

Attachment 6

Service Area Written Description - Sewer

(ref. pg. 11 of 31, item 3.C)

Attachment 6
Little Elm Sewer CCN No. 20931
Written Description of Areas to be Added

Sewer

This attachment is a written description of five (5) separate tracts of land proposed to be added to the Town of Little Elm's sewer CCN No. 20931. The purpose of this CCN amendment application is to fill in the holes to the Town's certified area and expand the certificated area to the north and south.

FIRST TRACT:

Beginning at a point on the northwest boundary of the existing Little Elm Sewer CCN # 20931 and the intersection of FM 720 and Hill Lane;

Thence southwest along the Little Elm Sewer CCN and along FM 720 approximately 2,092 feet to approximately 730 feet west of the FM 720 and Edgewood intersection;

Thence north along the Little Elm Sewer CCN approximately 2,034 feet across farmland;

Thence east along the Little Elm Sewer CCN approximately 3,886 feet;

Thence southeast along the Little Elm Sewer CCN approximately 1,952 feet;

Thence north east along the Little Elm Sewer CCN approximately 629 feet to the Little Elm Creek shoreline;

Thence north, leaving the Little Elm Sewer CCN, and along the shoreline of Little Elm Creek to the intersection of the City of Oak Point Sewer CCN Service Area;

Thence west along the Oak Point Sewer CCN and Knob Hill Drive approximately 1,498 feet;

Thence south along the Oak Point Sewer CCN and Wild Valley approximately 1,808 feet to the Shahan Prairie Road intersection;

Thence northwest along the Oak Point Sewer CCN and Shahan Prairie Road approximately 979 feet;

Thence south along the Oak Point Sewer CCN approximately 888 linear feet;

Thence west along the Oak Point Sewer CCN and Cottonwood Trail approximately 2,818 feet to the Crestwood Place intersection;

Thence south along the Oak Point Sewer CCN and Crestwood Place approximately 335 feet to the Pine Bluff Trail intersection;

Thence west along the Oak Point Sewer CCN and Pine Bluff Trail approximately 2,513 feet to the FM 720 intersection;

Thence south along the Oak Point Sewer CCN and FM 720 approximately 2,067 feet to the FM 720 and Hill Lane intersection, same being the point of beginning and containing approximately 402 acres.

SECOND TRACT:

Beginning at the West Eldorado Parkway and Lakecrest Drive intersection at the northwest corner of the City of Lakewood Village Drive Sewer CCN;

Thence east along the Lakewood Village Drive Sewer CCN approximately 2,593 feet to the shoreline of Little Elm Creek;

Thence north, leaving the Lakewood Village Drive Sewer CCN, and along the shoreline of Little Elm Creek to the intersection of the existing City of Little Elm Sewer CCN;

Thence west along the City's existing Sewer CCN approximately 2,850 feet to the intersection of West Eldorado Parkway;

Thence southwest along West Eldorado Parkway approximately 1,597 feet to the intersection of Lakecrest Drive, same being the point of beginning and containing approximately 89 acres.

THIRD TRACT:

The area is comprised of the portion of the existing Mustang SUD Sewer CCN located north of the existing Little Elm Sewer CCN and south of the existing Valencia on the Lake WCID Sewer CCN and extending east into the Denton County FWSD 8C Sewer CCN, including the small portion of the existing Mustang SUD Sewer CCN located north of the existing Little Elm Sewer CCN and south of Little Elm Creek.

The area also consists of an additional portion, beginning at the southwest intersection of the Mustang SUD Sewer CCN and the Valencia on the Lake WCID Sewer CCN boundaries;

Thence west, leaving the Mustang SUD Sewer CCN, and along the Valencia on the Lake WCID Sewer CCN boundary approximately 391 feet to the intersection with Mustang SUD Sewer CCN;

Thence northeast, following the boundary between the existing Mustang SUD Sewer CCN and the Valencia on the Lake WCID Sewer CCN to the Denton County FWSD 8C Sewer CCN;

Thence northeast, leaving the Valencia on the Lake WCID Sewer CCN, and along the boundary between the existing Mustang SUD Sewer CCN and the Denton County FWSD 8C Sewer CCN to the City of Frisco Sewer CCN;

Thence northeast, leaving the Denton County FWSD 8C Sewer CCN boundary, and along the boundary between the existing Mustang SUD Sewer CCN and the City of Frisco Sewer CCN to the US Highway 380 intersection and the City of Prosper Sewer CCN boundary;

Thence west, leaving the City of Frisco Sewer CCN, and along the City of Prosper Sewer CCN boundary and the Mustang SUD Sewer CCN boundary and along US Highway 380 approximately 888 feet to the Doe Branch intersection;

Thence southwest, leaving the City of Prosper Sewer CCN boundary, and along the Doe Branch centerline to the Little Elm Creek shoreline and the boundary of the Mustang SUD Sewer CCN boundary;

Thence south along the Little Elm Creek shoreline and the Mustang SUD Sewer CCN boundary to the southern Mustang SUD Sewer CCN boundary;

Thence east along the Mustang SUD Sewer CCN boundary approximately 655 feet;

Thence south along the property line approximately 267 feet;

Thence northeast along the property line approximately 562 feet to the intersection with the Valencia on the Lake WCID Sewer CCN boundary, same being the point of beginning and containing approximately 725 acres.

FOURTH TRACT:

Beginning at the intersection of Witt Road and FM 423 at the City of Frisco Sewer CCN boundary, the Little Elm City Limits boundary, and the Little Elm ETJ boundary;

Thence north along the Frisco Sewer CCN, FM 423, the Little Elm City Limits, and the Little Elm ETJ, approximately 1,393 feet to the intersection with the existing Little Elm Sewer CCN;

Thence southwest, leaving the Little Elm City Limits and ETJ, and along the existing Little Elm Sewer CCN approximately 2,911 feet through farmland to the intersection of Witt Road, the boundary of the City of Frisco Sewer CCN, the Little Elm City Limits, and the Little Elm ETJ;

Thence south along Witt Road, the Frisco Sewer CCN, Little Elm City Limits, and ETJ approximately 455 feet to the bend in Witt Road;

Thence east along Witt Road, the Frisco Sewer CCN, Little Elm City Limits, and ETJ approximately 2,666 feet to the intersection of FM 423, same being the point of beginning and containing approximately 43 acres.

FIFTH TRACT:

The area is comprised of the portion of the existing Valencia on the Lake WCID Sewer CCN (No. 21015).

Beginning at the southwest intersection of the Mustang SUD Sewer CCN (No. 20930) and the Valencia on the Lake WCID Sewer CCN boundaries;

Thence west, leaving the Mustang SUD Sewer CCN, and along the Valencia on the Lake WCID Sewer CCN boundary approximately 391 feet to the intersection with Mustang SUD Sewer CCN, also being in the east line of the Doe Branch of Lake Lewisville;

Thence northeast, following the east line of the Doe Branch also being the boundary between the existing Mustang SUD Sewer CCN and the Valencia on the Lake WCID Sewer CCN a distance of 14,922 feet;

Thence south, leaving the east line of the Doe Branch and the existing Mustang SUD Sewer CCN a distance of 3,905 feet to the Mustang SUD Sewer CCN and also being the Valencia on the Lake WCID Sewer CCN boundary;

Thence southwest, along the Mustang SUD Sewer CCN boundary approximately 10,768 feet to the intersection with the Valencia on the Lake WCID Sewer CCN boundary, same being the point of beginning and containing approximately 447 acres.

Attachment 7 & 8

Existing Facilities Map – Water & Sewer

(ref. pg. 11 of 31, item 3.D)

**NON – SCANABLE
PAGE**

TWO MAPS IN FILE

FOR ANY QUESTIONS

PLEASE CALL CENTRAL RECORDS

MAIN LINE (512) 936-7180

Attachment 9

TCEQ Inspection Report - Water

(ref. pg. 13 of 31, item 5.A)

TCEQ EXIT INTERVIEW FORM: Potential Violations and/or Records Requested

Regulated Entity/Site Name	Little Elm East			TCEQ Add. ID No. RN No. (optional)	0610035
Investigation Type	CCI	Contact Made In-House (Y/N)	Y	Purpose of Investigation	Maintenance
Regulated Entity Contact	Andrew Figueroa			Telephone No.	214/793-5512
Title	Waters Supervisor			Date Contacted	8-28-13
				Fax No.	8-28-13


NOTICE: The information provided in this form is intended to provide clarity to issues that have arisen during the investigation process between the TCEQ and the regulated entity named above and does not represent final TCEQ findings related to violations. Any potential or alleged violations discovered after the date on this form will be communicated by telephone to the regulated entity representative prior to the issuance of a notice of violation or enforcement. Conclusions drawn from this investigation, including additional violations or potential violations discovered (if any) during the course of this investigation, will be documented in a final investigation report.

