 62 in fiscal year 2014. Some of these businesses are housed in the 31 new commercial buildings permitted in fiscal year 2015.

LONG-TERM FINANCIAL PLANNING

Long-Term Financial Planning Process

- **Operations and Maintenance:** Each year the Town prepares a balanced budget, with the involvement of the Town Council, Town Manager, Executive Management Team, finance staff and other employees. Discussions regarding the future of the Town's financial health are a high priority during budget preparation. Fiscal year 2015 budget was the second year for the Town to utilize a multi-year budgeting format. The multi-year budget process takes historical trends, changes in policy and economic conditions (now and projected) into consideration as applicable. The total number of budgeted full-time equivalents (FTE's) is 227.4 for the 2015 budget.
- **Capital Improvement Program:** A major component of the budgeting process every year is the Capital Improvement Program (CIP). Extensive planning takes place throughout the year involving input from the Town Council, Town Boards (Parks Board, Planning and Zoning Board) and the Executive Management Team. The focus of this planning is ongoing funding of current CIP projects, and how the Town will fund currently unfunded CIP projects in the future. During this process attention is given to the impact the projects will have on the future operations and maintenance costs.

Anticipated Long-Term Financial Impacts

There has been a tremendous focus on the 380 Corridor as the Town plans for the expansion of services to this rapidly growing area. Not only did 2014 see the opening of Holt Caterpillar and the ground-breaking of the Union park subdivision and the new Denton ISD high school, it also saw a partnership between the Town of Little Elm and the Town of Lincoln Park. In this partnership, Lincoln Park allocated its extra territorial jurisdiction and a significant portion of its town limits to Little Elm.

These boundary adjustments provide a huge economic prospect for the Town and provide an opportunity to provide a higher level of service along the 380 Corridor. In order to begin increasing service to the area, future plans are underway for a third fire station, which may also include a satellite office for the Police Department and other municipal services.

The Lakefront District will continue to redevelop to create one of DFW's premier summer destinations.

Fiscal Year 2015 Highlights

The most notable CIP projects closed during in fiscal year 2015 include the FM720 Streetscape and Walker/ Hart Streetscape. The Town's Commercial projects completed in fiscal year 2015 included Navo Retail Center, Little Caesar's remodel, New Life Community Church Phase II expansion, Wisdom Montessori Academy, Lakepointe Plaza, Hula Hut, Holt Caterpillar, Wing Daddy's and The Towers (384 units).

Commercial projects that were in progress beyond the fiscal year end include Fast Lane Car Wash, Wash Zone, Denton ISD HS #4, Lakehill Fueling Center, The Mansions 380 (431 units), The Estates 380 (420 units), Lakefront Center renovation, Coy Miller Elementary FUSD, Elementary #23 DISD, Estates at Lincoln Park, and the Parkview Apartments.

The Lakefront district has continued to flourish into fiscal year 2015 with the opening of Hula Hut to join the Towers Taphouse, and Big Daddy's BBQ. The lakefront plaza retail space has opened providing 18,000 square feet of space. Significant redevelopment is also occurring in the Lakefront with the renovation of Keys Shopping Center, Johnny Joe's, and Lakeview Grocery. Palladium mixed use development will break ground in 2016.

Little Elm offered some of the region's best special events with the first annual Mardi Gras, Brew & Cue festival, and Christmas on the Beach events as well as repeat favorites July Jubilee, Autumn Fest, Pumpkin Hollow, and Santa Land.

The year's activities and events provided the citizens of Little Elm with a wide array of recreation, cultural, commercial and infrastructure services that will affect the quality of life in the town and set the stage for changes that will have a lasting impact both on the short-term and long-term future.

The Little Elm Economic Development Corporation continues its work in attracting high quality businesses to Little Elm in order to increase both the tax base and local employment. The Town continues to benefit from other favorable conditions associated with a desirable location for work, destination, and living.

RELEVANT FINANCIAL POLICIES

Accounting System

The diverse nature of governmental operations and the necessity of complying with legal provisions require an accounting system unlike those used by commercial enterprises. Rather than establishing a single unified set of accounts for recording and summarizing all financial transactions, the accounts of the Town are organized on the basis of funds; each of which constitutes a separate accounting entity.

Accounting and Budgetary Controls

The Finance Department assures legal compliance with the budget and provides a check and balance system to maintain a solid assurance that the Town's assets are protected and safeguarded. We believe that the Town's accounting controls provide reasonable assurance that errors or irregularities would be detected within a timely period by employees in the normal course of performing their assigned function.

The Town's accounting records for general governmental operations are maintained on a modified accrual basis with the revenues being recorded when available and measurable, and expenditures being recorded when the goods or services are received and the liabilities are incurred. On the other hand, the Town's Proprietary Fund is maintained on a full accrual basis.

Relevant Financial Policies

The Town has establish reserve policies for its' operating funds. The Town will maintain a fund balance in its General Fund an amount equal to three months or 25% of the regular General Fund operating expenditures. Additionally, The Town will maintain a reserve of near cash and investments in the Water Wastewater Fund equal to two months (60 days) of the total operating revenue. The reserve will be calculated based on total operating revenues from the last audited financial statements of the Water Wastewater fund.

AWARDS AND ACKNOWLEDGEMENTS

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2014. This was the fifth year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, a municipality must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied 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.

Acknowledgements

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Department. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit is also due to the Town Manager, Mayor and the Council for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of Little Elm's finances.

Respectfully submitted,

Karla Stovall

Karla Stovall, CPM
Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Little Elm
Texas**

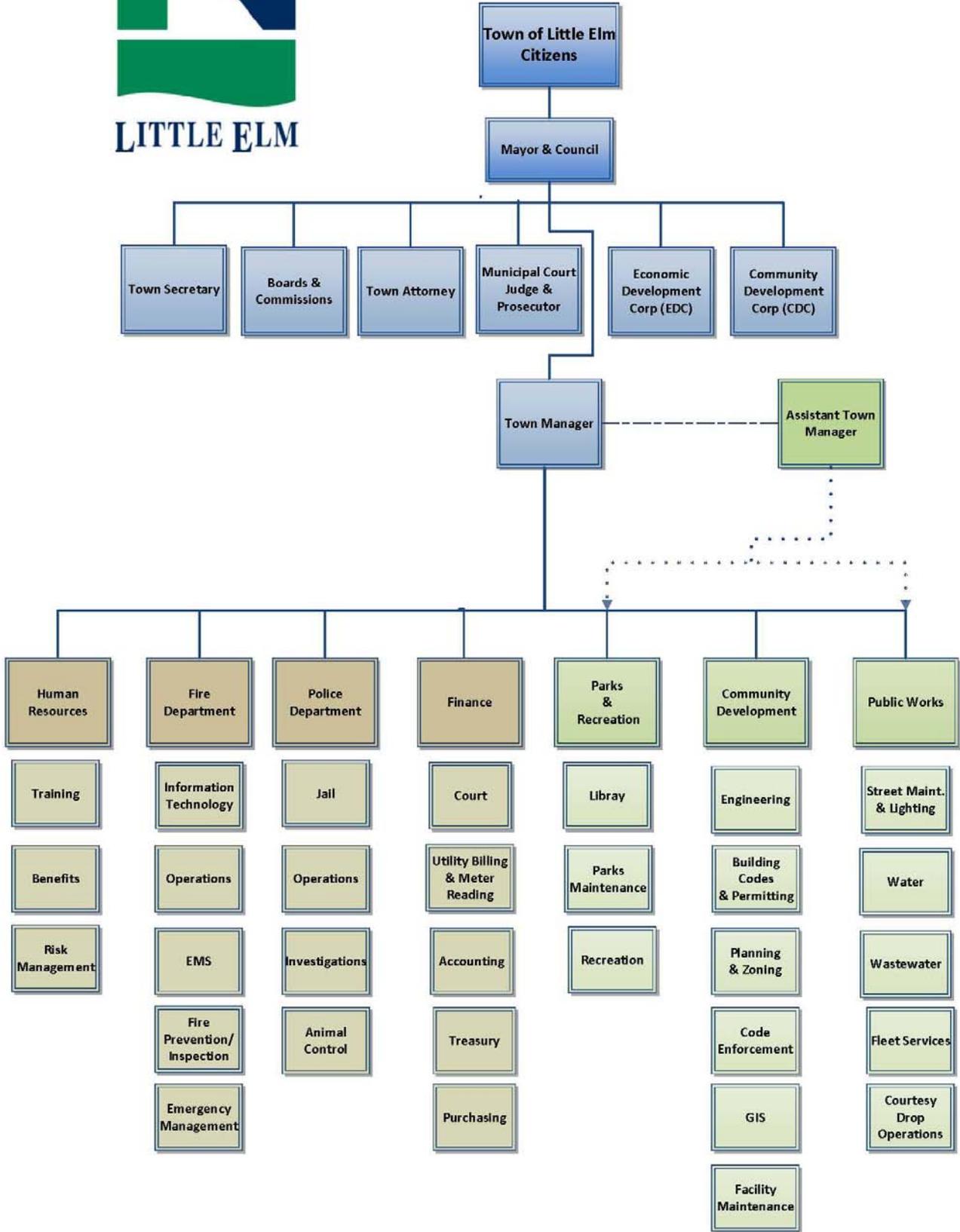
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO



TOWN OF LITTLE ELM, TEXAS



TOWN OF LITTLE ELM, TEXAS

Town Officials

Council Members

David Hillock	Mayor
James Dominy	Place 2
Michael McClellan	Mayor Pro Tem, Place 1
Neil Blais	Place 3
Chip Norman	Place 4
Nick Musteen	Place 5
Stephanie Shoemaker	Place 6

Executive Staff

Matt Mueller	Town Manager
Doug Peach	Assistant Town Manager
Karla Stovall	Chief Financial Officer
Rodney Harrison	Police Chief
Kathy Phillips	Town Secretary
Deidre Hale	Human Resources Director
Joe Florentino	Fire Chief
Kevin Mattingly	Public Works Director
Chad Hyde	Parks and Rec Director
Jason Laumer	Development Services Director/Town Engineer
Jennette Killingsworth	EDC Executive Director





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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor,
Town Council, and Town Manager
Town of Little Elm, TX

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Little Elm (the Town), as of and for the year ended September 30, 2015, 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 from 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As discussed in Note 14 to the financial statements, in 2015 the Town adopted new accounting guidance, GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date". 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, budgetary comparison information, and TMRS pension schedules on pages 4–16, 61-63, and 64-66, respectively, 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

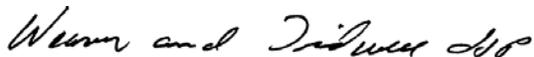
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of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

The combining and individual fund financial 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 basic 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 financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 9, 2016, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Town's internal control over financial reporting and compliance.



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 9, 2016





MANAGEMENT'S DISCUSSION & ANALYSIS

For the year ended September 30, 2015

(unaudited)

This section of the Town of Little Elm's (the TOLE) Comprehensive Annual Financial Report presents a narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

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 \$139,942,337 (net position). Of this amount \$10,029,184 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$9,504,633 during the fiscal year.
- The Town's total amount of outstanding debt, including that of the component units, is \$98,245,871 which is a net increase of \$1,589,439 over last year. Details can be found in the notes to the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- 1) **Government-wide** financial statements
- 2) **Fund** financial statements
- 3) **Notes** to the financial statements

This report also contains other **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 **statement of net position** presents information on all the Town's assets and liabilities, and deferred inflows/outflows of resources with the differences reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the Town is improving or deteriorating. To assess the overall health of the Town, other non-financial factors should also be taken into consideration, such as changes in the Town's property tax base and the condition of the Town's infrastructure.

The **statement of activities** presents information showing how the Town's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave). Both the statement of net assets and the statement of activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in prior reporting models.



MANAGEMENT'S DISCUSSION & ANALYSIS

For the year ended September 30, 2015

(unaudited)

Both of the government-wide financial statements distinguish functions of the Town of Little Elm that are principally supported by 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, community services, public safety, public works, and culture and recreation. The business-type activities of the Town include water and sewer services and solid waste services.

The **government-wide financial statements** include not only the Town of Little Elm itself (known as the primary government), but also three discretely presented component units. The discretely presented component units include the Town's sales tax corporations, Little Elm Economic Development Corporation (LEEDC) and Little Elm Community Development Corporation (LECDC), as well as Little Elm Tax Investment Reinvestment Zone (TIRZ) #3. Although legally separate, these component units operate under the criteria of board appointment and removal by the Town Council. Approval and oversight of capital projects as well as budget appropriations and approval is under the authorization of Town Council.

The government-wide financial statements can be found on pages 17-19 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide detailed information about the most significant funds, not the Town as a whole. Some funds are required to be established by state law or bond covenants. However, the Town Council also establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. All of the funds of the Town of Little Elm can be divided into two categories: governmental funds and proprietary 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 financing 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, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance 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 of Little Elm maintains several individual governmental funds organized according to their type (special revenue, debt service, and capital projects). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the Capital projects fund and Valencia the capital projects fund, all of which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 20-23 of this report.



MANAGEMENT'S DISCUSSION & ANALYSIS

For the year ended September 30, 2015

(unaudited)

Proprietary Funds

Proprietary funds are generally used to account for services for which the Town charges customers-either outside customers or internal units or department of the Town. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund and the solid waste fund, both of which are considered to be major enterprise funds in the Town of Little Elm. The internal service fund is also presented as a proprietary fund of the Town.

The basic proprietary fund financial statements can be found on pages 24-27 of this report.

Notes to the Financial Statements

The notes to the financial statements 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 32-60 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, the Town adopts an annual appropriated budget for the General Fund. A budgetary comparison schedule has been provided for the General Fund as required supplementary information to demonstrate compliance with this budget. In addition, a schedule of changes in net pension liability and related ratios and a schedule of contributions have been presented as required supplementary information.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information, as well as a budgetary comparison schedule for the debt service fund and fund financial statements for the component units.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of government's financial position. The Town's combined net position were \$139,942,337 as of September 30, 2015. Analyzing the net position of the governmental and business-type activities separately, governmental activities' net position was \$97,194,497 while business-type activities' net position was \$42,747,840.

This analysis focuses on the net position (Table 1), and the change in net position (Table 2).

The largest portion of the Town's net position, \$116,321,665 or 83% reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is 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 capital assets themselves cannot be used to liquidate these liabilities.



MANAGEMENT'S DISCUSSION & ANALYSIS
 For the year ended September 30, 2015
 (unaudited)

Table 1
Condensed Schedule of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 34,141,073	\$ 31,474,713	\$ 7,288,570	\$ 6,194,559	\$ 41,429,643	\$ 37,669,272
Capital assets	114,769,884	112,629,502	67,339,947	63,380,130	182,109,831	176,009,632
Total assets	<u>148,910,957</u>	<u>144,104,215</u>	<u>74,628,517</u>	<u>69,574,689</u>	<u>223,539,474</u>	<u>213,678,904</u>
Deferred outflows of resources	1,610,262	125,516	519,546	352,699	2,129,808	478,215
Current liabilities	4,870,694	4,037,700	2,293,145	2,715,113	7,163,839	6,752,813
Noncurrent liabilities	48,456,028	45,602,896	30,107,078	31,363,706	78,563,106	76,966,602
Total liabilities	<u>53,326,722</u>	<u>49,640,596</u>	<u>32,400,223</u>	<u>34,078,819</u>	<u>85,726,945</u>	<u>83,719,415</u>
Net position:						
Net investment in capital assets	77,934,036	69,289,961	38,387,629	33,308,054	116,321,665	102,598,015
Restricted	13,440,890	11,901,273	150,598	1,286,723	13,591,488	13,187,996
Unrestricted	5,819,571	13,397,901	4,209,613	1,253,792	10,029,184	14,651,693
Total net position	<u>\$ 97,194,497</u>	<u>\$ 94,589,135</u>	<u>\$ 42,747,840</u>	<u>\$ 35,848,569</u>	<u>\$ 139,942,337</u>	<u>\$ 130,437,704</u>

Of the Town's net position, \$13,591,488 or 10%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position, \$10,029,184, or 7% is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

The following table (Table 2) provides a summary of the Town's operations for the year ended September 30, 2015. Governmental activities increased the Town's net position by \$2,605,362 while business-type activities increased the Town's net position by \$6,899,271, resulting in a net \$9,504,633 increase in total net position. The key elements of this increase are as shown in Table 2.



MANAGEMENT'S DISCUSSION & ANALYSIS
 For the year ended September 30, 2015
 (unaudited)

Table 2
Changes in Net Position

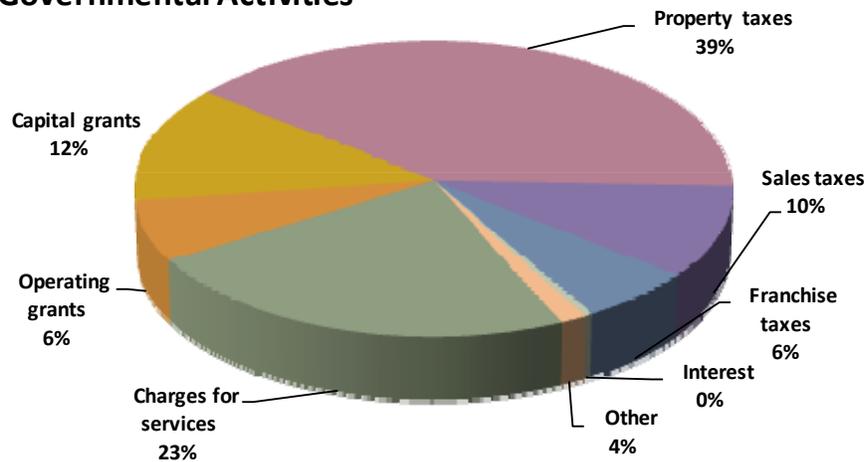
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 8,103,006	\$ 6,978,839	\$ 15,180,833	\$ 13,245,840	\$ 23,283,839	\$ 20,224,679
Operating grants and contributions	2,330,627	877,283	23,964	-	2,354,591	877,283
Capital grants and contributions	4,480,887	20,153,631	3,593,256	3,595,837	8,074,143	23,749,468
General revenues:						
Property taxes	14,089,672	11,851,416	-	-	14,089,672	11,851,416
Sales taxes	3,540,489	2,987,162	-	-	3,540,489	2,987,162
Franchise taxes	2,100,586	1,856,693	119,560	106,872	2,220,146	1,963,565
Investment Income	155,456	156,577	29,969	44,010	185,425	200,587
Other	1,322,492	1,176,824	-	7,214	1,322,492	1,184,038
Gain on sale of capital assets	23,500	-	-	-	23,500	-
Total revenues	<u>36,146,715</u>	<u>46,038,425</u>	<u>18,947,582</u>	<u>16,999,773</u>	<u>55,094,297</u>	<u>63,038,198</u>
Expenses:						
General government	6,085,289	5,289,827	-	-	6,085,289	5,289,827
Community service	2,408,167	1,918,695	-	-	2,408,167	1,918,695
Public safety	12,583,312	10,433,709	-	-	12,583,312	10,433,709
Public works	6,956,858	6,499,936	-	-	6,956,858	6,499,936
Culture and recreation	2,424,055	3,104,651	-	-	2,424,055	3,104,651
Interest expense	1,707,491	3,388,234	-	-	1,707,491	3,388,234
Water and sewer services	-	-	9,597,743	9,018,321	9,597,743	9,018,321
Solid waste services	-	-	1,732,336	1,983,776	1,732,336	1,983,776
Total expenses:	<u>32,165,172</u>	<u>30,635,052</u>	<u>11,330,079</u>	<u>11,002,097</u>	<u>43,495,251</u>	<u>41,637,149</u>
Change in net position before transfers	3,981,543	15,403,373	7,617,503	5,997,676	11,599,046	21,401,049
Transfers	474,640	1,697,504	(474,640)	(1,697,504)	-	-
Change in net position	<u>4,456,183</u>	<u>17,100,877</u>	<u>7,142,863</u>	<u>4,300,172</u>	<u>11,599,046</u>	<u>21,401,049</u>
Net position - beginning	94,589,135	78,135,466	35,848,569	32,135,616	130,437,704	110,271,082
Net effect of accounting change	(1,850,821)	(647,208)	(243,592)	(587,219)	(2,094,413)	(1,234,427)
Net position - ending	<u>\$ 97,194,497</u>	<u>\$ 94,589,135</u>	<u>\$ 42,747,840</u>	<u>\$ 35,848,569</u>	<u>\$ 139,942,337</u>	<u>\$ 130,437,704</u>



MANAGEMENT'S DISCUSSION & ANALYSIS
For the year ended September 30, 2015
(unaudited)

Governmental activities. The Town's revenues for governmental activities are detailed as follows:

**Revenues by Source
Governmental Activities**



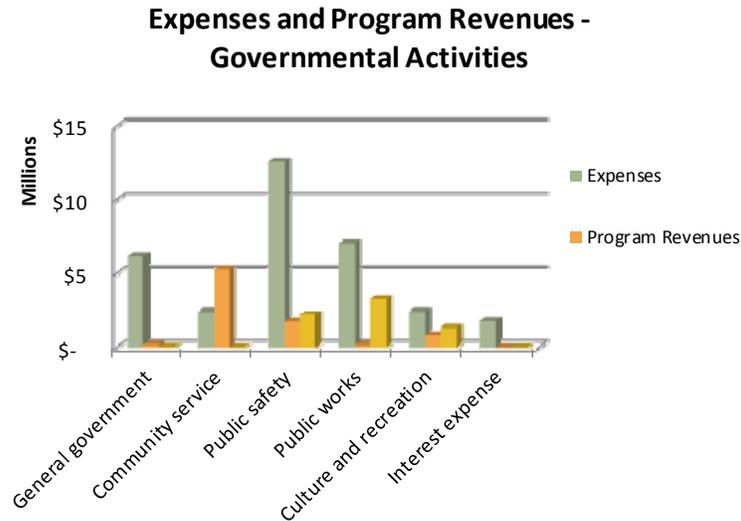
Revenues for the Town's governmental activities decreased by \$9,891,710 due to a reduction in capital grants and contributions. The major revenue sources, property tax and sales tax both reflected healthy increases. Major components of revenue increases and decreases are explained as follows:

- Property Taxes increased by \$2,238,256 due to an increase of 18% from prior year's valuation. This increase is due to new construction and reappraisal increases of existing real property.
- Sales Taxes increased by \$553,327 or 19% due to new retail development and population growth in the Town. Approximately sixty-nine new commercial businesses added to the sales tax base for the Town as of September 30, 2015.
- Mixed beverage taxes increased \$19,334 or 84% over the prior year reflecting commercial development in the local economy.
- Capital grants and contributions decreased by \$15,672,744 due to a decrease in developer contributions and grants for public works.
- There was a modest decrease in investment income due to the overall decrease in the Town's cash reserves.



