

**MEETING  
Town of Little Elm  
100 W Eldorado Parkway  
Little Elm, Texas 75068-5060**

**214-975-0404  
<http://www.littleelmtx.us>**

**Special Meeting**

**Tuesday, September 13, 2016 - 6:00 PM  
Town Council Chambers  
100 West Eldorado Parkway  
Little Elm, TX 75068**

1. Roll Call/Call to Order Special Meeting.
2. Pledge to the Flags:
  - A. United States Flag
  - B. Texas Flag:  
Honor the Texas Flag I pledge allegiance to thee Texas,  
One state under God, one and indivisible.
3. Discussion and Action to ratify the property tax revenue increase reflected in the annual budget for the Fiscal Year 2016-2017; beginning October 1, 2016 ending September 30, 2017. (Chief Financial Officer Karla Stovall) 3
4. Discussion and Action to adopt Ordinance No. 1350 an Ordinance of the Town of Little Elm, Texas, adopting a budget and appropriating resources for Fiscal Year 2016-2017, beginning October 1, 2016 and ending September 30, 2017; in accordance with existing statutory requirements; repealing all conflicting ordinances; containing a severability clause; and providing for an effective date. (Chief Financial Officer Karla Stovall) 5
5. Discussion and Action to adopt Ordinance No. 1351 an Ordinance fixing a Tax Rate and Levy for the Town of Little Elm, Texas, for the purpose of paying the current expenses of the Town for the Fiscal Year ending September 30, 2017, and further purpose of creating a Sinking Fund to retire the Principal And Interest of the Bond Indebtedness of the Town; providing for a Lien on all Real and Personal Property to secure payment of tax due thereon; containing a severability clause; repealing all ordinances and part thereof in conflict herewith; and providing for an effective date. (Chief Financial Officer Karla Stovall) 31

6. Discussion and Action to approve Resolution No. 09131601 a Resolution of the Town Council of the Town of Little Elm, Texas, approving certain Tax Increment Reinvestment Zone Number 3 Project Expenditures; providing a severability clause; and providing an effective date. (Chief Financial Officer Karla Stovall) 35
7. Presentation: Annual SPAN presentation. (Deputy Town Manager Doug Peach) 38
8. Adjourn meeting.

**Pursuant to the Texas Open Meeting Act, (Chapter 551, Texas Government Code), one or more of the above items will be taken or conducted in open session following the conclusion of the executive closed session.**

Persons with disabilities who plan to attend this meeting and who may need auxiliary aide of service such as interpreters for the hearing impaired, reader or large print are requested to contact the secretary at 214-975-0404 two days prior to the meeting so appropriate arrangements can be made. **BRILLE IS NOT PROVIDED.**

Respectfully,

Town Secretary

**This is to certify that the above notice was posted on the bulletin board at the Town Hall Center this 9th day of September 2016.**

**Finance Department**

Karla Stovall, Chief Financial Officer

Phone: 214-975-0415

kstovall@littleelm.org

## **TOWN COUNCIL REGULAR AGENDA**

Date September 13, 2016

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### **PROJECT**

Consideration, discussion, and possible action on ratifying the property tax revenue increase reflected in the annual budget for the Fiscal Year 2016-2017; beginning October 1, 2016 ending September 30, 2017.

### **BACKGROUND**

Local Government Code Section 102.007, subsection (C) states that "Adoption of a budget that will require raising more revenue from property taxes than in the previous year requires a separate vote of the governing body to ratify the property tax increase reflected in the budget. A vote under this subsection is in addition to and separate from the vote to adopt the budget or a vote to set the tax rate required by Chapter 26, Tax Code or other law."

The proposed 2016-2017 budget will require raising more revenue from property taxes than in the previous year, and therefore requires a separate vote of the Town Council to ratify the property tax increase reflected in the budget.

### **RECOMMENDED ACTION**

Ratification of the property tax increase reflected in the annual budget for FY2016-2017.

### **ATTACHMENTS**

Notice of 2016 Tax Year Proposed Property Tax Rate

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# NOTICE OF 2016 TAX YEAR PROPOSED PROPERTY TAX RATE FOR TOWN OF LITTLE ELM

A tax rate of \$0.661687 per \$100 valuation has been proposed by the governing body of TOWN OF LITTLE ELM. This rate exceeds the lower of the effective or rollback tax rate, and state law requires that two public hearings be held by the governing body before adopting the proposed tax rate.

The governing body of TOWN OF LITTLE ELM proposes to use revenue attributable to the tax rate increase for the purpose of providing Police, Fire, Street Maintenance and Parks Maintenance services.

PROPOSED TAX RATE	\$0.661687 per \$100
PRECEDING YEAR'S TAX RATE	\$0.661687 per \$100
EFFECTIVE TAX RATE	\$0.601849 per \$100
ROLLBACK TAX RATE	\$0.634601 per \$100

The effective tax rate is the total tax rate needed to raise the same amount of property tax revenue for TOWN OF LITTLE ELM from the same properties in both the 2015 tax year and the 2016 tax year.

The rollback tax rate is the highest tax rate that TOWN OF LITTLE ELM may adopt before voters are entitled to petition for an election to limit the rate that may be approved to the rollback rate.

YOUR TAXES OWED UNDER ANY OF THE ABOVE RATES CAN BE CALCULATED AS FOLLOWS:

$$\text{property tax amount} = (\text{rate}) \times (\text{taxable value of your property}) / 100$$

For assistance or detailed information about tax calculations, please contact:

Michelle French  
Denton County Tax Assessor-Collector  
1505 E McKinney Street Denton, TX 76209  
940-349-3500  
michelle.french@dentoncounty.com  
tax.dentoncounty.com

You are urged to attend and express your views at the following public hearings on proposed tax rate:

First Hearing: 08/16/2016 6:00 PM at Little Elm Town Hall Council Chambers 100 W Eldorado Parkway Little Elm, Tx 75068

Second Hearing: 09/06/2016 6:00 PM at Little Elm Town Hall Council Chambers 100 W Eldorado Parkway Little Elm, Tx 75068

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**Finance Department**

Karla Stovall, Chief Financial Officer

Phone: 214-975-0415

kstovall@littleelm.org

## **TOWN COUNCIL REGULAR AGENDA**

Date September 13, 2016

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### **PROJECT**

Consideration, discussion and possible action on approval of Ordinance No. 1350 of the Town of Little Elm, Texas, adopting a budget and appropriating resources for Fiscal Year 2016-2017; beginning October 1, 2016 ending September 30, 2017; in accordance with existing statutory requirements; repealing all conflicting ordinances; containing a severability clause; and providing for an effective date.

### **BACKGROUND**

The purpose of this agenda item is to comply with Local Government Code and the Town Charter requirements for budget adoption. The Proposed Budget has been placed on file with the Town Secretary in addition to being placed on the Town's website for public inspection. A Notice of Budget Hearing was published in the Denton Chronicle.

The proposed budget was discussed at Council Workshop dated August 9<sup>th</sup> and filed with the Town Secretary 30 days before adoption dated scheduled for September 13, 2016. Two public hearings were provided for citizens to address Town Council regarding the proposed tax rate.

### **RECOMMENDED ACTION**

Approval of Fiscal Year 2016-2017 budget

### **ATTACHMENTS**

- Ordinance
- Budget Executive Summary
- Town - Wide Fund Summary

## **ORDINANCE NO. 1350**

AN ORDINANCE OF THE TOWN OF LITTLE ELM, TEXAS, ADOPTING A BUDGET AND APPROPRIATING RESOURCES FOR FISCAL YEAR 2016-2017, BEGINNING OCTOBER 1, 2016 AND ENDING SEPTEMBER 30, 2017; IN ACCORDANCE WITH EXISTING STATUTORY REQUIREMENTS; REPEALING ALL CONFLICTING ORDINANCES; CONTAINING A SEVERABILITY CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE.

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**WHEREAS**, the Town Manager and staff have prepared and filed with the Town Secretary a proposed budget for the operation of the Town during Fiscal Year 2016-2017; and

**WHEREAS**, the Town Manager of the Town of Little Elm has submitted to the Mayor and Council a proposed budget of the revenues and expenditures/expenses of conducting the affairs of said town and providing a complete financial plan for Fiscal Year beginning October 1, 2016 and ending September 30, 2017; and,

**WHEREAS**, the Town Council on September 6, 2016 conducted a public hearing to receive input from citizens of the Town concerning the content of the budget, and for which notices were duly posted in the *Denton Chronicle*; and

**WHEREAS**, the Town has acknowledged that this budget will raise more total property taxes than last year's budget by \$2,496,260 or 16%, and of that amount \$743,587 is tax revenue to be raised from new property added to the tax roll this year; and

**WHEREAS**, the Town Council having considered the proposed budget at length, and having provided input in its preparation, has determined that the proposed budget and the revenues and expenditures contained therein are in the best interest of the Town and, therefore, the Council desires to approve and adopt the budget by formal action.

**NOW THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF LITTLE ELM, DENTON COUNTY, TEXAS, THAT:**

**Section 1.** The proposed budget for the fiscal year beginning October 1, 2016 and ending September 30, 2017, as submitted to the Town Council by the Town Manager, which budget is attached hereto as Exhibit "A," for all purposes is hereby approved and adopted as the Town's budget of all revenue and expenditures/expenses of the Town of Little Elm, Texas for Fiscal Year 2016-2017; and

**Section 2.** The sum of sixty four million, two hundred and fifty seven thousand, seven hundred and forty eight U.S. Dollars (\$64,257,748) is hereby appropriated for the Town's FY2016-2017 Budget. Further, these funds are for payment of operating, capital, and debt

service expenses associated with the operation and administration of the Town, according to the various purposes and intents described in the FY 2016-2017 budget document.

**Section 3.** Should any paragraph, sentence, subdivision, clause, phrase or section of this Ordinance be adjudged or held to be unconstitutional, illegal, or invalid, the same shall not affect the validity of this Ordinance, as a whole or any part or provision thereof, other than the part or parts adjudged to be invalid, illegal, or unconstitutional.

**Section 4.** This Ordinance shall be in full force and effect from and after its adoption by the Town Council, pursuant to applicable State and local laws and the Town Charter.

