

TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2012

NOTE 8. LONG-TERM DEBT - CONTINUED

	Outstanding		Outstanding	
	Governmental	Due in one year	Business-Type	Due in one year
General Obligation Bonds				
\$3,380,000 Series 2005 General Obligation due in annual installments of \$90,000 to \$200,000 through August 2029, plus interest at 2.25% to 5.25%	\$ 2,395,000	\$ 100,000		
\$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%	3,890,000	200,000		
\$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%	5,200,000	240,000		
\$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%	9,045,000	350,000		
\$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%	8,933,254	396,968		
\$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%	-	-	\$ 1,766,746	\$ 188,032
\$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%	3,885,000	330,000	3,100,000	215,000
	<u>\$ 33,348,254</u>	<u>\$ 1,616,968</u>	<u>\$ 4,866,746</u>	<u>\$ 403,032</u>

	Outstanding		Outstanding	
	Governmental	Due in one year	Business-Type	Due in one year
Certificates of Obligation				
\$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%	\$ 2,260,000	\$ 90,000		
\$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%			\$ 6,340,000	\$ 170,000
\$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%			10,000,000	-
\$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%			6,000,000	280,000
	<u>\$ 2,260,000</u>	<u>\$ 90,000</u>	<u>\$ 22,340,000</u>	<u>\$ 450,000</u>

TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2012

NOTE 8. LONG-TERM DEBT - CONTINUED

Revenue Bonds	Outstanding		Outstanding	
	Governmental	Due in one year	Business-Type	Due in one year
\$4,600,000 Series 2003 Revenue Bond due in annual installments of \$155,000 to \$720,000 through September 2025, plus interest at 4.35% to 5.63%	-	-	\$ 3,560,000	\$ 180,000
\$3,800,000 Series 2004 Revenue Bond due in annual installments of \$105,000 to \$270,000 through September 2029, plus interest at 3.90% to 5.00%			3,180,000	125,000
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,740,000</u>	<u>\$ 305,000</u>
Capital Appreciation Certificate	Outstanding		Outstanding	
	Governmental	Due in one year	Business-Type	Due in one year
\$270,000 Series 2009 Capital Appreciation Certificates due in an annual installment of \$315,000, including interest, in August 2013	-	-	\$ 125,000	\$ 125,000
Total Capital Appreciation Certificates	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,000</u>	<u>\$ 125,000</u>

During the year ended September 30, 2012, the Town issued \$6,985,000 General Obligation Refunding Bonds, Series 2012. Net proceeds from the sale of the bonds totaled \$7,951,743. Of these proceeds, \$7,863,463 was placed with an escrow agent to provide for all future debt payments of the refunded bonds.

The refunding resulted in a decrease in the Town's debt service payments of \$1,540,126, which resulted in an economic gain (difference between the present value of the debt service payments of the old debt and the new debt) of \$1,363,807. As a result of this transaction, \$4,005,000 of general obligation and \$3,515,000 of revenue bonds were refunded and are considered legally defeased, and are no longer included as liabilities in the Town's basic financial statements.

During the year ended September 30, 2012, the Town issued \$6,000,000 Combination Tax and Revenue Certificates of Obligation, Series 2012. Proceeds from the sale of the certificates will be used for (i) improvements to the Town's Waterworks and Sewer System, including acquisition of land and rights-of-way and (ii) professional services rendered in connection with the construction and financing of the foregoing projects.

During the year ended September 30, 2012, the Town also entered into two capital leases, the proceeds of which were used to purchase \$386,487 of machinery and equipment.

TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2012

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, 2012:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One year
Governmental activities:					
General obligation bonds	\$ 30,679,400	\$ 3,885,000	\$ (1,216,146)	\$ 33,348,254	\$ 1,616,968
Unamortized bond premium	405,567	180,716	(27,271)	559,012	37,166
Certificates of obligation	6,630,000	-	(4,370,000)	2,260,000	90,000
Deferred loss on refunding	-	(149,931)	3,460	(146,471)	-
Capital leases	-	386,487	(65,469)	321,018	118,329
Tax notes	90,000	-	(90,000)	-	-
Compensated absences	589,490	680,476	(729,570)	540,396	420,247
	<u>38,394,457</u>	<u>4,982,748</u>	<u>(6,494,996)</u>	<u>36,882,209</u>	<u>2,282,710</u>
Business-type activities:					
General obligation bonds	1,950,600	3,100,000	(183,854)	4,866,746	403,032
Certificates of obligation	16,500,000	6,000,000	(160,000)	22,340,000	450,000
Revenue bonds	10,755,000	-	(4,015,000)	6,740,000	305,000
Deferred loss on refunding	(37,757)	(141,360)	3,432	(175,685)	-
Unamortized bond premium	257,228	170,409	(18,350)	409,287	27,434
Capital appreciation notes	270,000	-	(145,000)	125,000	125,000
Compensated absences	145,192	109,392	(135,091)	119,493	109,273
	<u>29,840,263</u>	<u>9,238,441</u>	<u>(4,653,863)</u>	<u>34,424,841</u>	<u>1,419,739</u>
Total Primary Government	<u>\$ 68,234,720</u>	<u>\$ 14,221,189</u>	<u>\$ (11,148,859)</u>	<u>\$ 71,307,050</u>	<u>\$ 3,702,449</u>
Component Units:					
Notes payable	\$ 7,611,472	\$ 7,780,815	\$ (7,885,745)	\$ 7,506,542	\$ 283,957
Compensated absences	2,181	4,592	-	6,773	6,773
	<u>\$ 7,613,653</u>	<u>\$ 7,785,407</u>	<u>\$ (7,885,745)</u>	<u>\$ 7,513,315</u>	<u>\$ 290,730</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
2013	\$ 1,616,968	\$ 1,306,306	\$ 2,923,274	\$ 403,032	\$ 137,894	\$ 540,926
2014	1,697,788	1,242,021	2,939,809	422,211	117,591	539,802
2015	1,749,432	1,188,471	2,937,903	435,568	108,667	544,235
2016	1,830,254	1,128,963	2,959,217	449,747	99,203	548,950
2017	1,901,897	1,066,116	2,968,013	458,103	88,161	546,264
2018-2022	10,496,915	14,728,111	25,225,026	2,103,085	259,009	2,362,094
2023-2027	10,295,000	13,524,736	23,819,736	595,000	26,850	621,850
2028-2030	3,760,000	3,981,475	7,741,475	-	-	-
Total	<u>\$ 33,348,254</u>	<u>\$ 38,166,199</u>	<u>\$ 71,514,453</u>	<u>\$ 4,866,746</u>	<u>\$ 837,375</u>	<u>\$ 5,704,121</u>

TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2012

NOTE 8. LONG-TERM DEBT – CONTINUED

Certificates of Obligation

Fiscal Year Ending September 30,	Governmental Activities			Business Activities		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 90,000	\$ 98,755	\$ 188,755	\$ 450,000	\$ 922,338	\$ 1,372,338
2014	90,000	96,055	186,055	830,000	877,069	1,707,069
2015	95,000	93,355	188,355	850,000	852,706	1,702,706
2016	100,000	90,505	190,505	880,000	826,956	1,706,956
2017	105,000	85,505	190,505	915,000	799,381	1,714,381
2018-2022	620,000	342,275	962,275	5,075,000	3,538,593	8,613,593
2023-2027	790,000	185,295	975,295	6,155,000	2,584,865	8,739,865
2028-2032	370,000	24,640	394,640	4,870,000	1,378,625	6,248,625
2033-2036	-	-	-	2,315,000	183,343	2,498,343
Total	<u>\$ 2,260,000</u>	<u>\$ 1,016,385</u>	<u>\$ 3,276,385</u>	<u>\$ 22,340,000</u>	<u>\$ 11,963,876</u>	<u>\$ 34,303,876</u>

Revenue Bonds

Fiscal Year Ending September 30,	Governmental Activities			Business Activities		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$ -	\$ -	\$ -	\$ 305,000	\$ 325,196	\$ 630,196
2014	-	-	-	320,000	310,396	630,396
2015	-	-	-	335,000	295,631	630,631
2016	-	-	-	350,000	281,567	631,567
2017	-	-	-	370,000	266,686	636,686
2018-2022	-	-	-	2,120,000	1,067,661	3,187,661
2023-2027	-	-	-	2,415,000	457,313	2,872,313
2028-2032	-	-	-	525,000	37,763	562,763
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,740,000</u>	<u>\$ 3,042,213</u>	<u>\$ 9,782,213</u>

Capital Appreciation Notes

Fiscal Year Ending September 30,	Governmental Activities			Business Activities		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$ -	\$ -	\$ -	\$ 125,000	\$ 190,000	\$ 315,000
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,000</u>	<u>\$ 190,000</u>	<u>\$ 315,000</u>

Capital Leases

Fiscal Year Ending September 30,	Governmental Activities			Business Activities		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 118,329	\$ 9,634	\$ 127,963	\$ -	\$ -	\$ -
2014	122,162	5,802	127,964	-	-	-
2015	68,430	1,844	70,274	-	-	-
2016	12,097	486	12,583	-	-	-
Total	<u>\$ 321,018</u>	<u>\$ 17,766</u>	<u>\$ 338,784</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2012

NOTE 8. LONG-TERM DEBT – CONTINUED

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, 2012 consists of the following:

Series	Type	Amount
2001	Combination Tax and Revenue Certificates of Obligation	\$ 2,335,000
2002	Combination Tax and Revenue Certificates of Obligation	1,670,000
2002	Waterworks and Sewer System Revenue Refunding & Improvement Bonds	3,515,000
		<u>\$ 7,520,000</u>

Compensated Absences

Substantially all vacation and sick leave is paid by the General Fund. Accrued vacation and sick pay are reported in governmental funds only if termination has occurred and the balance is due.

Discretely presented component units – Economic Development Corporation

Notes payable of the Little Elm Economic Development Corporation as of September 30, 2012 are as follows:

Description	Balance 9/30/2012
\$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%.	<u>\$ 7,506,542</u>

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

Year	Principal	Interest	Total
2013	\$ 283,957	\$ 260,265	\$ 544,222
2014	293,982	250,240	544,222
2015	304,362	239,860	544,222
2016	315,108	229,114	544,222
2017	326,233	217,989	544,222
2018-2022	1,812,286	908,824	2,721,110
2023-2027	2,155,615	565,495	2,721,110
2028-2031	2,014,999	161,892	2,176,891
Total	<u>\$ 7,506,542</u>	<u>\$ 2,833,679</u>	<u>\$ 10,340,221</u>

**TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2012**

NOTE 9. PENSION PLAN

A. Plan Description

The Town provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the Town are within the options available in the governing state statutes of TMRS.

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.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS's website at www.TMRS.com.

B. Contributions

The contribution rate for employees is 7%, with the Town's matching ratio being 2 to 1, both as adopted by the governing body of the Town. Under the state law governing TMRS, the contribution rate for each town/city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases. Both the employees and the City make contributions monthly. Because the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e. December 31, 2010 valuation is effective for rates beginning January 2012.)

TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2012

NOTE 9. PENSION PLAN

B. Contributions – Continued

Schedule of Actuarial Liabilities and Funding Progress:

	12/31/11	12/31/10	12/31/09
Actuarial Valuation Date	\$ 10,019,596	\$ 8,183,361	\$ 6,204,659
Actuarial Value of Assets	13,122,562	11,343,566	8,875,308
Actuarial Accrued Liability	76.4%	72.1%	69.9%
Percentage Funded			
Unfunded (Over-funded) Actuarial			
Accrued Liability (UAAL)	3,102,966	3,160,205	2,670,649
Annual Covered Payroll	8,219,825	7,908,759	7,835,628
UAAL as a Percentage of Covered Payroll	37.7%	40.0%	34.1%
Net Pension Obligation (NPO)			
at the Beginning of Period	-	-	-
Annual Pension Cost:			
Annual required contribution (ARC)	846,564	723,469	640,176
Interest on NPO	-	-	-
Adjustment to the ARC	-	-	-
	846,564	723,469	640,176
	846,564	723,469	640,176
Contributions Made	-	-	-
Increase in NPO	-	-	-
NPO at the end of the period	\$ -	\$ -	\$ -

Actuarial assumptions are as follows:

Actuarial cost method	Projected Unit Credit
Amortization method	Level Percent of Payroll
Remaining Amortization	21.3 Years - Closed Period
Asset valuation method	10-Year Smoothed Market
Investment rate of return	7.0%
Projected salary increases	Varies by age and service
Inflation rate	3%
COL adjustments	2.1% (3% CPI)

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.

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.

TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2012

NOTE 11. NET ASSETS / FUND BALANCE

A. Restricted Net Assets

Net assets reported in the government-wide statement of net assets consist of the following as of September 30, 2012:

	Governmental Activities	Business-type Activities	Total Primary Government	Discretely Presented Component Units
Restricted by enabling legislation	\$ 3,573,355	\$ 2,010,348	\$ 5,583,703	\$ 2,689,528
Restricted for debt service	379,705	668,257	1,047,962	90,705
Restricted for other:				
Grant requirements	136,519	-	136,519	-
Donor stipulations	37,572	-	37,572	-
Forfeitures	44,658	-	44,658	-
Total restricted for other	218,749	-	218,749	-
	<u>\$ 4,171,809</u>	<u>\$ 2,678,605</u>	<u>\$ 6,850,414</u>	<u>\$ 2,780,233</u>