MANAGEMENT'S DISCUSSION & ANALYSIS
 For the year ended September 30, 2015
 (unaudited)

This chart below depicts governmental activity program revenues relative to program expenses:

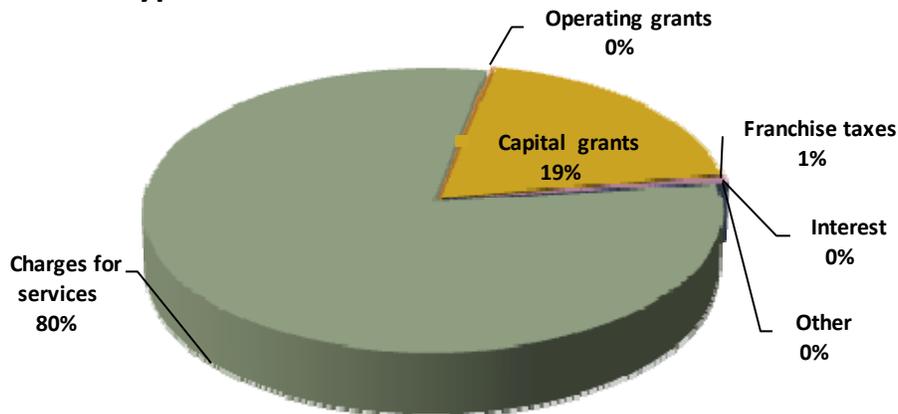


Expenses for governmental activities increased by \$1,530,120 or 5%. Components of increases and decreases are explained as follows:

- Expenses for general government increased by 15% due to various infrastructure needs, increase in the Town's share of healthcare costs and operational needs.
- Public safety expenses increased by 21% which includes fire, police and animal control.
- Culture and recreation decreased by 22% due to record-setting weather events which caused the cancellation of many of the scheduled outdoor events and programs.

Business-type Activities: The Town's revenues by sources for business-type activities are detailed below along with an illustration between expenses and program revenues for business-type activities.

**Revenues by Source
Business-type Activities**





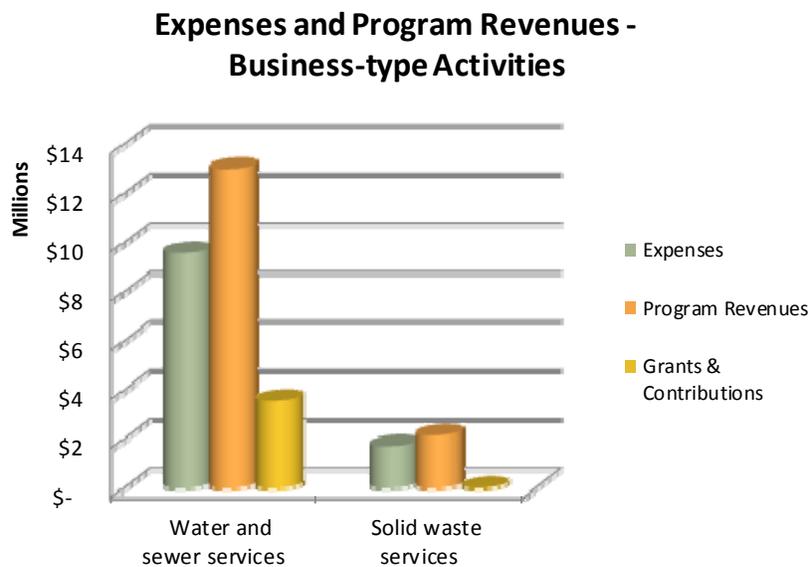
MANAGEMENT'S DISCUSSION & ANALYSIS

For the year ended September 30, 2015
(unaudited)

Business-type activities revenues increased \$1,947,809 or 12%. Major components of the decreases/increases are as follows:

- There was a modest decrease in investment income due to the overall decrease in the Town's cash reserves.
- Capital grants and contributions decreased \$2,581 due to reduction in development fees from construction activity.
- Charges for services for business-type activities increased by 15% or 1,934,993. Water sales increased by 16% while sewer sales increased by 6% due to an increase in customer base including wholesale charges to customers in the Town's extraterritorial jurisdiction (ETJ).

The following chart illustrates the relationship between expenses and program revenues for business-type activities:



FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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



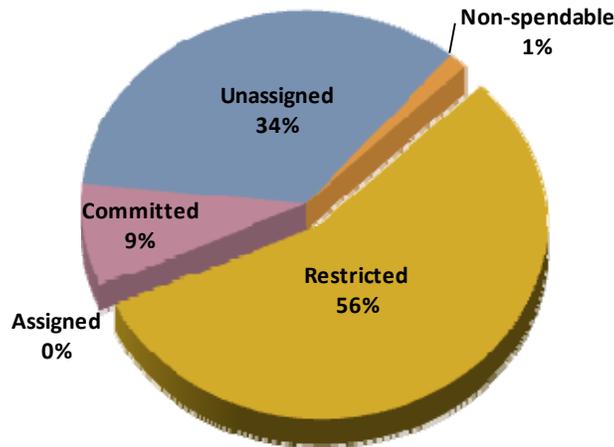
MANAGEMENT'S DISCUSSION & ANALYSIS

For the year ended September 30, 2015
(unaudited)

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 government's net resources available for spending at the end of the fiscal year.

Governmental Fund Balance



At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$19,494,819, a decrease of \$7,184,470 in comparison with the prior year. Approximately of 34% this total amount, or \$6,700,923, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted or committed to indicate that it is not available for new spending because it has already been committed as follows:

Restricted for:

- 1) Debt service - \$1,005,376
- 2) Street maintenance - \$331,826
- 3) Court - \$79,419
- 4) Drainage improvements - \$610,488
- 5) Capital Projects - \$8,411,814
- 6) Other - \$445,061

Committed to:

- 1) Street development - \$1,644,874

Nonspendable - \$265,038

The general fund is the chief operating fund of the Town of Little Elm. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6,700,923, while total fund balance was \$6,965,961. As a measure of the General Funds' liquidity, unassigned fund balance represents 27% of total General Fund expenditures.

Fund balance in the General Fund decreased by \$1,485,875, partially due to capital outlay and costs associated with growth.

The Debt Service Fund has a total fund balance of \$1,005,376, all of which is restricted for the payment of debt service. The Debt Service fund balance includes a notes receivable from the LECDC in the amount of \$597,105 that will have Council action to remove the liability from LECDC in fiscal year 2016.



MANAGEMENT'S DISCUSSION & ANALYSIS

For the year ended September 30, 2015
(unaudited)

The General Capital Projects Fund provides information on capital projects and had an ending fund balance of \$6,674,676. The General Capital Project Fund balance decreased by \$119,661 or 2%.

Proprietary Funds

An analysis of the water and sewer fund is provided in the business-type activities discussion above. In addition, the net position of the solid waste fund increased \$269,879, primarily due reduced operating expenses.

General Fund Budgetary Highlights

Amendments made during FY2015 increased the original revenue budget by \$1,299,133 and increased the expenditure budget by \$2,227,759. Amendments were for unanticipated expenditures during the year. The final budgetary fund balance is \$3,957,321. During the fiscal year the Town analyzes their quarterly financial statements and determines if a budget amendment is reasonable and necessary. All budget amendments receive scrutiny and Town Council approval through an ordinance.

CAPITAL ASSETS

The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2015, amount to \$182,109,831 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings, park facilities, vehicles, machinery and equipment, roads, bridges and water and sewer lines. About 63% of the capital assets are governmental and 37% are business-type activities.

Table 3
Capital Assets at Year-end
(net of accumulated depreciation)

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 9,085,631	\$ 9,085,631	\$ 1,639,066	\$ 1,636,966	\$ 10,724,697	\$ 10,722,597
Construction in progress	17,795,190	8,085,616	4,991,193	2,785,017	22,786,383	10,870,633
Buildings	24,758,274	25,337,688	36,022	40,583	24,794,296	25,378,271
Infrastructure	52,251,971	54,544,005	59,267,608	57,569,834	111,519,579	112,113,839
Other improvements	4,184,836	3,898,392	-	-	4,184,836	3,898,392
Machinery and equipment	6,693,982	4,098,170	1,406,058	1,347,730	8,100,040	5,445,900
Total	\$ 114,769,884	\$ 105,049,502	\$ 67,339,947	\$ 63,380,130	\$ 182,109,831	\$ 168,429,632

The major governmental-type capital improvement projects and developer contributions during the current fiscal year included the following:

- FM720 Streetscape
- Walker/Hart corridor Streetscape Project

There were no Business-type capital improvement projects and developer contributions during the current fiscal year.

Additional information on the Town's capital assets can be found in Note 5 on page 45 of this report.



MANAGEMENT'S DISCUSSION & ANALYSIS
 For the year ended September 30, 2015
 (unaudited)

Debt Administration

As shown in Table 4, the Town's total outstanding debt at September 30, 2015 was \$98,245,871 of which \$48,456,028 was governmental, \$30,107,078 was business-type and \$19,682,765 was component units'. Total gross bonded debt was \$69,665,000. Other long-term debt relates to compensated absences, notes payable, capital leases, unamortized premiums, and net pension liability.

Table 4
Outstanding Debt
Outstanding Debt and Long-Term Liabilities

	Governmental activities		Business-type activities		Component Units		Total Government	
	2015	2014	2015	2014	2015	2014	2015	2014
Gross bonded debt:								
General obligation	\$ 30,393,306	\$ 32,307,738	\$ 8,611,694	\$ 9,407,262	\$ -	\$ -	\$ 39,005,000	\$ 41,715,000
Certificates of obligation	10,450,000	10,930,000	20,210,000	21,060,000	-	-	30,660,000	31,990,000
Total bonded debt	40,843,306	43,237,738	28,821,694	30,467,262	-	-	69,665,000	73,705,000
Other long-term debt:								
Capital leases	147,095	175,177	-	-	-	-	147,095	175,177
Tax notes	1,885,000	-	-	-	-	-	1,885,000	-
Notes Payable	-	-	-	-	19,671,173	16,725,627	19,671,173	16,725,627
Unamortized premiums	764,575	808,619	623,322	649,256	-	-	1,387,897	1,457,875
Compensated absences	1,505,999	1,381,362	226,417	247,188	11,592	9,657	1,744,008	1,638,207
Net pension liability	3,310,053	2,610,916	435,645	343,630	-	-	3,745,698	2,954,546
Total other long-term debt	7,612,722	4,976,074	1,285,384	1,240,074	19,682,765	16,735,284	28,580,871	22,951,432
Total	\$ 48,456,028	\$ 48,213,812	\$ 30,107,078	\$ 31,707,336	\$ 19,682,765	\$ 16,735,284	\$ 98,245,871	\$ 96,656,432

The Town's tax support debt is rated an "AA-"Bond Rating from Standard and Poor's Rating Services. The Town is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term det. Additional information on the Town's outstanding debt can be found in Note 8 on pages 46-52 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Little Elm is one of the fastest growing areas in the nation and with that comes a tremendous number of challenges, but also outstanding opportunity. With this growth, there are new sources and higher amounts of revenues to be allocated in the budget, but there is also a mounting list of needs for programs and services to accommodate the growth and meet the expectations of the community.

The overall budget philosophy of the Town of Little Elm is to provide the highest level of service at the greatest value. This means that the Town must operate in the most effective and efficient method possible to accomplish this goal. The internal budgeting and review process is very stringent with department heads dissecting each other's budgets in peer review process that seeks to ensure that every line item is carefully planned and all projects are justified.

As part of the Town's budgeting philosophy and commitment to respect the Taxpayer's money, priorities in the budget process were to keep the property taxes at the same rate, realize the long term impacts of financial decisions, keep fund balances and reserves at a healthy level, and produce a self-sustaining budget where fund balances are not relied upon to fund ongoing expenses.

Due to the increasing value of property in the area, the \$.664971 rate has been in place since 2011. The fiscal year 2015-2016 budget incorporates a reduction in the property tax rate. The 2015-16 rate is at \$.661687 per \$100 valuation. Maintenance and operations tax rate is \$.477600 while the debt rate is \$.184087. While the tax rate has been lowered, it continues to prepare the Town for its future obligations and adheres to the Town's long and short term operational plan.



MANAGEMENT'S DISCUSSION & ANALYSIS

For the year ended September 30, 2015
(unaudited)

With the fiscal year 2015-2016 budget the Town completed the second budget cycle where we have worked on a multi-year format. We prepared our budgets using a five-year planning cycle, with years two through five as forecasted figures. It is a good exercise for staff to understand the long term impacts of decisions.

Some of the more significant upcoming capital projects are as follows:

(Many of these projects cover many years, so they are not limited to FY 15-16 budget.)

- Lakefront Trail Project - \$3,000,000
- Navo Road - \$2,700,000
- FM 423 East Trail Project - \$425,000
- Doe Creek Road - \$2,250,000

The fiscal year 2015-2016 operating budget increased by 17% or \$8,805,209, from the fiscal year 2014-2015 budget. In general revenues for property taxes were budgeted with a 17% increase and a 5% increase was forecasted for sales tax. Major increases in operational costs are:

- | | |
|---|-----------|
| • Compensation and Benefits (step, insurance, retirement) | \$712,000 |
| • Addition of personnel | \$161,000 |
| • Public Safety | \$402,500 |
| • Parks and Recreation Programming and Events | \$230,500 |
| • Information Technology | \$150,000 |
| • Cost of Water from North Texas Municipal Water District | \$240,000 |
| • Development Services | \$110,000 |

Little Elm is facing an issue that many employers are facing which is increasing cost to provide insurance. The total amount budgeted for insurance is \$2.3 million. This is an 8% increase over last year.

The Vehicle Replacement Fund (VERF), established by Ordinance #1226 in September 2014, is still in its infancy. Annual payments are made by the user departments to the fund on all pieces of equipment and vehicles so that when the item reaches the end of its useful life, the money is there ready to purchase its replacement. The total transfer to this fund in the 2016 budget is \$655,690.

The Recreation Center expansion is a major project that has been in the planning stages for several years, the bulk of the project will take place in the 2015-2016 budget with a expected completion date of December 2016. The project has a budget of \$5,800,000. The concrete safe room, which will also serve as a community center, will be 6,442 square feet with interior usable space of 5,025 square feet, and should provide protection from storms and tornadoes for the people of Little Elm. The funding for this project is through the LEEDC, grant funding and a Town's issued bond sale.

The Town sold \$9.7M in Certificates of Obligation Bonds in December 2015. The focus is on the 380 Corridor as the Town plans for the expansion of services to this rapidly growing area. Funds are designated for a third fire station as well as a fire apparatus in addition to municipal park and recreational facility improvements. The Town is anticipating a utility bond sale early summer of 2016 for future utility infrastructure projects.

DISCRETELY PRESENTED COMPONENT UNITS

The Little Elm Economic Development Corporation (LEEDC), Little Elm Community Development Corporation (LEEDC) and Little Elm Tax Increment Reinvestment Zone (TIRZ) #3 have been included in the reporting entity as discretely presented component units since they provide benefits to other entities aside from the Town. Separate audited financial statements are not issued for EDC, CDC, or TIRZ #3.



MANAGEMENT'S DISCUSSION & ANALYSIS

For the year ended September 30, 2015
(unaudited)

REQUEST FOR INFORMATION

This financial report is designed to provide the Town Council, citizens, customers, bond rating agencies, investors and creditors with a general overview of the Town of Little Elm's financial position. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Finance Department
Town of Little Elm
100 W. Eldorado Parkway
Little Elm, TX 75068
(214) 975-0415

Or visit our website at: <http://www.littleelm.org>



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BASIC FINANCIAL STATEMENTS



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**TOWN OF LITTLE ELM, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 22,859,829	\$ 3,106,472	\$ 25,966,301	\$ 3,025,176
Cash restricted for revenue bond reserve	-	491,939	491,939	-
Receivables (net of allowance for uncollectibles)	2,775,163	2,371,940	5,147,103	439,468
Due from other governments	-	1,176,071	1,176,071	-
Due from primary government	-	-	-	392,296
Due from component unit	661,043	-	661,043	-
Note receivable from component unit - current portion	355,000	-	355,000	-
Prepays	219,099	-	219,099	-
Inventories	45,939	142,148	188,087	-
Capital assets:				
Land	9,085,631	1,639,066	10,724,697	9,041,546
Depreciable assets, net	87,889,063	60,709,688	148,598,751	-
Construction in progress	17,795,190	4,991,193	22,786,383	-
Note receivable from component unit	7,225,000	-	7,225,000	-
Total assets	148,910,957	74,628,517	223,539,474	12,898,486
DEFERRED OUTFLOWS OF RESOURCES				
Unavailable resources - pensions	1,498,739	197,253	1,695,992	-
Deferred loss on refunding	111,523	322,293	433,816	-
Total deferred outflows of resources	1,610,262	519,546	2,129,808	-
LIABILITIES				
Accounts payable and other current liabilities	\$ 2,432,097	\$ 748,942	\$ 3,181,039	\$ 825,304
Accrued interest payable	249,921	176,415	426,336	55,552
Retainage payable	306,692	320,723	627,415	-
Due to primary government	-	-	-	661,043
Due to component unit	392,296	-	392,296	-
Due to other governments	-	1,748	1,748	-
Customer deposits	619,688	1,045,317	1,665,005	-
Unearned revenues	870,000	-	870,000	-
Non-current liabilities:				
Due within one year	3,581,501	1,784,040	5,365,541	1,256,878
Due in more than one year	44,874,527	28,323,038	73,197,565	18,425,887
Total liabilities	53,326,722	32,400,223	85,726,945	21,224,664
NET POSITION (DEFICIT)				
Net investment in capital assets	77,934,036	38,387,629	116,321,665	(3,061,219)
Restricted:				
Construction	3,522,518	-	3,522,518	-
Enabling legislation	1,166,048	150,598	1,316,646	2,505,570
Streetscape	140,506	-	140,506	-
Debt service	8,434,957	-	8,434,957	142,707
Other	176,861	-	176,861	-
Unrestricted	5,819,571	4,209,613	10,029,184	(7,913,236)
Total net position (deficit)	\$ 97,194,497	\$ 42,747,840	\$ 139,942,337	\$ (8,326,178)

The accompanying notes to the basic financial statements are an integral part of this statement.