**Section 5.** All other ordinances and Code provisions that are in conflict herewith are hereby repealed, but only to the extent of any such conflict or inconsistency.

**Section 6.** The Town Council of the Town of Little Elm, Texas met in a public meeting on September 13, 2016, and adopted this ordinance with a majority vote as follows:

Mayor David Hillock	YEA ____	NAY ____	ABSTAIN ____	ABSENT ____
Mayor ProTem Michael McClellan	YEA ____	NAY ____	ABSTAIN ____	ABSENT ____
Council Member James Dominy	YEA ____	NAY ____	ABSTAIN ____	ABSENT ____
Council Member Stephanie Shoemaker	YEA ____	NAY ____	ABSTAIN ____	ABSENT ____
Council Member Chip Norman	YEA ____	NAY ____	ABSTAIN ____	ABSENT ____
Council Member Neil Blais	YEA ____	NAY ____	ABSTAIN ____	ABSENT ____
Council Member Nick Musteen	YEA ____	NAY ____	ABSTAIN ____	ABSENT ____

READ and ADOPTED on the 13<sup>th</sup> day of September 2016.

APPROVED:

\_\_\_\_\_  
David Hillock, Mayor

ATTEST:

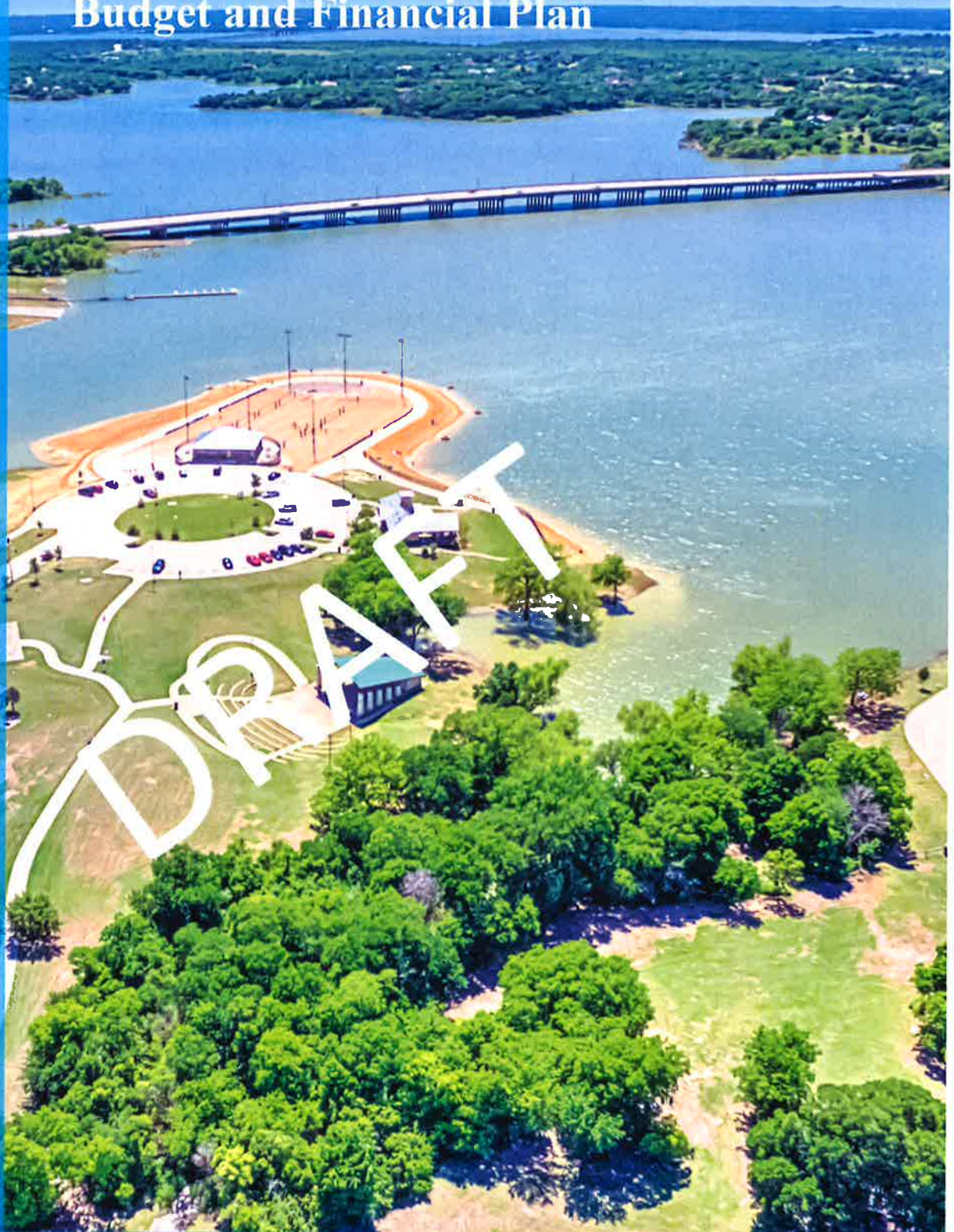
\_\_\_\_\_  
Kathy Phillips, Town Secretary



# Town of Little Elm, TX

2017-2021

Budget and Financial Plan



LITTLE ELM

“The Town with a Lake Attitude”





**TOWN OF LITTLE ELM  
TOWN WIDE FUND SUMMARY  
FY2016-2017**

This budget will raise more revenue from property taxes than last year's budget by an amount of \$2,496,260, which is a 16 percent increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$743,587.

**TOWN COUNCIL RECORD VOTE**

The members of the governing body voted on the adoption of the budget as follows:

FOR:

AGAINST:

PRESENT AND NOT VOTING:

NOT PRESENT DURING VOTING:

ABSENT:

<b>TAX RATE</b>	<b>ADOPTED FY2015-2016</b>	<b>PROPOSED FY2016-2017</b>
Property Tax Rate	\$0.661687	\$0.661687
Effective Rate	\$0.604459	\$0.601849
Effective M&O Rate	\$0.433373	\$0.433931
Rollback Tax Rate	\$0.661687	\$0.634601
Debt Rate	\$0.193257	\$0.165956

The total amount of municipal debt obligation secured by property taxes for the Town of Little Elm is \$82,760,000

## **Introduction**

A municipal budget is more than a book of numbers. The budget is also a tool for prioritization, communication, and allocation of resources that go toward the implementation of programs, projects and services that fit the needs of a community's residents and businesses. It is the duty of those who are fortunate enough to serve the citizens of Little Elm to operate in a transparent, efficient, and ethical manner and the budget is also a tool that allows us to do just that.

## **Budget Philosophy**

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 revenue 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.

Town staff develops the operating and capital budgets so that strategic goals and long-term objectives defined in the Town Council adopted Strategic Plan are achieved. This strategic plan, which was approved in 2013 and updated in 2015, sets the vision and charts the course for the community and it is staff's job to move in that direction through budgeting and project implementation.

The internal value system at the Town of Little Elm stems from the philosophy of Servant Leadership and the belief that as public employees, all actions stem from the obligation to put the needs of the citizen first and dedicate our decision making and actions to the ideal that Town employees exist to serve the public. This is further emphasized in the organizational values of Efficiency, Innovation, Customer Service, and Integrity. These values are the foundation of the organization and are the bedrock on which the departmental budgets are built.

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 a 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, and keep fund balances and reserves at a healthy level.

## **Multi-Year Approach**

For the past few years, Town staff has been working towards a multi-year approach to budgeting. Our goal has been to successfully present a five-year balanced budget (technically a one-year budget and a 4 year financial plan) to the Council for consideration. The purpose of the approach



is to ensure that we are providing sustainable services in Little Elm's high growth environment. This is particularly important as we begin expanding services on highway 380 to account for the new residents moving to the area.

The time has come to begin adding and increasing services in the northern part of the community and the five year budget looks at the cost of those services and the revenues that will be coming due to the growth. A multi-year plan is very helpful since the expenses for these services are in the very near future, yet the revenues will be delayed as the area grows and new taxable values are added to the tax rolls.

Two budget cycles ago, staff implemented the beginnings of a five year budget and last year, basic operational expenses were projected out through a five year period. This "step-by-step-approach" has allowed for significant planning regarding long term growth, revenue and staffing projections, and project planning. This year's budget contains not only a balanced FY 2017, but balanced budgets for fiscal years 2018, 2019, 2020, and 2021 as well.

This does not mean that we will not need to re-visit the budget each year. All of the growth and constant change in the area conditions can certainly change our assumptions and forecasts therefore the annual budget process will occur every year. However, this multi-year approach lets us see how the spending decisions of today will impact the budget in the future.

### **Town Wide Budget Overview**

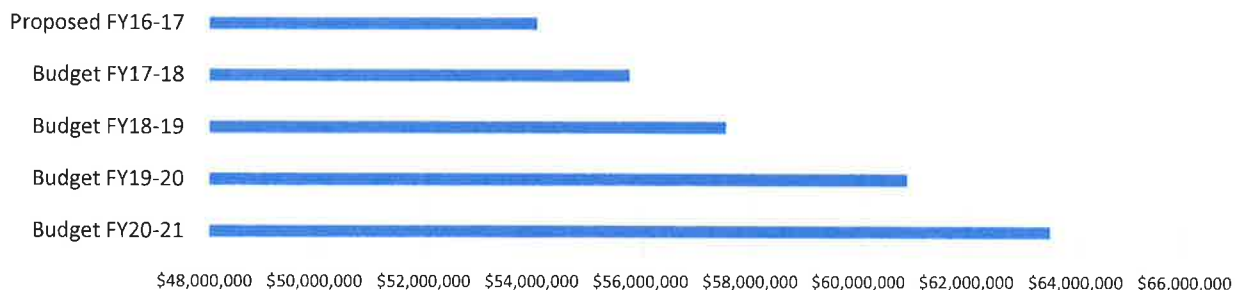
The total Fiscal Year 2017 budget, including all funds and transfers, is \$64,257,748 compared to \$60,119,466 originally budgeted and \$62,767,527 amended in 2016. The budget of all operating funds will increase by \$4,138,282, or 7% over fiscal year 2016. Fiscal Year 2017 total expenditures are greater than the total revenues within the Town Wide budget by \$9,002,063. The Capital Project fund and Street Impact fund have budgeted expenditures of \$10,204,315 of which \$9,458,315 is their available beginning fund balance being spent on projects. The following matrix reflects changes in sources and uses of all funds by category (town wide):

<b>Uses of Funds</b>	<b>2016-2017</b>	<b>Uses of Funds</b>	<b>2015-2016</b>	<b>% of Total</b>	<b>Change Year Over Year</b>	<b>% Change</b>
Operations	\$38,697,705	Operations	\$34,846,592	58.0%	\$3,851,113	11%
Debt	9,007,353	Debt	7,078,339	11.8%	1,929,014	27%
Capital Equipment	2,011,620	Capital Equipment	1,515,006	2.5%	496,614	33%
Capital projects	10,204,315	Capital projects	12,476,233	20.7%	(2,271,918)	-18%
Transfers out	4,336,755	Transfers out	4,203,296	7.0%	133,459	3%
<b>Total Uses</b>	<b>\$64,257,748</b>	<b>Total Uses</b>	<b>\$60,119,466</b>	<b>100.0%</b>	<b>\$4,138,282</b>	<b>7%</b>



During the five year budget period, the town wide budget (excluding CIP and Impact funds) is expected to grow as represented by the chart below.