Issue		For Records Request: identify the necessary records, the company contact and date due to the agency. For Alleged and Potential Violation issues: include the rule in question with the clearly described potential problem. Other type of issues: fully describe.	
No.	Type ¹	Rule Citation (if known)	Description of Issue
			No Violations Noted

¹Issue Type Can Be One or More of: AV (Alleged Violation), PV (Potential Violation), O (Other), or RR (Records Request)

Did the TCEQ document the regulated entity named above operating without proper authorization?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Did the investigator advise the regulated entity representative that continued operation is not authorized?	<input type="checkbox"/> Yes <input type="checkbox"/> No

Document Acknowledgment. Signature on this document establishes only that the regulated entity (company) representative received a copy of this document and associated continuation pages on the date noted. If contact was made by telephone, document will be faxed to regulated entity; therefore, signature not required.

	9-10-13	Andrew M. Figueroa	9-10-13
Investigator Name (Signed & Printed)	Date	Regulated Entity Representative Name (Signed & Printed)	Date

If you have questions about any information on this form, please contact your local TCEQ Regional Office. Individuals are entitled to request and review their personal information that the agency gathers on its forms. They may also have any errors in their information corrected. To review such information, call 512-239-3282.

TCEQ EXIT INTERVIEW FORM: Potential Violations and/or Records Requested

Regulated Entity/Site Name	Little Elm West		TCEQ Add. ID No. RN No. (optional)	06/10/60
Investigation Type	CCF	Contact Made In-House (Y/N)	✓	Purpose of Investigation
Regulated Entity Contact	Andrew Figueroa		Telephone No.	814/793-5512
Title	Water Supervisor		Fax No.	
			Date Contacted	8-28-13
			Date Faxed	8-28-13


NOTICE: The information provided in this form is intended to provide clarity to issues that have arisen during the investigation process between the TCEQ and the regulated entity named above and does not represent final TCEQ findings related to violations. Any potential or alleged violations discovered after the date on this form will be communicated by telephone to the regulated entity representative prior to the issuance of a notice of violation or enforcement. Conclusions drawn from this investigation, including additional violations or potential violations discovered (if any) during the course of this investigation, will be documented in a final investigation report.

Issue		For Records Request: identify the necessary records, the company contact and date due to the agency. For Alleged and Potential Violation issues: include the rule in question with the clearly described potential problem. Other type of issues: fully describe.
No.	Type ¹	Description of Issue
		No Violations Noted

¹Issue Type Can Be One or More of: AV (Alleged Violation), PV (Potential Violation), O (Other), or RR (Records Request)

Did the TCEQ document the regulated entity named above operating without proper authorization?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Did the investigator advise the regulated entity representative that continued operation is not authorized?	<input type="checkbox"/> Yes <input type="checkbox"/> No

Document Acknowledgment. Signature on this document establishes only that the regulated entity (company) representative received a copy of this document and associated continuation pages on the date noted. If contact was made by telephone, document will be faxed to regulated entity; therefore, signature not required.

	9-10-13	Andrew Figueroa	9-10-13
Investigator Name (Signed & Printed)	Date	Regulated Entity Representative Name (Signed & Printed)	Date

If you have questions about any information on this form, please contact your local TCEQ Regional Office.

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Attachment 10

TCEQ Inspection Report - Sewer

(ref. pg. 13 of 31, item 5.A)

Bryan W. Shaw, Ph.D., *Chairman*
Carlos Rubinstein, *Commissioner*
Toby Baker, *Commissioner*
Zak Covar, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

November 20, 2012

Mr. Doug Peach, Assistant Town Manager
Town of Little Elm
100 W. Eldorado Parkway
Little Elm, TX 75068

Re: Comprehensive Compliance Investigation at
Town of Little Elm WWTF, 1600 Mark Tree Lane, Little Elm (Denton County), Texas
TCEQ ID No: WQ0011600-001, EPA ID No: TX0053783

Dear Mr. Peach:

On October 10, 2012, Pixie Wetmore of the Texas Commission on Environmental Quality (TCEQ) Dallas/Fort Worth Region Office conducted an investigation of the above-referenced facility to evaluate compliance with applicable requirements for wastewater treatment. The TCEQ has received adequate compliance documentation to resolve the alleged violations documented during the investigation. Based on the information submitted, no further action is required concerning this investigation; however, please see the enclosed Additional Issues.

The TCEQ appreciates your assistance in this matter and your compliance efforts to ensure protection of the State's environment. If you or members of your staff have any questions regarding these matters, please feel free to contact Ms. Wetmore in the Dallas/Fort Worth Region Office at 817-588-5849.

Sincerely,

A handwritten signature in cursive script that reads "Karen Smith".

Handwritten initials "JS" to the left of the typed name.
Sid Slocum, Water Section Manager
Dallas/Fort Worth Region Office

SS/pw

cc: ✓ Kevin Mattingly, Director of Public Works w/ report



Texas Commission on Environmental Quality Investigation Report

Town of Little Elm
CN600247712

TOWN OF LITTLE ELM

RN102909124

Investigation # 1036798

Incident #

Investigator: PIXIE WETMORE

Site Classification

DOMESTIC MAJOR

Conducted: 10/10/2012 -- 10/10/2012

NAIC Code: 22132

NAIC Code: 221320

SIC Code: 4952

Program(s): WASTEWATER

Investigation Type : Compliance Investigation

Location : INTERSECTION OF PRESTON ON
THE LAKE BLVD AND MARK TREE LNAdditional ID(s) : WQ0011600001
TX0053783Address: 1600 MARK TREE LN; LITTLE
ELM, TX 75068Activity Type : REGION 04 - DFW METROPLEX
WWCCIMDMAJ - WW CCI Mandatory MajorPrincipal(s) :

Role

Name

RESPONDENT

TOWN OF LITTLE ELM

Contact(s) :

Role

Title

Name

Phone

Regulated Entity Mail Contact

ASSISTANT CITY
MANAGER

MR DOUG PEACH

Participated in Investigation

WASTEWATER
SUPERVISOR

MR BILL HARP

Work (972) 377-5560

Participated in Investigation

CREW LEADER
WASTEWATER

MR WILLIAM HIRSCHI

Cell (940) 594-1598

Notified

WASTEWATER
SUPERVISOR

MR BILL HARP

Work (972) 377-5560

Regulated Entity Contact

PUBLIC WORKS
DIRECTOR

MR KEVIN C MATTINGLY

Work (972) 377-5556

Other Staff Member(s) :

Role

Name

Supervisor

KAREN SMITH

QA Reviewer

CAROL MOULTON

Associated Check List

Checklist NameUnit Name

WQ DOMESTIC CCI - INTERIM

Little Elm

WQ GENERAL CCI CHECKLIST

Little Elm

WQ IN-HOUSE LABORATORY COMPLIANCE
INVESTIGATION

Little Elm

COPY

WQ INVESTIGATION - EQUIPMENT MONITORING AND Little Elm
SAMPLING

Investigation Comments :

INTRODUCTION

The Town of Little Elm wastewater treatment facility (WWTF) was investigated on October 10, 2012 to determine compliance with applicable wastewater treatment regulations. This investigation is considered a mandatory major investigation. A verbal exit interview, explaining the results of the investigation, was conducted on the same day as the investigation with Mr. Bill Harp and Mr. William Hirschi. A copy of the TCEQ Exit Interview Form and the Customer Satisfaction Survey were received by Mr. Harp. Based on the findings of this investigation, a Final letter was issued to acknowledge compliance.

GENERAL FACILITY AND PROCESS INFORMATION

The Little Elm WWTF is permitted to discharge 3.0 MGD at Outfall -001. This facility utilizes ultraviolet light to disinfect the effluent prior to discharge. Little Elm currently has submitted a permit modification to increase the flow volume at Outfall -001 to 4.0 MGD.

The primary source of wastewater for Outfall -001 is domestic with a commercial segment. Treatment units at the facility include covered fine step bar screen, covered grit removal, three fine bubble aeration basins and three circular clarifiers, two diamond cloth filters, a sludge pre-thickener tank, four aerobic digesters and an Ashbrook belt press. The collection system currently consists of 17 lift stations. The facility has completed additional significant collection system upgrades since the last comprehensive investigation in conjunction with the expansion of Eldorado Parkway. See attached sheet of collection system projects completed since the last investigation.

IESI/Progressive Waste Solutions, Transporter #22591, hauls sludge from this facility to City of Denton Municipal Solid Waste Landfill, permit #22591, for disposal. According to the August 2012 Annual Sludge Report, 432.94 dry metric tons was disposed via landfill.

Compliance with the emergency power requirements was verified, and the facility is compliant with these requirements. A Kohler 1280 kW diesel fueled standby generator is available for use (see attached specification printout). The generator can run the entire plant as well as the adjacent public works building.