**TOWN OF LITTLE ELM, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Functions/Programs:				
Governmental activities:				
General government	\$ 6,085,289	\$ 191,432	\$ 43,310	\$ -
Community service	2,408,167	5,265,753	-	-
Public safety	12,583,312	1,682,570	2,219,713	-
Public works	6,956,858	163,616	-	3,269,702
Culture and recreation	2,424,055	799,635	67,604	1,211,185
Interest expense	1,707,491	-	-	-
Total governmental activities	<u>32,165,172</u>	<u>8,103,006</u>	<u>2,330,627</u>	<u>4,480,887</u>
Business-type activities:				
Water and sewer services	9,597,743	13,023,491	-	3,593,256
Solid waste services	1,732,336	2,157,342	23,964	-
Total business-type activities	<u>11,330,079</u>	<u>15,180,833</u>	<u>23,964</u>	<u>3,593,256</u>
Total primary government	<u>\$ 43,495,251</u>	<u>\$ 23,283,839</u>	<u>\$ 2,354,591</u>	<u>\$ 8,074,143</u>
Component Units:				
Economic Development Corporation	\$ 3,494,290	\$ -	\$ -	\$ -
Community Development Corporation	1,863,027	-	-	-
Little Elm TIRZ#3	-	-	-	-
Total component units	<u>\$ 5,357,317</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:
 Property taxes, penalty, and interest
 Sales taxes
 Franchise taxes
 Interest
 Miscellaneous
 Gain on sale of capital assets
 Transfers
Total general revenues and transfers
 Change in net position

Net position at beginning of year (as previously stated)
 Cumulative effect of change in accounting principle

Net position (deficit), end of year

The accompanying notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (5,850,547)	\$ -	\$ (5,850,547)	\$ -
2,857,586	-	2,857,586	-
(8,681,029)	-	(8,681,029)	-
(3,523,540)	-	(3,523,540)	-
(345,631)	-	(345,631)	-
(1,707,491)	-	(1,707,491)	-
(17,250,652)	-	(17,250,652)	-
-	7,019,004	7,019,004	-
-	448,970	448,970	-
-	7,467,974	7,467,974	-
<u>\$ (17,250,652)</u>	<u>\$ 7,467,974</u>	<u>\$ (9,782,678)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	(3,494,290)
-	-	-	(1,863,027)
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,357,317)</u>
\$ 14,089,672	\$ -	\$ 14,089,672	\$ -
3,540,489	-	3,540,489	2,143,041
2,100,586	119,560	2,220,146	-
155,456	29,969	185,425	26,928
1,322,492	-	1,322,492	30,000
23,500	-	23,500	-
474,640	(474,640)	-	-
<u>21,706,835</u>	<u>(325,111)</u>	<u>21,381,724</u>	<u>2,199,969</u>
4,456,183	7,142,863	11,599,046	(3,157,348)
94,589,135	35,848,569	130,437,704	(5,168,830)
(1,850,821)	(243,592)	(2,094,413)	-
<u>\$ 97,194,497</u>	<u>\$ 42,747,840</u>	<u>\$ 139,942,337</u>	<u>\$ (8,326,178)</u>

**TOWN OF LITTLE ELM, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	General Fund	Debt Service	Capital Projects	Valencia Capital Projects	Nonmajor Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 7,170,725	\$ 339,676	\$ 8,412,968	\$ 3,939,426	\$ 1,150,748	\$ 21,013,543
Receivables, net of allowance for doubtful accounts						
Taxes	825,315	104,198	-	-	140,002	1,069,515
Franchise fees	772,670	-	-	-	-	772,670
Due from other governments	-	-	442,789	-	-	442,789
Other	293,385	-	-	-	196,804	490,189
Due from component unit	-	661,043	-	-	-	661,043
Note receivable	-	7,580,000	-	-	-	7,580,000
Prepays	219,099	-	-	-	-	219,099
Inventories	45,939	-	-	-	-	45,939
Total assets	\$ 9,327,133	\$ 8,684,917	\$ 8,855,757	\$ 3,939,426	\$ 1,487,554	\$ 32,294,787
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable and other current liabilities	\$ 1,565,682	\$ 39	\$ 314,770	\$ 416,908	\$ 124,381	\$ 2,421,780
Due to component unit	392,296	-	-	-	-	392,296
Accrued interest payable	-	12,590	-	-	-	12,590
Retainage payable	-	-	286,428	-	20,264	306,692
Deposits	84,805	-	534,883	-	-	619,688
Unearned revenue	-	-	870,000	-	-	870,000
Total liabilities	2,042,783	12,629	2,006,081	416,908	144,645	4,623,046
Deferred inflows of resources:						
Unavailable resources	318,389	7,666,912	175,000	-	16,621	8,176,922
Total deferred inflows of resources	318,389	7,666,912	175,000	-	16,621	8,176,922
FUND BALANCES						
Nonspendable	265,038	-	-	-	-	265,038
Restricted	-	1,005,376	5,029,802	3,522,518	1,326,288	10,883,984
Committed	-	-	1,644,874	-	-	1,644,874
Unassigned	6,700,923	-	-	-	-	6,700,923
Total fund balances	6,965,961	1,005,376	6,674,676	3,522,518	1,326,288	19,494,819
Total liabilities, deferred inflows of resources, and fund balances	\$ 9,327,133	\$ 8,684,917	\$ 8,855,757	\$ 3,939,426	\$ 1,487,554	\$ 32,294,787

The accompanying notes to the basic financial statements are an integral part of this statement.

**TOWN OF LITTLE ELM, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

Total governmental fund balances	\$ 19,494,819
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds financial statements (less \$2,128,463 in assets allocated to governmental activities from the internal service fund).	112,641,421
Accrued interest on governmental activities debt is not reported in the governmental funds financial statements until paid.	(237,331)
Revenues earned but not available within sixty days of fiscal year-end are not recognized as revenue in the governmental funds financial statements.	596,922
Unamortized losses on refunding are not due and payable and, therefore are not reported in the governmental funds financial statements. In the government-wide financial statements, the losses are reported as deferred outflows of resources.	111,523
Internal service funds are used by management to charge the cost of certain activities, such as fleet management, to individual funds. This amount represents the assets less the liabilities of the internal service fund allocated to governmental activities.	3,964,432
Deferred outflows of resources related to the Town's net pension liability increase net position by \$1,438,739.	1,498,739
Premiums on bond issuance for governmental activities debt are included in other financing sources in the governmental funds financial statements.	(764,575)
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds financial statements.	(1,505,999)
Long-term receivables from component units are not considered current financial resources, and, therefore the recognition of revenue on such receivables is deferred in the governmental funds financial statements.	7,580,000
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds financial statements.	<u>(46,185,454)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 97,194,497</u></u>

The accompanying notes to the basic financial statements are an integral part of this statement.

TOWN OF LITTLE ELM, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	General Fund	Debt Service	Capital Projects	Valencia Capital Projects	Nonmajor Governmental Funds	Total
Revenues:						
Taxes:						
Property taxes, penalty, and interest	\$ 10,001,490	\$ 3,910,732	\$ -	\$ -	\$ -	\$ 13,912,222
General sales and use taxes	2,827,314	-	-	-	713,175	3,540,489
Other taxes and franchise fees	2,034,817	-	-	-	65,769	2,100,586
Licenses and permits	4,009,517	-	-	-	-	4,009,517
Intergovernmental	384,535	661,043	1,547,121	-	37,701	2,630,400
Charges for services	2,270,800	-	-	-	494,394	2,765,194
Impact fees	-	-	1,722,581	-	-	1,722,581
Fines	583,422	-	-	-	303,195	886,617
Contributions	43,310	-	1,211,185	-	-	1,254,495
Interest	55,316	14,454	55,040	-	6,856	131,666
Other revenues	567,668	-	186,130	-	10,781	764,579
Total revenues	22,778,189	4,586,229	4,722,057	-	1,631,871	33,718,346
Expenditures:						
Current:						
General government	5,479,481	-	8,167	297,018	10,560	5,795,226
Community services	2,129,107	-	279,060	-	-	2,408,167
Public safety	10,453,632	-	-	-	214,747	10,668,379
Public works	2,217,731	-	-	-	1,007,539	3,225,270
Culture and recreation	2,920,802	-	-	-	26,802	2,947,604
Debt service:						
Principal retirement	-	2,499,432	-	-	-	2,499,432
Interest and fiscal agent fees	-	1,567,459	40,000	-	-	1,607,459
Capital outlay	1,730,722	-	6,399,153	6,109,147	5,824	14,244,846
Total expenditures	24,931,475	4,066,891	6,726,380	6,406,165	1,265,472	43,396,383
Excess (deficiency) of revenues over (under) expenditures	(2,153,286)	519,338	(2,004,323)	(6,406,165)	366,399	(9,678,037)
Other financing sources (uses):						
Transfers in	2,206,459	118,700	1,884,662	-	-	4,209,821
Proceeds from sale of assets	23,500	-	-	-	-	23,500
Issuance of notes	-	-	1,990,000	-	-	1,990,000
Capital lease proceeds	104,957	-	-	-	-	104,957
Transfers out	(1,667,505)	-	(1,990,000)	-	(177,206)	(3,834,711)
Total other financing sources (uses)	667,411	118,700	1,884,662	-	(177,206)	2,493,567
Net change in fund balances	(1,485,875)	638,038	(119,661)	(6,406,165)	189,193	(7,184,470)
Fund balance at beginning of year	8,451,836	367,338	6,794,337	9,928,683	1,137,095	26,679,289
Fund balance, end of year	\$ 6,965,961	\$ 1,005,376	\$ 6,674,676	\$ 3,522,518	\$ 1,326,288	\$ 19,494,819

The accompanying notes to the basic financial statements are an integral part of this statement.

**TOWN OF LITTLE ELM, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Net change in fund balances - total governmental funds	\$ (7,184,470)
Amounts reported for governmental funds in the statement of activities are different because:	
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.	21,631
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is capitalized.	12,816,470
Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. The effect of recording depreciation expense is to decrease net position.	(5,224,549)
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 issuance costs, 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, expenses, and changes in fund balance.	
This amount represents the net effect of the following items:	
o Bond proceeds (\$1,990,000)	
o Repayments \$2,499,432	
o Amortization of premium on bonds, \$44,044, less the amortization of deferred loss on refunding (\$13,993)	539,483
Governmental funds reflect capital lease proceeds as other financing sources and payments as expenditures. This amount represents the net of current year payments (\$133,039) and capital lease proceeds (\$104,957), which is reflected as a reduction of liabilities in the government-wide financial statements.	28,082
Changes in compensated absences are not reported in the fund financial statements. The net effect of the current year increase is to decrease net position.	(124,637)
Implementation of GASB 68 requires certain expenditures to be de-expended and recorded as deferred outflows of resources. The following is the net effect of the current year TMRS pension expense, (\$1,229,560), and contributions made after the measurement date, \$1,269,065.	39,505
Internal service funds are used by management to charge the costs of certain activities, such as fleet management, to individual funds. The net income of the internal service fund is allocated entirely to governmental activities.	3,534,367
Current year changes in accrued interest payable do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>10,301</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 4,456,183</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

**TOWN OF LITTLE ELM , TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015**

	Water and Sewer	Solid Waste	Total	Governmental Activities- Internal Service Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current assets:				
Cash and cash equivalents	\$ 2,902,913	\$ 203,559	\$ 3,106,472	\$ 1,846,286
Cash restricted for revenue bond reserve	491,939	-	491,939	-
Receivables (net of allowance for uncollectibles)	2,137,414	234,526	2,371,940	-
Due from other governments	1,176,071	-	1,176,071	-
Inventories	142,148	-	142,148	-
Total current assets	6,850,485	438,085	7,288,570	1,846,286
Noncurrent assets:				
Land	1,639,066	-	1,639,066	-
Depreciable assets, net	60,476,170	233,518	60,709,688	2,128,463
Construction in progress	4,991,193	-	4,991,193	-
Total property and equipment	67,106,429	233,518	67,339,947	2,128,463
Total noncurrent assets	67,106,429	233,518	67,339,947	2,128,463
Total assets	73,956,914	671,603	74,628,517	3,974,749
DEFERRED OUTFLOWS OF RESOURCES				
Unavailable resources - pension	197,253	-	197,253	-
Deferred loss on refunding	322,293	-	322,293	-
Total deferred outflows of resources	519,546	-	519,546	-
Total assets and deferred outflows of resources	\$ 74,476,460	\$ 671,603	\$ 75,148,063	\$ 3,974,749
LIABILITIES AND NET POSITION				
Current liabilities:				
Accounts payable and other accrued expenses	\$ 593,194	\$ 155,748	\$ 748,942	\$ 10,317
Accrued interest payable	176,415	-	176,415	-
Retainage payable	320,723	-	320,723	-
Customer deposits	1,045,317	-	1,045,317	-
Due to other governments	-	1,748	1,748	-
Current portion of long-term debt	1,783,229	811	1,784,040	-
Total current liabilities	3,918,878	158,307	4,077,185	10,317
Long-term debt, net of current portion	28,323,038	-	28,323,038	-
Total liabilities	32,241,916	158,307	32,400,223	10,317
Net position:				
Net investment in capital assets	38,154,111	233,518	38,387,629	2,128,463
Restricted for:				
Impact fees	150,598	-	150,598	-
Unrestricted	3,929,835	279,778	4,209,613	1,835,969
Total net position	42,234,544	513,296	42,747,840	3,964,432
Total liabilities and net position	\$ 74,476,460	\$ 671,603	\$ 75,148,063	\$ 3,974,749

The accompanying notes to the basic financial statements are an integral part of this statement.

TOWN OF LITTLE ELM, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET POSITION – PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Total</u>	<u>Governmental- Activities Internal Service Fund</u>
Operating revenues:				
Water sales	\$ 7,248,656	\$ -	\$ 7,248,656	\$ -
Charges for sewer services	5,137,177	-	5,137,177	-
Tap, connections, and other fees	552,402	-	552,402	-
Charges for solid waste	-	2,157,342	2,157,342	-
Contributions	-	-	-	2,009,448
Other revenue	85,256	-	85,256	-
Total operating revenues	<u>13,023,491</u>	<u>2,157,342</u>	<u>15,180,833</u>	<u>2,009,448</u>
Operating expenses:				
Personnel services	1,921,010	36,240	1,957,250	-
Contractual services	204,998	1,608,951	1,813,949	-
Repairs and maintenance	235,059	47,422	282,481	-
Supplies	3,465,714	13,108	3,478,822	65,616
Depreciation and amortization	2,057,135	25,690	2,082,825	67,182
Other operating expenses	642,832	925	643,757	-
Total operating expenses	<u>8,526,748</u>	<u>1,732,336</u>	<u>10,259,084</u>	<u>132,798</u>
Operating income	<u>4,496,743</u>	<u>425,006</u>	<u>4,921,749</u>	<u>1,876,650</u>
Non-operating revenues (expenses):				
Taxes	-	119,560	119,560	-
Interest income	28,620	1,349	29,969	23,790
Intergovernmental	-	23,964	23,964	-
Interest expense	(1,070,995)	-	(1,070,995)	-
Total non-operating revenue (expenses)	<u>(1,042,375)</u>	<u>144,873</u>	<u>(897,502)</u>	<u>23,790</u>
Income before capital contributions and transfers	<u>3,454,368</u>	<u>569,879</u>	<u>4,024,247</u>	<u>1,900,440</u>
Capital contributions and transfers				
Capital contributions	4,034,397	-	4,034,397	-
Capital grants	113,161	-	113,161	-
Impact fees	980,095	-	980,095	-
Transfers in	-	-	-	1,633,927
Transfers out	(1,709,037)	(300,000)	(2,009,037)	-
Total capital contributions and transfers	<u>3,418,616</u>	<u>(300,000)</u>	<u>3,118,616</u>	<u>1,633,927</u>
Change in net position	<u>6,872,984</u>	<u>269,879</u>	<u>7,142,863</u>	<u>3,534,367</u>
Net position at beginning of year	35,605,152	243,417	35,848,569	430,065
Cumulative effect of change in accounting principle	(243,592)	-	(243,592)	-
Net position, end of year	<u>\$ 42,234,544</u>	<u>\$ 513,296</u>	<u>\$ 42,747,840</u>	<u>\$ 3,964,432</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

**TOWN OF LITTLE ELM, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Total</u>	<u>Governmental Activities- Internal Service Fund</u>
Cash flow from operating activities:				
Receipts from customers and users	\$ 12,208,845	\$ 2,132,546	\$ 14,341,391	\$ 2,009,448
Payments to suppliers	(5,289,784)	(1,736,645)	(7,026,429)	(55,349)
Payments to employees	(1,666,077)	(12,799)	(1,678,876)	-
Net cash provided by operating activities	<u>5,252,984</u>	<u>383,102</u>	<u>5,636,086</u>	<u>\$ 1,954,099</u>
Cash flow from noncapital financing activities:				
Transfers in	-	-	-	1,633,927
Transfers out	(1,709,037)	(300,000)	(2,009,037)	-
Taxes	-	119,560	119,560	-
Intergovernmental revenue	-	23,964	23,964	-
Net cash used in noncapital financing activities	<u>(1,709,037)</u>	<u>(156,476)</u>	<u>(1,865,513)</u>	<u>1,633,927</u>
Cash flow from capital financing activities:				
Acquisition of capital assets	(1,953,265)	(24,574)	(1,977,839)	(2,195,645)
Capital grants	113,161	-	113,161	-
Impact fees	980,095	-	980,095	-
Principal paid on capital debt	(1,580,298)	-	(1,580,298)	-
Interest paid on capital debt	(1,080,184)	-	(1,080,184)	-
Net cash used by capital financing activities	<u>(3,520,491)</u>	<u>(24,574)</u>	<u>(3,545,065)</u>	<u>(2,195,645)</u>
Cash flow from investing activities:				
Interest and dividends on investments	28,620	1,349	29,969	23,790
Net cash provided by investing activities	<u>28,620</u>	<u>1,349</u>	<u>29,969</u>	<u>23,790</u>
Net increase in cash and cash equivalents	52,076	203,401	255,477	1,416,171
Cash and cash equivalents, beginning of year	3,342,776	158	3,342,934	430,115
Cash and cash equivalents, end of the year	<u>\$ 3,394,852</u>	<u>\$ 203,559</u>	<u>\$ 3,598,411</u>	<u>1,846,286</u>
Reconciliation to Statement of Net Position				
Cash and cash equivalents	\$ 2,902,913	\$ 203,559	\$ 3,106,472	\$ 1,846,286
Cash restricted to revenue bond reserve	491,939	-	491,939	-
	<u>\$ 3,394,852</u>	<u>\$ 203,559</u>	<u>\$ 3,598,411</u>	<u>\$ 1,846,286</u>
Noncash transactions:				
Capital contributions	<u>\$ 4,034,397</u>	<u>\$ -</u>	<u>\$ 4,034,397</u>	<u>\$ -</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

**TOWN OF LITTLE ELM, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

(CONTINUED)

	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Total</u>	<u>Internal Service Fund</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 4,496,743	\$ 425,006	\$ 4,921,749	\$ 1,876,650
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	2,057,135	25,690	2,082,825	67,182
Pension expense (income)	(97,215)	-	(97,215)	-
Effects of changes in assets and liabilities:				
Decrease (increase) in receivables	(754,024)	(26,544)	(780,568)	-
Decrease (increase) in inventories	(60,622)	-	(60,622)	-
Decrease (increase) in prepaids	32,565	-	32,565	-
Increase (decrease) in payables	(443,694)	(42,792)	(486,486)	10,267
Increase (decrease) in deposits	42,050	-	42,050	-
Increase (decrease) in due to other governments	-	1,748	1,748	-
Increase (decrease) in compensated absences	(19,954)	(6)	(19,960)	-
Net cash provided by operating activities	<u>\$ 5,252,984</u>	<u>\$ 383,102</u>	<u>\$ 5,636,086</u>	<u>\$ 1,954,099</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

**TOWN OF LITTLE ELM, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>PID Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 1,800,716
Total Assets	<u>\$ 1,800,716</u>
LIABILITIES	
Liability to bond holders	\$ 1,800,716
Total Liabilities	<u>\$ 1,800,716</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

**TOWN OF LITTLE ELM, TEXAS
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
SEPTEMBER 30, 2015**

	Economic Development Corporation	Community Development Corporation	Little Elm TIRZ #3	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,915,306	\$ 99,325	\$ 10,545	\$ 3,025,176
Receivables (net of allowance for uncollectibles)	285,407	140,002	14,059	439,468
Due from primary government	392,296	-	-	392,296
Noncurrent assets:				
Land	9,041,546	-	-	9,041,546
Total Assets	12,634,555	239,327	24,604	12,898,486
LIABILITIES				
Current liabilities:				
Accounts payable and other current liabilities	825,242	62	-	825,304
Accrued interest payable	55,552	-	-	55,552
Due to primary governments	63,938	597,105	-	661,043
Non-current liabilities:				
Due within one year	901,878	355,000	-	1,256,878
Due in more than one year	11,200,887	7,225,000	-	18,425,887
Total Liabilities	13,047,497	8,177,167	-	21,224,664
NET POSITION (DEFICIT)				
Net investment in capital assets	(3,061,219)	-	-	(3,061,219)
Restricted by enabling legislation	2,505,570	-	-	2,505,570
Restricted for debt service	142,707	-	-	142,707
Unrestricted	-	(7,937,840)	24,604	(7,913,236)
Total Net Position (Deficit)	\$ (412,942)	\$ (7,937,840)	\$ 24,604	\$ (8,326,178)

The accompanying notes to the basic financial statements are an integral part of this statement.

**TOWN OF LITTLE ELM, TEXAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:			
Economic Development Corporation	\$ 3,494,290	\$ -	-
Community Development Corporation	1,863,027	-	-
Little Elm TIRZ#3	-	-	-
Total component units	<u>\$ 5,357,317</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:
Sales taxes
Investment income
Miscellaneous
Total general revenues
Change in net position
Net position (deficit) - beginning of year
Net position (deficit) - end of year

The accompanying notes to the basic financial statements are an integral part of this statement.

Component Units			
Economic Development Corporation	Community Development Corporation	Little Elm TIRZ#3	Total
\$ (3,494,290)	\$ -	\$ -	\$ (3,494,290)
-	(1,863,027)	-	(1,863,027)
-	-	-	-
<u>\$ (3,494,290)</u>	<u>\$ (1,863,027)</u>	<u>\$ -</u>	<u>\$ (5,357,317)</u>
\$ 1,412,291	\$ 706,146	24,604	\$ 2,143,041
19,764	7,164	-	26,928
30,000	-	-	30,000
<u>1,462,055</u>	<u>713,310</u>	<u>24,604</u>	<u>2,199,969</u>
(2,032,235)	(1,149,717)	24,604	(3,157,348)
1,619,293	(6,788,123)	-	(5,168,830)
<u>\$ (412,942)</u>	<u>\$ (7,937,840)</u>	<u>\$ 24,604</u>	<u>\$ (8,326,178)</u>



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**TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Little Elm, Texas (the Town) is a municipal corporation governed by an elected mayor and six-member Town Council and provides the following services by its charter: public safety, public works, health, culture, recreation, community development, water and sewer utilities, and solid waste utilities.

The accounting and reporting policies of the Town conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. Management uses estimates and assumptions in preparing financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues, expenditures, and expenses. Actual results could vary from the estimates that are used. The more significant accounting policies of the Town are described below.

A. Financial Statement Presentation

The basic financial statements are prepared in conformity with GASB Statement No. 34, which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the Town's governmental activities, business-type activities and activities of its discretely presented component units on the statement of net position and statement of activities. Significantly, the Town's statement of net position includes both noncurrent assets and noncurrent liabilities of the Town. In addition, the government-wide statement of activities reflects depreciation expenses on the Town's capital assets, including infrastructure.

In addition to the government-wide financial statements, the Town has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

B. Financial Reporting Entity

The Town's basic financial statements include the accounts of all Town operations. In evaluating how to define the government for financial reporting purposes, management has considered all entities for which the Town is considered to be financially accountable. As required by GAAP, these financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. The discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the Town.

**TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Financial Reporting Entity – Continued

Little Elm Economic Development Corporation

The Little Elm Economic Development Corporation (EDC) is a duly-established municipal corporation created under the provisions of Section 4A of the Development Corporation Act of 1976 as revised, with approval of the governing body of the Town of Little Elm. The EDC, a separate non-profit corporation, was formed in 1993 for the public purposes of the promotion and development of new and expanded business enterprises to provide and encourage employment in the furtherance of the public welfare and is operated primarily within the geographic boundaries of the Town. The affairs of the EDC shall be managed by a Board of Directors consisting of five members who shall be appointed by the Town council: one director from the Town council and four directors at-large. The EDC is supported by a half-cent sales tax voted by referendum in 1993. An Executive Director is appointed by the EDC Board to carry out the Board's administrative and policy initiatives. The EDC is considered part of the Town's reporting entity and presented in the accompanying basic financial statements as a discretely presented component unit. The EDC does not issue separate financial statements.

Little Elm Community Development Corporation

The Little Elm Community Development Corporation (CDC) is a separate entity formed in February 2007 to improve and expand park and recreation facilities from revenue generated through the Type 4B sales tax. The CDC operates under the authority of Section 2(11)-(A)-(E) and Section 4B of Article 5190.6 of Revised Civil Statutes, as amended. The CDC is considered part of the Town's reporting entity and presented in the accompanying basic financial statements as a discretely presented component unit. The CDC is a discretely presented component unit under the criteria of board appointment and removal by the Town Council, approval and oversight of capital projects as well as budget authorization and approval. The CDC does not issue separate financial statements.

Tax Increment Reinvestment Zone Number Three (TIRZ #3)

The Town created Tax Increment Reinvestment Zone Number Three (TIRZ#3) to provide additional financing resources to further enhance development within the zone. The Town Council appoints a Board and Board members are removable by the Town Council. TIRZ#3 commenced October 2013 and will terminate on December 31, 2043, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. Although TIRZ#3 is fiscally dependent on the Town, as the Town approves their budgets and any debt issuances, TIRZ#3 does not qualify for blending because its services directly benefit the community rather the Town itself. TIRZ#3 is reported as a discretely presented component unit of the Town and it does not issue separate financial statements

C. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the Town as a whole) 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 primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. Additionally, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

**TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Government-Wide and Fund Financial Statements – Continued

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public works, etc.) or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, b) grants and contributions that are restricted to meeting the operational requirements of a particular function or program, or c) grants and contributions that are restricted to meeting the capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are also reported as general revenues rather than as program revenues.

Separate fund 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. The major governmental funds are the general fund, the debt service fund, the capital projects fund, and the Valencia capital projects fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues or expenditures /expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements. The non-major funds are detailed in the combining section of the financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating 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. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. 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 statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The government-wide and proprietary fund financial statements follow the accounting set forth by the Governmental Accounting Standards Board.

Governmental fund level 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 government 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.

**TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. The governmental fund financial statements follow the accounting set forth by the Governmental Accounting Standards Board.

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

Fund Accounting

The following major funds are used by the Town:

1. Governmental Funds:

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 proprietary funds) are accounted for through governmental funds. The measurement focus is on determination of changes in financial position, rather than on net income determination. The following is a description of the major Governmental Funds of the Town:

- a. The **General Fund** is the Town's primary operating fund. This fund is used to account for all financial resources of the general government, except those required to be accounted for in other funds.
- b. The **Debt Service Fund** is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general obligation long-term debt paid from taxes levied by the Town.
- c. The **Capital Projects Fund** is used to account for the acquisition or construction of capital facilities and improvements except those being financed by proprietary funds.
- d. The **Valencia Capital Projects Fund** is used to account for the acquisition or construction of capital facilities and improvements relating to the Valencia PID.

The Town reports the following non-major governmental funds.

- a. **Grants Fund** accounts for grants distributed to the Town by the Texas State Comptroller of Public Accounts, the Department of Homeland Security, and other organizations such as the Texas Library Archives, and the Law Enforcement Officer Safety Education Program.
- b. **Donations Fund** accounts for donations made by civic organizations, businesses, and citizens for specific uses which include the library, animal control center, police, and fire departments. Donations are generally donated for the purchase of equipment.
- c. **Forfeitures Fund** accounts for fines and forfeiture of property resulting from criminal cases within the boundaries of the Town that have been adjudicated by the State of Texas in District Court.
- d. **Street Maintenance Fund** accounts for the Town's 1/4 cent sales tax, which was approved by the citizens of Little Elm in May of 2009 and is restricted for the purpose of street maintenance.

**TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Fund Accounting – Continued

- e. **Red Light Camera Fund** accounts for proceeds and expenses related to red-light cameras.
- f. **Stormwater Drainage Fund** accounts for fees charged for stormwater drainage services.
- g. **PEG Fund** accounts for fees used to defer the cost of streaming Council meeting videos of all meetings to meet the objective of local government transparency.
- h. **Farmers Market Grant Fund** accounts for proceeds and expenditures relating to the Farmers Market grant.

The Town reports the following fiduciary fund:

- a. **Public Improvement District (PID) No. 4 Valencia Agency Fund** accounts for bond proceeds, assessments, and related debt associated with the issuance of bonds issued by the Town as an agent for the Public Improvement District.

Governmental funds with legally adopted annual budgets include the General Fund and the Debt Service Fund.

2. Proprietary Funds:

Proprietary Funds are accounted for using an economic resources measurement focus. The accounting objectives are a determination of net income, financial position, and changes in cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its statement of net position.

The proprietary funds are financed and operated in a manner similar to private business enterprise. The costs (expenses including depreciation on capital assets) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The following is a description of the major enterprise funds of the Town:

The Water and Sewer Fund is used to account for the operations of providing water and sewer services to residential and commercial customers.

The Solid Waste Fund is used to account for the collection of trash and recyclables from residential users.

Additionally, the Town reports an **Internal Service Fund** to account for the financing of goods or services provided by one department to other departments within the Town. The Vehicle Replacements fund is used to account for the acquisition and disposal of vehicles and large dollar equipment for the Town.

**TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. Cash and Cash Equivalents

Cash of all funds, excluding the Town's payroll clearing account, medical card account, and certain escrow accounts, is pooled into a common interest-earning bank account in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash has equity therein, and interest earned on these monies is allocated based upon relative equity at each month end.

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity date within three months of the date acquired by the Town. Because the Town at its option can withdraw funds within a twenty-four hour period, deposits with the Texas Local Government Investment Pool (TexPool) are considered to be cash equivalents.

The Town may invest in certificates of deposit, authorized investment pools and funds, U.S. Government Securities, commercial paper, and repurchase agreements. Investments purchased with pooled cash, as well as separate investments, are recorded at fair value. The fair value is based on the market price. The fair value of the local government investment pools are the same as the fair value of the pool shares.

F. Inventories, Prepaid Items and Deferred Charges

Inventory is valued at cost (first-in, first-out). The cost of governmental fund type inventory is recorded as an expenditure when consumed rather than when purchased. Reported inventories are equally offset by non-spendable fund balance, which indicates that they do not constitute "available, spendable resources" even though they are a component of fund balance. Inventories in the Proprietary Funds consist of meters and various supplies.

Prepaid balances are for payments made by the Town for which benefits extend beyond September 30, 2015, and the non-spendable fund balance has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

G. Accounts Receivable

Accounts receivable consist primarily of amounts due from citizens for various services provided by the Town as well as property taxes, sales taxes receivable, franchise taxes and amounts due from other governments. Management evaluates the adequacy of the allowance for doubtful accounts based on a review of the aging of accounts and other specific information known by management.

H. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, 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 or contractual agreements.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

**TOWN OF LITTLE ELM, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

I. Capital Assets – Continued

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities acquired with tax-exempt debt is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20 - 40
Infrastructure	10 - 25
Water and sewer system	40
Improvements other than buildings	7 - 40
Machinery and equipment	3 - 20

J. Interfund Transactions

During the course of normal operations, the Town has transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. There is no interest charged between funds for these advances.

K. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

L. Long-term Obligations

In the government-wide financial statements and proprietary 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 bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

M. Pensions

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

Information regarding the Town's Total Pension Liability is obtained from TMRS through a report 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.

N. Deferred Outflows 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. 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 Loss on Refunding – these deferred outflows 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.

Pensions – these deferred outflows result from pension contributions after the measurement date (deferred and recognized in the following fiscal year) and/or differences in projected and actual earnings on pension assets (deferred and amortized over a closed five year period).

O. Fund Equity

Governmental Funds:

The Town has adopted the provisions of GASB Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54 are Nonspendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

**TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

O. Fund Equity – Continued

In accordance with GASB 54, the Town classifies governmental fund balances as follows:

Nonspendable: includes amounts that are not in a spendable form or are legally or contractually required to be maintained intact.

Restricted: includes amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed: includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision making authority, which is the Town Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is an ordinance adopted by the Town Council. The ordinance must either adopt or rescind the commitment, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

Assigned: includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used by the Town for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The Town Council has authorized the Town Manager or his or her designee as the official authorized person to assign fund balance to a specific purpose as approved by the fund balance policy.

Unassigned fund balance: is the residual classification of the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

Order of Expenditure of Funds: When multiple categories of fund balance are available for expenditure, the Town will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

Economic stabilization: It is the goal of the Town to achieve and maintain an unassigned fund balance in the General Fund equal to 25% of the budgeted expenditures in the General Fund for unanticipated expenditures, unforeseen revenue fluctuations, or other adverse circumstances. The fund balance level may be reduced to the equivalent of 15% of budgeted expenditures in unusual financial circumstances. If such a situation should occur, the Town will implement necessary corrective action with a three-year plan to restore the unassigned fund balance to the equivalent of 25% of budgeted expenditures.

Proprietary Funds:

Net position represents the difference between assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources. 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 debt proceeds.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

P. Subsequent Events

The Town has evaluated all events or transactions that occurred after September 30, 2015 up through March 9, 2016, the date the financial statements were issued. Significant subsequent events are described in Note 15.

NOTE 2. CASH AND INVESTMENTS

The Town has adopted an investment policy pursuant to Chapter 2256 of the Texas Government Code, which authorizes the Town's investments in United States government obligations and its agencies, obligations of Texas and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers' acceptances, government pools, and money market funds. The Town selects its investments based on safety, liquidity, yield, and public trust.

The EDC can invest in obligations of the United States Treasury, the State of Texas, certain United States Agencies, certificates of deposit, money market savings accounts, certain municipal securities, repurchase agreements, common trust funds, and other investments specifically allowed by the Public Funds Investment Act of 1987 (Article 842a-2 Vernon's Civil Statutes).

At year end, the carrying amount of the Town's deposits was \$ 25,541,439 and the bank balance was \$ 26,162,390 . The bank balance was completely covered by federal deposit insurance and collateral held by the pledging financial institution in the Town's name.

Cash and investments as of September 30, 2015 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:

Primary Government:

Cash and cash equivalents	\$ 25,966,301
Restricted cash and cash equivalents	<u>491,939</u>
Total primary government	26,458,240

Fiduciary Fund:

Cash and cash equivalents	1,800,716
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Component Unit:

Cash and cash equivalents	<u>3,025,176</u>
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Total cash and investments	<u><u>\$ 31,284,132</u></u>
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Cash on hand:

Cash on hand:	\$ 2,550
Deposits with financial institution	25,541,439
Investments	<u>5,740,143</u>
Total cash and investments	<u><u>\$ 31,284,132</u></u>

**TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 2. CASH AND INVESTMENTS – CONTINUED

The table below identifies the investment types that are authorized for the Town by the Public Funds Investment Act. (Government Code Chapter 2256) The table also identifies certain provisions of the City's investment policy that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury obligations	2 years	None	None
U.S. Agency obligations	2 years	None	None
Certificates of deposit	2 years	None	None
Direct repurchase agreements	2 years	None	None
No-load money market mutual funds	2 years	None	None
Direct obligations of State of Texas	2 years	None	None
Investment pools	2 years	None	None

Disclosures relating to interest rate risk

Interest rate risk 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 accordance with its investment policy, the Town manages its exposure to declines in fair value by limiting the weighted average maturity of its non-bond proceed investments to no more than nine months.

As of September 30, 2015, the Town had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity</u>
Mutual Funds	<u>\$ 5,740,143</u>	56 days

Disclosures relating to credit risk

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

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>
Mutual Funds	<u>\$ 5,740,143</u>	N/A	AAA-m

**TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 2. CASH AND INVESTMENTS – CONTINUED

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.

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, 2015 the Town deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

The Town is a voluntary participant in TexPool. The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC's Rule 2A7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than the market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

NOTE 3. PROPERTY TAXES

Taxes are levied on October 1 and are payable until January 31 without penalty. Property taxes attach as an enforceable lien on property as of January 1. The total assessed value upon which the fiscal 2015 levy was based was approximately \$2,060,000,000. Such assessed value was computed based on 100% appraised values.

Article XI, Section 5 of the Texas Constitution allows a tax rate up to \$2.50 per \$100 valuation. Further, Section 8.03B of the Town's Home-Rule Charter provides that the "Town Council shall have the power, and is hereby authorized to levy, assess, and collect annual taxes not to exceed the maximum limit set by the Constitution and laws of the State of Texas, as they now exist or as they may be amended, on each one hundred dollars (\$100.00) assessed valuation". The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2015 was \$0.664971 per \$100 of assessed valuation. Current tax collections for the year ended September 30, 2015 were approximately 99% of the tax levy.

TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015

NOTE 4. RECEIVABLES

Receivables as of year-end for the government's individual major funds, non-major funds in the aggregate and discretely presented component units, including the applicable allowances for uncollectible accounts as of September 30, 2015 are as follows:

	Governmental Funds					Total
	General	Debt Service	Capital Projects	Valencia Capital Projects	Nonmajor Funds	
Ad valorem taxes	\$ 335,028	\$ 131,498	\$ -	\$ -	\$ -	\$ 466,526
Sales taxes	560,009	-	-	-	140,002	700,011
Court	739,877	-	-	-	481,495	1,221,372
Ambulance	463,788	-	-	-	-	463,788
Storm drainage	-	-	-	-	125,049	125,049
Franchise fees	772,670	-	-	-	17,203	789,873
Intergovernmental	-	-	442,789	-	-	442,789
Other	46,155	-	-	-	16,945	63,100
Gross receivables	2,917,527	131,498	442,789	-	780,694	4,272,508
Less: allowances	(1,026,157)	(27,300)	-	-	(443,888)	(1,497,345)
Net total receivables	<u>\$ 1,891,370</u>	<u>\$ 104,198</u>	<u>\$ 442,789</u>	<u>\$ -</u>	<u>\$ 336,806</u>	<u>\$ 2,775,163</u>

	Proprietary Funds		
	Water and Sewer	Solid Waste	Total
Customer accounts	\$ 2,350,442	\$ 256,810	\$ 2,607,252
Other	21,934	-	21,934
Gross receivables	2,372,376	256,810	2,629,186
Less: allowances	(234,962)	(22,284)	(257,246)
Net total receivables	<u>\$ 2,137,414</u>	<u>\$ 234,526</u>	<u>\$ 2,371,940</u>

	Component Units			Total
	EDC	CDC	TIRZ	
Sales taxes	\$ 285,407	\$ 140,002	\$ 14,059	\$ 439,468
Total receivables	<u>\$ 285,407</u>	<u>\$ 140,002</u>	<u>\$ 14,059</u>	<u>\$ 439,468</u>

TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 9,085,631	\$ -	\$ -	\$ -	\$ 9,085,631
Construction in progress	8,085,616	11,085,746	-	(1,376,172)	17,795,190
Total capital assets, not being depreciated	<u>17,171,247</u>	<u>11,085,746</u>	<u>-</u>	<u>(1,376,172)</u>	<u>26,880,821</u>
Capital assets being depreciated:					
Infrastructure	86,531,291	-	-	1,376,172	87,907,463
Buildings	28,003,320	121,595	-	-	28,124,915
Improvements other than buildings	5,237,443	451,476	-	-	5,688,919
Machinery and Equipment	9,555,318	3,353,296	-	(30,533)	12,878,081
Total capital assets being depreciated	<u>129,327,372</u>	<u>3,926,367</u>	<u>-</u>	<u>1,345,639</u>	<u>134,599,378</u>
Less accumulated depreciation for:					
Infrastructure	31,987,286	3,668,206	-	-	35,655,492
Buildings	2,665,632	701,009	-	-	3,366,641
Improvements other than buildings	1,339,051	165,032	-	-	1,504,083
Machinery and Equipment	5,457,148	757,484	-	(30,533)	6,184,099
Total accumulated depreciation	<u>41,449,117</u>	<u>5,291,731</u>	<u>-</u>	<u>(30,533)</u>	<u>46,710,315</u>
Total capital assets being depreciated, net	<u>87,878,255</u>	<u>(1,365,364)</u>	<u>-</u>	<u>1,376,172</u>	<u>87,889,063</u>
Governmental activities capital assets, net	<u>\$ 105,049,502</u>	<u>\$ 9,720,382</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,769,884</u>
	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 1,636,966	\$ 2,100	\$ -	\$ -	\$ 1,639,066
Construction in progress	2,785,017	2,433,561	-	(227,385)	4,991,193
Total capital assets, not being depreciated	<u>4,421,983</u>	<u>2,435,661</u>	<u>-</u>	<u>(227,385)</u>	<u>6,630,259</u>
Capital assets being depreciated:					
Buildings	173,679	-	-	-	173,679
Water system improvements	38,702,238	3,301,638	-	227,385	42,231,261
Sewer system improvements	30,419,136	48,534	-	-	30,467,670
Machinery and equipment	2,542,126	252,337	-	-	2,794,463
Total capital assets being depreciated	<u>71,837,179</u>	<u>3,602,509</u>	<u>-</u>	<u>227,385</u>	<u>75,667,073</u>
Less accumulated depreciation for:					
Buildings	133,096	4,561	-	-	137,657
Water system improvements	5,249,386	1,091,733	-	-	6,341,119
Sewer system improvements	6,302,154	788,050	-	-	7,090,204
Machinery and equipment	1,194,396	194,009	-	-	1,388,405
Total accumulated depreciation	<u>12,879,032</u>	<u>2,078,353</u>	<u>-</u>	<u>-</u>	<u>14,957,385</u>
Total capital assets being depreciated, net	<u>58,958,147</u>	<u>1,524,156</u>	<u>-</u>	<u>227,385</u>	<u>60,709,688</u>
Business-type activities capital assets, net	<u>\$ 63,380,130</u>	<u>\$ 3,959,817</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,339,947</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 156,599
Public safety	890,505
Public works	3,731,088
Culture and recreation	446,357
Internal service fund	67,182
	<u>\$ 5,291,731</u>
Business-type activities:	
Water and Sewer	<u>\$ 2,078,353</u>

**TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 6. TRANSFERS

Transfers are used to provide funds for debt service, contributions for capital construction, cost allocations and other operational costs as determined by the Town's annual budget. Transfers between funds during the year were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose</u>
Capital Projects Fund	Water and Sewer Fund	\$ 70,600	Impact fees
General Fund	Water and Sewer Fund	1,638,437	General and Administrative Cost Support
Internal Service Fund	General Fund	193,927	Contribution into the FERF (Fire Equipment Replacement Fund)
Internal Service Fund	Capital Projects Fund	1,440,000	Funding for vehicles
General Fund	Capital Projects Fund	550,000	Funding for equipment
Debt Service Fund	General Fund	118,700	Fire equipment debt
General Fund	Nonmajor Governmental	9,567	Transfer for % of police salaries that work court trials as a bailiff
General Fund	Nonmajor Governmental	8,455	New Farmers' Market expenses
Capital Projects Fund	Solid Waste Fund	300,000	Solid Waste and Town's mowing contract
Capital Projects Fund	Nonmajor Governmental	159,184	Fund general capital projects fund for Hartwicke Lane
Capital Projects Fund	General Fund	1,354,878	Provide funding assistance for capital projects
		<u>\$ 5,843,748</u>	

NOTE 7. UNEARNED REVENUE/DEFERRED INFLOWS OF RESOURCES

Unearned revenue of \$870,000 in the capital projects fund represents an advance payment received from Denton Independent School District for its share of project costs for the Navo Road project.

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. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Property taxes	\$ 221,595	\$ 86,912	\$ -	\$ -	\$ 308,507
Note receivable	-	7,580,000	-	-	7,580,000
Court fines	18,644	-	-	-	18,644
Other	78,150	-	175,000	16,621	269,771
Total	<u>\$ 318,389</u>	<u>\$ 7,666,912</u>	<u>\$ 175,000</u>	<u>\$ 16,621</u>	<u>\$ 8,176,922</u>

NOTE 8. LONG-TERM DEBT

The Town of Little Elm issues general obligation bonds, certificates of obligation and revenue bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The Town also issues revenue bonds where the Town pledges income derived from the acquired or constructed assets, or sales tax to pay the debt service.

**TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 8. LONG-TERM DEBT – CONTINUED

Long-term debt of the Town is comprised of the following individual issues as of September 30, 2015:

General Obligation Bonds	Outstanding		Outstanding	
	Governmental	Due in one year	Business-Type	Due in one year
\$4,750,000 Series 2005 General Obligation due in annual installments of \$145,000 to \$360,000 through August 2026, plus interest at 3.50% to 5.00%	\$ 3,250,000	\$ 240,000		
\$6,250,000 Series 2006 Combination Tax and Revenue General Obligation due in annual installments of \$210,000 to \$475,000 through August 2027, plus interest at 4.00% to 4.50%	4,440,000	280,000		
\$10,000,000 Series 2009 Combination Tax and Revenue General Obligation due in annual installments of \$210,000 to \$475,000 through August 2027, plus interest at 4.00% to 4.50%	7,945,000	405,000		
\$9,135,000 Series 2010 Refunding and Improvement General Obligation due in annual installments of \$195,000 to \$655,000 through August 2030, plus interest at 2.00% to 5.00%	7,713,306	425,254		
\$2,735,000 Series 2012A General Obligation due in annual installments of \$130,000 to \$210,000 through September 2027, plus interest at 2.09%	2,280,000	170,000		
\$2,520,000 Series 2010 Combination Tax and Revenue Refunding General Obligation due in annual installments of \$185,000 to \$280,000 through August 2030, plus interest at 2.00% to 5.00%			\$ 1,186,694	\$ 204,747
\$6,985,000 Series 2012 Combination Tax and Revenue Refunding General Obligation due in annual installments of \$300,000 to \$700,000 through August 2024, plus interest at 2.00% to 3.00%	2,850,000	370,000	2,420,000	245,000
\$4,550,000 Series 2014 General Obligation Refunding Bonds due in annual installments of \$235,000 to \$375,000 through August 2029, plus interest at 2.00% to 4.00%	1,915,000	115,000	2,400,000	145,000
\$3,040,000 Series 2013 General Obligation Refunding due in annual installments of \$205,000 to \$525,000 through September 2025, plus interest at 2.00% to 2.50%			2,605,000	220,000
	<u>\$ 30,393,306</u>	<u>\$ 2,005,254</u>	<u>\$ 8,611,694</u>	<u>\$ 814,747</u>

**TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 8. LONG-TERM DEBT – CONTINUED

	Outstanding		Outstanding	
	Governmental	Due in one year	Business-Type	Due in one year
<u>Certificates of Obligation</u>				
\$2,500,000 Series 2009A Combination Tax and Revenue Certificates of Obligation due in annual installments of \$75,000 to \$190,000 through August 2029, plus interest at 3.00% to 5.00%	\$ 1,985,000	\$ 100,000		
\$6,000,000 Series 2013 Combination Tax and Revenue Certificates of Obligation due in annual installments of \$150,000 to \$335,000 through August 2028, plus interest at 1.50% to 3.00%	5,595,000	255,000		
\$3,000,000 Series 2013A Combination Tax and Revenue Certificates of Obligation due in annual installments of \$130,000 to \$210,000 through August 2033, plus interest at 1.50% to 3.50%	2,870,000	130,000		
\$6,500,000 Series 2008 Combination Tax and Revenue Certificates of Obligation due in annual installments of \$160,000 to \$455,000 through August 2034, plus interest at 4.15% to 5.20%			\$ 5,805,000	\$ 195,000
\$10,000,000 Series 2009 Combination Tax and Revenue Certificates of Obligation due in annual installments of \$145,000 to \$735,000 through August 2034, plus interest at 2.75% to 5.25%			9,365,000	330,000
\$6,000,000 Series 2012 Combination Tax and Revenue Certificates of Obligation due in annual installments of \$280,000 to \$495,000 through August 2027, plus interest at 2.00% to 2.38%			5,040,000	355,000
	<u>\$ 10,450,000</u>	<u>\$ 485,000</u>	<u>\$ 20,210,000</u>	<u>\$ 880,000</u>
<u>Tax Notes</u>				
\$1,990,000 Series 2014 Tax Notes due in annual installments of \$230,000 to \$250,000 through September 2021, plus interest at 1.77%	\$ 1,885,000	\$ 335,000	\$ -	\$ -
	<u>\$ 1,885,000</u>	<u>\$ 335,000</u>	<u>\$ -</u>	<u>\$ -</u>

During the year ended September 30, 2015, the Town issued \$1,990,000 Tax Notes, Series 2015. Proceeds from the sale of the notes will be used for the purpose of acquiring public safety equipment.

Capital Leases – all assets acquired by the Town under existing capital leases are below the Town's capitalization threshold; and, therefore, have not been capitalized.

**TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 8. LONG-TERM DEBT – CONTINUED

Changes in Long-term Liabilities

The following is a summary of changes in long-term debt for the year ended September 30, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One year
Governmental activities:					
General obligation bonds	\$ 32,307,738	\$ -	\$ (1,914,432)	\$ 30,393,306	\$ 2,005,254
Unamortized bond premium	808,619	-	(44,044)	764,575	-
Certificates of obligation	10,930,000	-	(480,000)	10,450,000	485,000
Tax Notes	-	1,990,000	(105,000)	1,885,000	335,000
Capital leases	175,177	104,957	(133,039)	147,095	94,191
Compensated absences	1,381,362	1,506,193	(1,381,556)	1,505,999	662,056
Net pension liability	2,610,916	699,137	-	3,310,053	-
	<u>48,213,812</u>	<u>4,300,287</u>	<u>(4,058,071)</u>	<u>48,456,028</u>	<u>3,581,501</u>
Business-type activities:					
General obligation bonds	9,407,262	-	(795,568)	8,611,694	814,747
Certificates of obligation	21,060,000	-	(850,000)	20,210,000	880,000
Unamortized bond premium	649,256	-	(25,934)	623,322	-
Compensated absences	247,188	211,111	(231,882)	226,417	89,293
Net pension liability	343,630	92,015	-	435,645	-
	<u>31,707,336</u>	<u>303,126</u>	<u>(1,903,384)</u>	<u>30,107,078</u>	<u>1,784,040</u>
Total Primary Government	<u>\$ 79,921,148</u>	<u>\$ 4,603,413</u>	<u>\$ (5,961,455)</u>	<u>\$ 78,563,106</u>	<u>\$ 5,365,541</u>
Component Units:					
Notes payable - EDC	\$ 8,795,627	\$ 3,743,750	\$ (448,204)	\$ 12,091,173	\$ 897,702
Notes payable - CDC	7,930,000	-	(350,000)	7,580,000	355,000
Compensated absences	9,657	27,417	(25,482)	11,592	4,176
	<u>\$ 16,735,284</u>	<u>\$ 3,771,167</u>	<u>\$ (823,686)</u>	<u>\$ 19,682,765</u>	<u>\$ 1,256,878</u>

The annual aggregate maturities for each bond type are as follows:

General Obligation Bonds

Fiscal Year Ending September 30,	Governmental Activities			Business Activities		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 2,005,254	\$ 1,134,903	\$ 3,140,157	\$ 814,747	\$ 231,534	\$ 1,046,281
2017	2,081,897	1,070,492	3,152,389	823,104	213,192	1,036,296
2018	2,148,540	1,000,678	3,149,218	836,461	194,599	1,031,060
2019	2,236,003	927,810	3,163,813	858,996	174,359	1,033,355
2020	2,295,395	849,938	3,145,333	859,605	152,619	1,012,224
2021-2025	11,446,217	3,005,477	14,451,694	3,653,781	433,608	4,087,389
2026-2030	8,180,000	907,800	9,087,800	765,000	73,025	838,025
Total	<u>\$ 30,393,306</u>	<u>\$ 8,897,098</u>	<u>\$ 39,290,404</u>	<u>\$ 8,611,694</u>	<u>\$ 1,472,936</u>	<u>\$ 10,084,630</u>

**TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 8. LONG-TERM DEBT – CONTINUED

Changes in Long-term Liabilities – Continued

Certificates of Obligation

Fiscal Year Ending September 30,	Governmental Activities			Business Activities		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 485,000	\$ 327,580	\$ 812,580	\$ 880,000	\$ 826,956	\$ 1,706,956
2017	495,000	317,455	812,455	915,000	799,381	1,714,381
2018	510,000	305,705	815,705	945,000	770,619	1,715,619
2019	525,000	293,530	818,530	975,000	739,944	1,714,944
2020	540,000	280,105	820,105	1,015,000	709,219	1,724,219
2021-2025	2,910,000	1,167,200	4,077,200	5,685,000	3,006,431	8,691,431
2026-2030	3,245,000	665,570	3,910,570	5,390,000	1,870,805	7,260,805
2031-2035	1,740,000	129,650	1,869,650	4,405,000	588,408	4,993,408
Total	\$ 10,450,000	\$ 3,486,795	\$ 13,936,795	\$ 20,210,000	\$ 9,311,763	\$ 29,521,763

Tax Notes

Fiscal Year Ending September 30,	Governmental Activities			Business Activities		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 335,000	\$ 33,365	\$ 368,365	\$ -	\$ -	\$ -
2017	345,000	27,435	372,435	-	-	-
2018	350,000	21,329	371,329	-	-	-
2019	360,000	15,134	375,134	-	-	-
2020	245,000	8,762	253,762	-	-	-
2021-2025	250,000	4,425	254,425	-	-	-
Total	\$ 1,885,000	\$ 110,450	\$ 1,995,450	\$ -	\$ -	\$ -

Capital Leases

Fiscal Year Ending September 30,	Governmental Activities			Business Activities		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 94,191	\$ 5,131	\$ 99,322	\$ -	\$ -	\$ -
2017	34,972	1,502	36,474	-	-	-
2018	17,932	304	18,236	-	-	-
Total	\$ 147,095	\$ 6,937	\$ 154,032	\$ -	\$ -	\$ -

As noted, the Town has legally defeased certain outstanding general obligation debt by placing funds into irrevocable trusts pledged to pay all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Town's long-term debt. Defeased debt as of September 30, 2015 consists of the following:

Series	Type	Amount
2004	Waterworks and Sewer System Revenue Bonds	\$ 3,055,000
2005	General Obligation Refunding and Improvement Bonds	2,190,000
		<u>\$ 5,245,000</u>

Compensated Absences

Substantially all vacation and sick leave is paid by the General Fund.

**TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 8. LONG-TERM DEBT – CONTINUED

Discretely presented component units – Economic Development Corporation

Notes payable of the Little Elm Economic Development Corporation as of September 30, 2015 are as follows:

Payee	Description	Balance 9/30/2015
Southside Bank	\$7,780,815, payable to bank, made October 2011, payable in semi-annual installments of \$272,111 through September 15, 2031, including interest at 3.5%.	\$ 6,614,545
Southside Bank	\$2,000,000, payable to bank, made May 2013, payable in semi-annual installments of \$72,366 through September 15, 2031, including interest at 3.3%	1,787,956
Southside Bank	\$2,543,750, payable to bank, made January 2015, payable in semi-annual installments of \$87,965 through November 15, 2034, including interest at 3.4%	2,488,672
The Parker Corporation	\$1,200,000 payable to company, made November 15, 2014, payable in annual installments of \$400,000 through November 15, 2017. No interest.	1,200,000
		<u>\$ 12,091,173</u>

Annual debt service requirements for the Economic Development Corporation loans are as follows:

Year	Principal	Interest	Total
2016	\$ 897,702	\$ 358,542	\$ 1,256,244
2017	914,382	341,862	1,256,244
2018	931,622	324,622	1,256,244
2019	549,440	306,804	856,244
2020	567,855	288,389	856,244
2021-2025	3,137,844	1,143,374	4,281,218
2026-2030	3,700,162	581,057	4,281,219
2031-2035	1,392,166	80,354	1,472,520
Total	<u>\$ 12,091,173</u>	<u>\$ 3,425,004</u>	<u>\$ 15,516,177</u>

During 2015, Little Elm Economic Development Corporation (EDC) entered in a loan agreement to borrow \$2,543,750 and executed a promissory note with the above terms. Proceeds from the note were used to acquire a utility system and other related costs.

During 2015, the Town entered into an acquisition and funding agreement; whereby the Town acquired the Lincoln Park Utility System. As part of the funding for this transaction, EDC issued payment of \$1,300,000 and entered into an agreement to pay the remaining \$1,200,000 owed.

Discretely presented component units – Community Development Corporation

Note Payable to Primary Government / Note Receivable From Component Unit

The Little Elm Community Development Corporation (CDC) has entered into agreements with the Town to reimburse the Town for annual debt service costs associated with the Series 2009A and Series 2013 Combination Tax and Revenue Certificates of Obligation. The outstanding obligation as of September 30, 2015, \$7,580,000, has been recorded as a non-current liability of the CDC and as a non-current asset of the governmental activities in the statement of net position.

**TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 8. LONG-TERM DEBT – CONTINUED

Annual debt service requirements for the CDC notes are as follows:

Year	Principal	Interest	Total
2016	\$ 355,000	\$ 240,430	\$ 595,430
2017	365,000	231,605	596,605
2018	375,000	222,455	597,455
2019	390,000	212,980	602,980
2020	400,000	202,255	602,255
2020-2024	2,170,000	829,175	2,999,175
2025-2029	2,385,000	448,370	2,833,370
2030-2033	1,140,000	80,850	1,220,850
Total	<u>\$ 7,580,000</u>	<u>\$ 2,468,120</u>	<u>\$ 10,048,120</u>

NOTE 9. PENSION PLAN

Plan Description

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

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

Benefits Provided

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

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

**TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 9. PENSION PLAN – CONTINUED

Benefits Provided – Continued

At the date the plan began, the Town granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the Town can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and Town matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service. A member is vested after 5 years. The plan provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	26
Inactive employees entitled to but not yet receiving benefits	78
Active employees	198
	302

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 10.84% and 12.95% in calendar years 2014 and 2015, respectively. The Town's contributions to TMRS for the year ended September 30, 2015 were \$1,450,482 and were equal to the required contributions.

**TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 9. PENSION PLAN - CONTINUED

Net Pension Liability

The Town's Net Pension Liability (NPL) was measured as of December 31, 2014 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender distinct RP2000 Combined Healthy Mortality Table, which male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014 valuation were based on the results of actuarial experience studies. This experience study was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

This rate 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 9. PENSION PLAN - CONTINUED

Net Pension Liability – Continued

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	<u>5.0%</u>	8.50%
Total	<u><u>100.0%</u></u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Allocations

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

**TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 9. PENSION PLAN - CONTINUED

Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2013	\$ 17,933,610	\$ 14,979,082	\$ 2,954,528
Changes for the year:			
Service Cost	1,781,572	-	1,781,572
Interest	1,306,279	-	1,306,279
Change of benefit terms	-	-	-
Difference between expected and actual experience	511,427	-	511,427
Changes of assumptions	-	-	-
Contributions - employer	-	1,185,583	(1,185,583)
Contributions - employee	-	774,891	(774,891)
Net investment income	-	857,339	(857,339)
Benefit payments, including refunds of employee contributions	(326,527)	(326,527)	-
Administrative expense	-	(8,946)	8,946
Other changes	-	(759)	759
Net Changes	<u>3,272,751</u>	<u>2,481,581</u>	<u>791,170</u>
Balance at 12/31/14	<u>\$ 21,206,361</u>	<u>\$ 17,460,663</u>	<u>\$ 3,745,698</u>

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 7.0%, 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 (6.0%) or 1 percentage-point higher (8.0%) than the current rate:

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
Net pension liability	\$ 7,741,380	\$ 3,745,698	\$ 556,001

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 at www.tmr.com.

**TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 9. PENSION PLAN - CONTINUED

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

For the year ended September 30, 2015, the Town recognized pension expense of \$1,391,385. At September 30, 2015, 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
Differences between expected and actual economic experience	\$ 432,390	\$ -
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	152,958	-
Contributions subsequent to the measurement date	<u>1,110,644</u>	<u>-</u>
Total	<u><u>\$ 1,695,992</u></u>	<u><u>\$ -</u></u>

The \$1,110,644 reported as deferred outflows of resources related to pensions result from contributions subsequent to the measurement date. Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended Sept. 30:	Net deferred outflows (inflows) of resources
2016	\$ 1,227,923
2017	117,279
2018	117,279
2019	117,281
2020	79,040
Thereafter	<u>37,190</u>
	<u><u>\$ 1,695,992</u></u>

NOTE 10. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Town is a participant in the Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of 1,115 individual governmental units located within Texas. The Town pays an annual premium to the funds for its workers' compensation and property and liability insurance coverage. The WC Fund and Property-Liability Fund are considered self-sustaining risk pools that provide coverage for its members for up to \$1,000,000 per occurrence with a \$2,000,000 annual aggregate. There is a deductible of \$5,000 due from the Town per claim for personnel liability claims and a \$2,500 deductible for general liability.

**TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 10. RISK MANAGEMENT – CONTINUED

There were no reductions in insurance coverage and the Town had not been declined coverage for any exposures or limits of liability and/or scheduled covered amounts from the previous year. Settled claims for risks have not exceeded insurance coverage for the past three years.

NOTE 11. NET POSITION / FUND BALANCE

A. Restricted Net Position

Net position is reported in the government-wide statement of net position consisted of the following as of September 30, 2015:

	Governmental Activities	Business-type Activities	Total Primary Government	Discretely Presented Component Units
Restricted for construction	\$ 3,522,518	\$ -	\$ 3,522,518	\$ -
Restricted by enabling legislation	1,166,048	150,598	1,316,646	2,505,570
Restricted for streetscape	140,506	-	140,506	-
Restricted for debt service	8,434,957	-	8,434,957	142,707
Restricted for other:				
Grant requirements	137,551	-	137,551	-
Donor stipulations	23,118	-	23,118	-
Forfeitures	16,192	-	16,192	-
Total restricted for other	176,861	-	176,861	-
	<u>\$ 13,440,890</u>	<u>\$ 150,598</u>	<u>\$ 13,591,488</u>	<u>\$ 2,648,277</u>

B. Fund Balance

The composition of the governmental fund balances at September 30, 2015 is as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Valencia Capital Project	Non major Governmental Funds	Total Governmental Funds
Non-spendable:						
Inventory	\$ 45,939	\$ -	\$ -	\$ -	\$ -	\$ 45,939
Prepays	219,099	-	-	-	-	219,099
Total non-spendable	<u>265,038</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>265,038</u>
Restricted for:						
Debt service	-	1,005,376	-	-	-	1,005,376
Street maintenance	-	-	-	-	331,826	331,826
Police	-	-	-	-	16,115	16,115
Fire	-	-	-	-	11,583	11,583
Parks and Rec	-	-	-	-	16,952	16,952
Stormwater drainage	-	-	-	-	610,488	610,488
Court	-	-	-	-	79,419	79,419
Red Light camera	-	-	-	-	110,033	110,033
Library	-	-	-	-	13,660	13,660
Animal Control	-	-	-	-	260	260
Forfeiture	-	-	-	-	16,192	16,192
Public, Education, Govt. Access	-	-	-	-	97,080	97,080
Streetscape	-	-	140,506	-	-	140,506
McGruff Neighborhood Team	-	-	-	-	1,404	1,404
Child Safety	-	-	-	-	21,276	21,276
Capital projects	-	-	4,889,296	3,522,518	-	8,411,814
Total restricted	<u>-</u>	<u>1,005,376</u>	<u>5,029,802</u>	<u>3,522,518</u>	<u>1,326,288</u>	<u>10,883,984</u>
Committed to:						
Street development	-	-	1,644,874	-	-	1,644,874
Total committed	<u>-</u>	<u>-</u>	<u>1,644,874</u>	<u>-</u>	<u>-</u>	<u>1,644,874</u>
Unassigned	6,700,923	-	-	-	-	6,700,923
	<u>\$6,965,961</u>	<u>\$ 1,005,376</u>	<u>\$ 6,674,676</u>	<u>\$ 3,522,518</u>	<u>\$ 1,326,288</u>	<u>\$ 19,494,819</u>

**TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 12. COMMITMENTS AND CONTINGENCIES

In March 2003, the Town entered into a thirty-year contract with the North Texas Municipal Water District (NTMWD) for the purchase of treated water. Under the terms of this contract, the Town is obligated to make a minimum annual payment (adjusted annually) in return for a minimum volume of gallons of water per year. During the year ended September 30, 2015, the cost of water purchased under this contract was \$2,481,877.

The Town also entered into a water transmission facilities contract in March 2003 with the NTMWD. Under the terms of this contract, the NTMWD is to own, operate and maintain water transmission facilities located near the eastern border of the Town. NTMWD issued its Water Transmission Facilities Contract Revenue Bonds, Series 2003 (Town of Little Elm Project), in the amount of \$5,390,000 for the purpose of acquiring and constructing the transmission facility. The obligation of the Town was to make payments to NTMWD under contract terms until all of the bonds are paid and retired and is no longer outstanding. During the year ended September 30, 2013, the NTMWD issued its Water Transmission Facilities Contract Revenue Refunding Bonds, Series 2013 (Town of Little Elm) in the amount of \$3,555,000 for the purpose of defeasing the Series 2003 obligations. During the year ended September 30, 2015, the payments made under this contract were \$369,675.

At September 30, 2015 and subsequent to year end, the Town is committed to numerous contracts for capital improvements totaling approximately \$3,661,000.

NOTE 13. PUBLIC UTILITY DISTRICT NO. 4

On December 17, 2013, the Little Elm Town Council approved Ordinance No. 1185 authorizing the creation of a Public Improvement District. The Valencia Little Elm Tax Increment Reinvestment Zone consists of approximately 447.942 acres within the extraterritorial jurisdictions of the Town. This district was created in accordance with Chapter 311 of the Texas Tax Code.

On January 7, 2014 the Little Elm Town Council approved the issuance and sale of two Special Assessment Revenue Bonds in the amounts of \$12,240,000 and \$4,000,000 known as Valencia Public Improvement District covering Major Improvement Project Phases 1-5. These bonds were authorized in order to finance the projects benefiting the entire Valencia Public Improvement District including certain roadway, water, wastewater and drainage improvements.

The Major Improvement Projects includes Road Improvements, Water Distribution System Improvements, Sanitary Sewer Improvements, and Storm Drainage Improvements.