#### FIVE YEAR TOWN WIDE EXPENDITURES BUDGET



#### Revenue

The Town of Little Elm's primary source of revenue for operations is property tax. This year, \$18,047,794 has been budgeted for all property tax collections including delinquents, penalties and for payments to the tax increment financing zones and municipal management district. This year's levy (property tax revenue) at \$.661687 per \$100 of taxable value and is a \$2,152,792 or 14% increase over last year. Sales tax revenue is also expected to grow. The total amount of sales tax (\$.015) budgeted for FY16-17 is \$4,687,650 which is a \$397,650 or 9.3% increase over last year. The sales tax revenue reported includes revenue receipts and contractual payments attributable to 380 economic development and performance agreements where the sales tax has been previously pledged.

Other major sources of revenue come from rates, fees and charges. These sources are for services rendered and user fees charged such as ambulance, alarm monitoring, municipal court, recreational use fees and utility related services. This category is estimated for FY 2017 at \$18,575,284 and represents about 34% of the Town's funding of operations. The increase in rates, fees and charges over 2016 is \$563,374 or about 4%. The increase is attributable to growth and adopted increase in the Town's utility rates in addition to new revenue from the Parks and Recreations operations and growth in the Solid Waste services. For the fiscal year 2017, a total of \$13,617,010 has been budgeted for utility sales and other charges for services. Of this amount, \$7,280,000 comes from water sales, \$5,330,000 comes from sewer, and \$1,007,010 comes from other charges, fees, wholesale contracts and interest earnings.

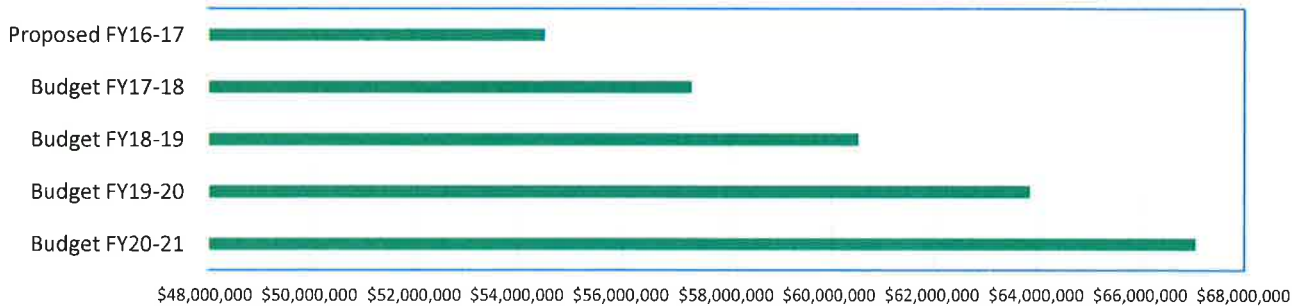
Transfers between operating and capital funds are part of the total sources of funds and are \$4.3 million. This number reflects one time transfers for infrastructure improvements and reimbursement of in-kind services across funds. The licenses and permits revenue of \$3,073,290 includes projected revenues of \$2,600,000 in building permits. The remaining revenue is attributable other types of permitting and registrations required by development services. The

License and Permit revenue will increase about 6% or \$166,120 in FY17. Total Revenue from all sources is broken down in the following chart:

Sources of Funds	2016-2017	Sources of Funds	2015-2016	% of Total	Change Year Over Year	% Change
Property taxes	\$18,047,794	Property taxes	\$15,895,002	29.7%	\$2,152,792	14%
Other taxes	6,988,613	Other taxes	6,643,645	12.41%	344,968	5%
Permits and license	3,073,290	Permits and license	2,907,170	5.43%	166,120	6%
Rates, Fees and charges	18,575,284	Rates, Fees and Charges	18,011,910	33.65%	563,374	3%
Other governments	2,369,357	Intergovernmental	4,444,201	8.30%	(2,074,844)	-47%
Miscellaneous	1,864,592	Miscellaneous	1,422,160	2.66%	442,432	31%
Transfers in	4,336,755	Transfers in	4,203,296	7.85%	133,459	3%
<b>Total Sources</b>	<b>\$55,255,685</b>	<b>Total Sources</b>	<b>\$53,527,384</b>	<b>100.00%</b>	<b>\$1,728,301</b>	<b>3%</b>

The five year revenue total revenue projections (less the CIP transfers and Impact Funds) for the Town of Little Elm are as follows:

#### FIVE YEAR TOWN WIDE REVENUE BUDGET



#### Property Values and Tax

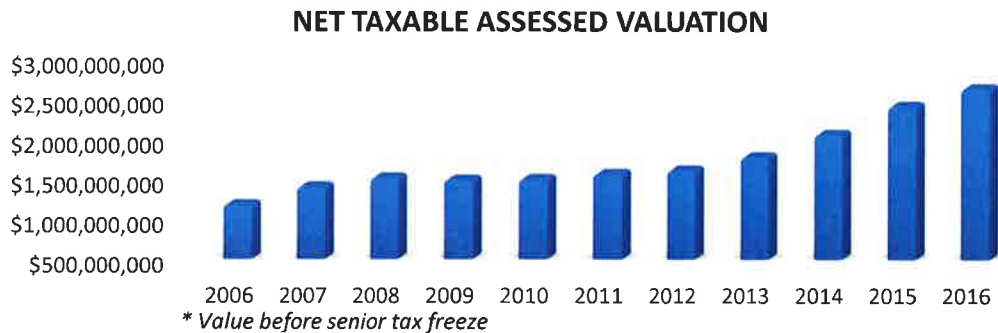
According to the Denton County Central Appraisal District (DCAD), the preliminary taxable value (as of 07/24/2016) before the senior tax ceiling is estimated with appraisal review board under review totals included is \$2.6 billion. This value is 9% or \$226 million more than the 2015 certified taxable value. Of this increase, \$112 million is attributable to new taxable values added to the tax roll which includes improvements and personal property. The increase is also attributable to areas to the north that were previously classified by the appraisal district as exempt agriculture land. The exempt status was changed and the properties were placed on the tax roll. This becomes very important because when calculating the rollback rate and the effective tax rate, new taxable





values are deducted from the calculation. Properties that change their exempt status are not considered new taxable value and in essence lower the effective and rollback tax rates.

The following graph reflects historical growth in taxable property values including the current year (2016) certified value:



### Proposed Tax Rate

During the early planning stages of the budget, it has been the goal to keep the tax rate the same in order to adequately fund the needs of a rapidly growing community and build capacity to implement future capital improvement needs. Last year, in FY16 the Town reduced its tax rate to \$.661687.

Maintaining the current tax rate prepares the Town for its future obligations and adheres to the Town's long and short term operational plan. The anticipated increase in the tax levy for both operations and debt service commitments is expected to be about \$2,593,081, an increase of about 16% in tax revenue over last year's amended levy. Of the total tax rate, \$0.495731 is dedicated to general operations and maintenance (O&M) in the General Fund, and \$0.165956 is dedicated to general obligation debt service. The following graph is a historical picture of the Town's tax rate history for operations and debt service:

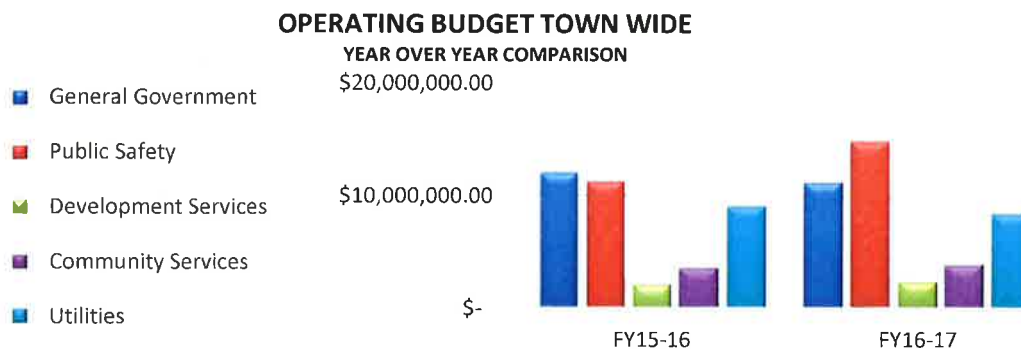


The average single family home value is currently \$229,614 compared to \$205,132 last year. At the proposed property tax rate of \$.661687, the Town tax paid on the average single family home will be \$1,519. For comparison purposes, a single family home valued at \$100,000 will pay \$661.69. The tax bill for senior citizens 65 years of age and older are frozen in the year that they are eligible for the senior citizen tax bill freeze. The following table is a history of the Town's Property tax levy and collections:

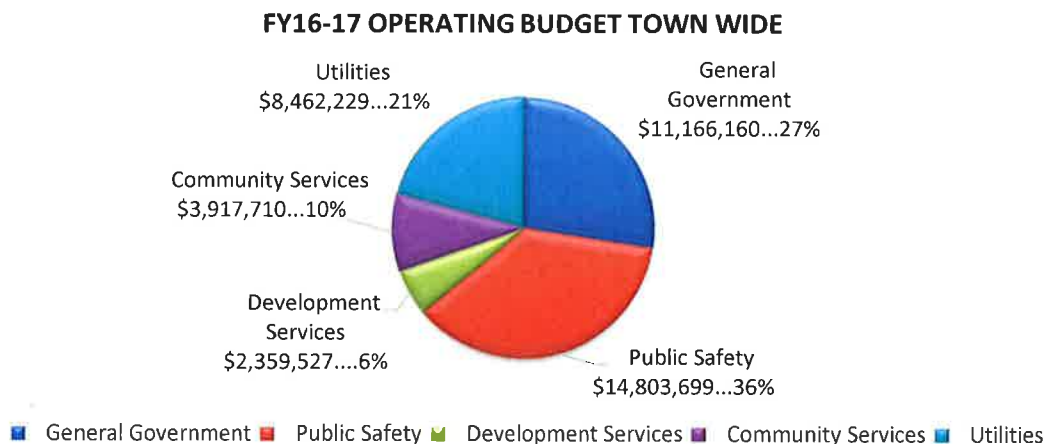
<b>TAX LEVY AND COLLECTION HISTORY:</b>						
<b>Tax Year</b>	<b>For Fiscal Year</b>	<b>Net Taxable Assessed Valuation</b>	<b>Tax Rate</b>	<b>Adjusted Tax Levy</b>	<b>Collected</b>	<b>% Collected</b>
2010	10-11	1,504,837,667	0.66523	9,913,611	10,246,572	99.45%
2011	11-12	1,571,713,483	0.66496	10,358,921	10,279,526	99.23%
2012	12-13	1,615,536,605	0.66497	10,742,850	10,666,899	99.29%
2013	13-14	1,782,118,392	0.66497	11,743,646	11,697,892	99.61%
2014	14-15	2,067,257,335	0.66497	13,640,759	13,563,240	99.43%
2015	15-16	2,421,160,195	0.661687	15,849,294	15,763,815	99.46%
2016	16-17	2,647,651,724	.661687	18,328,083	n/a	n/a

## Operating Expenditures

The operating budget is a combination of all costs to do business except for capital improvement projects (CIP), impact funds, transfers and debt service payments. The total of the combined operating budgets for the 2017 budget is \$40,709,325 compared with \$38,094,096 originally budgeted in FY 2016. This is an increase of \$2,615,229, or 7%. Operating costs are broken down in the following chart for the Town's core operating funds comparing this year to last year:



The following charts reflect the percentage cost of operations by operational function of the Town:



The major increase in operational costs over last year's adopted budget are as follows:

- Compensation and Benefits Increase \$528,800
- Additional Personnel (Includes positions added mid FY16) \$1,586,457
- Cost of Water from North Texas \$243,765
- TMRS Increase (Includes new positions) \$349,760

### One Time Expenses

The significant one-time expenses that have been placed in the budget for the proposed and future years are as follows:

#### Parks and Recreation

- Tiller Attachment, FY17 \$6,000
- Pronovost Tiller, FY19 \$13,000
- Toro Workman, FY17 \$22,000
- Beach Tech Sweep (CDC), FY17 \$22,000
- Softball Nets (CDC), FY17 \$20,000
- Rec Center Table and Chairs, FY17 \$4,000

#### Public Safety

- ASP Batons, FY17 \$6,863
- Body Camera Grant Match, FY17 \$7,943
- CID Body Cameras, FY17 \$3,580
- Citizens on Patrol Vehicle, FY17 \$30,000



• Detective Narcotic Vehicle, FY17	\$26,000
• SWAT Body Armor Update, FY18	\$23,500
• Taser Program, FY17	\$13,680
• Communication Equipment for Safety Boat, FY17	\$5,000
• Vehicles for New Officers (3), FY17	\$165,591
• Motorcycle for New Traffic Officer, FY18	\$41,000
• Vehicle for New Detective, FY19	\$47,980
• Vehicles for New Officers (2), FY19	\$116,000
• Vehicles for New Officers (2), FY21	\$120,000

#### Information Technology

• Library Virtual Desktop System, FY17	\$57,985
• Network Tester, FY17	\$10,195
• Toughbook Replacements, FY17	\$43,100

#### Financial Services

• Annexation Analysis, FY17	\$25,000
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#### Significant Capital Improvements – General Purpose

*(Many of these projects cover many years, so they may not be limited to one fiscal year's budget)*

- Recreation Center Expansion - \$5,800,000
- Fire Station 3 - \$5,700,000
- Lakefront Trail Project \$3,200,000
- FM 423 East Trail Project - \$425,000
- Hart's Branch Trail - \$2,500,000
- Brent Trail - \$441,000
- Dickson Road and Hill Lane - \$ 809,000 plus Utility \$934,000
- McCord Park Phase 1 - \$3,200,000
- McCord Park Phase 2 - undetermined

#### Fund Balance and Reserve

There are multiple areas of reserves built into the budget. By ordinance, the Town is required to maintain a 25% General Fund Balance. For FY17, this amount is approximately \$7.3 million. The total amount of reserve that exists in the FY17 is actually closer to 28.4%, but there is a planned draw down of fund balance over the five year budget in order to meet growing service demands as



well as maintain the 25% required reserve. Revenues to pay for services are typically delayed due to the timing of growth and the new growth showing up on the tax rolls. This means that while the expenses for new growth are immediate, the revenues follow a few years later. The need for the planned use of fund balance minimizes in future years when the revenue from growth in the northern part of the community begins to be realized.

The utility fund predicts a working capital reserve of \$4.8 million which is approximately 30% of the revenue received or 109 days of working capital. Over the next couple years of the five year plan the excess working capital fund balance has been allocated for the payment of capital outlay and one-time maintenance infrastructure costs. The Utility Fund has a single revenue source, therefore it is rate sensitive. Every effort is made to keep rate increases at a minimum and evenly spread throughout the five year planning horizon.

There is also a Council contingency amount of \$400,000 that has been placed in the budget to address projects or priorities if they are needed.

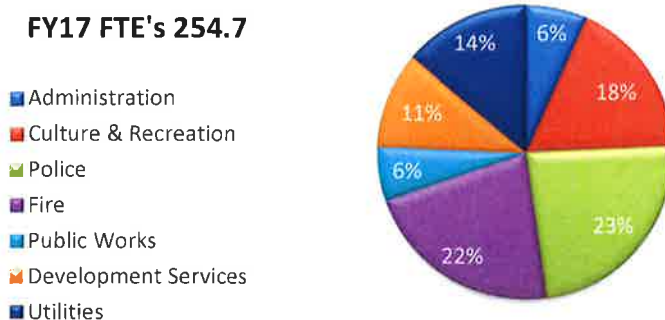
### **Vehicle Equipment Replacement Fund (VERF)**

Three years ago, the Vehicle Equipment Replacement Fund (VERF) was established. Annual payments are made by 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 2017 budget is \$1,051,428.

In order to maximize the life of Police vehicles to save maintenance costs and reduce replacement funding, staff will be working within the VERF to increase the number of Police units in the fleet. The goal will be for each officer to be assigned one vehicle rather than one vehicle assigned to multiple officers. This will require the addition of 12 vehicles and will occur over the next few budget cycles.

### **Employees**

The total number of budgeted employees or FTE's (Full-time equivalents) is 254.7 for a salary cost of \$13 million (includes proposed new positions) in FY17. With benefits the total is approximately \$19.8 million. The following chart is a break-out by service area across the Town:





We will be experiencing cost increases in personnel due to an increasing cost of insurance premiums, TMRS, new employees, and a one-step pay increase. The new employees include the following:

#### FY17 Positions

- Accountant, Finance
- Building Inspector, Development Services
- Patrol Officers (3), Police Department
- Community Integrity Specialist, Community Integrity
- Sign Flasher Technician, Street
- PT Fitness Desk Attendant (5), Recreation Center

#### FY18 Positions

- Human Resource Specialist, Administrative Services
- Traffic Officer, Police Department
- Firefighter Paramedic (9), Fire

#### FY19 Positions

- Detective, Police Department
- Patrol Officers (2), Police Department
- Small Engine Tech (PT to FT), Fleet
- Craft Technician (PT to FT), Facilities Maintenance
- Operator, Wastewater
- PT Buyer, Finance
- PT Library Assistant, Library

#### FY20 Positions

- Court Clerk, Municipal Court
- Records Clerk (PT to FT), Fleet
- Crew Leader, Street
- Equipment Operator, Parks
- Maintenance Worker (2), Parks

#### FY21 Positions

- Patrol Officers (2), Police Department
- Maintenance Worker, Parks



## Insurance

Little Elm is facing the issue that many employers are facing which is increasing cost to provide insurance. A 10% increase in premium (\$228,500) has been budgeted, but staff is working to reduce this number before renewal.

## TMRS

Texas Municipal Retirement System (“TMRS”), a statewide administered pension plan, is a “cash balance plan” in which members make regular contributions to individual accounts that are matched with employer contributions and supplemented with investment income. TMRS covers 849 cities, and each city can design a benefit plan to meet its needs and cost structure.

The Town provides pension benefits for all of its full-time employees through TMRS. The Town continues to contribute 100% of its annual required contribution (ARC) at an actuarially determined rate and is solid. Both the employees and the Town make contributions monthly. The Town’s TMRS plan is a 2 to 1 matching ratio with a 5 year vesting period. Service eligibility for retirement is age 60 with 5 years of service or any age with 20 years of service.

The Town has updated service credits and COLA all annual repeating. The Town’s 2016 contribution rate is 13.05% with the 2017 rate at 13.61% which is about a 4% increase. The budgetary impact of the TMRS contribution rate and the Town’s estimated wage and compensation budget for 2017 will increase by approximately \$349,760.