The primary and secondary flow measuring devices for Outfall -001 includes a 90 degree v-notch weir and a Siemens Milltronics OCM III ultrasonic flow meter and Chessell seven day circular chart flow recorder. Flow measurements were made at Outfall -001 to determine the accuracy of the flow meters; however since the water level was undulating, it was difficult to obtain an accurate reading. This is listed as an Additional Issue with a request that the Town personnel perform self-checks utilizing two persons.

The Reduced Pressure Backflow Prevention Device (RPZ) was tested and certified as passed on February 14, 2012 (see attached certification performed by Ken Cartwright). There are vacuum breakers on all potable water spigots in the facility.

The effluent samples collected by Little Elm are analyzed by Oxidor Laboratories, Inc., T104704227-12-7, out of Plano, TX for the following parameters: CBOD5, TSS, ammonia-nitrogen, total Phosphorus and TCLP on sludge. Huther and Associates, T104704233-11-3, out of Denton, TX performs biomonitoring. The operators perform E. coli, dissolved oxygen, and pH analyses. Each contract laboratory used by the permittee was accredited by TCEQ to perform analytical methods for the permitted parameters.

Effluent samples were collected immediately after the final UV treatment unit. Sample analysis results and COC are attached to this report. Sample results were compliant with permit.

The Little Elm WWTF is not required to have an approved pretreatment program. The Town has a sewer use ordinance and FOG and grease trap program to manage the discharge of fats, oil, and grease to their collection and treatment systems. Information on FOG is posted on the Town's website.

BACKGROUND

A lift station focused investigation was conducted on September 21, 2011, by Ms. Carol Moulton. Items identified as needing correction were immediately addressed and corrected. The last comprehensive compliance investigation was conducted on February 15, 2011, by this investigator. Violations cited included two noted and resolved violation. One violation was for failure to obtain coverage under the TXR050000, Sector T and the other for incorrectly calculating the annual average flow. Both violations were resolved. An additional issue was written concerning the perimeter fence security. Little Elm was under enforcement for effluent violations noted in January - August 2009 timeframe. The Town performed an SEP to offset the fine amount of \$9780. The Town certified compliance with effluent limits on April 18, 2011.

Since September 2010 to present (FY11, FY12 and ytd FY13) the Town has reported a total of ten SSOs. Only two of these ten were reported in FY12 and none have been reported in FY13. Efforts on the part of the Town to upsize trunk lines coupled with improvement or replacement of lift stations are responsible for this reduction.

ADDITIONAL INFORMATION

The operator for this facility is Mr. Bill Harp, Wastewater Supervisor (Wastewater Treatment Operator B, WW0028731). Mr. William Hirschi (Wastewater Treatment Operator B, WW0006299) is the Crew Leader for Wastewater. There are one "C" and two "D" operators who assist Mr. Harp and Mr. Hirschi. The collection system is also supervised by Mr. Harp assisted by Mr. Johnny Griffith (Wastewater Collection Operator II, WW0037126).

The WWTF operators under Mr. Hirschi's direction are performing process control testing such as TSS on the raw influent, clarifier effluent, and MLSS on the aeration basins and RAS. Operators are being taught how to perform necessary calculations from this data and how these results correlate to the operation of the plant. Operators are also calculating the percent solids on the belt press.

The WWTF was well maintained considering the amount of construction activity surrounding the units. (The Town is constructing an animal shelter immediately adjacent to the east side of the WWTF.) Reuse water from immediately after the filter units is used within the plant for washdown water.

While the Town has not reached 75% of the current plant's capacity, a major amendment has been requested that will increase flow to 4.0 MGD. Flow from northern parts of the city that were once proposed to be treated by another party will now be treated at the Town's current WWTF.

The Town of Little Elm has begun several environmental preservation projects (see attached letter from Kevin Mattingly). One will help keep beverage containers out of the landfill and in the recycle stream and the other is the proper disposal of pharmaceuticals.

<u>NOV Date</u>	<u>Method</u>
11/20/2012	WRITTEN
ALLEGED VIOLATION(S) NOTED AND RESOLVED ASSOCIATED TO A NOTICE OF VIOLATION	

Track No: 481606

Resolution Status Date: 11/7/2012

Violation Start Date: Unknown

Violation End Date: 8/31/2012

30 TAC Chapter 305.125(1)

Alleged Violation:

Investigation: 1036798

Comment Date: 11/02/2012

Failure to produce effluent with the permit limits. One E. coli daily maximum excursion was reported in July 2012.

Recommended Corrective Action: Submit to the DFW Region Office a description of the corrective action that has been taken to or is underway to become compliant with the permit limit.

Resolution: The Town of Little Elm has returned to compliance. No further E. coli excursions have been reported.

Track No: 482588

Resolution Status Date: 11/15/2012

Violation Start Date: Unknown

Violation End Date: 11/2/2012

30 TAC Chapter 305.125(5)

Alleged Violation:

Investigation: 1036798

Comment Date: 11/15/2012

Failure to secure the WWTF perimeter. During the investigation it was noted that the north side of the WWTF, near the outfall was not enclosed with intruder resistant fencing according to the rule (see attached photograph).

Recommended Corrective Action: Submit documentation that the fence has been repaired/replaced. The Town proposes to install "climb-proof" fencing and must obtain a variance from the rule that must be granted by TCEQ Austin. Submit photographic evidence that the temporary fence between the WWTF and parking lot has been topped with an outrigger of barbed wire.

Resolution: The Town of Little Elm received a waiver from the fencing requirements on November 2, 2012 (see attached letter). In addition, a letter from Mr. Kevin Mattingly contained photographs of the temporary fence topped with a strand of barbed wire.

Please submit photographic documentation of the installed permanent fence to be included in the Town of Little Elm file.

Additional Issues

Description Have unauthorized discharges occurred at the plant or in the collection system since the last CCI?

Additional Comments

Failure to prevent unauthorized discharges from the wastewater collection system. During the past two fiscal years, ten SSOs have been reported. Four of those events in September 2010 were associated with Tropical Storm Hermine, one was the result of I/I during a significant rainfall event in January 2012 and one during a significant rainfall event in March 2012. The Town is a member in good standing of the TCEQ SSO Initiative and has made significant improvements to the collection system, including lift stations, to prevent SSOs.

Description Is the percent error between the recorded flow and the calculated flow within 10%?

Additional Comments

This additional issue is being written for visibility. During the investigation, an attempt was made to perform a flow check utilizing the staff gauge at the outfall v-notch weir and the OCM III. Since the water upstream of the v-notch weir was undulating and considering the distance between the weir and the meter which is located inside the building across the street, it is recommended that the Town perform meter self checks utilizing two persons and the form that was sent to Mr. Hirschi.

Signed ER Dineleletmore
Environmental Investigator

Date 11-19-2012

Signed Karen Smith
Supervisor

Date 11/19/2012

Attachments: (in order of final report submittal)

☐ Enforcement Action Request (EAR)
☒ Letter to Facility (specify type): Final
Investigation Report
☒ Sample Analysis Results + CDC
☐ Manifests
☐ NOR

☐ Maps, Plans, Sketches
☒ Photographs
☒ Correspondence from the facility
☒ Other (specify):

KIS DMR Data
ISO Summary
Exit Interview Form



Attachment 11

Effect of Granting a Certificate Amendment

(ref. pg. 14 of 31, item 5.G)

Attachment 11 - Effect of Granting a Certificate Amendment

- i. Granting the certificate amendment will allow the Town to work towards centralizing sanitary sewer treatment and minimizing the environmental impacts of septic systems. It will also allow the Town to close service gaps within its existing City Limits and ETJ. All facilities currently have more than enough available capacity to treat the increased flow from the proposed areas. The current Little Elm WWTF is permitted to discharge 3.0 MGD with an application approved to increase the flow to 4.0 MGD even though the Town has not reached 75% of the current plant's capacity. The facility has completed additional significant collection system upgrades, including upsizing trunk lines and improvement or replacement of lift station.
- ii. The retail public utility, Terra Southwest, Inc., currently serves the proposed water CCN first tract. The Town of Little Elm is working on an agreement to purchase this area from Terra Southwest, Inc.
- iii. Granting the amendment will provide property owners in the areas to be amended with a more reliable wastewater collection and water distribution services as it will remove any uncertainty of who is legally able to provide these services.

Attachment 12

Contract with North Texas Municipal Water District

(ref. pg. 15 of 31, item 5.H)

NORTH TEXAS MUNICIPAL WATER DISTRICT

TOWN OF LITTLE ELM POTABLE WATER SUPPLY CONTRACT

THE STATE OF TEXAS §
 §
THE COUNTY OF COLLIN §

THIS CONTRACT (the "Contract") made and entered into as of this the 27th day of March, 2003, by and between the North Texas Municipal Water District ("NTMWD"), a conservation and reclamation district created under Article 16, Section 59, of the Texas Constitution, and the Town of Little Elm ("Little Elm").

