

**OFFICIAL NOTICE OF SALE, OFFICIAL BID FORM
and
PRELIMINARY OFFICIAL STATEMENT**



TOWN OF LITTLE ELM, TEXAS

(A Political Subdivision of the State of Texas Located in Denton County, Texas)

\$25,500,000*

**COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF
OBLIGATION, SERIES 2024
(THE "CERTIFICATES")**

**Bids due
Tuesday, July 16, 2024
at
11:00 A.M., Central Time**

*Preliminary, subject to change based on bid structures. See "THE CERTIFICATES - MATURITY SCHEDULE" and "THE CERTIFICATES – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE CERTIFICATES" in the Official Notice of Sale relating to the Certificates.

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This Official Notice of Sale does not alone constitute an invitation for bids but is merely notice of sale of the Certificates defined and described herein. The invitation for bids on the Certificates is being made by means of this Official Notice of Sale, the Official Bid Form and the Preliminary Official Statement.

OFFICIAL NOTICE OF SALE

\$25,500,000*

TOWN OF LITTLE ELM, TEXAS

(A political subdivision of the State of Texas located in Denton County, Texas)

COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024

CERTIFICATES OFFERED FOR SALE AT COMPETITIVE BID: The Town Council (the "Town Council") of the Town of Little Elm, Texas (the "Town" or the "Issuer") is offering for sale at competitive bid its \$25,500,000* Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2024 (the "Certificates").

BIDS BY INTERNET: Interested bidders may, at their option and risk, submit their bid by electronic media, as described below, by 11:00 A.M., Central Time, on Tuesday, July 16, 2024. Bidders submitting a bid by internet shall not be required to submit signed Official Bid Forms prior to the award. Any prospective bidder that intends to submit an electronic bid must submit its electronic bid via the facilities of the i-Deal, LLC Parity System ("PARITY") and should, as a courtesy, register with PARITY by 9:00 A.M., Central Time, on Tuesday, July 16, 2024 indicating their intent to submit a bid by internet.

In the event of a malfunction in the electronic bidding process, bidders may submit their bids by email to mmcliney@samcocapital.com. If there is a malfunction of the electronic bidding process and a bidder submits a bid via email please call 210-832-9760 to notify the Financial Advisor (defined below) of the incoming bid. Any bid received after the scheduled time for their receipt will not be accepted.

The official time for the receipt of bids shall be the time maintained by PARITY. All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale, Official Bid Form and the Preliminary Official Statement. To the extent that any instructions or directions set forth in PARITY conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about the PARITY System, potential bidders may contact PARITY, c/o Ipreo Holdings LLC, 1359 Broadway, New York, New York 10018, 212-849-5021.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Certificates on the terms provided in this Official Notice of Sale, and shall be binding upon the bidder as if made by a signed sealed bid delivered to the Town. The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of PARITY, the use of such facilities being at the sole risk of the prospective bidder.

OPENING OF BIDS: Bids will be opened and publicly read at 11:00 A.M., Central Time, on Tuesday, July 16, 2024, following which the bids will be evaluated by SAMCO Capital Markets, Inc. (the "Financial Advisor") and the Town Council shall provide final approval of the award at a Town Council meeting later that evening. The Mayor of the Town or his representative shall award the Certificates as described in the section entitled "AWARD AND SALE OF THE CERTIFICATES" below.

AWARD AND SALE OF THE CERTIFICATES: By 12:00 P.M., Central Time, on the date set for receipt of bids, the Mayor of the Town or his representative shall award the Certificates to the **low qualified bidder (the "Winning Bidder")**, as described in the section entitled "CONDITIONS OF SALE – Basis of Award" herein subject to final approval of the Town Council which will take action to adopt an ordinance (the "Ordinance") authorizing the issuance and awarding sale of the Certificates or will reject all bids promptly at a scheduled meeting to commence at 6:00 P.M. Central Time on Tuesday, July 16, 2024. The Town reserves the right to reject any or all bids and to waive any irregularities, except time of filing.

*Preliminary, subject to change based on bid structures. See "THE CERTIFICATES – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE CERTIFICATES" herein.

THE CERTIFICATES

DESCRIPTION OF CERTAIN TERMS OF THE CERTIFICATES: The Certificates will be dated August 1, 2024 (the “Dated Date”) with interest to accrue from the Dated Date and be payable initially on February 1, 2025, and semiannually on each August 1 and February 1 thereafter until the earlier of stated maturity or prior redemption. The Certificates will be issued as fully registered Certificates in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository (the “Securities Depository”). Book-entry interests in the Certificates will be made available for purchase in the principal amount of \$5,000 or any integral multiple thereof within a stated maturity. Purchasers of the Certificates (“Beneficial Owners”) will not receive physical delivery of certificates representing their interest in the Certificates purchased. So long as DTC or its nominee is the registered owner of the Certificates, the principal of and interest on the Certificates will be payable by BOKF, NA, Dallas, Texas, as Paying Agent/Registrar, to the Securities Depository, which will in turn remit such principal and interest to its Participants, which will in turn remit such principal and interest to the Beneficial Owners of the Certificates. (See “BOOK-ENTRY-ONLY SYSTEM” in the Preliminary Official Statement.) The Certificates will be stated to mature on February 1 in each of the following years in the following amounts:

MATURITY SCHEDULE (Due February 1)

Stated Maturity	Principal Amount*	Stated Maturity	Principal Amount*
2025	\$ 1,225,000	2035	\$ 1,230,000
2026	795,000	2036	1,300,000
2027	840,000	2037	1,360,000
2028	880,000	2038	1,430,000
2029	920,000	2039	1,500,000
2030	965,000	2040	1,575,000
2031	1,015,000	2041	1,655,000
2032	1,070,000	2042	1,730,000
2033	1,125,000	2043	1,810,000
2034	1,175,000	2044	1,900,000

ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE CERTIFICATES: The Town reserves the right to increase or decrease the principal (maturity) amount of any maturity of the Certificates, including the elimination of a maturity or maturities; provided, however, that the aggregate principal (denominational) amount of the Certificates shall not exceed \$25,500,000*. Notice of any such changes shall be given to the successful bidder as soon as practicable following the notification of award, as described below, and this Notice of Sale may be amended at the sole discretion of the Town to reflect such increase or decrease. The Town will attempt to maintain total per bond underwriter spread when adjusting maturities. No such adjustment will have the effect of altering the basis upon which the best bid is determined. The successful bidder may not withdraw its bid or change the rates bid or any initial reoffering prices as a result of any changes made to the principal (denominational) amounts.

SERIAL CERTIFICATES AND/OR TERM CERTIFICATES: Bidders may provide that all of the Certificates be issued as serial maturities or may provide that any two or more consecutive annual principal amounts be combined into one or more term certificates, not to exceed five term certificates (the “Term Certificates”).

MANDATORY SINKING FUND REDEMPTION: If the Winning Bidder designates principal amounts to be combined into one or more Term Certificates, each such Term Certificate will be subject to mandatory sinking fund redemption commencing on February 1 of the first year which has been combined to form such Term Certificate and continuing on February 1 in each year thereafter until the stated maturity date of that Term Certificate. The amount redeemed in any year will be equal to the principal amount for such year set forth in the table above under the caption “MATURITY SCHEDULE”. Certificates to be redeemed in any year by mandatory sinking fund redemption will be redeemed at par plus accrued interest to the date of redemption and will be selected by lot from among the Certificates then subject to redemption. The Town, at its option, may credit against any mandatory sinking fund redemption requirement Term Certificates of the maturity then subject to redemption which have been purchased and canceled by the Town or have been optionally redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption requirement.

OPTIONAL REDEMPTION: The Town reserves the right, at its option, to redeem the Certificates maturing on or after February 1, 2034, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on February 1, 2033, or any date thereafter, at the redemption price of par plus accrued interest to the date of redemption as further described in the Preliminary Official Statement.

*Preliminary, subject to change. See “THE CERTIFICATES – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE CERTIFICATES”.

SECURITY FOR PAYMENT: The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including the Certificate of Obligation Act of 1971 (Sections 271.041 through 271.064, Texas Local Government Code, as amended), an ordinance (the "Ordinance") to be adopted by the Town Council on July 16, 2024, and the Town's Home Rule Charter and are payable primarily from annual ad valorem taxes levied against all taxable property therein, within the limits prescribed by law, and are further secured by a lien on and limited pledge of the Net Revenues of the Issuer's waterworks and sewer system (the "System") not to exceed \$1,000.

OTHER TERMS AND COVENANTS: Other terms of the Ordinance and the various covenants of the Town contained in the Ordinance are described in the Official Statement, to which reference is made for all purposes.

SUCCESSOR PAYING AGENT/REGISTRAR: The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. In the Ordinance, the Town covenants to provide a Paying Agent/Registrar at all times while the Certificates are outstanding, and any Paying Agent/Registrar selected by the Town shall be a commercial bank or trust company organized under the laws of the United States and any state and duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Certificates. The Paying Agent/Registrar will maintain the Security Register containing the names and addresses of the registered owners of the Certificates.

In the Ordinance, the Town retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the Town, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar, selected at the sole discretion of the Town, shall be qualified as described in the Preliminary Official Statement. Upon a change in the Paying Agent/Registrar for the Certificates, the Town agrees to promptly cause written notice thereof to be sent to each registered owner of the Certificates by United States mail, first-class, postage prepaid.

CONDITIONS OF SALE

TYPES OF BIDS AND INTEREST RATES: The Certificates will be sold in one block on an "All or None" basis, and at a price of not less than their par value, plus accrued interest on the Certificates from the Dated Date of the Certificates to the date of Initial Delivery (defined herein) of the Certificates. **No bid producing a cash premium on the Certificates that results in a dollar price of less than 101% will be considered; provided, however, that any bid is subject to adjustment as described under the caption "ADJUSTMENT OF INITIAL PRINCIPAL AMOUNTS".** Bidders are invited to name the rate(s) of interest to be borne by the Certificates, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/20 of 1% and the net effective interest for the Certificates (calculated in the manner required by Chapter 1204, as amended, Texas Government Code) must not exceed 15%. **The highest rate bid may not exceed the lowest rate bid by more than 200 basis points (or 2% in rate). No limitation is imposed upon bidders as to the number of rates or changes which may be used.** All Certificates of one stated maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered.

BASIS OF AWARD: The sale of the Certificates will be awarded to the bidder making a bid that conforms to the specifications herein (the "Winning Bidder" or "Purchaser") and which produces the lowest True Interest Cost (defined herein) rate to the Town. The "True Interest Cost" rate is that rate which, when used to compute the total present value as of the Dated Date of all debt service payments on the Certificates on the basis of semi-annual compounding, produces an amount equal to the sum of the par value of the Certificates plus the premium bid, (but not interest accrued from the Dated Date to the date of their initial delivery to the Purchaser). In the event of a bidder's error in interest cost rate calculations, the interest rates, and premium, set forth in the Official Bid Form will be considered as the intended bid.

In order to provide the Town with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986, as amended (the "Code") to the date of initial delivery of the Certificates, relating to the excludability of interest on the Certificates from the gross income of their owners, the Purchaser will be required to complete, execute, and deliver to the Town (on or before the date of initial delivery of the Certificates) a certification as to their initial offering prices of the Certificates (the "Issue Price Certificate") substantially in the form and to the effect attached hereto or accompanying this Official Notice of Sale (see "ESTABLISHMENT OF ISSUE PRICE" herein).

ESTABLISHMENT OF ISSUE PRICE:

(a) The Winning Bidder shall assist the Town in establishing the issue price of the Certificates and shall execute and deliver to the Town by the Delivery Date an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public, together with the supporting pricing wires or equivalent communications, such issue price certificate substantially in the form attached hereto, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Winning Bidder, the Town, and Norton Rose Fulbright US LLP, the Town's Bond Counsel (but not to the extent that would preclude the establishment of issue price of the Certificates under applicable federal regulations). All actions to be taken by the Town under this Official Notice of Sale to establish the issue price of the Certificates may be taken on behalf of the Town by the Town's Financial Advisor and any notice or report to be provided to the Town may be provided to the Town's Financial Advisor.

(b) The Town intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Certificates) will apply to the initial sale of the Certificates (the "competitive sale requirements") because:

- (1) the Town shall disseminate this Official Notice of Sale to potential underwriters (defined below) in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;

- (3) the Town may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Town anticipates awarding the sale of the Certificates to the bidder who submits a firm offer to purchase the Certificates at the highest price (or lowest interest cost), as set forth in this Official Notice of Sale.

Any bid submitted pursuant to this Official Notice of Sale shall be considered a firm offer for the purchase of the Certificates, as specified in the bid.

(c) In the event that the competitive sale requirements are not satisfied, the Town shall so advise the Winning Bidder. In such event, the Town intends to treat the initial offering price to the public (defined below) as of the sale date (defined below) of each maturity of the Certificates as the issue price of that maturity (the “hold-the-offering-price rule”). The Town shall promptly advise the Winning Bidder, at or before the time of award of the Certificates, if the competitive sale requirements were not satisfied, in which case the hold-the-offering-price rule shall apply to the Certificates. **Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied and the hold-the-offering-price rule applies.** In the event that the competitive sale requirements are not satisfied, resulting in the application of the hold-the-price rule, the issue price certificate shall be modified as necessary in the reasonable judgment of Bond Counsel and the Town.

(d) By submitting a bid, the Winning Bidder shall (i) confirm that the underwriters have offered or will offer the Certificates to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the Winning Bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Certificates, that the underwriters will neither offer nor sell unsold Certificates of any maturity to which the hold-the-offering-price rule applies to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public.

The Winning Bidder will advise the Town promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public.

(e) The Town acknowledges that, in making the representations set forth above, the Winning Bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Certificates to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a retail or other third-party distribution agreement that was employed in connection with the initial sale of the Certificates to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates, as set forth in the retail or other third-party distribution agreement and the related pricing wires. The Town further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering price rule, if applicable to the Certificates, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail or other third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Certificates.

(f) By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail or other third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail or other third-party distribution agreement, as applicable, to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Winning Bidder and as set forth in the related pricing wires, (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a retail or other third-party distribution agreement to be employed in connection with the initial sale of the Certificates to the public to require each broker-dealer that is a party to such retail or other third-party distribution agreement to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Winning Bidder or the underwriter and as set forth in the related pricing wires.

(g) Sales of any Certificates to any person that is a related party (defined below) to an underwriter shall not constitute sales to the public for purposes of this Official Notice of Sale. Further, for purposes of this section of the Official Notice of Sale entitled “ESTABLISHMENT OF ISSUE PRICE”:

- (1) “public” means any person other than an underwriter or a related party,
- (2) “underwriter” means (A) any person that agrees pursuant to a written contract with the Town (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the public (including a member of a selling group or a party to a retail or other third-party distribution agreement participating in the initial sale of the Certificates to the public),
- (3) a purchaser of any of the Certificates is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (4) “sale date” means the date that the Certificates are awarded by the Town to the Winning Bidder.

ADJUSTMENT OF INITIAL PRINCIPAL AMOUNTS: See “THE CERTIFICATES – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE CERTIFICATES” for a description of the Town’s reservation of the right to increase or decrease the principal (maturity) amount of any maturity of the Certificates, including the elimination of a maturity or maturities.

GOOD FAITH DEPOSIT: A bank cashier's check payable to the order of "Town of Little Elm, Texas" in the amount of \$510,000 which is 2% of the par value of the Certificates (the "Good Faith Deposit"), is required. The Good Faith Deposit will be retained uncashed by the Town until the Certificates are delivered, and at that time it will be returned to the Purchaser uncashed on the date of delivery of the Certificates; however, should the Purchaser fail or refuse to take up and pay for the Certificates, said Good Faith Deposit is to be cashed by the Town and the proceeds accepted as full and complete liquidated damages, except as provided under the caption “ADDITIONAL CONDITION OF AWARD – Verifications of Statutory Representations and Covenants.” The above mentioned Good Faith Deposit may accompany the bid, or it may be submitted separately; however, if submitted separately, it shall be made available to the Town prior to the opening of the bids and shall be accompanied by instructions from the bank on which it is drawn which will authorize its use as a Good Faith Deposit by the Purchaser who shall be named in such instructions. No interest will be paid or allowed on any Good Faith Deposit. The checks accompanying all other bids will be returned immediately after the bids are opened and the award of the sale of the Certificates has been made.

ADDITIONAL CONDITION OF AWARD

Disclosure of Interested Party Form. It is the obligation of the Town to receive information from Winning Bidder if bidder is not a publicly traded business entity (a “Privately Held Bidder”). Pursuant to Texas Government Code Section 2252.908 (the “Interested Party Disclosure Act”), the Town may not award the Certificates to a Winning Bidder which is a Privately Held Bidder unless such party submits a Certificate of Interested Parties Form 1295 (the “Disclosure Form”) to the Town as prescribed by the Texas Ethics Commission (“TEC”). In the event that a Privately Held Bidder’s bid for the Certificates is the best bid received, the Town, acting through its financial advisor, will promptly notify the winning Privately Held Bidder. That notification will serve as the Town’s conditional verbal acceptance of the bid, and will obligate the winning Privately Held Bidder to establish (unless such winning Privately Held Bidder has previously so established) an account with the TEC, and promptly file a completed Disclosure Form, as described below, in order to allow the Town to complete the award.

Process for completing the Disclosure Form. For purposes of illustration, the Disclosure Form is attached hereto, and reference should be made to such form for the following information needed to complete it: (a) item 2 - name of the governmental entity (Town of Little Elm, Texas) and (b) item 3 - the identification number assigned to this contract by the Town (Little Elm CO2024 – Bid Form) and description of the goods or services (Purchase 2024 CO’s). The Interested Party Disclosure Act and the rules adopted by the TEC with respect thereto (the “Disclosure Rules”) require a non-publicly traded business entity contracting with the Town to complete the Disclosure Form electronically at <https://www.ethics.state.tx.us/main/file.htm>, print, sign, and deliver, in physical form, the certified Disclosure Form that is generated by the TEC’s “electronic portal” to the Town. The executed Disclosure Form must be sent by email to the Town’s financial advisor at mmcliney@samcocapital.com, as soon as possible following the notification of conditional verbal acceptance and prior to the final written award. Upon receipt of the final written award, the Disclosure Form with original signatures must be submitted by mail to Bob Dransfield, c/o Norton Rose Fulbright US LLP, 2200 Ross Ave., Suite 3600, Dallas, Texas 75201, along with a PDF executed version sent to robert.dransfield@nortonrosefulbright.com.

Preparations for completion, and the significance of, the reported information. In accordance with the Interested Party Disclosure Act, the information reported by the winning Privately Held Bidder must be declared by an authorized agent of the Privately Held Winning Bidder. No exceptions may be made to that requirement. The Interested Party Disclosure Act and the Disclosure Form provides that such acknowledgment is made “under penalty of perjury.” Consequently, a winning Privately Held Bidder should take appropriate steps prior to completion of the

Disclosure Form to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the Disclosure Form. Time will be of the essence in submitting the form to the Town, and no final award will be made by the Town regarding the sale of the Certificates until a completed Disclosure Form is received. If applicable, the Town reserves the right to reject any bid that does not satisfy the requirement of a completed Disclosure Form, as described herein. Neither the Town nor its consultants have the ability to verify the information included in a Disclosure Form, and neither party has an obligation nor undertakes responsibility for advising any bidder with respect to (1) the bidder's obligation to submit the Disclosure Form or (2) the proper completion of the Disclosure Form. Consequently, an entity intending to bid on the Certificates should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form, if required, promptly upon notification from the Town that its bid is the conditional winning bid. Instructional videos on logging in and creating a certificate are provided on the TEC's website at https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm.

VERIFICATIONS OF STATUTORY REPRESENTATIONS AND COVENANTS: By submission of a bid for the Certificates, each bidder makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code (the "Government Code"), as heretofore amended. As used herein, "affiliate" means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R §230.405, and exists to make a profit. If the bidder's bid is accepted, then liability for breach of any such verification during the term of the contract for purchase and sale of the Certificates created thereby (the "Agreement") shall survive until barred by any provision of the bid or this Notice of Sale, notwithstanding anything herein to the contrary.

Verification Regarding Israel Boycott. Each bidder verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, will not boycott Israel during the term of this agreement. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. Each bidder, through submittal of an executed Official Bid Form, understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with our company and exists to make a profit.

Verification Regarding Terrorist List. Each bidder, verifies that neither it nor any parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on the following page of such officer's internet website: <https://comptroller.texas.gov/purchasing/publications/divestment.php>. The foregoing representation is made excludes our company and each parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. Each bidder, through submittal of an executed Official Bid Form, understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with our company and exists to make a profit.

Verification Regarding Discrimination Against Firearm Entity or Trade Association. Each bidder, verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, (1) do not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association, and (2) will not discriminate during the term of the agreement against a firearm entity or firearm trade association. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" shall have the meaning assigned to such term in Section 2274.001(3), Texas Government Code. Each bidder understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the bidder and exists to make a profit.

As used in the foregoing verification and the following definitions,

- (a) 'firearm entity,' a term defined in Section 2274.001(6), Texas Government Code, means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (defined in Section 2274.001(4), Texas Government Code, as weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (defined in Section 2274.001(5), Texas Government Code, as devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (defined in Section 2274.001(1), Texas Government Code, as a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (defined in Section 250.001, Texas Local Government Code, as a business establishment, private club, or association that operates an area for the discharge or other use of firearms for silhouette, skeet, trap, black powder, target, self-defense, or similar recreational shooting), and
- (b) 'firearm trade association,' a term defined in Section 2274.001(7), Texas Government Code, means any person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code.

Verification Regarding Energy Company Boycotts. Each bidder, through submittal of an executed Official Bid Form, represents that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and, will not boycott energy companies during the term of the agreement. The foregoing verification is made solely to comply with Section 2276.002, Texas Government Code, as amended. As used in the foregoing verification, "boycott energy companies," a term defined in Section 2276.001(1), Texas Government Code by reference to Section 809.001, Texas Government Code, shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit

commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above. Each bidder understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the bidder and exists to make a profit.

Texas Attorney General Standing Letter. The winning bidder represents that it has, as of the date bids are due on the Certificates and as of Closing, on file with the Texas Attorney General a standing letter addressing the representations and verifications hereinbefore described in this Notice of Sale in a form accepted by the Texas Attorney General (a "Standing Letter"). In addition, if the winning bidder or the parent company, a wholly- or majority-owned subsidiary or another affiliate of such winning bidder receives or has received a letter from the Texas Comptroller of Public Accounts or the Texas Attorney General seeking written verification of the representations and certifications contained in the winning bidder's Standing Letter (a "Request Letter"), the winning bidder shall promptly notify the Town and Bond Counsel (if it has not already done so) and provide to the Town or Bond Counsel, two business days prior to Closing and additionally upon request by the Town or Bond Counsel, written verification to the effect that its Standing Letter described in the preceding sentence remains in effect and may be relied upon by the Town and the Texas Attorney General (the "Bringdown Verification"). The Bringdown Verification shall also confirm that the winning bidder (or the parent company, a wholly- or majority-owned subsidiary or other affiliate of the winning bidder that received the Request Letter) intends to timely respond or has timely responded to the Request Letter. The Bringdown Verification may be in the form of an e-mail. The Town reserves the right, in its sole discretion, to reject any bid from a bidder that does not satisfy the foregoing requirements as of the deadline for bids for the Certificates.

IMPACT OF BIDDING SYNDICATE ON AWARD: For purposes of contracting for the sale of the Certificates, the entity signing the bid form as Purchaser shall be solely responsible for the payment of the purchase price of the Certificates. The Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the Town is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

OFFICIAL STATEMENT

To assist the Purchaser in complying with Rule 15c2-12, as amended (the "Rule"), of the United States Securities and Exchange Commission ("SEC"), the Town and the Purchaser contract and agree, by the submission and acceptance of the winning bid, as follows:

COMPLIANCE WITH RULE: The Town has approved and authorized distribution of the accompanying Preliminary Official Statement for dissemination to potential purchasers of the Certificates, but does not presently intend to prepare any other document or version thereof for such purpose, except as described below. Accordingly, the Town deems the accompanying Preliminary Official Statement to be final as of its date, within the meaning of the Rule, except for information relating to the offering prices, interest rates, final debt service schedule, selling compensation, identity of the Purchaser and other similar information, terms and provisions to be specified in the competitive bidding process. The Purchaser shall be responsible for promptly informing the Town of the initial offering yields of the Certificates.

The Town agrees to provide, or cause to be provided, to the Purchaser, the Preliminary Official Statement and the Official Statement and any amendments or supplements thereto in a "designated electronic format" (or printed format with respect to the final Official Statement) as may be required for the Purchaser to comply with the Rule or the rules of the Municipal Securities Rulemaking Board ("MSRB"). The Town consents to the distribution of such documents in a "designated electronic format." Upon receipt, the Purchaser shall promptly file the Official Statement with the MSRB in accordance with the applicable MSRB rules.

The Town will complete and authorize distribution of the Official Statement identifying the Purchaser and containing information omitted from the Preliminary Official Statement. The Town does not intend to amend or supplement the Official Statement otherwise, except to take into account certain subsequent events, if any, as described below. By delivering the final Official Statement or any amendment or supplement thereto in the requested quantity to the Purchaser on or after the sale date, the Town intends the same to be final as of such date, within the meaning of Section 15c2-12(b)(3) of the Rule. Notwithstanding the foregoing, the Town makes no representation concerning the absence of material misstatements or omissions from the Official Statement, except only as and to the extent under "CERTIFICATION OF THE OFFICIAL STATEMENT" as described below. To the best knowledge and belief of the Town, the Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Certificates.

FINAL OFFICIAL STATEMENT: In addition to delivering the Official Statement in a "designated electronic format", the Town will furnish to the Purchaser, within seven (7) days after the sale date, an aggregate maximum of fifty (50) copies of the Official Statement, together with information regarding interest rates and other terms relating to the reoffering of the Certificates, in accordance with Section 15c2-12(b)(3) of the Rule. The Purchaser may arrange, at its own expense, to have the Official Statement reproduced and printed if it requires more than 50 copies and may also arrange, at its own expense and responsibility, for completion and perfection of the first or cover page of the Official Statement so as to reflect interest rates and other terms and information related to the reoffering of the Certificates. The Purchaser will be responsible for providing information concerning the Town and the Certificates to subsequent purchasers of the Certificates, and the Town will undertake no responsibility for providing such information other than to make the Official Statement available to the Purchaser as provided herein. The Town agrees to provide, or cause to be provided, to the Purchaser the Preliminary Official Statement and the Official Statement and any amendments or supplements thereto in a "designated electronic format" (or printed format with respect to the final Official Statement) as may be required for the Purchaser to comply with the Rule or the rules of the MSRB. The Town consents to the distribution of such documents in a "designated electronic format". Upon receipt, the Purchaser shall promptly file the Official Statement with the MSRB in accordance with the MSRB Rule G-32. The Town's obligation to supplement the Official Statement to correct key representations determined to be materially misleading, after the date of the Official Statement, shall terminate upon initial delivery of the Certificates to the Purchaser, unless the

Purchaser notifies, in writing, the Town that less than all of the Certificates have been sold to ultimate customers on or before such date, in which case the obligation will extend for an additional period of time (but not more than 90 days after the sale date) until all of the Certificates have been sold to ultimate customers.

CHANGES TO OFFICIAL STATEMENT: If, subsequent to the date of the Official Statement, the Town learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Purchaser of any adverse event which causes the Official Statement to be materially misleading, and unless the Purchaser elects to terminate its obligation to purchase the Certificates, as described below under "DELIVERY AND ACCOMPANYING DOCUMENTS - CONDITIONS TO DELIVERY", the Town will promptly prepare and supply to the Purchaser an appropriate amendment or supplement to the Official Statement satisfactory to the Purchaser and in a "designated electronic format"; provided, however, that the obligation of the Town to do so will terminate when the Town delivers the Certificates to the Purchaser, unless the Purchaser notifies the Town on or before such date that less than all of the Certificates have been sold to ultimate customers, in which case the Town's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the Town delivers the Certificates) until all of the Certificates have been sold to ultimate customers.

CERTIFICATION OF THE OFFICIAL STATEMENT: At the time of payment for and delivery of the hereinafter defined Initial Certificate (the "Delivery Date"), the Purchaser will be furnished a certificate, executed by proper officials of the Town, acting in their official capacities, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the Town contained in its Official Statement, and any addenda, supplement or amendment thereto, for the Certificates, on the date of such Official Statement, on the date of sale of said Certificates and the acceptance of the best bid therefor, and on the date of the initial delivery thereof, were and are true and correct in all material respects; (b) insofar as the Town and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements including financial data, of or pertaining to entities, other than the Town, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the Town believes to be reliable and the Town has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the Town since the date of the last financial statements of the Town appearing in the Official Statement. The Official Statement and Official Notice of Sale will be approved as to form and content and the use thereof in the offering of the Certificates will be authorized, ratified and approved by the Town Council of the Town on the date of sale, and the Purchaser will be furnished, upon request, at the time of payment for and the delivery of the Certificates, a certified copy of such approval, duly executed by the proper officials of the Town.

CONTINUING DISCLOSURE AGREEMENT: The Town will agree in the Ordinance to provide certain periodic information and notices of certain events in accordance with the Rule, as described in the Official Statement under "CONTINUING DISCLOSURE OF INFORMATION". The Purchaser's obligation to accept and pay for the Certificates is conditioned upon delivery to the Purchaser or its agent of a certified copy of the Ordinance containing the agreement described under such heading.

COMPLIANCE WITH PRIOR UNDERTAKINGS: During the past five years, the Issuer has complied in all material respects with its continuing disclosure agreements in accordance with the Rule.

On April 7, 2020, the Town authorized a private placement of \$5,725,000 General Obligation Refunding Bonds, Series 2020, which closed on May 7, 2020. The Town filed a notice of late filing referencing the financial obligation evidenced by such bonds on June 15, 2020.

DELIVERY AND ACCOMPANYING DOCUMENTS

INITIAL DELIVERY OF INITIAL CERTIFICATES: The initial delivery of the Certificates to the Purchaser on the "Delivery Date", will be accomplished by the issuance of either (i) a single fully registered Certificate in the total principal amount of \$25,500,000 (preliminary, subject to change) payable in stated installments to the Purchaser and numbered T-1, or (ii) as one (1) fully registered Certificate for each year of stated maturity in the applicable principal amount and denomination, to be numbered consecutively from R-1 and upward (in either case, the "Initial Certificate"), signed by manual or facsimile signature of the Mayor and the Town Secretary approved by the Attorney General of Texas, and registered and signed by the manual or facsimile signature of an authorized representative of the Comptroller of Public Accounts of the State of Texas. Initial Delivery (defined below) of the Certificates will be at the corporate trust office of the Paying Agent/Registrar. Upon delivery of the Initial Certificate, they shall be immediately canceled and one Certificate for each stated maturity will be registered in the name of Cede & Co. and deposited with DTC in connection with DTC's Book-Entry-Only System. Payment for the Initial Certificate must be made in immediately available funds for unconditional credit to the Town, or as otherwise directed by the Town. The Purchaser will be given six (6) business days' notice of the time fixed for delivery of the Certificates. It is anticipated that Initial Delivery of the Initial Certificate can be made on or about August 14, 2024, but if for any reason the Town is unable to make delivery by August 14, 2024, then the Town shall immediately contact the Purchaser and offer to allow the Purchaser to extend for an additional thirty (30) days its obligation to take up and pay for the Certificates. If the Purchaser does not so elect within six (6) business days thereafter, then the Good Faith Deposit will be returned, and both the Town and the Purchaser shall be relieved of further obligation. In no event shall the Town be liable for any damages by reason of its failure to deliver the Certificates, provided such failure is due to circumstances beyond the Town's reasonable control.

EXCHANGE OF INITIAL CERTIFICATES FOR DEFINITIVE CERTIFICATES: Upon payment for the Initial Certificate at the time of such delivery, the Initial Certificate is to be canceled by the Paying Agent/Registrar and registered definitive Certificates delivered in lieu thereof, in multiples of \$5,000 for each stated maturity, in accordance with written instructions received from the Purchaser and/or members of the Purchaser's syndicate. Such Certificates shall be registered by the Paying Agent/Registrar. It shall be the duty of the Purchaser and/or members of the Purchaser's syndicate to furnish to the Paying Agent/Registrar, at least five days prior to the delivery of the Initial Certificate, final written instructions identifying the names and addresses of the registered owners, the stated maturities, interest rates, and denominations. The Paying

Agent/Registrar will not be required to accept changes in such written instructions after the five day period, and if such written instructions are not received by the Paying Agent/Registrar five days prior to the delivery, the cancellation of the Initial Certificate and delivery of registered definitive Certificates may be delayed until the fifth day next following the receipt of such written instructions by the Paying Agent/Registrar.

CUSIP NUMBERS: It is anticipated that CUSIP identification numbers will be printed on the Certificates, but neither the failure to print such number on any Certificate nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and pay for the Certificates in accordance with the terms of the Official Bid Form and this Official Notice of Sale. All expenses in relation to the printing of CUSIP numbers on the Certificates shall be paid by the Town; however, the CUSIP Service Bureau's charge for the assignment of the numbers shall be paid by the Purchaser.

CONDITIONS TO DELIVERY: The obligation to take up and pay for the Certificates is subject to the following conditions: the issuance of an approving opinion of the Attorney General of Texas, the Purchaser's acknowledgment of the receipt of the Initial Certificate, the Purchaser's receipt of the legal opinion of Bond Counsel and the no-litigation certificate, and the non-occurrence of the events described below under the caption "NO MATERIAL ADVERSE CHANGE", all as described below. In addition, if the Town fails to comply with its obligations described under "OFFICIAL STATEMENT- FINAL OFFICIAL STATEMENT" above, the Purchaser may terminate its contract to purchase the Certificates by delivering written notice to the Town within five (5) days thereafter.

NO MATERIAL ADVERSE CHANGE: The obligation of the Purchaser to take up and pay for the Certificates, and of the Town to deliver the Initial Certificate, are subject to the condition that, up to the time of delivery of and receipt of payment for the Initial Certificate, there shall have been no material adverse change in the affairs of the Town subsequent to the date of sale from that set forth in the Preliminary Official Statement, as it may have been finalized, supplemented or amended through the date of delivery.

LEGAL OPINIONS: The Certificates are offered when, as and if issued, subject to the approval of certain legal matters by the Attorney General of the State of Texas and Bond Counsel (see discussion "LEGAL MATTERS - Legal Opinions and No-Litigation Certificate" in the Preliminary Official Statement).

CHANGE IN TAX-EXEMPT STATUS: At any time before the Certificates are tendered for initial delivery to the Purchaser, the Purchaser may withdraw its bid if the interest on obligations such as the Certificates shall be declared to be includable in the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes, either by U.S. Treasury regulations, by ruling or administrative guidance of the Internal Revenue Service, by a decision of any federal court, or by the terms of any federal income tax legislation enacted subsequent to the date of this Official Notice of Sale.

GENERAL CONSIDERATIONS

FUTURE REGISTRATION: The Certificates may be transferred, registered, and assigned on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Certificate may be assigned by the execution of an assignment form on the Certificates or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Certificate or Certificates will be delivered by the Paying Agent/Registrar in lieu of the Certificates being transferred or exchanged at the corporate trust office of the Paying Agent/Registrar, or sent by United States registered mail to the new registered owner at the registered owner's request, risk, and expense. To the extent possible, new Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three (3) business days after the receipt of the Certificates to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the registered owner or its duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be in denominations of \$5,000 for any one stated maturity or any integral multiple thereof and for a like aggregate principal amount and interest rate as the Certificates surrendered for exchange or transfer.

RECORD DATE: The record date ("Record Date") for determining the party to whom the semiannual interest on the Certificates is payable on any interest payment date is the fifteenth day of the month next preceding such interest payment date.