The following table reflects the Town’s historical contribution rates:

	2012	2013	2014	2015	2016	2017
Town Contribution Rate	9.90%	10.45%	10.84%	12.95%	13.05%	13.61%
Employee Contribution Rate	7%	7%	7%	7%	7%	7%

## General Fund

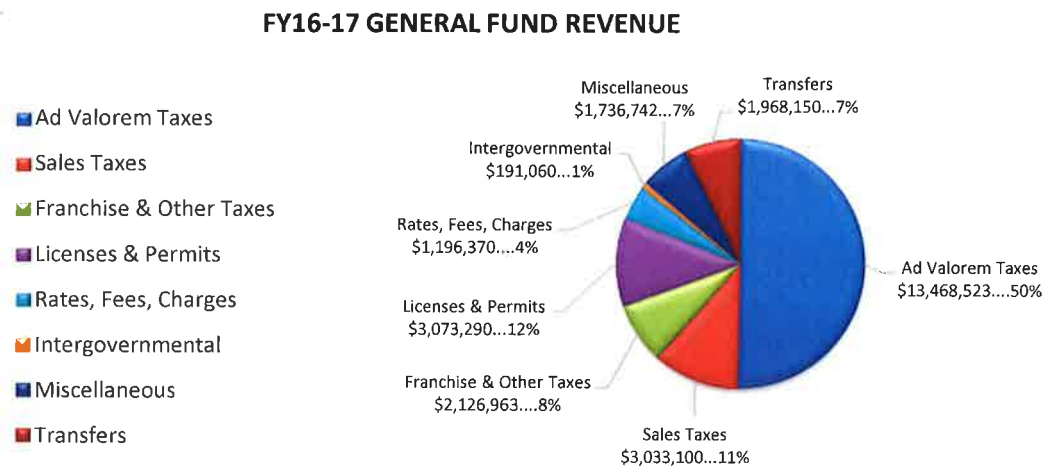
The General Fund is the fund that houses the basic services of municipal government. These services include Police, Fire, Streets, Development Services, Parks and Recreation, Governmental Administration, and all internal services. The total amount of expenditures in this fund is \$26,144,479. Without transfers to the other funds, the amount is \$25,554,479.

General Fund revenues and budgeted transfers are estimated at \$26,794,198 for FY 2016-2017. This is an increase of 12% or \$2,897,941 over FY 2015-2016. The sales tax maximum rate is 8.25% with 1% contributed to the Town of Little Elm’s General Fund. The sales tax is projected



to generate revenue of approximately \$3 million or 6% more than last year's budget. This growth is a result of continued commercial development and population growth in the area.

Revenue from permitting activity continues to provide sustaining support to general purpose operations. Single Family Residential dwelling permitting activity has been estimated at 1,100 new construction permits in 2016. Building permit revenues annually are estimated at \$2.8 million and includes all permit fees for residential, commercial and multi-family. The Town is forecasting new construction permits for residential at 1,100 units in FY 2017. With residential and commercial permitting the anticipated revenue for building permits will be approximately \$2.6 million. The following chart is representative of the revenues supporting general operations.



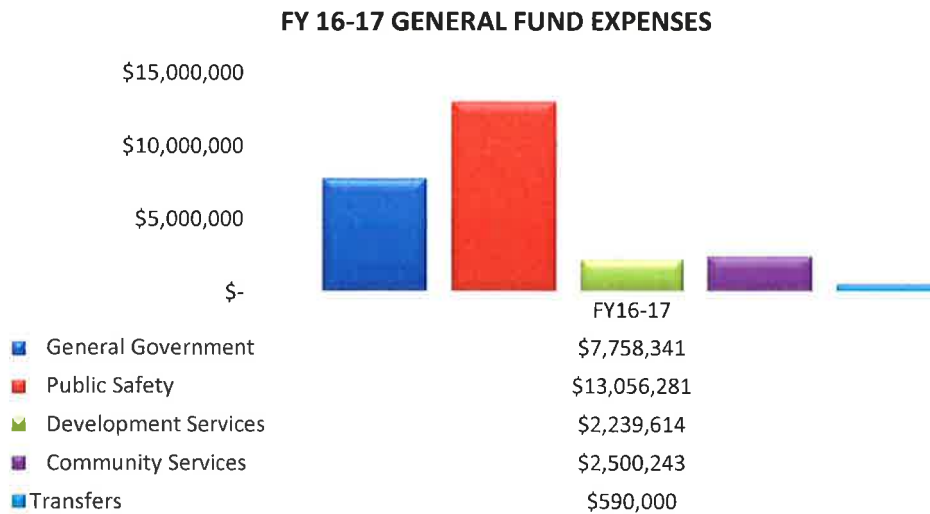
As discussed above, property tax represent about 50% of the total funding sources of the General Fund at \$13.5 million and is approximately \$2 million or 17% more than FY 2015-2016. The growth is from new construction values and appreciation in property values. The transfers into the General Fund represent 7% of total sources of funds and include a payment for General and Administrative services from the Utility Fund.

General Fund operating expenditures total \$25,554,479 before transfers out. With transfers, the total General Fund budget for FY 2016-2017 is \$26,144,479. This budget is a 10% increase or \$2,447,998 more than FY 2015-2016 budget. This budget without transfers is an 11% increase or \$2,619,998 more than FY 2015-2016. A comparison of the General Fund budgeted expenses for FY16-17 and FY15-16 is illustrated in the table below:

General Fund	FY 2015-2016	FY 2016-2017	Difference	Net Effect
Operations	\$22,934,481	\$25,554,479	\$2,619,998	Increase
Transfers	\$762,000	\$590,000	(\$172,000)	Decrease
Total	\$23,696,481	\$26,144,479	\$2,447,998	Increase



The following chart is representative of the expenditures of the General Fund:



Like most municipal organizations, Public Safety makes up the largest cost center of general purpose operations with a combined budget of \$13 million or 50% of the total General Fund Budget. These services include police, fire, and ambulance costs. By category, personnel costs represent about 65% or \$17 million of General Fund operation costs.

The total ending fund balance for the General Fund is projected to be \$7.3 million. This estimated and projected ending fund balance is approximately 28% of operating expenditures (excluding the Recreation Fund transfer which is not applicable in the calculation). The Town's fund balance legal reserve requirement by Town Ordinance is 25% and is equal to approximately \$6.6 million leaving a budgeted amount that will be rolled forward for use in future years while the tax base grows in the northern part of the community.

The Town of Little Elm utilizes a conservative strategy when projecting revenues and expenditures. Revenue and expenditure patterns are closely monitored so that adjustments can be made readily.

### Utility Fund

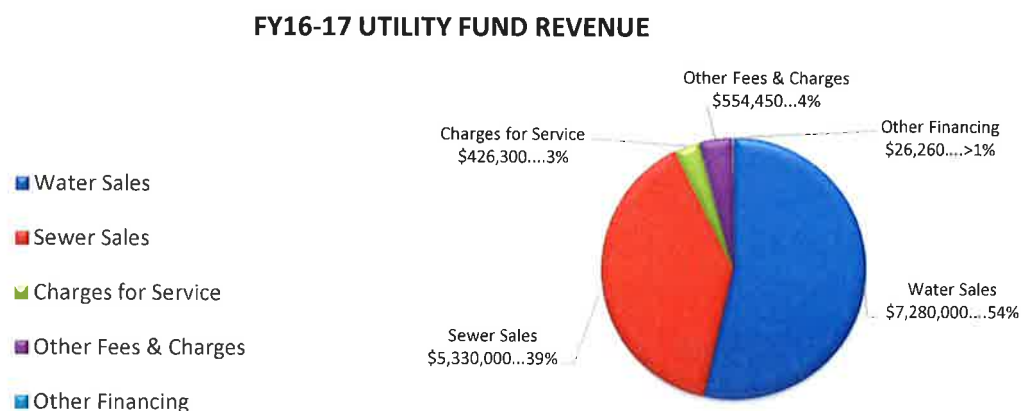
The Water and Sewer Fund ("the utility system") is 100% self-supporting with rates and charges sufficient to cover operating, debt and various scheduled capital outlay purchases and capital infrastructure projects. The Town operates a full service utility with water production and distribution, sewer collection and treatment as well as meter billing and collection. The Water and Sewer Fund operates as a business enterprise and utilizes full accrual accounting. The Water and Sewer Fund segregates and distinguishes water operations and sewer operations and works toward making each operation self-supporting. The FY17 budget for Water and Sewer combined operations includes the 4% increase in water rates and sewer rates approved by Council as part of the four year rate increase adopted last year to support and maintain the system.

The Water and Sewer Fund is expected to begin fiscal year 17 with a \$4,845,734 million working capital balance. The Town's policy initiative to maintain working capital reserves at a minimum of 60 days calculated from the previous year's earnings. The expected ending working capital balance will be in excess of the required reserve at \$4,373,257. The increased working capital balance is attributable to the most recent Utility Bond sale. Within the sale the Council approved a reimbursement resolution of \$1,146,810.

A healthy fund balance is necessary to help fund the future capital projects and one-time maintenance infrastructure costs planned within the five year balanced budget. Fiscal year 17 expenses are greater than revenues as planned capital outlay is spent using working capital fund balance. By strategically drawing from fund balance this will ensure that the water and sewer infrastructure will meet the needs of the Town over time and keep rates from fluctuating. Rate increases have been kept at a minimum and have also been stretched across the five year plan to minimize impact to the customer.

The total Utility Fund revenues from rates, fees and charges are expected to be \$13,560,750 and with miscellaneous revenue of \$56,260 the total revenues of the system are estimated at \$13,617,010. It is expected that revenues from water and sewer sales will be 4.2 % more than the prior year budget due to growth in residential, multi-family and commercial connections to the Town's utility system as well as the water and sewer combined rate increases. The Town does assess and collect water and sewer developer impact fees to help pay the costs of infrastructure associated with new development for both commercial and residential development.