B. Fund Balance

The composition of the governmental fund balances at September 30, 2012 is as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Non major Governmental Funds	Total Governmental Funds
Non-spendable					
Inventory	\$ 39,239	\$ -	\$ -	\$ -	\$ 39,239
Prepays	17,465	-	-	150	17,615
	56,704	-	-	150	56,854
Restricted for					
Debt service	-	554,894	-	-	554,894
Street maintenance	-	-	-	617,424	617,424
Police	-	-	-	20,811	20,811
Fire	-	-	-	9,572	9,572
Stormwater drainage	-	-	-	314,496	314,496
Court	-	-	-	116,490	116,490
Red Light camera	-	-	-	138,363	138,363
Library	-	-	-	25,515	25,515
Animal Control	-	-	-	1,553	1,553
Forfeiture	-	-	-	44,658	44,658
Capital projects	-	-	2,399,549	-	2,399,549
Sidewalk escrow	-	-	103,523	-	103,523
	-	554,894	2,503,072	1,288,882	4,346,848
Committed to					
Park development	-	-	-	96,610	96,610
Street development	-	-	1,177,242	-	1,177,242
	-	-	1,177,242	96,610	1,273,852
Assigned to					
Renovate Parks admin building	400,000	-	-	-	400,000
Streetscape	221,155	-	-	-	221,155
Equipment replace/reserve	193,600	-	-	-	193,600
Capital outlay	100,000	-	-	-	100,000
	914,755	-	-	-	914,755
Unassigned	6,130,718	-	-	-	6,130,718
	<u>\$ 7,102,177</u>	<u>\$ 554,894</u>	<u>\$ 3,680,314</u>	<u>\$ 1,385,642</u>	<u>\$ 12,723,027</u>

**TOWN OF LITTLE ELM, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2012**

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, 2012, the cost of water purchased under this contract was \$1,786,668.

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 Revenue Contract 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 is 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, 2012, the payments made under this contract were \$424,210.

At September 30, 2012 and subsequent to year end, the Town is committed to numerous contracts for capital improvements totaling approximately \$5,300,000.

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, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
Revenues:				
Taxes:				
Property taxes, penalty, and interest	\$ 7,413,601	\$ 7,349,976	\$ 7,348,738	\$ (1,238)
General sales and use taxes	1,912,004	1,887,629	1,886,729	(900)
Other taxes and franchise fees	1,426,440	1,475,940	1,670,233	194,293
Licenses and permits	1,367,592	1,237,242	2,386,244	1,149,002
Intergovernmental revenue	181,615	144,615	272,201	127,586
Charges for services	672,361	785,644	866,109	80,465
Fines	299,000	299,000	316,305	17,305
Interest	80,800	80,800	94,608	13,808
Contributions	-	-	5,500	5,500
Miscellaneous	250,958	343,525	680,621	337,096
Total revenues	<u>13,604,371</u>	<u>13,604,371</u>	<u>15,527,288</u>	<u>1,922,917</u>
Expenditures:				
General government:				
Town council	41,700	30,700	33,973	(3,273)
Town manager	226,724	167,199	167,048	151
Town secretary	139,851	132,026	130,882	1,144
Municipal court	285,905	287,105	285,934	1,171
Finance	770,141	827,641	853,538	(25,897)
Information technology	457,667	467,167	467,084	83
Human resources	402,467	371,967	371,591	376
Town attorney	210,000	182,000	181,608	392
Total general government	<u>2,534,455</u>	<u>2,465,805</u>	<u>2,491,658</u>	<u>(25,853)</u>
Community services				
Inspections	978,342	1,018,642	1,026,757	(8,115)
Planning and zoning	263,081	246,024	234,480	11,544
Total community services	<u>1,241,423</u>	<u>1,264,666</u>	<u>1,261,237</u>	<u>3,429</u>
Public safety				
Police	3,437,241	3,424,591	3,360,181	64,410
Fire	4,203,867	4,101,574	3,797,273	304,301
Animal control	145,107	168,957	168,702	255
Total public safety	<u>7,786,215</u>	<u>7,695,122</u>	<u>7,326,156</u>	<u>368,966</u>
Public works				
Streets	891,710	796,410	773,987	22,423
Fleet maintenance	207,757	211,952	211,765	187
Facility maintenance	593,650	588,425	588,420	5
Total public works	<u>1,693,117</u>	<u>1,596,787</u>	<u>1,574,172</u>	<u>22,615</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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
Culture and recreation.				
Library	438,498	337,998	337,869	129
Parks and recreation	<u>1,351,749</u>	<u>1,228,524</u>	<u>1,190,339</u>	<u>38,185</u>
Total culture and recreation	<u>1,790,247</u>	<u>1,566,522</u>	<u>1,528,208</u>	<u>38,314</u>
Capital outlay	<u>507,100</u>	<u>462,655</u>	<u>541,997</u>	<u>(79,342)</u>
Total expenditures	<u>15,552,557</u>	<u>15,051,557</u>	<u>14,723,428</u>	<u>328,129</u>
Excess (deficiency) of revenues over (under) expenditures	(1,948,186)	(1,447,186)	803,860	2,251,046
Other financing sources (uses):				
Transfers in	1,396,695	1,396,695	1,548,887	152,192
Capital lease proceeds	-	-	386,487	386,487
Transfers out	<u>(1,000,000)</u>	<u>(1,501,000)</u>	<u>(1,475,000)</u>	<u>26,000</u>
Total other financing sources (uses)	<u>396,695</u>	<u>(104,305)</u>	<u>460,374</u>	<u>564,679</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(1,551,491)	(1,551,491)	1,264,234	2,815,725
Net assets at beginning of year	<u>5,837,943</u>	<u>5,837,943</u>	<u>5,837,943</u>	<u>-</u>
Net assets, end of year	<u>\$ 4,286,452</u>	<u>\$ 4,286,452</u>	<u>\$ 7,102,177</u>	<u>\$ 2,815,725</u>

TOWN OF LITTLE ELM, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2012

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.

**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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance from Final Budget</u>
Revenues:				
Property taxes	\$ 3,029,715	\$ 3,029,715	\$ 3,110,898	\$ 81,183
Intergovernmental	-	186,305	186,215	(90)
Interest	15,000	15,000	20,822	5,822
Total revenues	<u>3,044,715</u>	<u>3,231,020</u>	<u>3,317,935</u>	<u>86,915</u>
Expenditures:				
Principal retirement	1,710,200	1,710,200	1,671,146	39,054
Interest and fiscal charges	1,478,205	1,478,205	1,609,606	(131,401)
Total expenditures	<u>3,188,405</u>	<u>3,188,405</u>	<u>3,280,752</u>	<u>(92,347)</u>
Excess (deficiency) of revenues under expenditures	(143,690)	42,615	37,183	(5,432)
Other financing sources (uses):				
Issuance of debt	-	-	3,885,000	3,885,000
Premium on bonds	-	-	180,716	180,716
Payment to refunded bond escrow agent	-	-	(3,999,197)	(3,999,197)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>66,519</u>	<u>66,519</u>
Net change in fund balance	(143,690)	42,615	103,702	61,087
Fund balances, beginning	<u>451,192</u>	<u>451,192</u>	<u>451,192</u>	<u>-</u>
Fund balances, ending	<u>\$ 307,502</u>	<u>\$ 493,807</u>	<u>\$ 554,894</u>	<u>\$ 61,087</u>

NON-MAJOR 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.