RATING: A municipal bond rating application has been made to S&P Global Ratings ("S&P"). The outcome of the results will be made available to the Purchaser as soon as possible. (See "OTHER PERTINENT INFORMATION - Rating" in the Preliminary Official Statement). An explanation of the significance of such a rating may be obtained from S&P. The rating of the Certificates by S&P reflects only the view of S&P at the time the rating is given, and the Town makes no representations as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by S&P, if, in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Certificates.

SALE OF ADDITIONAL OBLIGATIONS: The Town currently has no plans to issue additional ad valorem tax supported debt in 2024.

REGISTRATION AND QUALIFICATION OF CERTIFICATES FOR SALE: No registration statement relating to the Certificates has been filed with the SEC under the Securities Act of 1933, as amended (the "Act"), in reliance upon exemptions provided in such Act. The Certificates have not been approved or disapproved by the SEC, nor has the SEC passed upon the accuracy or adequacy of the Official Statement. Any representation to the contrary is a criminal offense. The Certificates have not been registered or qualified under the Securities Act of Texas in reliance upon exemptions contained therein, nor have the Certificates been registered or qualified under the securities acts of any other jurisdiction. The Town assumes no responsibility for registration or qualification of the Certificates under the securities laws of any jurisdiction in which the

Certificates may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Certificates shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

It is the obligation of the Purchaser to register or qualify the sale of the Certificates under the securities laws of any jurisdiction which so requires. The Town agrees to cooperate, at the Purchaser's written request and expense and within reasonable limits, in registering or qualifying the Certificates, or in obtaining an exemption from registration or qualification in any state where such action is necessary, but will in no instance execute a general or special consent to service of process in any state that the Certificates are offered for sale.

ADDITIONAL COPIES: Subject to the limitations described herein, an electronic copy of this Official Notice of Sale, the Official Bid Form, and the Official Statement may be obtained from www.samcocapital.com.

On the date of the sale, the Town Council will, in the Ordinance authorizing the issuance of the Certificates, reconfirm its approval of the form and content of the Official Statement, and any addenda, supplement, or amendment thereto, and authorize its further use in the reoffering of the Certificates by the Purchaser.

Mayor,
Town of Little Elm, Texas

ATTEST:

Town Secretary,
Town of Little Elm, Texas

July 16, 2024

OFFICIAL BID FORM

Honorable Mayor and Town Council
 Town of Little Elm
 100 West Eldorado Parkway
 Little Elm, Texas 75068

July 16, 2024

Dear Ladies and Gentlemen:

Subject to the terms of your Official Notice of Sale and Preliminary Official Statement dated July 9, 2024, which terms are incorporated by reference to this proposal (and which are agreed to as evidenced by our submission of this bid), we hereby submit the following bid for \$25,500,000 (preliminary, subject to change) TOWN OF LITTLE ELM, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024, dated August 1, 2024 (the "Certificates").

For said legally issued Certificates, we will pay you \$_____ (being a price of no less than 101% of the par value) plus accrued interest from their date to the date of delivery to us for Certificates maturing February 1 and bearing interest per annum as follows:

Year of Stated Maturity	Principal Amount at Stated Maturity	Coupon %	Year of Stated Maturity	Principal Amount at Stated Maturity	Coupon %
2025	\$ 1,225,000		2035*	\$1,230,000	
2026	795,000		2036*	1,300,000	
2027	840,000		2037*	1,360,000	
2028	880,000		2038*	1,430,000	
2029	920,000		2039*	1,500,000	
2030	965,000		2040*	1,575,000	
2031	1,015,000		2041*	1,655,000	
2032	1,070,000		2042*	1,730,000	
2033	1,125,000		2043*	1,810,000	
2034*	1,175,000		2044*	1,900,000	

*Maturities available for Term Certificates.

Our calculation (which is not part of this bid) of the True Interest Cost from the above is: _____%

ADJUSTMENT OF INITIAL PRINCIPAL AMOUNTS: As a condition to our submittal of this bid for the Certificates, we acknowledge the following: The Town reserves the right to increase or decrease the principal (maturity) amount of any maturity of the Certificates, including the elimination of a maturity or maturities; provided, however, that the aggregate principal (denominational) amount of the Certificates shall not exceed \$25,500,000. Notice of any such changes shall be given to the successful bidder as soon as practicable following the notification of award, as described below, and this Official Notice of Sale may be amended at the sole discretion of the Town to reflect such increase or decrease. The Town will attempt to maintain total per bond underwriter spread when adjusting maturities. No such adjustment will have the effect of altering the basis upon which the best bid is determined. The successful bidder may not withdraw its bids or change the rates bid or any initial reoffering prices as a result of any changes made to the principal (denominational) amounts.

Of the principal maturities set forth in the table above, we have created term certificates (the "Term Certificates") as indicated in the following table (which may include no more than five Term Certificates. For those years which have been combined into a Term Certificate, the principal amount shown in the table shown on page ii of the Official Notice of Sale will be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the Term Certificate maturity date will mature in such year. The Term Certificates created are as follows:

Term Certificate Maturity Date February 1	Year of First Mandatory Redemption	Principal Amount of Term Certificate	Interest Rate
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

The Initial Certificate shall be registered in the name of _____, which will, upon payment for the Certificates, be cancelled by the Paying Agent/Registrar. The Certificates will then be registered in the name of Cede & Co. (DTC's partnership nominee), under the Book-Entry-Only System.

Cashier's Check of the _____ Bank, _____, Texas, in the amount of \$510,000, which represents our Good Faith Deposit (is attached hereto) or (has been made available to you prior to the opening of this Bid), and is submitted in accordance with the terms as set forth in the Official Notice of Sale, said check is to be returned to the Purchaser.

We agree to accept delivery of the Certificates utilizing the Book-Entry-Only System through DTC and make payment for the Initial Certificate in immediately available funds at the Corporate Trust Division, BOKF, NA, Dallas Texas, not later than 10:00 A.M., Central Time, on Wednesday, August 14, 2024, or thereafter on the date the Certificates are tendered for delivery, pursuant to the terms set forth in the Official Notice of Sale. It will be the obligation of the purchaser of the Certificates to complete and file the DTC Eligibility Questionnaire. The undersigned agrees to the provisions of the Official Notice of Sale under the heading "CONDITIONS OF SALE – ESTABLISHMENT OF ISSUE PRICE" and, as evidenced thereof, agrees to complete, execute, and deliver to the Town, by the Delivery Date, a certificate relating to the "issue price" of the Certificates in the form and to the effect attached to or accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to Bond Counsel for the Town. (See "CONDITIONS OF SALE – ESTABLISHMENT OF ISSUE PRICE" in the Official Notice of Sale.)

Through submittal of this executed Official Bid Form, the undersigned makes the representations and verifications provided in the Official Notice of Sale under the heading "ADDITIONAL CONDITION OF AWARD – **VERIFICATIONS OF STATUTORY REPRESENTATIONS AND COVENANTS**".

For purposes of contracting for the sale of the Certificates, the entity signing the bid form as Purchaser shall be solely responsible for the payment of the purchase price of the Certificates. The Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the Town is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

Upon notification of conditional verbal acceptance, the undersigned will, if required by applicable Texas law as described in the Official Notice of Sale under the heading "ADDITIONAL CONDITION OF AWARD – Disclosure of Interested Party Form", complete an electronic form of the Certificate of Interested Parties Form 1295 (the "Disclosure Form") through the Texas Ethics Commission's (the "TEC") electronic portal and the resulting certified Disclosure Form that is generated by the TEC's electronic portal will be printed, signed, and sent by email to the Town's financial advisor at mmcliney@samcocapital.com and Bond Counsel at robert.dransfield@nortonrosefulbright.com. The undersigned understands that the failure to provide the certified Disclosure Form will prohibit the Town from providing final written award of the enclosed bid.

By: _____
Authorized Representative

Telephone Number

E-mail Address

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by the Town of Little Elm, Texas, subject to and in accordance with the Official Notice of Sale and Official Bid Form, this 16th day of July 2024.

Mayor,
Town of Little Elm, Texas

ATTEST:

Town Secretary,
Town of Little Elm, Texas

\$25,500,000*
TOWN OF LITTLE ELM, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION,
SERIES 2024

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of _____, _____, _____ (the "Purchaser"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Obligations") of the Town of Little Elm, Texas (the "Issuer").

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Obligations to the Public by _____ are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Obligations used by the "Purchaser" in formulating its bid to purchase the Obligations. Attached as Schedule B is a true and correct copy of the bid provided by the "Purchaser" to purchase the Obligations.

(b) _____ was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by _____ constituted a firm offer to purchase the Obligations.

2. Defined Terms.

(a) *Maturity* means Obligations with the same credit and payment terms. Obligations with different maturity dates, or Obligations with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Obligations. The Sale Date of the Obligations is July 16, 2024.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Obligations to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Obligations to the Public (including a member of a selling group or a party to a retail or other third-party distribution agreement participating in the initial sale of the Obligations to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the tax certificate with respect to the Obligations and with respect to compliance with the federal income tax rules affecting the Obligations, and by Norton Rose Fulbright US LLP in connection with rendering its opinion that the interest on the Obligations is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Obligations.

By: _____
Name: _____
Title: _____

Dated: July 16, 2024

*Preliminary, subject to change.

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SCHEDULE A
EXPECTED OFFERING PRICES

(this page intentionally left blank)

SCHEDULE B
COPY OF UNDERWRITER'S BID

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This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or filing under the securities laws of any such jurisdiction.

NEW ISSUE: BOOK-ENTRY-ONLY

Ratings: S&P: "Applied for"
(See "OTHER PERTINENT INFORMATION - Ratings" herein)

PRELIMINARY OFFICIAL STATEMENT

Dated: July 9, 2024

In the opinion of Bond Counsel (identified below), assuming continuing compliance by the Issuer (defined below) after the date of initial delivery of the Certificates (defined below) with certain covenants contained in the Ordinance (defined below) and subject to the matters described under "TAX MATTERS" herein, interest on the Certificates under existing statutes, regulations, published rulings, and court decisions will be excludable from the gross income of the owners thereof for federal income tax purposes under Section 103 of the Internal Revenue Code, as amended to the date of initial delivery of the Certificates. (See "TAX MATTERS" herein.)

\$25,500,000*

**TOWN OF LITTLE ELM, TEXAS
(Denton County)**

COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024

Dated Date: August 1, 2024

Obligations Due: February 1, as shown on page ii

The Town of Little Elm, Texas (the "Town" or the "Issuer") \$25,500,000* Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2024 (the "Certificates" or "Obligations") are being issued pursuant to the Constitution and laws of the State of Texas (the "State"), including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, an ordinance (the "Ordinance") to be adopted by the Town Council, and the Town's Home Rule Charter. (See "THE CERTIFICATES - Authority for Issuance" herein.)

The Certificates constitute direct obligations of the Issuer payable from an annual ad valorem tax levied against all taxable property in the Town, within the limits prescribed by law, and further secured by and payable from a lien on and limited pledge (not to exceed \$1,000) of the net revenues derived from the operation of the Issuer's combined waterworks and sewer system (the "System"). (See "THE CERTIFICATES - Security for Payment" herein.)

Interest on the Certificates will accrue from August 1, 2024 (the "Dated Date") as shown above and will be payable on February 1, 2025, and on each August 1 and February 1 thereafter until maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Obligations will be issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository (the "Securities Depository"). Book-entry interests in the Obligations will be made available for purchase in principal amounts of \$5,000 or any integral multiple thereof within a maturity. Purchasers of the Obligations ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Obligations purchased. So long as DTC or its nominee is the registered owner of the Obligations, the principal of and interest on the Obligations will be payable by BOKF, NA, Dallas, Texas, as Paying Agent/Registrar, to DTC, which will in turn remit such principal and interest to its participants, which will in turn remit such principal and interest to the Beneficial Owners of the Obligations. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Proceeds from the sale of the Certificates will be used for the purpose of paying the Town's contractual obligations to be incurred for (i) constructing improvements and extensions to the Town's Waterworks and Sewer System, including the acquisition of land and rights-of-way therefor; (ii) constructing and equipping public safety facilities, including the acquisition of land and rights-of-way therefor; (iii) constructing, expanding and equipping animal shelter facilities, including the acquisition of land and rights-of-way therefor, (iv) acquiring, constructing, improving, renovating and equipping park and recreation facilities, including the acquisition of land and rights-of-way therefor, (v) constructing and improving streets, including drainage, landscaping, curbs, gutters, sidewalks, entryways, pedestrian pathways, signage and traffic signalization and the acquisition of land and rights-of-way therefor and (vi) professional services rendered in connection with the construction and financing of the foregoing projects. (See "THE CERTIFICATES - Use of Certificate Proceeds" herein.)

**STATED MATURITY SCHEDULE
(On Page ii)**

The Obligations are offered for delivery, when, as and if issued and received by the initial purchaser (the "Purchaser") and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel. (See Appendix C – Form of Legal Opinion of Bond Counsel.) (See "OTHER PERTINENT INFORMATION - Legal Opinions and No-Litigation Certificate" herein). It is expected that the Certificates will be available for delivery through DTC on or about August 14, 2024.

BIDS FOR CERTIFICATES DUE ON JULY 16, 2024 AT 11:00 A.M., CENTRAL TIME.

* Preliminary, subject to change.

STATED MATURITY SCHEDULE*

(Due February 1)

Base CUSIP – 537095

<u>Stated Maturity February 1</u>	<u>Principal Amount*</u>	<u>Initial Rate (%)</u>	<u>Initial Yield (%)</u>	<u>CUSIP Suffix^(a)</u>
2025	\$ 1,225,000			
2026	795,000			
2027	840,000			
2028	880,000			
2029	920,000			
2030	965,000			
2031	1,015,000			
2032	1,070,000			
2033	1,125,000			
2034	1,175,000			
2035	1,230,000			
2036	1,300,000			
2037	1,360,000			
2038	1,430,000			
2039	1,500,000			
2040	1,575,000			
2041	1,655,000			
2042	1,730,000			
2043	1,810,000			
2044	1,900,000			

(Interest to accrue from the Dated Date)

The Issuer reserves the right to redeem the Certificates maturing on and after February 1, 2034, on February 1, 2033, or any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, at the redemption price of par plus accrued interest to the date of redemption. In addition, in the event the Purchaser elects to aggregate two or more consecutive serial maturities as one or more “Term Certificates,” such Term Certificates will be subject to mandatory sinking fund redemption in accordance with the Ordinance and will be described in the final Official Statement. (See “THE CERTIFICATES - Redemption Provisions” herein.)

^(a) CUSIP numbers are included solely for the convenience of the owner of the Certificates. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2024 CUSIP Global Services. All rights reserved. CUSIP data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers are provided for convenience of reference only.

* Preliminary, subject to change.

**TOWN OF LITTLE ELM, TEXAS
100 West Eldorado Parkway
Little Elm, Texas 75068
214-975-0405**

ELECTED OFFICIALS

<u>Name</u>	<u>Position</u>	<u>On Council Since</u>	<u>Term Expires May</u>
Curtis Cornelious	Mayor	2012	2027
Jamell T. Johnson	Mayor Pro Tem	2021	2025
Tony Singh	Council Member	2019	2025
Ken Eaken	Council Member	2024	2027
Lisa Norman	Council Member	2019	2025
Andrew Evans	Council Member	2023	2026
Michel Hambrick	Council Member	2023	2026

ADMINISTRATION

<u>Name</u>	<u>Position</u>	<u>Years of Municipal Experience</u>
Matt Mueller	Town Manager	25 years
Doug Peach	Deputy Town Manager	38 years
Kelly Wilson	Chief Financial Officer	20 years
Betty Pamplin	Assistant Finance Director	20 years
Caitlan Biggs	Town Secretary	10 years
Jason Shroyer	Public Works Director	13 years
Jennette Espinosa	EDC Executive Director	16 years
Rodney Harrison	Police Chief	31 years
Joe Florentino	Assistant Town Manager/Director of Public Safety	29 years
Paul Rust	Fire Chief	31 years
Chad Hyde	Parks and Recreation Director	25 years
Deidre Hale	Human Resource Director	25 years

CONSULTANTS AND ADVISORS

Bond Counsel	Norton Rose Fulbright US LLP Dallas, Texas
Financial Advisor	SAMCO Capital Markets, Inc. San Antonio, Texas
Certified Public Accountants	Weaver and Tidwell LLP Dallas, Texas

For Additional Information Please Contact:

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Senior Managing Director
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San Antonio, Texas 78209
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USE OF INFORMATION IN THE OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities Exchange Commission (the "Rule"), this document constitutes a preliminary official statement of the Issuer with respect to the Certificates that has been deemed "final" by the Issuer as of its date except for the omission of no more than the information permitted by the Rule.

This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information must not be relied upon.

Certain information set forth herein has been provided by sources other than the Town that the Town believes to be reliable, but the Town makes no representation as to the accuracy of such information. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the Town's undertaking to provide certain information on a continuing basis.

NEITHER THE TOWN NOR ITS FINANCIAL ADVISOR MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY ("DTC") OR ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION HAS BEEN PROVIDED BY DTC.

THE CERTIFICATES ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE CERTIFICATES IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE SECURITIES HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

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The cover page, subsequent pages hereof and appendices attached hereto, are part of this Official Statement.

SELECTED DATA FROM THE OFFICIAL STATEMENT

The selected data is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Certificates to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this page from this Official Statement or to otherwise use it without the entire Official Statement.

The Issuer	The Town of Little Elm, Texas (the "Town" or "Issuer") is a political subdivision of the State of Texas located in Denton County, and is a municipal corporation organized and existing under the laws of the State. The Town is a home-rule municipality operating under the council-manager form of government, governed by a mayor and six-member council as provided in the home-rule charter. The Town's population, as established by the 2020 U.S. Census, was 46,450. The Town's current population estimate is 63,520. (See "APPENDIX B - GENERAL INFORMATION REGARDING THE TOWN OF LITTLE ELM AND DENTON COUNTY, TEXAS" herein.)
The Certificates	The Certificates are being issued pursuant to the Constitution and laws of the State of Texas (the "State"), including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, an ordinance (the "Ordinance") to be adopted by the Town Council, and the Town's Home Rule Charter. (See "THE CERTIFICATES - Authority for Issuance" herein.)
Paying Agent/Registrar	The initial Paying Agent/Registrar for the Certificates is BOKF, NA, Dallas, Texas.
Security	The Certificates constitute direct obligations of the Issuer payable from an annual ad valorem tax levied against all taxable property in the Town, within the limits prescribed by law, and further secured by and payable from a lien on and limited pledge (not to exceed \$1,000) of the net revenues derived from the operation of the Issuer's combined waterworks and sewer system (the "System"). (See "THE CERTIFICATES - Security for Payment" herein.)
Redemption Provisions	The Issuer reserves the right to redeem the Certificates maturing on and after February 1, 2034, on February 1, 2033, or any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, at the redemption price of par plus accrued interest to the date of redemption. In addition, in the event the Purchaser elects to aggregate two or more consecutive serial maturities as one or more "Term Certificates," such Term Certificates will be subject to mandatory sinking fund redemption in accordance with the Ordinance and will be described in the final Official Statement. (See "THE CERTIFICATES - Redemption Provisions" herein.)
Tax Matters	In the opinion of Bond Counsel, the interest on the Certificates will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein. (See "TAX MATTERS" and APPENDIX C - FORM OF LEGAL OPINION OF BOND COUNSEL" herein.)
Use of Proceeds	Proceeds from the sale of the Certificates will be used for the purpose of paying the Town's contractual obligations to be incurred for (i) constructing improvements and extensions to the Town's Waterworks and Sewer System, including the acquisition of land and rights-of-way therefor; (ii) constructing and equipping public safety facilities, including the acquisition of land and rights-of-way therefor; (iii) constructing, expanding and equipping animal shelter facilities, including the acquisition of land and rights-of-way therefor, (iv) acquiring, constructing, improving, renovating and equipping park and recreation facilities, including the acquisition of land and rights-of-way therefor, (v) constructing and improving streets, including drainage, landscaping, curbs, gutters, sidewalks, entryways, pedestrian pathways, signage and traffic signalization and the acquisition of land and rights-of-way therefor and (vi) professional services rendered in connection with the construction and financing of the foregoing projects. (See "THE CERTIFICATES - Use of Certificate Proceeds" herein.)
Book-Entry-Only System	The Issuer intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York described herein. No physical delivery of the Certificates will be made to the beneficial owners of the Certificates. Such Book-Entry-Only System may affect the method and timing of payments on the Certificates and the manner the Certificates may be transferred. (See "Book-Entry-Only System" herein.)
Ratings	A municipal bond rating application has been made to S&P Global Ratings, a division of S&P Global Inc. ("S&P"). The Town currently has an S&P underlying rating of "AA+" on its general obligation debt. An explanation of the significance of such rating may be obtained from S&P. (See "OTHER PERTINENT INFORMATION - Ratings" herein.)
Issuance of Additional Debt	The Town currently has no plans to issue additional ad valorem tax supported debt in 2024.
Payment Record	The Town has never defaulted on the payment of its debt.
Delivery	It is anticipated the Certificates will be available for delivery through DTC on or about August 14, 2024.
Legality	Delivery of the Certificates is subject to the approval by the Attorney General of the State of Texas and the rendering of an opinion as to legality by Norton Rose Fulbright US LLP, Bond Counsel, Dallas, Texas.

INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by Town of Little Elm, Texas (the "Town" or "Issuer") of its \$25,500,000* Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2024 (the "Certificates") identified on the cover page hereof.

The Issuer is a political subdivision of the State of Texas and operates as a home-rule municipality under the statutes and the constitution of the State of Texas (the "State"). The Certificates are being issued pursuant to the Constitution and general laws of the State, an ordinance (the "Ordinance" or the "Certificate Ordinance") to be adopted by the Town Council authorizing the issuance of the Certificates, and the Town's Home Rule Charter. (See "THE CERTIFICATES - Authority for Issuance" herein.)

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Ordinance. Included in this Official Statement are descriptions of the Certificates and certain information about the Issuer and its finances. **ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT.** Copies of such documents may be obtained from the Issuer or the Financial Advisor.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. A copy of this Official Statement relating to the Certificates will be submitted to the Municipal Securities Rulemaking Board and will be available through its Electronic Municipal Market Access ("EMMA") system. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the Town's undertaking to provide certain information on a continuing basis.

THE CERTIFICATES

General Description

The Certificates will be dated August 1, 2024 (the "Dated Date"). The Certificates are stated to mature on February 1 in the years and in the principal amounts set forth on page ii hereof. The Certificates shall bear interest from their Dated Date on the unpaid principal amounts, and the amount of interest to be paid with respect to each payment period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Certificates will be payable on February 1, 2025, and on each August 1 and February 1 thereafter, until maturity or prior redemption. Principal is payable at the designated offices of the Paying Agent/Registrar for the Certificates, initially BOKF, NA, Dallas, Texas; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Certificates, all payments will be made as described under "Book-Entry-Only System" herein. Interest on the Certificates shall be paid to the registered owners whose names appear on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (as hereinafter defined) and shall be paid by the Paying Agent/Registrar (i) by check sent United States mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk of, the registered owner. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to be closed, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

Initially, the Certificates will be registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described below. No physical delivery of the Certificates will be made to the Beneficial Owners. Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will distribute the amounts received to the appropriate DTC Participants, who shall in turn make payment to the Beneficial Owners of the Certificates. Such Book-Entry-Only System may change the method and timing of payment for the Certificates and the method of transfer. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Authority for Issuance

The Certificates are being issued pursuant to the Constitution and general laws of the State, particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, the Town's Home Rule Charter and the Certificate Ordinance.

Security for Payment

The Certificates constitute direct obligations of the Issuer payable from an annual ad valorem tax levied against all taxable property in the Town, within the limits prescribed by law, and further secured by and payable from a lien on and limited pledge (not to exceed \$1,000) of the net revenues derived from the operation of the Issuer's combined waterworks and sewer system (the "System").

*Preliminary; subject to change.

Tax Rate Limitations

All taxable property within the Town is subject to the assessment, levy and collection by the Town of a continuing, direct ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limit prescribed by law. Article XI, Section 5, of the Texas Constitution applicable to cities of more than 5,000 population is applicable to the Town, and limits the maximum ad valorem tax rate of the Town to \$2.50 per \$100 taxable assessed valuation for all Town purposes. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all general obligation debt service, as calculated at the time of issuance and based on a 90% collection factor.

Use of Certificate Proceeds

Proceeds from the sale of the Certificates will be used for the purpose of paying the Town's contractual obligations to be incurred for (i) constructing improvements and extensions to the Town's Waterworks and Sewer System, including the acquisition of land and rights-of-way therefor; (ii) constructing and equipping public safety facilities, including the acquisition of land and rights-of-way therefor; (iii) constructing, expanding and equipping animal shelter facilities, including the acquisition of land and rights-of-way therefor; (iv) acquiring, constructing, improving, renovating and equipping park and recreation facilities, including the acquisition of land and rights-of-way therefor; (v) constructing and improving streets, including drainage, landscaping, curbs, gutters, sidewalks, entryways, pedestrian pathways, signage and traffic signalization and the acquisition of land and rights-of-way therefor and (vi) professional services rendered in connection with the construction and financing of the foregoing projects.

Redemption Provisions

Optional Redemption: The Issuer reserves the right, at its option, to redeem the Certificates maturing on and after February 1, 2034, on February 1, 2033, or any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and, if within a stated maturity, selected at random and by lot by the Paying Agent/Registrar), at the redemption price of par plus accrued interest to the date fixed for redemption. In addition, two or more consecutive maturities of the Certificates may be grouped together as a "Term Certificate" by the Purchaser, and such "Term Certificates" would also be subject to mandatory sinking fund redemption. If less than all of the Certificates within a stated maturity are to be redeemed, the particular Certificates to be redeemed shall be selected by lot or by other customary random method by the Paying Agent/Registrar.

Not less than thirty (30) days prior to a redemption date for the Certificates, the Town shall cause a notice of such redemption to be sent by United States mail, first-class postage prepaid, to the registered owners of each Certificate or a portion thereof to be redeemed at its address as it appeared on the registration books of the Paying Agent/Registrar on the day such notice of redemption is mailed. ANY NOTICE OF REDEMPTION SO MAILED TO THE REGISTERED OWNERS WILL BE DEEMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER ONE OR MORE OF THE REGISTERED OWNERS FAILED TO RECEIVE SUCH NOTICE. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Certificates or portions thereof which are to be so redeemed. If such notice of redemption is given and any other condition to redemption satisfied, all as provided above, the Certificates or portion thereof which are to be redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

With respect to any optional redemption of the Certificates, unless certain prerequisites to such redemption required by the Certificate Ordinance have been met and money sufficient to pay the principal of and premium, if any, and interest on the Certificates to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption will, at the option of the Town, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the Town will not redeem such Certificates and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that the Certificates have not been redeemed.

The Paying Agent/Registrar and the Issuer, so long as a Book-Entry-Only System is used for the Certificates, will send any notice of redemption, notice of proposed amendment to the Certificates or other notices with respect to the Certificates only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the Beneficial Owner, will not affect the validity of the redemption of the Certificates called for redemption or any other action premised on any such notice. Redemption of portions of the Certificates by the Issuer will reduce the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Certificates held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC direct participants and indirect participants may implement a redemption of such Certificates from the Beneficial Owners. Any such selection of Certificates the Issuer

has called for redemption will not be governed by the Certificate Ordinance and will not be conducted by the Issuer or the Paying Agent/Registrar. Neither the Issuer nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Certificates or the providing of notice to DTC direct participants, indirect participants, or Beneficial Owners of the selection of portions of the Certificates for redemption. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Payment Record

The Town has never defaulted on the payment of its debt.

Legality

The Certificates are offered when, as and if issued, subject to the approvals of legality by the Attorney General of the State of Texas and Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel. A form of the legal opinion of Bond Counsel appears in Appendix C attached hereto.

Defeasance

The Ordinance provides for the defeasance of the Certificates when the payment of the principal of and premium, if any, on the Certificates, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or otherwise) is provided by irrevocably depositing with the Paying Agent/Registrar or authorized escrow agent, in trust (1) money sufficient to make such payment and/or (2) Government Obligations that mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Certificates. The Ordinance provides that "Government Obligations" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their acquisition or purchase, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and on the date of their acquisition or purchase by the Town are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (d) any other then authorized securities of obligations that may be used to defease obligations such as the Certificates under the then applicable laws of the State of Texas. There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Certificates. Because the Ordinance does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used for defeasance purposes or that for any other Government Obligation will be maintained at any particular rating category.

Upon such deposit as described above, such Certificates shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of Certificates have been made as described above, all rights of the Town to initiate proceedings to call such Certificates for redemption or take any other action amending the terms of such Certificates are extinguished; provided, however, that the right to call such Certificates for redemption is not extinguished if the Town: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call such Certificates for redemption; (ii) gives notice of the reservation of that right to the owners of such Certificates immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Amendments to the Ordinance

The Town may amend the Ordinance without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein.

In addition, the Town may, with the written consent of the holders of a majority in aggregate principal amount of the Certificates then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Ordinance; except that, without the consent of the registered owners of all of the Certificates affected, no such amendment, addition, or rescission shall (i) extend the time or times of payment of the principal of, premium if any and interest on the Certificates, reduce the principal amount thereof, the redemption price therefor or the rate of interest thereon or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Certificates, (ii) give any preference to any Certificate over any other Certificates or (iii) reduce the aggregate principal amount of Certificates required for consent to any such amendment, addition or rescission.

Default and Remedies

The Ordinance does not provide or specify remedies with regard to an event of default. Upon the occurrence of an event of default, the registered owners may seek a writ of mandamus to compel the Town officials to carry out the legally imposed duties with respect to the Certificates if there is no other available remedy at law to compel performance of the Certificates or the Ordinance and the Town's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interest of the Certificateholders upon any failure of the Town to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("Wasson") that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. The Texas Supreme Court reviewed Wasson again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore in regard to municipal contract cases (as in tort claims) it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory guidance at the time of the contractual relationship.

Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. If sovereign immunity is determined by a court to exist, then the Texas Supreme Court has ruled in *Tooke v. City of Mexia*, 197 S.W. 3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the Town's sovereign immunity from a suit for money damages, owners of the Certificates may not be able to bring such a suit against the Town for breach of the covenants in the Ordinance or the Certificates. Even if a judgment against the Town could be obtained, it could not be enforced by direct levy and execution against the Town's property. Further, the registered owners cannot themselves foreclose on property within the Town or sell property within the Town to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates. Furthermore, the Town is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or owners of the Certificates of an entity which has sought protection under Chapter 9. Therefore, should the Town avail itself of Chapter 9 protection from creditors, the ability to enforce creditors' rights would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Certificates are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

Initially, the only registered owner of the Certificates will be Cede & Co., as nominee of DTC. See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the duties of DTC with regard to ownership of the Certificates.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar for the Certificates is BOKF, NA, Dallas, Texas. In the Ordinance, the Issuer retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the Issuer, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar, selected at the sole discretion of the Issuer, shall be a bank, trust company, financial institution or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. Upon a change in the Paying Agent/Registrar for the Certificates, the Issuer agrees to promptly cause written notice thereof to be sent to each registered owner of the Certificates by United States mail, first-class, postage prepaid.

The Certificates will be issued in fully registered form in multiples of \$5,000 for any one stated maturity, and principal and semiannual interest will be paid by the Paying Agent/Registrar. Interest will be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar on the Record Date (as defined below) by check or such other method acceptable to the Paying Agent/Registrar mailed on February 1, 2025, and on each August 1 and February 1 thereafter until maturity or prior redemption of

the Certificates, by the Paying Agent/Registrar to the last known address of the registered owner as it appears on the Paying Agent/Registrar's books or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the registered owner. Principal of a Certificate will be paid to the registered owner at its stated maturity or its prior redemption upon presentation to the Paying Agent/Registrar. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. So long as Cede & Co. is the registered owner of the Certificates, payments of principal of and interest on the Certificates will be made as described in "BOOK-ENTRY-ONLY SYSTEM" herein.

Record Date

The record date ("Record Date") for determining the party to whom interest is payable on a Certificate on any interest payment date means the fifteenth (15th) day of the month next preceding each interest payment date. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment will be established by the Paying Agent/Registrar. (See "REGISTRATION, TRANSFER, AND EXCHANGE - Special Record Date for Interest Payment" herein.)

Special Record Date for Interest Payment

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date" which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of a Certificate appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Future Registration

The Certificates are initially to be issued utilizing the Book-Entry-Only System of The Depository Trust Company, New York, New York ("DTC"). In the event such Book-Entry-Only System should be discontinued, printed certificates will be issued to the owners of the Certificates and thereafter, the Certificates may be transferred, registered, and assigned on the registration books of the Paying Agent/Registrar only upon presentation and surrender of such printed certificates to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Certificate may be assigned by the execution of an assignment form on the Certificate or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Certificate or Certificates will be delivered by the Paying Agent/Registrar in lieu of the Certificates being transferred or exchanged at the designated office of the Paying Agent/Registrar or sent by United States registered mail to the new registered owner at the registered owner's request, risk and expense. New Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three (3) business days after the receipt of the Certificates to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be in denominations of \$5,000 for any one stated maturity or any integral multiple thereof and for a like aggregate principal amount and rate of interest as the Certificate or Certificates surrendered for exchange or transfer. (See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be initially utilized in regard to ownership and transferability of the Certificates.)

Limitation on Transfer of Certificates

Neither the Issuer nor the Paying Agent/Registrar shall be required to make any such transfer, conversion or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date or (ii) with respect to any Certificate or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date; provided, however, that such limitation shall not apply to uncalled portions of a Certificate redeemed in part.

Replacement Certificates

In the Ordinance, provision is made for the replacement of mutilated, destroyed, lost, or stolen Certificates upon surrender of the mutilated Certificates to the Paying Agent/Registrar, or the receipt of satisfactory evidence of destruction, loss, or theft, and the receipt by the Issuer and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The Issuer may require payment of taxes, governmental charges, and other expenses in connection with any such replacement.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Certificates is to be transferred and how the principal of, premium, if any, and interest on the Certificates are to be paid to and credited by The Depository Trust Company (“DTC”), New York, New York, while the Certificates are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Town, the Financial Advisor, and the Purchaser believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The Town, the Financial Advisor, and the Purchaser cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Certificates, or any notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Certificates), or any notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission (the “SEC”), and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for the Certificates, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC’s records. The ownership interest of each actual purchaser of each Certificate (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive physical certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in Beneficial Ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Certificates within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal, and interest payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to Issuer or Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to the holder of such Certificates and will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "REGISTRATION, TRANSFER AND EXCHANGE" hereinabove.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town, the Financial Advisor, and the Purchaser believe to be reliable, but none of the Town, the Financial Advisor, or the Purchaser take responsibility for the accuracy thereof.

So long as Cede & Co. is the registered owner of the Certificates, the Issuer will have no obligation or responsibility to the DTC. Participants or Indirect Participants, or the persons for which they act as nominees, with respect to payment to or providing of notice to such Participants, or the persons for which they act as nominees.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Certificates are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Certificates, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, payment or notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Effect of Termination of Book-Entry-Only System

In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the Town, printed certificates representing the Certificates will be issued to the holders and the Certificates will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "REGISTRATION, TRANSFER AND EXCHANGE – Future Registration."

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE ISSUER

The Town invests funds in instruments authorized by Texas law in accordance with investment policies approved by the Town Council. The Town Council, along with and the Boards of Directors of the Little Elm Economic Development Corporation and the Little Elm Community Development Corporation (collectively, the "Corporations") appoint the Town's Finance Director, Assistant Finance Director, and the Senior Accountant as the Investment Officers for the Town and the Corporations. Direct management responsibility for the investment program of each of the entities is delegated by the respective governing body to the Investment Officers. The Investment Officers' authority will at all times be limited by all applicable laws and regulations in effect. Both State law and the Town's investment policies are subject to change.