The following chart reflects the sources of revenue supporting the Town's utility system:

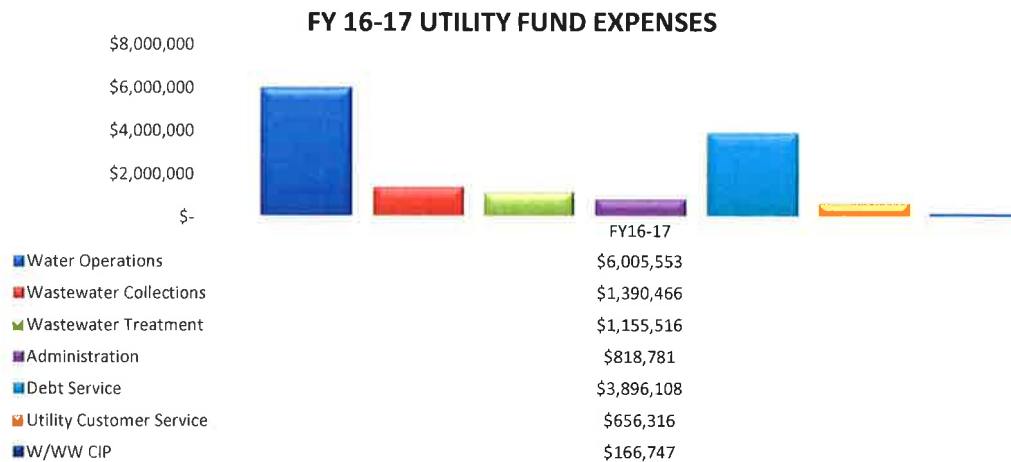


Other fees and charges are related to services performed in the field for new connections as well as penalties and interest on late payments and disconnects. Other financing sources include impact



fees and other developer contributions. The Utility System expenses for operations, debt, transfers, infrastructure improvements and capital items total \$14,089,487.

The following graph reflects the uses of funds in the Town’s utility system:



The budget includes a pass through increase for water purchased through North Texas Municipal Water District (NTMWD). The rate for purchased water increased from \$2.34 to \$2.58 per 1,000 gallons. Wholesale water costs for 2016 were \$2,752,413 while 2017 is projected to be \$3,034,712 or a 10.3% increase. The Water and Sewer Fund will provide funding from reserves for the cost of \$416,750 for capital outlay and maintenance infrastructure projects needed to maintain the integrity of the system.

On May 1, 2016 the Town issued \$7,640,000 Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2016 Bonds. Proceeds from the issuance will be used to pay for improvements and extensions to the Town’s waterworks and sewer system, including acquisition of land and right-of-way. The largest of these infrastructure projects will be the expansion of the waste water treatment plant which is currently under design and is scheduled to begin next year.

### **Solid Waste Fund**

This fund is a business-type fund and is utilized to account for the Town’s solid waste activities (refuse, hazardous waste and recycle materials). The Town contracts for solid waste collection with Community Waste Disposal, Inc. (CWD). The contract with CWD renewed effective January 01, 2016 for a term of 5 years. The last rate adjustment was in January 2016 and provided a freeze to rates for residential solid waste and recycling for the term of the contract. The contract also included a 23.6% reduction in all rates for commercial solid waste services. The residents currently pay \$16.78 for household refuse collection and disposal. The Town’s commercial accounts are billed direct by CWD.



The Town operates its own courtesy disposal site from franchise and user fees generated through this fund. The solid waste fund accounts for the Town's semi-annual clean up events as well as for the cost of disposal of household hazardous waste collection and disposal. The annual contract for waste collection and disposal is estimated at \$1.7 million. With this amount, the FY 2016-2017 budget for the Town's Solid Waste Fund is \$1,820,238 before transfers and is supported with franchise fees, billing and collection fees and sales of service of \$2,389,295.

### **Street Improvement and Maintenance Fund**

The budgeted amount out of the ¼ cent Street Maintenance Fund is \$741,000. The Street Maintenance Fund is budgeted toward neighborhood street repairs and construction annually. The Fund is typically spent down each year with a goal to complete as many street maintenance projects as possible with available resources. In FY17, the \$741,000 is being allocated to the construction of Dickson Lane.

The Town voted a ¼ cent sales tax in May 2013 for the purpose of constructing and maintaining the Town's streets. The Town issues an annual competitive bid for street maintenance and awards the bid for street repairs based on a comprehensive street maintenance inventory grid maintained by the Town's Engineer. The first election was in 2005. Per the state requirements an election will be held in FY17 to continue to fund the ¼ cent sales tax. Street Maintenance Project Inventory is updated annually by Public Works and the Town Engineer; projects are prioritized and placed out to bid and; the bids are value engineered and tailored to the Street Maintenance Sales Tax Budget.

### **Parks and Recreation Fund**

Two years ago, the decision was made to separate the revenue generating functions of the Parks and Recreation Department into a special revenue fund. This allows staff to take more of a business philosophy towards functions such as the Recreation Center, Special Events, and Athletic Programming.

We are continuing to place a great emphasis on Special Events and have planned for growth of Town sponsored events in the FY17 budget. The events that are planned included Autumn Fest, Pumpkin Hollow/Haunted Trail, Christmas, Mardi Gras, Brew & Que, July Jubilee, Lakefront Paddle Fest and a signature beach party (2016's signature event was *Summerbash* which was held in partnership with the Ticket radio station). Currently, the general fund subsidizes the direct cost of special events by approximately \$69,324 per year. This does not include the cost of staff time or overtime from within the fund or from other departments who assist with the events.

We will also be watching this fund and its General Fund subsidy over the next few years. Currently, the fund is subsidized in the amount of \$590,000, a reduction from the transfer in FY16 of \$727,000. However this reduction is a result of utilizing the fund balance. As it is currently



identified, within the five year plan, we anticipate in FY18 for this transfer to increase up to \$775,000 and by 2021 the subsidy will be \$870,000. However, the unknown component of the five year budget is the amount of revenue impact the recreation center expansion. During the next budget planning cycle, staff will have a better idea of what these numbers will be and it will allow staff to rework the long term outlook. The goal is to begin seeing a downward trend in General Fund subsidy transfer to this special revenue fund and maximize cost recovery from revenue generating programs.

### **Streetscape Fund**

The funding for this fund comes from leases the Town has on its tower facilities and funds that are escrowed by developers for landscape and sidewalks. The revenue from the leases total approximately \$121,000 and there is a small amount of \$10,000 for tree mitigation. In addition to tower lease proceeds the fund is supported with a transfer from the Solid Waste Fund for \$391,000 and \$50,000 from CDC. Due to a contractual agreement with the Glen Cove HOA, there will also be revenue of \$25,000 per year for the next six years as they repay their portion of the most recent Neighborhood Integrity Program project which replaced their wall along Eldorado Parkway.

The Streetscape Fund also includes the Town's right-of-way mowing contract with a budgeted allocation of \$300,000. Other budgeted expenses include \$175,000 allocated to Landscape and Signage, and \$130,000 allocated to special projects for Neighborhood Integrity projects and funding to develop a Neighborhood Park Playground Partnership.

The Streetscape Fund will begin the year with a balance of \$49,215 and is proposed to end the fiscal year with a balance of \$40,039.

### **Drainage Fund**

On November 1, 2011, the Town Council adopted Ordinance #1087 implementing the storm water management program. Beginning in January 2012, Little Elm utility customers were assessed a drainage fee as established and determined by Town staff and a consulting team. The purpose of the fee is to provide more effective storm water management throughout Little Elm. It will also help protect Lake Lewisville, the community, private property, and the environment from storm water problems such as pollution, damage to aquatic habitat, creek erosion, and flooding. Storm water system is a network of structures, channels and underground pipes that carry storm water (rain water) to ponds, lakes, streams and rivers. The network consists of both public and private systems. It is an integral part of the storm water management system in the Town that is designed to control the quantity, quality, timing, and distribution of storm runoff. It is not part of the wastewater (sanitary) sewer system, which carries water and waste from drains (sinks, bathtubs, showers, etc.) and toilets to a treatment plant to be treated and filtered. Storm water does not flow to a treatment plant.



The Town's drainage fee is based on a drainage master plan as approved by Town Council and is calculated on impervious service areas. There is a standard square footage assessment for each residential property with commercial based on these areas including concrete parking. Residents pay a base fee of \$3.35 and commercial accounts pay a calculated rate on their impervious area per their equivalent residential units of \$3.35.

The total budget for the Storm Drainage Fund is \$502,751 with the funding of various drainage projects to improve the creeks and channels within the Town.

### **PEG Fund**

This fund was established by Council in FY 2013 to provide funding for the Town's future public access and educational channel. The estimated balance at fiscal year ending September 30, 2016 will be approximately \$125,806. The annual revenue to support the will be approximately \$54,250 for FY2017.

### **Tirz # 3, Lakefront Tax Increment Reinvestment Zone**

The Tirz for the Lakefront District was set up a few years ago to benefit and enhance the development of this unique area in Little Elm. The Town, EDC, CDC, and County all participate in this Tirz with contribution of revenues earmarked for improvements in this area. The funding that is supporting the Tirz is based on the incremental increase of property taxes and sales taxes generated within the boundaries of the Tirz. For the first couple of years, there was very little revenue, but now that many new projects have occurred in the Lakefront District, revenue sufficient enough to begin going towards improvements is beginning to be generated. There have been reoccurring costs for marketing, website administration and transportation budgeted over the five years of the budget, but the money has not completely been allocated so that priority projects can be identified and funded in future years. Partial funding to help build a bathroom/shower facility has been placed in the FY17 in the amount of \$100,000.