W I T N E S S E T H:

WHEREAS, NTMWD and Little Elm are authorized to enter into this Contract pursuant to NTMWD's Act, Vernon's Annotated Texas Civil Statutes, Article 4413 (32c) (the "Inter-local Cooperation Act"), and other applicable laws; and,

WHEREAS, NTMWD and Little Elm are parties to a Potable Water Supply Contract dated March 23, 2000, which provides for NTMWD to supply the treated water needs of Little Elm at an interim point of delivery; and

WHEREAS, Little Elm has requested NTMWD to supply treated water at a point of delivery to be generally located near the intersection of El Dorado Parkway and the Burlington Northern Railroad; and

WHEREAS, NTMWD is currently planning the design and construction of a pipeline extension project to deliver treated water to Little Elm at the requested delivery point and to others in NTMWD's northwestern service area; and

WHEREAS, Little Elm is planning to construct a pipeline and related facilities from the Town to the proposed delivery point in order to receive treated water service directly from NTMWD; and

WHEREAS, it is deemed necessary and advisable by the parties hereto that the existing treated water supply contract dated March 23, 2000, be completely replaced with this contract so that the entire relationship between NTMWD and Little Elm with respect to treated water will be set forth in this Contract.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, NTMWD agrees to furnish and Little Elm agrees to pay for water upon the terms and conditions and for the consideration hereinafter set forth, to wit:

Section 1. DEFINITION OF TERMS. The following terms and expressions as used in this Contract, unless the context clearly shows otherwise, shall have the following meanings:

- (a) "Annual Payment" means the amount of money to be paid to NTMWD by Little Elm during each Annual Payment Period.

- (b) "Annual Payment Period" means NTMWD's fiscal year, which currently begins on October 1 of each calendar year and ends on September 30 of the next following calendar year, but which may be any twelve (12) consecutive month period fixed by NTMWD.
- (c) "Little Elm" means the Town of Little Elm, the Contracting Party.
- (d) "NTMWD" means the North Texas Municipal Water District as defined in the preamble to this Contract.
- (e) "MGD" is an abbreviation for "million gallons of water per day" and means a quantity of water during a period of time expressed for convenience in terms of an average annual daily quantity during an Annual Payment Period.
- (f) "System" means collectively the existing system and the future water of NTMWD for projects, water storage, treatment, transportation, distribution, and supply, including all dams, reservoirs, and other properties or interests therein wherever located. Said terms do not include any of NTMWD's facilities which provide wastewater treatment or disposal services, or solid waste disposal services, of any kind. Said terms do not include any facilities acquired or constructed by NTMWD with the proceeds from the issuance of "Special Facilities Bonds," which are payable from any source, Contract, or revenues whatsoever other than revenues from the System.
- (g) "Water Year" means the period of August 1 of each calendar year through July 31 of the next following calendar year or such other twelve (12) month period designated by NTMWD to all Members and Customers.

Section 2. QUANTITY. NTMWD agrees to sell and to deliver treated water under this Contract to Little Elm at its Point of Delivery as described in Section 5 hereof, and Little Elm agrees to take at its Point of Delivery all water required for use by Little Elm during the term of this Contract, including all treated water for Little Elm's own use and for distribution to all customers served by Little Elm's water distribution system, or within the existing Texas Commission on Environmental Quality's designated service area. It is specifically provided, however, that after the Contract Date, Little Elm shall not enter into, renew, or amend with regard to volume of water to be supplied, any agreement to supply any such treated water for use outside its boundaries or the area of its statutory extraterritorial jurisdiction unless each such agreement is approved by the Board of Directors of NTMWD (which approval shall not be withheld unless the projected additional volume affects NTMWD's ability to provide service to others or conflicts with law or NTMWD Policy). Little Elm shall not become a party to any contract for the sale of treated water which would violate or be inconsistent with the provisions of this Contract, and all such Contracts shall recognize the priority of treated water use as provided in this Contract. NTMWD will use its best efforts to furnish and remain in position to furnish treated water sufficient for all reasonable treated water requirements of Little Elm, but its obligation shall be limited to the amount of treated water available to it from the System during routine operation. The current maximum rate of delivery shall be 2.5 times daily average which is consistent with the capabilities and abilities of System facilities, and it is understood that the Board of Directors may from time to time adjust the maximum rate of delivery on an equitable and uniform basis to all Customer Cities. If treated water from the System must be rationed, such rationing shall, within the limits permitted by law, be done by NTMWD on an equal basis of the relative actual total amount of all treated water from the entire System taken by each respective Customer City, respectively, during the last preceding Annual Payment Period in which rationing among said customers was not necessary.

The maximum volume allowed shall be that volume capable of being supplied by the routine operation of NTMWD's System utilizing the meter and meter sizes as described in Section 5, POINT(S) OF DELIVERY, at the defined Point of Delivery.

Section 3. OTHER CONTRACTS. NTMWD reserves the right to supply treated water from the System to Additional or Other Contracting Parties as determined by the Board of Directors of NTMWD.

Section 4. QUALITY. The water to be delivered by NTMWD and received by Little Elm shall be treated water from the System. Little Elm has satisfied itself that such water will be suitable for its needs, but NTMWD is obligated to treat such water so as to meet the standards of all State and Federal agencies having jurisdiction over water quality. NTMWD and Little Elm shall cooperate, each within its legal powers, in preventing to the extent practicable, the pollution and contamination of the reservoirs and watersheds from which System water is obtained.

Section 5. POINT(S) OF DELIVERY. The Point of Delivery for Little Elm shall be an eight-inch (8") meter and a twenty-four inch (24") tap generally located near the intersection of El Dorado Parkway and the Burlington Northern Railroad on NTMWD's proposed pipeline. Little Elm shall construct, maintain, and operate, at its own cost and expense, all facilities and equipment necessary to receive and take all treated water delivered to it under this Contract. All facilities and equipment must be inspected and approved by NTMWD and any construction from NTMWD's pipeline through the air gap connection must meet standard specifications of NTMWD. No change in the type or size of meters, or size of the tap, shall be allowed unless this contract has been amended as set forth in Section 10, MODIFICATION.

Section 6. MEASURING EQUIPMENT. Little Elm shall furnish, and install at its own expense at the Point of Delivery the necessary rate of flow equipment of a standard type approved by NTMWD for measuring properly the quantity of treated water delivered under this agreement and such meter and other equipment so installed shall become the property of NTMWD. Little Elm shall have access to such metering equipment at all reasonable times, but the reading, calibration, and adjustment thereof shall be done only by the employees or agents of NTMWD. For the purpose of this agreement, the original record or reading of the meter shall be the journal or other record book maintained by NTMWD in its office in which the records of the employees or agents of NTMWD who take the reading or may be transcribed. Upon written request of Little Elm, NTMWD will send it a copy of such journal or record book, or permit it to have access to the same in the office of NTMWD during reasonable business hours.

Not more than once in any six (6) month time period, NTMWD shall test its meter if requested in writing by Little Elm to do so, in the presence of a representative of Little Elm, and the parties shall jointly observe any adjustments which are made to the meter in case any adjustments shall be necessary, and if the check meter hereinafter provided for has been installed, the same shall also be calibrated by Little Elm in the presence of a representative of NTMWD and the parties shall jointly observe any adjustment if necessary. If Little Elm shall in writing request NTMWD to calibrate its meter, then NTMWD shall give Little Elm notice of the time when any such calibration is to be made and if a representative of Little Elm is not present at the time set, NTMWD may proceed with calibration and adjustment in the absence of any representative of Little Elm.

If either party at any time observes a variation between the delivery meter and the check meter or meters, if any such check meter or meters shall be installed, such party will promptly notify the other party, and the parties hereto shall then cooperate to procure an immediate calibration test and joint observation of any adjustment and the same meter or meters shall then

be adjusted to accuracy. Each party shall give the other party forty-eight (48) hours notice of the time of all tests of meters so that the other party may conveniently have a representative present.

If upon any test, the percentage of inaccuracy of any metering equipment is found to be in excess of two percent (2%), registration thereof shall be corrected for a period extending back to the time when such inaccuracy began, if such time is ascertainable, and if such time is not ascertainable, then for a period extending back one-half (1/2) of the time elapsed since the last date of calibration, but in no event further back than a period of six (6) months. If for any reason any meters are out of repair so that the amount of water delivered cannot be ascertained or computed from the reading thereof, the water delivered through the period such meters are out of service or out of repair shall be estimated and agreed upon by the parties hereto upon the basis of the best data available. For such purpose, the best data available shall be deemed to be the registration of any check meter or meters if the same have been installed and are accurately registering. Otherwise, the amount of water delivered during such period may be estimated (i) by correcting the error if the percentage of the error is ascertainable by calibration tests or mathematical calculation, or (ii) estimating the quantity of delivery by deliveries during the preceding periods under similar conditions when the meter or meters were registering accurately.