Available Town funds are invested as authorized by Texas law and in accordance with investment policies approved by the Town Council. Both State law and the Town's investment policies are subject to change. Under State law, the Town is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or

instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025; or (ii) a depository institution with a main office or branch office in this State that the investing entity selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3); (9) certificates of deposit and share certificates (i) issued by a depository institution that has its main office or a branch office in the State of Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor, or are secured by obligations described in the clauses (1) through (8) or in any other manner and amount provided by law for Town deposits, or (ii) where (a) the funds are invested by the Town through (I) a broker that has its main office or a branch office in the State and is selected from a list adopted by the Town as required by law or (II) a depository institution that has its main office or a branch office in the State that is selected by the Town; (b) the broker or the depository institution selected by the Town arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the Town; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the Town appoints the depository institution selected under (a) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the Town with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1) which are pledged to the Town, held in the Town's name, and deposited at the time the investment is made with the Town or with a third party selected and approved by the Town and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the Town, held in the Town's name and deposited at the time the investment is made with the Town or a third party designated by the Town; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less, (12) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (13) commercial paper with a stated maturity of 365 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (14) a no-load money market mutual fund registered with and regulated by the Securities and Exchange Commission that provides the Town with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and complies with federal Securities and Exchange Commission Rule 2a-7, and (15) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and have a duration of one year or more and are invested exclusively in obligations described in this paragraph or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

Town may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or Aaam or an equivalent by at least one nationally recognized rating service. The Town may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the Town retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the Town must do so by order, ordinance, or resolution. The Town is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the

underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under Texas law, the Town is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for Town funds, the maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All Town funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, the Town's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and probable income to be derived." At least quarterly the Town's investment officers must submit an investment report to the Town Council detailing: (1) the investment position of the Town, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest for the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) Texas law. No person may invest Town funds without express written authority from the Town Council.

Under Texas law, the Town is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution, (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the Town Council; (4) require the qualified representative of firms offering to engage in an investment transaction with the Town to: (a) receive and review the Town's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the Town and the business organization that are not authorized by the Town's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the Town's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the Town and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the Town's investment policy; (6) provide specific investment training for the Town's designated Investment Officer; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the Town's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements, and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the Town.

Current Investments

As of March 31, 2024, (unaudited), all the Town's investable funds in the amount of \$177,092,252 were invested the following.

<u>Fund and Investment Type</u>	<u>Amount As of 3/31/2024 (Unaudited)</u>
Checking Accounts (Including Money Market Accounts)	\$ 74,052,755
TexPool Accounts	40,482,688
Other Investment Types:	
Certificates of Deposits	21,777,345
US Treasury Notes	19,578,125
Agency Bonds	<u>21,201,339</u>
<u>Total Investments</u>	<u>\$177,092,252</u>

As of such date, the market value of such investments (as determined by the Town by reference to published quotations, dealer bids, and comparable information) was approximately 100% of their book value. No funds of the Town are invested in derivative securities, i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity.

EMPLOYEE RETIREMENT SYSTEM

Plan Description

The Town participates as one of over 920 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at tmrs.com. All eligible employees of the Town are required to participate in TMRS.

For more information see the Town's 2023 Comprehensive Annual Financial Report, Note 9 and Note 10.

AD VALOREM PROPERTY TAXATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Prospective investors are encouraged to review Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Valuation of Taxable Property

The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the Town is the responsibility of the Denton Central Appraisal District ("Appraisal District"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified as both agricultural and open-space land.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the Town, in establishing their tax rolls and tax rates (see "AD VALOREM PROPERTY TAXATION – Town and Taxpayer Remedies").

State Mandated Homestead Exemptions

State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty.

On July 13, 2023, during the Second Special Session, the Texas Legislature passed Senate Bill 2, which, among other things, includes provisions that prohibit an appraisal district from increasing the appraised value of real property during the 2024 tax year on non-homestead properties (the "Subjected Property") whose appraised values are not more than \$5 million dollars (the "Maximum Property Value") to an amount not to exceed the lesser of: (1) the market value of the subjected property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the subjected property for the preceding tax year; (b) the appraised value of the subjected property for the preceding tax year; and (c) the market value of all new improvements to the subjected property (collectively, the "Appraisal Cap"). After the 2024 tax year, through December 31, 2026, the

Appraisal Cap may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the Maximum Property Value. The Appraisal Cap took effect on January 1, 2024.

Local Option Homestead Exemptions

The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than \$5,000) and (2) an additional exemption of at least \$3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentation of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit.

Local Option Freeze for the Elderly and Disabled

The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

Personal Property

Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

Freeport and Goods-In-Transit Exemptions

Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Certain goods, that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days ("Goods-in-Transit"), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer's motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

Temporary Exemption for Qualified Property Damaged by a Disaster

The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Property Code, as amended. The Texas Legislature amended Section 11.35, Tax Code to clarify that "damage" for purposes of such statute is limited to "physical damage."

Other Exempt Property

Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

Tax Increment Reinvestment Zones

A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones (“TIRZ”) within its boundaries. At the time of the creation of the TIRZ, a “base value” for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the “tax increment”. During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

Tax Abatement Agreements

Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

Town and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the Town, may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the Town may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value in excess of the current year “minimum eligibility amount”, as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at \$57,216,456 for the 2023 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda that could result in the repeal of certain tax increases (see “AD VALOREM PROPERTY TAXATION – Public Hearing and Maintenance and Operations Tax Rate Limitations”). The Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The Town is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the Town. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the Town may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.

Town’s Rights in the Event of Tax Delinquencies

Taxes levied by the Town are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the Town, having power to tax the property. The Town’s tax lien is on a parity with tax liens of such

other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the Town is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the Town may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the Town must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

Public Hearing and Maintenance and Operations Tax Rate Limitations

The following terms as used in this section have the meanings provided below:

“adjusted” means lost values are not included in the calculation of the prior year's taxes and new values are not included in the current year's taxable values.

“de minimis rate” means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted), plus the rate that produces an additional \$500,000 in tax revenue when applied to the current year's taxable value, plus the debt service tax rate.

“foregone revenue amount” means the greater of zero or the amount expressed in dollars calculated according to the following formula: the voter-approval tax rate less the actual tax rate, then multiplied by the taxing unit's current total value in the applicable preceding tax year.

“no-new-revenue tax rate” means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted).

“preceding total value” means a taxing unit's current total value in the applicable preceding year.

“special taxing unit” means a city for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per \$100 of taxable value.

“unused increment rate” means the greater of (i) zero or (ii) the sum of the foregone revenue amount for each of the tax years 2021 foregone revenue amount, the 2022 foregone revenue amount, and 2023 foregone revenue amount divided by the current total value.

“voter-approval tax rate” means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the “unused increment rate”.

The Town's tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year (the “maintenance and operations tax rate”), and (2) a rate for funding debt service in the current year (the “debt service tax rate”). Under State law, the assessor for the Town must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the Town to the Town Council by August 1 or as soon as practicable thereafter.

A city must annually calculate its voter-approval tax rate and no-new-revenue tax rate in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the city and the county tax assessor-collector for each county in which all or part of the city is located. A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year.

As described below, the Property Tax Code provides that if a city adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its de minimis rate, an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has A city may not adopt a tax rate that exceeds the lower of the voter-approved tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has posted notice prominently on the appraisal district's website (if the appraisal district maintains a website) and the assessor for the city has prominently posted on the city's website notice informing property owners of the estimated total amount of property taxes owed and the city has held a public hearing on the proposed tax increase. The appraisal district is also required to post notice in a newspaper of general circulation by August 7 or as soon thereafter as practicable or if there is no newspaper of general circulation, the notice must be posted in the appraisal district's office.

For cities with a population of 30,000 or more as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the voter-approval tax rate, that city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

For cities with a population less than 30,000 as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate. However, for any tax year during which a city has a population of less than 30,000 as of the most recent federal decennial census and does not qualify as a special taxing unit, if a city's adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the city's voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the city would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

Any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its voter-approval tax rate using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such city's total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the Town's ability to set a debt service tax rate in each year sufficient to pay debt service on all of the Town's tax-supported debt obligations, including the Certificates.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

Debt Tax Rate Limitations

All taxable property within the Town is subject to the assessment, levy and collection by the Town of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax-supported debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the Town, and limits its maximum ad valorem tax rate to \$2.50 per \$100 of taxable assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance.

TOWN'S APPLICATION OF THE PROPERTY TAX CODE

The Town grants an optional exemption of \$10,000 to the market value of the residence homestead of persons 65 years of age or older and the disabled. See Appendix A – Table 10 for a listing of the total amount of these exemptions.

The Town does not grant an additional exemption of up to 20% for residence homesteads.

The Town taxes business personal property.

The Denton County Tax Assessor/Collector collects property taxes for the Town.

The Town does not permit discounts or split payments, except in the case of persons over 65 or disabled who are permitted to pay taxes on homesteads in four installments. The first installment is due on February 1 of each year and the final installment is due on August 1.

The Town grants the Article VIII, Section 1-j property ("freeport property") exemption and does have one property in this category.

The Town does not exempt "goods-in-transit".

The Town has created seven public improvement districts.

On May 3, 2005, voters of the Town approved the adoption of the tax freeze described above under "Homestead Tax Limitation". The 2006 Tax Year was the first year for the Town to have a value loss to the freeze. See Appendix A - Table 10 for the freeze loss amounts.

The Town has entered into several Chapter 380 agreements regarding developments in the Town.

The Town participates in several Tax Increment Reinvestment Zones ("TIRZ"). See "ECONOMIC DEVELOPMENT PROGRAMS - Little Elm Tax Increment Reinvestment Zones and Public Improvement District".

ECONOMIC DEVELOPMENT PROGRAMS

General

Economic development incentives are offered on a project by project basis commensurate with the quality and character of the development and the extent to which it contributes to Town character and quality of life. The Town is authorized pursuant to State law, including Chapter 380, earlier defined, to establish programs to promote state or local economic development and to stimulate business and commercial activity in the Town. In accordance with a program established pursuant to Chapter 380, the Town may make loans or grants of public funds for economic development purposes, however no obligations secured by ad valorem taxes may be issued for such purposes unless approved by voters of the Town. The Town may contract with the federal government, the State of Texas, another political subdivision, a nonprofit organization or any other entity, including private entities, for the administration of such a program. Economic development incentives may include the creation of one or more public improvements districts ("PIDs") to fund public improvements that benefit certain designated areas. Special assessments are levied on the benefited property to pay the costs of the public improvements or pledged to the payment of bonds or other obligations issued to fund the public improvements.

Little Elm Tax Increment Reinvestment Zones and Public Improvement District

The Town Council created and currently participates in a total of four Tax Increment Reinvestment Zones ("TIRZ") (#3, #4, #5, and #6). The two original TIRZ created in 2008 referred to as TIRZ #1 and TIRZ #2 were terminated in November 2013. Subsequent to the creation of the two TIRZ zones, the Council on February 3, 2009 authorized and established the creation of the Little Elm Redevelopment Authority ("LERA"). The LERA was dissolved in February 2014. Upon the termination of TIRZ #1 in 2013, the Town created TIRZ #3 for the "Lakefront District" which consists of approximately 847 acres and has a base taxable assessed value of \$33,542,713.

The Town Council created TIRZ #4 in December 2013 for the Valencia on the Lake multi-phase residential development of approximately 447.942 acres. The Town also created the Valencia Public Improvement District ("Valencia PID") in September 2013 to finance certain public infrastructure improvements. The Valencia PID and the TIRZ# 4 boundaries are contiguous as the goal of the TIRZ# 4 is to assist with the development. The Town issued two series of special assessment revenue bonds (the "Valencia PID Bonds") in the amounts of \$12,240,000 and \$4,000,000 in February 2014 that are secured solely from assessment revenues generated within the Valencia PID. The bonds funded major improvement projects to include certain roadway, water, wastewater and drainage improvements. On November 6, 2018 the Town issued three series of bonds for the Valencia PID. The first series of revenue bonds refunded the 2014 Phase #1 Bonds, refinanced the Phase #1 reimbursement agreement portion of the 2014 bonds and restructured the debt service requirements by passage of Ordinance No.1445. The second series of revenue bonds were identified as the Improvement Area #2 Refunding and Improvement Bonds and were issued to refund a portion of the 2014 bonds used to finance improvements related to Improvement Area #2, refinance the pro rata portion of the Phase #2 local improvements and financed additional improvements relating in Improvement Area #2 through Ordinance No. 1446. The Major Improvement Area Refunding Bonds were the third series of bonds issued in FY2018 through Ordinance No. 1447. They were issued to refund the pro-rata portion of the 2014 Major Improvement Bonds related to Phases #2B, #3B, and #4.

In December 2021 the Town authorized \$5,405,000 to fund Improvement Area #3 to fund improvements related to Phase 3.

The Town Council created TIRZ #5 in December 2014 with a base value of Real Property of \$5,380,866. The TIRZ #5 zone has removed sections and added additional property to create the existing 943.5 acre zone. The Hillstone Pointe PID No. 2 was created in June 2015. It is located at the northern section of TIRZ #5 and its boundaries are not contiguous. TIRZ #5 and Hillstone Pointe PID No. 2 are located near the 380 Corridor on the northern boundary of the Town of Little Elm. The Town issued \$6,000,000 in special assessment revenue bonds (the "PID Bonds") for Phases #1-1a thru approval of Ordinance No. 1422 on October 17, 2017. The PID Bonds are secured solely from assessment revenues generated within the Hillstone Pointe PID No. 2. The PID Bonds funded Phase 1 and Phase 1A improvements which included certain roadway, water system, storm drainage, sanitary sewer, screening and landscaping and other soft and miscellaneous improvements. The Town issued the next set of Bonds (\$4,688,000 Special Assessment Revenue Bonds, Series 2018) for the Hillstone Pointe PID No. 2 Phases 2 and 3 thru Ordinance No. 1471 in December 2018. These bonds are secured solely from assessment revenues generated from Phases 2 and 3 of the PID and the proceeds are being used to fund a portion of the actual costs of the Phase 2 and 3 improvements. On May 4, 2021 TIRZ #5 was amended to reduce the zone to 862.23 acres. The new base value in the TIRZ became \$15,654,221. The Town will contribute 50% of its incremental real property tax revenue up to \$189,000,000 or until the December 31, 2060 termination date.

The Town's third PID was created by the Town on October 2016 identified as the Rudman Tract Public Improvement District to finance the costs of certain public improvements for the benefit of property in the PID. TIRZ #6 was created in November 2016 to be contiguous with the Rudman Tract to help the area develop. The area encompasses 146.8 acres. The Town approved reimbursement obligations to finance the public improvements provided for the benefit of the property in the PID. Phase #1 Reimbursement Agreement of \$7,300,000 and Phase #2 Major Improvements Reimbursement Agreement of \$2,075,000 are secured by special assessments. The Town consented to the assignment of the reimbursement amounts between the OPLE Prairie Oaks Development, Inc. and the Public Finance Authority ("PFA") in May 2017. Bonds were issued by the Wisconsin PFA for the development in May 2017.

The Town Council on December 20, 2016 created the fourth PID for the Town. This PID is located at the Town's northern border next to Highway 380 and is identified as Lakeside Estates PID No. 2. A TIRZ was not approved to assist with the development of this project. The Town authorized the issuance and sale of special assessment revenue bonds, Series 2017 in December 2017 for \$4,700,000. The bonds funded improvements which included certain roadway, water distribution system, storm drainage, sanitary sewer, screening and other PID Bond issuance costs.

In May 2021, the Town closed on a \$43,200,000 Spiritas Ranch PID Bonds to fund public improvements within a 545 acre mixed use development consisting of approximately 2,135 single family homes, commercial and multi family developments. Simultaneously with the Town PID issue, the Wisconsin Public Finance Authority issued \$30,400,000 Certificates of Participation (Reinvestment Zone No. 5) Town of Little Elm to pay certain contractual obligations incurred by the Town in regards to the Spiritas Ranch Development.

In January 2022, the Town closed on a \$4,650,000 Spiritas Ranch East PID Bonds to fund public improvement within a 38 acre master planned residential community consisting of 146 single family homes.

In June 2024, the Town issued \$7,000,000 Spiritas Ranch PID Future Improvement Area Bonds to finance the costs associated with additional projects within the Major improvement Areas.

The TIRZ and PID's in respect to their duration and the projects to be undertaken and other terms and conditions are set forth in the respective ordinances creating such zones and the public improvement districts. Although current plans provide that project costs for the zones will be paid or reimbursed from tax increments as collected, the Town may determine at a future date to issue bonds or other obligations secured by or payable in whole or in part from tax increment revenues. The owners of the PID Bonds do not have the right to demand payment from any funds of the Town other than the pledged revenues, consisting primarily of assessments levied and collected against the property within the specific PID, and the Town has no obligation to pay the PID Bonds from any other source.

Tax Abatements

The Town enters into economic development agreements designed to promote development, stimulate commercial activity, enhance the property tax base, and increase the economic vitality. These programs rebate property taxes and sales tax. The Town's economic development agreements are authorized under the Texas Local Government Code Chapter 311 (Tax Increment Financing Act) and Chapter 380 (Economic Development Programs). Recipients may be eligible to receive economic assistance based upon employment impact, economic or community impact of the project requesting assistance. Recipients receiving assistance generally commit to building or remodeling real property and related infrastructure, expanding operations, renewing facility leases or bringing targeted development to the Town. Agreements generally contain recapture provisions which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

The Town has two categories of economic development agreements:

A. General Economic Development

The Town enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or a percentage of property taxes or sales tax received by the Town. For fiscal year 2023, the Town rebated \$228,147 in sales taxes and \$2,180,257 of property taxes and made other incentive payments of \$1,085,317 under the agreements.

B. Tax Increment Financing

Tax Increment Financing (TIF) is a tool to help finance public improvements and development projects within a defined area. A municipality makes an area eligible for TIF by designating it a Tax Increment Reinvestment Zone (TIRZ). Within the designated zone all of the incremental tax revenue growth flows to an established tax increment fund to help pay for public improvements within the zone. The Town has adopted four Tax Increment Reinvestment Zones (TIRZ) in accordance with the provisions of the Tax Increment Financing Act, V.T.C.A., Tax Code, Chapter 311. The four active Tax increment reinvestment zones include TIRZ #3, #4, #5 and #6. The purpose of TIRZ #3 is to help pay for project costs associated with the development of the Town's Lakefront District. The Zone's projected costs are primarily related to park and park improvements, streets, a conference center, utilities, a recreation center, landscaping, trails, a plaza and lighting. TIRZ #4, #5 and #6 were created to facilitate the development of the currently vacant land with retail and single family developments while creating a unique cohesive development that builds on the high development standards already established within the Town. Specific project costs may include but is not limited to roads, water, sewer and storm water management. In fiscal year 2023, the Town made \$812,415 in payments to the TIRZ funds. Denton County agreed to participate in TIRZ 3 until the date the TIRZ #3 terminates, which would be on or before December 31, 2043. Denton County contributed \$91,749 in fiscal year 2023.

ADDITIONAL TAX COLLECTIONS

Municipal Sales Tax Collections

The Town has adopted the provisions of Chapter 34 of the Tax Code, as amended, which provides for the maximum levy of a one percent sales tax which may be used by the Town for any lawful purpose except that the Town may not pledge any of the anticipated sales tax revenue to secure the payment of the Obligations or other indebtedness. Net collections on a fiscal year basis are shown in Table 15 of Appendix A.

Optional Sales Tax

The Tax Code provides certain cities and counties the option of levying additional sales taxes for various purposes, including property tax reduction and economic development, provided that the total of all local sales taxes cannot exceed two percent.

At an election held on January 16, 1993, registered voters of the Town approved the imposition of an additional one-half percent (½%) sales tax to be used for economic development purposes in accordance with Chapter 504, Texas Local Government Code as amended. Collections of the 4A sales tax began on June 1, 1993.

The Town held a successful election on May 7, 2005 for the purpose of approving an increase in its sales tax by an additional one-quarter percent (¼%), to be used for street maintenance. Collections of the additional ¼% sales tax began on October 1, 2005. On May 9, 2009, May 6, 2017 and again on May 1, 2021 the Town had successful elections for the purpose of continuing the one-quarter percent (¼%) sales tax for street maintenance.

The Town also held a successful election May 12, 2007, for the purpose of approving a one-quarter percent (¼%) sales tax to be used for community development purposes in accordance with Chapter 504, Texas Local Government Code as amended. Collection of the additional 4B ¼% sales tax began October 1, 2007.

The optional sales tax revenues are not pledged to the payment of the Obligations.

Hotel Occupancy Tax

The Town passed a 7% Hotel Occupancy Tax on December 18, 2007, which took effect on January 1, 2008. The revenue derived from the Hotel Occupancy Tax may only be expended to directly enhance and promote tourism and the Town's convention and hotel

industry. Hotel Occupancy Tax revenue may not be used as general revenue for general governmental operations of the Town, and it is not pledged to the payment of the Obligations.

TAX MATTERS

Tax Exemption

The delivery of the Certificates is subject to the opinion of Bond Counsel to the effect that interest on the Certificates for federal income tax purposes (i) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (ii) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. A form of Bond Counsel's opinion is reproduced as Appendix C. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering the foregoing opinion, Bond Counsel will rely upon representations and certifications of the Town made in a certificate dated the date of delivery of the Certificates pertaining to the use, expenditure, and investment of the proceeds of the Certificates and will assume continuing compliance by the Town with the provisions of the Ordinance subsequent to the issuance of the Certificates. The Ordinance contains covenants by the Town with respect to, among other matters, the use of the proceeds of the Certificates and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Certificates are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Certificates to be includable in the gross income of the owners thereof from the date of the issuance of the Certificates.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Town described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Certificates is commenced, under current procedures the IRS is likely to treat the Town as the "taxpayer," and the owners of the Certificates would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Certificates, the Town may have different or conflicting interests from the owners of the Certificates. Public awareness of any future audit of the Certificates could adversely affect the value and liquidity of the Certificates during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Certificates. Prospective purchasers of the Certificates should be aware that the ownership of tax-exempt obligations such as the Certificates may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust ("FASIT"), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than \$1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer's applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the Certificates. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Certificates.

Existing law may change to reduce or eliminate the benefit to holders of the Certificates of the exclusion of interest on the Certificates from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Certificates. Prospective purchasers of the Certificates should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certificates

The initial public offering price of certain Certificates (the “Discount Certificate”) may be less than the amount payable on such Certificates at maturity. An amount equal to the difference between the initial public offering price of a Discount Certificate (assuming that a substantial amount of the Discount Certificates of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Certificate. A portion of such original issue discount allocable to the holding period of such Discount Certificate by the initial purchaser will, upon the disposition of such Discount Certificate (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Certificates described above under “Tax Exemption”. Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Certificate, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Certificate and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with "subchapter C" earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Certificate by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Certificate in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Certificate was held) is includable in gross income.

Owners of Discount Certificates should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Certificates for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Certificates. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Certificates may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The purchase price of certain Certificates (the “Premium Certificates”) paid by an owner may be greater than the amount payable on such Certificates at maturity. An amount equal to the excess of a purchaser’s tax basis in a Premium Certificate over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Certificate in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Certificate. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser’s yield to maturity (or, in some cases with respect to a callable Certificate, the yield based on a call date that results in the lowest yield on the Certificate).

Purchasers of the Premium Certificates should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Certificates for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Certificates.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the Town has made the following agreements for the benefit of the holders and beneficial owners of the Certificates. The Town is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates. Under the agreements, the Town will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the “MSRB”).

Annual Reports

The Issuer will provide certain updated financial information and operating data to the MSRB on an annual basis. The information to be updated includes all quantitative financial information and operating data with respect to the Issuer of the general type included in this Official Statement under “INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE ISSUER - Current Investments” herein and the information in Tables 1, 2, 6, 12, 13, 14, 15, 16, 21, 22, 23, 24, 25 and 26 of Appendix A. The Issuer will update and provide this information within six months after the end of each fiscal year ending in and after 2024. The Issuer will additionally provide

audited financial statements within 12 months after the end of each fiscal year ending in or after 2024. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the Issuer will file unaudited financial statements by the required time and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix D or such other accounting principles as the Issuer may be required to employ from time to time pursuant to State law or regulation.

The Issuer's current fiscal year end is September 30. Accordingly, the Issuer must provide updated information included in the above-referenced tables by the last day of March in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) must be provided by September 30 in each year, unless the Issuer changes its fiscal year. If the Issuer changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the Issuer otherwise would be required to provide financial information and operating data as set forth above.

All financial information, operating data, financial statements and notices required to be provided to the MSRB shall be provided in an electronic format and be accompanied by identifying information prescribed by the MSRB. Financial information and operating data to be provided as set forth above may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

Notice of Certain Events

The Town will also provide timely notices of certain events to the MSRB. The Town will provide notice of any of the following events with respect to the Certificates to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of holders of the Certificates, if material; (8) Certificate calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the Town, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Town, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Town, any of which reflect financial difficulties. In addition, the Town will provide timely notice of any failure by the Town to provide annual financial information or operating data in accordance with their agreement described above under "Annual Reports".

For these purposes, any event described in clause (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Town in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Town, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Town.

For the purposes of the above described event notices (15) and (16), the term "financial obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii); provided however, that a "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. The Town intends the words used in clauses (15) and (16) above to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

Availability of Information from MSRB

The Issuer has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

Limitations and Amendments

The Issuer has agreed to update information and to provide notices of certain specified events only as described above. The Issuer has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The Issuer makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Certificates at any future date. The Issuer disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its agreement or from any statement made pursuant to its agreement, although holders or beneficial owners of Certificates may seek a writ of mandamus to compel the Issuer to comply with its agreement.

The Issuer may amend its agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, if the agreement, as amended, would have permitted an underwriter to purchase or sell Certificates in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Certificates consent or any person unaffiliated with the Issuer (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Certificates. The Issuer may also repeal or amend its agreement if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but in either case only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the Issuer amends its agreement, it must include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and data provided.

Compliance with Prior Agreements

During the past five years, the Issuer has complied in all material respects with its continuing disclosure agreements in accordance with the Rule.

On April 7, 2020, the Town authorized a private placement of \$5,725,000 General Obligation Refunding Bonds, Series 2020, which closed on May 7, 2020. The Town filed a notice of late filing referencing the financial obligation evidenced by such bonds on June 15, 2020.

OTHER PERTINENT INFORMATION

Registration and Qualification of Certificates for Sale

The sale of the Certificates has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Certificates have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Certificates been qualified under the securities acts of any other jurisdiction. The Issuer assumes no responsibility for qualification of the Certificates under the securities laws of any jurisdiction in which the Certificates may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Certificates shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

Litigation

In the opinion of the Town officials, the Issuer is not a party to any litigation or other proceeding pending or to its knowledge, threatened, in any court, agency or other administrative body (either state or federal) which, if decided adversely to the Issuer, would have a material adverse effect on the financial condition of the Town.

Future Debt Issuance

The Town currently has no plans to issue additional ad valorem tax supported debt in 2024.

Legal Investments and Eligibility to Secure Public Funds in Texas

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Certificates are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are real and authorized investments for

insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Certificates by municipalities or other political subdivisions or public agencies of the State, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Certificates be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "OTHER PERTINENT INFORMATION - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Certificates are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivision, and are legal security for those deposits to the extent of their fair market value. No review by the Town has been made of the laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

No representation is made that the Certificates will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes. The Town has made no investigation of other laws, rules, regulations or investment criteria which might apply to any such persons or entities or which might otherwise limit the suitability of the Certificates for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Certificates for such purposes.

Additionally, with respect to the Certificates, Section 271.051 of the Texas Local Government Code expressly provides that certificates of obligation approved by the Attorney General of Texas are legal authorized investments for banks, savings banks, trust companies, and savings and loan associations, insurance companies, fiduciaries, trustees, and guardians, and sinking funds of municipalities, counties, school districts, or other political corporations or subdivisions of the State. The Certificates are eligible to secure deposits of any public funds of the State, municipalities, school and other political subdivisions of the State, and are legal security for those deposits to the extent of the market value.

Ratings

A municipal bond rating application for the Certificates has been made to S&P Global Ratings ("S&P"). The outcome of the result will be made available as soon as possible. The Issuer currently has an S&P underlying rating of "AA+" on its general obligation debt. An explanation of the significance of such a rating may be obtained from S&P. The rating of the Certificates by S&P reflects only the view of S&P at the time the rating is given, and the Issuer makes no representations as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by S&P, if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Certificates.

Legal Opinions and No-Litigation Certificate

The Issuer will furnish the Purchaser with a complete transcript of proceedings incident to the authorization and issuance of the Certificates, including the unqualified approving legal opinion of the Attorney General of the State of Texas to the effect that the Certificates are valid and legally binding obligations of the Issuer, and based upon examination of such transcript of proceedings, the approval of certain legal matters by Bond Counsel, to the effect that the Certificates are valid and legally binding obligations of the Issuer and, the interest on the Certificates is excludable from the gross income of the owners thereof for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions existing on the date of the initial delivery of the Certificates, subject to the qualifications set forth herein under "TAX MATTERS." The customary closing papers, including certificates to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Certificates, or which would affect the provision made for their payment or security, or in any manner questioning the validity of the Certificates will also be furnished. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Notice of Sale, the Official Bid Form and the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Certificates in the Official Statement to verify that such description conforms to the provisions of the Ordinance. Such firm has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the Issuer for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon such firm's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to the accuracy or completeness of any of the information contained herein. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Certificates are contingent on the sale and delivery of the Certificates. Though it represents the Financial Advisor and certain entities that may bid on the Certificates from time to time in matters unrelated to the issuance of the Certificates, Bond Counsel has been engaged by and only represents the Town in connection with the issuance of the Certificates.

The various legal opinions to be delivered concurrently with the delivery of the Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering legal opinions the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future

performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise from the transaction.

Winning Bidder

On July 16, 2024, after requesting competitive bids for the Certificates, the Town accepted the bid of _____ (the "Certificate Purchaser" or the "Initial Certificate Purchaser") to purchase the Certificates at the interest rates shown on the page ii of this Official Statement at a price of par, plus a cash premium of \$_____, (representing the par amount of the Certificates, plus a [net] original issue reoffering premium of \$_____, less Certificate Purchaser's discount of \$_____), plus accrued interest on the Certificates from their Dated Date to their date of initial delivery. The Town can give no assurance that any trading market will be developed for the Town after their sale by the Town to the Certificate Purchaser. The Town has no control over the price at which the Certificates are subsequently sold and the initial yield at which the Certificates will be priced and reoffered will be established by and will be the responsibility of the Certificate Purchaser.

Financial Advisor

SAMCO Capital Markets, Inc. is employed as a Financial Advisor to the Issuer in connection with the issuance of the Certificates. In this capacity, the Financial Advisor has compiled certain data relating to the Certificates and has assisted in drafting this Official Statement. The Financial Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the Issuer to determine the accuracy or completeness of this Official Statement. Because of its limited participation, the Financial Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein. The fees for Financial Advisor are contingent upon the issuance, sale and delivery of the Certificates.

Certification of the Official Statement

At the time of payment for and delivery of the Certificates, the Purchaser, will be furnished a certificate executed by the proper officials of the Town acting in their official capacity, to the effect that: (a) the descriptions and statements of or pertaining to the Town contained in its Official Statement relating to the Certificates, and any addenda, supplement or amendment thereto, on the date of such Official Statement, on the date of the sale of said Certificates, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the Town and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statement therein, in the light of the circumstances under which they were made, not misleading; (c) to the best of their knowledge, insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the Town and its activities, contained in such Official Statement are concerned, such statements and data have been obtained from sources which the Town believes to be reliable and the Town has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the Town since September 30, 2023, the date of the last audited financial statements of the Town, portions of which appear in the Official Statement.

The Official Statement will be approved as to form and content and the use thereof in the offering of the Certificates will be authorized, ratified and approved by the Town Council on the date of sale, and the Purchaser will be furnished, upon request, at the time of payment for and the delivery of the Certificates, a certified copy of such approval, duly executed by the proper officials of the Town.

Forward-Looking Statements Disclaimer

The statements contained in this Official Statement, and in any other information provided by the Town, that are not purely historical, are forward-looking statements, including statements regarding the Town's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Town on the date hereof, and the Town assumes no obligation to update any such forward-looking statements. The Town's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Town. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

Concluding Statement

The financial data and other information contained in this Official Statement have been obtained from the Town’s records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and ordinances contained in this Official Statement are made subject to all of the provisions of such statutes, documents and ordinances. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

The Official Statement will be approved by the Town Council of the Issuer for distribution in accordance with the provisions of the Rule.

TOWN OF LITTLE ELM, TEXAS

ATTEST:

Mayor
Town of Little Elm, Texas

Town Secretary
Town of Little Elm, Texas

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APPENDIX A

FINANCIAL INFORMATION OF THE ISSUER

(This appendix contains quantitative financial information and operating data with respect to the Issuer. The information is only a partial representation and does not purport to be complete. For further and more complete information, reference should be made to the original documents, which can be obtained from various sources, as noted.)

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FINANCIAL INFORMATION OF THE ISSUER

ASSESSED VALUATION

TABLE 1

2023 Actual Market Value of Taxable Property (100% of Actual)	\$ 9,484,639,501
Less Exemptions/Losses:	
Local, Optional Over-65 and/or Disabled Homestead Exemptions	18,088,041
Veterans' Exemptions	94,566,089
Homestead 10% Cap Adjustment	862,910,533
Productivity Value Loss	79,266,748
Prorated Exempt Property	-
House Bill 366 Exempt Property	89,377
Freeport	20,089,858
Pollution Control / Other	15,459,825
Total Exempt Property	483,321,911
Freeze Taxable Value	490,536,142
Transfer Adjustment	-
	<u>2,064,328,524</u>
2023 Freeze Adjusted Net Taxable Assessed Valuation ("FANTAV")	<u>\$ 7,420,258,070</u> *
2024 Preliminary Net Taxable Assessed Valuation as of June 7, 2024	\$ 7,897,817,206
The Town is reflecting a 40.86% of the property values being protested. The above number is taking the lower values of the properties in protest state.	

Source: Denton Central Appraisal District and the Issuer.