PARK DEVELOPMENT FUND

Accounts for fees from developers to construct and purchase playground equipment, purchase land, and repair and restore community parks in the Town. The fees are often paid at the time that a subdivision is accepted by the Town unless park land is dedicated in lieu of fees.

RED LIGHT CAMERA FUND

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

SECO GRANT FUND

Accounts for proceeds of the State Energy Conservation Office grants.

STORMWATER DRAINAGE FUND

Accounts for fees charged for storm water drainage services.

**TOWN OF LITTLE ELM, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012**

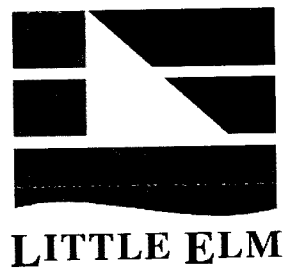
	<u>Grants</u>	<u>Donations</u>	<u>Forfeitures</u>
ASSETS			
Cash and cash equivalents	\$ 130,487	\$ 38,577	\$ 44,658
Receivables (net of allowance for uncollectibles)	-	-	-
Taxes	6,012	-	-
Other	150	-	-
Prepays			
Total assets	<u>\$ 136,649</u>	<u>\$ 38,577</u>	<u>\$ 44,658</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and other current liabilities	\$ 130	\$ 1,005	\$ -
Deferred revenue	-	-	-
Total liabilities	<u>130</u>	<u>1,005</u>	<u>-</u>
Fund balances			
Non-spendable	150	-	-
Spendable			
Restricted	136,369	37,572	44,658
Committed	-	-	-
Total fund balances	<u>136,519</u>	<u>37,572</u>	<u>44,658</u>
Total liabilities and fund balances	<u>\$ 136,649</u>	<u>\$ 38,577</u>	<u>\$ 44,658</u>

<u>Street Maintenance</u>	<u>Park Development</u>	<u>Red Light Camera</u>	<u>SECO Grant</u>	<u>Stormwater Drainage</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 529,553	\$ 96,610	\$ 214,300	\$ -	\$ 237,973	\$ 1,292,158
87,906	-	-	-	-	87,906
-	-	49,563	-	77,553	133,128
-	-	-	-	-	150
<u>\$ 617,459</u>	<u>\$ 96,610</u>	<u>\$ 263,863</u>	<u>\$ -</u>	<u>\$ 315,526</u>	<u>\$ 1,513,342</u>
\$ 35	\$ -	\$ 120,254	\$ -	\$ 1,030	\$ 122,454
-	-	5,246	-	-	5,246
<u>35</u>	<u>-</u>	<u>125,500</u>	<u>-</u>	<u>1,030</u>	<u>127,700</u>
-	-	-	-	-	150
617,424	-	138,363	-	314,496	1,288,882
-	96,610	-	-	-	96,610
<u>617,424</u>	<u>96,610</u>	<u>138,363</u>	<u>-</u>	<u>314,496</u>	<u>1,385,642</u>
<u>\$ 617,459</u>	<u>\$ 96,610</u>	<u>\$ 263,863</u>	<u>\$ -</u>	<u>\$ 315,526</u>	<u>\$ 1,513,342</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, 2012**

	<u>Grants</u>	<u>Donations</u>	<u>Forfeitures</u>
Revenues:			
Taxes			
General sales and use taxes	\$ -	\$ -	\$ -
Charges for service	-	-	-
Intergovernmental	11,675	6,858	-
Fines	29,860	-	-
Interest	1,887	440	259
Other revenues	2,140	-	45,257
Total revenues	<u>45,562</u>	<u>7,298</u>	<u>45,516</u>
Expenditures:			
Current:			
General government	-	-	10,151
Public safety	9,958	216	-
Public works	-	-	-
Culture and recreation	1,479	3,810	-
Capital outlay	2,339	-	-
Total expenditures	<u>13,776</u>	<u>4,026</u>	<u>10,151</u>
Excess of revenues over expenditures	31,786	3,272	35,365
Other financing uses:			
Transfers out	(221,027)	-	-
Total other financing uses	<u>(221,027)</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	(189,241)	3,272	35,365
Fund balance at beginning of year	325,760	34,300	9,293
Fund balance, end of year	<u>\$ 136,519</u>	<u>\$ 37,572</u>	<u>\$ 44,658</u>

<u>Street Maintenance</u>	<u>Park Development</u>	<u>Red Light Camera</u>	<u>SECO Grant</u>	<u>Stormwater Drainage</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 482,629	\$ -	\$ -	\$ -	\$ -	\$ 482,629
-	-	-	-	361,513	361,513
-	-	-	153,560	-	172,093
-	-	282,234	-	-	312,094
4,379	1,118	2,303	-	1,313	11,699
-	-	-	-	-	47,397
<u>487,008</u>	<u>1,118</u>	<u>284,537</u>	<u>153,560</u>	<u>362,826</u>	<u>1,387,425</u>
-	-	-	-	-	10,151
-	-	241,485	-	-	251,659
32,430	-	-	111,199	48,330	191,959
-	-	-	-	-	5,289
-	-	-	-	-	2,339
<u>32,430</u>	<u>-</u>	<u>241,485</u>	<u>111,199</u>	<u>48,330</u>	<u>461,397</u>
454,578	1,118	43,052	42,361	314,496	926,028
-	-	(12,664)	-	-	(233,691)
-	-	(12,664)	-	-	(233,691)
454,578	1,118	30,388	42,361	314,496	692,337
162,846	95,492	107,975	(42,361)	-	693,305
<u>\$ 617,424</u>	<u>\$ 96,610</u>	<u>\$ 138,363</u>	<u>\$ -</u>	<u>\$ 314,496</u>	<u>\$ 1,385,642</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.

LITTLE ELM REDEVELOPMENT AUTHORITY (LERA) – The purpose of the LERA is to aid, assist and act on behalf of the Town in the performance of its government functions to promote the common good and welfare of the area including the Reinvestment Zone Numbers One and Two and the neighboring areas in the Town; to promote, develop, encourage and maintain housing, educational facilities, employment, commerce and economic development in the Town.