Little Elm may, at its option and its own expense, install and operate a check meter to check each meter installed by NTMWD, the measurement of water for the purpose of this agreement shall be solely by NTMWD's meters, except in the cases hereinabove specifically provided to the contrary. All such check meters shall be of standard make and shall be subject at all reasonable times to inspection and examination by any employee or agent of NTMWD, but the reading, calibration and adjustment thereof shall be made only by Little Elm except during any period when a check meter may be used under the provisions hereof for measuring the amount of water delivered, in which case the reading, calibration, and adjustment thereof shall be made by NTMWD with like effect as if such check meter or meters had been furnished or installed by NTMWD.

Section 7. UNIT OF MEASUREMENT. The unit of measurement for treated water delivered under this Contract shall be 1,000 gallons of water, U.S. Standard Liquid Measure.

Section 8. PRICE AND TERMS. The service to be performed under this Contract by NTMWD consists of the readiness of NTMWD to deliver to Little Elm upon its demand, water in accordance with the provisions of this Contract.

In return for such service, Little Elm agrees to compensate NTMWD by payment of certain minimum annual sums of money, for each of which said sums NTMWD agrees, if required by Little Elm, to deliver all, or so much thereof as Little Elm may desire, of a certain corresponding volume of water as follows:

(a) For the First Annual Payment Period beginning with the next first day of October after the first delivery of water to Little Elm, Little Elm will take or pay for 620,000,000 gallons of water (1,698,630 gallons per day) at a rate of five cents (5¢) above the rate established for the Member Cities of NTMWD, but in no event less than fifty cents (50¢) per thousand gallons. Any water delivered in excess of the amount allowed for the annual minimum will be purchased at a rate of five cents (5¢) per thousand gallons above the amount charged NTMWD Member Cities for excess water, however the excess water provision shall not apply until Little Elm has established an annual minimum of 1,955,000,000 gallons. Little Elm will be entitled to a maximum rate of delivery, which shall not be more than 2.50 times Little Elm's annual daily average. The minimum amount of water Little Elm will be required to purchase at the above rate, or such other rate, as may be from time to time determined by NTMWD, shall be calculated annually for each ensuing year and such amount shall be determined in the same manner as said amount is determined for the Member Cities. The annual minimum to be purchased during any

Variable
Power
Chemical

53
200,000
258
172
1,000,000
1,000,000
1,000,000

ensuing year shall not be less than the highest total amount withdrawn from NTMWD's system by Little Elm during any previous year or 620,000,000 gallons, whichever is greater.

(b) The quantities and rates set out in Section 2 and Section 8 hereof shall be reviewed at the end of the first full Annual Payment Period of service after the first delivery of water to Little Elm, and each year thereafter, and the minimum amount of water to be purchased, rate per 1,000 gallons and the maximum rate of delivery shall be re-determined by the Board of Directors of NTMWD at that time in the same manner as applied to NTMWD Member Cities.

Payment of the minimum annual service charge listed above shall be made each year by Little Elm to NTMWD in twelve (12) equal monthly installments, each of which shall be due and payable on or before the 10th day of the month following the service. Payment of water delivered in any year in excess of the volume allowed for the minimum annual payment effective for that year, shall be made by Little Elm to NTMWD at the rates specified herein when in accordance with the following method:

When Little Elm exceeds 100 percent of the annual minimum amount during any Water Year, excess water will be billed, on the first month following the month in which the 100 percent level was reached, for the excess water delivered in the month prior to the month being billed, and this procedure would continue to the end of the Annual Payment Period with Little Elm making payment for all excess not previously paid for on or before the 10th day of the month following the end of such year.

Liability for making payments, as herein set forth, shall commence on the date of the first tender of delivery of water to Little Elm by NTMWD at the Point of Delivery.

* (c) In the event that Little Elm shall fail to make any such monthly payment or annual payment within the time herein in this section specified, interest on such amount shall accrue at the rate of ten percent (10%) per annum from the date such payment becomes due until paid in full with the interest as herein specified. In the event such payment is not made within thirty (30) days from the date such payment becomes due, NTMWD may at its option discontinue delivery of water to Little Elm until the amount due NTMWD is paid in full with interest as herein specified.

Section 9. TERM OF CONTRACT. Upon the initiation of treated water service from NTMWD's proposed pipeline project, the Potable Water Supply Contract dated March 23, 2000, shall become null and void and shall be completely replaced with this Contract. This Contract shall continue in force and effect for a period of thirty (30) years from the date of this Contract.

Section 10. MODIFICATION. This Contract may be changed or modified only by written agreement of the parties and only after having obtained approval from the governing bodies of both NTMWD and Little Elm. No change or modification shall be made to this agreement which will affect adversely the prompt payment when due of all moneys required to be paid by Little Elm under the terms of this Contract.

Section 11. FORCE MAJEURE. If by reason of force majeure any party hereto shall be rendered unable wholly or in part to carry out its obligations under this Contract, other than the obligation of Little Elm to make the payments required under Section 8 of this Contract, then if such party shall give notice and full particulars of such force majeure in writing to the other party within a reasonable time after occurrence of the event or cause relied on, the obligation of the party giving such notice, so far as it is affected by such force majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period, and any such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "Force

Majeure" as employed herein shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemy, orders of any kind of the Government of the United States or the State of Texas, or any civil or military authority, insurrection, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or entire failure of water supply, or on account of any other causes not reasonably within the control of the party claiming such inability.

Section 12. INSURANCE. NTMWD agrees to carry and arrange for fire, casualty, public liability, and/or other insurance, including self insurance, on the System for purposes and in amounts which, as determined by NTMWD, ordinarily would be carried by a privately owned utility company owning and operating such facilities, except that NTMWD shall not be required to provide liability insurance except to insure itself against risk of loss due to claims for which it can, in the opinion of NTMWD's legal counsel, be liable under the Texas Tort Claims Act or any similar law or judicial decision. Such insurance will provide, to the extent feasible and practicable, for the restoration of damaged or destroyed properties and equipment, to minimize the interruption of the services of such facilities. All premiums for such insurance shall constitute an Operation and Maintenance Expense of the System. The insurance coverage does not extend to any facility owned by Little Elm.

Section 13. REGULATORY BODIES AND LAWS. This Contract is subject to all applicable Federal and State Laws and any applicable permits, ordinances, rules, orders, and regulations of any local, state or federal governmental authority having or asserting jurisdiction, but nothing contained herein shall be construed as a waiver of any right to question or contest any such law, ordinance, order, rule, or regulation in any forum, having jurisdiction.

Section 14. NOTICES. Unless otherwise provided herein, any notice, communication, request, reply, or advice (herein severally and collectively, for convenience, called "Notice" herein provided or permitted to be given, made, or accepted by any party to any other party must be in writing and may be given or be served by depositing the same in the United States mail postpaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same to an officer of such party, or by prepaid telegram when appropriate, addressed to the party to be notified. Notice deposited in the mail in the manner hereinabove described shall be conclusively deemed to be effective, unless otherwise stated herein, from and after the expiration of three (3) days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be notified. For the purposes of notice, the addresses of the parties shall, until changed as hereinafter provided, be as follows:

If to NTMWD, to:

Executive Director
North Texas Municipal Water District
P.O. Box 2408
Wylie, Texas 75098

If to Little Elm, as follows:

Town Administrator
Town of Little Elm
P.O. Box 129
Little Elm, Texas 75068

The parties hereto shall have the right from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address by at least fifteen (15) days written notice to the other parties hereto.

Section 15. SEVERABILITY. The parties hereto specifically agree that in case any one or more of the sections, subsections, provisions, clauses, or words of this Contract or the application of such sections, subsections, provisions, clauses, or words to any situation or circumstance should be, or should be held to be, for any reason, invalid or unconstitutional, under the laws or constitutions of the State of Texas or the United States of America, or in contravention of any such laws or constitutions, such invalidity, unconstitutionality, or contravention shall not affect any other sections, subsections, provisions, clauses, or words of this Contract or the application of such sections, subsections, provisions, clauses, or words to any other situation or circumstance, and it is intended that this Contract shall be severable and shall be construed and applied as if any such invalid or unconstitutional section, subsection, provision, clause, or word had not been included herein, and the rights and obligations of the parties hereto shall be construed and remain in force accordingly.

Section 16. VENUE. All amounts due under this Contract including, but not limited to, payments due under this Contract or damages for the breach of this Contract, shall be paid and be due in Collin County, Texas, which is the County in which the principal administrative offices of NTMWD are located. It is specifically agreed among the parties to this Contract that Collin County, Texas, is a principal place of performance of this Contract.

Section 17. OTHER CONDITIONS AND PROVISIONS.

(a) Operation and Maintenance of System. NTMWD will continuously operate and maintain the System in an efficient manner and in accordance with good business and engineering practices, and at reasonable cost and expense.