GENERAL OBLIGATION BONDED DEBT

TABLE 2

General Obligation Debt Principal Outstanding: (As of July 1, 2024)

Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2012	\$ 1,890,000
General Obligation Refunding Bonds, Series 2012	300,000
General Obligation Refunding Bonds, Series 2012A	825,000
General Obligation Refunding Bonds, Series 2013	760,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2013	3,415,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2013A	765,000
General Obligation Refunding Bonds, Series 2014	2,050,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015	6,385,000
General Obligation Refunding Bonds, Series 2016	2,520,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2016	5,590,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2017	8,885,000
General Obligation Refunding Bonds, Series 2017	10,225,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2018	9,915,000
General Obligation Refunding Bonds, Series 2019	4,825,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2019	5,390,000
General Obligation Refunding Bonds, Series 2020	3,930,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2020	3,580,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021	20,200,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2022	<u>8,165,000</u>
Total Gross General Obligation Debt Principal Outstanding:	\$ 99,615,000

Current Issue General Obligation Debt Principal

Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2024 (the "Certificates")	\$ <u>25,500,000</u> *
Total Gross General Obligation Debt Principal Outstanding following the issuance of the Certificates:	\$ <u>125,115,000</u> *

Less: Self-Supporting General Obligation Debt Principal:

Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2012 (100% WS) ^(a)	\$ 1,890,000
General Obligation Refunding Bonds, Series 2012 (100% WS) ^(a)	300,000
General Obligation Refunding Bonds, Series 2013 (100% WS) ^(a)	760,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2013 (100% CDC)	3,415,000
General Obligation Refunding Bonds, Series 2014 (aprox. 55.61% WS) ^(a)	1,140,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2016 (100% WS)	5,590,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2017 (100% WS)	8,885,000
General Obligation Refunding Bonds, Series 2017 (100% WS)	10,225,000
General Obligation Refunding Bonds, Series 2019 (19.79% CDC)	955,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2020 (77.51% TIRZ #3)	2,775,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021 (37.50% WS, 16.68% CDC, 8.34% TIRZ #3)	12,630,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2024 (72.55% W&S)	<u>18,500,000</u>
Total Self-Supporting General Obligation Debt Principal	\$ 67,065,000

Total **Net** General Obligation Debt Principal Outstanding Following the Issuance of the Certificates \$ 58,050,000 *

General Obligation Interest and Sinking Fund Balance as of September 30, 2023	\$ 2,086,732
Ratio of Gross General Obligation/Special Obligation Debt Principal to 2023 FANTAV	1.69% *
Ratio of Net General Obligation/Special Obligation Debt Principal to 2023 FANTAV	0.78% *
2023 Freeze Adjusted Net Taxable Assessed Valuation ("FANTAV") ^(b)	\$ 7,420,258,070
Population: 1990 - 1,308; 2000 - 3,646; 2010 - 25,898; 2020 - 46,200; Current (Estimate) -	63,520
Per Capita 2023 Freeze Adjusted Net Taxable Assessed Valuation -	\$116,818
Per Capita Gross General Obligation/Special Obligation Debt Principal -	\$1,970 *
Per Capita Net General Obligation/Special Obligation Debt Principal -	\$914 *

^(a) For general obligation debt for which repayment is provided from revenues of the System, the amount of self-supporting debt is based on the percentages of revenue support as shown above. To the extent the System revenues are not available, the Town is obligated to levy ad valorem taxes to pay the debt service on such obligations. See Table 8 – "Computation of Waterworks and Sewer System Self-Supporting Debt" herein.

^(b) See "AD VALOREM TAX PROCEDURES" and "TOWN APPLICATION OF THE PROPERTY TAX CODE" in the Official Statement for a description of the Issuer's taxation procedures.

* Preliminary; subject to change.

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

TABLE 3

Fiscal Year 30-Sep	Currently		The Certificates*			Total	Combined Debt Service ^{(a)*}	Less: Self- Supporting Debt ^{(b)*}	Net General Obligation Debt Service ^{(c)*}
	Outstanding Debt Service ^(a)	Principal	Interest						
2024	\$ 11,242,775	\$ -	\$ -	\$ -	\$ -	\$ 11,242,775	\$ 5,396,308	\$ 5,846,467	
2025	11,230,826	1,225,000	1,119,938	2,344,938	13,575,763	7,195,683	6,380,080		
2026	10,705,740	795,000	1,074,488	1,869,488	12,575,227	6,200,735	6,374,493		
2027	10,341,142	840,000	1,037,700	1,877,700	12,218,842	6,209,020	6,009,822		
2028	9,219,955	880,000	999,000	1,879,000	11,098,955	5,704,964	5,393,991		
2029	9,008,318	920,000	958,500	1,878,500	10,886,818	5,636,507	5,250,311		
2030	7,769,870	965,000	916,088	1,881,088	9,650,958	5,306,982	4,343,976		
2031	7,162,156	1,015,000	871,538	1,886,538	9,048,694	5,291,920	3,756,774		
2032	7,175,456	1,070,000	824,625	1,894,625	9,070,081	5,306,720	3,763,362		
2033	7,183,941	1,125,000	775,238	1,900,238	9,084,178	5,312,495	3,771,684		
2034	6,770,663	1,175,000	723,488	1,898,488	8,669,150	4,908,032	3,761,119		
2035	5,644,500	1,230,000	669,375	1,899,375	7,543,875	3,790,570	3,753,306		
2036	5,655,738	1,300,000	612,450	1,912,450	7,568,188	3,802,207	3,765,981		
2037	4,484,619	1,360,000	552,600	1,912,600	6,397,219	3,275,044	3,122,175		
2038	3,690,413	1,430,000	489,825	1,919,825	5,610,238	2,484,994	3,125,244		
2039	2,787,075	1,500,000	423,900	1,923,900	4,710,975	2,488,082	2,222,894		
2040	2,343,950	1,575,000	354,713	1,929,713	4,273,663	2,493,219	1,780,444		
2041	2,077,350	1,655,000	282,038	1,937,038	4,014,388	2,299,469	1,714,919		
2042	647,700	1,730,000	205,875	1,935,875	2,583,575	1,410,525	1,173,050		
2043	-	1,810,000	126,225	1,936,225	1,936,225	1,417,363	518,863		
2044	-	1,900,000	42,750	1,942,750	1,942,750	1,421,275	521,475		
	\$ 125,142,185	\$ 25,500,000	\$ 13,060,350	\$ 38,560,350	\$ 163,702,535	\$ 85,930,833	\$ 75,828,952		

^(a) Includes self-supporting debt.

^(b) See Table 2 for a breakdown on the specific issues that have self-supporting debt.

^(c) Excludes self-supporting debt.

* Preliminary; subject to change.

TAX ADEQUACY (Includes Self-Supporting Debt)

TABLE 4

2023 Freeze Adjusted Net Taxable Assessed Valuation	\$ 7,420,258,070
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-25*)	\$ 13,575,763 *
Indicated required I&S Fund Tax Rate at 99% Collections to produce Maximum Debt Service requirements	\$ 0.18480 *

Note: Above computations are exclusive of investment earnings, delinquent tax collections and penalties and interest on delinquent tax collections.

* Preliminary; subject to change.

TAX ADEQUACY (Excludes Self-Supporting Debt)

TABLE 5

2023 Freeze Adjusted Net Taxable Assessed Valuation	\$ 7,420,258,070
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-25*)	\$ 6,380,080 *
Indicated required I&S Fund Tax Rate at 99% Collections to produce Maximum Debt Service requirements	\$ 0.08685 *

Note: Above computations are exclusive of investment earnings, delinquent tax collections and penalties and interest on delinquent tax collections.

* Preliminary; subject to change.

(Audited information per the Town's Annual Comprehensive Financial Report for Fiscal Year Ended September 30, 2023)

Lease Liabilities

The Town has entered into multiple lease agreements as lessee for the right-to-use equipment over the term of the lease. The Town is required to make periodic payments at its effective interest rate or the interest rate stated or implied within the leases. The Town's lease agreements incur interest at rates ranging from 0.328% to 2.363% annually; all of which are accounted for within the governmental activities. Such arrangements range from 3 to 4 years in length.

The future principal and interest payments for lease liabilities as of September 30, 2023, are as follows:

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 46,007	\$ 2,042	\$ 48,049
2025	43,044	1,081	44,125
2026	<u>23,802</u>	<u>188</u>	<u>23,990</u>
	\$ 112,853	\$ 3,311	\$ 116,164

Subscription Liabilities

The Town has subscription IT arrangements to conduct its operations, the terms of which expire 2024 through 2027. The measurement of the subscription liabilities is based on the present value of subscription payments expected to be paid during the subscription term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any subscription incentives payable.

An initial subscription liability was recorded for in the amount of \$566,408 and \$387,554 during fiscal year 2023 for Governmental Activities and Business-Type Activities, respectively. As of September 30, 2023, the value of the subscription liabilities was \$358,760 and \$298,688 for Governmental Activities and Business-Type Activities, respectively. An incremental borrowing rate of 3.1440% to 3.2687% was used to measure subscription liabilities. The value of the right-to-use subscription assets as of September 30, 2023 for Governmental Activities was \$842,803 and had accumulated amortization of \$242,362. The value of the right-to-use subscription assets as of September 30, 2023 for Business-Type Activities was \$663,948 and had accumulated amortization of \$162,248.

The future principal and interest payments for subscription liabilities as of September 30, 2023, are as follows:

Fiscal Year Ending September 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 121,266	\$ 10,629	\$ 131,895	\$ 88,562	\$ 8,685	\$ 97,247
2025	117,128	6,642	123,770	91,492	5,754	97,246
2026	96,251	2,784	99,035	94,519	2,727	97,246
2027	<u>24,115</u>	<u>197</u>	<u>24,312</u>	<u>24,115</u>	<u>197</u>	<u>24,312</u>
	\$ 358,760	\$ 20,252	\$ 379,012	\$ 298,688	\$ 17,363	\$ 316,051

Note Payable

On December 15, 2015, the Town Council approved an Interlocal Chapter 380 Economic Development Program and Performance Agreement between the Town of Little Elm and the Little Elm EDC for payments related to the Utility Acquisition Agreement with Mustang Special Utility District (SUD). Mustang SUD agreed to purchase the system and assume the contracts for a cash consideration of \$1,000,000 which is to be paid to the Little Elm EDC in ten equal yearly payments of \$100,000 with the first installment payment to the Little Elm EDC to occur on July 1, 2016. The Town also covenants and agrees to pay to the Little Elm EDC the ten equal yearly payments. Accordingly a note payable / receivable has been recorded between the Town and Little Elm EDC. The remaining balance as of September 30, 2023 was \$200,000.

INTEREST AND SINKING FUND MANAGEMENT INDEX**TABLE 7**

Interest and Sinking Fund Balance, Fiscal Year Ended September 30, 2023	\$ 2,086,732
2023-24 Interest and Sinking (I&S) Fund Revenue	<u>11,115,918</u>
Total Available for Debt Service	<u>\$ 13,202,650</u>
Less: Net General Obligation Debt Service Requirements, Fiscal Year Ending 9-30-24	<u>11,457,436</u> ^(a)
Estimated Interest & Sinking Fund Balance at Fiscal Year Ending 9-30-24	<u>\$ 1,745,214</u>

^(a) Includes \$3,502,500 of self-supporting general obligation debt that historically has been paid from the Waterworks and Sewer System.

* Preliminary; subject to change.

COMPUTATION OF WATERWORKS AND SEWER SYSTEM SELF-SUPPORTING DEBT**TABLE 8**

Net System Revenues Available, Fiscal Year End September 30, 2023	\$ 12,410,640
Less: 2023 Annual Debt Service Requirements on Outstanding Revenue Bonds	<u>-</u>
Balance Available for Other Purposes	<u>\$ 12,410,640</u>
Estimated System General Obligation Debt for Fiscal Year Ended September 30, 2023	\$ 4,266,370
Percentage of System General Obligation Debt Self-Supporting	100%

GENERAL OBLIGATION PRINCIPAL REPAYMENT SCHEDULE**TABLE 9**

(As of July 1, 2024)

Fiscal Year Ending 9/30	Principal Repayment Schedule*			Bonds Unpaid at End of Year*	Percent of Principal Retired (%)*
	Outstanding Principal ^(a)	The Certificates	Total		
2024	\$ 6,505,000	\$ -	\$ 6,505,000	\$ 118,610,000	5%
2025	8,265,000	1,225,000	9,490,000	109,120,000	13%
2026	8,020,000	795,000	8,815,000	100,305,000	20%
2027	7,905,000	840,000	8,745,000	91,560,000	27%
2028	7,055,000	880,000	7,935,000	83,625,000	33%
2029	7,100,000	920,000	8,020,000	75,605,000	40%
2030	6,105,000	965,000	7,070,000	68,535,000	45%
2031	5,700,000	1,015,000	6,715,000	61,820,000	51%
2032	5,915,000	1,070,000	6,985,000	54,835,000	56%
2033	6,120,000	1,125,000	7,245,000	47,590,000	62%
2034	5,900,000	1,175,000	7,075,000	40,515,000	68%
2035	4,955,000	1,230,000	6,185,000	34,330,000	73%
2036	5,115,000	1,300,000	6,415,000	27,915,000	78%
2037	4,085,000	1,360,000	5,445,000	22,470,000	82%
2038	3,410,000	1,430,000	4,840,000	17,630,000	86%
2039	2,595,000	1,500,000	4,095,000	13,535,000	89%
2040	2,220,000	1,575,000	3,795,000	9,740,000	92%
2041	2,010,000	1,655,000	3,665,000	6,075,000	95%
2042	635,000	1,730,000	2,365,000	3,710,000	97%
2043	-	1,810,000	1,810,000	1,900,000	98%
2044	-	1,900,000	1,900,000	-	100%
	<u>\$ 99,615,000</u>	<u>\$ 25,500,000</u>	<u>\$ 125,115,000</u>		

^(a) Includes self-supporting debt principal

* Preliminary; subject to change.

CLASSIFICATION OF ASSESSED VALUATION

TABLE 10

Category	2023	% of Total	2022	% of Total	2021	% of Total	2020	% of Total	2019	% of Total
Real, Residential, Single-Family	\$ 6,968,328,952	73.47%	\$ 5,424,184,810	72.49%	\$ 3,943,894,302	69.86%	\$ 3,428,363,449	67.64%	\$ 3,166,052,037	67.12%
Real, Residential, Multi-Family	766,191,869	8.08%	615,025,210	8.22%	500,241,123	8.86%	481,020,818	9.49%	477,354,824	10.12%
Real, Vacant Lots/Tracts	155,192,809	1.64%	101,005,563	1.35%	114,539,699	2.03%	132,695,206	2.62%	129,649,542	2.75%
Real, Acreage (Land Only)	79,341,250	0.84%	61,706,461	0.82%	89,154,546	1.58%	80,844,939	1.60%	78,039,397	1.65%
Farm & Ranch Improvements	81,360,652	0.86%	108,187,754	1.45%	43,393,768	0.77%	41,556,223	0.82%	54,730,220	1.16%
Real, Commercial / Industrial	646,383,142	6.82%	572,234,006	7.65%	494,528,607	8.76%	479,295,614	9.46%	390,768,372	8.28%
Real & Tangible, Personal Utilities	41,013,054	0.43%	40,006,400	0.53%	35,481,042	0.63%	33,841,577	0.67%	29,041,243	0.62%
Personal, Commercial / Industrial	155,316,611	1.64%	107,418,192	1.44%	87,508,493	1.55%	80,040,032	1.58%	77,797,620	1.65%
Tangible Personal, Mobile Homes	10,886,236	0.11%	10,558,740	0.14%	10,878,240	0.19%	9,857,280	0.19%	7,985,132	0.17%
Residential Inventory/Vacant	77,677,523	0.82%	70,392,460	0.94%	70,393,994	1.25%	67,964,254	1.34%	78,429,528	1.66%
Special Inventory	4,185,813	0.04%	2,161,266	0.03%	1,547,957	0.03%	1,224,849	0.02%	1,610,328	0.03%
Totally Exempt Property	498,761,590	5.26%	369,353,298	4.94%	253,521,677	4.49%	231,869,196	4.57%	225,344,682	4.78%
Total Appraised Value	\$ 9,484,639,501	100.00%	\$ 7,482,234,160	100.00%	\$ 5,645,073,448	100.00%	\$ 5,068,573,437	100.00%	\$ 4,716,802,925	100.00%
Less Exemptions:										
Over-65 or Disabled Homestead	\$ 18,088,041		\$ 16,267,009		\$ 13,651,217		\$ 12,087,289		\$ 10,616,720	
Veteran's Exemptions	94,566,089		70,063,101		50,789,329		37,762,184		29,712,007	
Homestead Cap Adjustment	862,910,533		465,329,826		17,880,439		5,968,674		19,385,162	
Productivity Value Loss	79,266,748		61,607,109		89,081,053		80,806,717		77,921,302	
Prorated Exempt Property	-		1,035,141		521		397,043		858,208	
House Bill 366 Exempt Property	89,377		83,969		7,046		6,129		4,976	
Freeprot	20,089,858		20,154,935		9,826,823		-		-	
Community Housing Dev. Corp.	-		-		-		-		4,650,000	
Abatements	-		-		-		-		2,640,958	
Pollution Control / Other/Charitable	15,459,825		5,143,243		5,436,943		4,814,150		209,216	
Totally Exempt Property	483,321,911		363,194,181		248,211,663		231,790,780		219,790,998	
Total Exemptions	1,573,792,382		1,002,878,514		434,885,034		373,632,966		365,789,547	
Net Taxable Assessed Valuation	\$ 7,910,847,119		\$ 6,479,355,646		\$ 5,210,188,414		\$ 4,694,940,471		\$ 4,351,013,378	
Less:										
Freeze Taxable Value	\$ 490,536,142		\$ 424,431,987		\$ 329,265,581		\$ 271,637,476		\$ 242,601,223	
Transfer Adjustment	52,907		128,359		-		204,420		69,500	
Freeze Adjusted Net Taxable Assessed Valuation	\$ 7,420,258,070		\$ 6,054,795,300		\$ 4,880,922,833		\$ 4,423,098,575		\$ 4,108,342,655	

Source: Denton Central Appraisal District
 Note: Assessed Valuations shown here are Certified Valuations and may change during the year due to various supplements and protests. Valuations on a later date or in other tables of this Official Statement may not match those shown on this table.

Tax Year	Freeze Adjusted Net Taxable Assessed Valuation	Change From Preceding Year	
		Amount (\$)	Percent
2014	\$ 2,060,061,476	279,682,253	15.71%
2015	2,421,160,195	361,098,719	17.53%
2016	2,810,731,709	389,571,514	16.09%
2017	3,081,268,379	270,536,670	9.63%
2018	3,489,018,280	407,749,901	13.23%
2019	4,108,342,655	619,324,375	17.75%
2020	4,423,098,575	314,755,920	7.66%
2021	4,880,922,833	457,824,258	10.35%
2022	6,054,795,300	1,173,872,467	24.05%
2023	7,420,258,070	1,365,462,770	22.55%

Sources: The Municipal Advisory Council of Texas Website, the Issuer's 2023 Annual Comprehensive Financial Report and Denton Central Appraisal District
 Note: Assessed Valuations may change during the year due to various supplements and protests.

PRINCIPAL TAXPAYERS

TABLE 12

Name	Type of Business	2023 Net Taxable Assessed Valuation	% of Total 2023 Taxable Assessed Valuation
Orion Lakeside LLC	Apartments	\$ 97,000,000	1.31%
4 Corners AL AP	Apartments	91,000,000	1.23%
BVF-V Souvenir 380 LLC	Apartments	90,631,000	1.22%
Bell Fund VI Frisco LLC	Apartments	76,066,000	1.03%
BSR Overlook Apartments LLC	Apartments	71,359,000	0.96%
Retractable Technologies Inc	Manufacturing	70,497,275	0.95%
Centennial Luxe LP	Apartments	65,000,000	0.88%
The Landing at Little Elm LLC	Apartments	64,000,000	0.86%
Union House LP	Apartments	47,108,000	0.63%
Palladium USA	Developer	44,536,147	0.60%
		<u>\$ 717,197,422</u>	<u>9.67%</u>

Based on a 2023 Freeze Adjusted Net Taxable Assessed Valuation \$ 7,420,258,070

Source: Denton Central Appraisal District.

PROPERTY TAX RATES AND COLLECTIONS ^(a)

TABLE 13

Tax Year	Freeze Adjusted Net Taxable Assessed Valuation	Tax Rate	Adjusted Tax Levy	% Collections ^(b)		Fiscal Year Ended
				Current	Total	
2014	\$ 2,060,061,476	0.664970	13,629,127	99.65%	99.93%	9/30/2015
2015	2,421,160,195	0.661687	15,848,795	99.77%	99.91%	9/30/2016
2016	2,810,731,709	0.661687	18,694,955	99.58%	99.93%	9/30/2017
2017	3,081,268,379	0.657671	21,819,292	99.80%	99.90%	9/30/2018
2018	3,489,018,280	0.649900	24,976,789	99.71%	99.92%	9/30/2019
2019	4,108,342,655	0.649900	28,077,721	99.72%	100.00%	9/30/2020
2020	4,423,098,575	0.649700	29,718,306	99.58%	99.58%	9/30/2021
2021	4,880,922,833	0.643948	32,788,053	99.65%	100.00%	9/30/2022
2022	6,054,795,300	0.629900	38,139,156	99.11%	100.00%	9/30/2023
2023	7,420,258,070	0.589900	45,446,521	98.73% ^(c)	100.00% ^(c)	9/30/2024

^(a) See "AD VALOREM TAX PROCEDURES" and "TOWN'S APPLICATION OF THE PROPERTY TAX CODE" in the Official Statement for a description of the Issuer's taxation procedures.

^(b) Includes interest and penalties.

^(c) Collections are as of April 30, 2024.

Source: The Denton Central Appraisal District, The Town's 2023 Annual Comprehensive Financial Report and other information from the Issuer.

TAX RATE DISTRIBUTION

TABLE 14

	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020
Maintenance & Operations	\$0.440095	\$0.486400	\$0.524035	\$0.520000	\$0.495874
I & S Fund	0.149805	0.143500	0.119913	0.129700	0.154026
TOTAL	<u>\$0.589900</u>	<u>\$0.629900</u>	<u>\$0.643948</u>	<u>\$0.649700</u>	<u>\$0.649900</u>

Source: The Denton Central Appraisal District.

The Issuer has adopted the provisions of Chapter 321, as amended, Texas Tax Code (the "Municipal Sales and Use Tax Act") which provides for the maximum levy of a one percent sales tax which may be used for any lawful purpose except that the sales tax revenue may not be pledged to the payment of debt. The voters of the Town approved a 1/2% sales tax for the benefit of economic development on January 16, 1993, with collections beginning June 1993. The voters of the Town approved a 1/4% sales tax for street maintenance on May 7, 2005, with collections beginning October 1, 2005. On May 9, 2009, May 16, 2017 and again on May 1, 2021 the Town held a successful election for the purpose of continuing the 1/4% sales tax for street maintenance. The voters of the Town approved a 1/4% sales tax for 4B community development purposes on May 12, 2007, with collections beginning October 1, 2007. The sales taxes for economic development and community development are collected solely for the benefit of the Little Elm Economic Development Corporation ("4A EDC") and the Little Elm Community Development Corporation ("4B CDC"), respectively, and may be pledged to secure payment of sales tax obligations issued or incurred by the Corporations and are not pledged to the payment of the Obligations.

Net collections on a fiscal year basis are shown below:

Fiscal Ended	Total 2% Collected	1.25% Town	Ad Valorem Tax Levy	Ad Valorem Tax Rate	0.50% 4A EDC	0.25% 4B CDC
2015	5,705,401	3,565,876	26.18%	0.17412	1,426,350	713,175
2016	6,962,498	4,351,562	27.66%	0.18303	1,740,625	870,312
2017	7,242,129	4,526,331	24.21%	0.16020	1,810,532	905,266
2018	7,999,075	4,999,422	22.91%	0.15069	1,999,769	999,884
2019	8,695,403	5,434,627	21.76%	0.14141	2,173,851	1,086,925
2020	10,105,335	6,315,835	24.59%	0.15980	2,526,334	1,263,167
2021	11,584,128	7,240,080	24.36%	0.15828	2,896,032	1,448,016
2022	14,132,662	8,832,914	26.94%	0.17348	3,533,166	1,766,583
2023	14,824,678	9,265,424	24.29%	0.15303	3,706,170	1,853,085
2024 *	9,659,836	6,037,398			2,414,959	1,207,480

* As of June, 2024.

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

Note: The Comptroller's website figures list sales tax revenues in the month they are delivered to the Town, which is two months after they are generated/collected.

FUND BALANCES

TABLE 16

	Unaudited estimate for 9/30/2023
General Operating Fund (Unrestricted / Undesignated)	\$ 43,500,581
General Obligation Interest and Sinking Fund (Debt Service Fund)	2,086,732
Capital Projects Fund (Major governmental Funds)	36,206,141
Waterworks and Sewer System Operating fund (Excluding Impact Fees)	24,969,642
Water and Sewer Impact Fees Fund	5,837,427
Solid Waste Fund	1,214,138
Special Revenue Funds	2,874,628
Internal Replacement Funds	7,235,158
Street Impact Fees Fund	2,283,867
Component Units Funds (CDC)	1,429,218
Total	\$ 127,637,532

Sources: The Issuer.

OVERLAPPING DEBT DATA AND INFORMATION

TABLE 17

(As of July 1, 2024)

<u>Taxing Body</u>	<u>Gross Debt</u>		<u>%</u>	<u>Amount</u>
	<u>Principal</u>	<u>Overlapping</u>		
Aubrey Independent School District	\$ 360,106,976		0.05%	\$ 180,053
Denton County	723,690,000		4.30%	31,118,670
Denton CO MUD #8	17,160,000		0.41%	70,356
Denton Independent School District	2,142,646,665		5.87%	125,773,359
Elm Ridge WC&ID	152,952,833		0.39%	596,516
Frisco Independent School District	2,235,468,779		3.26%	72,876,282
Highway 380 MMD #1	126,700		90.63%	114,828,210
Little Elm Independent School District	591,064,874		37.28%	220,347,494
Total Gross Overlapping Debt	\$ 6,223,216,827			\$ 565,790,940
Town of Little Elm	125,115,000 ^(a)		100.00%	125,115,000 ^(a) *
Total Gross Direct and Overlapping Debt Principal				\$ 690,905,940 ^(a) *
Ratio of Gross Direct and Overlapping Debt to 2023 Freeze Adjusted Net Taxable Assessed Valuation				9.31% ^(a) *
Ratio of Gross Direct and Overlapping Debt to 2023 Actual Value				7.28% ^(a) *
Per Capita Gross Direct and Overlapping Debt				\$10,877 ^(a) *
Note: The above figures show Gross General Obligation Debt for the Town of Little Elm, Texas				
The Issuer's Net General Obligation Debt Principal is				\$ 58,050,000 ^(b) *
Calculations on the basis of Net General Obligation Debt would change the above figures as follows:				
Total Net Direct and Overlapping Debt Principal				\$ 623,840,940 ^(b) *
Ratio of Net Direct and Overlapping Debt Principal to 2023 Freeze Adjusted Net Taxable Assessed Valuation				8.41% ^(b) *
Ratio of Net Direct and Overlapping Debt Principal to 2023 Actual Value				6.58% ^(b) *
Per Capita Net Direct and Overlapping Debt				\$9,821 ^(b) *

^(a) Includes the Certificates and self-supporting debt. (See "TABLE 2 - GENERAL OBLIGATION BONDED DEBT" herein.)

^(b) Includes the Certificates but excludes self-supporting debt. (See "TABLE 2 - GENERAL OBLIGATION BONDED DEBT" herein.)

Source: Municipal Advisory Council of Texas.

* Preliminary; subject to change.

ASSESSED VALUATION AND TAX RATE OF OVERLAPPING ENTITIES

TABLE 18

<u>Governmental Entity</u>	<u>2023 Net Taxable</u>		<u>% of Actual</u>	<u>2023</u>
	<u>Assessed Valuation</u>			
Aubrey Independent School District	\$ 2,635,831,969		100%	1.25800
Denton County	177,207,953,929		100%	0.18900
Denton Co MUD #8	90,059,070		100%	1.00000
Denton Independent School District	29,902,555,740		100%	1.15900
Elm Ridge WC&ID of Denton County	2,571,115,164		100%	0.88700
Frisco Independent School District	62,146,932,956		100%	1.02800
Highway 380 Municipal Management District #1	1,164,005,410		100%	0.51800
Little Elm Independent School District	8,269,973,772		100%	1.22800

Source: Municipal Advisory Council of Texas.

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS OF DIRECT AND OVERLAPPING GOVERNMENTAL ENTITIES

TABLE 19

<u>Taxing Body</u>	<u>Date</u>	<u>Purpose</u>	<u>Amount</u>		<u>Issued</u>	<u>Unissued</u>
			<u>Authorized</u>	<u>To Date</u>		
Aubrey Independent School District	5/7/2022	Sch Bldg & Athletic Imp	\$ 385,900,000	\$ 266,515,000	\$ 119,385,000	
Denton County	5/15/2004	Equipment	\$ 2,000,000	-	\$ 2,000,000	
	11/8/2022	Streets & Roads	650,000,000	213,309,375	436,690,625	
			\$ 652,000,000	\$ 213,309,375	\$ 438,690,625	
Denton Co MUD #8	5/1/2021	Water/Sewer & Roads	\$ 1,193,460,749	\$ 17,160,000	\$ 1,176,300,749	
Denton Independent School District	5/6/2023	Sch Bldg, Buses & Tec	\$ 1,418,481,928	\$ 1,036,485,000	\$ 381,996,928	
Elm Ridge WC&ID	9/13/2003	Road and Water/Sewer	\$ 221,600,000	\$ 184,580,000	\$ 37,020,000	
	5/4/2002	Refunding Utility	\$ 117,967,500	\$ -	\$ 117,967,500	
					\$ 154,987,500	
Frisco Independent School District	11/6/2018	Sch Bldg & Security	691,000,000	659,000,000	32,000,000	
Highway 380 Municipal Management District #1	5/9/2015	Road & Utility	\$ 161,000,000	\$ 134,595,000	\$ 26,405,000	
	5/7/2016	Road & Utility	27,275,000	-	27,275,000	
	5/9/2015	Refunding Road	148,500,000	-	148,500,000	
		Refunding Utility	93,000,000	-	93,000,000	
	5/7/2016	Refunding Road	29,175,000	-	29,175,000	
		Refunding Utility	11,767,500	-	11,767,500	
			\$ 470,717,500	\$ 134,595,000	\$ 336,122,500	
Little Elm Independent School District	11/8/2022	Sch Bldg & Security	\$ 289,500,000	\$ 181,600,000	\$ 107,900,000	

Source: Municipal Advisory Council of Texas.

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS OF THE ISSUER

TABLE 20

-None-

**GENERAL FUND COMBINED STATEMENT OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCES**

TABLE 21

	Fiscal Year Ending September 30				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenues					
Property taxes, penalty, and interest	\$ 36,971,283	\$ 33,216,699	\$ 29,769,281	\$ 26,776,344	\$ 23,731,352
Licenses and Permits	3,887,930	4,512,711	6,738,298	3,807,739	3,494,513
Intergovernmental	8,056,544	6,971,984	6,226,278	5,005,745	1,158,889
Charges for Services	7,941,507	7,152,912	6,482,424	3,619,666	4,398,501
Fines and forfeitures	999,937	1,032,166	757,765	823,427	813,047
Interest	2,327,840	92,698	154,469	425,055	629,050
Contributions	15,000	1,430	-	-	-
Other Revenues	248,000	916,973	308,265	160,550	300,041
Total Revenues	<u>\$ 60,448,041</u>	<u>\$ 53,897,573</u>	<u>\$ 50,436,780</u>	<u>\$ 40,618,526</u>	<u>\$ 34,525,393</u>
Expenditures					
Current:					
General Government	\$ 5,367,134	\$ 5,584,513	\$ 5,172,884	\$ 4,610,819	\$ 4,171,885
Community Services	3,421,099	3,412,372	2,848,464	2,772,783	2,635,371
Public Safety	28,799,434	25,434,215	23,696,035	20,990,799	18,243,219
Public Works	3,554,674	2,802,335	2,534,943	2,474,534	3,678,222
Culture and Recreation	8,855,288	7,015,426	5,602,371	4,243,591	4,315,131
Debt service:					
Principal retirement	227,651	-	-	-	-
Interest and fiscal agent fees	11,648	-	-	-	-
Capital Outlay	2,075,646	1,375,494	829,011	1,050,432	699,185
Total Expenditures	<u>\$ 52,312,574</u>	<u>\$ 45,624,355</u>	<u>\$ 40,683,708</u>	<u>\$ 36,142,958</u>	<u>\$ 33,743,013</u>
Excess (Deficit) of Revenues Over Expenditures	\$ 8,135,467	\$ 8,273,218	\$ 9,753,072	\$ 4,475,568	\$ 782,380
Other Financing Sources (Uses):					
Capital Leases/Sale of Assets/Other	\$ 165,441	\$ 22,155	\$ 46,041	\$ -	\$ 142,943
Insurance recoveries	353,563	171,074	159,356	146,328	426,578
Operating Transfers In	2,320,326	2,239,333	2,712,336	2,225,794	1,969,135
Operating Transfers Out	(3,700,000)	(2,500,000)	(5,103,746)	(2,624,050)	(3,160,000)
Total Other Financing Sources (Uses)	<u>\$ (860,670)</u>	<u>\$ (67,438)</u>	<u>\$ (2,186,013)</u>	<u>\$ (251,928)</u>	<u>\$ (621,344)</u>
Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other Uses	\$ 7,274,797	\$ 8,205,780	\$ 7,567,059	\$ 4,223,640	\$ 161,036
Fund Balance - October 1 (Beginning)	\$ 41,370,327	\$ 33,164,547	\$ 25,597,488	\$ 21,373,848	\$ 21,212,812
Restatement	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-
Reclassification of Funds	-	-	-	-	-
Fund Balance - September 30 (Ending)	<u>\$ 48,645,124</u>	<u>\$ 41,370,327</u>	<u>\$ 33,164,547</u>	<u>\$ 25,597,488</u>	<u>\$ 21,373,848</u>

Estimated General Fund Balance for Fiscal Year Ending September 30, 2024 is \$36,004,772. Which reflects a reserve at 60.75% of the estimated expenditures.

Note: The Town's general fund balance policy is to maintain an unreserved/undesignated balance of 25% of expenditures from the previous year's audit.

Source: The Issuer's Annual Comprehensive Financial Report.

	Fiscal Year Ended 9-30				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenues ^(a)	\$ 24,793,404	\$ 21,708,108	\$ 19,468,347	\$ 19,753,154	\$ 18,631,658
Expenses ^(b)	<u>(12,382,764)</u>	<u>(11,481,751)</u>	<u>(9,922,442)</u>	<u>(9,708,159)</u>	<u>(9,670,109)</u>
Net Revenue Available for Debt Service	<u>\$ 12,410,640</u>	<u>\$ 10,226,357</u>	<u>\$ 9,545,905</u>	<u>\$ 10,044,995</u>	<u>\$ 8,961,549</u>
Annual Revenue Bond Debt Service Requirements	\$0	\$0	\$0	\$0	\$0
Revenue Debt Service Coverage	N/A	N/A	N/A	N/A	N/A
Annual Debt Service Requirements for all Bonds Paid from System Revenues	\$ 4,266,370	\$ 4,305,120	\$ 3,865,946	\$ 4,021,596	\$ 4,027,587
Debt Service Coverage on All Bonds Paid from System Revenues	2.91X	2.38X	2.47X	2.50X	2.23X
Customer Count					
Water	12,668	12,469	12,390	11,763	11,408
Sewer	12,215	12,060	11,790	11,170	10,948
Impact Fee Revenues ^(c) (not included in Revenues above)	\$ 404,807	\$ 1,028,325	\$ 1,199,564	\$ 890,918	\$ 1,128,838

^(a) Revenues include operating revenues and interest income.

^(b) Expenses exclude depreciation and include operating expenses.

^(c) Impact Fees may be used for debt service, if required.

Source: The Issuer's Annual Financial Comprehensive Reports and other information from the Issuer.

Note: For a description of the System, see "THE SYSTEM" in the Official Statement.