NOTE 14. CUMULATIVE EFFECT OF ADOPTION OF GASB STATEMENTS

As a result of the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27", and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date", an adjustment has been made to record the Town's net pension liability as of October 1, 2014. As a result, governmental activities beginning net position has decreased by \$1,850,821 and the beginning net position of the Water and Sewer Enterprise Fund has decreased by \$243,592.

**TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 15. SUBSEQUENT EVENTS

On December 15, 2015, the Town issued \$9,655,000 Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015. Proceeds from the sale of the certificates will be used for the purpose of paying the Town's contractual obligations to be incurred for (i) acquiring, constructing, improving, and equipping municipal park and recreational facilities, including acquisition of land therefor; (ii) constructing, improving, and equipping fire-fighting facilities, including the acquisition of a fire truck and (iii) professional services rendered in connection with the construction and financing of the foregoing projects.

On December 15, 2015, the Town Council approved an Interlocal Chapter 380 Economic Development Program and Performance Agreement between the Town of Little Elm and the Little Elm EDC for payments related to the Utility Acquisition agreement with Mustang Special Utility District. Mustang Special Utility District agrees to purchase the system and assume the contracts for a cash consideration of \$1,000,000.00 which is to be paid to the Town in ten equal yearly payments of \$100,000.00 with the first installment payment to the Town to occur on July 1, 2016. The Town covenants and agrees to pay to the Little Elm EDC the ten equal yearly payments.



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REQUIRED SUPPLEMENTARY INFORMATION

**TOWN OF LITTLE ELM, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
Revenues:				
Taxes:				
Property taxes, penalty, and interest	\$ 9,930,115	\$ 9,930,115	\$ 10,001,490	\$ 71,375
General sales and use taxes	2,735,881	2,735,881	2,827,314	91,433
Other taxes and franchise fees	1,898,000	1,898,000	2,034,817	136,817
Licenses and permits	2,306,500	3,119,722	4,009,517	889,795
Intergovernmental revenue	272,000	407,466	384,535	(22,931)
Charges for services	2,030,915	2,031,360	2,270,800	239,440
Fines	375,150	375,150	583,422	208,272
Interest	68,500	68,500	55,316	(13,184)
Contributions	600,000	600,000	43,310	(556,690)
Miscellaneous	221,500	571,500	567,668	(3,832)
Total revenues	<u>20,438,561</u>	<u>21,737,694</u>	<u>22,778,189</u>	<u>1,040,495</u>
Expenditures:				
General government:				
Town council	31,210	31,210	36,735	(5,525)
Town manager	728,486	819,751	793,029	26,722
Town secretary	147,135	147,635	142,072	5,563
Municipal court	346,456	347,156	315,422	31,734
Finance	3,521,426	3,555,476	2,376,433	1,179,043
Information technology	867,527	868,527	833,734	34,793
Town attorney	225,000	1,175,000	982,056	192,944
Total general government	<u>5,867,240</u>	<u>6,944,755</u>	<u>5,479,481</u>	<u>1,465,274</u>
Community services:				
Inspections	2,100,216	2,107,416	2,129,107	(21,691)
Total community services	<u>2,100,216</u>	<u>2,107,416</u>	<u>2,129,107</u>	<u>(21,691)</u>
Public safety:				
Police	4,840,514	5,094,014	5,023,656	70,358
Fire	5,325,397	5,341,147	5,307,312	33,835
Animal control	129,037	129,387	122,664	6,723
Total public safety	<u>10,294,948</u>	<u>10,564,548</u>	<u>10,453,632</u>	<u>110,916</u>
Public works:				
Streets	1,167,549	1,169,049	1,097,553	71,496
Fleet maintenance	267,620	348,520	339,052	9,468
Facility maintenance	792,427	792,637	781,126	11,511
Total public works	<u>2,227,596</u>	<u>2,310,206</u>	<u>2,217,731</u>	<u>92,475</u>

**TOWN OF LITTLE ELM, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES (CONCLUDED)
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
Culture and recreation:				
Library	500,968	502,168	475,685	26,483
Parks and recreation	2,570,394	2,741,983	2,445,117	296,866
Total culture and recreation	<u>3,071,362</u>	<u>3,244,151</u>	<u>2,920,802</u>	<u>323,349</u>
Capital outlay	1,254,060	1,872,105	1,730,722	141,383
Total expenditures	<u>24,815,422</u>	<u>27,043,181</u>	<u>24,931,475</u>	<u>2,111,706</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,376,861)</u>	<u>(5,305,487)</u>	<u>(2,153,286)</u>	<u>3,152,201</u>
Other financing sources (uses):				
Transfers in	1,418,487	1,852,487	2,206,459	353,972
Proceeds from sale of assets	-	-	23,500	23,500
Capital lease proceeds	106,000	656,000	104,957	(551,043)
Transfers out	(254,852)	(1,697,515)	(1,667,505)	30,010
Total other financing sources (uses)	<u>1,269,635</u>	<u>810,972</u>	<u>667,411</u>	<u>(143,561)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(3,107,226)</u>	<u>(4,494,515)</u>	<u>(1,485,875)</u>	<u>3,008,640</u>
Fund balance at beginning of year	8,451,836	8,451,836	8,451,836	-
Fund balance, end of year	<u>\$ 5,344,610</u>	<u>\$ 3,957,321</u>	<u>\$ 6,965,961</u>	<u>\$ 3,008,640</u>

**TOWN OF LITTLE ELM, TEXAS
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted for the general fund, debt service fund, and water and sewer fund. All annual appropriations lapse at fiscal year-end.

The Town follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- (1) Prior to September 1, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes the proposed expenditures and the means of financing them.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (3) Prior to October 1, the budget is legally enacted through the passage of an ordinance.
- (4) The Town Manager is authorized to transfer budgeted amounts between departments within any fund. Any revisions that alter the total expenditures of any fund must be approved by the Town Council.

For the fiscal year ended September 30, 2015, expenditures exceeded appropriations in community services (\$21,691).

**TOWN OF LITTLE ELM, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Measurement Period 2014
	<hr/>
Total Pension Liability:	
Service cost	\$ 1,781,572
Interest	1,306,279
Change in benefit terms	-
Difference between expected and actual experience	511,427
Change in assumptions	-
Benefit payments	(326,527)
Net change in total pension liability	3,272,751
Total Pension Liability-beginning	17,933,610
Total Pension Liability-ending	<hr/> <hr/> 21,206,361
 Plan Fiduciary Net Position	
Contributions - employer	1,185,583
Contributions - nonemployer	774,891
Net investment income	857,339
Benefit payments	(326,527)
Administrative income	(8,946)
Other	(759)
Net change in plan fiduciary net position	2,481,581
Plan fiduciary net position -beginning	14,979,082
Plan fiduciary net position - ending	<hr/> <hr/> 17,460,663
 Town's net pension liability -ending	 <hr/> <hr/> \$ 3,745,698
 Plan fiduciary net position as a % of total pension liability	 82.34%
 Covered payroll	 \$ 11,065,942
 Town's net pension liability as a % of employee payroll	 33.85%

**TOWN OF LITTLE ELM, TEXAS
 SCHEDULE OF CONTRIBUTIONS –
 TEXAS MUNICIPAL RETIREMENT SYSTEM
 FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Fiscal Year 2015
Actuarially determined contribution	\$ 1,450,482
Contribution in relation of the actuarially determined contribution	<u>1,450,482</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered employee payroll	\$ 12,244,425
Contributions as a percentage of covered employee payroll	11.85%

**TOWN OF LITTLE ELM, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

VALUATION DATE:

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

METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	3.00%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the Town's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 - 2009
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB
Other information	There were no benefit changes during the year.



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**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

**TOWN OF LITTLE ELM, TEXAS
 BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
 GENERAL OBLIGATION DEBT SERVICE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance from Final Budget</u>
Revenues:				
Property taxes	\$ 3,691,124	\$ 3,691,124	\$ 3,910,732	\$ 219,608
Intergovernmental	-	70,000	661,043	591,043
Interest	16,000	16,000	14,454	(1,546)
Total revenues	<u>3,707,124</u>	<u>3,777,124</u>	<u>4,586,229</u>	<u>809,105</u>
Expenditures:				
Principal retirement	2,169,432	2,499,432	2,499,432	-
Interest and fiscal charges	1,545,691	1,567,511	1,567,459	52
Total expenditures	<u>3,715,123</u>	<u>4,066,943</u>	<u>4,066,891</u>	<u>52</u>
Deficiency of revenues under expenditures	<u>(7,999)</u>	<u>(289,819)</u>	<u>519,338</u>	<u>809,157</u>
Other financing sources (uses):				
Transfers in	70,000	118,700	118,700	-
Total other financing sources (uses)	<u>70,000</u>	<u>118,700</u>	<u>118,700</u>	<u>-</u>
Net change in fund balance	62,001	(171,119)	638,038	809,157
Fund balances, beginning	<u>367,338</u>	<u>367,338</u>	<u>367,338</u>	<u>-</u>
Fund balances, ending	<u>\$ 429,339</u>	<u>\$ 196,219</u>	<u>\$ 1,005,376</u>	<u>\$ 809,157</u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

GRANTS FUND

Accounts for donations made by civic organizations, businesses, and citizens for specific uses which include the Library, animal control center, police, and fire departments. Donations are generally donated for the purchase of equipment.

DONATIONS FUND

Accounts for grants distributed to the Town by the Texas State Comptroller of Public Accounts, the Department of Homeland Security, and other organizations such as the Texas Library Archives, and the Law Enforcement Officer Safety Education Program.

FORFEITURES FUND

Accounts for fines and forfeiture of property resulting from criminal cases within the boundaries of the Town that have been adjudicated by the State of Texas in District Court.

STREET MAINTENANCE FUND

Accounts for the Town's 1/4 cent sales tax, which was approved by the citizens of Little Elm in May of 2009 and is restricted for the purpose of street maintenance.

RED LIGHT CAMERA FUND

Accounts for proceeds and expenses related to red-light cameras.

STORMWATER DRAINAGE FUND

Accounts for fees charged for storm water drainage services.

PEG FUND

Accounts for fees used to defer the cost of streaming Council meeting videos of all meetings to meet the objective of local government transparency.

FARMERS MARKET FUND

Accounts for proceeds and expenditures relating to the Farmers Market grant.

**TOWN OF LITTLE ELM, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2015**

	<u>Grants</u>	<u>Donations</u>	<u>Forfeitures</u>	<u>Street Maintenance</u>
ASSETS				
Cash and cash equivalents	\$ 131,798	\$ 23,173	\$ 16,192	\$ 235,708
Receivables (net of allowance for uncollectibles)				
Taxes	-	-	-	140,002
Other	7,020	-	-	-
Total assets	<u>\$ 138,818</u>	<u>\$ 23,173</u>	<u>\$ 16,192</u>	<u>\$ 375,710</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and other current liabilities	\$ 1,267	\$ 55	\$ -	\$ 23,620
Retainage payable	-	-	-	20,264
Total liabilities	<u>1,267</u>	<u>55</u>	<u>-</u>	<u>43,884</u>
Deferred inflows of resources:				
Unavailable resources	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Spendable				
Restricted	137,551	23,118	16,192	331,826
Total fund balances	<u>137,551</u>	<u>23,118</u>	<u>16,192</u>	<u>331,826</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 138,818</u>	<u>\$ 23,173</u>	<u>\$ 16,192</u>	<u>\$ 375,710</u>

<u>Red Light Camera</u>	<u>Stormwater Drainage</u>	<u>PEG Fund</u>	<u>Farmers Market Grant</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 115,262	\$ 548,738	\$ 79,877	\$ -	\$ 1,150,748
-	-	-	-	140,002
60,037	112,544	17,203	-	196,804
<u>\$ 175,299</u>	<u>\$ 661,282</u>	<u>\$ 97,080</u>	<u>\$ -</u>	<u>\$ 1,487,554</u>
\$ 48,645	\$ 50,794	\$ -	\$ -	\$ 124,381
-	-	-	-	20,264
48,645	50,794	-	-	144,645
16,621				16,621
16,621	-	-	-	16,621
110,033	610,488	97,080	-	1,326,288
110,033	610,488	97,080	-	1,326,288
<u>\$ 175,299</u>	<u>\$ 661,282</u>	<u>\$ 97,080</u>	<u>\$ -</u>	<u>\$ 1,487,554</u>

**TOWN OF LITTLE ELM, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE- NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Grants</u>	<u>Donations</u>	<u>Forfeitures</u>	<u>Street Maintenance</u>
Revenues:				
Taxes				
General sales and use taxes	\$ -	\$ -	\$ -	\$ 713,175
Franchise taxes and other	-	-	-	-
Charges for service	-	-	-	-
Intergovernmental	12,604	25,097	-	-
Fines	45,871	-	-	-
Interest	664	170	185	1,259
Other revenues	-	-	10,781	-
Total revenues	<u>59,139</u>	<u>25,267</u>	<u>10,966</u>	<u>714,434</u>
Expenditures:				
Current:				
General government	-	-	10,560	-
Public safety	13,656	9,922	8,166	-
Public works	-	-	-	599,621
Culture and recreation	14,389	12,412	-	-
Capital outlay	2,383	-	-	-
Total expenditures	<u>30,428</u>	<u>22,334</u>	<u>18,726</u>	<u>599,621</u>
Excess (deficiency) of revenues over (under) expenditures	28,711	2,933	(7,760)	114,813
Other financing uses:				
Transfers out	(9,567)	-	-	(159,184)
Total other financing uses	<u>(9,567)</u>	<u>-</u>	<u>-</u>	<u>(159,184)</u>
Net changes in fund balance	19,144	2,933	(7,760)	(44,371)
Fund balance at beginning of year	<u>118,407</u>	<u>20,185</u>	<u>23,952</u>	<u>376,197</u>
Fund balance, end of year	<u>\$ 137,551</u>	<u>\$ 23,118</u>	<u>\$ 16,192</u>	<u>\$ 331,826</u>

<u>Red Light Camera</u>	<u>Stormwater Drainage</u>	<u>PEG Fund</u>	<u>Farmers Market Grant</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 713,175
-	-	65,769	-	65,769
-	494,394	-	-	494,394
-	-	-	-	37,701
257,324	-	-	-	303,195
275	3,912	391	-	6,856
-	-	-	-	10,781
<u>257,599</u>	<u>498,306</u>	<u>66,160</u>	<u>-</u>	<u>1,631,871</u>
-	-	-	-	10,560
183,003	-	-	-	214,747
-	407,918	-	-	1,007,539
-	-	-	1	26,802
-	-	3,441	-	5,824
<u>183,003</u>	<u>407,918</u>	<u>3,441</u>	<u>1</u>	<u>1,265,472</u>
74,596	90,388	62,719	(1)	366,399
-	-	-	(8,455)	(177,206)
-	-	-	(8,455)	(177,206)
74,596	90,388	62,719	(8,456)	189,193
<u>35,437</u>	<u>520,100</u>	<u>34,361</u>	<u>8,456</u>	<u>1,137,095</u>
<u>\$ 110,033</u>	<u>\$ 610,488</u>	<u>\$ 97,080</u>	<u>\$ -</u>	<u>\$ 1,326,288</u>



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DISCRETELY PRESENTED COMPONENT UNITS

ECONOMIC DEVELOPMENT CORPORATION – purpose is to promote and develop new and expanded business enterprises to promote and encourage employment in the furtherance of public welfare within the Town.

COMMUNITY DEVELOPMENT CORPORATION – purpose is to improve and expand park and recreational facilities from revenue generated through the Type 4B sales tax.

**TOWN OF LITTLE ELM, TEXAS
BALANCE SHEET
ECONOMIC DEVELOPMENT CORPORATION
SEPTEMBER 30, 2015**

ASSETS	
Cash and cash equivalents	\$ 2,915,306
Receivables	285,407
Due from primary government	<u>392,296</u>
Total assets	<u><u>\$ 3,593,009</u></u>
LIABILITIES	
Accounts payable and other current liabilities	\$ 825,242
Due to primary government	<u>63,938</u>
Total liabilities	<u>889,180</u>
FUND BALANCES	
Restricted	1,378,369
Unassigned	<u>1,325,460</u>
Total fund balances	<u>2,703,829</u>
Total liabilities and fund balances	<u><u>\$ 3,593,009</u></u>

**TOWN OF LITTLE ELM, TEXAS
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
ECONOMIC DEVELOPMENT CORPORATION
SEPTEMBER 30, 2015**

Total fund balance - governmental funds	\$ 2,703,829
Amounts reported in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds financial statements.	\$ 9,041,546
Notes payable are not due and payable in the current period and therefore are not reported in the governmental funds financial statements.	(12,091,173)
Accrued interest on governmental activities debt is not reported in the governmental funds financial statements until paid.	(55,552)
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds financial statements.	<u>(11,592)</u>
NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (412,942)</u></u>

**TOWN OF LITTLE ELM, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
ECONOMIC DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Revenues:	
Taxes	
General sales and use taxes	\$ 1,412,291
Interest	19,764
Other revenues	30,000
Total revenues	<u>1,462,055</u>
Expenditures:	
Current:	
General government	93,938
Economic and physical development	3,046,859
Principal	448,204
Interest and other fiscal charges	319,926
Total expenditures	<u>3,908,927</u>
Deficiency of revenues under expenditures	(2,446,872)
Other financing sources:	
Issuance of debt	<u>3,743,750</u>
Total other financing sources	<u>3,743,750</u>
Net change in fund balance	1,296,878
Fund balance, beginning of year	<u>1,406,951</u>
Fund balance, end of year	<u><u>\$ 2,703,829</u></u>

**TOWN OF LITTLE ELM, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
ECONOMIC DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Net change in fund balances - governmental funds	\$ 1,296,878
Amounts reported for component unit funds in the statement of activities are different because:	
Current year changes in accrued interest payable do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(31,632)
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	448,204
Current year note proceeds are other financing sources in the fund financial statements, but are shown as an increase in non-current liabilities in the government-wide financial statements.	(3,743,750)
Some expenses reported in the statement of activities such as compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	<u>(1,935)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (2,032,235)</u></u>

**TOWN OF LITTLE ELM, TEXAS
BALANCE SHEET
COMMUNITY DEVELOPMENT CORPORATION
SEPTEMBER 30, 2015**

ASSETS	
Cash and cash equivalents	\$ 99,325
Receivables	<u>140,002</u>
Total assets	<u><u>\$ 239,327</u></u>
LIABILITIES	
Accounts payable and other current liabilities	\$ 62
Due to primary government	<u>597,105</u>
Total liabilities	<u>597,167</u>
FUND BALANCE (DEFICIT)	
Unrestricted	<u>(357,840)</u>
Total fund balance (deficit)	<u>(357,840)</u>
Total liabilities and fund balance (deficit)	<u><u>\$ 239,327</u></u>

**TOWN OF LITTLE ELM, TEXAS
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
COMMUNITY DEVELOPMENT CORPORATION
SEPTEMBER 30, 2015**

Total fund balance (deficit) - governmental funds	\$ (357,840)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds financial statements.	(7,580,000)
NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (7,937,840)</u></u>

**TOWN OF LITTLE ELM, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
COMMUNITY DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Revenues:	
Taxes	
General sales and use taxes	\$ 706,146
Interest	7,164
Total revenues	<u>713,310</u>
Expenditures:	
Current:	
General government	1,615,582
Economic and physical development	340
Debt service:	
Principal	350,000
Debt interest	247,105
Total expenditures	<u>2,213,027</u>
Net change in fund balance	(1,499,717)
Fund balance, beginning of year	<u>1,141,877</u>
Fund balance (deficit), end of year	<u><u>\$ (357,840)</u></u>

**TOWN OF LITTLE ELM, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
COMMUNITY DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Net change in fund balances - governmental funds \$ (1,499,717)

Amounts reported for component unit funds in the statement of activities are different because:

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 350,000

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (1,149,717)



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STATISTICAL SECTION



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**TOWN OF LITTLE ELM, TEXAS
STATISTICAL SECTION
TABLE OF CONTENTS**

STATISTICAL SECTION

This part of the Town of Little Elm's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the Town's overall financial health. This information has not been audited by the independent auditor.

<u>Contents</u>	<u>Table #s</u>
Financial Trends These tables contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	A-1 to A-4
Revenue Capacity These tables contain information to help the reader assess the Town's two most significant local revenue sources, the property and sales taxes.	B-1 to B-5
Debt Capacity These tables 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.	C-1 to C-5
Economic and Demographic Information These tables offer economic and demographic indicators to help the reader understand the environment within which the Town's financial activities take place.	D-1 to D-2
Operating Information These tables 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.	E-1 to E-3

Source: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The Town implemented GASB Statement 34 in fiscal year 2004: tables presenting government-wide information include information beginning in that year.

**TOWN OF LITTLE ELM, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS (UNAUDITED)
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year			
	<u>2006</u>	<u>2007</u>	<u>2008^a</u>	<u>2009</u>
Governmental activities				
Net investment in capital assets	\$ 17,666,776	\$ 19,470,253	\$ 34,946,833	\$ 42,980,036
Restricted	2,531,729	2,714,442	2,020,133	456,110
Unrestricted	3,287,263	5,599,224	7,104,984	5,297,621
Total governmental activities net assets ^a	<u>\$ 23,485,768</u>	<u>\$ 27,783,919</u>	<u>\$ 44,071,950</u>	<u>\$ 48,733,767</u>
Business-type activities				
Net investment in capital assets	\$ 8,246,435	\$ 10,616,127	\$ 11,108,371	\$ 12,953,757
Restricted	4,421,129	4,026,887	3,739,824	6,226,635
Unrestricted	5,129,690	5,120,843	5,409,835	2,624,238
Total business-type activities net assets	<u>\$ 17,797,254</u>	<u>\$ 19,763,857</u>	<u>\$ 20,258,030</u>	<u>\$ 21,804,630</u>
Primary government				
Net investment in capital assets	\$ 25,913,211	\$ 30,086,380	\$ 46,055,204	\$ 55,933,793
Restricted	6,952,858	6,741,329	5,759,957	6,682,745
Unrestricted	8,416,953	10,720,067	12,514,819	7,921,859
Total primary governmental net assets	<u>\$ 41,283,022</u>	<u>\$ 47,547,776</u>	<u>\$ 64,329,980</u>	<u>\$ 70,538,397</u>

Source: Comprehensive Annual Financial Report

Notes: ^a Fiscal year 2008 net assets were restated for prior period adjustments and reclassification of funds.

