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News Release

FOR IMMEDIATE RELEASE

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Little Elm residents benefit from credit rating increase

LITTLE ELM (January 17, 2017) In the relatively brief span of four years, the Town of Little Elm has undergone two upgrades in its bond rating from Standard & Poor's. The most recent of the two unusual jumps was announced by S&P this month. Now standing at an enviable AA rating, the Town was AA- since the summer of 2013. Prior to achieving AA-, Little Elm stood at A+.

"The Council recognizes the need to maintain the highest level of bond rating for several important reasons," says Town Manager Matt Mueller. "Not the least of these is a lowering of our debt load, saving the Town money. Whenever the Town can avoid costs, the better it is for our citizens."

A higher rating from finance houses like Standard & Poor's translates into lower interest rates for the Town, much like a higher credit score from credit bureaus lowers interest rates for consumer loans.

While cities and towns constantly strive to increase their rating, it's unusual to have two increases in such a short period, reflecting positively on efforts on the part of Town staff and Town Council to move in that direction.

"One of the strategic objectives of the Council was to move toward the two-level increase," said Mueller. "Staff and Council thus worked together to put in place those disciplines, plans, principles and actions that would put us in a position to achieve that objective."

Among these were a strict continuation of conservative financial practices, implementing meticulous procedures to ensure expenditures were truly warranted. A move to a five-year outlook on budgeting helped staff see beyond the customary 12-month budgetary cycle, giving them a longer-term look at how to more modestly spend. Maintaining a monetary reserve that exceeds the standard also contributed to a stable financial position.

The implementation of a stratified vehicle and inventory replacement program was equally instrumental. Setting aside funds earmarked for future purchases lessens the need for large outlays when replacement is eventually required.

An aggressive economic development program that actively seeks to recruit and retain tax-producing businesses is also key in both influencing the rating agencies as well as solidifying the Town's income diversification efforts.

In announcing the higher rating, S&P analysts cited Little Elm's "strong economy, with access to a broad and diverse metropolitan statistical area and strong management, with good financial policies and practices." In addition, the report mentioned the Town's "strong budgetary performance, with an operating surplus in the general fund and break-even operating results at the total governmental fund level in fiscal 2015."

Also referred to were Little Elm's "very strong budgetary flexibility, with an available fund balance in fiscal 2015 of 38% of operating expenditures; very strong liquidity, with total government available cash at 42.8% of total governmental fund expenditures and 3.7x governmental debt service, and access to external liquidity that we consider strong."

The analysis further stated: "We expect revenue growth and conservative spending practices will continue to support strong budgetary performance in the current and subsequent fiscal years."

The full report is available for review in the Financial Services Department.

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ABOUT LITTLE ELM – Little Elm is one of the state's fastest growing communities. Nestled on the shores of Lake Lewisville, the Town was incorporated in 1966, adopting the Council/Manager form of government. The population increased dramatically over the last several years, growing from under 4,000 in 2000 to over 30,000 today. Little Elm's population exceeds the state average in education and income, and is increasingly trending younger and technologically proficient. The Town's footprint is just over 21 square miles and boasts some 66 linear miles of shoreline within its boundaries.