WATER RATES**TABLE 23***(Based on Monthly Billing)*

Existing Rates
Effective
10/1/2023 - 9/30/2024

Minimum Charge for up to 2,000 Gallons, Based on Meter Size

5/8 inch Meter	\$	25.55
1 inch Meter		41.75
1½ inch Meter		76.48
2 inch Meter		127.76

Rate per 1,000 Gallons for Amounts Over 2,000 Gallons and:

2,000 to 10,000 gallons	\$	6.65	/	1,000 gallons
10,001 to 20,000 gallons		6.95	/	1,000 gallons
20,001 & above gallons		7.52	/	1,000 gallons

*Source: The Town of Little Elm website.***PRINCIPAL WATER CUSTOMERS****TABLE 24***(As of September 30, 2023)*

<u>Name of Customer</u>	<u>Customer Consumption (Gals.)</u>	<u>Total Annual Revenue</u>	<u>Average Monthly Bill</u>
Frisco West	147,499,000	\$ 594,421	\$ 49,535
LEISD	86,821,000	407,331	33,944
YES Companies	35,328,000	338,900	28,242
Orion Lakeside LLC	30,541,000	300,976	25,081
Overlook	26,932,000	269,428	22,452
Bell Fund VI Frisco LLC	24,349,000	249,907	20,826
4 Corners LP	17,619,000	194,491	16,208
Valencia on The Lake HOA	16,841,000	125,768	10,481
Villages at Lakefront, LLC	8,609,000	111,154	9,263
Zips Car Wash	6,934,000	52,361	4,363
Sub-Total ^(a)	<u>401,473,000</u>	<u>\$ 2,644,736</u>	<u>\$ 220,395</u>
Remaining (All Customers)	<u>1,271,644,000</u>	<u>\$ 11,762,313</u>	<u>\$ 980,192.75</u>
Total Consumption / Revenue	<u>1,673,117,000</u>	<u>\$ 14,407,049</u>	<u>\$ 1,200,587</u>
Top Percent of Total System	24.00%	18.36%	
Remaining Customers Percent of Total	76.00%	81.64%	

^(a) *Excludes Governments*

WASTEWATER RATES**TABLE 25***(Based on Monthly Billing)*

**Existing Rates
Effective
10/1/2023 - 9/30/2024**

Minimum Charge Per Month

Residential (single family, one unit) Base Rate		
First 2,000 Gallons	\$	30.73
2,001 & Above (per 1,000) (Winter Average)	\$	4.71
Commercial - first 2,000 Gallons	\$	30.73
2,001 & Above (per 1,000) (Actual Average)	\$	4.71

Source: *The Town of Little Elm website.***PRINCIPAL WASTEWATER CUSTOMERS ^(a)****TABLE 26***(As of September 30, 2023)*

<u>Name of Customer</u>	<u>Customer Consumption (Gals.)</u>	<u>Total Annual Revenue</u>	<u>Average Monthly Bill</u>
YES Companies	35,328,000	\$ 166,906	\$ 13,909
Orion Lakeside LLC	24,071,000	113,886	9,490
Bell Fund VI Frisco LLC	20,079,000	95,084	7,924
Overlook	19,769,000	93,623	7,802
4 Corners LP	15,926,000	75,335	6,278
LEISD	7,895,000	39,378	3,281
ZIPS Car Wash LLC	6,934,000	32,915	2,743
Villages at Lakefront, LLC	6,880,000	32,916	2,743
Lakeside Manor Senior Community	6,361,000	30,561	2,547
Sub-Total	143,243,000	\$ 680,604	\$ 56,717
Remaining (All Customers)	915,466,000	\$ 7,633,376	\$ 636,115
Total Consumption / Revenue	1,058,709,000	\$ 8,313,980	\$ 692,832
Top Percent of Total System	13.53%	8.19%	
Remaining Customers Percent of Total	86.47%	91.81%	

^(a) Excludes Governments

NOTE: The Town is on an averaging system for residential customers - with sewer based on water consumption.

NOTE: The Town provides sanitary sewer treatment and disposal for Denton County Fresh Water Supply District No. 8-B and 8-C (the "District") pursuant to an agreement, effective February 13, 2002, between the Town and the District, wherein the town agreed to provide wastewater collection, treatment and disposal services to the District. Services are billed quarterly at a rate equal to 1.25 times the Town's historic treatment cost, which currently is a rate of \$5.40 per 1,000 gallons (\$4.32 x 1.25 = \$5.40). The Town billed 32.6 million gallons of effluent in calendar year 2013 for an annual revenue of \$176,000.

NOTE: The Town provides water to Frisco Ranch and Hills and bills a minimum on the metered water at \$1,200 per month; the minimum bill is for the first 500,000 gallons; after the first 500,000 gallons, the Town charges \$2.40 per 1,000 gallons. During the fiscal year 2013-2014 (start-up January 2013) the Town billed 8.6 million gallons for a total revenue to the Town's Utility system of \$21,500.

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APPENDIX B

GENERAL INFORMATION REGARDING THE TOWN OF LITTLE ELM AND DENTON COUNTY, TEXAS

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**GENERAL INFORMATION REGARDING THE TOWN OF LITTLE ELM
AND DENTON COUNTY, TEXAS**

The Town of Little Elm, Texas (the “Town”) is located in North Central Texas, and covers approximately 22 square miles of the Dallas/Fort Worth Metroplex (“DFW”). The Town is situated in Denton County and located at the crossroads of US Highway 380, FM 423, and FM 720. The Town is primarily a bedroom community. The Town is all wet, in the sense that over 66 miles of the Town’s corporate town limits are shoreline on Lewisville Lake (the “Lake”) meaning that almost anywhere you travel in town, neighborhoods have a view of the lake, for which the Town is drawing more attention and bringing attractions within the DFW region.

The current estimated population is 63,520. Much of the growth is attributed to development in areas annexed by the Town.

Located on two peninsulas of the Lake, a 23,280 acre reservoir operated by the U.S. Army corps of Engineers, the town has more miles of shoreline than any other community adjacent to the Lake. The Town’s geographic positioning provides shoreline that can be used for numerous recreational opportunities. The Town provides a full range of municipal services, including police and fire protection, municipal courts, street maintenance, engineering, traffic and transportation, water distribution, sewage treatment, sanitation and health inspection, outdoor recreation and library services.

Denton County (the “County”) is located in north central Texas and was created in 1846 from Fannin County. The current population estimate for the County is 1,037,646.

Major industrial investments in the past, which include Alliance Airport, Wal-Mart, Target, Aldi and Winco distribution centers, and the Texas Motor Speedway, continue to attract additional development in the County. There also have been major investments in the County by the healthcare profession with several major hospitals undergoing significant expansions. Denton County’s two major universities, the University of North Texas and Texas Woman’s University, and North Central Texas College continue to turn out a large number of skilled graduates each year, and enrollment at these schools continues to increase significantly each year. This labor supply, combined with air, rail and highway transportation centers, assists to the County’s continued economic growth.

Source: Latest Texas Municipal Report published by the Municipal Advisory Council of Texas and other information from the Town, County and North Central Texas Council of Governments.

Population Trends:

<u>Census Report</u>	<u>Town of Little Elm</u>	<u>Denton County</u>
2024	63,520	1,037,646
2020	46,200	902,190
2010	25,898	662,614
2000	3,646	432,976
1990	1,308	273,525

Sources: North Central Texas Council of Governments and the Issuer.

Leading Employers in the Town of Little Elm:

<u>Employer</u>	<u>Product or Type of Business</u>	<u>Number of Employees</u>
Little Elm Independent School District	Education	1,000
Town of Little Elm	Municipal government	521
Retractable Technologies	Medical Production	153
Kroger	Retail Grocery	190
Lowes Home Center	Retail Sales	180
Holt	Heavy Duty Equipment	80
Hula Hut	Restaurant	55

Source: The Issuer’s 2023 ACFR

Labor Force Statistics:

	<u>Little Elm</u>		<u>Denton County</u>		<u>State of Texas</u>	
	<u>April 2024</u>	<u>April 2023</u>	<u>April 2024</u>	<u>April 2023</u>	<u>April 2024</u>	<u>April 2023</u>
Civilian Labor Force	32,389	31,742	576,060	565,988	15,305,019	15,001,944
Total Employed	31,221	30,703	557,701	548,442	14,762,482	14,473,233
Total Unemployed	1,168	1,039	18,359	17,546	542,537	528,711
% Unemployed	3.6%	3.3%	3.2%	3.1%	3.5%	3.5%
% Unemployed (United States)	3.5%	3.1%	3.5%	3.1%	3.5%	3.1%

Source: Texas Workforce Commission, Labor Market Information Department.

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APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

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[Closing Date]

Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201-7932
United States

Tel +1 214 855 8000
Fax +1 214 855 8200
nortonrosefulbright.com

IN REGARD to the authorization and issuance of the "Town of Little Elm, Texas, Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2024," dated August 1, 2024, in the principal amount of \$_____ (the "Certificates"), we have examined into their issuance by the Town of Little Elm, Texas (the "Town"), solely to express legal opinions as to the validity of the Certificates and the exclusion of the interest on the Certificates from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the Town, the disclosure of any financial or statistical information or data pertaining to the Town and used in the sale of the Certificates, or the sufficiency of the security for or the value or marketability of the Certificates.

THE CERTIFICATES are issued in fully registered form only and in denominations of \$5,000 or any integral multiple thereof (within a maturity). The Certificates mature on February 1 in each of the years specified in an ordinance adopted by the Town Council of the Town authorizing the issuance of the Certificates (the "Ordinance"), unless redeemed prior to maturity in accordance with the terms stated on the Certificates. The Certificates accrue interest from the dates, at the rates, and in the manner and interest is payable on the dates, all as provided in the Ordinance.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings relating to the issuance of the Certificates, including the Ordinance and an examination of the initial Certificate executed and delivered by the Town (which we found to be in due form and properly executed); (ii) certifications of officers of the Town relating to the expected use and investment of proceeds of the sale of the Certificates and certain other funds of the Town and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Certificates, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Certificates have been duly authorized by the Town and, when issued in compliance with the provisions of the Ordinance, are valid, legally binding and enforceable obligations of the Town, payable from an ad valorem tax levied, within the limits prescribed by law, upon all taxable property in the Town, and are additionally payable from and secured by a limited pledge of the Net Revenues (as defined in the Ordinance) of the Town's Waterworks and Sewer System in the manner and to the extent provided in the Ordinance, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with the general principles of equity.

Page 2 of Legal Opinion of Norton Rose Fulbright US LLP

Re: "Town of Little Elm, Texas, Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2024"

2. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the Town with the provisions of the Ordinance relating to sections 141 through 150 of the Code, interest on the Certificates for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Certificates. Ownership of tax-exempt obligations such as the Certificates may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

APPENDIX D

**EXCERPTS FROM THE TOWN OF LITTLE ELM AUDITED FINANCIAL STATEMENTS FOR THE
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

(Independent Auditor's Report, Management's Discussion and Analysis, General Financial Statements and Notes to the Financial Statements - not intended to be a complete statement of the Issuer's financial condition. Reference is made to the complete Annual Financial Report for further information.)

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Town of Little Elm, Texas

Annual Comprehensive

Financial Report



LITTLE ELM

Fiscal Year Ended
September 30, 2023

PREPARED BY:

Kelly Wilson, CPM, CGFO—Chief Financial Officer

Betty Pamplin, CGFO—Asst. Director of Finance

Phillip L. James, CPA—Controller

Shane Urrutia, MPA

Susan Pederson

Sheryl Champlin

Kristin Mayo

Rebecca Hunter

Melissa Vera



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Financial Section



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Independent Auditor's Report

Honorable Mayor and Town Council
Town of Little Elm, Texas
Little Elm, Texas

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Little Elm, Texas (Town), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparisons, pension, and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

FORVIS, LLP

**Dallas, Texas
March 12, 2024**



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Town of Little Elm, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2023

As management of the Town of Little Elm, we offer the reader of the Town's financial statements this narrative and analysis of the financial activities of the Town of Little Elm for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report and the financial reports that follow in this section.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$432,946,105 (net position). Of this amount \$84,779,818 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$62,665,638 during the fiscal year.
- The Town's total amount of debt and long-term liabilities is \$124,058,217, which is a net decrease of \$1,576,158 when compared to the prior year.
- As of the close of the current fiscal year, the Town of Little Elm's governmental funds reported a combined ending fund balance of \$103,573,527, a decrease of \$(7,556,500) in comparison with the prior year as a result of capital improvement projects. Within this total, \$54,941,261 (53%) is restricted by specific legal requirements, \$48,499,725 (47%) is unassigned fund balance, and \$132,541 (0.1%) is nonspendable.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Little Elm's basic financial statements. The Town of Little Elm's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broader overview of the Town's finances, in a manner similar to a private-sector business. Two statements, the Statement of Net Position and the Statement of Activities, are utilized to provide this financial overview.

The Statement of Net Position presents information on all of the Town's assets and liabilities, and deferred inflows/outflows of resources with the differences reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the Town is improving or deteriorating. The statement of net position combines and consolidates governmental and business-type current financial resources with capital assets and long-term obligations. In order to assess the overall health or financial condition of the Town, other non-financial factors should also be taken into consideration. These include changes in the Town's property tax base and the condition of the Town's infrastructure (i.e., streets, drainage improvements, storm and sewer lines, etc.).



Town of Little Elm, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2023

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide statements distinguish between governmental activities and business-type activities. Governmental activities basically account for those activities supported by taxes and intergovernmental revenues. On the other hand, business-type activities are basically supported by user fees and charges. Most Town services are reported in governmental activities while business-type activities are reported in the Enterprise Fund. The governmental activities of the Town include general government, community services, public safety, public works, and culture and recreation. The business-type activities of the Town include water and sewer services and solid waste services.

The government-wide financial statements include not only the Town of Little Elm itself (known as the primary government), but also two discretely presented component units. The Town's sales tax corporations are the Little Elm Economic Development Corporation 4A (LEEDC) and Little Elm Community Development Corporation 4B (LECDC). Although legally separate, these component units operate under the criteria of board appointment and removal by the Town Council. Approval and oversight of capital projects as well as budget appropriations and approval is under the authorization of the Town Council.

Fund Financial Statements

The Town, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as government activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.



Town of Little Elm, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2023

The Town of Little Elm maintains several individual governmental funds organized according to their type (special revenue, debt service, and capital projects). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the capital projects fund, the PID capital projects fund, and the landscape fund, all of which are considered to be major funds. All capital project funds are combined for a single, aggregated presentation. Data from the other non-major funds are also combined and reported in a single column. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds

The Town maintains two types of proprietary funds: enterprise funds and an internal service fund. Enterprise funds are used to report the same function as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water/sewer and solid waste operations. The internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town of Little Elm uses its internal service fund to account for vehicle and equipment replacements.

Proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town of Little Elm's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town has one fiduciary fund that reflects PID activity.

Notes to the Financial Statements

The notes provide additional information that is essential to gain a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found after the notes to the financial statements.

Government-Wide Financial Analysis

At the end of fiscal year 2023, the Town's net position (assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources) totaled \$432,946,105. This analysis focuses on the net position (Table 1) and changes in net position (Table 2).

Net Position

The largest portion of the Town's net position, \$312,972,145 or 72% reflects its investment in capital, lease and subscription assets (e.g., land, buildings, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town reports its capital, lease and subscription assets net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities.



**Town of Little Elm, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2023**

An additional portion of the Town's net position, \$35,194,142 or 8%, represents resources that are subject to external restrictions on how they may be used. The unrestricted portion of net position which is \$84,779,818 or 20% may be used to meet the government's ongoing obligations to citizens and creditors.

**Table 1
Condensed Schedule of Net Position**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022 *	2023	2022 *	2023	2022 *
Current and other assets	\$ 125,984,422	\$ 136,275,588	\$ 48,745,420	\$ 45,921,558	\$ 174,729,842	\$ 182,197,146
Capital assets	292,172,423	245,081,765	100,732,627	90,917,611	392,905,050	335,999,376
Total assets	418,156,845	381,357,353	149,478,047	136,839,169	567,634,892	518,196,522
Deferred outflows of resources	6,677,541	3,254,699	1,054,407	812,026	7,731,948	4,066,725
Total assets and deferred outflows of resources	\$ 424,834,386	\$ 384,612,052	\$ 150,532,454	\$ 137,651,195	\$ 575,366,840	\$ 522,263,247
Current liabilities	\$ 18,199,627	\$ 15,533,518	\$ 6,701,910	\$ 3,112,456	\$ 24,901,537	\$ 18,645,974
Noncurrent liabilities	76,094,906	83,195,750	36,758,930	42,438,625	112,853,836	125,634,375
Total liabilities	94,294,533	98,729,268	43,460,840	45,551,081	137,755,373	144,280,349
Deferred inflows of resources	4,643,325	7,442,370	22,037	260,061	4,665,362	7,702,431
Net position						
Net investment in capital assets	244,186,130	193,734,603	68,786,015	58,985,491	312,972,145	252,720,094
Restricted	29,637,274	45,593,051	5,556,868	5,547,764	35,194,142	51,140,815
Unrestricted	52,073,124	39,112,760	32,706,694	27,306,798	84,779,818	66,419,558
Total net position	325,896,528	278,440,414	107,049,577	91,840,053	432,946,105	370,280,467
Total liabilities, deferred inflows of resources and net position	\$ 424,834,386	\$ 384,612,052	\$ 150,532,454	\$ 137,651,195	\$ 575,366,840	\$ 522,263,247

*Balances have not been restated for the adoption of GASB 96

Changes in Net Position

The net position of the Town increased by \$60,817,848 from the prior year. See narrative below for explanation of increase.

Governmental Activities

Governmental activities increased the Town's net position by \$45,608,324 from the prior year. The net position increase is a result of increased property values and growth within the community. The Town received significant capital contributions from the developers of the various PIDS within the Town. The Town benefited from market conditions as it relates to investments. Expenses for public safety increased due to added staff positions and public works increased due to a four-year pavement program that began in FY 2023. Transfers decreased as a result of a decrease in the transfer to business-type activities for PID assets that are in nature classified as BTA assets. This was due to a decrease in PID related water and sewer infrastructure during FY 2023.



**Town of Little Elm, Texas
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Business-type Activities

Net position from business-type activities increased \$15,209,524 from the prior year. The annual report reflects an increase in charges for services due to a two percent increase in water rates. FY 2023 also brought about an extremely unusually hot summer, which in turn are reflected in billing for water usage as well as the purchase of water. The Town also received significant developer contributed capital assets in FY 2023. The Town benefited from market conditions as it relates to investments. Expenses remained relatively consistent with prior year, offset by a decrease in transfers as a result of a decrease in PID related water and sewer infrastructure during FY 2023.

Government-Wide Financial Analysis

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues						
Program revenues						
Charges for services	\$ 15,308,240	\$ 14,155,602	\$ 26,400,524	\$ 24,923,543	\$ 41,708,764	\$ 39,079,145
Operating grants and contributions	13,750,476	7,048,990	-	-	13,750,476	7,048,990
Capital grants and contributions	34,477,287	16,933,233	3,984,868	1,296,399	38,462,155	18,229,632
General revenues						
Property taxes	38,361,923	31,503,691	-	-	38,361,923	31,503,691
Sales taxes	9,181,331	8,820,224	-	-	9,181,331	8,820,224
Franchise taxes	2,993,276	2,648,377	251,024	215,412	3,244,300	2,863,789
Grants not restricted to specific programs	1,869,781	-	-	-	1,869,781	-
Investment income	5,901,906	530,582	2,145,139	120,484	8,047,045	651,066
Other	353,848	164,286	-	-	353,848	164,286
Gain on sale of capital assets	278,957	1,268,703	15,412	11,360	294,369	1,280,063
Total revenues	122,477,025	83,073,688	32,796,967	26,567,198	155,273,992	109,640,886
Expenses						
General government	10,892,954	11,340,090	-	-	10,892,954	11,340,090
Community services	4,472,775	3,863,583	-	-	4,472,775	3,863,583
Public safety	35,635,979	25,905,436	-	-	35,635,979	25,905,436
Public works	10,587,808	7,542,098	-	-	10,587,808	7,542,098
Culture and recreation	10,794,712	8,000,800	-	-	10,794,712	8,000,800
Interest expense	1,792,689	2,258,043	-	-	1,792,689	2,258,043
Water and sewer services	-	-	17,277,567	15,915,334	17,277,567	15,915,334
Solid waste services	-	-	3,001,660	2,751,070	3,001,660	2,751,070
Total expenses	74,176,917	58,910,050	20,279,227	18,666,404	94,456,144	77,576,454
Change in net position before transfers	48,300,108	24,163,638	12,517,740	7,900,794	60,817,848	32,064,432
Transfers	(2,691,784)	(8,802,076)	2,691,784	8,802,076	-	-
Change in Net Position	45,608,324	15,361,562	15,209,524	16,702,870	60,817,848	32,064,432
Net Position, Beginning	278,440,414	263,078,852	91,840,053	75,137,183	370,280,467	338,216,035
Net Position, Ending	\$ 324,048,738	\$ 278,440,414	\$ 107,049,577	\$ 91,840,053	\$ 431,098,315	\$ 370,280,467

Governmental Funds

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



**Town of Little Elm, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2023**

As of the end of the current fiscal year, the Town's governmental funds reported combined fund balances of \$103,573,527.

**Table 3
Governmental Funds
Condensed Balance Sheet**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>PID Capital Projects</u>	<u>Landscape Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets	\$ 52,541,514	\$ 2,158,324	\$ 44,625,770	\$ 10,040,501	\$ 4,182,302	\$ 5,737,806	\$ 119,286,217
Liabilities	\$ 2,714,778	\$ 4,182	\$ 4,730,410	\$ 1,281,270	\$ 73,370	\$ 1,665,618	\$ 10,469,628
Deferred inflows of resources	1,181,612	67,410	257,765	-	3,736,275	-	5,243,062
Fund balances	48,645,124	2,086,732	39,637,595	8,759,231	372,657	4,072,188	103,573,527
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 52,541,514</u>	<u>\$ 2,158,324</u>	<u>\$ 44,625,770</u>	<u>\$ 10,040,501</u>	<u>\$ 4,182,302</u>	<u>\$ 5,737,806</u>	<u>\$ 119,286,217</u>

The General Fund is the main operating fund of the Town. At the end of the current fiscal year, unassigned fund balance was \$48,512,833. The unassigned fund balance of the General Fund increased by \$7,355,560 primarily due to an increase in property, sales, and franchise taxes collected due to Town growth. The Town recognized an increase in intergovernmental revenues in relation to incurring eligible expenditures of ARPA funds. The Town benefited from market conditions as it relates to investments. The Town has a strong unassigned fund balance that is planned to be drawn down over the five-year financial plan. This fund balance drawdown is reflected in the Town's annual budget and 4 year financial plan.

The Debt Service Fund had an increase of \$882,833 in fund balance. This increase can be attributed to increased property tax revenue due to Town growth. The increase in property tax revenues was offset by a decrease in intergovernmental revenues as a result of TIRZ#3 and LECDC not funding their own debt service obligation this year. The Capital Projects Fund decreased by \$(3,769,504) primarily due to the net effect of capital outlay expenditures on various projects, offset by increased contributions, transfers and interest earnings. The PID Capital Projects Fund decreased by \$(11,430,647) due to the expansion of PID projects within the Town. The Landscape Fund increased by 8,067. Other governmental funds' combined fund balances decreased by \$(522,046) with almost the entire ending fund balance, \$4,072,188, restricted for specific purposes.

Proprietary Funds

The Town's proprietary funds provide the same type of information found in the government-wide statements, but in more detail.

Unrestricted net position of the Enterprise Funds at the end of the year was \$32,706,694. This represents an increase of \$5,399,896 from prior year. This year's operating revenue was \$26,400,524. The increase of \$1,557,149 from last year's operating revenue can be attributed to a two percent water rate increase. In addition to rate increase this last summer was an extremely hot summer that presented more water purchases in sales and in cost. Interest revenues increased as the Town benefited from market conditions as it relates to investments.



**Town of Little Elm, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2023**

General Fund Budgetary Highlights

The Town implements a 5 year financial plan that allows the Town to look ahead in order to meet the growth and service needs of the Town. In FY 2023, the General Fund expenditure budget was increased by \$2,516,267 over the FY 2022 budget. Amendments made during FY 2023 increased the original revenue and other financing sources budget by \$563,798 and increased the expenditure and other financing uses budget by \$5,242,722.

The Town primarily amended the budget to transfer excess revenue received from the prior year to CIP fund for future capital projects. During the fiscal year, the Town analyzes their quarterly financial statements and determines if a budget amendment is reasonable and necessary. All budget amendments receive scrutiny and Town Council approval through an ordinance.

In the General Fund, the actual revenue and other financing sources received was \$10,856,031 more than budgeted. This positive variance is most noticeable in taxes, interest, and charges for services. This was due to growth in the community and market conditions for investments. General Fund expenditures had a final budget to actual variance of \$4,102,981. This positive variance is the result of savings experienced in nearly all departments.

Capital Assets

The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2023, amounts to \$392,905,050 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings, park facilities, vehicles, machinery and equipment, roads, bridges and water and sewer lines. About 74% of the capital assets are governmental and 26% are business-type activities. The total increase in the Town's investment in capital assets for the current year was 17%.

Table 4
Capital Assets at Year-end
(net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022 *	2023	2022 *	2023	2022 *
Land	\$ 10,210,630	\$ 10,210,630	\$ 1,639,066	\$ 1,639,066	\$ 11,849,696	\$ 11,849,696
Construction in progress	64,895,051	27,982,464	21,439,988	12,670,552	86,335,039	40,653,016
Buildings	53,008,071	54,612,020	1,848,718	1,902,119	54,856,789	56,514,139
Infrastructure	137,197,827	124,863,092	73,646,231	73,046,458	210,844,058	197,909,550
Other improvements	16,075,211	17,947,319	-	-	16,075,211	17,947,319
Machinery and equipment	10,073,875	9,449,161	1,656,924	1,659,416	11,730,799	11,108,577
Right of Use Assets	111,317	17,079	-	-	111,317	17,079
Subscription assets	600,441	-	501,700	-	1,102,141	-
Total	\$ 292,172,423	\$ 245,081,765	\$ 100,732,627	\$ 90,917,611	\$ 392,905,050	\$ 335,999,376

*Balances have not been restated for the adoption of GASB 96

Major capital asset events during the current fiscal year included expansion of the PID projects (including developer contributions), construction of The Lawn at the Lakefront™, construction of the Lakeside Sports Complex, and construction of Woodrow Circle.

Additional information on the Town's capital assets can be found in Note 5 of the notes to the financial statements.



**Town of Little Elm, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2023**

Debt Administration

At the end of the current fiscal year, the Town of Little Elm had total bonded debt outstanding of \$102,105,000, all of which is backed by the full faith and credit of the Town. Additional information on the Town's long-term debt can be found in Note 8 of the notes to the financial statements.

**Table 5
Outstanding Debt
Outstanding Debt and Long-Term Liabilities**

	Governmental Activities		Business-Type Activities		Total		Component Units	
	2023	2022 *	2023	2022 *	2023	2022 *	2023	2022
Gross bonded debt								
General obligation	\$ 13,010,000	\$ 15,400,000	\$ 12,425,000	\$ 13,865,000	\$ 25,435,000	\$ 29,265,000	\$ -	\$ -
Certificates of obligation	52,730,000	56,090,000	23,940,000	25,495,000	76,670,000	81,585,000	-	-
Total bonded debt	<u>65,740,000</u>	<u>71,490,000</u>	<u>36,365,000</u>	<u>39,360,000</u>	<u>102,105,000</u>	<u>110,850,000</u>	<u>-</u>	<u>-</u>
Other long-term debt								
Notes payable	-	-	200,000	300,000	200,000	300,000	16,595,330	17,432,587
Unamortized premiums	4,075,326	4,415,609	1,956,652	2,127,508	6,031,978	6,543,117	-	-
Compensated absences	3,124,833	3,417,664	293,955	293,393	3,418,788	3,711,057	118,732	71,202
Leases	112,853	17,058	-	-	112,853	17,058	-	-
Subscription liabilities	358,760	-	298,688	-	657,448	-	-	-
Total OPEB liability	376,360	548,846	34,917	50,925	411,277	599,771	-	-
Net pension liability	10,188,779	3,306,573	932,094	306,799	11,120,873	3,613,372	-	-
Total other long-term debt	<u>18,236,911</u>	<u>11,705,750</u>	<u>3,716,306</u>	<u>3,078,625</u>	<u>21,953,217</u>	<u>14,784,375</u>	<u>16,714,062</u>	<u>17,503,789</u>
Total	<u>\$ 83,976,911</u>	<u>\$ 83,195,750</u>	<u>\$ 40,081,306</u>	<u>\$ 42,438,625</u>	<u>\$ 124,058,217</u>	<u>\$ 125,634,375</u>	<u>\$ 16,714,062</u>	<u>\$ 17,503,789</u>

*Balances have not been restated for the adoption of GASB 96

The Town continues to maintain favorable ratings from the bond rating agencies. Standard & Poor's rating was maintained at AA+. The outlook is stable. The rating reflects the Town's economic improvement driven by strong tax base growth coupled with sustained and very strong reserves.

Additional information on the Town's long-term debt can be found in Note 8 of the notes to the financial statements.

Discretely Presented Component Units

The Little Elm Economic Development Corporation (LEEDC) and Little Elm Community Development Corporation (LECDC) have been included in the reporting entity as discretely presented component units since they provide benefits to other entities aside from the Town. Separate audited financial statements are not issued for LEEDC or LECDL.

The Economic Development Corporation (LEEDC) is a legally separate governmental entity that promotes (a) existing business enterprise expansion and retention, and (b) new business enterprise development. The LEEDC's net position at fiscal year-end was \$13,395,695. This is an increase of \$2,743,494 from the prior year. The LEEDC's total revenues were \$4,819,475 of which \$3,400,611 was from sales taxes. For the year, the LEEDC had expenses of \$2,345,981.

Additional information on the LEEDC's long-term debt can be found in Note 8 of the notes to the financial statements.



Town of Little Elm, Texas
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The Community Development Corporation (LECDC) is a legally separate governmental entity tasked with bringing recreational, facility development and tourism opportunities to the Town and is supported by a voter approved sales tax. The LECDC's net position at year-end was \$1,424,255. This is an decrease of \$796,148 from the prior year. The LECDC's total revenues were \$1,897,457 of which \$1,820,544 was from sales taxes. For the year, the LECDC had expenditures of \$2,693,605.

2023 Highlights and Accomplishments

At the close of fiscal year 2023 here are a few of the highlights and accomplishments for this year:

- Lowered tax rate from \$0.643948 to \$0.629900 while increasing services for Public Safety, Parks and Recreation, and Public Works. This is the lowest property tax rate in over a decade.
- Maintained bond ratings from both S&P and Moody's due to the Town's very strong economy, rapidly growing tax base, and strong financial position due to the significant ongoing development while maintaining conservative budgeting and formal policies, which will attract investors and lower rates for borrowing in the future.
- Added three new events to Little Elm Park.
- Completed \$1.8M of street maintenance from the quarter sales tax.
- Completed full reconstruction of Woodrow Circle, including utilities.
- Established a new patrol district for Spiritas Ranch housing development in the NW portion of Town.
- Established the Little Elm Youth Council program.
- Celebrated the grand opening of The Lawn at the Lakefront™.
- Ribbon cutting for the newly renovated Lakeside sports complex.
- Construction for the Cottonwood Park renovations to be completed in late 2024.
- Had over 40 new business open in 2023.
- Received the Platinum Scenic City designation.
- Completed Phase I of the Green Ribbon project.
- Installed new electronic message boards at key intersections.
- Twenty-five team members have obtained new certifications in their designated fields.
- Completed the first year of our new annual pavement marking replacement program.
- Completed design/study on SCADA system, west side water system, Hill Town drainage, and Mansell pump station.
- Added parental leave, volunteer leave, and two additional holidays-Juneteenth and Veterans Day.

All of these highlights, accomplishments and more is located in the Town's 2023 Strategic Report located at <https://www.littleelm.org/1429/Plan-Progress>.

Economic Factors and Next Year's Budget and Rates (2023-2024)

Little Elm is still a rapidly growing community, and with that comes a tremendous number of challenges and outstanding opportunities. With this growth, new sources and higher amounts of revenue are allocated in the budget. Still, there is also a mounting list of needs for programs and services to accommodate the growth and meet the community's expectations.

Little Elm continues to present a five-year balanced budget (technically a one-year budget and 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 continue expanding services in the northern part of the community and extend contractual services to various partners in our region.



Town of Little Elm, Texas
Management's Discussion and Analysis (Unaudited)
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Growing municipal services to provide for the needs of our residents in the northern part of the community has been a big part of planning operational growth over the past few years. This area will continue to be the area of the highest growth as the existing residential developments along the U.S. 380 corridor continue to build homes, and Spiritas Ranch, the approved 2,200 lot subdivision, breaks ground and begins to build. The five-year budget looks at the cost of those services and the revenues coming due to the growth. A multi-year plan is very helpful since the expenses for these services are in the very new future, yet the revenues will be delayed as the area grows and new taxable values are added to the tax rolls.

For the last several years, it has been the goal to keep the tax rate competitive with other cities and towns while still providing adequate revenue to fund the needs of a rapidly growing community now and into the future. This year, once again, the Town presented the lowest since 2009 at a tax rate of \$0.589900 while still meeting objectives. The Town was able to maintain the voter-approval tax rate, prepare for its future obligations, and adhere to the Town's long and short-term operational plan. Of the total tax rate, \$0.440095 is dedicated to general operations and maintenance (O&M) in the General Fund, and \$.149805 is dedicated to general obligation debt service (I&S).

Some of the more significant upcoming capital projects are as follows: (Many of these projects cover several years, so they are not limited to the FY 2023-2024 budget.) Projects include the Fire Station #4/Police Substation, Cottonwood Park, Public Works building expansion, Little Elm Park camping improvements, McCord Park water reuse line, West side emergency interconnection, Hill Lane improvements, King Road improvements, Fishtrap Road, North Oak Grove Parkway, Mansel pump station, North Little Elm Library kiosk, police radio and camera equipment replacements, establishment of a facility maintenance and replacement fund.

The fiscal year 2023-2024 operating budget increased by 10.92% or \$7,895,231, from fiscal year 2022-2023 budget. The primary increase in budget is a result of hiring 10.5 new FTEs, cost of living adjustment in salaries, dispatch services increase, HVAC replacements, police radio and camera replacements, health insurance, NTMWD rate increase from \$3.44 to \$3.74, and the new projects coming online.

Total Town wide revenues increased over the amended 2022-2023 budget due to debt proceeds for a future debt issuance for water and wastewater projects and interlocal agreements. The Town will continue to see commercial development, population growth in the area, and increased property tax rolls over the coming years. The Town's new assessed properties added \$1.387 billion more value to the tax role. Sales tax revenue is also expected to grow. The total amount of sales tax (\$.015) budgeted for FY 2023-2024 reflects an increase of 9% increase over last year's budget, which is another indicator of growth within the area. Major increases in operational costs are:

New personnel	\$ 2,276,055
Compensated plan implementation	\$ 395,628
Phase II of West Side Public Safety Services	\$ 1,071,746

General Fund revenues and budgeted transfers are estimated at \$51,537,540 for FY 2023-2024. Property tax represents 50% of the total funding to the General Fund at \$25.58 million. The sales tax maximum rate is 8.25%, with 1% contributed to the Town of Little Elm's General Fund. The sales tax reported in the General Fund is projected to generate revenue of approximately \$6.935 million. Development Services is projected to collect \$2.8 million for new residential construction permits at 1,350 units and commercial permitting.



**Town of Little Elm, Texas
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The Water and Sewer Fund is expected to begin FY 2023-2024 with a \$23.9 million working capital balance. The Town's policy initiative to maintain working capital reserves at a minimum of 120 days calculated from the previous year's earnings. 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.

The Utility Fund total system revenues are estimated at \$23.8 million, or 12% more than the prior year budget due to the moderate growth in residential, multi-family and commercial connections to the Town's utility system and a 2% water rate increase effective this budget cycle.

The total number of budgeted employees or FTE's (Full-time equivalents) is 371.25 for a salary with benefits cost of \$42.3 million (including new positions). New positions budgeted for FY 2023-2024 are: 4 Patrol Officers, 2 SROs servicing Denton ISD, Facility Technician, Tourism, Events and Sales Coordinator, Assistant Fire Marshal, Process Improvement and Innovation Manager, Part Time Assistant to the Town Manager.

The 2023-2024 budget reflects the efforts of the governing body and Town staff to address the need to provide services and facilities to support our vibrant and growing community, while still maintaining a strong financial position.

Tax Increment Reinvestment Zones and Public Improvement Districts

Note 14 to the Financial Statements addresses the Town Council's creation of four Tax Increment Reinvestment Zones ("TIRZ") (#3, #4, #5 and #6) and the seven Public Improvement Districts. The Financial Statements specifically addresses the creation for each zone and district.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Little Elm, 100 W. Eldorado Parkway, Little Elm, Texas 75068, or call (214)975-0415.