TABLE A-1

Fiscal Year					
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 47,903,977	\$ 50,204,248	\$ 52,815,876	\$ 63,117,552	\$ 69,289,961	\$ 77,934,036
2,111,443	2,752,458	4,171,809	1,456,437	11,901,273	13,440,890
2,902,375	5,760,237	8,639,473	13,561,477	13,397,901	5,819,571
<u>\$ 52,917,795</u>	<u>\$ 58,716,943</u>	<u>\$ 65,627,158</u>	<u>\$ 78,135,466</u>	<u>\$ 94,589,135</u>	<u>\$ 97,194,497</u>
\$ 17,697,671	\$ 18,965,595	\$ 23,568,624	\$ 27,797,915	\$ 33,308,054	\$ 38,387,629
3,020,299	3,420,742	2,678,605	1,545,571	1,286,723	150,598
3,233,394	4,738,358	3,395,564	2,792,130	1,253,792	4,209,613
<u>\$ 23,951,364</u>	<u>\$ 27,124,695</u>	<u>\$ 29,642,793</u>	<u>\$ 32,135,616</u>	<u>\$ 35,848,569</u>	<u>\$ 42,747,840</u>
\$ 65,601,648	\$ 69,169,843	\$ 76,384,500	\$ 90,915,467	\$ 102,598,015	\$ 116,321,665
5,273,739	6,173,200	6,850,414	3,002,008	13,187,996	13,591,488
5,993,772	10,498,595	12,035,037	16,353,607	14,651,693	10,029,184
<u>\$ 76,869,159</u>	<u>\$ 85,841,638</u>	<u>\$ 95,269,951</u>	<u>\$ 110,271,082</u>	<u>\$ 130,437,704</u>	<u>\$ 139,942,337</u>

**TOWN OF LITTLE ELM, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (UNAUDITED)
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year			
	2006	2007 ^b	2008	2009
Expenses				
Governmental activities:				
General government	\$ 2,046,546	\$ 1,165,132	\$ 1,880,759	\$ 2,286,941
Public safety	3,904,491	4,735,242	5,756,355	6,431,906
Public works	3,652,686	3,334,704	4,155,141	3,990,855
Culture and recreation	811,641	1,033,235	1,091,693	1,358,796
Community services	658,666	1,231,869	937,464	1,086,952
Interest on long-term debt	235,890	217,332	908,921	1,058,944
Total governmental activities expenses	<u>\$ 11,309,920</u>	<u>\$ 11,717,514</u>	<u>\$ 14,730,333</u>	<u>\$ 16,214,394</u>
Business-type activities:				
Water and sewer	\$ 4,616,233	\$ 4,641,202	\$ 6,474,575	\$ 6,817,172
Solid waste	-	-	-	1,827,534
Total business-type activities expenses	<u>4,616,233</u>	<u>4,641,202</u>	<u>6,474,575</u>	<u>8,644,716</u>
Total primary government expenses	<u>\$ 15,926,153</u>	<u>\$ 16,358,716</u>	<u>\$ 21,204,908</u>	<u>\$ 24,859,100</u>
Program Revenues				
Governmental activities:				
Charges for Services:				
General government	\$ 679,877	\$ 472,491	\$ 2,268,637	\$ 413,046
Public safety	793,118	883,435	898,538	576,564
Public works	185,928	129,384	1,264,387	-
Culture and recreation	49,412	47,779	-	43,395
Community services	498,279	288,518	-	1,028,110
Operating grants and contributions	27,540	149,774	304,349	182,174
Capital grants and contributions	4,141,707	2,478,539	8,360	4,398,954
Total governmental activities program revenues	<u>\$ 6,375,861</u>	<u>\$ 4,449,920</u>	<u>\$ 4,744,271</u>	<u>\$ 6,642,243</u>
Business-type activities:				
Charges for services:				
Water and sewer	\$ 5,218,473	\$ 4,385,488	\$ 6,694,244	\$ 8,565,303
Solid waste	-	-	-	1,845,096
Operating grants and contributions	-	-	-	-
Capital grants and contributions	741,816	1,900,735	-	-
Total business-type activities program revenues	<u>\$ 5,960,289</u>	<u>\$ 6,286,223</u>	<u>\$ 6,694,244</u>	<u>\$ 10,410,339</u>
Total primary government program revenues	<u>\$ 12,336,150</u>	<u>\$ 10,736,143</u>	<u>\$ 11,438,515</u>	<u>\$ 17,052,642</u>

Source: Comprehensive Annual Financial Report

Notes: ^b General Revenue classifications modified.

TABLE A-2 (CONTINUED)

Fiscal Year					
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 2,540,722	\$ 2,464,445	\$ 2,576,483	\$ 5,867,144	\$ 5,289,827	\$ 6,085,289
1,530,292	7,190,910	8,002,813	9,335,742	10,433,709	12,583,312
8,839,262	4,435,870	5,344,115	6,021,562	6,499,936	6,956,858
2,853,899	1,483,761	1,674,950	2,667,072	3,104,651	2,424,055
1,346,593	1,364,740	1,238,188	1,638,809	1,918,695	2,408,167
1,385,300	1,715,179	1,655,901	1,473,694	3,388,234	1,707,491
\$ 18,496,068	\$ 18,654,905	\$ 20,492,450	\$ 27,004,023	\$ 30,635,052	\$ 32,165,172
\$ 6,763,043	\$ 6,950,429	\$ 8,576,299	\$ 8,938,110	\$ 9,018,321	\$ 9,597,743
1,641,111	1,465,030	1,542,812	1,828,285	1,983,776	1,732,336
8,404,154	8,415,459	10,119,111	10,766,395	11,002,097	11,330,079
\$ 26,900,222	\$ 27,070,364	\$ 30,611,561	\$ 37,770,418	\$ 41,637,149	\$ 43,495,251
\$ 139,313	\$ 168,475	\$ 203,194	\$ 225,645	\$ 142,850	\$ 191,432
854,090	1,049,754	1,316,490	1,421,556	1,408,432	1,682,570
29,398	37,297	36,968	18,219	52,660	163,616
55,853	115,981	229,245	367,880	548,339	799,635
1,386,646	1,620,331	3,067,120	3,219,516	4,826,558	5,265,753
308,121	220,617	296,234	8,481,366	877,283	2,330,627
4,705,395	4,767,318	5,072,076	8,196,369	20,153,631	4,480,887
\$ 7,478,816	\$ 7,979,773	\$ 10,221,327	\$ 21,930,551	\$ 28,009,753	\$ 14,914,520
\$ 8,755,653	\$ 9,743,392	\$ 10,088,464	\$ 10,843,125	\$ 11,206,850	\$ 13,023,491
1,965,611	1,645,533	1,758,790	1,919,103	2,038,990	2,157,342
-	-	-	22,395	-	23,964
-	473,422	2,382,570	1,828,359	3,595,837	3,593,256
\$ 10,721,264	\$ 11,862,347	\$ 14,229,824	\$ 14,612,982	\$ 16,841,677	\$ 18,798,053
\$ 18,200,080	\$ 19,842,120	\$ 24,451,151	\$ 36,543,533	\$ 44,851,430	\$ 33,712,573

**TOWN OF LITTLE ELM, TEXAS
CHANGES IN NET POSITION – CONTINUED
LAST TEN FISCAL YEARS (UNAUDITED)
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year			
	2006	2007 ^b	2008	2009
Net (Expenses) Revenue				
Governmental activities	\$ (4,934,060)	\$ (7,267,594)	\$ (9,986,062)	\$ (9,572,151)
Business-type activities	1,344,056	1,645,021	219,669	1,765,693
Total primary government net expenses	<u>\$ (3,590,004)</u>	<u>\$ (5,622,573)</u>	<u>\$ (9,766,393)</u>	<u>\$ (7,806,458)</u>
General Revenues and other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	\$ 5,154,268	\$ 5,790,305	\$ 7,563,027	\$ 8,828,874
Sales & Other taxes	1,735,286	3,310,322	3,199,197	2,904,368
Penalties and interest	50,504	-	-	-
Unrestricted investment earnings	388,712	367,476	539,838	334,206
Gains on sale of assets	78,482	(7,805)	-	-
Developer contributions	-	-	-	-
Impact Fees	-	-	-	-
Miscellaneous	100,660	94,695	1,614,934	1,148,956
Transfers	263,260	367,145	897,379	1,017,564
Total governmental activities	<u>\$ 7,771,172</u>	<u>\$ 9,922,138</u>	<u>\$ 13,814,375</u>	<u>\$ 14,233,968</u>
Business-type activities:				
Taxes	\$ -	\$ -	\$ -	\$ -
Unrestricted investment earnings	144,682	204,514	288,977	455,159
Gains on sale of assets	-	9,694	-	-
Miscellaneous	-	-	596,409	307,312
Developer contributions	-	-	-	-
Transfers	(263,260)	(367,145)	(867,379)	(981,564)
Total business-type activities	<u>\$ (118,578)</u>	<u>\$ (152,937)</u>	<u>\$ 18,007</u>	<u>\$ (219,093)</u>
Total primary government	<u>\$ 7,652,594</u>	<u>\$ 9,769,201</u>	<u>\$ 13,832,382</u>	<u>\$ 14,014,875</u>
Change in Net Position				
Governmental activities	\$ 2,837,112	\$ 2,654,544	\$ 3,828,313	\$ 4,661,817
Business-type activities	1,225,478	1,492,084	237,676	1,546,600
Total primary government	<u>\$ 4,062,590</u>	<u>\$ 4,146,628</u>	<u>\$ 4,065,989</u>	<u>\$ 6,208,417</u>

Source: Comprehensive Annual Financial Report

Notes: ^a General Revenue classifications modified.

TABLE A-2 (CONCLUDED)

Fiscal Year					
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ (11,017,252)	\$ (10,675,132)	\$ (10,271,123)	\$ (5,073,472)	\$ (2,625,299)	\$ (17,250,652)
2,317,110	3,446,888	4,110,713	3,846,587	5,839,580	7,467,974
<u>\$ (8,700,142)</u>	<u>\$ (7,228,244)</u>	<u>\$ (6,160,410)</u>	<u>\$ (1,226,885)</u>	<u>\$ 3,214,281</u>	<u>\$ (9,782,678)</u>
\$ 9,668,429	\$ 10,195,279	\$ 10,662,787	\$ 10,864,585	\$ 11,851,416	\$ 14,089,672
3,221,191	3,438,665	4,039,591	4,506,310	4,843,855	5,641,075
-	-	-	-	-	-
388,935	271,988	199,751	136,752	156,577	155,456
31,158	-	-	9,330	18,171	23,500
-	-	-	-	-	-
-	-	-	-	-	-
561,919	1,329,395	464,013	513,343	1,158,653	1,322,492
1,329,648	1,238,953	1,815,196	1,551,460	1,697,504	474,640
<u>\$ 15,201,280</u>	<u>\$ 16,474,280</u>	<u>\$ 17,181,338</u>	<u>\$ 17,581,780</u>	<u>\$ 19,726,176</u>	<u>\$ 21,706,835</u>
\$ -	\$ 56,342	\$ 82,977	\$ 92,009	\$ 106,872	\$ 119,560
333,428	150,655	139,604	96,344	44,010	29,969
-	-	-	9,343	7,214	-
566,639	758,399	-	-	-	-
-	-	-	-	-	-
(1,070,443)	(1,238,953)	(1,815,196)	(1,551,460)	(1,697,504)	(474,640)
<u>\$ (170,376)</u>	<u>\$ (273,557)</u>	<u>\$ (1,592,615)</u>	<u>\$ (1,353,764)</u>	<u>\$ (1,539,408)</u>	<u>\$ (325,111)</u>
<u>\$ 15,030,904</u>	<u>\$ 16,200,723</u>	<u>\$ 15,588,723</u>	<u>\$ 16,228,016</u>	<u>\$ 18,186,768</u>	<u>\$ 21,381,724</u>
\$ 4,184,028	\$ 5,799,148	\$ 6,910,215	\$ 12,508,308	\$ 17,100,877	\$ 4,456,183
2,146,734	3,173,331	2,518,098	2,492,823	4,300,172	7,142,863
<u>\$ 6,330,762</u>	<u>\$ 8,972,479</u>	<u>\$ 9,428,313</u>	<u>\$ 15,001,131</u>	<u>\$ 21,401,049</u>	<u>\$ 11,599,046</u>

**TOWN OF LITTLE ELM, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (UNAUDITED)
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund				
Reserved ^a	\$ 2,552,744	\$ 2,793,187	\$ 2,020,133	\$ 26,117
Nonspendable ^a	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Unreserved, designated for Unbudgeted expenditures	-	-	-	1,153,325
Unreserved, undesignated	3,283,945	3,356,355	5,398,287	3,086,147
Total general fund	<u>\$ 5,836,689</u>	<u>\$ 6,149,542</u>	<u>\$ 7,418,420</u>	<u>\$ 4,265,589</u>
All Other Governmental Funds				
Reserved for:				
Debt service	\$ 10,363	\$ 76,933	\$ -	\$ -
Nonspendable ^a	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Unreserved, reported in:				
Special revenue funds	1,131,265	1,447,159	227,961	759,750
Debt service	-	-	218,843	226,226
Capital projects funds	10,111,140	7,855,095	5,614,493	19,196,982
Total all other governmental funds	<u>\$ 11,252,768</u>	<u>\$ 9,379,187</u>	<u>\$ 6,061,297</u>	<u>\$ 20,182,958</u>

Source: Comprehensive Annual Financial Report

Notes: ^a Includes inventory and prepaid

^b The Town implemented GASB No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" which impacted both the classifications of funds and classifications of and balances within funds.

TABLE A-3

Fiscal Year					
<u>2010</u>	<u>2011^b</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 35,410	\$ -	\$ -	\$ -	\$ -	\$ -
-	48,944	56,704	274,054	200,487	265,038
-	-	221,155	-	-	-
-	3,326,289	-	-	-	-
-	1,519,500	693,600	925,000	4,938,437	-
-	943,210	6,130,718	5,751,731	3,312,912	6,700,923
-	-	-	-	-	-
1,662,286	-	-	-	-	-
3,309,224	-	-	-	-	-
\$ 5,006,920	\$ 5,837,943	\$ 7,102,177	\$ 6,950,785	\$ 8,451,836	\$ 6,965,961

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	150	150	6,302	-
-	14,255,397	4,346,848	8,113,910	17,979,664	10,883,984
-	702,364	1,273,852	620,602	241,487	1,644,874
-	-	-	-	-	-
-	(42,361)	-	-	-	-
-	-	-	-	-	-
544,399	-	-	-	-	-
301,863	-	-	-	-	-
25,980,408	-	-	-	-	-
\$ 26,826,670	\$ 14,915,400	\$ 5,620,850	\$ 8,734,662	\$ 18,227,453	\$ 12,528,858

**TOWN OF LITTLE ELM, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (UNAUDITED)
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
REVENUES				
Property taxes, penalties and interest	\$ 3,952,201	\$ 5,644,249	\$ 7,678,109	\$ 8,717,659
Sales tax	1,554,438	1,751,857	1,814,759	1,787,109
Franchise and other taxes	868,904	971,299	1,395,846	1,117,259
Licenses and permits	2,065,029	1,542,637	1,264,387	966,645
Charges for services	1,504,403	1,905,967	2,268,637	535,005
Impact fees	-	-	-	-
Fines and forfeitures	698,938	622,940	898,538	288,748
Intergovernmental revenue and grants	618,983	323,297	312,709	4,702,445
Contributions	-	-	-	-
Interest earnings	729,047	951,392	539,838	361,633
Other revenue	513,296	300,864	266,466	1,108,938
Total revenues	12,505,239	14,014,502	16,439,289	19,585,441
EXPENDITURES				
General government	1,694,438	2,067,815	2,410,803	2,160,346
Public safety	3,684,917	4,827,076	5,527,997	6,041,672
Public works	2,359,076	2,763,980	3,530,078	1,447,644
Culture and recreation	670,386	891,579	951,798	1,230,166
Community services	442,312	176,853	-	1,062,917
Capital outlay	7,236,375	6,424,139	5,686,126	6,593,015
Debt service				
Principal retirement	955,245	863,504	1,132,700	1,185,222
Interest and fiscal charges	683,790	943,950	921,717	874,526
Total expenditures	17,726,539	18,958,896	20,161,219	20,595,508
Excess (deficiency) of revenues over (under) expenditures	(5,221,300)	(4,944,394)	(3,721,930)	(1,010,067)
OTHER FINANCING SOURCES (USES)				
Bonds/notes issued	12,136,709	-	-	12,500,000
Proceeds from sale of capital assets	-	-	-	-
Proceeds from capital lease obligations	-	178,905	342,168	-
Developer fees and contributions	1,389,369	2,758,921	1,240,467	-
Premium on bonds issued	-	-	30,000	-
Payment to refunded bond escrow agent	-	-	-	-
Transfer from other funds	796,918	931,123	1,837,105	3,127,865
Transfer to other funds	(545,301)	(485,283)	(969,725)	(2,110,301)
Total other financing sources (uses)	13,777,695	3,383,666	2,480,015	13,517,564
NET CHANGE IN FUND BALANCES	\$ 8,556,395	\$ (1,560,728)	\$ (1,241,915)	\$ 12,507,497
Debt service as a percentage of noncapital expenditures	15.6%	14.4%	14.2%	14.7%

Source: Comprehensive Annual Financial Report

TABLE A-4

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 9,613,969	\$ 10,246,572	\$ 10,459,636	\$ 10,968,977	\$ 11,819,118	\$ 13,912,222
1,959,630	2,125,984	2,369,358	2,775,736	2,987,162	3,540,489
1,261,561	1,312,681	1,670,233	1,730,574	1,856,693	2,100,586
1,419,336	1,629,588	2,386,244	2,280,136	3,814,451	4,009,517
598,873	662,181	1,227,622	1,521,394	1,884,181	2,765,194
-	-	1,555,857	1,274,372	514,220	1,722,581
526,084	698,289	628,399	667,479	589,772	886,617
4,887,144	4,219,559	2,996,983	2,055,690	1,365,490	2,630,400
-	-	5,500	-	18,756,088	1,254,495
388,935	271,988	199,751	136,281	154,060	131,666
812,000	1,153,103	1,312,349	1,134,249	1,310,971	764,579
21,467,532	22,319,945	24,811,932	24,544,888	45,052,206	33,718,346
2,321,233	2,317,911	2,501,809	5,662,076	3,459,553	5,795,226
6,455,094	6,865,071	7,577,815	8,185,886	9,454,244	10,668,379
2,123,823	2,658,522	1,766,131	2,417,222	2,794,991	3,225,270
1,322,676	1,307,687	1,533,497	2,211,489	2,639,344	2,947,604
1,278,090	1,364,740	1,261,237	1,604,716	1,910,740	2,408,167
8,041,519	16,817,298	17,189,209	8,758,950	12,815,066	14,197,333
1,489,211	1,537,070	1,671,146	1,837,728	2,097,789	2,499,432
1,514,543	1,770,846	1,609,606	1,649,588	3,579,358	1,654,972
24,546,189	34,639,145	35,110,450	32,327,655	38,751,085	43,396,383
(3,078,657)	(12,319,200)	(10,298,518)	(7,782,767)	6,301,121	(9,678,037)
9,353,007	-	3,885,000	8,735,000	5,020,000	1,990,000
-	-	-	509,233	18,171	23,500
-	-	386,487	-	144,913	104,957
-	-	-	-	-	-
-	-	180,716	143,094	235,610	-
-	-	(3,999,197)	-	(2,190,000)	-
1,535,132	4,160,575	3,523,887	3,035,883	2,556,084	4,209,821
(424,439)	(2,921,622)	(1,708,691)	(1,678,023)	(1,092,057)	(3,834,711)
10,463,700	1,238,953	2,268,202	10,745,187	4,692,721	2,493,567
\$ 7,385,043	\$ (11,080,247)	\$ (8,030,316)	\$ 2,962,420	\$ 10,993,842	\$ (7,184,470)
18.2%	18.6%	18.2%	14.8%	20.7%	13.6%

**TOWN OF LITTLE ELM, TEXAS
 APPRAISED VALUE OF PROPERTY
 LAST TEN FISCAL YEARS (UNAUDITED)**

TABLE B-1

Fiscal Year	Market Valuation			Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property	Less: Tax- Exempt Property		
2006	\$ 1,011,635,024	\$ 27,648,064	\$ 50,140,143	\$ 989,142,945	0.39902
2007	1,248,468,966	23,323,625	87,911,083	1,183,881,508	0.47000
2008	1,511,223,287	36,738,700	140,574,678	1,407,387,309	0.53580
2009	1,634,323,354	52,518,511	166,456,684	1,520,385,181	0.56996
2010	1,611,491,597	54,925,483	169,295,917	1,497,121,163	0.63449
2011	1,618,970,465	55,366,141	169,498,939	1,504,837,667	0.66523
2012	1,691,659,713	55,542,364	175,488,594	1,571,713,483	0.66497
2013	1,661,535,865	64,223,721	181,089,163	1,544,670,423	0.66497
2014	1,811,983,598	70,371,887	199,149,794	1,683,205,691	0.66497
2015	2,107,295,778	71,348,481	226,256,365	1,952,387,894	0.66497

Source: Denton County Appraisal District

TOWN OF LITTLE ELM, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES (PER \$100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS (UNAUDITED)

TABLE B-2

Fiscal Year	Town Direct Rates			Overlapping Rates ^a		Total Direct and Overlapping Rates
	Operating Rate	Debt Service Rate	Total Town Rate	Little Elm Independent School District	Denton County	
2006	0.28252	0.11650	0.39902	1.84000	0.24648	2.48550
2007	0.32363	0.14637	0.47000	1.74000	0.23192	2.44192
2008	0.39625	0.13955	0.53580	1.46000	0.23589	2.23169
2009	0.44636	0.12360	0.56996	1.53000	0.23577	2.33573
2010	0.46218	0.17231	0.63449	1.54000	0.24980	2.42429
2011	0.45279	0.21244	0.66523	1.54000	0.27390	2.47913
2012	0.46691	0.19807	0.66497	1.54000	0.27736	2.48234
2013	0.48129	0.18369	0.66497	1.54000	0.28287	2.48785
2014	0.49665	0.16833	0.66497	1.54000	0.28491	2.48989
2015	0.47715	0.18782	0.66497	1.54000	0.27220	2.47717

^a Overlapping rates are those of local and county governments that apply to property owners within the Town of Little Elm. A typical property tax bill would consist of the Town, School District, and County taxes.