**TOWN OF LITTLE ELM, TEXAS
BALANCE SHEET
ECONOMIC DEVELOPMENT CORPORATION
SEPTEMBER 30, 2012**

ASSETS

Cash and cash equivalents	\$ 1,492,731
Receivables	175,812
Due from other governments	48,680
Land available for sale	<u>7,322,952</u>

Total assets \$ 9,040,175

LIABILITIES

Accounts payable and other current liabilities	<u>\$ 18,411</u>
---	------------------

Total liabilities 18,411

FUND BALANCES

Non-spendable	
Land held for sale	7,322,952
Restricted	1,598,812
Unassigned	<u>100,000</u>

Total fund balances 9,021,764

**Total liabilities
and fund balances** \$ 9,040,175

**TOWN OF LITTLE ELM, TEXAS
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
ECONOMIC DEVELOPMENT CORPORATION
SEPTEMBER 30, 2012**

Total fund balance - governmental funds	\$ 9,021,764
---	--------------

Amounts reported in the Statement of Net Assets
are different because:

Notes payable are not due and payable in the current period and therefore are not reported in the governmental funds financial statements	(7,506,542)
---	-------------

Certain debt-related items are expensed at the fund level but are capitalized and amortized over the life of the debt at the government-wide level.	116,398
---	---------

Accrued interest on governmental activities debt is not reported in the governmental funds financial statements until paid.	(10,844)
---	----------

Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds financial statements.	(6,773)
---	---------

NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ 1,614,003
--	---------------------

**TOWN OF LITTLE ELM, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
ECONOMIC DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Revenues:

Taxes	
General sales and use taxes	\$ 965,259
Interest	17,439
Other revenues	77,120
Total revenues	<u>1,059,818</u>

Expenditures:

Current:	
General government	56,077
Economic and physical development	386,666
Debt service:	
Principal	274,273
Interest and other fiscal charges	536,468
Total expenditures	<u>1,253,484</u>

Deficiency of revenues over expenditures	(193,666)
---	-----------

Other financing sources (uses):

Debt service payment - current refunding	(7,611,472)
Issuance of debt - current refunding	7,780,815
Total other financing sources (uses)	<u>169,343</u>

Net change in fund balance	(24,323)
-----------------------------------	----------

Fund balance, beginning of year	<u>9,046,087</u>
Fund balance, end of year	<u>\$ 9,021,764</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, 2012**

Net change in fund balances - governmental funds	\$ (24,323)
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.	1,465
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	7,885,745
Governmental funds reflect proceeds of notes as other financing sources. However, in the government-wide financial statements, the proceeds are reflected as increases in liabilities.	(7,780,815)
Debt issuance costs are expenditures in the fund financial statements when debt is issued, but are amortized over the life of the debt in the government-wide statements.	116,398
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.	(4,592)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 193,878</u></u>

**TOWN OF LITTLE ELM, TEXAS
BALANCE SHEET
COMMUNITY DEVELOPMENT CORPORATION
SEPTEMBER 30, 2012**

ASSETS

Cash and cash equivalents	\$ 1,178,499
Receivables	<u>87,906</u>
Total assets	<u><u>\$ 1,266,405</u></u>

LIABILITIES

Accounts payable and other current liabilities	<u>\$ 175</u>
Total liabilities	<u>175</u>

FUND BALANCES

Spendable	<u>1,266,230</u>
Restricted	
Total fund balances	<u>1,266,230</u>
Total liabilities and fund balances	<u><u>\$ 1,266,405</u></u>

**TOWN OF LITTLE ELM, TEXAS
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
COMMUNITY DEVELOPMENT CORPORATION
SEPTEMBER 30, 2012**

Total fund balance - governmental funds \$ 1,266,230

None

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 1,266,230

**TOWN OF LITTLE ELM, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
COMMUNITY DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Revenues:

Taxes	
General sales and use taxes	\$ 482,629
Interest	13,585
Total revenues	<u>496,214</u>

Expenditures:

Current:	
General government	12,000
Economic and physical development	129,983
Debt service:	
Principal	186,215
Total expenditures	<u>328,198</u>

Net change in fund balance	168,016
-----------------------------------	---------

Fund balance, beginning of year	<u>1,098,214</u>
---------------------------------	------------------

Fund balance, end of year	<u><u>\$ 1,266,230</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, 2012**

Net change in fund balances - governmental funds \$ 168,016

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

None

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 168,016

**TOWN OF LITTLE ELM, TEXAS
BALANCE SHEET
LITTLE ELM REDEVELOPMENT AUTHORITY
SEPTEMBER 30, 2012**

ASSETS

Cash and cash equivalents \$ 35,398

Total assets \$ 35,398

LIABILITIES

Accounts payable and other
current liabilities \$ 527

Due to other governments 48,680

Total liabilities 49,207

FUND BALANCES (DEFICIT)

Spendable
Unassigned (13,809)

Total fund balances (deficit) (13,809)

**Total liabilities
and fund balances (deficit)** \$ 35,398

Total fund balance (deficit) - governmental funds	\$ (13,809)
---	-------------

NET ASSETS (DEFICIT) OF GOVERNMENTAL ACTIVITIES	\$ (13,809)
--	--------------------

**TOWN OF LITTLE ELM, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
LITTLE ELM REDEVELOPMENT AUTHORITY
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Revenues:	
Intergovernmental	\$ 22,417
Interest	556
Total revenues	<u>22,973</u>
Expenditures:	
Current:	
General government	4,761
Total expenditures	<u>4,761</u>
Excess of revenues over expenditures	18,212
Fund balance, beginning of year	<u>(32,021)</u>
Fund balance, end of year	<u>\$ (13,809)</u>

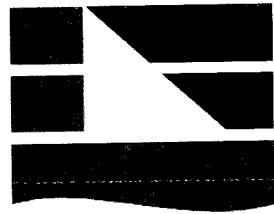
**TOWN OF LITTLE ELM, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
LITTLE ELM REDEVELOPMENT AUTHORITY
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Net change in fund balances - governmental funds	\$ 18,212
--	-----------

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

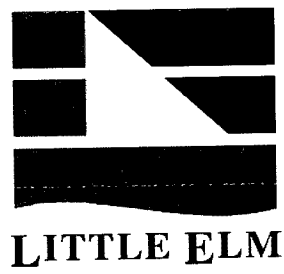
None

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 18,212</u></u>
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LITTLE ELM

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.

Contents

Table #s

Financial Trends

A-1 to A-4

These tables contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity

B1 to B5

These tables contain information to help the reader assess the Town's two most significant local revenue sources, the property and sales taxes.

Debt Capacity

C1 to C5

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.

Economic and Demographic Information

D1 to D2

These tables offer economic and demographic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information

E1 to E3

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.

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 ASSETS BY COMPONENT
LAST NINE FISCAL YEARS (UNAUDITED)
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities			
Invested in capital assets, net of related debt	\$ 18,434,495	\$ 11,459,359	\$ 17,666,776
Restricted	581,765	2,531,729	2,531,729
Unrestricted	5,859,985	6,027,986	3,287,263
Total governmental activities net assets ^a	<u>\$ 24,876,245</u>	<u>\$ 20,019,074</u>	<u>\$ 23,485,768</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 13,229,275	\$ 5,892,867	\$ 8,246,435
Restricted	-	3,832,517	4,421,129
Unrestricted	-	5,430,243	5,129,690
Total business-type activities net assets	<u>\$ 13,229,275</u>	<u>\$ 15,155,627</u>	<u>\$ 17,797,254</u>
Primary government			
Invested in capital assets, net of related debt	\$ 31,663,770	\$ 17,352,226	\$ 25,913,211
Restricted	581,765	6,364,246	6,952,858
Unrestricted	5,859,985	11,458,229	8,416,953
Total primary governmental net assets	<u>\$ 38,105,520</u>	<u>\$ 35,174,701</u>	<u>\$ 41,283,022</u>

Source: Comprehensive Annual Financial Report

Notes: ^a Accrual-basis financial information for the town as a whole is only available back to 2004, the year GASB Statement 34 was implemented.