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Basic Financial Statements

Town of Little Elm, Texas
Statement of Net Position
September 30, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Economic Development Corporation	Community Development Corporation
Assets					
Cash and cash equivalents	\$ 42,000,269	\$ 22,287,153	\$ 64,287,422	\$ 6,777,097	\$ 711,008
Investments	46,140,829	12,620,400	58,761,229	-	370,925
Restricted cash and cash equivalents	12,272,177	1,931,226	14,203,403	-	-
Restricted investments	15,263,486	7,164,479	22,427,965	-	-
Receivables (net of allowance for uncollectibles)	5,232,896	4,124,922	9,357,818	712,349	344,607
Due from other governments	464,630	-	464,630	-	-
Internal balances	(1,505)	1,505	-	-	-
Lease receivable	4,479,099	-	4,479,099	8,836,796	-
Financed purchase receivable	-	-	-	2,521,344	-
Prepays	32,232	495	32,727	-	-
Inventories	100,309	615,240	715,549	-	-
Note receivable from primary government	-	-	-	200,000	-
Capital, lease and subscription assets:					
Land	10,210,630	1,639,066	11,849,696	11,451,447	-
Depreciable and amortizable assets, net	217,066,742	77,653,573	294,720,315	8,198,612	-
Construction in progress	64,895,051	21,439,988	86,335,039	-	-
Total assets	418,156,845	149,478,047	567,634,892	38,697,645	1,426,540
Deferred Outflows of Resources					
Deferred outflows - Pension	6,568,979	600,929	7,169,908	-	-
Deferred outflows - OPEB	108,562	9,931	118,493	-	-
Deferred loss on refunding	-	443,547	443,547	-	-
Total deferred outflows of resources	6,677,541	1,054,407	7,731,948	-	-
Total assets and deferred outflows of resources	\$ 424,834,386	\$ 150,532,454	\$ 575,366,840	\$ 38,697,645	\$ 1,426,540

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Economic Development Corporation	Community Development Corporation
Liabilities					
Current Liabilities					
Accounts payable and other accrued liabilities	\$ 7,386,625	\$ 1,158,500	\$ 8,545,125	\$ 196,896	\$ -
Accrued interest payable	355,162	192,740	547,902	39,269	-
Retainage payable	932,707	97,068	1,029,775	-	-
Customer deposits	619,293	1,931,226	2,550,519	-	-
Unearned revenue	1,023,835	-	1,023,835	-	2,285
Due within one year	7,882,005	3,322,376	11,204,381	1,089,836	-
Total current liabilities	18,199,627	6,701,910	24,901,537	1,326,001	2,285
Other Liabilities					
Due in more than one year	76,094,906	36,758,930	112,853,836	15,624,226	-
Total other liabilities	76,094,906	36,758,930	112,853,836	15,624,226	-
Total liabilities	94,294,533	43,460,840	137,755,373	16,950,227	2,285
Deferred Inflows of Resources					
Deferred gain on refunding	39,677	-	39,677	-	-
Deferred inflows - OPEB	240,892	22,037	262,929	-	-
Deferred inflows - leases	4,362,756	-	4,362,756	8,351,723	-
Total deferred inflows of resources	4,643,325	22,037	4,665,362	8,351,723	-
Net Position					
Net investment in capital assets	244,186,130	68,786,015	312,972,145	3,054,729	-
Restricted					
Construction	23,092,839	5,556,868	28,649,707	-	-
Economic development	464,158	-	464,158	9,215,871	1,424,255
Stormwater drainage	1,737,423	-	1,737,423	-	-
Street maintenance	942,960	-	942,960	-	-
Streetscape	372,657	-	372,657	-	-
Debt service	2,086,732	-	2,086,732	1,125,095	-
Other	940,505	-	940,505	-	-
Unrestricted	52,073,124	32,706,694	84,779,818	-	-
Total net position	325,896,528	107,049,577	432,946,105	13,395,695	1,424,255
Total liabilities, deferred inflows of resources and net position	\$ 424,834,386	\$ 150,532,454	\$ 575,366,840	\$ 38,697,645	\$ 1,426,540

Town of Little Elm, Texas
Statement of Activities
For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 10,892,954	\$ 2,173,851	\$ 6,565,378	\$ 3,295,552
Community services	4,472,775	5,357,997	74,542	-
Public safety	35,635,979	2,184,546	7,011,387	-
Public works	10,587,808	25,935	-	31,181,735
Culture and recreation	10,794,712	5,565,911	99,169	-
Interest and fiscal charges	1,792,689	-	-	-
Bond issuance costs	(1,847,790)	-	-	-
Total governmental activities	<u>72,329,127</u>	<u>15,308,240</u>	<u>13,750,476</u>	<u>34,477,287</u>
Business-type Activities:				
Water and sewer services	17,277,567	22,865,149	-	3,984,868
Solid waste services	3,001,660	3,535,375	-	-
Total business-type activities	<u>20,279,227</u>	<u>26,400,524</u>	<u>-</u>	<u>3,984,868</u>
Total primary government	<u>\$ 92,608,354</u>	<u>\$ 41,708,764</u>	<u>\$ 13,750,476</u>	<u>\$ 38,462,155</u>
Component Units				
Economic Development Corporation	2,345,981	1,418,864	-	-
Community Development Corporation	2,693,605	-	-	-
Total component units	<u>\$ 5,039,586</u>	<u>\$ 1,418,864</u>	<u>\$ -</u>	<u>\$ -</u>
General Revenues				
Taxes:				
Property taxes, penalty, and interest				
Sales taxes				
Franchise fees				
Grants not restricted to specific programs				
Interest				
Gain on disposal of capital assets				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Economic Development Corporation	Community Development Corporation
\$ 1,141,827	\$ -	\$ 1,141,827	\$ -	\$ -
959,764	-	959,764	-	-
(26,440,046)	-	(26,440,046)	-	-
20,619,862	-	20,619,862	-	-
(5,129,632)	-	(5,129,632)	-	-
(1,792,689)	-	(1,792,689)	-	-
1,847,790	-	1,847,790	-	-
<u>(8,793,124)</u>	<u>-</u>	<u>(8,793,124)</u>	<u>-</u>	<u>-</u>
-	9,572,450	9,572,450	-	-
-	533,715	533,715	-	-
-	10,106,165	10,106,165	-	-
<u>\$ (8,793,124)</u>	<u>\$ 10,106,165</u>	<u>\$ 1,313,041</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	(927,117)	-
-	-	-	-	(2,693,605)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (927,117)</u>	<u>\$ (2,693,605)</u>
38,361,923	-	38,361,923	-	-
9,181,331	-	9,181,331	3,400,611	1,820,544
2,993,276	251,024	3,244,300	-	-
1,869,781	-	1,869,781	-	-
5,901,906	2,145,139	8,047,045	-	76,913
278,957	15,412	294,369	-	-
353,848	-	353,848	-	-
(2,691,784)	2,691,784	-	-	-
<u>56,249,238</u>	<u>5,103,359</u>	<u>61,352,597</u>	<u>3,400,611</u>	<u>1,897,457</u>
<u>47,456,114</u>	<u>15,209,524</u>	<u>62,665,638</u>	<u>2,473,494</u>	<u>(796,148)</u>
<u>278,440,414</u>	<u>91,840,053</u>	<u>370,280,467</u>	<u>10,922,201</u>	<u>2,220,403</u>
<u>\$ 325,896,528</u>	<u>\$ 107,049,577</u>	<u>\$ 432,946,105</u>	<u>\$ 13,395,695</u>	<u>\$ 1,424,255</u>

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

Town of Little Elm, Texas
Balance Sheet
Governmental Funds
September 30, 2023

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Assets			
Cash and cash equivalents	\$ 15,202,528	\$ 1,301,291	\$ 18,582,300
Investments	31,709,100	678,869	10,003,631
Restricted cash and cash equivalents	26,147	-	593,146
Restricted investments	-	-	15,102,696
Receivables, net of allowance for doubtful accounts:			
Taxes	1,578,036	57,851	-
Franchise fees	1,204,611	-	-
Other	1,536,282	120,313	86,232
Leases	635,198	-	-
Due from other governments	-	-	257,765
Due from other funds	517,321	-	-
Prepays	31,982	-	-
Inventories	100,309	-	-
	<u>52,541,514</u>	<u>2,158,324</u>	<u>44,625,770</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable and other accrued liabilities	\$ 2,362,121	\$ -	\$ 3,312,227
Due to other funds	5,116	-	-
Retainage payable	16,620	-	763,408
Unearned revenue	304,774	4,182	61,629
Deposits	26,147	-	593,146
	<u>2,714,778</u>	<u>4,182</u>	<u>4,730,410</u>
Deferred Inflows of Resources			
Unavailable resources	<u>1,181,612</u>	<u>67,410</u>	<u>257,765</u>
	<u>1,181,612</u>	<u>67,410</u>	<u>257,765</u>
Fund Balances			
Nonspendable	132,291	-	-
Restricted	-	2,086,732	39,637,595
Unassigned	<u>48,512,833</u>	<u>-</u>	<u>-</u>
	<u>48,645,124</u>	<u>2,086,732</u>	<u>39,637,595</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 52,541,514</u>	<u>\$ 2,158,324</u>	<u>\$ 44,625,770</u>

PID Capital Projects	Landscape Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 212,664	\$ 1,976,033	\$ 37,274,816
-	110,945	1,173,066	43,675,611
10,040,501	-	1,612,383	12,272,177
-	-	160,790	15,263,486
-	-	366,331	2,002,218
-	-	-	1,204,611
-	14,792	236,972	1,994,591
-	3,843,901	-	4,479,099
-	-	206,865	464,630
-	-	5,116	522,437
-	-	250	32,232
-	-	-	100,309
<u>\$ 10,040,501</u>	<u>\$ 4,182,302</u>	<u>\$ 5,737,806</u>	<u>\$ 119,286,217</u>
\$ 1,281,270	\$ 46,272	\$ 367,959	\$ 7,369,849
-	-	518,828	523,944
-	26,415	126,264	932,707
-	683	652,567	1,023,835
-	-	-	619,293
<u>1,281,270</u>	<u>73,370</u>	<u>1,665,618</u>	<u>10,469,628</u>
-	3,736,275	-	5,243,062
-	3,736,275	-	5,243,062
-	-	250	132,541
8,759,231	372,657	4,085,046	54,941,261
-	-	(13,108)	48,499,725
<u>8,759,231</u>	<u>372,657</u>	<u>4,072,188</u>	<u>103,573,527</u>
<u>\$ 10,040,501</u>	<u>\$ 4,182,302</u>	<u>\$ 5,737,806</u>	<u>\$ 119,286,217</u>

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



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Town of Little Elm, Texas
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Position
September 30, 2023

Total Governmental Funds Balances	\$	103,573,527
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital, lease, and subscription assets used in governmental activities are not financial resources and therefore are not reported in the funds, excluding internal service funds capital, lease, and subscription assets of \$5,359,111, which are allocated to governmental activities.		286,813,312
Accrued interest on governmental activities debt is not reported in the funds until paid.		(355,162)
Revenues earned but not available within sixty days of fiscal year-end are not recognized as revenue in the governmental funds financial statements.		880,306
The internal service fund is used by management to charge the cost of certain activities, such as fleet management, to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service fund that are attributable to governmental activities are included in the government-wide financial statements.		12,564,484
Included in the items related to long-term liabilities is the recognition of the Town's net pension liability. The net position related to pensions includes deferred outflows of resources in the amount of \$6,568,979 and the net pension liability of \$10,188,779.		(3,619,800)
Included in the items related to long-term liabilities is the recognition of the Town's total OPEB liability. The net position related to OPEB includes deferred outflows of resources in the amount of \$108,562, deferred inflows of resources in the amount of \$240,892, and the total OPEB liability of \$376,360.		(508,690)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(3,124,833)
Long-term liabilities excluding compensated absences, pension or OPEB and the related deferred outflows and inflows of resources, are not due and payable in the current period and, therefore, are not reported in the funds. A summary of these items are as follows:		
Long-term liabilities:		
Due in one year		(5,062,273)
Due in more than one year		(65,224,666)
Deferred inflows of resources:		
Deferred gain on bond refunding		(39,677)
Net Position of Governmental Activities	\$	<u>325,896,528</u>

Town of Little Elm, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2023

	General Fund	Debt Service	Capital Projects
Revenues			
Taxes:			
Property taxes, penalty, and interest	\$ 26,906,479	\$ 8,559,654	\$ -
General sales and use taxes	7,325,926	-	-
Franchise taxes and other	2,738,878	-	-
Licenses and permits	3,887,930	-	667,158
Intergovernmental	8,056,544	114,461	3,752,611
Charges for services	7,941,507	-	-
Impact fees	-	-	376,362
Fines and forfeitures	999,937	-	-
Contributions	15,000	-	2,050,000
Interest	2,327,840	154,100	2,143,637
Other revenues	248,000	-	-
Total revenues	<u>60,448,041</u>	<u>8,828,215</u>	<u>8,989,768</u>
Expenditures			
Current:			
General government	5,367,134	-	-
Community services	3,421,099	-	-
Public safety	28,799,434	-	-
Public works	3,554,674	-	-
Culture and recreation	8,855,288	-	-
Debt service:			
Principal retirement	227,651	5,750,000	-
Interest and fiscal agent fees	11,648	2,190,883	-
Other debt service costs	-	4,499	-
Capital outlay	<u>2,075,646</u>	<u>-</u>	<u>17,559,272</u>
Total expenditures	<u>52,312,574</u>	<u>7,945,382</u>	<u>17,559,272</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>8,135,467</u>	<u>882,833</u>	<u>(8,569,504)</u>
Other Financing Sources (Uses)			
Leases issued	115,798	-	-
Sale of capital assets	49,643	-	-
Insurance recoveries	353,563	-	-
Transfers in	2,320,326	-	4,800,000
Transfers out	<u>(3,700,000)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(860,670)</u>	<u>-</u>	<u>4,800,000</u>
Net Change in Fund Balances	7,274,797	882,833	(3,769,504)
Fund Balances, Beginning of Year	<u>41,370,327</u>	<u>1,203,899</u>	<u>43,407,099</u>
Fund Balances, End of Year	<u>\$ 48,645,124</u>	<u>\$ 2,086,732</u>	<u>\$ 39,637,595</u>

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

<u>PID Capital Projects</u>	<u>Landscape Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 2,745,601	\$ 38,211,734
-	-	2,011,913	9,337,839
-	-	82,891	2,821,769
-	-	-	4,555,088
-	24,542	772,437	12,720,595
-	286,462	747,201	8,975,170
-	-	-	376,362
-	-	450,951	1,450,888
14,921,892	50,000	33,738	17,070,630
724,451	21,752	265,623	5,637,403
-	12,650	24,023	284,673
<u>15,646,343</u>	<u>395,406</u>	<u>7,134,378</u>	<u>101,442,151</u>
2,726,949	-	2,442,574	10,536,657
-	512,486	-	3,933,585
-	-	953,859	29,753,293
-	-	2,173,805	5,728,479
-	-	10,295	8,865,583
-	-	-	5,977,651
-	-	-	2,202,531
-	-	-	4,499
<u>19,132,455</u>	<u>265,853</u>	<u>790,367</u>	<u>39,823,593</u>
<u>21,859,404</u>	<u>778,339</u>	<u>6,370,900</u>	<u>106,825,871</u>
<u>(6,213,061)</u>	<u>(382,933)</u>	<u>763,478</u>	<u>(5,383,720)</u>
-	-	-	115,798
-	-	-	49,643
-	-	-	353,563
-	391,000	-	7,511,326
<u>(5,217,586)</u>	<u>-</u>	<u>(1,285,524)</u>	<u>(10,203,110)</u>
<u>(5,217,586)</u>	<u>391,000</u>	<u>(1,285,524)</u>	<u>(2,172,780)</u>
(11,430,647)	8,067	(522,046)	(7,556,500)
<u>20,189,878</u>	<u>364,590</u>	<u>4,594,234</u>	<u>111,130,027</u>
<u>\$ 8,759,231</u>	<u>\$ 372,657</u>	<u>\$ 4,072,188</u>	<u>\$ 103,573,527</u>

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



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Town of Little Elm, Texas
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to Statement of Activities
For the Year Ended September 30, 2023

Net Change in Fund Balances - Total Governmental Funds \$ (7,556,500)

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

Change in revenues not considered available in the governmental funds. 100,774

This amount is the amount of governmental activities capital asset additions for the current period, \$57,771,580, less \$16,741,525 in developer contributions and \$1,206,462 of additions allocated from the internal service fund. 39,823,593

Depreciation/amortization on capital, lease, and subscription assets is reported in the Statement of Activities but does not require the use of current financial resources. Therefore, depreciation/amortization is not reported as expenditures in the governmental funds. This amount excludes \$1,110,511 of depreciation/amortization in the internal service fund. (10,040,765)

Donation of property from developers is not reported in the governmental funds. However, in the statement of activities, the fair value of those assets is recognized as revenue. 16,741,525

The net effect of various transactions involving capital assets (i.e. sales and contributions) is to increase or decrease net position. (5,468)

The issuance of long-term debt (e.g. bonds, leases, subscription liabilities) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of leases	(115,798)
Repayment of principal on long-term debt	5,750,000
Repayment of principal on leases	20,003
Repayment of principal on subscription liabilities	207,648
Amortization of:	
Premium on issuance of long-term debt	340,283
Gain on refunding	3,363

Current year change in accrued interest payable requires the use of current financial resources; but it is not reported as an expense in the government-wide statements. 66,196

Current year changes in certain long-term liabilities (do)/do not require the use of current financial resources and, therefore, are/(are not) reported as expenditures in governmental funds.

Net Pension liability and related deferred outflows and inflows of resources	(684,483)
Total OPEB liability and related deferred outflows and inflows of resources	(40,450)
Compensated absences liability	292,831

The internal service fund is used by management to charge the costs of certain activities, such as fleet management, to individual funds. The change in net position of the internal service fund is reported with governmental activities. 2,553,362

Change in Net Position of Governmental Activities \$ 47,456,114

Town of Little Elm, Texas
Statement of Net Position
Proprietary Funds
September 30, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer	Solid Waste	Total	
Assets				
Current assets				
Cash and cash equivalents	\$ 21,687,219	\$ 599,934	\$ 22,287,153	\$ 4,725,453
Investments	12,307,938	312,462	12,620,400	2,465,218
Restricted cash and cash equivalents	1,931,226	-	1,931,226	-
Restricted Investments	7,164,479	-	7,164,479	-
Receivables (net of allowance for uncollectibles)	3,813,614	311,308	4,124,922	31,476
Prepays	495	-	495	-
Inventories	615,240	-	615,240	-
Due from other funds	-	1,559	1,559	-
Total current assets	<u>47,520,211</u>	<u>1,225,263</u>	<u>48,745,474</u>	<u>7,222,147</u>
Noncurrent assets				
Capital and subscription assets				
Land	1,639,066	-	1,639,066	-
Depreciable and amortizable assets, net	77,460,780	192,793	77,653,573	5,321,111
Construction in progress	21,439,988	-	21,439,988	38,000
Total noncurrent assets	<u>100,539,834</u>	<u>192,793</u>	<u>100,732,627</u>	<u>5,359,111</u>
Total assets	<u>148,060,045</u>	<u>1,418,056</u>	<u>149,478,101</u>	<u>12,581,258</u>
Deferred Outflows of Resources				
Deferred outflows - Pension	600,929	-	600,929	-
Deferred outflows - OPEB	9,931	-	9,931	-
Deferred loss on refunding	443,547	-	443,547	-
Total deferred outflows of resources	<u>1,054,407</u>	<u>-</u>	<u>1,054,407</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 149,114,452</u>	<u>\$ 1,418,056</u>	<u>\$ 150,532,508</u>	<u>\$ 12,581,258</u>

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer	Solid Waste	Total	
Liabilities				
Current liabilities				
Accounts payable and other accrued liabilities	1,151,498	7,002	1,158,500	16,774
Retainage payable	97,068	-	97,068	-
Accrued interest payable	192,740	-	192,740	-
Due to other funds	54	-	54	-
Customer deposits	1,931,226	-	1,931,226	-
Current portion of long-term debt	3,322,376	-	3,322,376	-
Total current liabilities	<u>6,694,962</u>	<u>7,002</u>	<u>6,701,964</u>	<u>16,774</u>
Noncurrent liabilities				
Long-term debt, net of current portion	36,758,034	896	36,758,930	-
Total noncurrent liabilities	<u>36,758,034</u>	<u>896</u>	<u>36,758,930</u>	<u>-</u>
Total liabilities	<u>43,452,996</u>	<u>7,898</u>	<u>43,460,894</u>	<u>16,774</u>
Deferred Inflows of Resources				
Deferred inflows - OPEB	22,037	-	22,037	-
Total deferred inflows of resources	<u>22,037</u>	<u>-</u>	<u>22,037</u>	<u>-</u>
Net Position				
Net investment in capital assets	68,593,222	192,793	68,786,015	5,359,111
Restricted for				
Construction - impact fees	5,556,868	-	5,556,868	-
Unrestricted	31,489,329	1,217,365	32,706,694	7,205,373
Total net position	<u>105,639,419</u>	<u>1,410,158</u>	<u>107,049,577</u>	<u>12,564,484</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 149,114,452</u>	<u>\$ 1,418,056</u>	<u>\$ 150,532,508</u>	<u>\$ 12,581,258</u>



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Town of Little Elm, Texas
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer	Solid Waste	Total	
Operating Revenues				
Water sales	\$ 13,805,820	\$ -	\$ 13,805,820	\$ -
Charges for sewer services	8,231,811	-	8,231,811	-
Tap, connection, and other fees	640,161	-	640,161	-
Charges for solid waste	-	3,762,176	3,762,176	-
Contributions	-	-	-	3,241,234
Other revenue	16,501	24,223	40,724	54,318
	<u>22,694,293</u>	<u>3,786,399</u>	<u>26,480,692</u>	<u>3,295,552</u>
Total operating revenues				
Operating Expenses				
Personnel services	3,001,938	38,851	3,040,789	-
Contractual services	722,557	2,750,557	3,473,114	-
Repairs and maintenance	538,143	93,838	631,981	-
Water purchases	6,155,497	-	6,155,497	-
Supplies	1,124,580	51,493	1,176,073	130,964
Depreciation and amortization	3,573,696	49,063	3,622,759	1,110,511
Operating expenses	840,049	17,858	857,907	-
	<u>15,956,460</u>	<u>3,001,660</u>	<u>18,958,120</u>	<u>1,241,475</u>
Total operating expenses				
Operating Income	<u>6,737,833</u>	<u>784,739</u>	<u>7,522,572</u>	<u>2,054,077</u>
Nonoperating Revenues (Expenses)				
Gain on sale of capital assets	15,412	-	15,412	234,782
Interest income	2,099,111	46,028	2,145,139	264,503
Interest expense	(1,150,251)	-	(1,150,251)	-
	<u>964,272</u>	<u>46,028</u>	<u>1,010,300</u>	<u>499,285</u>
Total nonoperating revenues (expenses)				
Income Before Capital Contributions, Impact Fees, and Transfers	7,702,105	830,767	8,532,872	2,553,362
Capital contributions	3,580,061	-	3,580,061	-
Impact fees	404,807	-	404,807	-
Transfers in	5,217,586	-	5,217,586	-
Transfers out	(1,959,802)	(566,000)	(2,525,802)	-
Total capital contributions, impact fees, and transfers	<u>7,242,652</u>	<u>(566,000)</u>	<u>6,676,652</u>	<u>-</u>
Change in Net Position	14,944,757	264,767	15,209,524	2,553,362
Net Position, Beginning of Year	<u>90,694,662</u>	<u>1,145,391</u>	<u>91,840,053</u>	<u>10,011,122</u>
Net Position, End of Year	<u>\$ 105,639,419</u>	<u>\$ 1,410,158</u>	<u>\$ 107,049,577</u>	<u>\$ 12,564,484</u>

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

Town of Little Elm, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service Fund
	Water and Sewer	Solid Waste	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 22,421,854	\$ 3,838,161	\$ 26,260,015	\$ -
Receipts from interfund charges for services	-	-	-	3,284,071
Payments to suppliers	(10,336,342)	(3,149,369)	(13,485,711)	(115,308)
Payments to employees	(2,850,126)	(37,955)	(2,888,081)	-
Cash received (paid) from transactions with other funds	54	(1,559)	(1,505)	-
Net cash provided by operating activities	<u>9,235,440</u>	<u>649,278</u>	<u>9,884,718</u>	<u>3,168,763</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers out	<u>(1,959,802)</u>	<u>(566,000)</u>	<u>(2,525,802)</u>	<u>-</u>
Net cash used for noncapital financing activities	<u>(1,959,802)</u>	<u>(566,000)</u>	<u>(2,525,802)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Acquisition of capital assets	(8,556,536)	-	(8,556,536)	(1,206,461)
Transfers received from other funds for capital construction	5,217,586	-	5,217,586	-
Proceeds from sale of capital assets	15,412	-	15,412	325,367
Impact fees	404,807	-	404,807	-
Principal paid on capital debt	(3,183,866)	-	(3,183,866)	-
Interest paid on capital debt	<u>(1,273,770)</u>	<u>-</u>	<u>(1,273,770)</u>	<u>-</u>
Net cash used for capital financing activities	<u>(7,376,367)</u>	<u>-</u>	<u>(7,376,367)</u>	<u>(881,094)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Net purchases of investments	734,653	(39,556)	695,097	(848,714)
Interest and dividends on investments	<u>2,099,111</u>	<u>46,028</u>	<u>2,145,139</u>	<u>264,503</u>
Net cash provided by (used for) investing activities	<u>2,833,764</u>	<u>6,472</u>	<u>2,840,236</u>	<u>(584,211)</u>
Net increase in cash and cash equivalents	2,733,035	89,750	2,822,785	1,703,458
Cash and cash equivalents, beginning of the year	<u>20,885,410</u>	<u>510,184</u>	<u>21,395,594</u>	<u>3,021,995</u>
Cash and cash equivalents, ending of the year	<u>\$ 23,618,445</u>	<u>\$ 599,934</u>	<u>\$ 24,218,379</u>	<u>\$ 4,725,453</u>

(Including \$1,931,226 of restricted cash and cash equivalents in the Water and Sewer Fund)

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service Fund
	Water and Sewer	Solid Waste	Total	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 6,737,833	\$ 784,739	\$ 7,522,572	\$ 2,054,077
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation/amortization	3,573,696	49,063	3,622,759	1,110,511
(Increase) decrease in assets and deferred outflows of resources:				
Receivables, net	(372,433)	50,203	(322,230)	(11,481)
Inventories	(374,903)	-	(374,903)	-
Prepays	905	-	905	-
Deferred outflows of resources - pension	(311,137)	-	(311,137)	-
Deferred outflows of resources - OPEB	2,264	-	2,264	-
Increase (decrease) in liabilities and deferred inflows of resources:				
Accounts payable and other accrued liabilities	(588,776)	(235,623)	(824,399)	15,656
Retainage payable	97,068	-	97,068	-
Customer deposits	99,994	-	99,994	-
Deferred inflows of resources - pension	(255,345)	-	(255,345)	-
Deferred inflows of resources - OPEB	17,321	-	17,321	-
Compensated absences	(334)	896	562	-
Pension liability	609,287	-	609,287	-
Net Cash Provided by Operating Activities	<u>\$ 9,235,440</u>	<u>\$ 649,278</u>	<u>\$ 9,884,718</u>	<u>\$ 3,168,763</u>
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital contributions	\$ 3,580,061	\$ -	\$ 3,580,061	\$ -
Capital assets in accounts payable	637,230	-	637,230	-

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

Town of Little Elm, Texas
Statement of Fiduciary Net Position
Fiduciary Fund
September 30, 2023

	PID Custodial Fund
Assets	
Cash and cash equivalents	\$ 16,583,469
Total assets	<u>16,583,469</u>
Net Position	
Restricted for:	
Debt service	<u>16,583,469</u>
Total net position	<u>\$ 16,583,469</u>

Town of Little Elm, Texas
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended September 30, 2023

	PID Custodial Fund
Additions	
Property taxes collected in district	<u>\$ 11,191,007</u>
Total additions	<u>11,191,007</u>
Deductions	
Payments to bond holders	<u>9,216,251</u>
Total deductions	<u>9,216,251</u>
Net Increase in Fiduciary Net Position	1,974,756
Net Position, Beginning of Year	<u>14,608,713</u>
Net Position, End of Year	<u><u>\$ 16,583,469</u></u>



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Note 1. Summary of Significant Accounting Policies

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

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

Financial Statement Presentation

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

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

Financial Reporting Entity

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

Town of Little Elm, Texas
Notes to the Financial Statements
September 30, 2023

Little Elm Economic Development Corporation

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

Little Elm Community Development Corporation

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

Tax Increment Reinvestment Zone Number Three (TIRZ #3)

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

Tax Increment Reinvestment Zone Number Four (TIRZ #4)

The Town created Tax Increment Reinvestment Zone Number Four (TIRZ #4) to provide additional financing resources to further enhance development within the zone. TIRZ #4 commenced December 2013 and will terminate on December 31, 2048, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. TIRZ #4 is fiscally dependent on the Town, as the Town approves their budgets and any debt issuances. TIRZ #4 qualifies for blending because the Board is the same as the Town Council. TIRZ #4 is reported as a blended component unit of the Town and it does not issue separate financial statements.

Town of Little Elm, Texas
Notes to the Financial Statements
September 30, 2023

Tax Increment Reinvestment Zone Number Five (TIRZ #5)

The Town created Tax Increment Reinvestment Zone Number Five (TIRZ #5) to provide additional financing resources to further enhance development within the zone. TIRZ #5 commenced December 2014 and was amended in fiscal year 2021 and will terminate on December 31, 2060, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. TIRZ #5 is fiscally dependent on the Town, as the Town approves their budgets and any debt issuances. TIRZ #5 qualifies for blending because the Board is the same as the Town Council. TIRZ #5 is reported as a blended component unit of the Town and it does not issue separate financial statements.

Tax Increment Reinvestment Zone Number Six (TIRZ #6)

The Town created Tax Increment Reinvestment Zone Number Six (TIRZ #6) to provide additional financing resources to further enhance development within the zone. TIRZ #6 commenced November 1, 2016 and will terminate on December 31, 2052, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. TIRZ #6 is fiscally dependent on the Town, as the Town approves their budgets and any debt issuances. TIRZ #6 qualifies for blending because the Board is the same as the Town Council. TIRZ #6 is reported as a blended component unit of the Town and it does not issue separate financial statements.

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for services. Additionally, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

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

Separate fund financial statements are provided for governmental funds, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The major governmental funds are the general fund, the debt service fund, the capital projects fund, the PID capital projects fund, and the landscape fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements. The non-major funds are detailed in the combining section of the financial statements.

Town of Little Elm, Texas
Notes to the Financial Statements
September 30, 2023

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements; however, interfund services provided and used are not eliminated in the process of consolidation.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension and other postemployment benefit obligations, and claims and judgments, are recorded only when payment is due.

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

Fund Accounting

The following major funds are used by the Town:

1. Governmental Funds:

Governmental Funds are those through which most governmental functions of the Town are financed. The acquisition, use and balances of the Town's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is on determination of changes in financial position, rather than on net income determination. The following is a description of the major Governmental Funds of the Town:

General Fund is the Town's primary operating fund. This fund is used to account for all financial resources of the general government, except those required to be accounted for in other funds.

Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general obligation long-term debt paid from taxes levied by the Town. This fund is designated as major.

Capital Projects Fund is used to account for the acquisition or construction of capital facilities and improvements except those being financed by proprietary funds.

Town of Little Elm, Texas
Notes to the Financial Statements
September 30, 2023

PID Capital Projects Fund is used to account for the acquisition or construction of capital facilities and improvements relating to the Public Improvement Districts (PIDs) within the Town.

Landscape Fund was established by resolution from Council whereby all funds from lease/rental payments received from broadband and cellular providers is set aside for Streetscape improvements throughout the Town. In particular, funds are used to manage the medians and screening walls along all street thoroughfares.

The Town reports the following non-major governmental funds.

Dedicated Funds accounts for dedicated revenue that is attributed to court operations, motor vehicle and child safety.

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

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 is a Special Purpose District that provides 1/4 cent sales and use tax for street maintenance. This was originally approved in 2009 by voters and has since been renewed twice by the citizens of Little Elm. This Special Purpose District was reauthorized by voters on May 1, 2021.

Hotel Occupancy Tax Fund accounts for all hotel occupancy tax collected within the Town. Council amended the Town's Code of Ordinance on May 5, 2020, to include short-term rentals to pay a hotel occupancy tax (7%).

Stormwater Drainage Fund accounts for fees charged for stormwater drainage services.

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

Grant Fund accounts for the grant expenditures for emergency activity due to the COVID-19 pandemic and Staffing for Adequate Fire and Emergency Response (SAFER).

Little Elm TIRZ #3 Fund accounts for proceeds and expenditures related to Little Elm Tax Increment Reinvestment Zone Number 3.

Little Elm TIRZ #4 Fund accounts for proceeds and expenditures related to Little Elm Tax Increment Reinvestment Zone Number 4.

Little Elm TIRZ #5 Fund accounts for proceeds and expenditures related to Little Elm Tax Increment Reinvestment Zone Number 5.

Little Elm TIRZ #6 Fund accounts for proceeds and expenditures related to Little Elm Tax Increment Reinvestment Zone Number 6.

Highway 380 MMD Fund accounts for the Town's contributions to the Highway 380 Municipal Management District (MMD).

Town of Little Elm, Texas
Notes to the Financial Statements
September 30, 2023

2. Proprietary Funds:

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

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

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

The Solid Waste Fund is used to account for the collection of trash and recyclables from residential users. This fund is designated as major.

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

3. Fiduciary Funds:

The Town reports the following fiduciary fund:

Public Improvement District (PID) Custodial Fund accounts for bond proceeds, assessments, and related debt associated with the issuance of bonds issued by the Town as the custodian for the Public Improvement Districts within the Town.

Cash and Cash Equivalents

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

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity date within three months of the date acquired by the Town. The Town may invest in certificates of deposit, authorized investment pools and funds, U.S. Government Securities, commercial paper, and repurchase agreements. Investments purchased with pooled cash, as well as separate investments, are recorded at fair value. The fair value is based on the market price. The fair value of the local government investment pools are the same as the fair value of the pool shares.

Restricted cash and cash equivalents represent donations for specific purposes, restricted grant proceeds attributable to the COVID-19 funds, restricted bond proceeds for capital improvements, and restricted accounts required to be established under the various TIRZ and PID agreements of the Town.

Town of Little Elm, Texas
Notes to the Financial Statements
September 30, 2023

Restricted Assets

Certain proceeds of bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position/balance sheet because their use is limited by applicable bond covenants or contractual agreements.

Inventories and Prepaid Items

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

Prepaid balances are for payments made by the Town for which benefits extend beyond September 30, 2023, and the non-spendable fund balance has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures. The cost of prepaid services is recorded based on when prepaids are consumed rather than when purchased.

Accounts Receivable

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

Due from Other Governments

The amount due from other governments represent balances owed to the Town from various governmental agencies for reimbursement of eligible expenditures.

Notes Receivable

The notes receivable represents the balance owed to the EDC from the Town's Water and Sewer fund for costs related to the Utility Acquisition Agreement with Mustang Special Utility District which are to be repaid in accordance with a Chapter 380 Economic Development and Performance Agreement.

Lease Receivable

The Town is a lessor for noncancellable leases of property. The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide, and governmental fund financial statements.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Town of Little Elm, Texas
Notes to the Financial Statements
September 30, 2023

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Town uses the lessee's rate, or the rate disclosed in the agreement. If the rate is not readily available, the Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed in substance or that depend on an index or a rate, residual value guarantee payments from the lessee that are fixed in substance, and any lease incentives that are payable to the lessee.