(b) Title to Water: Indemnification. Title to all water supplied to the Contracting Party shall be in NTMWD up to the Point of Delivery, at which point title shall pass to Little Elm, except that NTMWD reserves the right of reuse of wastewater treated effluent to the extent authorized by the State of Texas. NTMWD and Little Elm shall save and hold each other harmless from all claims, demands, and causes of action, which may be asserted by anyone on account of the transportation and delivery of said water while title remains in such party.

(c) Operating Expenses of Little Elm. Little Elm represents and covenants that all payments to be made by it under this Contract shall constitute reasonable and necessary "operating expenses" of its system, as defined in Vernon's Ann. Tex. Civ. St. Article 1113, and that all such payments will be made from the revenues of its system. Little Elm represents and has determined that the treated water supply to be obtained from the System, including the Projects and other System facilities, is absolutely necessary and essential to the present and future operation of its water system and is the only available and adequate source of supply of treated water. Accordingly, all payments required by this Contract to be made by Little Elm shall constitute reasonable and necessary operating expense of its respective system as described above, with the effect that the obligation to make such payments from revenues of such systems shall have priority over any obligation to make any payments from such revenues (whether of principal, interest, or otherwise) with respect to all bonds or other obligations heretofore or hereafter issued by Little Elm.

(d) Little Elm's Rate for Waterworks System. Little Elm agrees throughout the term of this Contract to continuously operate and maintain its waterworks system, and to fix and collect such rates and charges for water services to be supplied by its waterworks system as aforesaid as

will produce revenues in an amount equal to at least (i) all of its payments under this Contract and (ii) all other amounts required to be paid from said revenues by the provisions of the ordinances or resolutions authorizing its revenue bonds or other obligations now or hereafter outstanding and file appropriate financial reports related to Little Elm's system including annual audits.

(e) Utilization of Ground Water Sources. NTMWD acknowledges that Little Elm currently utilizes ground water sources for its water supply. Nothing contained in this Contract shall preclude Little Elm from continuing to utilize and develop its ground water sources.

Section 18. WATER CONSERVATION. Little Elm agrees to adopt and enforce any and all ordinances generally related to water conservation as may be required by the rules of the Texas Commission on Environmental Quality and/or may be adopted or recommended by the Board of Directors of NTMWD.

Section 19. SPECIAL CONDITIONS. The meter size, location and any quantity set forth in this contract are intended to meet the water needs of Little Elm. The needs of Little Elm are independently determined by Little Elm, and NTMWD has conducted no independent evaluation of the Little Elm Water System.

IN WITNESS WHEREOF, the parties hereto acting under authority of their respective governing bodies have caused this Contract to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year first above written, which is the date of this Contract.

NORTH TEXAS MUNICIPAL WATER DISTRICT

By: Bobby Robinson

Bobby Robinson, President

ATTEST:

Joe Farmer

Joe Farmer, Secretary

(SEAL)

TOWN OF LITTLE ELM

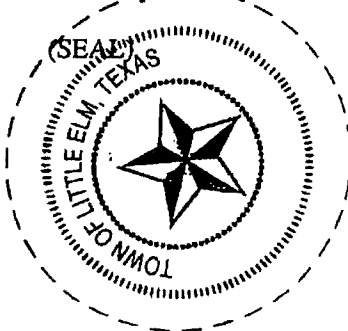
By: Dan Crum

Mayor

ATTEST:

Carly Phillips

Secretary



TOWN OF LITTLE ELM

EXCESS WATER CHARGES
for
2007-2008 WATER YEAR

ANNUAL CONSUMPTION (1,000 GAL.)	875,057
ANNUAL MINIMUM (1,000 GAL.)	<u>804,412</u>
EXCESS CONSUMPTION (1,000 GAL.)	70,645
@ \$ 1.13 PER 1000 GALS.	<u><u>\$ 79,828.85</u></u>





Attachment 13

Ability to Provide Adequate Service

(ref. pg. 15 of 31, item 5.I)

Attachment 13 – Ability to Provide Adequate Service

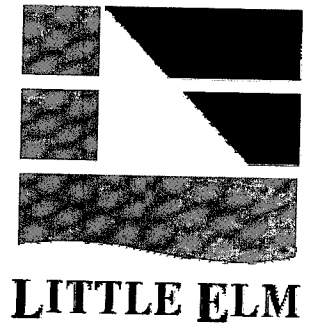
- i. The Town of Little Elm has experienced rapid population growth, increasing 610% from the year 2000 to 2010. The Town's growth has begun to stabilize and grew at a rate of 5.3% from 2011 to 2012. The current population is around 28,230 residents. The Town's build out population is approximately 50,000 within the current corporate boundaries and within the Town's ETJ the projected population is in excess of 85,000. The Town's anticipated build out is 10 to 15 years. The Town has taken the initiative to stay ahead of population growth. Although the town has not yet reached 75% of the current 3.0 MGD WWTF capacity, the facility has been permitted to increase an additional 1.0 MGD to a total permitted discharge of 4.0 MGD. Additionally, a 2 MG elevated storage tank is currently under design.
- ii. The land use of the requested area varies from light commercial, single family, multi family, and agricultural.

Attachment 14

2012 Annual Financial Report

(ref. pg. 16 of 31, item 6.D)

Comprehensive Annual Financial Report



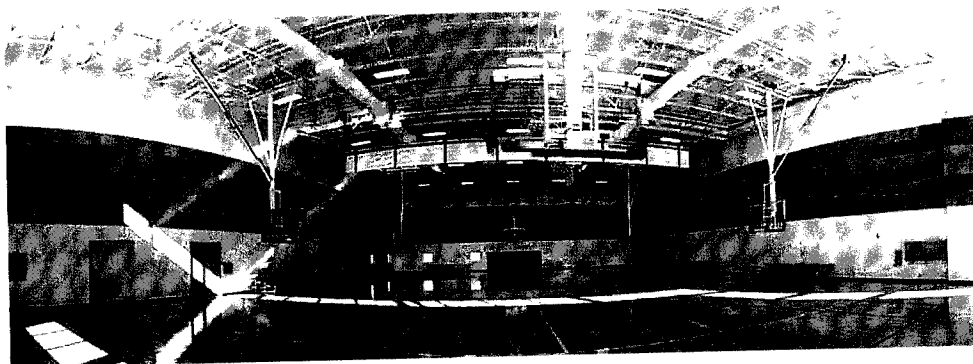
*For the Year Ended
September 30, 2012*

Town of Little Elm, Texas

The Town of Little Elm officially moved into the newly completed Community Recreation Center / Senior Center. The facilities are located off Main Street near the intersection of Main Street and Button Street on property currently owned by the Town of Little Elm. The site has access off Lakeshore Drive and Main Street.

The two-story Recreation Center spans over 25,000 square feet. The facility includes elements such as

a large state of the art fitness area, full-size gym, recreation classrooms, multi-purpose room, craft room, outdoor terrace, and



spacious men's and women's locker rooms. The Recreation Center offers a wide range of fitness and recreational programs.

The Brenda Button Mills Senior Center, constructed for use by the Senior Citizens of the Town of Little Elm, is located on the same site as the Recreation Center, opened its doors in May. The programming for the Senior Center includes a multi-use meeting room space to host senior events, kitchen, classroom, and other multi-use areas. The size of the facility is approximately 5,000 square feet. The center offers a variety of weekly leisure activities and monthly programs for area senior adults.



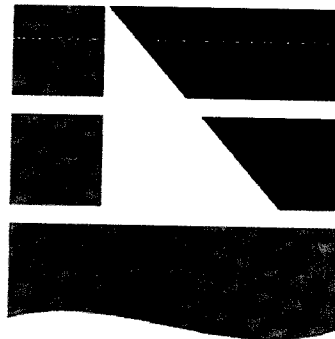
The Town's fairly recent spurt of unprecedented growth resulted in the planning and execution of the largest capital improvement program in the Town's history. The completion of the expansion and reconstruction of FM 423 and the start of construction of FM 720 have fundamentally changed the appearance and accessibility of the Town transportation corridors. The new Veterans Memorial Bridge, opened and dedicated on Veterans Day, connects the northern and southern parts of the Town along Witt Road. The construction included numerous nature trails and picnic areas along with a variety of other recreational amenities.

A number of renovations to Little Elm Park were completed, including sand volleyball courts; a new roadway and entrance and a championship-level soccer field.

Find out more about Little Elm, Texas at www.littleelm.org.

Town of Little Elm, Texas

Comprehensive Annual Financial Report



LITTLE ELM

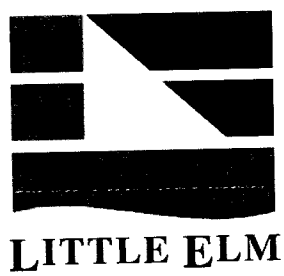
**Fiscal Year Ended
September 30, 2012**

**AS PREPARED BY THE
FINANCE DEPARTMENT**

**Alan R. Dickerson, CGFO—Director of Finance
Dianne Lawson, CGFO—Asst. Director of Finance**

Robin N. Bromiley ~ Crystal Williamson

Shelly Newell ~ Dan Galizia



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**TOWN OF LITTLE ELM, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

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Discretely Presented Component Units

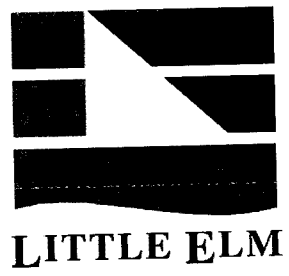
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INTRODUCTORY SECTION



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Finance Department Town of Little Elm

March 5, 2013

To the Honorable Mayor, Members of Town Council and Citizens:

The Town of Little Elm Finance Department is pleased to submit the Comprehensive Annual Financial Report (CAFR) for the fiscal year ending September 30, 2012. The Town's Finance Department has prepared the Report and is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. We believe that the Town's current system of internal controls adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions. To the best of our knowledge and belief, the enclosed data is complete and reliable in all material respects. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

Also included in this report is an unqualified (clean) opinion on the Town of Little Elm's financial statements for the year ended September 30, 2012 issued by Weaver, L.L.P. The independent auditors' report is located in the beginning of the financial section of the CAFR.

THE REPORTING ENTITY

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

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

THE REPORT

The CAFR is presented in three sections: introductory, financial, and statistical. The Introductory Section includes this transmittal letter, the Town's organizational chart, and a list of principal officials, and the Government Finance Officers Association of the United States and Canada's (GFOA) Certificate of Achievement for Excellence in Financial Reporting.

The Financial Section is prepared in accordance with generally accepted accounting principles (GAAP). This section of the CAFR includes the Management's Discussion and Analysis (MD&A) which can be found immediately following the independent auditor report, the basic financial statements and combining and individual fund statements and schedules. This section also includes the required supplementary information.

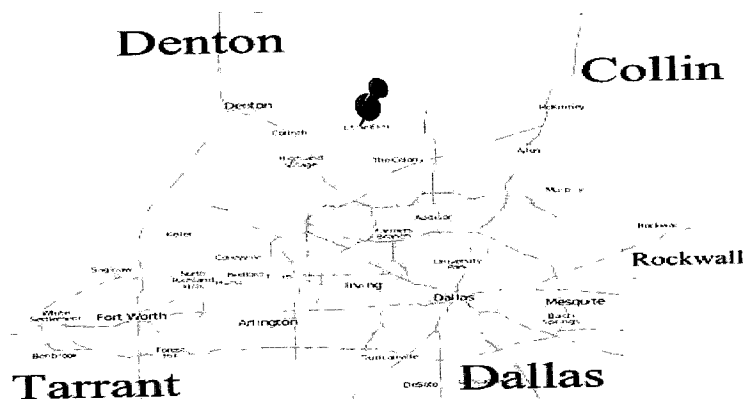
GAAP requires management to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The basic financial statements include the government-wide financial statements that present an overview of the Town's entire operations, while the fund level statement present the financial information of each of the Town's major funds, as well as non-major funds.

The CAFR concludes with the Statistical Section, which includes financial and demographic information, usually presented on a multi-year basis to give users a perspective of the Town's performance over a number of years.

PROFILE OF THE TOWN

The Town of Little Elm was officially incorporated in 1966 encompassing 1,222 acres and in 2001 adopted the council-manager form of government and its Home Rule Charter. A mayor and six council members are elected on staggered, three-year terms. Under the provisions of the Town Charter, and subject only to the limitations imposed by the Texas Constitution, State Law, and the Town Charter, the Town Council enacts legislation, adopts the annual operating budget, and sets policy. The Town Manager, appointed by Town Council, is responsible to the Town Council for proper administration of the Town's daily affairs and recommendation to Council for the appointment of heads of the various departments.

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



This geographic positioning provides exceptional water vistas creating a wide variety of recreational opportunities. Additionally, the Town is close to major transportation networks with accessibility to major employers and other venues which open the door to many growth opportunities for residential and commercial development. The Town's quality school system, high residential growth rate, business-friendly atmosphere, low taxes, attractable lake amenities, park systems and low crime rate make Little Elm an inviting destination for new residential and commercial development projects.

The Town provides a full range of services, which include police, fire protection and emergency medical services, construction and maintenance of streets and other infrastructure; recreational activities and cultural events. In addition to general government activities, the Town also provides water, wastewater and drainage utilities. Sanitation collection services are provided through private contractual services. Residential customers contract through the Town for residential solid waste and recyclables, with collection fees added to their town water, sewer, and drainage utility bills.

LITTLE ELM'S ECONOMIC OUTLOOK AND FINANCIAL CONDITIONS

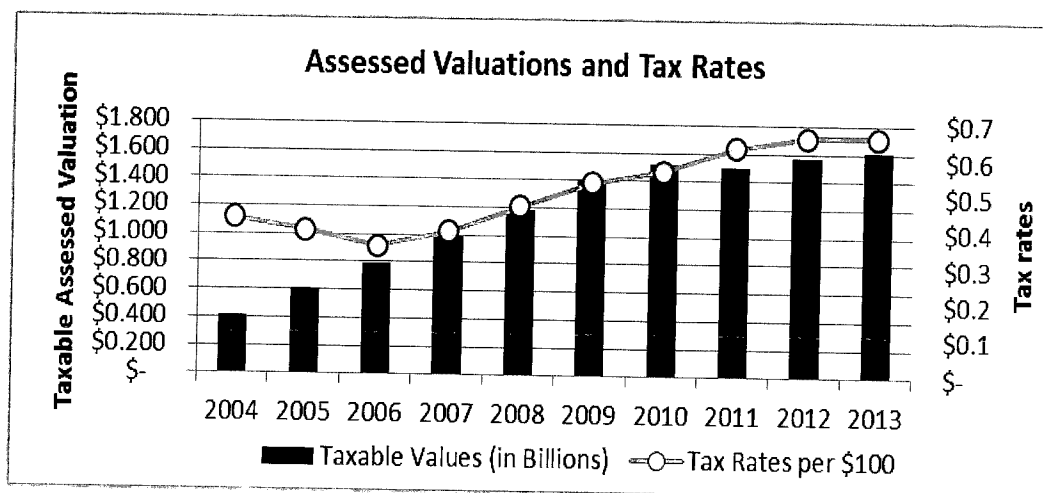
Economic Outlook

Little Elm, part of the Dallas/Fort Worth Metroplex, maintains a very strong economy and is ranked as one of the fastest growing cities in the region. 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 14 square miles and boasts some 66 linear miles of lake shoreline within its boundaries. Little Elm is a residential community located approximately 10 miles east of the City of Denton and 33 miles north of downtown Dallas on the northeast shore of Lewisville Lake and is the sixth largest municipality in Denton County.

The Town has experienced rapid population growth, increasing from a 2000 U.S. Census population of 3,646, to a 2010 U.S. Census population of 25,898, a 610% increase. The Town's 2011 population count was approximately 26,820. Although the Town's growth has begun to stabilize, the population for 2012 is 28,230 and reflects a growth rate of about 5.3% over 2011.

The Town is primarily a bedroom community, with single family residential values contributing approximately 72% of the total taxable values of all properties on the tax roll. Residential development showed strong positive indicators in 2011 and into 2012. In fiscal year 2011 the Town platted 202 new residential lots and 352 new residential homes were permitted for construction. In 2012 there were 479 residential lots platted and 401 new residential homes permitted for construction. The estimated construction value from the new housing starts is approximately \$75 million with an average home value of \$220 thousand.

Rapid growth in new housing starts contributed to double digit assessed valuation growth year-over-year for much of the 2000's, building to \$1.4 billion for fiscal year 2008. Assessed value growth then slowed to 8% year-over-year for fiscal year 2009, before decreasing 1.5% for fiscal year 2010 to \$1.49 billion due to property reappraisal. Modest growth returned for fiscal year 2011 increasing assessed value 0.5%, followed by a moderate 4.4% growth for fiscal year 2012, increasing values to \$1.57 billion. Despite the recent cooling of assessed value growth, the five-year average annual-growth-rate is 5.8%. The Town anticipates additional annual growth of 4% to 5% moving forward, attributable to new housing starts and commercial developments. The Town's property tax rate is a managed rate balancing operations and debt with conservative management practices and active pursuit of revenue diversification.



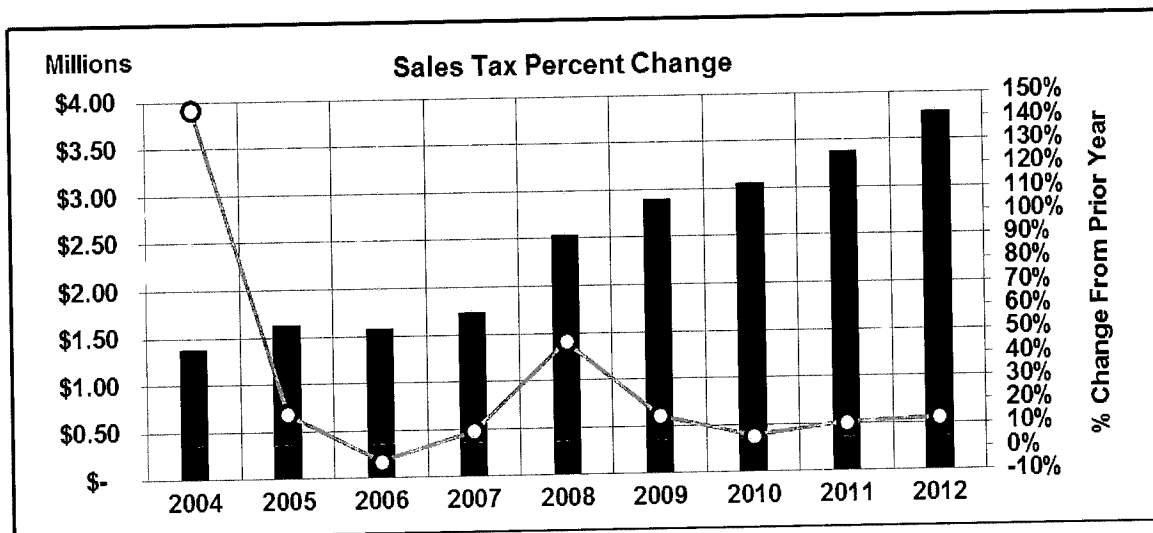
The Town's build out population is approximately 50,000 within the current corporate boundaries. The Town's anticipated build out is 10 to 15 years. Within the Town's extra-territorial jurisdiction (ETJ) the projected population is in excess of 85,000.

Several thoroughfares and bridges are being expanded to accommodate growth, including the completion of the Lake Lewisville toll bridge in 2009, and increasing the number of lanes of FM 720 (Eldorado Parkway) to better connect Interstate 35 with State Highway 75 currently under construction. With its close proximity to major thoroughfares, employers and quality of life venues, Little Elm offers viable economic opportunities for residential and commercial development. The Town permitted 23 commercial building permits that were new, finish-out or shell buildings that totaled over \$21 million in construction value. In fiscal year 2012 there were 10 commercially permitted buildings totaling in excess of approximately \$7 million in construction value.

The Town is experiencing significant retail/commercial development in restaurant and retail as well as other business/professional services in the FM 423 corridor of Town. Specifically, the construction of the Kroger shopping center; the addition of Del Taco; retail tenant finish outs; Quik Trip; Brakes Plus; Aldi Grocer Store; and Racetrac have all altered the retail and traffic patterns in the FM 423 business gateway to the Town.

Multi-family residential increases (2,500) to the Town's population due to the construction of new luxury apartments, the Mansions and the Estates, promise to have an impact on retail sales and the accompanying increase in property tax revenues. The project will ultimately contain 3 phases offering a different product to the consumer including townhomes, covered garages, resort-style living and other quality of life amenities. With the new luxury apartment development there was a concurrent dedication and construction of a 38 acre public park known as McCord Park. The amenities of the park will bring concrete trail connectivity to a master planned town-wide trail system.

Sales tax revenues in Little Elm increased by 13% over the prior year which correlates to the Town's rapid commercial base growth over the last two years. Although the Town's sales tax revenues are conservatively projected, it is reasonably anticipated that sales resulting from a stabilized and growing business environment in Little Elm will only enhance the outlook for sales tax to exceed expectations for fiscal 2013.



Sales tax collections have increased consecutively from fiscal year 2007 through 2012 with a 16.6% five year average annual growth rate. The Town will continue to prudently manage finances, balancing revenues with increased demand for Town services.

MAJOR INITIATIVES

Planning Initiatives and Major Initiatives for the future

In 2008, the Town adopted a comprehensive plan to take the Town to build out. Since 2008, the Town has aggressively and seriously undertaken most of the strategic elements of the plan. Notable projects included in the implementation have included adopting new building and code standards and near completion of major thoroughfare and facility projects. General Obligation voted bonds were authorized and issued in 2009 and 2010 with full implementation of the Town's five-year capital improvement plan (CIP).

The year's activities and events provided the citizens of Little Elm with a wide array of recreation cultural, commercial and infrastructure services that will affect the quality of life in the town and set the stage for changes that will have a lasting impact both on the short-term and long-term future. At the end of fiscal year 2012 the following major projects in the five-year CIP were completed or in progress:

• Public Safety Facility (42,000 square feet)	in service
• Recreation Center	in service
• Senior Center	in service
• Animal Control Center	in construction
• Town Hall Renovation - 2 nd floor	in service
• Library Renovation and expansion	in construction
• Lobo Lane Reconstruction	in service
• Witt-Woodlake Connector	in service
• Witt Road Bridge	in service
• Witt Road Streetscape (Medians and Fences)	in construction
• Eldorado Parkway Streetscape and Gateway Monuments	in service
• Smotherman Road	in service
• Little Elm Parkway	in service
• FM 423 - 6 lane divided (Texas Department of Transportation)	in service
• Lakeshore Drive and Mainstreet	in service
• Wastewater Treatment Plant Expansion (2011)	in service
• FM 423 Water and Wastewater Mains Relocation	in construction
• 2 MG Elevated Storage Tank	in design
• Beard Park Expansion	in design
• Little Elm Park Improvements (Swim Beach and Boat Docks)	in design
• Courtesy Dump Site (environmental)	in service

Also during the year, the Town completed a Storm Utility Drainage Study for which a storm drainage fee was implemented to begin restoring and renovating the Town's drainage systems. The Town completed a Parks Master Plan revision and update in fiscal year 2011 and the Parks Board and the Town's Type 4B Community Development Corporation has begun the design phase for redevelopment of Beard Park and portions of Little Elm Park.

The Little Elm Economic Development Corporation (EDC) continued its work in attracting high quality businesses to Little Elm in order to increase both the tax base and local employment. The EDC has been successful in bringing in Calloway's Nursery which will begin construction in 2013 and also a major manufacturer of large equipment sales and repair. The EDC continues to work with existing developers to fast track business retail in previously platted commercial zones. The Town continues to benefit from other favorable conditions associated with a desirable location for work, destination and living.

In May and June of 2012, when the Town refunded and issued new bonds for construction of water facilities, Moody's Rating Services affirmed the Town's rating of Aa3 on its long-term outstanding bonds. The Aa3 rating, a high quality credit rating, was stated for the Town's healthy financial reserves, growing tax base, moderate tax base, continual growth and prudent management of the Town with sound fiscal

policies. The Town with the help of the EDC will work to increase the Town's outstanding bond rating with a focus on planning for diversification of revenue with tax base expansion.

RELEVANT FINANCIAL POLICIES

Accounting System

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

Accounting and Budgetary Controls

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

Individual line items are reviewed and analyzed at the individual fund level for budgetary compliance. Personnel expenditures are monitored and controlled at a position level and capital expenditures are monitored and controlled by project or item. Activities of the general fund, debt service fund, special revenue funds, capital projects fund and enterprise funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the fund level, however, departmental appropriations are set, monitored and controlled within an individual fund. Unencumbered amounts lapse at the close of the fiscal year.

Budgetary control is accomplished by the adoption of an annual operating budget for most funds. Budgetary controls are further maintained and emphasized by the issuance of periodic financial statements, which reflect current and cumulative fiscal year expenditures in comparison to appropriated budget amounts. Budget statements are generated at least monthly and upon request showing budget and actual expenditures by line item. The Town Council receives monthly budget and investment reports reflecting variances and highlighting trends.

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

AWARDS AND ACKNOWLEDGEMENTS

Independent Audit

The Town Charter requires an annual audit to be made of the books of account, financial records, and transactions of all administrative departments of the Town by independent certified public accountants selected by the Town Council. The report of our auditors is included in the financial section of this report.

Certificate of Achievement for Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2011. This was the second year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, a municipality must publish an easily readable and efficiently organized Comprehensive Annual Financial

Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The presentation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Special acknowledgment goes to Dianne Lawson, Assistant Finance Director and Robin Bromiley, Senior Accountant. We would like to express our appreciation to all members of the Finance Department who assisted and contributed to its presentation. Our appreciation is extended to these individuals and all other departments who assisted in the preparation of this report. We would also like to thank the Mayor and the members of the Town Council for their leadership, encouragement and support in strengthening and improving the fiscal policies of the Town of Little Elm, Texas.

Respectfully submitted,


Director of Finance


Assistant Director of Finance