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

TABLE A-1

Fiscal Year					
<u>2007</u>	<u>2008^b</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 19,470,253	\$ 34,946,833	\$ 42,980,036	\$ 47,903,977	\$ 50,204,248	\$ 52,815,876
2,714,442	2,020,133	456,110	2,111,443	2,752,458	4,171,809
5,599,224	7,104,984	5,297,621	2,902,375	5,760,237	8,639,473
<u>\$ 27,783,919</u>	<u>\$ 44,071,950</u>	<u>\$ 48,733,767</u>	<u>\$ 52,917,795</u>	<u>\$ 58,716,943</u>	<u>\$ 65,627,158</u>
\$ 10,616,127	\$ 11,108,371	\$ 12,953,757	\$ 17,697,671	\$ 18,965,595	\$ 23,568,624
4,026,887	3,739,824	6,226,635	3,020,299	3,420,742	2,678,605
5,120,843	5,409,835	2,624,238	3,233,394	4,738,358	3,395,564
<u>\$ 19,763,857</u>	<u>\$ 20,258,030</u>	<u>\$ 21,804,630</u>	<u>\$ 23,951,364</u>	<u>\$ 27,124,695</u>	<u>\$ 29,642,793</u>
\$ 30,086,380	\$ 46,055,204	\$ 55,933,793	\$ 65,601,648	\$ 69,169,843	\$ 76,384,500
6,741,329	5,759,957	6,682,745	5,273,739	6,173,200	6,850,414
10,720,067	12,514,819	7,921,859	5,993,772	10,498,595	12,035,037
<u>\$ 47,547,776</u>	<u>\$ 64,329,980</u>	<u>\$ 70,538,397</u>	<u>\$ 76,869,159</u>	<u>\$ 85,841,638</u>	<u>\$ 95,269,951</u>

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

	Fiscal Year		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenses			
Governmental activities:			
General government	\$ 1,002,901	\$ 1,746,332	\$ 2,046,546
Public safety	2,534,609	3,817,912	3,904,491
Public works	1,533,972	2,870,899	3,652,686
Culture and recreation	432,751	815,792	811,641
Community services	568,348	612,772	658,666
Interest on long-term debt	704,666	260,137	235,890
Total governmental activities expenses	<u>\$ 6,777,247</u>	<u>\$ 10,123,844</u>	<u>\$ 11,309,920</u>
Business-type activities:			
Water and sewer	\$ 4,160,706	\$ 4,645,710	\$ 4,616,233
Solid waste	-	-	-
Total business-type activities expenses	<u>4,160,706</u>	<u>4,645,710</u>	<u>4,616,233</u>
Total primary government expenses	<u>\$ 10,937,953</u>	<u>\$ 14,769,554</u>	<u>\$ 15,926,153</u>
Program Revenues			
Governmental activities:			
Charges for Services:			
General government	\$ 265,761	\$ 461,562	\$ 679,877
Public safety	144,158	412,446	793,118
Public works	49,279	215,455	185,928
Culture and recreation	48,245	38,205	49,412
Community services	2,548,099	456,953	498,279
Operating grants and contributions	198,653	14,951	27,540
Capital grants and contributions	-	4,708,563	4,141,707
Total governmental activities program revenues	<u>\$ 3,254,195</u>	<u>\$ 6,308,135</u>	<u>\$ 6,375,861</u>
Business-type activities:			
Charges for services:			
Water and sewer	\$ 3,741,867	\$ 4,429,192	\$ 5,218,473
Solid waste	-	-	-
Operating grants and contributions	-	55,299	-
Capital grants and contributions	-	1,514,799	741,816
Total business-type activities program revenues	<u>\$ 3,741,867</u>	<u>\$ 5,999,290</u>	<u>\$ 5,960,289</u>
Total primary government program revenues	<u>\$ 6,996,062</u>	<u>\$ 12,307,425</u>	<u>\$ 12,336,150</u>

TABLE A-2 (CONTINUED)

Fiscal Year					
<u>2007^b</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 1,165,132	\$ 1,880,759	\$ 2,286,941	\$ 2,540,722	\$ 2,464,445	\$ 2,576,483
4,735,242	5,756,355	6,431,906	1,530,292	7,190,910	8,002,813
3,334,704	4,155,141	3,990,855	8,839,262	4,435,870	5,344,115
1,033,235	1,091,693	1,358,796	2,853,899	1,483,761	1,674,950
1,231,869	937,464	1,086,952	1,346,593	1,364,740	1,238,188
217,332	908,921	1,058,944	1,385,300	1,715,179	1,655,901
<u>\$ 11,717,514</u>	<u>\$ 14,730,333</u>	<u>\$ 16,214,394</u>	<u>\$ 18,496,068</u>	<u>\$ 18,654,905</u>	<u>\$ 20,492,450</u>
\$ 4,641,202	\$ 6,474,575	\$ 6,817,172	\$ 6,763,043	\$ 6,950,429	\$ 8,576,299
-	-	1,827,534	1,641,111	1,465,030	1,542,812
<u>4,641,202</u>	<u>6,474,575</u>	<u>8,644,706</u>	<u>8,404,154</u>	<u>8,415,459</u>	<u>10,119,111</u>
<u>\$ 16,358,716</u>	<u>\$ 21,204,908</u>	<u>\$ 24,859,100</u>	<u>\$ 26,900,222</u>	<u>\$ 27,070,364</u>	<u>\$ 30,611,561</u>
\$ 472,491	\$ 2,268,637	\$ 413,046	\$ 139,313	\$ 168,475	\$ 203,194
883,435	898,538	576,564	854,090	1,049,754	1,316,490
129,384	1,264,387	-	29,398	37,297	36,968
47,779	-	43,395	55,853	115,981	229,245
288,518	-	1,028,110	1,386,646	1,620,331	3,067,120
149,774	304,349	182,174	308,121	220,617	296,234
2,478,539	8,360	4,398,954	4,705,395	4,767,318	5,072,076
<u>\$ 4,449,920</u>	<u>\$ 4,744,271</u>	<u>\$ 6,642,243</u>	<u>\$ 7,478,816</u>	<u>\$ 7,979,773</u>	<u>\$ 10,221,327</u>
\$ 4,385,488	\$ 6,694,244	\$ 8,565,303	\$ 8,755,653	\$ 9,743,392	\$ 10,088,464
-	-	1,845,096	1,965,611	1,645,533	1,758,790
1,900,735	-	-	-	-	-
<u>\$ 6,286,223</u>	<u>\$ 6,694,244</u>	<u>\$ 10,410,399</u>	<u>\$ 10,721,264</u>	<u>\$ 11,862,347</u>	<u>\$ 14,229,824</u>
<u>\$ 10,736,143</u>	<u>\$ 11,438,515</u>	<u>\$ 17,052,642</u>	<u>\$ 18,200,080</u>	<u>\$ 19,842,120</u>	<u>\$ 24,451,151</u>

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

	Fiscal Year		
	2004	2005	2006
Net (Expenses) Revenue			
Governmental activities	\$ (3,523,052)	\$ (3,815,709)	\$ (4,934,060)
Business-type activities	(418,839)	1,353,580	1,344,056
Total primary government net expenses	<u>\$ (3,941,891)</u>	<u>\$ (2,462,129)</u>	<u>\$ (3,590,004)</u>
 General Revenues and other Changes in Net Assets			
Governmental activities:			
Taxes:			
Property taxes	\$ 3,082,183	\$ 4,842,770	\$ 5,154,268
Sales & Other taxes	508,695	1,992,412	1,735,286
Penalties and interest	21,792	44,256	50,504
Unrestricted investment earnings	79,314	213,359	388,712
Gains on sale of assets	-	-	78,482
Developer contributions	12,252,588	-	-
Impact Fees	993,346	-	-
Miscellaneous	275,569	85,503	100,660
Transfers	(358,824)	210,932	263,260
Total governmental activities	<u>\$ 16,854,663</u>	<u>\$ 7,389,232</u>	<u>\$ 7,771,172</u>
Business-type activities:			
Taxes	\$ -	\$ -	\$ -
Unrestricted investment earnings	90,823	77,650	144,682
Gains on sale of assets	-	-	-
Miscellaneous	136,522	-	-
Developer contributions	7,008,101	-	-
Transfers	358,824	(210,932)	(263,260)
Total business-type activities	<u>\$ 7,594,270</u>	<u>\$ (133,282)</u>	<u>\$ (118,578)</u>
Total primary government	<u>\$ 24,448,933</u>	<u>\$ 7,255,950</u>	<u>\$ 7,652,594</u>
 Change in Net Assets			
Governmental activities	\$ 13,331,611	\$ 3,573,523	\$ 2,837,112
Business-type activities	7,175,431	1,220,298	1,225,478
Total primary government	<u>\$ 20,507,042</u>	<u>\$ 4,793,821</u>	<u>\$ 4,062,590</u>

Source: Comprehensive Annual Financial Report

Notes: ^a Accrual-basis financial information for the town as a whole is only available back to 2004, the year GASB Statement 34 was implemented.

^b General Revenue classifications modified.

TABLE A-2 (CONCLUDED)

Fiscal Year					
<u>2007^b</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ (7,267,594)	\$ (9,986,062)	\$ (9,572,151)	\$ (11,017,252)	\$ (10,675,132)	\$ (10,271,123)
1,645,021	219,669	1,765,693	2,317,110	3,446,888	4,110,713
\$ (5,622,573)	\$ (9,766,393)	\$ (7,806,458)	\$ (8,700,142)	\$ (7,228,244)	\$ (6,160,410)
\$ 5,790,305	\$ 7,563,027	\$ 8,828,874	\$ 9,668,429	\$ 10,195,279	\$ 10,662,787
3,310,322	3,199,197	2,904,368	3,221,191	3,438,665	4,039,591
-	-	-	-	-	-
367,476	539,838	334,206	388,935	271,988	199,751
(7,805)	-	-	31,158	-	-
-	-	-	-	-	-
-	-	-	-	-	-
94,695	1,614,934	1,148,956	561,919	1,329,395	464,013
367,145	897,379	1,017,564	1,329,648	1,238,953	1,815,196
\$ 9,922,138	\$ 13,814,375	\$ 14,233,968	\$ 15,201,280	\$ 16,474,280	\$ 17,181,338
\$ -	\$ -	\$ -	\$ -	\$ 56,342	\$ 82,977
204,514	288,977	455,159	333,428	150,655	139,604
9,694	-	-	-	-	-
-	596,409	307,312	566,639	758,399	-
-	-	-	-	-	-
(367,145)	(867,379)	(981,564)	(1,070,443)	(1,238,953)	(1,815,196)
\$ (152,937)	\$ 18,007	\$ (219,093)	\$ (170,376)	\$ (273,557)	\$ (1,592,615)
\$ 9,769,201	\$ 13,832,382	\$ 14,014,875	\$ 15,030,904	\$ 16,200,723	\$ 15,588,723
\$ 2,654,544	\$ 3,828,313	\$ 4,661,817	\$ 4,184,028	\$ 5,799,148	\$ 6,910,215
1,492,084	237,676	1,546,600	2,146,734	3,173,331	2,518,098
\$ 4,146,628	\$ 4,065,989	\$ 6,208,417	\$ 6,330,762	\$ 8,972,479	\$ 9,428,313

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

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund				
Reserved ^a	\$ 5,398,701	\$ -	\$ 2,545,432	\$ 2,552,744
Nonspendable ^a				
Restricted				
Committed				
Assigned				
Unassigned				
Unreserved, designated for				
Unbudgeted expenditures	-	-	-	-
Unreserved, undesignated	1,205,621	5,859,985	2,328,596	3,283,945
Total general fund	<u>\$ 6,604,322</u>	<u>\$ 5,859,985</u>	<u>\$ 4,874,028</u>	<u>\$ 5,836,689</u>
All Other				
Governmental				
Funds				
Reserved for:				
Debt service	123,578	100,743	-	10,363
Nonspendable ^a				
Restricted				
Committed				
Assigned				
Unassigned				
Unreserved, reported in:				
Special revenue funds	430,112	481,022	662,364	1,131,265
Debt service	-	-	-	-
Capital projects funds	-	-	2,996,670	10,111,140
Total all other governmental funds	<u>\$ 553,690</u>	<u>\$ 581,765</u>	<u>\$ 3,659,034</u>	<u>\$ 11,252,768</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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011^b</u>	<u>2012</u>
\$ 2,793,187	\$ 2,020,133	\$ 26,117	\$ 35,410	\$ -	\$ -
				48,944	56,704
					221,155
				3,326,289	-
				1,519,500	693,600
				943,210	6,130,718
-	-	1,153,325	1,662,286		
3,356,355	5,398,287	3,086,147	3,309,224		
\$ 6,149,542	\$ 7,418,420	\$ 4,265,589	\$ 5,006,920	\$ 5,837,943	\$ 7,102,177
76,933	-	-	-	-	-
					150
				14,255,397	4,346,848
				702,364	1,273,852
				-	-
				(42,361)	-
1,447,159	227,961	759,750	544,399	-	-
-	218,843	226,226	301,863	-	-
7,855,095	5,614,493	19,196,982	25,980,408	-	-
\$ 9,379,187	\$ 6,061,297	\$ 20,182,958	\$ 26,826,670	\$ 14,915,400	\$ 5,620,850

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

	Fiscal Year			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
REVENUES				
Property taxes, penalties and interest	\$ 1,088,300	\$ 1,820,583	\$ 2,493,573	\$ 2,962,576
Sales tax	386,513	627,316	1,308,251	1,667,422
Franchise and other taxes	214,757	461,843	508,695	614,367
Licenses and permits	1,484,869	1,661,194	1,579,673	1,926,686
Charges for services	273,838	442,001	554,173	1,232,031
Impact fees	-	-	-	-
Fines and forfeitures	168,687	174,174	265,761	250,796
Intergovernmental revenue and grants	140,649	177,221	198,652	342,532
Contributions	-	-	-	-
Interest earnings	118,661	90,247	79,314	243,196
Other revenue	234,182	356,936	199,413	177,674
Total revenues	<u>4,110,456</u>	<u>5,811,515</u>	<u>7,187,505</u>	<u>9,417,280</u>
EXPENDITURES				
General government	620,458	630,234	679,693	1,302,788
Public safety	1,509,973	2,069,348	2,459,182	2,902,564
Public works	528,279	777,881	1,220,266	2,304,509
Culture and recreation	157,025	241,350	369,049	479,282
Community services	167,277	230,654	561,531	363,251
Capital outlay	1,738,340	2,767,840	2,564,167	3,749,115
Debt service				
Principal retirement	214,061	217,074	450,804	464,655
Interest and fiscal charges	296,660	358,749	533,777	445,811
Total expenditures	<u>5,232,073</u>	<u>7,293,130</u>	<u>8,838,469</u>	<u>12,011,975</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,121,617)</u>	<u>(1,481,615)</u>	<u>(1,650,964)</u>	<u>(2,594,695)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from bonds	2,500,000	-	300,000	3,914,080
Proceeds from sale of capital assets	-	-	-	-
Proceeds from capital lease obligation	-	-	-	-
Developer fees and contributions	542,275	1,392,217	993,526	944,595
Premium on bonds issued	-	-	-	-
Operating transfer from component units	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfer from other funds	-	183,170	459,350	299,672
Transfer to other funds	(250,950)	-	(818,174)	(472,343)
Total other financing sources (uses)	<u>2,791,325</u>	<u>1,575,387</u>	<u>934,702</u>	<u>4,686,004</u>
NET CHANGE IN FUND BALANCES	<u>\$ 1,669,708</u>	<u>\$ 93,772</u>	<u>\$ (716,262)</u>	<u>\$ 2,091,309</u>
Debt service as a percentage of noncapital expenditures	14.6%	12.7%	15.7%	11.0%

Source: Comprehensive Annual Financial Report

TABLE A-4

Fiscal Year						
2006	2007	2008	2009	2010	2011	2012
\$ 3,952,201	\$ 5,644,249	\$ 7,678,109	\$ 8,717,659	\$ 9,613,969	\$ 10,246,572	\$ 10,459,636
1,554,438	1,751,857	1,814,759	1,787,109	1,959,630	2,125,984	2,369,358
868,904	971,299	1,395,846	1,117,259	1,261,561	1,312,681	1,670,233
2,065,029	1,542,637	1,264,387	966,645	1,419,336	1,629,588	2,386,244
1,504,403	1,905,967	2,268,637	535,005	598,873	662,181	1,227,622
-	-	-	-	-	-	1,555,857
698,938	622,940	898,538	288,748	526,084	698,289	628,399
618,983	323,297	312,709	4,702,445	4,887,144	4,219,559	2,996,983
-	-	-	-	-	-	5,500
729,047	951,392	539,838	361,633	388,935	271,988	199,751
513,296	300,864	266,466	1,108,938	812,000	1,153,103	1,312,349
12,505,239	14,014,502	16,439,289	19,585,441	21,467,532	22,319,945	24,811,932
1,694,438	2,067,815	2,410,803	2,160,346	2,321,233	2,317,911	\$ 2,501,809
3,684,917	4,827,076	5,527,997	6,041,672	6,455,094	6,865,071	7,577,815
2,359,076	2,763,980	3,530,078	1,447,644	2,123,823	2,658,522	1,766,131
670,386	891,579	951,798	1,230,166	1,322,676	1,307,687	1,533,497
442,312	176,853	-	1,062,917	1,278,090	1,364,740	1,261,237
7,236,375	6,424,139	5,686,126	6,593,015	8,041,519	16,817,298	17,189,209
955,245	863,504	1,132,700	1,185,222	1,489,211	1,537,070	1,671,146
683,790	943,950	921,717	874,526	1,514,543	1,770,846	1,609,606
17,726,539	18,958,896	20,161,219	20,595,508	24,546,189	34,639,145	35,110,450
(5,221,300)	(4,944,394)	(3,721,930)	(1,010,067)	(3,078,657)	(12,319,200)	(10,298,518)
12,136,709	-	-	12,500,000	9,353,007	-	3,885,000
-	-	-	-	-	-	-
-	178,905	342,168	-	-	-	386,487
1,389,369	2,758,921	1,240,467	-	-	-	-
-	-	-	-	-	-	180,716
-	-	30,000	-	-	-	-
-	-	-	-	-	-	(3,999,197)
796,918	931,123	1,837,105	3,127,865	1,535,132	4,160,575	3,523,887
(545,301)	(485,283)	(969,725)	(2,110,301)	(424,439)	(2,921,622)	(1,708,691)
13,777,695	3,383,666	2,480,015	13,517,564	10,463,700	1,238,953	2,268,202
\$ 8,556,395	\$ (1,560,728)	\$ (1,241,915)	\$ 12,507,497	\$ 7,385,043	\$ (11,080,247)	\$ (8,030,316)
15.6%	14.4%	14.2%	14.7%	18.2%	18.6%	18.2%

**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		
2003	\$ 417,145,722	\$ 12,600,204	\$ 21,197,478	\$ 408,548,448	\$ 0.43380
2004	662,839,264	8,973,042	65,932,546	605,879,760	0.39980
2005	829,864,748	19,728,820	62,170,135	787,423,433	0.35750
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

Source: Town of Little Elm Documents
Denton County Appraisal District

TOWN OF LITTLE ELM, TEXAS

TABLE B-2

**DIRECT AND OVERLAPPING PROPERTY TAX RATES (PER \$100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS (UNAUDITED)**

Fiscal Year	City Direct Rates			Overlapping Rates		Total Direct and Overlapping Rates
	Operating Rate	Debt Service Rate	Total City Rate	Little Elm Independent School District	Denton County	
2003	\$ 0.28848	\$ 0.14532	\$ 0.43380	\$ 1.71120	\$ 0.24897	\$ 2.39397
2004	0.29250	0.10730	0.39980	1.73000	0.24717	2.37697
2005	0.28740	0.07010	0.35750	1.82000	0.25480	2.43230
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	2.48233

Source: Town, Denton County and ISD