The Town monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Capital Assets

Capital assets, which include property, plant, equipment, right to use and subscription assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000. Such assets are recorded at historical cost. Donated capital assets are recorded at the acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the primary government, as well as the component units, are depreciated or amortized using the straight line method over the following estimated useful lives:

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

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straightline basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

Deferred Outflows and Inflows of Resources

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

- Deferred loss on refunding – A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Changes in actuarial assumptions and other inputs included in determining the pension and OPEB liability – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Differences between expected and actual economic experience for the Town's pension plan – These effects on the pension liability are deferred and amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Town has the following items that qualify for reporting in this category.

- Deferred gain on refunding – A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Differences between expected and actual economic experience for the Town's OPEB plan – These effects on the OPEB liability are deferred and amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).
- Changes in actuarial assumptions and other inputs included in determining the OPEB liability – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Leases – Represents the initial value of the lease receivable under GASB 87 systematically reduced and recognized as lease revenue over the term of the lease. This deferred inflow is recorded at both the fund level and government-wide financial statements.
- Unavailable revenue – This arises only under a modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, court fines and fees, ambulance billing, alarm permit fees and intergovernmental revenues.

Interfund Transactions

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

Compensated Absences

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

Unearned Revenues

Governmental funds report a liability, unearned revenue, in connection with resources that have been received, but not yet earned, which consists primarily of grant dollars received in advance of incurring eligible expenditures.

Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

Lease Liability

The Town is a lessee for noncancellable leases of property and equipment. The Town recognizes a lease liability, reported with long-term debt, and a right to use lease asset (lease asset), reported with capital, lease and subscription assets, in the government wide and proprietary fund financial statements.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight line basis over the shorter of the lease term or its useful life.

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.

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- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the Town is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The Town monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Subscription Liability

The Town contracts for noncancellable subscriptions of information technology software. The Town recognizes a subscription liability and an intangible subscription asset (subscription asset) in the government wide financial statements. The Town recognizes subscription liabilities with an initial, individual value of \$10,000 or more.

At the commencement of a subscription, the Town measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straightline basis over its useful life or subscription term, whichever is shorter.

Key estimates and judgments related to subscriptions include how the Town determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The Town uses the interest rate charged by the subscription-based information technology arrangement (SBITA) vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with capital, lease, and subscription assets and subscription liabilities are reported with long-term liabilities on the statement of net position.

Pensions

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

Defined Benefit Other Postemployment Benefit Plan (OPEB)

The Town has a single-employer defined benefit other postemployment benefit (OPEB) plan (Plan). For purposes of measuring the total OPEB liability for the Plan, deferred outflows of resources and deferred inflows of resources related to the OPEB plan, and OPEB expense have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms for the Plan.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources of governmental and business-type activities, proprietary and fiduciary funds. The government-wide, proprietary, and fiduciary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets – This amount consists of capital, lease and subscription assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt, that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted Net Position – This amount is restricted by external parties such as creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This amount is the net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

Fund Balance Classifications

The Town has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions.

The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54 are Nonspendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance.

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In all other funds, unassigned is limited to negative residual fund balance.

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

- **Nonspendable:** includes amounts that are not in a spendable form or are legally or contractually required to be maintained intact.
- **Restricted:** includes amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- **Committed:** includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision making authority, which is the Town Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is an ordinance adopted by the Town Council. The ordinance must either adopt or rescind the commitment, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.
- **Assigned:** includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used by the Town for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The Town Council has authorized the Town Manager or his or her designee as the official authorized person to assign fund balance to a specific purpose as approved by the fund balance policy.
- **Unassigned fund balance:** is the residual classification of the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

Fund Balance and Net Position Assumption Flows

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Minimum Fund Balance Policy

It is the goal of the Town to achieve and maintain an unassigned fund balance in the General Fund equal to 25% of the budgeted expenditures in the General Fund for unanticipated expenditures, unforeseen revenue fluctuations, or other adverse circumstances. The fund balance level may be reduced to the equivalent of 15% of budgeted expenditures in unusual financial circumstances. If such a situation should occur, the Town will implement necessary corrective action with a three-year plan to restore the unassigned fund balance to the equivalent of 25% of budgeted expenditures. Current reserve levels are in excess of 81% of budgeted expenditures.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Town's management to make estimates and assumptions that effect reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources at the date of the financial statements and the reported changes in net position during the reporting period. Actual results may differ from those estimates.

Adoption of New Accounting Standards

During fiscal year 2023, the Town adopted the following GASB standards:

GASB Statement No. 91, *Conduit Debt Obligations*. This standard clarifies the definition of conduit debt and provides a single method of reporting these obligations (disclosure only). This standard provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. The adoption of this standard had no impact on the Town.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This standard addresses the gap in current accounting guidance related to public-private and public-public partnerships (both referred to as PPPs) that do not meet the definition of a service concession arrangement. The adoption of this standard had no impact on the Town.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The implementation of this standard establishes a single model for subscription-based information technology arrangements (SBITAs) accounting based on the principle that contracts are financings of the right to use an underlying information technology software asset. The standard requires recognition of certain right-to-use subscription assets and subscription liabilities. As a result of implementing this standard, the Town recognized right-to-use subscription assets and liabilities. The adoption of this standard had no impact on beginning net position. The additional disclosures required by this standard are included in *Note 5* and *Note 8*.

Future Financial Reporting Requirements

The GASB has issued the following potentially significant statements which the Town has not yet adopted, and which require adoption subsequent to September 30, 2023. The Town will evaluate the potential impact on the Town's net position.

Statement No.	Title	Adoption Required
100	<i>Accounting Changes and Error Correction</i>	September 30, 2024
101	<i>Compensated Absences</i>	September 30, 2025
102	<i>Certain Risk Disclosures</i>	September 30, 2025

Note 2. Cash and Investments

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

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

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At year end, the carrying amount of the Town's deposits was \$102,560,539 and the bank balance was \$103,622,996. The bank balance was completely covered by federal deposit insurance and collateral held by the pledging financial institution in the Town's name.

Cash and investments as of September 30, 2023 consist of and are classified in the accompanying financial statements as follows:

Statement of net position

Primary Government

Cash and cash equivalents	\$ 64,287,422
Investments	58,761,229
Restricted cash and cash equivalents	14,203,403
Restricted investments	22,427,965

Fiduciary Fund

Cash and cash equivalents	16,583,469
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Component Units

Cash and cash equivalents	7,488,105
Investments	<u>370,925</u>

Total cash and investments	<u>\$ 184,122,518</u>
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Cash on hand	\$ 1,860
Deposits with financial institutions	102,560,539
Investments	<u>81,560,119</u>

Total cash and investments	<u>\$ 184,122,518</u>
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The table below identifies the investment types that are authorized for the Town by the Public Funds Investment Act. (Government Code Chapter 2256) The table also identifies certain provisions of the Town's investment policy that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury obligations	5 years	None	None
U.S. Agency obligations	5 years	None	None
Certificates of deposit	5 years	None	None
Direct repurchase agreements	5 years	None	None
No-load money market mutual funds	5 years	None	None
Direct obligations of State of Texas	5 years	None	None
Investment pools	5 years	None	None

Disclosures relating to credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Investing is performed in accordance with investment policies adopted by the Town Council in compliance with the Public Funds Investment Act (PFIA).

Town investment policy and the PFIA generally permit the Town to invest in FDIC insured or fully collateralized certificates of deposit, fully collateralized repurchase agreements, public funds investment pools, obligations of the United States of America or its agencies, direct obligations of the State of Texas and obligations of agencies, counties, cities, and other political subdivisions of Texas having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent. During the year ended September 30, 2023, the Town did not own any types of securities other than those permitted by the Town investment policy or the PFIA.

Concentration of credit risk

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

Custodial credit and interest rate risk

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

The Town requires all deposits to be covered by Federal Depository Insurance Corporation (FDIC) insurance and/or collateralized by qualified securities pledged by the Town's depository in the Town's name and held by the depository's agent. As of September 30, 2023 the Town and its discretely presented component units' deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

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

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

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

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

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

The Town has recurring fair value measurements as presented in the table below. The Town's investment balances and weighted average maturity of such investments are as follows:

U.S. Treasury Notes classified as level 1 are valued using prices quoted in active markets for those securities. Negotiable certificates of deposit are held with a financial investment institution and are bought and sold as part of the Town's investment portfolio. Negotiable certificates of deposit are measured at fair value with level 2 inputs. U.S. Government Securities reported as level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities' relationship to benchmark quoted prices.

	Fair Value Measurements Using					Weighted Average Maturity (Days)
	Value at September 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Percent of Total Investments	
Investments not subject to fair value						
Investment pools						
TexPool	\$ 7,918,896	\$ -	\$ -	\$ -	9.71%	24
TexPool Prime	7,676,196	-	-	-	9.41%	24
LOGIC	22,267,176	-	-	-	27.30%	19
Subject to fair value level						
Marketable equity securities						
U.S. Treasury Notes	9,697,072	9,697,072	-	-	11.89%	221
U.S. Agency Bonds	21,883,372	-	21,883,372	-	26.83%	316
Negotiable certificate of deposits	12,117,407	-	12,117,407	-	14.86%	315
Total value	<u>\$ 81,560,119</u>	<u>\$ 9,697,072</u>	<u>\$ 34,000,779</u>	<u>\$ -</u>		

Investment in State Investment Pools

The Town is a voluntary participant in three investment pools: TexPool, TexPool Prime, and LOGIC. It is noted that investment pools are not subject to the fair value hierarchy.

Town of Little Elm, Texas
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The State Comptroller of Public Accounts exercises responsibility over TexPool and TexPool Prime. This oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and TexPool Prime and other persons who do not have a business relationship with TexPool or TexPool Prime. TexPool and TexPool Prime operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool and TexPool Prime use amortized costs rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool and TexPool Prime is the same as the value of TexPool and TexPool Prime shares.

LOGIC investment pool is an external investment pool measured at net asset value. Its strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. LOGIC has redemption notice period of one day and may redeem daily. The pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national or state emergency that affects the pool's liquidity.

Note 3. Property Taxes

Taxes are levied on October 1 and are payable until January 31 without penalty. Property taxes attach as an enforceable lien on property as of January 1. The total assessed value upon which the fiscal year 2023 (2022 tax) levy was based on \$6,417,567,455. Such assessed value was computed based on 100% appraised values.

Article XI, Section 5 of the Texas Constitution allows a tax rate up to \$2.50 per \$100 valuation. Further, Section 8.03B of the Town's Home-Rule Charter provides that the "Town Council shall have the power, and is hereby authorized to levy, assess, and collect annual taxes not to exceed the maximum limit set by the Constitution and laws of the State of Texas, as they now exist or as they may be amended, on each one hundred dollars (\$100.00) assessed valuation". The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2023 was \$0.629900 per \$100 of assessed valuation. Current tax collections for the year ended September 30, 2023 were approximately 99.11% of the tax levy.

Town of Little Elm, Texas
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Note 4. Receivables

Receivables as of year-end for the government's individual major funds, non-major funds in the aggregate and discretely presented component units, including the applicable allowances for uncollectible accounts as of September 30, 2023 are as follows:

	Governmental Activities						Total
	General Fund	Debt Service	Capital Projects	Landscape Fund	Nonmajor Funds	Internal Service Fund	
Ad valorem taxes	\$ 232,765	\$ 62,035	\$ -	\$ -	\$ -	\$ -	\$ 294,800
Sales taxes	1,365,641	-	-	-	366,331	-	1,731,972
Court	1,703,696	-	-	-	-	-	1,703,696
Ambulance	1,320,077	-	-	-	-	-	1,320,077
Storm drainage	-	-	-	-	260,456	-	260,456
Franchise fees	1,204,611	-	-	-	-	-	1,204,611
Leases	635,198	-	-	3,843,901	-	-	4,479,099
Other	1,164,502	120,313	86,232	14,792	-	31,476	1,417,315
Gross receivables	7,626,490	182,348	86,232	3,858,693	626,787	31,476	12,412,026
Less: allowances	(2,672,363)	(4,184)	-	-	(23,484)	-	(2,700,031)
Net total receivables	<u>\$ 4,954,127</u>	<u>\$ 178,164</u>	<u>\$ 86,232</u>	<u>\$ 3,858,693</u>	<u>\$ 603,303</u>	<u>\$ 31,476</u>	<u>\$ 9,711,995</u>

	Enterprise Funds (Business-Type Activities)		
	Water and Sewer	Solid Waste	Total
Customer accounts	\$ 3,892,072	\$ 284,356	\$ 4,176,428
Note receivable	200,000	-	200,000
Other	310,464	69,732	380,196
Gross receivables	4,402,536	354,088	4,756,624
Less: allowances	(588,922)	(42,780)	(631,702)
Net total receivables	<u>\$ 3,813,614</u>	<u>\$ 311,308</u>	<u>\$ 4,124,922</u>

	Component Units		
	EDC	CDC	Total
Sales taxes	\$ 682,820	\$ 344,607	\$ 1,027,427
Other	29,529	-	29,529
Total receivables	<u>\$ 712,349</u>	<u>\$ 344,607</u>	<u>\$ 1,056,956</u>

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Leases Receivable

The Town and EDC are lessors for non-cancellable leases of the right-to-use of land, buildings and infrastructure. The Town's leases have interest rates that range from 0.000% to 1.882% annually and terms that range from 15 to 42 years. The Town has \$4,479,099 remaining in leases receivable and \$4,362,756 of deferred inflows of resources as of September 30, 2023. The Town recorded \$233,737 of lease revenue, including interest, during the fiscal year. EDC has \$8,836,796 of leases receivable remaining and \$8,351,723 of deferred inflows of resources as of September 30, 2023. EDC's leases have interest rates that range from 1% to 3.489% annually and terms that range from 10 to 50 years. EDC recorded \$640,441 in lease revenue, including interest during the fiscal year.

As of September 30, 2023, the expected lease receipts through the expiration of all leases are as follows:

<u>Leases Receivable</u>	<u>Governmental activities - Town</u>			<u>EDC</u>		
	<u>Fiscal Year Ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 182,207	\$ 50,742	\$ 232,949	\$ 571,829	\$ 234,296	\$ 806,125
2025	189,454	48,225	237,679	591,526	215,007	806,533
2026	196,964	45,865	242,829	611,488	195,045	806,533
2027	204,746	43,386	248,132	632,139	174,394	806,533
2028	212,814	40,784	253,598	653,502	153,030	806,532
2029-2033	1,195,583	160,283	1,355,866	2,348,294	456,199	2,804,493
2034-2038	1,177,456	77,045	1,254,501	376,394	306,711	683,105
2039-2043	329,381	38,011	367,392	413,456	269,649	683,105
2044-2048	284,154	28,846	313,000	454,168	228,937	683,105
2049-2053	288,187	21,813	310,000	498,888	184,217	683,105
2054-2058	113,883	14,117	128,000	487,253	135,852	623,105
2059-2063	94,336	5,664	100,000	439,690	93,415	533,105
2064-2068	9,934	70	10,004	482,965	50,140	533,105
2069-2072	-	-	-	275,204	8,256	283,460
Total	<u>\$ 4,479,099</u>	<u>\$ 574,851</u>	<u>\$ 5,053,950</u>	<u>\$ 8,836,796</u>	<u>\$ 2,705,148</u>	<u>\$ 11,541,944</u>

Financed Purchase Receivable

EDC leases certain Corporation-owned property to a company for use in its business. The lease is classified as a financed purchase and expires in 2043. Due to the transfer of ownership at the end of the lease, it is not classified as a lease under GASB 87. The following are the components of the EDC's net investment in direct financing leases and reported as financed purchases receivable as of September 30, 2023:

Total minimum lease payments to be received	\$ 3,866,097
less: unearned interest income	<u>(1,344,753)</u>
Net investment in direct financing lease	<u>\$ 2,521,344</u>

Town of Little Elm, Texas
Notes to the Financial Statements
September 30, 2023

As of September 30, 2023, minimum lease payments to be received are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2024	\$ 205,559
2025	205,559
2026	205,559
2027	205,559
2028	205,559
2029 - 2033	1,027,797
2034 - 2038	1,027,797
2039 - 2043	<u>782,708</u>
	<u>\$ 3,866,097</u>

Town of Little Elm, Texas
Notes to the Financial Statements
September 30, 2023

Note 5. Capital, Lease and Subscription Assets

Capital, lease and subscription asset activity for the year ended September 30, 2023 was as follows:

	<u>Beginning Balance*</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities					
Capital assets not being depreciated/amortized					
Land	\$ 10,210,630	\$ -	\$ -	\$ -	\$ 10,210,630
Construction in progress	27,982,462	37,876,047	-	(963,458)	64,895,051
Total capital assets, not being depreciated	<u>38,193,092</u>	<u>37,876,047</u>	<u>-</u>	<u>(963,458)</u>	<u>75,105,681</u>
Capital, lease and subscription assets being depreciated/amortized					
Infrastructure	183,414,570	16,443,931	-	963,458	200,821,959
Buildings	64,191,100	-	-	-	64,191,100
Improvements other than buildings	28,260,344	42,240	-	-	28,302,584
Machinery and equipment	22,276,906	3,017,169	(393,932)	-	24,900,143
Lease equipment	24,206	115,798	-	-	140,004
Subscription assets	566,408	276,395	-	-	842,803
Total capital, lease and subscription assets being depreciated/amortized	<u>298,733,534</u>	<u>19,895,533</u>	<u>(393,932)</u>	<u>963,458</u>	<u>319,198,593</u>
Less accumulated depreciation/amortization for					
Infrastructure	58,551,478	5,072,654	-	-	63,624,132
Buildings	9,579,080	1,603,949	-	-	11,183,029
Improvements other than buildings	10,313,025	1,914,348	-	-	12,227,373
Machinery and Equipment	12,827,744	2,296,403	(297,879)	-	14,826,268
Lease equipment	7,127	21,560	-	-	28,687
Subscription assets	-	242,362	-	-	242,362
Total accumulated depreciation/amortization	<u>91,278,454</u>	<u>11,151,276</u>	<u>(297,879)</u>	<u>-</u>	<u>102,131,851</u>
Total capital, lease and subscription assets being depreciated/amortized, net	<u>207,455,080</u>	<u>8,744,257</u>	<u>(96,053)</u>	<u>963,458</u>	<u>217,066,742</u>
Governmental activities capital, lease and subscription assets, net	<u>\$ 245,648,172</u>	<u>\$ 46,620,304</u>	<u>\$ (96,053)</u>	<u>\$ -</u>	<u>\$ 292,172,423</u>

*Beginning balance amounts have been restated for GASB 96

Town of Little Elm, Texas
Notes to the Financial Statements
September 30, 2023

	<u>Beginning Balance*</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities					
Capital assets not being depreciated					
Land	\$ 1,639,066	\$ -	\$ -	\$ -	\$ 1,639,066
Construction in progress	12,670,552	8,769,436	-	-	21,439,988
Total capital assets, not being depreciated	<u>14,309,618</u>	<u>8,769,436</u>	<u>-</u>	<u>-</u>	<u>23,079,054</u>
Capital and subscription assets being depreciated/amortized					
Buildings	2,229,206	-	-	-	2,229,206
Water system improvements	54,008,261	2,212,512	-	-	56,220,773
Sewer system improvements	48,612,936	1,367,548	-	-	49,980,484
Machinery and equipment	4,140,505	424,330	(126,440)	-	4,438,395
Subscription assets	387,554	276,394	-	-	663,948
Total capital assets being depreciated	<u>109,378,462</u>	<u>4,280,784</u>	<u>(126,440)</u>	<u>-</u>	<u>113,532,806</u>
Less accumulated depreciation/amortization for					
Buildings	327,084	53,404	-	-	380,488
Water system improvements	15,788,779	1,745,790	-	-	17,534,569
Sewer system improvements	13,785,960	1,234,497	-	-	15,020,457
Machinery and equipment	2,481,091	426,820	(126,440)	-	2,781,471
Subscription assets	-	162,248	-	-	162,248
Total accumulated depreciation/amortization	<u>32,382,914</u>	<u>3,622,759</u>	<u>(126,440)</u>	<u>-</u>	<u>35,879,233</u>
Total capital and subscription assets being depreciated/amortized, net	<u>76,995,548</u>	<u>658,025</u>	<u>-</u>	<u>-</u>	<u>77,653,573</u>
Business-type activities capital and subscription assets, net	<u>\$ 91,305,166</u>	<u>\$ 9,427,461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,732,627</u>

*Beginning balance amounts have been restated for GASB 96

Town of Little Elm, Texas
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Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	\$ 475,713
Public safety	5,136,731
Public works	1,728,672
Culture and recreation	2,699,649
Internal service fund	<u>1,110,511</u>
	<u>\$ 11,151,276</u>
Business-type activities	
Solid Waste	\$ 49,063
Water and Sewer	<u>3,573,696</u>
	<u>\$ 3,622,759</u>

Capital asset activities of the discretely presented component units are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Component units					
Capital assets not being depreciated					
Land	\$ 11,856,731	\$ -	\$ (405,284)	\$ -	\$ 11,451,447
Total capital assets, not being depreciated	<u>11,856,731</u>	<u>-</u>	<u>(405,284)</u>	<u>-</u>	<u>11,451,447</u>
Capital assets being depreciated					
Buildings	<u>8,315,487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,315,487</u>
Total capital assets being depreciated	<u>8,315,487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,315,487</u>
Less accumulated depreciation for					
Buildings	<u>71,965</u>	<u>44,910</u>	<u>-</u>	<u>-</u>	<u>116,875</u>
Total accumulated depreciation	<u>71,965</u>	<u>44,910</u>	<u>-</u>	<u>-</u>	<u>116,875</u>
Total capital assets being depreciation, net	<u>8,243,522</u>	<u>(44,910)</u>	<u>-</u>	<u>-</u>	<u>8,198,612</u>
Component unit capital assets, net	<u>\$ 20,100,253</u>	<u>\$ (44,910)</u>	<u>\$ (405,284)</u>	<u>\$ -</u>	<u>\$ 19,650,059</u>

Town of Little Elm, Texas
Notes to the Financial Statements
September 30, 2023

Note 6. Interfund Activity

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

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose</u>
Capital Projects Fund	General Fund	\$ 3,700,000	Funding for governmental capital projects
Capital Projects Fund	Non-major Governmental Fund	1,100,000	Funding for governmental capital projects
General Fund	Water and Sewer Fund	1,959,802	Funding for operating costs
General Fund	Solid Waste	175,000	Transfer for operating costs
General Fund	Non-major Governmental Fund	185,524	Transfer for operating costs
Landscape Fund	Solid Waste Fund	391,000	Transfer for operating costs
Water and Sewer Fund	PID Capital Projects Fund	5,217,586	Transfer for capital projects
		<u>\$ 12,728,912</u>	

During a fiscal year, interfund receivables and payables arise. Interfund payables are expected to be paid within the following year. The following were receivable and payable as of September 30, 2023:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Non-major Governmental Fund	\$ 517,323	Funds owed for allocation of restricted purposes
Non-major Governmental Fund	General Fund	5,116	Funds owed for allocation of restricted purposes
Solid Waste Fund	Water and Sewer Fund	54	Funds owed for allocation of restricted purposes
Solid Waste Fund	Non-major Governmental Fund	1,505	Funds owed for allocation of restricted purposes
		<u>\$ 523,998</u>	

Note 7. Deferred Inflows of Resources

Governmental funds report deferred inflows of resources in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of these deferred inflows of resources reported in the governmental funds were as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Landscape Fund</u>	<u>Total</u>
Property taxes	\$ 246,250	\$ 67,410	\$ -	\$ -	\$ 313,660
Grants	-	-	257,765	-	257,765
Court fines	51,644	-	-	-	51,644
Ambulance	175,746	-	-	-	175,746
Leases	626,481	-	-	3,736,275	4,362,756
Other	81,491	-	-	-	81,491
Total	<u>\$ 1,181,612</u>	<u>\$ 67,410</u>	<u>\$ 257,765</u>	<u>\$ 3,736,275</u>	<u>\$ 5,243,062</u>

Town of Little Elm, Texas
Notes to the Financial Statements
September 30, 2023

Note 8. Long-Term Debt

The Town of Little Elm issues general obligation bonds and certificates of obligation to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

Changes in Long-term Liabilities

The following is a summary of changes in long-term debt for the year ended September 30, 2023:

	Beginning Balance*	Additions	Reductions	Ending Balance	Amount Due within One Year
Governmental activities					
General obligation bonds	\$ 15,400,000	\$ -	\$ (2,390,000)	\$ 13,010,000	\$ 2,300,000
Certificates of obligation	56,090,000	-	(3,360,000)	52,730,000	2,595,000
Unamortized bond premium	4,415,609	-	(340,283)	4,075,326	-
Compensated absences	3,417,665	2,054,383	(2,347,215)	3,124,833	2,819,732
Net Pension Liability	3,306,573	9,900,033	(3,017,827)	10,188,779	-
OPEB	548,846	-	(172,486)	376,360	-
Lease liabilities	17,058	115,798	(20,003)	112,853	46,007
Subscription liabilities	566,408	-	(207,648)	358,760	121,266
	<u>83,762,159</u>	<u>12,070,214</u>	<u>(11,855,462)</u>	<u>83,976,911</u>	<u>7,882,005</u>
Business-type activities					
General obligation bonds	13,865,000	-	(1,440,000)	12,425,000	1,490,000
Certificates of obligation	25,495,000	-	(1,555,000)	23,940,000	1,610,000
Unamortized bond premium	2,127,508	-	(170,856)	1,956,652	-
Compensated absences	293,393	281,736	(281,174)	293,955	33,814
Note payable to EDC	300,000	-	(100,000)	200,000	100,000
Net Pension liability	306,799	901,365	(276,070)	932,094	-
OPEB	50,925	-	(16,008)	34,917	-
Subscription liabilities	387,554	-	(88,866)	298,688	88,562
	<u>42,826,179</u>	<u>1,183,101</u>	<u>(3,927,974)</u>	<u>40,081,306</u>	<u>3,322,376</u>
Total Primary Government	<u>\$ 126,588,338</u>	<u>\$ 13,253,315</u>	<u>\$ (15,783,436)</u>	<u>\$ 124,058,217</u>	<u>\$ 11,204,381</u>
Component Units					
Notes payable - EDC	\$ 17,432,587	\$ -	\$ (837,257)	\$ 16,595,330	\$ 1,085,826
Compensated absences	71,202	49,653	(2,123)	118,732	4,010
	<u>\$ 17,503,789</u>	<u>\$ 49,653</u>	<u>\$ (839,380)</u>	<u>\$ 16,714,062</u>	<u>\$ 1,089,836</u>

*Beginning balance amounts have been restated for GASB 96

Town of Little Elm, Texas
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Long-term debt of the Town is comprised of the following individual issues as of September 30, 2023:

Certificates of Obligation	Outstanding		Outstanding	
	Governmental	Due in one year	Business-Type	Due in one year
\$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%	\$ -	\$ -	\$ 1,890,000	\$ 450,000
6,000,000 Series 2013A Combination Tax and Revenue Certificates of Obligation due in annual installments of \$150,000 to \$335,000 through August 2028, plus interest at 1.50% to 3.00%	3,415,000	295,000	-	-
\$3,000,000 Series 2013A Combination Tax and Revenue Certificates of Obligation due in annual installments of \$130,000 to \$210,000 through August 2033, plus interest at 1.50% to 3.50%	1,765,000	150,000	-	-
\$9,966,000 Series 2015 Combination Tax and Revenue Certificates of Obligation due in annual installments of \$275,000 to \$630,000 through August 2036, plus interest at 2.00% to 3.50%	6,825,000	440,000	-	-
\$7,640,000 Series 2016 Combination Tax and Revenue Certificates of Obligation due in annual installments of \$205,000 to \$510,000 through August 2036, plus interest at 2.00% to 5.00%	-	-	5,590,000	360,000
\$11,830,000 Series 2017 Combination Tax and Limited Pledge Revenue Certificates of Obligation due in annual installments of \$450,000 to \$770,000 through August 2037, plus interest at 3.00% to 5.00%	-	-	8,885,000	505,000
\$9,966,000 Series 2018 Combination Tax and Revenue Certificates of Obligation due in annual installments of \$440,000 to \$2,000,000 through August 2038, plus interest at 3.00% to 5.00%	10,425,000	510,000	-	-
\$6,640,000 Series 2019 Combination Tax and Revenue Certificates of Obligation due in annual installments of \$235,000 to \$440,000 through February 2039, plus interest at 1.18% to 2.75%	5,645,000	255,000	-	-
\$4,085,000 Series 2020 Combination Tax and Revenue Certificates of Obligation due in annual installments of \$160,000 to \$250,000 through February 2040, plus interest at 2.00% to 2.37%	3,580,000	170,000	-	-

Town of Little Elm, Texas
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September 30, 2023

<u>Certificates of Obligation</u>	<u>Outstanding</u>		<u>Outstanding</u>	
	<u>Governmental</u>	<u>Due in one year</u>	<u>Business-Type</u>	<u>Due in one year</u>
\$21,765,000 Series 2021 Combination Tax and Revenue Certificates of Obligation due in annual installments of \$805,000 to \$1,400,000 through August 2041, plus interest at 2.00% to 5.00%	12,625,000	490,000	7,575,000	295,000
\$9,560,000 Series 2022 Combination Tax and Revenue Certificates of Obligation due in annual installments of \$285,000 to \$1,110,000 through August 2042, plus interest at 4.00% to 5.00%	8,450,000	285,000	-	-
	<u>\$ 52,730,000</u>	<u>\$ 2,595,000</u>	<u>\$ 23,940,000</u>	<u>\$ 1,610,000</u>

<u>General Obligation Bonds</u>	<u>Outstanding</u>		<u>Outstanding</u>	
	<u>Governmental</u>	<u>Due in one year</u>	<u>Business-Type</u>	<u>Due in one year</u>
\$2,735,000 Series 2012A General Obligation due in annual installments of \$130,000 to \$210,000 through September 2027, plus interest at 2.09%	\$ 825,000	\$ 200,000	\$ -	\$ -
\$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%	-	-	300,000	300,000
\$3,040,000 Series 2013 General Obligation Refunding Bonds due in annual installments of \$205,000 to \$525,000 through September 2025, plus interest at 2.00% to 2.50%	-	-	760,000	235,000
\$4,550,000 Series 2014 General Obligation Refunding Bonds due in annual installments of \$235,000 to \$375,000 through August 2029, plus interest at 2.00% to 4.00%	910,000	140,000	1,140,000	185,000
\$6,725,000 Series 2016 General Obligation Refunding Bonds due in annual installments of \$375,000 to \$735,000 through August 2027, plus interest at 2.00% to 5.00%	2,520,000	695,000	-	-
\$13,645,000 Series 2017 General Obligation Refunding Bonds due in annual installments of \$10,000 to \$1,090,000 through September 2025, plus interest at 3.00% to 5.00%	-	-	10,225,000	770,000

Town of Little Elm, Texas
Notes to the Financial Statements
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General Obligation Bonds	Outstanding		Outstanding	
	Governmental	Due in one year	Business-Type	Due in one year
\$7,320,000 Series 2019 General Obligation Refunding Bonds due in annual installments of \$525,000 to \$880,000 through August 2029, plus interest at 1.60% to 2.20%	4,825,000	725,000	-	-
\$5,725,000 Series 2020 General Obligation Refunding Bonds due in annual installments of \$720,000 to \$535,000 through September 2030, plus interest at 2.00% to 1.77%	3,930,000	540,000	-	-
	<u>\$ 13,010,000</u>	<u>\$ 2,300,000</u>	<u>\$ 12,425,000</u>	<u>\$ 1,490,000</u>

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

Fiscal Year Ending September 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
	2024	\$ 2,300,000	\$ 296,106	\$ 2,596,106	1,490,000	417,806
2025	2,375,000	238,994	2,613,994	1,515,000	367,756	1,882,756
2026	2,435,000	186,594	2,621,594	1,030,000	317,950	1,347,950
2027	2,120,000	132,736	2,252,736	1,070,000	277,725	1,347,725
2028	1,580,000	83,530	1,663,530	1,115,000	234,925	1,349,925
2029-2033	2,200,000	51,738	2,251,738	5,115,000	638,125	5,753,125
2034	-	-	-	1,090,000	34,063	1,124,063
Total	<u>\$ 13,010,000</u>	<u>\$ 989,698</u>	<u>\$ 13,999,698</u>	<u>\$ 12,425,000</u>	<u>\$ 2,288,350</u>	<u>\$ 14,713,350</u>

Fiscal Year Ending September 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
	2024	2,595,000	1,806,763	\$ 4,401,763	1,610,000	746,565
2025	2,705,000	1,705,188	4,410,188	1,670,000	692,815	2,362,815
2026	2,810,000	1,594,038	4,404,038	1,745,000	626,085	2,371,085
2027	2,920,000	1,491,213	4,411,213	1,795,000	573,395	2,368,395
2028	3,050,000	1,365,538	4,415,538	1,345,000	519,888	1,864,888
2029-2033	17,165,000	4,898,874	22,063,874	7,425,000	1,888,909	9,313,909
2034-2038	15,575,000	2,082,264	17,657,264	6,800,000	664,607	7,464,607
2039-2042	5,910,000	329,181	6,239,181	1,550,000	66,894	1,616,894
Total	<u>\$ 52,730,000</u>	<u>\$ 15,273,059</u>	<u>\$ 68,003,059</u>	<u>\$ 23,940,000</u>	<u>\$ 5,779,158</u>	<u>\$ 29,719,158</u>

Lease Liabilities

The Town has entered into multiple lease agreements as lessee for the right-to-use equipment over the term of the lease. The Town is required to make periodic payments at its effective interest rate or the interest rate stated or implied within the leases. The Town's lease agreements incur interest at rates ranging from 0.328% to 2.363% annually; all of which are accounted for within the governmental activities. Such arrangements range from 3 to 4 years in length.

Town of Little Elm, Texas
Notes to the Financial Statements
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The future principal and interest payments for lease liabilities as of September 30, 2023, are as follows:

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 46,007	\$ 2,042	\$ 48,049
2025	43,044	1,081	44,125
2026	23,802	188	23,990
Total	<u>\$ 112,853</u>	<u>\$ 3,311</u>	<u>\$ 116,164</u>

Subscription Liabilities

The Town has subscription IT arrangements to conduct its operations, the terms of which expire 2024 through 2027. The measurement of the subscription liabilities is based on the present value of subscription payments expected to be paid during the subscription term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any subscription incentives payable.

An initial subscription liability was recorded for in the amount of \$566,408 and \$387,554 during fiscal year 2023 for Governmental Activities and Business-Type Activities, respectively. As of September 30, 2023, the value of the subscription liabilities was \$358,760 and \$298,688 for Governmental Activities and Business-Type Activities, respectively. An incremental borrowing rate of 3.1440 percent to 3.2687 percent was used to measure subscription liabilities. The value of the right-to-use subscription assets as of September 30, 2023 for Governmental Activities was \$842,803 and had accumulated amortization of \$242,362. The value of the right-to-use subscription assets as of September 30, 2023 for Business-Type Activities was \$663,948 and had accumulated amortization of \$162,248 .