Source: Town of Little Elm, Denton County and Little Elm ISD

Note: Tax rates are applied on each \$100 of assessed value and are levied on 100% of assessed value.

TABLE B-3

**TOWN OF LITTLE ELM, TEXAS
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)**

FY 2014-2015 (2014 Certified Tax Roll)			FY 2005-2006 (2005 Certified Tax Roll)		
Taxpayer	Taxable Assessed Value	Percentage of Total Town Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percentage of Total Town Taxable Assessed Value
Western Rim Investors 2011-5 LP	\$ 28,705,827	1.47%	Retractable Technologies INC	\$ 11,594,331	1.17%
LETC Dunhill LLC	23,750,000	1.22%	Elmwood Estates LTD	5,152,834	0.52%
BRE MF FRISCO LLC	18,092,079	0.93%	CoServ Electric CO-OP	4,771,950	0.48%
Retractable Technologies INC	17,247,765	0.88%	KBL Partners LTD	4,701,223	0.48%
Kroger Texas LP	13,642,813	0.70%	Lennar Homes of TX	4,181,434	0.42%
Eldorado Village LLC	9,700,000	0.50%	Sunset Pointe I LTD	3,485,700	0.35%
GCRE/TX Main Marketpalce LLC & LCAR Ma	7,413,606	0.38%	Lowes Home Centers INC	3,370,278	0.34%
OHC/Little Elm LTD	6,500,000	0.33%	Eldorado West LLC	3,293,409	0.33%
CoServ Electric Co Op	6,261,840	0.32%	Little Elm Towne Crossing LTD	2,861,634	0.29%
The Kroger Company	6,054,642	0.31%	CMC Little Elm Land LP	2,828,438	0.29%
Total	\$ 137,368,572	7.04%	Total	\$ 46,241,231	4.67%
Total Assessed Valuation	\$ 1,952,387,894	100.00%	Total Assessed Valuation	\$ 989,142,945	100.00%

Source: Denton Central Appraisal District.

Note: Property is assessed as of January 1 and certified to the town by July 25 for taxable values

**TOWN OF LITTLE ELM, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS (UNAUDITED)**

TABLE B-4

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 3,906,167	\$ 3,836,765	98.22%	\$ 65,575	\$ 3,902,340	99.90%
2007	5,461,711	5,446,283	99.72%	12,266	5,458,549	99.94%
2008	7,499,616	7,395,195	98.61%	99,570	7,494,765	99.94%
2009	8,604,462	8,506,674	98.86%	92,570	8,599,244	99.94%
2010	9,517,069	9,303,185	97.75%	142,800	9,445,985	99.25%
2011	10,016,680	9,858,712	98.42%	80,856	9,939,568	99.23%
2012	10,454,444	10,279,526	98.33%	104,290	10,383,816	99.32%
2013	10,651,248	10,514,194	98.71%	60,260	10,574,454	99.28%
2014	11,780,687	11,648,622	98.88%	45,687	11,694,309	99.27%
2015	13,629,127	13,581,388	99.65%	-	13,581,388	99.65%

Source: Denton Central Appraisal District

**TOWN OF LITTLE ELM, TEXAS
MUNICIPAL SALES TAX AND RATIO TO AD VALOREM TAX LEVY
AND AD VALOREM TAX RATE
LAST TEN YEARS (UNAUDITED)**

TABLE B-5

The Town has adopted the provisions of Chapter 321, as amended, Texas Tax Code (the "Municipal Sales and Use Tax Act") which provides for the maximum levy of a one percent sales tax which may be used for any lawful purpose except that the sales tax revenue may not be pledged to the payment of debt. The voters of the Town approved a 1/2% sales tax for the benefit of economic development on January 16, 1993, with collections beginning June 1993. The voters of the Town approved a 1/4% sales tax for street maintenance on May 7, 2005, with collections beginning October 6, 2005. The voters of the Town approved a 1/4% sales tax for 4B community development purposes on May 12, 2007, with collections beginning October 1, 2007. **Net** collections on a **fiscal year** basis are shown below:

Fiscal Year Ended Sept 30	Total Collected	1¼% (a) City	% of Ad Valorem Tax Levy	(\$) Equivalent of Ad Valorem Tax Rate	0.50% 4A EDC	0.25% 4B CDC
2006	\$ 1,584,272	\$ 1,131,623	28.97%	0.11560	\$ 452,649	N/A
2007	1,751,857	1,250,277	23.37%	0.10985	501,580	N/A
2008 (b)	2,877,072	1,814,759	22.41%	0.12006	726,203	\$ 336,110
2009	2,873,899	1,787,100	21.05%	0.11998	724,533	362,266
2010 (c)	3,126,064	1,947,430	20.26%	0.12852	785,756	392,878
2011	3,392,058	2,111,001	21.29%	0.14165	854,038	427,019
2012	3,861,036	2,413,148	24.09%	0.16026	965,259	482,630
2013	4,479,710	2,799,819	26.78%	0.17809	1,119,927	559,964
2014	4,810,546	3,006,591	28.23%	0.18771	1,202,636	601,318
2015	5,705,401	3,565,876	30.27%	0.20128	1,426,350	713,175

(a) The Town's portion of the sales tax collections increased from 1% to 1¼% beginning October 1, 2005 as the result of the May 2005 authorization for an additional ¼% for street maintenance.

(b) Collections include the 0.25% 4B CDC collections.

(c) The Town has entered into a Limited Partnership Agreement (LPA) with Denton County Fresh Water District 8c & 8b for sharing sales tax in the Extra Territorial Jurisdiction (ETJ).

Source: Texas Comptroller of Public Affairs Website (<http://www.window.state.tx.us/taxinfo/sales>)

**TOWN OF LITTLE ELM, TEXAS
RATIO OF OUTSTANDING BONDED DEBT BY TYPE
LAST TEN FISCAL YEARS (UNAUDITED)**

TABLE C-1

Fiscal Year	Governmental Activities			Business-Type Activities				Total Primary Government	Percentage of Personal Income ^b	Per Capita ^b
	General Obligation Bonds	Certificates of Obligation	Other Obligations ^a	Revenue Bonds	General Obligation Bonds	Certificates of Obligation	Other Obligations ^a			
2006	\$ 9,340,000	\$ 10,758,300	\$1,836,354	\$ 8,405,000	\$ -	\$ 7,131,700	\$ -	\$ 37,471,354	8.46%	1,881
2007	13,795,000	5,766,450	1,688,606	8,155,000	-	6,878,550	-	36,283,606	7.32%	1,665
2008	13,350,000	5,513,450	1,113,569	7,820,000	-	6,676,550	-	34,473,569	6.85%	1,521
2009	22,885,000	7,749,300	657,496	11,670,000	-	18,760,700	-	61,722,496	11.31%	2,572
2010	31,684,000	6,980,000	273,586	11,225,000	2,106,000	16,500,000	270,000	69,038,586	10.92%	2,666
2011	30,679,400	6,630,000	90,000	10,755,000	1,950,600	16,500,000	270,000	66,875,000	9.91%	2,492
2012	33,348,254	2,260,000	321,018	6,740,000	4,866,746	22,340,000	125,000	70,001,018	9.52%	2,428
2013	34,335,527	8,170,000	202,689	3,055,000	7,504,473	21,890,000	-	75,157,689	8.11%	2,144
2014	32,307,738	10,930,000	175,177	-	9,407,262	21,060,000	-	73,880,177	8.23%	2,291
2015	30,393,306	10,450,000	2,032,096	-	8,611,694	20,210,000	-	71,697,096	7.54%	2,119

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

^aIncludes Tax Notes and Capital Leases

^bSee Table D-1 for personal income and population data.

**TOWN OF LITTLE ELM, TEXAS
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET VALUE BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS (UNAUDITED)**

TABLE C-2

Fiscal Year	General Bonded Debt Outstanding ^c			Less: Available Debt Service Funds	Net General Bonded Debt	Percentage of Actual Taxable Value of Property ^a	Per Capita ^b
	General Obligation Bonds	Certificates of Obligation	Total				
2006	\$ 9,340,000	\$ 10,758,300	\$ 20,098,300	\$ -	\$ 20,098,300	2.03%	1,009
2007	13,795,000	5,766,450	19,561,450	-	19,561,450	1.65%	898
2008	13,350,000	5,513,450	18,863,450	-	18,863,450	1.34%	832
2009	22,885,000	7,749,300	30,634,300	-	30,634,300	2.01%	1,276
2010	31,684,000	6,980,000	38,664,000	-	38,664,000	2.58%	1,493
2011	30,679,400	6,630,000	37,309,400	451,192	36,858,208	2.49%	1,373
2012	38,215,000	2,260,000	40,475,000	554,894	39,920,106	2.54%	1,384
2013	41,840,000	8,170,000	50,010,000	567,931	49,442,069	3.20%	1,410
2014	41,715,000	10,930,000	52,645,000	367,338	52,277,662	3.11%	1,621
2015	39,005,000	10,450,000	49,455,000	1,005,376	48,449,624	2.48%	1,432

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

^a See Table B-1 for property value data.

^b See Table D-1 for population data.

^c This does not include Certificates of Obligations from Business-Type Activities. See Table C-1 for Business-Type Activities revenue based ratios.

**TOWN OF LITTLE ELM, TEXAS
DIRECT AND OVERLAPPING DEBT
AS OF SEPTEMBER 30, 2014 (UNAUDITED)**

TABLE C-3

Governmental Unit	As of	Bonded Debt Principal	Percentage of Debt Applicable to Area ^d	Town of Little Elm Share of Overlapping Debt ^c
Debt repaid with property taxes				
Frisco I.S.D.	Sep-15	\$ 1,741,980,813	2.83%	\$ 49,298,057
Little Elm I.S.D.	Sep-15	139,339,796	43.11%	60,069,386
Denton County	Sep-15	<u>634,275,000</u>	<u>3.07%</u>	<u>19,472,243</u>
Subtotal, overlapping debt		\$ 2,515,595,609		<u>128,839,686</u>
Town of Little Elm Direct Debt ^a	Sep-15	\$ 40,843,306	100.00%	<u>40,843,306</u>
Total direct and overlapping debt				<u><u>\$ 169,682,992</u></u>
Ratio of direct and overlapping debt principal to taxable values ^b				8.69%
Ratio of direct and overlapping debt principal to actual market values ^b				7.79%

Source: Municipal Advisory Council of Texas

Notes: ^a Includes Governmental Activities debt

^b See Table B-1 for property value data.

^c 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 Little Elm, Texas. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents 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.

^d The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the various government's taxable assessed value that is within the government's boundaries and dividing it by the total taxable assessed value.

**TOWN OF LITTLE ELM, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS (UNAUDITED)**

TABLE C-4

The Town of Little Elm, Texas does not have a legal debt limit prescribed by state law. However, Article XI, Section 5 of the Texas Constitution applicable to cities of more than 5,000 population limits ad valorem tax rates to \$2.50 per \$100 assessed valuation for cities operating under a Home Rule Charter. Accordingly, the Town's tax margin for the previous ten years was:

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Maximum Rate	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
Total Tax Rate	0.3990	0.4700	0.5358	0.5700	0.6345	0.6652	0.6650	0.6650	0.6650	0.6650
Legal Debt Margin	\$ 2.1010	\$ 2.0300	\$ 1.9642	\$ 1.9300	\$ 1.8655	\$ 1.8348	\$ 1.8350	\$ 1.8350	\$ 1.8350	\$ 1.8350

**TOWN OF LITTLE ELM, TEXAS
 PLEDGED-REVENUE COVERAGE
 LAST TEN FISCAL YEARS (UNAUDITED)**

TABLE C-5

Water and Sewer System Revenue Bonds

<u>Fiscal Year</u>	<u>Total Revenues^a</u>	<u>Less: Operating Expenses^b</u>	<u>Net Available Revenue</u>	<u>Annual Requirement^c</u>	<u>Times Coverage</u>
2006	\$ 7,295,428	\$ 4,291,128	\$ 3,004,300	\$ 1,388,991	2.16
2007	6,354,101	4,321,359	2,032,742	1,447,980	1.40
2008	7,041,071	5,862,757	1,178,314	1,400,696	0.84
2009	9,326,523	5,725,257	3,601,266	1,009,520	3.57
2010	9,654,239	4,778,442	4,875,797	1,399,923	3.48
2011	10,650,297	5,045,588	5,604,709	2,737,299	2.05
2012	11,319,089	5,495,379	5,823,710	1,283,032	4.54
2013	12,194,625	5,889,534	6,305,091	1,558,701	4.05
2014	12,908,682	6,275,068	6,633,614	1,645,568	4.03
2015	16,645,367	6,469,613	10,175,754	1,694,747	6.00

Notes: ^aIncludes operating and non-operating revenues.

^bIncludes operating expenses minus depreciation.

^cIncludes annual debt service requirements for all bonds paid from system revenues

**TOWN OF LITTLE ELM, TEXAS
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN CALENDAR YEARS
 (UNAUDITED)**

TABLE D-1

<u>Year</u>	<u>Estimated Population^a</u>	<u>Personal Income</u>	<u>Per Capita Personal Income^b</u>	<u>School Enrollment^c Little ELM ISD</u>	<u>Unemployment Rate^d Denton County</u>
2006	19,925	\$ 443,072,225	\$ 22,237	4,643	3.8%
2007	21,793	496,008,680	22,760	5,147	4.0%
2008	22,668	503,252,268	22,201	5,371	5.1%
2009	24,000	545,736,000	22,739	5,855	7.2%
2010	25,898	632,377,364	24,418	6,044	7.5%
2011	26,840	674,999,160	25,149	6,245	7.1%
2012	28,835	735,407,840	25,504	6,344	6.3%
2013	35,059	926,188,662	26,418	6,606	5.5%
2014	32,248	897,558,584	27,833	6,910	4.5%
2015	33,842	950,418,728	28,084	7,193	3.4%

Sources: ^aEstimated population provided North Central Texas Council of Governments

^bPer Capita Income provided by Census.gov

^cLittle Elm Independent School Districts.

^dFederal Deposit Insurance Corporation, FDIC.gov

Note: Personal income is calculated by multiplying estimated population by per capita personal income.

**TOWN OF LITTLE ELM, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)**

TABLE D-2

<u>2015</u>			<u>2006</u>		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>	<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Little Elm ISD	823	22.86%	Little Elm ISD	645	19.82%
Kroger	250	6.94%	Retractable Technologies	160	4.92%
Hula Hut	142	3.94%	Town of Little Elm	158	4.86%
Town of Little Elm	214	5.94%	Lowes Home Center	125	3.84%
Retractable Technologies	157	4.36%	Sonic Drive-in	45	1.38%
Lowes Home Center	136	3.78%	Independent Bank	20	0.61%
Applebee's	70	1.94%	Hobby Lobby	20	0.61%
Holt	50	1.39%	Key's Supermarket	16	0.49%
24 Hour Fitness	35	0.97%	Network Distribution Int.	15	0.46%
Hobby Lobby	30	0.83%	Javelina	10	0.31%
Total	<u>1,907</u>	<u>52.95%</u>		<u>1,214</u>	<u>37.30%</u>
Total Little Elm Daytime Employees	3,600		Total Little Elm Daytime Employees	3,254	

Source: Top ten employers and employee count provided by Little Elm Economic Development Corporation.

**TOWN OF LITTLE ELM, TEXAS
 FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS (UNAUDITED)**

TABLE E-1

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government	14.00	14.00	14.50	15.00	15.00	16.00	15.50	21.00	19.50	19.00
Public Safety	57.00	65.00	69.00	74.00	75.00	76.00	80.00	85.50	90.00	95.50
Public Works	11.00	12.00	13.00	16.00	18.00	20.00	22.00	21.00	18.50	20.00
Culture and Recreational	16.00	17.50	21.00	24.50	24.00	21.00	29.50	31.50	32.50	35.00
Planning and Development	10.00	10.00	10.50	11.00	8.00	7.00	13.00	10.00	15.00	15.00
Water and Sewer	<u>23.00</u>	<u>29.00</u>	<u>29.00</u>	<u>30.00</u>	<u>26.00</u>	<u>30.00</u>	<u>23.50</u>	<u>27.00</u>	<u>30.00</u>	<u>29.00</u>
Total	<u>131.00</u>	<u>147.50</u>	<u>157.00</u>	<u>170.50</u>	<u>166.00</u>	<u>170.00</u>	<u>183.50</u>	<u>196.00</u>	<u>205.50</u>	<u>213.50</u>

Source: Town Departments



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**TOWN OF LITTLE ELM, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST NINE FISCAL YEARS^A (UNAUDITED)**

<u>Function/Program</u>	<u>Fiscal Year</u>		
	<u>2006</u>	<u>2007</u>	<u>2008</u>
Public Safety			
Police			
Number of employees ^b	31	32	34
Number of violations (citations)	8,559	6,929	8,198
Fire			
Number of employees ^b	24	31	32
Number of volunteers	16	9	9
Number of fire runs	807	828	725
Number of EMS runs	997	1,221	1,207
Public Works			
Streets (miles)	108	108	108
Community Services			
Residential permits	708	416	242
Commercial permits	N/A	13	12
Cultural and Recreational			
Parks and recreation			
Park maintain & operate per acre	400	400	400
Participants in parks programs	425	425	425
Participants in senior program	100	100	100
Participants at Recreation Center	N/A	N/A	N/A
Library			
Volumes in Collection	16,107	22,665	28,908
Circulation	22,569	24,097	36,012
Water and Sewer			
Number of water connections	7,525	7,841	8,035
Number of sewer connections	7,228	7,652	7,594
Average daily water consumption ^c	2,663	2,205	2,650
Maximum ground storage capacity ^c	7,000	7,000	7,000
Maximum elevated storage capacity ^c	1,500	1,500	1,500
Water purchased ^c	1,137,400	775,874	857,694

Source: Town Departments

Notes:

N/A - Data not Available

^a Information was only available back to 2005

^b Department Administration and EMS Staff included

^c Stated in millions of gallons

TABLE E-2

Fiscal Year						
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
38	34	36	41	44	44	49
5,396	5,200	4,198	3,974	4,434	4,306	5,332
35	36	37	40	42	47	45
9	2	5	1	0	3	10
746	954	980	888	1,011	992	1,112
1,278	1,195	1,369	1,327	1,437	1,732	1,714
108	108	108	108	108	108	131
283	434	488	588	737	860	1034
20	34	49	47	59	62	68
500	500	500	500	500	500	500
2,500	2,650	3,500	3,800	22,700	50,000	65,000
150	200	300	320	1,020	11,577	14,769
N/A	N/A	N/A	N/A	30,400	45,316	47,690
32,905	37,096	32,329	37,785	45,538	45,187	47,531
41,526	37,850	35,081	69,114	92,684	136,765	124,470
8,204	8,368	8,712	8,963	9,257	9,835	9,880
7,792	8,067	8,399	8,636	8,927	9,489	9,531
2,230	2,266	2,726	2,547	2,710	3,110	3,164
7,000	7,000	7,000	7,000	7,000	7,170	10,169
1,500	1,500	1,500	1,500	1,500	3,575	3,575
888,950	899,844	1,080,672	1,160,174	1,161,074	1,134,837	1,127,728

**TOWN OF LITTLE ELM, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (UNAUDITED)**

TABLE E-3

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Patrol Units	10	11	13	16	16	16	16	16	17	19
Fire Stations	1	2	2	2	2	2	2	2	2	2
Police Motorcycle Units	2	2	2	2	2	2	2	2	2	2
Public Works										
Streets-Paved	108	108	108	108	108	108	108	108	108	131
Cultural and Recreational										
Parks (acres)	400	400	400	500	500	500	500	500	500	500
Playgrounds ^a	5	5	5	5	5	5	5	4	4	5
Library	1	1	1	1	1	1	1	1	1	1
Senior Center	0	0	0	0	0	0	1	1	1	1
Recreation Center	0	0	0	0	0	0	1	1	1	1
Water and Sewer										
Fire Hydrants	784	883	902	908	1,063	1,070	1,206	1,216	1,256	1,270
Ground Storage Facilities	6	6	6	6	4	4	4	4	4	4
Elevated Storage Facilities	2	2	2	2	2	2	2	2	4	4
Lift Stations	16	18	18	18	17	16	17	17	18	19

Source: Town Departments

Notes: ^a Does not include HOA playgrounds