### **Debt**

The purpose of this fund is to record property taxes levied and collected for the purpose of paying annual principal and interest payments on debt obligations with a legally binding pledge to repay with a commitment of an annual tax levy against property values certified by the Denton County Appraisal District. There is a proposed property tax rate of \$.661687 cents per \$100 dollars of taxable value levied for FY 2017. The following is a list of all debt obligations:



Bond Series	Obligation	Maturity Date	Callable Date	Principal	Interest	Total Outstanding (09-30-2016)	P&I Due 2016-2017
<b>Primary Government</b>							
2009	General Obligation Bonds	8/1/2029	8/1/2019	7,540,000	2,446,876	9,986,876	750,336
2009A	Combination Tax & Revenue Certificates of Obligation	8/1/2029	8/1/2019	1,885,000	637,715	2,522,715	190,505
2010	General Obligation Refunding and Improvement Bonds	8/1/2030	8/1/2020	7,288,052	2,544,706	9,832,758	734,061
2012	General Obligation Refunding Bonds	8/1/2023	8/1/2021	2,480,000	232,625	2,712,625	438,575
2012A	General Obligation Refunding Bonds	8/1/2027	8/1/2022	2,110,000	273,581	2,383,581	219,099
2013	Certificates of Obligation-CDC	8/1/2033	8/1/2023	5,340,000	1,589,975	6,929,975	406,100
2013A	Certificates of Obligation	8/1/2033	8/1/2023	2,740,000	931,525	3,671,525	215,850
2014	General Obligation Refunding Bonds	8/1/2029	8/1/2024	1,800,000	462,825	2,262,825	176,600
2014	Tax Notes	8/1/2021	8/1/2021	1,550,000	77,084	1,627,084	372,435
2015	Certificates of Obligation	2/1/2036	2/1/2025	9,655,000	3,259,829	12,914,829	762,473
2016	General Obligation Refunding Bonds	8/1/2027	8/1/2027	6,725,000	1,275,799	8,000,799	830,211
<b>Total Debt for Primary Government (Tax Purposes)</b>				<b>\$49,113,052</b>	<b>\$13,732,540</b>	<b>\$ 62,845,592</b>	<b>\$ 5,096,245</b>
<b>Self-Supporting Debt of the Utility</b>							
2008	Combination Tax and Revenue Certificates of Obligation	8/1/2034	8/1/2018	\$ 5,610,000	\$ 2,985,693	\$ 8,595,693	\$ 477,043
2009	Combination Tax and Revenue Certificates of Obligation	8/1/2034	8/1/2018	9,035,000	4,861,425	13,896,425	773,963
2010	General Obligation Refunding and Improvement Bonds	8/1/2030	8/1/2020	981,947	98,094	1,080,041	246,314
2012	Certificates of Obligation	8/1/2027	8/1/2022	4,685,000	637,689	5,322,689	463,376
2012	General Obligation Refunding Bonds	8/1/2024	8/1/2021	2,175,000	275,925	2,450,925	299,950
2013	General Obligation Refunding Bonds	9/1/2025	9/1/2022	2,385,000	294,181	2,679,181	274,206
2014	General Obligation Refunding Bonds	8/1/2029	8/1/2024	2,255,000	573,200	2,828,200	215,825
2016	Certificates of Obligation	8/1/2036	8/1/2026	7,640,000	2,875,199	10,515,199	535,430
<b>Total Self-Supporting Debt (Utility)</b>				<b>\$ 34,766,947</b>	<b>\$ 12,601,406</b>	<b>\$ 47,368,353</b>	<b>\$ 3,286,106</b>
<b>Component Units</b>							
2013	Taxable EDC Refunding Loan	9/15/2031	Variable	6,294,775	1,736,720	8,031,495	535,433
2013	Taxable EDC Loan	9/15/2031	Variable	1,701,520	469,447	2,170,967	144,731
2014	Taxable EDC Loan	9/15/2035	Variable	2,397,176	860,294	3,257,470	176,079
<b>Total Self-Supporting Debt (EDC)</b>				<b>\$ 10,393,471</b>	<b>\$ 3,066,461</b>	<b>\$ 13,459,932</b>	<b>\$ 856,243</b>
<b>Total Debt of all Entities</b>				<b>\$ 94,273,470</b>	<b>\$ 29,400,407</b>	<b>\$ 123,673,877</b>	<b>\$ 9,238,595</b>

## Conclusion

This completes the highlights of the 2016-2017 fiscal year budgets as well as a balanced financial plan through fiscal year 2021. We feel that we have done our best to listen to the directives set forth by the Town Council at the beginning of the budgeting process and met all needs communicated. The Town of Little Elm staff and department heads have put a tremendous amount of effort into building a budget that is conservative and respectful of the taxpayers' resources while still addressing the needs and challenges that are presented by the unprecedented growth the community is experiencing. I am proud that this is a document put together by a team who all had the best interests of the community at heart.

Respectfully submitted,



Matt Mueller

Town Manager



**TOWN OF LITTLE ELM  
TOWN WIDE FUND SUMMARY  
FY2016-2017**



Local Government Code 102.005

This budget will raise more total property taxes than last year's budget by \$2,496,260 or 16%, and of that amount \$ 743,587 is tax revenue to be raised from new property added to the tax roll this year.



COMBINED BUDGET SUMMARY  
AND CHANGES IN FUND BALANCE  
FY 2016-2017  
Proposed Budget

	General			Enterprise		Internal Service		Special Revenue Funds							Governmental																							
	General Fund (112)	Debt Service (312)	Recreation (113)	Utility	Solid Waste (712)	Replacement Funds (590 & 591)	Street Maint. (115)	Special Revenue (200)	Street Scope (202)	PEG (203)	Fees Traffic Safety (205)	Grant Fund (211)	Donation (250)	Foreclosure (412)	Drainage Utility (715)	Street Impact Fund (828)	Capital Projects (871)	Other (810)	CDC Fund (814)	Total Town Wide Budget																		
\$	6,611,280	447,848	468,432	\$	4,845,734	\$	124,886	\$	2,071,832	\$	72,492	\$	142,915	\$	49,215	\$	125,806	\$	96,268	\$	-	\$	25,881	\$	32,720	\$	16,039	\$	1,502,887	\$	7,963,315	\$	48,314	\$	35,432	\$	24,670,254	
13,468,523	4,579,271	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,047,764	
3,033,100	-	-	-	-	-	-	835,275	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	819,275	\$	4,987,850
2,126,963	-	-	-	-	120,000	-	-	-	-	-	54,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,300,963	
3,073,290	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,073,290	
1,196,370	-	589,420	13,560,750	2,268,555	-	-	-	48,750	120,824	-	300,000	-	-	-	8,500	502,115	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,575,284	
191,060	65,000	-	-	-	-	1,254,132	-	3,650	-	-	-	696,375	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,386,357	
1,736,742	15,000	2,500	56,260	740	600	1,500	550	36,000	250	1,000	-	-	150	5,200	500	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,864,592		
1,968,150	596,605	590,000	-	-	-	-	-	441,000	-	-	-	-	-	-	-	-	-	741,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,336,755	
26,794,198	5,255,876	1,161,920	13,617,010	2,389,295	1,254,732	836,775	52,950	597,824	54,250	301,000	696,375	150	13,700	502,615	5,000	741,000	159,140	821,875	55,255,685	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	79,934,939	
\$	33,405,458	\$ 5,703,724	\$ 1,628,352	\$	18,462,744	\$ 2,514,181	\$ 3,326,564	\$ 909,267	\$ 195,885	\$ 647,039	\$ 180,056	\$ 397,268	\$ 696,375	\$ 26,031	\$ 46,420	\$ 518,654	\$ 1,507,887	\$ 8,704,315	\$ 207,454	\$ 857,307	\$	-	\$	25,881	\$	32,720	\$	16,039	\$	1,502,887	\$	7,963,315	\$	48,314	\$	35,432	\$	24,670,254
7,758,341	-	-	-	-	1,820,238	202,180	-	21,250	607,000	100,000	-	-	-	-	-	502,751	1,500,000	8,704,315	154,400	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,370,475
13,056,281	-	-	-	-	-	726,830	-	-	-	-	307,213	696,375	2,000	15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,803,699
2,239,614	-	-	-	-	-	119,913	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,359,527
2,500,243	-	1,302,239	-	-	-	54,628	-	-	-	-	-	-	-	8,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,917,710	
-	-	-	-	8,462,229	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,462,229	
-	5,111,245	-	-	3,996,108	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,007,353	
590,000	-	-	-	1,731,150	566,000	-	741,000	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,336,755	
\$	26,144,479	\$ 5,111,245	\$ 1,302,239	\$	14,089,487	\$ 2,386,238	\$ 1,103,551	\$ 741,000	\$ 31,250	\$ 607,000	\$ 100,000	\$ 307,213	\$ 696,375	\$ 10,500	\$ 15,000	\$ 502,751	\$ 1,500,000	\$ 8,704,315	\$ 154,400	\$ 750,705	\$	-	\$	25,881	\$	32,720	\$	16,039	\$	1,502,887	\$	7,963,315	\$	48,314	\$	35,432	\$	24,670,254
\$	7,260,979	\$ 592,479	\$ 326,113	\$	4,373,257	\$ 127,943	\$ 2,223,013	\$ 168,267	\$ 164,615	\$ 40,039	\$ 80,056	\$ 90,053	\$ -	\$ 15,531	\$ 31,420	\$ 15,903	\$ 7,867	\$ -	\$ 53,054	\$ 108,602	\$	-	\$	25,881	\$	32,720	\$	16,039	\$	1,502,887	\$	7,963,315	\$	48,314	\$	35,432	\$	24,670,254

Total Appropriate Funds

64,257,748

**Finance Department**

Karla Stovall, Chief Financial Officer

Phone: 214-975-0415

kstovall@littleelm.org

## **TOWN COUNCIL REGULAR AGENDA**

Date September 13, 2016

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### **PROJECT**

Consideration, discussion and possible action on approval of Ordinance No 1351 fixing the tax rate and levy for the Town of Little Elm, Texas, for the purpose of paying the current expenses of the Town for the Fiscal Year ending September 30, 2017, and for the further purpose of creating a sinking fund to retire the principle and interest of the bond indebtedness of the City; providing for a lien on all real and personal property to secure payment of taxes due thereon; containing a severability clause; repealing all ordinances and parts thereof in conflict herewith; and providing for an effective date.

### **BACKGROUND**

In accordance with the "Truth in Taxation" laws of the State of Texas, if an entity's proposed tax rate exceeds the effective rate, the entity is required to place a proposal for adoption of budget and tax rate, publish notices and conduct two public hearings.

The Town Council conducted the two required public hearings on August 16, 2016 and September 6, 2016.

S.B 1760 Record Vote required and must be approved by at least 60% of Council.

### **RECOMMENDED ACTION**

Tax Code 26.05 (b) The motion to adopt an ordinance setting a tax rate that exceeds the effective tax rate must be made in the following form:

**"I move that the property tax rate be increased by the adoption of a tax rate of .661687, which is effectively a 9.9 percent increase in the tax rate."**

### **ATTACHMENTS**

- Ordinance

## **ORDINANCE NO. 1351**

AN ORDINANCE FIXING THE TAX RATE AND LEVY FOR THE TOWN OF LITTLE ELM, TEXAS, FOR THE PURPOSE OF PAYING THE CURRENT EXPENSES OF THE TOWN FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2017, AND FOR THE FURTHER PURPOSE OF CREATING A SINKING FUND TO RETIRE THE PRINCIPAL AND INTEREST OF THE BOND INDEBTEDNESS OF THE TOWN; PROVIDING FOR A LIEN ON ALL REAL AND PERSONAL PROPERTY TO SECURE PAYMENT OF TAXES DUE THEREON; CONTAINING A SEVERABILITY CLAUSE; REPEALING ALL ORDINANCES AND PARTS THEREOF IN CONFLICT HERewith; AND PROVIDING FOR AN EFFECTIVE DATE.

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**WHEREAS**, the Town Council of Little Elm, Texas has on this date, by way of separate Ordinance, duly approved and adopted a Budget for the operation for the Town for fiscal year 2016-2017 (FY 2016-2017); and

**WHEREAS**, the aforesaid Ordinance anticipates and requires the levy of an *ad valorem* tax on all taxable property in the Town of Little Elm; and

**WHEREAS**, the Chief Appraiser of Denton County Tax Appraisal District has prepared and certified the appraisal roll for the Town of Little Elm, Texas, that roll being that portion of the approved appraisal roll of the Denton County Tax Appraisal District which lists property taxable by the Town of Little Elm, Texas; and

**WHEREAS**, it is necessary to levy such an *ad valorem* tax at a given rate to generate revenues sufficient to meet the projected expenses of the Town for FY 2016-2017; and

**WHEREAS**, the Town has fully and timely complied with all notice and other requirements relative to the adoption of a tax rate for FY 2016-2017.

**NOW THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF LITTLE ELM, TEXAS, THAT:**

**Section 1.** There is hereby levied for the FY 2016-2017 upon all real property situated within the corporate limits of the Town of Little Elm, Texas, and upon all personal property which was owned within the corporate limits of the Town of Little Elm, Texas, on January 1, 2016, except so much thereof as may be exempt by the Constitution or laws of the State of Texas, a total tax of \$0.661687 on each \$100 of assessed valuation on all taxable property, which total tax herein so levied shall consist and be comprised of the following components:

a) An *ad valorem* tax rate of \$0.495731 on each \$100 of assessed valuation of all taxable property is hereby levied for general Town purposes and

to pay the current operating expenses of the Town of Little Elm, Texas, for the fiscal year ending September 30, 2017, which tax, when collected shall be appropriated to and for the credit of the General Fund of the Town of Little Elm, Texas.

b) An *ad valorem* tax rate of \$0.165956 on each \$100 of assessed valuation of taxable property is hereby levied for the purpose of creating an Interest and Sinking Fund with which to pay the interest and principal of the valid bonded indebtedness, and related fees of the Town of Little Elm, now outstanding and such tax, when collected, shall be appropriated and deposited in and to the credit of the General Debt Service Fund of the Town of Little Elm, Texas, for the fiscal year ending September 30, 2017.

**Section 2.** The Town of Little Elm shall have lien on all taxable property located in the Town of Little Elm to secure the payment of taxes, penalty, and interest, and all costs of collection, assessed and levied hereby.

**Section 3.** Taxes are payable in Little Elm, Texas at the Office of the Tax Assessor Collector of Denton County. The Town shall have available all the rights and remedies provided by law for the enforcement of the collection of taxes levied under this Ordinance.

**Section 4.** The tax roll presented to the Town Council, together with any supplements thereto, are hereby accepted and approved.

**Section 5.** Should any paragraph, sentence, provision, clause, phrase or section of this Ordinance be adjudged or held to be unconstitutional, illegal, or invalid, the same shall not affect the validity of this Ordinance, as a whole or any part or provision thereof, other than the part or parts adjudged to be invalid, illegal, or unconstitutional.

**Section 6.** This ordinance shall be in full force and effect from and after its adoption by the Town Council and publication of its caption as the law and the Town Charter provide in such cases.

**Section 7.** All other ordinances and Code provisions in conflict herewith are hereby repealed, but only to the extent of any such conflict or inconsistency and all other provisions of the Little Elm Town Code not in conflict herewith shall remain in full force and effect.

**Section 8.** The repeal of any ordinance or parts thereof by the enactment of this Ordinance, shall not be construed as abandoning any action now pending under or by virtue of such ordinance; nor shall it have the effect of discontinuing, abating, modifying or altering any penalty accruing or to accrue, nor as affecting any rights of the Town under any section or provision of any ordinances at the time of passage of this Ordinance.

**Section 6.** The Town Council of the Town of Little Elm, Texas met in a public meeting on September 13, 2016, and adopted this ordinance with a majority vote as follows:

Mayor David Hillock	YEA ____	NAY ____	ABSTAIN ____	ABSENT ____
Mayor Pro Tem Michael McClellan	YEA ____	NAY ____	ABSTAIN ____	ABSENT ____
Council Member James Dominy	YEA ____	NAY ____	ABSTAIN ____	ABSENT ____
Council Member Stephanie Shoemaker	YEA ____	NAY ____	ABSTAIN ____	ABSENT ____
Council Member Chip Norman	YEA ____	NAY ____	ABSTAIN ____	ABSENT ____
Council Member Neil Blais	YEA ____	NAY ____	ABSTAIN ____	ABSENT ____
Council Member Nick Musteen	YEA ____	NAY ____	ABSTAIN ____	ABSENT ____

THE TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEARS TAX RATE; AND THE TAX RATE WILL EFFECTIVELY BE RAISED BY 14 PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$61.80

READ and ADOPTED on the 13<sup>th</sup> day of September 2016.

APPROVED:

\_\_\_\_\_  
David Hillock, Mayor

ATTEST:

\_\_\_\_\_  
Kathy Phillips, Town Secretary

**Finance Department**

Karla Stovall, Chief Financial Officer

Phone: 214-975-0415

kstovall@littleelm.org

## **TOWN COUNCIL REGULAR AGENDA**

Date September 13, 2016

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### **PROJECT**

Consideration, discussion and possible action on Resolution No. 09131601 a Resolution of the Town of Little Elm, Texas, approving certain project expenditures; approved by the TIRZ #3 Board of Directors; providing a severability clause; and providing an effective date.

### **BACKGROUND**

The Board of Directors of Reinvestment Zone Number Three, Town of Little Elm, Texas, through the passage of Resolution No. TIRZ # 3 09061601 on September 6, 2016, approved certain expenditures. All project expenditures were authorized expenditures under the Act.

- (1) For the monthly maintenance of a website to promote the Town's Lakefront District, in an amount not to exceed \$12,000;
- (2) To provide a shuttle service within the Town's Lakefront District, in an amount not to exceed \$16,400,
- (3) To purchase banners to promote the Town's Lakefront District, in an amount not to exceed \$26,000,
- (4) Capital project expenditures related to the Little Elm Park Project located within the Town's Lakefront District in an amount not to exceed \$100,000.

### **RECOMMENDED ACTION**

Approval of Resolution 09131601

### **ATTACHMENTS**

- Resolution No. 09131601



**TOWN OF LITTLE ELM, TEXAS**

**RESOLUTION NO. 09131601**

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LITTLE ELM, TEXAS, APPROVING CERTAIN TAX INCREMENT REINVESTMENT ZONE NUMBER THREE PROJECT EXPENDITURES; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the Town of Little Elm, Texas (hereinafter referred to as the “Town”), pursuant to Chapter 311 of the Texas Tax Code, as amended (hereinafter referred to as the “Act”), may designate a geographic area within the Town as a tax increment reinvestment zone if the area satisfies the requirements of the Act; and

**WHEREAS**, on April 15, 2014, pursuant to and as required by the Act, the governing body of the Town (hereinafter referred to as the “Town Council”) approved and adopted by Ordinance No. 1214, a *Final Reinvestment Zone Financing Plan for Tax Increment Reinvestment Zone Number Three, Town of Little Elm, Texas*, and a *Final Project Plan*, for a tax increment reinvestment zone containing approximately 847 acres of property located within the Town of Little Elm, Texas; and

**WHEREAS**, the Board of Directors of Reinvestment Zone Number Three, Town of Little Elm, Texas, through the passage of Resolution No. TIRZ # 3 09061601 on September 6, 2016, approved certain expenditures (1) for the monthly maintenance of a website to promote the Town’s Lakefront District, in an amount not to exceed \$12,000; (2) to provide a shuttle service within the Town’s Lakefront District, in an amount not to exceed \$16,400, and (3) to purchase banners to promote the Town’s Lakefront District, in an amount not to exceed \$26,000, and (4) capital project expenditures related to the Little Elm Park Project located within the Town’s Lakefront District in an amount not to exceed \$100,000; all of which the Board found were authorized expenditures under the Act; and

**WHEREAS**, the Town Council desires to approve and authorize the expenditures approved by the Board of Directors of Reinvestment Zone Number Three, Town of Little Elm, Texas.

**NOW THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF LITTLE ELM, TEXAS:**

**SECTION 1.** The findings set forth above are incorporated into the body of this Resolution as if fully set forth herein.

**SECTION 2.** That the Town Council hereby approves the expenditures approved by the Board of Directors of Reinvestment Zone Number Three, Town of Little Elm, Texas, (1) for the monthly maintenance of a website to promote the Town’s Lakefront District, in an amount not to

exceed \$12,000; (2) to provide a shuttle service within the Town's Lakefront District, in an amount not to exceed \$16,400, and (3) to purchase banners to promote the Town's Lakefront District, in an amount not to exceed \$26,000, and (4) capital project expenditures related to the Little Elm Park Project located within the Town's Lakefront District in an amount not to exceed \$100,000.

**SECTION 3.** That if any section, article paragraph, sentence, clause, phrase or word in this Resolution, or the application thereto to any persons or circumstances, is held invalid or unconstitutional by a Court of competent jurisdiction, such holding shall not affect the validity of the remaining portions of this Resolution; and the Board of Directors hereby declares it would have passed such remaining portions of this Resolution despite such invalidity, which remaining portions shall remain in full force and effect.

**SECTION 4.** That this Resolution shall become effective from and after its date of passage in accordance with law.

**PASSED AND APPROVED BY THE TOWN COUNCIL OF THE TOWN OF LITTLE ELM, TEXAS, THIS THE 13th DAY OF SEPTEMBER, 2016.**

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David Hillock, Mayor

**ATTEST:**

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Kathy Phillips, Town Secretary

**APPROVED AS TO FORM:**

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Robert F. Brown, Town Attorney

# **ANNUAL PRESENTATION ON SPAN (TRANSIT BUDGET)**