The future principal and interest payments for subscription liabilities as of September 30, 2023, are as follows:

Fiscal Year Ending September 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	121,266	10,629	\$ 131,895	88,562	8,685	\$ 97,247
2025	117,128	6,642	123,770	91,492	5,754	97,246
2026	96,251	2,784	99,035	94,519	2,727	97,246
2027	24,115	197	24,312	24,115	197	24,312
Total	<u>\$ 358,760</u>	<u>\$ 20,252</u>	<u>\$ 379,012</u>	<u>\$ 298,688</u>	<u>\$ 17,363</u>	<u>\$ 316,051</u>

Note Payable

On December 15, 2015, the Town Council approved an Interlocal Chapter 380 Economic Development Program and Performance Agreement between the Town of Little Elm and the Little Elm EDC for payments related to the Utility Acquisition Agreement with Mustang Special Utility District (SUD). Mustang SUD agreed to purchase the system and assume the contracts for a cash consideration of \$1,000,000 which is to be paid to the Little Elm EDC in ten equal yearly payments of \$100,000 with the first installment payment to the Little Elm EDC to occur on July 1, 2016. The Town also covenants and agrees to pay to the Little Elm EDC the ten equal yearly payments. Accordingly a note payable / receivable has been recorded between the Town and Little Elm EDC. The remaining balance as of September 30, 2023 was \$200,000.

Town of Little Elm, Texas
Notes to the Financial Statements
September 30, 2023

Compensated Absences

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

Discretely Presented Component Units – Economic Development Corporation

Notes payable of the Little Elm Economic Development Corporation as of September 30, 2023 are as follows:

Payee	Description	Ending Balance at 9/30/2023
Government Capital Corporation	\$7,593,750 payable to Corporation, made April 15, 2021, payable in semi-annual installments of \$48,828 starting November 15, 2021 through May 15, 2023, then \$132,092 through May 15, 2041, including interest at 2.57%	\$ 7,510,485
Government Capital Corporation	\$6,659,559, payable to Corporation, made June 23, 2020, payable in semi-annual installments of \$337,252 starting September 15, 2020 through September 15, 2031, including interest at 2.75%	4,814,181
Southside Bank	\$2,543,750, payable to bank, made January 2015, payable in semi-annual installments of \$87,965 through November 15, 2034, including interest at 3.4%	1,637,279
Southside Bank	\$3,048,000 payable to bank, originally made July 13, 2017 and refinanced on July 13, 2021, payable in quarterly installments of \$44,507, through to final payment January 13, 2043, including interest at 2.947%	2,633,385
		\$ 16,595,330

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

Year	Principal	Interest	Total
2024	\$ 1,085,826	\$ 429,581	\$ 1,515,407
2025	1,242,439	399,910	1,642,349
2026	1,172,906	369,443	1,542,349
2027	1,204,192	338,158	1,542,350
2028	1,236,316	306,034	1,542,350
2029-2033	5,317,370	1,045,368	6,362,738
2034-2038	3,263,153	511,004	3,774,157
2039-2043	2,073,128	107,949	2,181,077
Total	\$ 16,595,330	\$ 3,507,447	\$ 20,102,777

Note 9. Pension Plan

Plan Description

The Town participates as one of over 920 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at tmrs.com.

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

Benefits Provided

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

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

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

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

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	77
Inactive employees entitled to but not yet receiving benefits	218
Active employees	302
	597

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Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the Town matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the Town. Under the state law governing TMRS, the contribution rate for each Town is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the Town were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the Town were 13.76% and 13.28% in calendar years 2022 and 2023, respectively. The Town's contributions to TMRS for the year ended September 30, 2023 were \$3,542,445, and were equal to the required contributions.

The Town's Net Pension Liability (NPL) was measured as of December 31, 2022 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a four-year set-forward for males and a three-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a

Town of Little Elm, Texas
Notes to the Financial Statements
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recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Public Equity	35.0%	7.70%
Core Fixed Income	6.0%	4.90%
Non-Core Fixed Income	20.0%	8.70%
Other Public and Private Markets	12.0%	8.10%
Real Estate	12.0%	5.80%
Hedge Funds	5.0%	6.90%
Private Equity	10.0%	11.80%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Allocations

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

Town of Little Elm, Texas
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Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at December 1, 2021	\$ 57,562,878	\$ 53,949,506	\$ 3,613,372
Changes for the year			
Service cost	4,284,588	-	4,284,588
Interest	3,988,084	-	3,988,084
Change of benefit terms	-	-	-
Difference between expected and actual experience	261,388	-	261,388
Contributions - employer	-	3,297,312	(3,297,312)
Contributions - employee	-	1,677,412	(1,677,412)
Net investment income	-	(3,954,752)	3,954,752
Benefit payments, including refunds of employee contributions	(1,244,899)	(1,244,899)	-
Administrative expense	-	(34,078)	34,078
Other changes	-	40,665	(40,665)
Net changes	<u>7,289,161</u>	<u>(218,340)</u>	<u>7,507,501</u>
Balance at December 31, 2022	<u>\$ 64,852,039</u>	<u>\$ 53,731,166</u>	<u>\$ 11,120,873</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.75%) or 1 percentage-point higher (7.75%) than the current rate:

	1% Decrease In Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability	\$ 22,655,008	\$ 11,120,873	\$ 1,893,131

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained at www.tmr.com.

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

For the year ended September 30, 2023, the Town recognized pension expense of \$4,289,154. At September 30, 2023, the Town reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 826,017	\$ -
Changes in actuarial assumptions	49,496	-
Difference between projected and actual investment earnings	3,698,009	-
Contributions subsequent to the measurement date	2,596,386	-
	<hr/>	<hr/>
Total	<u>\$ 7,169,908</u>	<u>\$ -</u>

The \$2,596,386 reported as deferred outflows of resources related to pensions resulting from Town's contributions subsequent to the measurement date and will reduce the net pension liability during the fiscal year ended September 30, 2024. The other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30,	Net Deferred Outflows (inflows) of resources
2024	\$ 765,482
2025	1,147,408
2026	1,081,716
2027	1,578,916
	<hr/>
	<u>\$ 4,573,522</u>

The general fund has typically been used to liquidate pension and OPEB liabilities related to governmental activities.

Note 10. Other Postemployment Benefits Plan (OPEB)

Plan Description

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

Benefits Provided

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

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	56
Inactive employees entitled to but not yet receiving benefits	39
Active employees	<u>302</u>
	<u><u>397</u></u>

Contributions

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

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

The retiree portion of contribution rates to the SDBF for the Town was 0.02% and 0.03% for calendar years 2022 and 2023 respectively. The Town’s contributions to the SDBF for the year ended September 30, 2023 were \$2,240, and were equal to the required contributions. Covered employee payroll was \$26,425,525.

Town of Little Elm, Texas
Notes to the Financial Statements
September 30, 2023

Total OPEB Liability

The Town's Total OPEB Liability (TOL) was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total OPEB Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.5% to 11.5% including inflation
Discount rate	4.05% (1.84% in prior year)
Retiree's share of benefit-related costs	\$ 0
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll; closed

Salary increases were based on a service-related table. Mortality rates for service retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Mortality rates for disabled retirees were based on 2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis with scale UMP to account for future mortality improvements subject to the floor.

Actuarial assumptions used in the December 31, 2022 valuation were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were first adopted in 2019 and first used in the December 31, 2019 actuarial valuation.

The discount rate used to measure the Total OPEB Liability was 4.05% and was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

Town of Little Elm, Texas
Notes to the Financial Statements
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Changes in Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2021	\$ 599,771
Changes for the year	
Service Cost	57,511
Interest on Total OPEB Liability	11,521
Change of benefit terms	-
Difference between expected and actual experience	(6,285)
Changes of assumptions or other inputs	(246,448)
Benefit payments	(4,793)
Administrative expense	-
Other changes	-
Net Changes	<u>(188,494)</u>
Balance at December 31, 2022	<u>\$ 411,277</u>

Total OPEB liability was 1.72% of covered employee payroll during the measurement period.

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

The following presents the total OPEB liability of the Town, calculated using the discount rate of 4.05%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.05%) or 1 percentage-point higher (5.05%) than the current rate:

	1% Decrease in Discount Rate (3.05%)	Discount Rate (4.05%)	1% Increase in Discount Rate (5.05%)
Total OPEB Liability	<u>\$ 504,227</u>	<u>\$ 411,277</u>	<u>\$ 340,547</u>

Town of Little Elm, Texas
Notes to the Financial Statements
September 30, 2023

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

For the year ended September 30, 2023, the Town recognized OPEB expense of \$51,267. At September 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 39,204
Changes in assumptions and other inputs	112,628	223,725
Contributions subsequent to the measurement date	<u>5,865</u>	<u>-</u>
Total	<u>\$ 118,493</u>	<u>\$ 262,929</u>

The \$5,865 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will reduce the Total OPEB liability during the year ending September 30, 2024. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ended September 30</u>	<u>Net deferred outflows (inflows) of resources</u>
2024	\$ (17,765)
2025	(18,336)
2026	(20,967)
2027	(18,302)
2028	(26,634)
Thereafter	<u>(48,297)</u>
Total	<u>\$ (150,301)</u>

Note 11. 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 2,800 individual governments and political subdivision units located within Texas. The Town pays an annual premium to the funds for its workers' compensation, property and liability, and cyber security 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. The cyber security provides various tiers of coverage to limit the Town's exposure to this new risk.

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

Note 12. Net Position / Fund Balance

In the government-wide financial statements, net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital, lease and subscription assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowing used for the acquisition and construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Town of Little Elm, Texas
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Restricted Net Position

Net position is reported in the government-wide statement of net position consisted of the following as of September 30, 2023:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Discretely Presented Component Units</u>
Restricted for construction	\$ 23,092,839	\$ 5,556,868	\$ 28,649,707	\$ -
Restricted for economic development	464,158	-	464,158	10,640,126
Restricted for stormwater drainage	1,737,423	-	1,737,423	-
Restricted for street maintenance	942,960	-	942,960	-
Restricted for streetscape	372,657	-	372,657	-
Restricted for debt service	2,086,732	-	2,086,732	1,125,095
Restricted for other:				
Donor stipulations	29,030	-	29,030	-
Public, education, government access	44,635	-	44,635	-
Tourism	35,194	-	35,194	-
Public safety	831,646	-	831,646	-
	<u>940,505</u>	<u>-</u>	<u>940,505</u>	<u>-</u>
Total restricted for other	<u>940,505</u>	<u>-</u>	<u>940,505</u>	<u>-</u>
	<u>\$ 29,637,274</u>	<u>\$ 5,556,868</u>	<u>\$ 35,194,142</u>	<u>\$ 11,765,221</u>

Town of Little Elm, Texas
Notes to the Financial Statements
September 30, 2023

Fund Balance

The composition of the governmental fund balances at September 30, 2023 is as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	PID Capital Projects Project	Landscape Fund	Nonmajor Governmental Funds	Total Governmental Funds
Non-spendable							
Inventories	\$ 100,309	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,309
Prepays	31,982	-	-	-	-	250	32,232
Total nonspendable	132,291	-	-	-	-	250	132,541
Restricted for							
Debt service	-	2,086,732	-	-	-	-	2,086,732
Street maintenance	-	-	-	-	-	942,960	942,960
Police	-	-	-	-	-	317,566	317,566
Fire	-	-	-	-	-	212,998	212,998
Stormwater drainage	-	-	-	-	-	1,737,423	1,737,423
Court	-	-	-	-	-	79,692	79,692
Library	-	-	-	-	-	29,030	29,030
Animal Control	-	-	-	-	-	2,664	2,664
Public, Education, Government Access	-	-	-	-	-	44,635	44,635
Streetscape	-	-	-	-	372,657	-	372,657
Tourism	-	-	-	-	-	35,194	35,194
Economic Development	-	-	-	-	-	464,158	464,158
Child Safety	-	-	-	-	-	218,726	218,726
Capital projects	-	-	39,637,595	8,759,231	-	-	48,396,826
Total restricted	-	2,086,732	39,637,595	8,759,231	372,657	4,085,046	54,941,261
Unassigned	48,512,833	-	-	-	-	(13,108)	48,499,725
	<u>\$ 48,645,124</u>	<u>\$ 2,086,732</u>	<u>\$ 39,637,595</u>	<u>\$ 8,759,231</u>	<u>\$ 372,657</u>	<u>\$ 4,072,188</u>	<u>\$ 103,573,527</u>

Note 13. 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 payments (adjusted annually) in return for a minimum volume of gallons of water per year. During the year ended September 30, 2023, the cost of water purchased under this contract was \$6,155,497 .

At September 30, 2023 and subsequent to year end, the Town is committed to numerous contracts for capital improvements totaling \$6,885,789.

Note 14. Little Elm Tax Increment Reinvestment Zones and Public Improvement Districts

The Town Council created and participates in a total of four Tax Increment Reinvestment Zones ("TIRZ")(#3, #4, #5, and #6). The two original TIRZ created in 2008 referred to as TIRZ #1 and TIRZ #2 were terminated in November 2013. Subsequent to the creation of the two TIRZ zones, the Council on February 3, 2009 authorized and established the creation of the Little Elm Redevelopment Authority ("LERA"). The LERA was dissolved in February 2014. Upon the termination of TIRZ #1 in 2013, the Town created TIRZ #3 for the "Lakefront District" which consists of approximately 847 acres and has a base taxable assessed value of \$33,542,713.

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September 30, 2023

The Town Council created TIRZ #4 in December 2013 for the Valencia on the Lake multi-phase residential development of approximately 447.942 acres. The Town also created the Valencia Public Improvement District ("PID") in September 2013 to finance certain public infrastructure improvements. The PID and the TIRZ boundaries are contiguous as the goal of the TIRZ is to assist with the development. The Town issued two series of special assessment revenue bonds (the "PID Bonds") in the amounts of \$12,240,000 and \$4,000,000 in February 2014 that are secured solely from assessment revenues generated within the Valencia PID. The bonds funded major improvement projects to include certain roadway, water, wastewater and drainage improvements. On November 6, 2018 the Town issued three series of bonds for the Valencia on the Lake PID. The first series of revenue bonds refunded the 2014 Phase #1 Bonds, refinanced the Phase #1 reimbursement agreement portion of the 2014 bonds and restructured the debt service requirements by passage of Ordinance No.1445. The second series of revenue bonds were identified as the Improvement Area #2 Refunding and Improvement Bonds and were issued to refund a portion of the 2014 bonds used to finance improvements related to Improvement Area #2, refinance the pro rata portion of the Phase #2 local improvements and financed additional improvements relating in Improvement Area #2 through Ordinance No. 1446. The Major Improvement Area Refunding Bonds were the third series of bonds issued in FY 2018 through Ordinance No. 1447. They were to refund the pro-rata portion of the 2014 Major Improvement Bonds related to Phases #2B, #3B, and #4.

The Town Council created a TIRZ #5 in December 2014 with a base value of real property of \$5,380,866. Over time, the TIRZ #5 zone has modified property parcels by adding into or removing from the zone to establish the area to reflect 943.5 acres. The zone is located near the intersections of US-380 and FM- 2931. The majority of the land within the TIRZ zone is vacant and undeveloped. The zone was established to facilitate the development of retail and single-family homes. At the time the original zone was established, the TIRZ project costs were financed by incremental real property tax generated and sales tax within the zone. Such incremental property tax was 46% from the Town of Little Elm and 50% of one cent of sales tax rate collected in the zone.

Since then, Town Council amended previous Ordinances and approved Ordinance No. 1607 Final Project and Financing Plan on May 4, 2021, which established the zone encompassing 862.23 acres. The goal of the TIRZ is still to facilitate the development of the currently vacant land with retail and single-family developments while creating a unique cohesive development that builds on the high development standard established within the Town. In order to fund the public improvements within the zone, the Town will contribute 50% of its incremental real property tax revenue to the TIRZ fund beginning with incremental real property taxes due by January 31, 2022 and ending with incremental real property taxes due by January 31, 2060. The new base value of the taxable real property in the Zone is \$15,654,221. Such public improvement costs that financed the incremental real property tax generated within the TIRZ include roadway, water system, sanitary sewer, storm water improvements, parks, trails, landscaping and hardscaping, public utilities purchase, and economic development grants for the total amount of \$184,000,000. The Town will contribute 50% of its incremental real property tax revenue to the TIRZ fund until the earlier of the maximum TIRZ increments paid for the TIRZ obligations reach \$184 million or December 31, 2060.

The Town of Little Elm entered into agreements related to the Zone, including an Amended and Restated Tax Increment Payment (TIP) Agreement dated April 6, 2021. The Town agreed to make payments from the pledge revenues, which consist of 50% of the property taxes levied and finally collected by the Town for that year on the captured appraised value of real property taxable in the Zone to CADG Lincoln Park, LLC. The Public Finance Authority (PFA) issued Certificates of Participation, Series 2021 for \$30,400,000 to provide funds to finance the project through paying the TIP payments. CADG has entered into an assignment agreement dated May 28, 2021 to which CADG sold, transferred, delivered, assigned, and conveyed the pledged revenues scheduled to be paid by the Town under the TIP agreement to PFA for the issuance of bonds.

The Town is not anticipated to issue bonds directly secured by the TIRZ increments. However, the TIRZ increments may be used as part of the repayment of bonds issued through other financial structures like a Public Improvement District (PID).

Town of Little Elm, Texas
Notes to the Financial Statements
September 30, 2023

The Hillstone Pointe PID No. 2 was created in June 2015. It is located at the northern section of TIRZ #5 and its boundaries are not contiguous. TIRZ #5 and Hillstone Pointe PID No. 2 are located near the 380 Corridor within the newly annexed area on the northern boundary of the Town of Little Elm. The Town issued \$6,000,000 in special assessment revenue bonds (the "PID Bonds") for Phases #1-1a through approval of Ordinance No. 1422 on October 17, 2017. The Bonds are secured solely from assessment revenues generated within the Hillstone Pointe PID No. 2. The Bonds funded Phase 1 and Phase 1A improvements which included certain roadway, water system, storm drainage, sanitary sewer, screening and landscaping and other soft and miscellaneous improvements. The Town issued the next set of Bonds (\$4,688,000 Special Assessment Revenue Bonds, Series 2018) for the Hillstone Pointe PID No. 2 Phases 2 and 3 through Ordinance No. 1471 in December 2018. The Bonds are secured solely from assessment revenues generated from Phases 2 and 3 of the PID and the proceeds are being used to fund a portion of the actual costs of the Phase 2 and 3 improvements.

Council also approved a new PID within the TIRZ 5 zone February 22, 2021, identified as Spiritas Ranch Public Improvement District and on May 4, 2021, annexed in approximately 7.21 acres of land located in the Town's ETJ for such PID. This PID is generally located south of US-380, east of FM-720, and west of Lewisville Lake and estimated costs of the authorized improvements is \$65,000,000. Such costs shall be paid by assessment of the property owners within the District. The developer will be obligated for the costs of authorized improvements and the Town will not be obligated to provide any funds to finance the authorized improvements other than from special assessments levied on real property within the District. On May 11th, 2021, Council approved Ordinance No. 1606 for the issuance and sale of special assessment revenue bonds (PID Bonds), Series 2021 in the amount of \$43,200,000 for the Spiritas Ranch PID Area #1 and Major Improvement Area projects. The Bonds are secured solely from assessment revenues generated within the Spiritas Ranch PID for area #1 and major improvement area projects.

The Town's third PID was created by the Town in October 2016 identified as the Rudman Tract Public Improvement District to finance the costs of certain public improvements for the benefit of property in the PID. TIRZ #6 was created in November 2016 to be contiguous with the Rudman Tract to help the area develop. The area encompasses 146.8 acres. The Town approved reimbursement obligations to finance the public improvements provided for the benefit of the property in the PID. Phase #1 Reimbursement Agreement of \$7,300,000 and Phase #2 Major Improvements Reimbursement Agreement of \$2,075,000 are secured by special assessments. The Town consented to the assignment of the reimbursement amounts between the OPLE Prairie Oaks Development, Inc. and the PFA in May 2017. Bonds were issued by the Wisconsin PFA for the development in May 2017.

The Town on December 20, 2016 created the fourth PID for the Town of Little Elm. This PID is located at the Town's northern border next to Highway 380 and will be identified as Lakeside Estates PID No. 2. A TIRZ was not approved to assist with the development of this project. The Town authorized the issuance and sale of special assessment revenue bonds, Series 2017 in December 2017 for \$4,700,000, payable solely from and secured by a pledge of special assessments. The bonds funded improvements which included certain roadway, water distribution system, storm drainage, sanitary sewer, screening and other PID Bond issuance costs.

The TIRZ and PID's in respect to their duration and the projects to be undertaken and other terms and conditions are set forth in the respective ordinances creating such zones and the public improvement districts. Although current plans provide that project costs for the zones will be paid or reimbursed from tax increments as collected, the Town may determine at a future date to issue bonds or other obligations secured by or payable in whole or in part from Tax Increment Revenues. At September 30, 2023, the outstanding balance of the special assessment bonds in connection with the Town's PIDs is \$107,858,916. The owners of the PID Bonds do not have the right to demand payment from any funds of the Town other than the pledged revenues, consisting primarily of assessments levied and collected against the property within the specific PID, and the Town has no obligation to pay the PID Bonds from any other source.

Tax Increment Financing

Tax Increment Financing (TIF) is a tool to help finance public improvements and development projects within a defined area. A municipality makes an area eligible for TIF by designating it a Tax Increment Reinvestment Zone (TIRZ). Within the designated zone all of the incremental tax revenue growth flows to an established tax increment fund to help pay for public improvements within the zone. The Town has adopted four Tax Increment Reinvestment Zones (TIRZ) in accordance with the provisions of the Tax Increment Financing Act, V.T.C.A., Tax Code, Chapter 311. The four active Tax increment reinvestment zones include TIRZ #3, #4, #5 and #6. The purpose of TIRZ #3 is to help pay for project costs associated with the development of the Town's Lakefront District. The Zone's projected costs are primarily related to park and park improvements, streets, a conference center, utilities, a recreation center, landscaping, trails, a plaza and lighting. TIRZ #4, #5 and #6 were created to facilitate the development of the respective areas to bring in retail and single family developments while creating a unique cohesive development that builds on the high development standards already established within the Town. Specific project costs may include but are not limited to roads, water, sewer and storm water management. In fiscal year 2023, the Town made \$2,610,480 in payments to the TIRZ funds. Denton County agreed to participate in TIRZ 3 until the date the TIRZ #3 terminates, which would be on or before December 31, 2043. Denton County contributed \$91,750 in fiscal year 2023.

Note 15. Tax Abatements and Economic Incentives

The Town enters into economic development agreements designed to promote development, stimulate commercial activity, enhance the property tax base, and increase the economic vitality. The Town's economic development agreements are authorized under the Texas Local Government Code Chapter 311 (Tax Increment Financing Act), Chapter 312 (Property Redevelopment and Tax Abatements), and Chapter 380 (Economic Development Programs). Recipients may be eligible to receive economic assistance based upon employment, economic, or community impact of the project requesting assistance. Recipients receiving assistance generally commit to building or remodeling real property and related infrastructure, expanding operations, renewing facility leases or bringing targeted development to the Town. Agreements generally contain recapture provisions, which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

General Economic Development

The Town enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or a percentage of property taxes or sales tax received by the Town. For fiscal year 2023, the Town rebated \$228,147 in sales taxes and \$2,180,257 of property taxes and made other incentive payments of \$1,085,317 under the agreements.

Required Supplementary Information



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Town of Little Elm, Texas
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget (GAAP Basis) and Actual - General Fund
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Taxes:				
Property taxes, penalty, and interest	\$ 22,139,362	\$ 22,139,362	\$ 26,906,479	\$ 4,767,117
General sales and use taxes	6,310,933	6,310,933	7,325,926	1,014,993
Franchise taxes and other	2,247,500	2,247,500	2,738,878	491,378
Licenses and permits	3,518,576	3,518,576	3,887,930	369,354
Intergovernmental	7,609,168	7,830,634	8,056,544	225,910
Charges for services	6,559,200	6,691,649	7,941,507	1,249,858
Fines and forfeitures	805,000	805,000	999,937	194,937
Contributions	15,000	15,000	15,000	-
Interest	220,000	220,996	2,327,840	2,106,844
Other revenues	96,000	101,000	248,000	147,000
	<u>49,520,739</u>	<u>49,880,650</u>	<u>60,448,041</u>	<u>10,567,391</u>
Expenditures				
Current:				
General government	7,289,108	7,760,848	5,367,134	2,393,714
Community services	4,433,968	4,457,592	3,421,099	1,036,493
Public safety	29,427,311	29,553,310	28,799,434	753,876
Public works	3,897,992	4,076,347	3,554,674	521,673
Culture and recreation	8,357,058	8,564,256	8,855,288	(291,032)
Debt service:				
Principal retirement	227,651	227,651	227,651	-
Interest and fiscal agent fees	11,648	11,648	11,648	-
Capital outlay	1,228,097	1,763,903	2,075,646	(311,743)
	<u>54,872,833</u>	<u>56,415,555</u>	<u>52,312,574</u>	<u>4,102,981</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,352,094)</u>	<u>(6,534,905)</u>	<u>8,135,467</u>	<u>14,670,372</u>
Other Financing Sources (Uses)				
Leases issued	-	-	115,798	115,798
Sale of capital assets	-	-	49,643	49,643
Insurance recoveries	-	221,888	353,563	131,675
Transfers in	2,306,802	2,328,802	2,320,326	(8,476)
Transfers out	-	(3,700,000)	(3,700,000)	-
	<u>2,306,802</u>	<u>(1,149,310)</u>	<u>(860,670)</u>	<u>288,640</u>
Net Change in Fund Balances (Deficit)	<u>(3,045,292)</u>	<u>(7,684,215)</u>	<u>7,274,797</u>	<u>14,959,012</u>
Fund Balances (Deficit), Beginning of Year	<u>41,370,327</u>	<u>41,370,327</u>	<u>41,370,327</u>	<u>-</u>
Fund Balances (Deficit), End of Year	<u>\$ 38,325,035</u>	<u>\$ 33,686,112</u>	<u>\$ 48,645,124</u>	<u>\$ 14,959,012</u>

Town of Little Elm, Texas
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget (GAAP Basis) and Actual - Landscape Fund
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Intergovernmental	\$ 30,213	\$ 30,213	\$ 24,542	\$ (5,671)
Charges for services	167,500	229,537	286,462	56,925
Contributions	50,000	50,000	50,000	-
Interest	7,000	7,000	21,752	14,752
Other revenues	-	13,800	12,650	(1,150)
Total revenues	<u>254,713</u>	<u>330,550</u>	<u>395,406</u>	<u>64,856</u>
Expenditures				
Community services	502,000	502,000	512,486	(10,486)
Capital outlay	50,000	310,974	265,853	45,121
Total expenditures	<u>552,000</u>	<u>812,974</u>	<u>778,339</u>	<u>34,635</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(297,287)</u>	<u>(482,424)</u>	<u>(382,933)</u>	<u>99,491</u>
Other Financing Sources (Uses)				
Transfers in	404,800	391,000	391,000	-
Total other financing sources (uses)	<u>404,800</u>	<u>391,000</u>	<u>391,000</u>	<u>-</u>
Net Change in Fund Balances (Deficit)	107,513	(91,424)	8,067	99,491
Fund Balances (Deficit), Beginning of Year	<u>364,590</u>	<u>364,590</u>	<u>364,590</u>	<u>-</u>
Fund Balances (Deficit), End of Year	<u>\$ 472,103</u>	<u>\$ 273,166</u>	<u>\$ 372,657</u>	<u>\$ 99,491</u>

Town of Little Elm, Texas
Notes to Budgetary Comparison Schedules
For the Year Ended September 30, 2023

Stewardship, Compliance, and Accountability

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, water and sewer fund, and all special revenue funds, with the exception of the Little Elm TIRZ #4, TIRZ #5, TIRZ #6, and Hwy 380 MMD Funds. 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.

Town of Little Elm, Texas
Schedule of Changes in Net Pension Liability and Related Ratios-
Texas Municipal Retirement System
Last Nine Measurement Periods

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total Pension Liability				
Service cost	\$ 1,781,572	\$ 2,120,510	\$ 2,355,108	\$ 2,626,348
Interest	1,306,279	1,544,900	1,739,588	2,023,022
Change of benefit terms	-	-	-	-
Differences between expected and actual experience	511,427	187,346	298,105	(90,555)
Change in assumptions	-	90,206	-	-
Benefit payments	(326,527)	(393,218)	(323,979)	(334,803)
Net Change in Total Pension Liability	<u>3,272,751</u>	<u>3,549,744</u>	<u>4,068,822</u>	<u>4,224,012</u>
Total Pension Liability - Beginning	<u>17,933,610</u>	<u>21,206,361</u>	<u>24,756,105</u>	<u>28,824,927</u>
Total Pension Liability - Ending (a)	<u>\$ 21,206,361</u>	<u>\$ 24,756,105</u>	<u>\$ 28,824,927</u>	<u>\$ 33,048,939</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 1,185,583	\$ 1,535,872	\$ 1,676,473	\$ 1,968,224
Contributions - nonemployer	774,891	838,620	908,306	1,021,378
Net investment income	857,339	25,774	1,316,544	3,194,579
Benefit payments	(326,527)	(393,218)	(323,979)	(334,803)
Administrative income	(8,946)	(15,693)	(14,848)	(16,529)
Other	(736)	(776)	(798)	(838)
Net Change in Plan Fiduciary Net Position	<u>2,481,604</u>	<u>1,990,579</u>	<u>3,561,698</u>	<u>5,832,011</u>
Plan Fiduciary Net Position - Beginning	<u>14,979,082</u>	<u>17,460,686</u>	<u>19,451,265</u>	<u>23,012,963</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 17,460,686</u>	<u>\$ 19,451,265</u>	<u>\$ 23,012,963</u>	<u>\$ 28,844,974</u>
Net Pension Liability - Ending (a) – (b)	<u>\$ 3,745,675</u>	<u>\$ 5,304,840</u>	<u>\$ 5,811,964</u>	<u>\$ 4,203,965</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.34%	78.57%	79.84%	87.28%
Covered Payroll	\$ 11,065,942	\$ 11,980,280	\$ 12,975,800	\$ 14,574,627
Net Pension Liability as a Percentage of Covered Payroll	33.85%	44.28%	44.79%	28.84%

Note: Only nine years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many periods as are available. The schedules should not include information that is not measured in accordance with the requirements of this statement. Additional years' information will be displayed as it becomes available."

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 3,014,390	\$ 3,282,649	\$ 3,772,041	\$ 4,005,588	\$ 4,284,588
2,313,659	2,691,346	3,087,959	3,545,147	3,988,084
-	-	-	-	-
859,152	279,168	775,209	119,178	261,388
-	178,056	-	-	-
(559,416)	(892,522)	(707,805)	(1,249,860)	(1,244,899)
5,627,785	5,538,697	6,927,404	6,420,053	7,289,161
28,824,927	38,676,724	44,215,421	51,142,825	57,562,878
\$ 34,452,712	\$ 44,215,421	\$ 51,142,825	\$ 57,562,878	\$ 64,852,039
\$ 2,266,748	\$ 2,386,394	\$ 2,822,744	\$ 2,945,480	\$ 3,297,312
1,197,238	1,267,432	1,466,905	1,536,390	1,677,412
(866,209)	4,788,117	2,924,215	5,870,497	(3,954,752)
(559,416)	(892,522)	(707,805)	(1,249,860)	(1,244,899)
(16,699)	(26,963)	(18,855)	(27,068)	(34,078)
(871)	(810)	(735)	185	40,665
2,020,791	7,521,648	6,486,469	9,075,624	(218,340)
28,844,974	30,865,765	38,387,413	44,873,882	53,949,506
\$ 30,865,765	\$ 38,387,413	\$ 44,873,882	\$ 53,949,506	\$ 53,731,166
\$ 3,586,947	\$ 5,828,008	\$ 6,268,943	\$ 3,613,372	\$ 11,120,873
89.59%	86.82%	87.74%	93.72%	82.85%
\$ 16,783,907	\$ 18,106,173	\$ 20,955,784	\$ 21,948,430	\$ 23,963,021
21.37%	32.19%	29.92%	16.46%	46.41%

**Town of Little Elm, Texas
Schedule of Pension Contributions -
Texas Municipal Retirement System
Last Nine Fiscal Years**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially determined contribution	\$ 1,450,482	\$ 1,721,094	\$ 1,901,949	\$ 2,201,774
Contributions in relation to the actuarially determined contribution	<u>1,450,482</u>	<u>1,721,094</u>	<u>1,901,949</u>	<u>2,201,774</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	12,244,425	13,214,555	14,104,876	16,242,464
Contributions as a percentage of covered payroll	11.85%	13.02%	13.48%	13.56%

Note: GASB #68, paragraph 81.2.b requires that the data in this schedule be presented as of the Town’s fiscal year as opposed to the time period covered by the measurement date.

Note: Only nine years of data is presented in accordance with GASB #68, paragraph 138. “The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many periods as are available. The schedules should not include information that is not measured in accordance with the requirements of this statement. Additional years’ information will be displayed as it becomes available.”

Notes to Schedule of Contributions:

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 Years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the Town's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes There were no benefit changes during the year.



<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 2,459,086	\$ 2,640,722	\$ 2,901,400	\$ 3,196,772	\$ 3,542,445
<u>2,459,086</u>	<u>2,640,722</u>	<u>2,901,400</u>	<u>3,196,772</u>	<u>3,542,445</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
18,403,629	19,524,411	21,597,802	23,338,033	26,426,525
13.36%	13.53%	13.43%	13.70%	13.40%

Town of Little Elm, Texas
Schedule of Changes in the Total OPEB Liability and Related Ratios
Texas Municipal Retirement System
Last Six Measurement Periods

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total OPEB Liability						
Service cost	\$ 24,777	\$ 33,568	\$ 27,159	\$ 41,912	\$ 48,287	\$ 57,511
Interest	10,108	11,094	12,691	12,031	11,124	11,521
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	(4,395)	(31,013)	(16,377)	(9,378)	(6,285)
Changes of assumptions or other inputs	30,053	(28,403)	81,166	82,266	20,991	(246,448)
Benefit payments	(1,457)	(1,678)	(1,811)	(2,096)	(6,585)	(4,793)
Net Change in Total OPEB Liability	63,481	10,186	88,192	117,736	64,439	(188,494)
Total OPEB Liability - Beginning	255,737	319,218	329,404	417,596	535,332	599,771
Total OPEB Liability - Ending	\$ 319,218	\$ 329,404	\$ 417,596	\$ 535,332	\$ 599,771	\$ 411,277
Covered-Employee Payroll	21,948,430	20,955,784	18,106,173	16,783,907	14,574,627	23,963,021
Town's Total OPEB Liability as a Percentage of Covered-Employee Payroll	2.19%	1.96%	2.31%	2.55%	2.73%	1.72%

Only six years of data is presented in accordance with GASB Statement No. #75. Additional years' information will be displayed as it becomes available.

The TMRS Supplementary Death Benefit Fund (SDBF) is considered to be an unfunded OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75); therefore, no plan fiduciary net position and related ratios are reported in the above schedule.

Notes to Schedule:

Changes of benefit terms: None

Changes of assumptions:
 Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	3.31%
2018	3.71%
2019	2.75%
2020	2.00%
2021	1.84%
2022	4.05%

Town of Little Elm, Texas
Schedule of OPEB Contributions
Texas Municipal Retirement System
Last Six Fiscal Years

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially determined contribution	\$ 2,885	\$ 2,258	\$ 1,952	\$ 5,289	\$ 6,585	\$ 2,240
Contributions in relation to the actuarially determined contribution	<u>2,885</u>	<u>2,258</u>	<u>1,952</u>	<u>5,289</u>	<u>6,585</u>	<u>2,240</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	16,242,464	18,403,629	19,524,411	21,597,802	23,338,033	26,425,525
Contributions as a percentage of covered-employee payroll	0.02%	0.01%	0.01%	0.02%	0.03%	0.01%

Only six years of data is presented in accordance with GASB Statement No. #75. Additional years' information will be displayed as it becomes available.

Note: GASB Statement No. 75 paragraph 57 requires that the data in this schedule be presented as of the Town's fiscal year as opposed to the time period covered by the measurement date.



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Financial Advisory Services
Provided By:

