



Control Number: 45919



Item Number: 1

Addendum StartPage: 0

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March 28, 2016

PUBLIC UTILITY COMMISSION
FILING CLERK

Public Utility Commission of Texas
Attn: Filing Clerk
1701 N. Congress Avenue
P.O. Box 13326
Austin, TX 78711-3326

**RE: *Application to Obtain or Amend a Water or Sewer Certificate of Convenience and Necessity (CCN)
City of Princeton, TX
Sewer CCN # 21057***

To Whom It May Concern:

The City of Princeton, TX desires to amend its sewer CCN to include the City Limits and Extra Territorial Jurisdiction (ETJ) of Lowry Crossing, TX. The citizens of Lowry Crossing have proposed that this take place in order to open up their City to new developments requiring sewer service. The City of Princeton has agreed to provide this service to Lowry Crossing. The application and other supporting documents are included with this letter.

Supplemental information as required by the application is listed below and is organized by section and number of the application.

2. Location Information

B.i.

The City of Lowry Crossing, TX currently does not have sewer service and desires to have retail sewer service provided within the City limits and the Extra-Territorial Jurisdiction (ETJ) of the City. Residents of the City of Lowry Crossing are currently served via individual private septic systems. On January 12th, 2016, the City of Lowry Crossing City Council passed Resolution No. 84 supporting the inclusion of the City limits and the ETJ within the sewer certificate of convenience and necessity (CCN) of the City of Princeton.

B.iv.

A copy of Resolution No. 84 as passed by the City of Lowry Crossing City Council on January 12th, 2016 is included with this application (Re: Appendix 1 – Lowry Crossing Resolution No. 84).

3. Map Requirements

A.

See the attached Exhibit E3 for the new proposed City of Princeton Sewer CCN area (Re: Appendix 2 – Existing and Proposed Maps).

B.ii.

A CD with an ESRI .shp file showing the proposed new City of Princeton Sewer CCN is included with this application.

C.

The proposed new City of Princeton Sewer CCN shall include all of the area within the City limits and ETJ of Lowry Crossing. The proposed area to be annexed into the City of Princeton Sewer CCN is bounded on the North by the existing City of Princeton and City of McKinney Sewer CCN, on the East by the City of Princeton Existing Sewer CCN, and on the west by the City of McKinney existing sewer CCN. On the south, the proposed area extends 1/2 mile south of the existing Lowry Crossing City limit line.

D.i.

See attached Exhibit 4 showing the existing City of Princeton sewer system (Re: Appendix 2 – Existing and Proposed Maps). The entire system drains the North Texas Municipal Water District (NTMWD) lift station on the south side of the City. From the lift station, NTMWD pumps the wastewater to their Wilson Creek wastewater treatment plant and treats it before discharge.

5. Existing System Information

A.iii, iv, and v.

The most recent TCEQ inspection was performed on October 15, 2010. The report can be found in Appendix 5 – Most Recent Sewer System TCEQ Inspection (October 2010). The investigation concluded that “the alleged complaint could not be substantiated”.

G.i, ii, and iii.

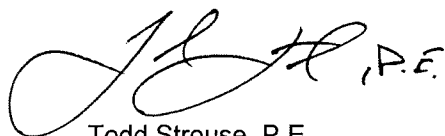
Granting an amendment to the City of Princeton's sewer CCN is expected to help the City of Lowry Crossing develop existing undeveloped land. Several developers have indicated that they will develop land along HWY 380 in Lowry Crossing if sewer service becomes available. The initial number of connections to be added is expected to be low (less than 300). Princeton's existing collection and lift station infrastructure is sized appropriately to be able to handle the additional connections.

I.i. and ii

As discussed previously, the initial number of new connections to the Princeton system is expected to be less than 300. The existing Princeton wastewater line that will be connected into initially by Lowry Crossing is 10". This line is sized adequately to be able to accept new commercial developments along HWY 380. As new residential developments come in, the capacity of this line will be checked with the existing demands, as well as future proposed demands from residential development.

If current homeowners decide to transfer from septic systems to conventional gravity wastewater, new wastewater lines will be constructed and sized adequately to connect them to the City of Princeton sewer system and bring the flow to the NTMWD lift station.

Sincerely,



Todd Strouse, P.E.

Enclosures

Application to obtain or amend a water or sewer certificate of convenience and necessity (CCN)
Appendix 1 – Lowry Crossing Resolution No. 84
Appendix 2 – Existing and Proposed Maps
Appendix 3 – Comprehensive Annual Financial Report
Appendix 4 – Princeton Balance Sheet
Appendix 5 – Most Recent Sewer System TCEQ Inspection (October 2010)
Appendix 6 – Current and Future Sewer Rates



PURSUANT TO PUC CHAPTER 24, SUBSTANTIVE RULES APPLICABLE TO WATER AND SEWER SERVICE PROVIDERS, SUBCHAPTER G: CERTIFICATES OF CONVENIENCE AND NECESSITY

Application to Obtain or Amend a Water or Sewer Certificate of Convenience and Necessity (CCN)

Docket Number: **45919**

(this number will be assigned by the Public Utility Commission after your application is filed)

7 copies of the application, including the original, shall be filed with

Public Utility Commission of Texas
Attention: Filing Clerk
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

If submitting digital map data, two copies of the portable electronic storage medium (such as CD or DVD) are required.

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Application to Obtain or Amend a Water or Sewer Certificate of Convenience and Necessity (CCN)

Purpose of Application

<input type="checkbox"/> Obtain	<input type="checkbox"/> New Water CCN	<input type="checkbox"/> New Sewer CCN
<input type="checkbox"/> Amend	<input type="checkbox"/> Water CCN# (s) _____	
<input checked="" type="checkbox"/> Amend	<input checked="" type="checkbox"/> Sewer CCN#(s) <u>21057</u>	

1. Applicant Information

Applicant

Utility name: City of Princeton

Certificate number: 21057

Street address (City/ST/ZIP/Code): 123 W. Princeton Drive, Princeton, TX 75407

Mailing address(City/ST/ZIP/Code): 123 W. Princeton Drive, Princeton, TX 75407

Utility Phone Number and Fax: (972) 736-2416 Fax: (972) 734-2548

Contact information

Please provide information about the person(s) to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney, accountant manager, or other title related to the applicant.

Name: Derek Borg

Title: City Manager

Mailing address: 123 W. Princeton Drive, Princeton, TX 75407

Fax: (972) 734-2548

Email: dborg@princetontx.us

Phone and Fax: (972) 736-2416

List all counties in which service is proposed:

Collin

A. Check the appropriate box and provide information regarding the legal status of the applicant:

- Investor Owned Utility Individual Partnership
- Home or Property Owners Association For-profit Corporation
- Non-profit, member-owned, member-controlled cooperative corporation
(Water Code Chapter 67, Water Supply or Sewer Service Corporation)
- Municipality District Other - Please explain:

B. If the applicant is a For-Profit business or corporation, please include the following information:

- i. A copy of the corporation's "Certification of Account Status" from the Texas State Comptroller of Public Accounts.
- ii. The corporation's charter number as recorded with the Office of the Texas Secretary of State: _____
- iii. A listing of all stockholders and their respective percentages of ownership.
- iv. A copy of the company's organizational chart, if available.
- v. A list of all directors and disclose the title of each individual.
- vi. A list of all affiliated organizations (if any) and explain the affiliate's business relationship with the applicant.

C. If the applicant is a Texas Water Code (TWC) Chapter 67 water supply or sewer service corporation please provide:

- i. A copy of the Articles of Incorporation and By-Laws.
- ii. The corporation's charter number as recorded with the Office of the Texas Secretary of State.
- iii. Identification of all board members including name, address, title, and telephone number.
- iv. A copy of the corporation's *Certificate of Account Status* from the Texas Comptroller of Public Accounts.

2. Location Information

- A. Are there people already living in the proposed area? Yes No
- If YES, are any currently receiving utility service? Yes No
- If YES, from WHOM? Sewer - OSSF

Water - Milligan Water Supply Corporation

B. Demonstrate the Need for Service by providing the following:

Have you received any requests for service in the requested service area?

Yes No

If YES, provide the following: Reference Cover Letter & Appendices

- i. Describe the service area and circumstances driving the need for service in the requested area. Indicate the name(s) and address(es) of landowner(s), prospective landowner(s), tenant(s), or resident(s) that have requested service; and/or Reference Cover Letter
- ii. Describe the economic need(s) for service in the requested area (i.e. plat approvals, recent annexation(s) or annexation request(s), building permits, septic tank permits, hospitals, etc.); and/or
- iii. Discuss in detail the environmental need(s) for service in the requested area (i.e. failing septic tanks in the requested area, fueling wells, etc.); and/or
- iv. Provide copies of any written application(s) or request(s) for service in the requested area; and/or
- v. Provide copies of any reports and/or market studies demonstrating existing or anticipated growth in the requested area. Reference Appendix 1 - Lowry Crossing Resolution No. 84
- vi. If none of these items exist or are available, please justify the need for service in the proposed area in writing.

Note: Failure to demonstrate a need for additional service in the proposed service area may result in the delay and /or possible denial of the application.

C. Is any portion of the proposed service area inside an incorporated city or district?

Yes No

If YES, within the corporate limits of: Lowry Crossing

Provide a copy of any franchise, permit, or consent granted by the city or district. If not available please explain:

A copy of Resolution No. 84 as passed by the City of Lowry Crossing City Council on January 12, 2016 is included with this application (Re: Appendix 1 - Lowry Crossing Resolution No. 84).

D. Is any portion of the proposed service area inside another utility's CCN area?

Yes No

If YES, has the current CCN holder agreed to decertify the proposed area?

If NO, are you seeking dual or single certification of the area? Explain why decertification of the area is in the public interest:

Princeton is seeking single certification of the area. The amended CCN will allow for future development in Lowry Crossing to be served by the City of Princeton's wastewater collection system. Also, the City's wastewater system will allow for septic systems to be abandoned in the future and connected to Princeton's wastewater collection system.

3. Map Requirements

Attach the following hard copy maps with each copy of the application:

- A. A location map delineating the proposed service area with enough detail to accurately locate the proposed area within the county.
- B. A map showing only the proposed area by:
 - i. metes and bounds survey certified by a licensed state or register professional land surveyor; or
 - ii. projectable digital data with metadata (proposed areas should be in a single record and clearly labeled). Also, a data disk labeled with the applicant's name must be provided; or
 - iii. following verifiable natural and man-made landmarks; or
 - iv. a copy of recorded plat map with metes and bounds.
- C. A written description of the proposed service area.
- D. Provide separate and additional maps of the proposed area(s) to show the following:
 - i. all facilities, illustrating separately facilities for production, transmission, and distribution of the applicant's service(s); and
 - ii. any facilities, customers or area currently being served outside the applicant's certificated area(s).

Note: Failure to provide adequate mapping information may result in the delay or possible denial of your application.

Digital data submitted in a format other than ArcView shape file or Arc/Info E00 file may result in the delay or inability to review applicant's mapping information.

For information on obtaining a CCN base map or questions about sending digital map data, please visit the Water Utilities section of the PUC website for assistance.

4. New System Information or Utilities Requesting a CCN for the First Time

- A. Please provide the following information:
 - i. a list of public drinking water supply system(s) or sewer system(s) within a 2 mile radius of the proposed system;
 - ii. copies of written requests seeking to obtain service from each of the public drinking water systems or sewer systems listed in a. 1 above or documentation that it is not economically feasible to obtain service from each entity;
 - iii. copies of written responses from each system or evidence that they did not reply; and
 - iv. for sewer utilities, documentation showing that you have obtained or applied for a wastewater discharge permit.
- B. Were your requests for service denied? Yes No

i. If yes, please provide documentation of the denial of service and go to c.

ii. If no, please provide a detailed analysis which justifies your reasons for not accepting service. A separate analysis must be prepared and submitted for each utility that granted your request for service.

C. Please summarize how the proposed utility system will be constructed and describe each projected construction phase, if any:

D. Date of plat approval, if required: _____
 Approved by: _____

E. Date Plans & Specifications submitted to the TCEQ for approval: _____
 Attach copy of approval letter, if available. If the letter is not available by the time your CCN application is submitted, please supplement your application with a copy of the letter once you receive it from the TCEQ.

F. Date construction is scheduled to commence: _____

G. Date service is scheduled to commence: _____

5. Existing System Information

A. Please provide the following information for each water and/or sewer system, attach additional sheets if necessary.

i. Water system(s): TCEQ Public Water System identification number(s):

0	4	3	0	0	0	8												
0	4	3	0	0	3	9												
0	4	3	0	0	4	1												

ii. Sewer system(s): TCEQ Discharge Permit number(s)

W	Q	0	1	0	6	8	-	0	0	1	;
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W	Q						-				
---	---	--	--	--	--	--	---	--	--	--	--

W	Q	1	0	4	3	2	-	0	0	2	;
---	---	---	---	---	---	---	---	---	---	---	---

W	Q						-				
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W	Q						-				
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W	Q						-				
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- iii. Date of last TCEQ water and/or sewer system inspection(s): 10/15/2010
- iv. Attach a copy of the most recent TCEQ water and/or sewer inspection report letter(s).
- v. For each system deficiency listed in the TCEQ inspection report letter; attach a brief explanation listing the actions taken or being taken by the utility to correct the listed deficiencies, including the proposed completion dates. **Reference Appendix 5 - Most Recent Sewer System TCEQ Inspection (October 2010)**

B. Provide the following information about the utility's certified water and/or sewer operators

Name	Classes	License Number
Tommy Mapp	Treatment	WW0048949
Steven Witherspoon	Treatment	WW0053171
Preston Jones	Treatment	WW0053004
Tyler Davis	Treatment	WW0053464
Randall Ulrich	Treatment	WW0053653
Jack Wilson	Treatment	WW0041242

- Attach additional sheet(s) if necessary -

C. Using the current number of customers, is any facility component in systems named in #5A above operating at 85% or greater of minimum standard capacity?

- Yes
- No

Attach a copy of the 85% rule compliance document filed with the TCEQ if the system is operating at 85% or greater of the TCEQ's minimum standard capacity requirements.

D. In the table below, the number of existing and/or proposed metered and non-metered connections (by size). The proposed number should reflect the information presented in the business plan or financial **documentation** and reflect the number of service requests identified in Question 2.b in the application.

TCEQ Water System			TCEQ Sewer System		
Connection	Existing	Proposed	Connection	Existing	Proposed
5/8" or 3/4" meter			Residential	2,693	938
1" meter or larger			Commercial	113	62
Non-Metered			Industrial	0	0

TCEQ Water System			TCEQ Sewer System		
Other:			Other:	7	0
Total Water			Total Sewer	2,813	1,000

E. If this application is for a water CCN only, please explain how sewer service is or will be provided:

F. If this application is for a sewer CCN only, please explain how water service is or will be provided:

Water is provided by Milligan Water Supply Corporation.

G. Effect of Granting a Certificate Amendment.

Explain in detail the effect of granting of a certificate or an amendment, including, but not limited to regionalization, compliance and economic effects on the following:

- i. the applicant,
- ii. any retail public utility of the same kind already serving the proximate area; and
- iii. any landowner(s) in the requested area.

H. Do you currently purchase or plan to purchase water or sewer treatment capacity from another source?

i. No, (skip the rest of this question and go to #6)

ii. Yes, Water

Purchased on a Regular Seasonal Emergency basis?

Water Source	% of Total Treatment
North Texas Municipal Water District	100.00%

Water Source	% of Total Treatment
	0.00%
	0.00%

- iii. Yes, Sewer treatment capacity
Purchased on a Regular Seasonal Emergency basis?

Sewer Source	% of Total Treatment
North Texas Municipal Water District	100.00%
	0.00%
	0.00%

iv. Provide a signed and dated copy of the most current water or sewer treatment capacity purchase agreement or contract.

I. Ability to Provide Adequate Service.

Describe the ability of the applicant to provide adequate service, including meeting the standards of the commission, taking both of the following items into consideration:

- i. the current and projected density; and
- ii. the land use of the requested area.

J. Effect on the Land. Explain the effect on the land to be included in the certificated area.

Adding the City of Lowry Crossing to the City of Princeton's CCN is not expected to have any adverse effect on the land in Lowry Crossing. Providing sewer service is expected to raise land values and bring more attractive commercial developments to Lowry Crossing.

6. Financial Information

- A. For new water and/or sewer systems and for applicants with existing CCNs who are constructing a new stand-alone water and/or sewer system:
 - i. the applicant must provide an analysis of all necessary costs for constructing, operating, and maintaining the system, and the source of that capital (such as a financial statement for the developing entity) for which the CCN is requested for at least the first five years. In addition, if service has been offered by an existing retail water service provider as stated in #4.A., but the applicant has determined that the cost of service as finally offered renders the project not economically feasible, the applicant must provide a comparison analysis of all necessary costs for acquiring and continuing to receive service from the existing system for the same period.
 - ii. Attach projected profit and loss statements, cash flow worksheets, and balance sheets (projected five year financial plan worksheet is attached) for each of the first five years of operation. Income from rates

should correlate to the projected growth in connections, shown on the projected profit and loss statement.

iii. Attach a proposed rate schedule or tariff. Describe the procedure for determining the rates and fees and indicate the date of last change, if applicable. Attach copies of any cost of service studies or rate analysis worksheets.

B. For existing water and/or sewer systems:

i. Attach a profit and loss statement and current balance sheet for existing businesses (end of last fiscal year is acceptable). Describe sources and terms for borrowed capital such as loans, bonds, or notes (profit and loss and balance sheet worksheets are attached, if needed).

ii. Attach a proposed rate schedule or tariff.

❖ **Note: An existing water and/or sewer system may be required to provide the information in 6.A.i. above during the technical review phase if necessary for staff to completely evaluate the application**

C. Identify any funds you are required to accumulate and restrict by lenders or capital providers.

D. In lieu of the information in #6.A. thru #6.C., you may provide information concerning loan approvals within the last three (3) years from lending institutions or agencies including the most recent financial audit of the applicant.

❖ **Note: Failure to provide adequate financial information may result in the delay or possible denial of your application.**

7. Notice Requirements

A. All proposed notice forms must be completed and submitted with the application. Do not mail or publish the notices until you receive written approval from the commission to do so.

B. The commission cannot grant a CCN until proper notice of the application has been given. Commission rules do not allow a waiver of notice requirements for CCN applicants.

C. It is the applicant's responsibility to ensure that proper notice is given to all entities that are required to receive notice.

D. Recommended notice forms for publication, neighboring cities and systems, landowners with 25 acres or more, and customers are included with this application for use in preparing proposed notices. (Notice forms are available in Spanish upon request.)

E. After reviewing and, if necessary, modifying the proposed notice, the commission will send the notice to the applicant after the application is accepted for filing along with instructions for publication and/or mailing. Please review the notice carefully before providing the notice.

F. Notice For Publication:

The applicant shall publish the notice in a newspaper with general circulation in the county(ies) where a CCN is being requested. The notice must be published once each week for two consecutive weeks beginning with the week after the notice is received from the commission. Proof of publication in the form of a publisher's affidavit shall be submitted to the commission within 30 days of the last publication date. The affidavit shall state with specificity each county in which the newspaper is of general circulation.

G. Notice To Neighboring Utilities:

i. List all neighboring retail public utilities and cities providing the same utility service within the following vicinities of the applicant's proposed certificate area.

ii. For applications for the issuance of a NEW CCN, the applicant must mail the notice with a copy of the proposed CCN map to all cities and neighboring retail public utilities providing the same utility service within five (5) miles of the requested service area.

iii. For applications for the AMENDMENT of a CCN, the applicant must mail the notice with a copy of the proposed CCN map to all cities and neighboring retail public utilities providing the same utility service within two (2) miles of the requested service area.

H. Notice to Customers:

Investor Owned Utilities (IOUs) that are currently providing service without a CCN must provide individual mailed notice to all current customers. The notice must contain the current rates, the date those rates were instituted and any other information required in the application.

I. The commission may require the applicant to deliver notice to other affected persons or agencies.

Do not publish or send copies of the proposed notices to anyone at the time you submit the application to the commission. Wait until you receive written authorization to do so. Authorization occurs after the commission has reviewed the notices for completeness, and your application has been accepted for filing. Once the application is accepted for filing, you will receive written authorization to provide notice. Please check the notices for accuracy before providing them to the public. It is the applicant's burden to ensure that correct and accurate notice is provided.

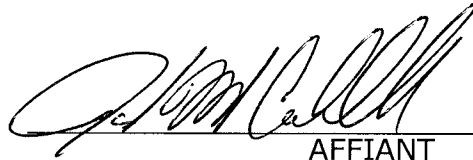
OATH

STATE OF Texas
COUNTY OF Collin

I, John-Mark Caldwell, being duly sworn, file this application as Mayor of Princeton (indicate relationship to Applicant, that is, owner, member of partnership, title as officer of corporation, or other authorized representative of Applicant); that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the maps and financial information filed with this application, and have complied with all the requirements contained in this application; and, that all such statements made and matters set forth therein are true and correct. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Public Utility Commission of Texas.

I further represent that the application form has not been changed, altered or amended from its original form.

I further represent that the Applicant will provide continuous and adequate service to all customers and qualified applicants for service within its certificated service area.



AFFIANT

(Utility's Authorized Representative)

If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas,
This day 1 of April 20 16

SEAL



NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Lesia Thornhill
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES

August 8, 2016

Notice for Publication

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO PROVIDE WATER/SEWER UTILITY SERVICE IN

Collin COUNTY(IES), TEXAS

Name of Applicant City of Princeton has filed an application for a CCN to obtain or amend CCN No. (s) 21057 and to decertify a portion(s) of N/A with the _____
(Name of Decertified Utility)

Public Utility commission of Texas to provide Sewer
(specify 1) water or 2) sewer or 3) water & sewer)

utility service in Collin County
(ies).

The proposed utility service area is located approximately 3 miles west [direction] of downtown Princeton (adjacent to Princeton City Limits), [City or Town] Texas, and is generally bounded on the north by McKinney/Princeton; on the east by Princeton; on the south by Collin County; and on the west by McKinney

The total area being requested includes approximately 2,914 acres and 0 current customers.

A copy of the proposed service area map is available at (Utility Address and Phone Number): 123 W. Princeton Drive, Princeton, TX 75407 / (972) 736-2416

A request for a public hearing must be in writing. You must state (1) your name, mailing address, and daytime telephone number; (2) the applicant's name, application number or another recognizable reference to this application; (3) the statement, "I/we request a public hearing"; (4) a brief description of how you or the persons you represent, would be adversely affected by the granting of the application for a CCN; and (5) your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

Persons who wish to intervene or comment should file with the PUC at the following address:

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the commission on its own motion requests a hearing. Only those individuals who submit a written hearing request or a written request to be notified if a hearing is set will receive notice if a hearing is scheduled.

If a public hearing is requested, the commission will not issue the CCN and will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, the SOAH will submit a recommendation to the commission for final decision. If an evidentiary hearing is held, it will be a legal proceeding similar to a civil trial in state district court.

If you are a landowner with a tract of land at least 25 acres or more, that is partially or wholly located within the proposed area, you may request to be excluded from the proposed area (or "opt out") by providing written notice to the commission within (30) days from the date that notice was provided by the applicant. All requests to opt out of the requested service area must include a scaled, general location map and a metes and bounds description of the tract of land.

Persons who meet the requirements to opt out, and wish to request this option should file the required documents with the:

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

A copy of the request to opt out of the proposed area must also be sent to the applicant. Staff may request additional information regarding your request.

Si desea informacion en Espanol, puede llamar al 1-888-782-8477

Notice to Neighboring Systems, Landowners and Cities

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO PROVIDE WATER/SEWER UTILITY SERVICE IN
Collin _____ COUNTY(IES), TEXAS

To: McKinney _____ Date Notice Mailed _____ 20 16
(Neighboring System, Landowner or City)

222 N. Tennessee Street

(Address)
McKinney TX 75069

City State Zip

Name of Applicant City of Princeton _____ has filed an application for a CCN to obtain or amend CCN No. (s) 21057 _____ and to decertify a portion(s) of N/A _____ with the _____
(Name of Decertified Utility)

Public Utility Commission of Texas to provide Sewer _____
(specify 1) water or 2) sewer or 3) water & sewer)
utility service in Collin _____ County(ies).

The proposed utility service area is located approximately 3 miles West _____
[direction] of downtown Princeton _____, [City or Town] Texas, and is generally bounded on the north by McKinney / Princeton _____; on the east by Princeton _____; on the south by Collin County _____; and on the west by McKinney _____

See enclosed map of the proposed service area.

The total area being requested includes approximately 2,914 acres and 0 current customers.

A request for a public hearing must be in writing. You must state (1) your name, mailing address, and daytime telephone number; (2) the applicant's name, application number or another recognizable reference to this application; (3) the statement, "I/we request a public hearing"; (4) a brief description of how you or the persons you represent, would be adversely affected by the granting of the application for a CCN; and (5) your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

Persons who wish to intervene or comment should write the:

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the commission on its own motion requests a hearing. Only those individuals who submit a written hearing request or a written request to be notified if a hearing is set will receive notice if a hearing is scheduled.

If a public hearing is requested, the commission will not issue the CCN and will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, the SOAH will submit a recommendation to the commission for final decision. If an evidentiary hearing is held, it will be a legal proceeding similar to a civil trial in state district court.

If you are a landowner with a tract of land at least 25 acres or more, that is partially or wholly located within the proposed area, you may request to be excluded from the proposed area (or "opt out") by providing written notice to the commission within (30) days from the date that notice was provided by the applicant. All requests to opt out of the requested service area must include a scaled, general location map and a metes and bounds description of the tract of land.

Persons who meet the requirements to opt out, and wish to request this option should file the required documents with the:

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

A copy of the request to opt out of the proposed area must also be sent to the applicant. Staff may request additional information regarding your request.

Si desea informacion en Espanol, puede llamar al 1-888-782-8477

Notice to Customers of IOUs in Proposed Area

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) TO PROVIDE WATER/SEWER UTILITY SERVICE IN _____ COUNTY(IES), TEXAS

Dear Customer: _____ Date Notice Mailed _____ 20 16

Name of Applicant City of Princeton has filed an application for a CCN to obtain or amend CCN No. (s) 21057 and to decertify a portion(s) of N/A with the _____ (Name of Decertified Utility)

Public Utility commission of Texas to provide _____ Sewer utility service in Collin _____ County(ies).
(specify 1) water or 2) sewer or 3) water & sewer)

The proposed utility service area is located approximately 3 miles West [direction] of downtown Princeton _____, [City or Town] Texas.

A copy of the proposed service area map is available at (Utility Address and Phone Number): 123 W. Princeton Drive, Princeton, TX 75407 / (972) 736-2416

The current utility rates which were first effective on November _____ 20 15

Monthly Flat Rate of \$ See Attached Per connection
-OR-
 Monthly Base Rate Including per See Attached gallons connection for:
 5/8" meter \$ See Attached
 1" meter \$ See Attached
 1 1/2" meter \$ See Attached
 2" meter \$ See Attached
 Other \$ See Attached

Gallonge charge of \$ See Attached Per 1,000 Gallons above minimum (same for all meters sizes)

Miscellaneous Fees

Regulatory Assessment

Tap Fee (Average Actual Cost)

Reconnecting fee:

- Non Payment (\$25.00 max)
- Transfer
- Customer's request

Late fee

Returned Check charge

Customer Deposit (\$50.00 max)

Meter test fee

(Actual Cost not Exceed \$25.00)

Other Fees

	1%
Tap Fee (Average Actual Cost)	\$See Attached
Reconnecting fee:	\$See Attached
- Non Payment (\$25.00 max)	\$See Attached
- Transfer	\$See Attached
- Customer's request	\$See Attached
Late fee	\$5.00 or 10%
Returned Check charge	\$See Attached
Customer Deposit (\$50.00 max)	\$See Attached
Meter test fee	\$See Attached
(Actual Cost not Exceed \$25.00)	\$See Attached
Other Fees	\$See Attached

Your utility service rates and fees cannot be changed by this application. If you are currently paying rates, those rates must remain in effect unchanged. Rates may only be increased if the utility files and gives notice of a separate rate change application.

Reference Appendix 6 - Current and Future Sewer Rates

A request for a public hearing must be in writing. You must state (1) your name, mailing address, and daytime telephone number; (2) the applicant's name, application number or another recognizable reference to this application; (3) the statement, "I/we request a public hearing"; (4) a brief description of how you or the persons you represent, would be adversely affected by the granting of the application for a CCN; and (5) your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

Persons who wish to intervene or comment should write the:

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the commission on its own motion requests a hearing. Only those individuals who submit a written hearing request or a written request to be notified if a hearing is set will receive notice if a hearing is scheduled.

If a public hearing is requested, the Commission will not issue the CCN and will forward the application to the State Office of Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, the SOAH will submit a recommendation to the commission for final decision. If an evidentiary hearing is held, it will be a legal proceeding similar to a civil trial in state district court.

IF A HEARING IS HELD, it is important that you or your representative attend to present your concerns. Your request serves only to cause a hearing to be held and is not used during the hearing.

If you are a landowner with a tract of land at least 25 acres or more, and is partially or wholly located within the proposed area, you may request to be excluded from the proposed area (or "opt out") by providing written notice to the commission within (30) days from the date that notice was provided by the applicant. All requests to opt out of the requested service area must include a scaled, general location map and a metes and bounds description of the tract of land.

Persons who meet the requirements to opt out, and wish to request this option should file the required documents with the:

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A copy of the request to opt out of the proposed area must also be sent to the applicant. Staff may request additional information regarding your request.

Si desea informacion en Espanol, puede llamar al 1-888-782-8477

HISTORICAL BALANCE SHEETS

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
CURRENT ASSETS						
Cash						
Accounts Receivable						
Inventories						
Income Tax Receivable						
Other						
Total						
FIXED ASSETS						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves						
Total						
TOTAL ASSETS						
CURRENT LIABILITIES						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses						
Other						
Total						
LONGTERM LIABILITIES						
Notes Payable, Long-term						
Other						
TOTAL LIABILITIES						
OWNER'S EQUITY						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
TOTAL OWNER'S EQUITY						
TOTAL LIABILITIES AND EQUITY						
WORKING CAPITAL						
CURRENT RATIO						
DEBT TO EQUITY RATIO						
EQUITY TO TOTAL ASSETS						

HISTORICAL INCOME STATEMENT

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
METER NUMBER						
Existing Number of Taps						
New Taps per Year						
Total Meters at Year End						
METER REVENUE						
Fees Per Meter						
Cost Per Meter						
Operating Revenue Per Meter						
GROSS WATER REVENUE						
Fees						
Other						
Gross Income						
OPERATING EXPENSES						
General & Administrative						
Interest						
Other						
NET INCOME						

HISTORICAL EXPENSES STATEMENT

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries						
Office Expense						
Computer Expense						
Auto Expense						
Insurance Expense						
Telephone Expense						
Utilities Expense						
Depreciation Expense						
Property Taxes						
Professional Fees						
Other						
Total						
% Increase Per Year	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OPERATIONAL EXPENSES						
Salaries						
Auto Expense						
Utilities Expense						
Depreciation Expense						
Repair & Maintenance						
Supplies						
Other						
Total						
% Increase Per Year	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ASSUMPTIONS						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

PROJECTED BALANCE SHEETS

	START UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
CURRENT ASSETS						
Cash						
Accounts Receivable						
Inventories						
Income Tax Receivable						
Other						
Total						
FIXED ASSETS						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves						
Total						
TOTAL ASSETS						
CURRENT LIABILITIES						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses						
Other						
Total						
LONGTERM LIABILITIES						
Notes Payable, Long-term						
Other						
TOTAL LIABILITIES						
OWNER'S EQUITY						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
TOTAL OWNER'S EQUITY						
TOTAL LIABILITIES AND EQUITY						
WORKING CAPITAL						
CURRENT RATIO						
DEBT TO EQUITY RATIO						
EQUITY TO TOTAL ASSETS						

PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
METER NUMBER						
Existing Number of Taps						
New Taps per Year						
Total Meters at Year End						
METER REVENUE						
Fees Per Meter						
Cost Per Meter						
Operating Revenue Per Meter						
GROSS WATER REVENUE						
Fees						
Other						
Gross Income						
OPERATING EXPENSES						
General & Administrative						
Interest						
Other						
NET INCOME						

PROJECTED EXPENSES STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries						
Office Expense						
Computer Expense						
Auto Expense						
Insurance Expense						
Telephone Expense						
Utilities Expense						
Depreciation Expense						
Property Taxes						
Professional Fees						
Other						
Total						
% Increase Per Year						
OPERATIONAL EXPENSES						
Salaries						
Auto Expense						
Utilities Expense						
Depreciation Expense						
Repair & Maintenance						
Supplies						
Other						
Total						
% Increase Per Year						
ASSUMPTIONS						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

PROJECTED SOURCES AND USES OF CASH STATEMENTS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
SOURCES OF CASH						
Net Income						
Depreciation (if Funded)						
Loan Proceeds						
Other						
Total Sources						
USES OF CASH						
Net Loss						
Principle Portion of Pmts.						
Fixed Asset Purchase						
Reserve						
Other						
TOTAL USES						
NET CASH FLOW						
DEBT SERVICE COVERAGE						
Cash Available for Debt						
Service (CADS)						
Net Income (Loss)						
Depreciation , or Reserve Interest						
TOTAL						
REQUIRED DEBT SERVICE (RDS)						
Principle Plus Interest						
DEBT SERVICE COVERAGE RATIO						
CADS Divided by RDS						

APPENDIX 1
Lowry Crossing
Resolution No. 84

CITY OF LOWRY CROSSING, TEXAS

RESOLUTION NO. 84

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOWRY CROSSING, TEXAS SUPPORTING THE INCLUSION OF THE CITY LIMITS AND EXTRA-TERRITORIAL JURISDICTION (ETJ) WITHIN THE SEWER CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) OF THE CITY OF PRINCETON.

WHEREAS, the City of Lowry Crossing is desirous of having retail sewer service provided within the city limits and Extra-Territorial Jurisdiction (ETJ) of the City; and

WHEREAS, the City of Princeton is willing to extend the City's Sewer Certificate of Convenience and Necessity (CCN) to include the City Limits and ETJ of the City of Lowry Crossing; and

WHEREAS, the City of Princeton is willing to provide said retail sewer service in accordance with the applicable provisions of the City of Princeton's Code of Ordinances; and

WHEREAS, the City of Princeton has agreed to file an application with the Public Utility Commission of Texas for the inclusion of the area within the City Limits and ETJ of the City of Lowry Crossing within the City of Princeton's Sewer CCN;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOWRY CROSSING, TEXAS,

Section 1. The above and foregoing recitals to this Resolution are true and correct and are incorporated into and made a part of this Resolution for all purposes.

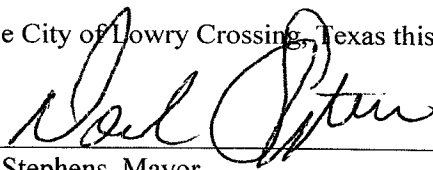
Section 2. The City of Lowry Crossing will support the application by the City of Princeton for the inclusion of the Lowry Crossing City Limits and ETJ within the sewer CCN boundaries of the City of Princeton.

Section 3. The City of Lowry Crossing will reimburse the administrative and professional fees incurred by the City of Princeton for the sewer CCN application.

Section 4. The City of Lowry Crossing will endeavor to enter into an Interlocal Agreement regarding the sewer CCN application.

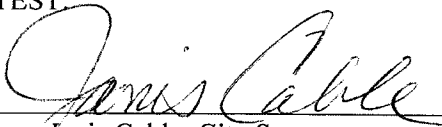
Section 5. This Resolution shall take effect upon its passage and approval.

PASSED AND APPROVED by the City Council of the City of Lowry Crossing, Texas this 12th day of January, 2016.



Derek Stephens, Mayor

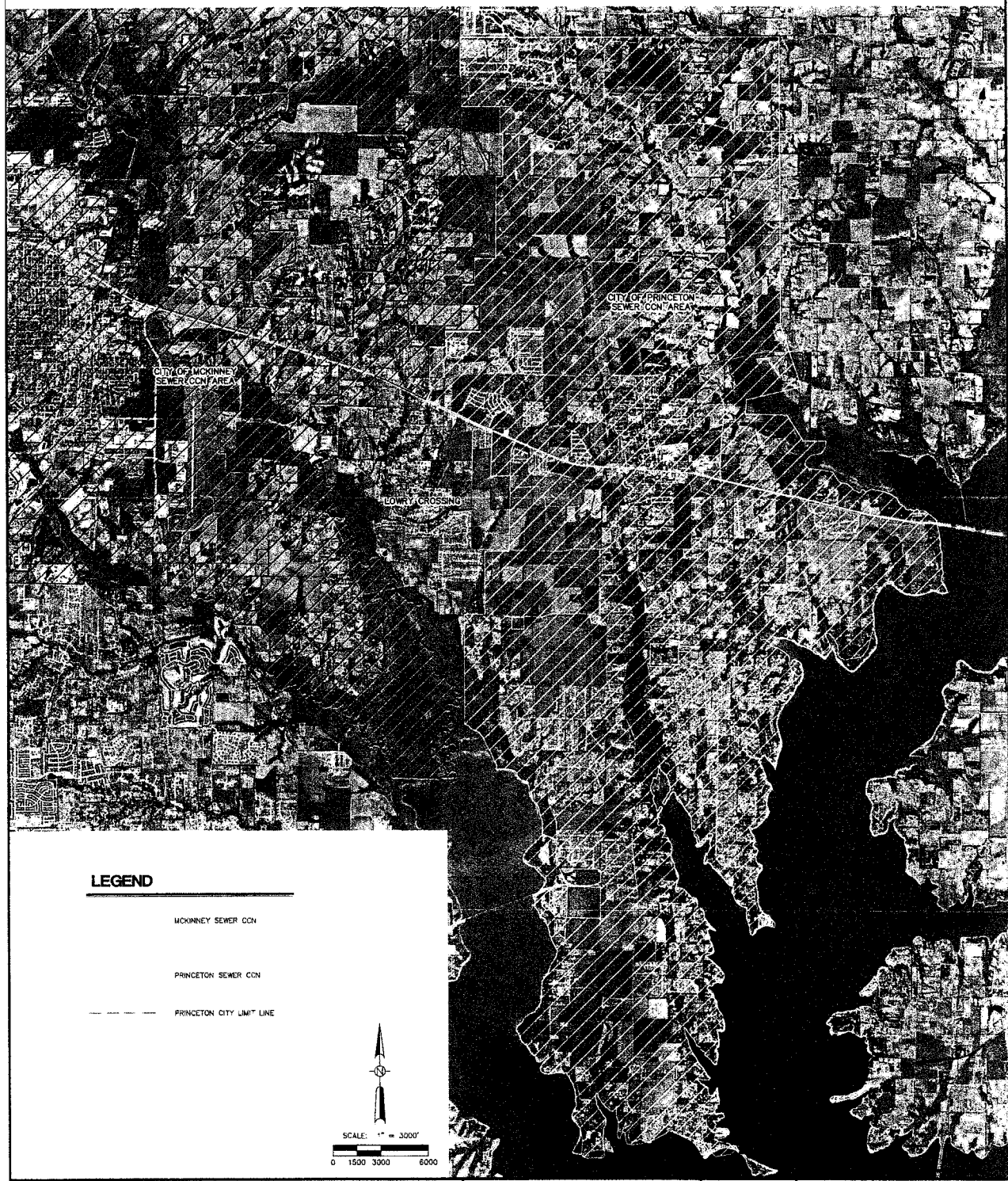
ATTEST:

By: 

Janis Cable, City Secretary

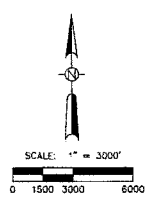
APPENDIX 2

Existing and Proposed Maps



LEGEND

- MCKINNEY SEWER CCN
- PRINCETON SEWER CCN
- - - - - PRINCETON CITY LIMIT LINE



E1	DATE: JAN 2019
	DESIGN: TLS
	DRAWN: SAW
	CHECKED: JH
	NHA NO: 064478962

**EXISTING CITY OF
PRINCETON SEWER CCN**

**CITY OF PRINCETON
SEWER CCN**

Kimley»Horn

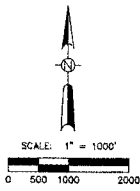
State Board of Professional Engineers, Civil Registration Number 81429
and State Board of Professional Surveyors, License 111989

No.	Revision	By	Date



LEGEND

- EXISTING MCKINNEY SEWER CCN
- EXISTING PRINCETON SEWER CCN
- PROPOSED AREA TO BE ADDED TO EXISTING CITY OF PRINCETON SEWER CCN
- - - - - PRINCETON CITY LIMIT LINE
- - - - - LOWRY CROSSING CITY LIMIT LINE



E2	SHEET
	DATE: JAN 2016
	DESIGN: TLS
	DRAWN: SAW
	CHECKED: JH
KHA NO. 064478962	

**PROPOSED AREA TO BE
ADDED TO EXISTING CITY
OR PRINCETON SEWER CCN**

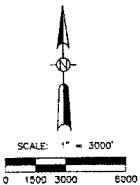
**CITY OF PRINCETON
SEWER CCN**

Kimley»Horn	
Civil, Mechanical, Electrical, Plumbing, Fire, Transportation, Surveying, and Construction	
No.	Revision
By	Date



LEGEND

- MCKINNEY SEWER CCN
- PROPOSED NEW PRINCETON SEWER CCN
- - - - - PRINCETON CITY LIMIT LINE

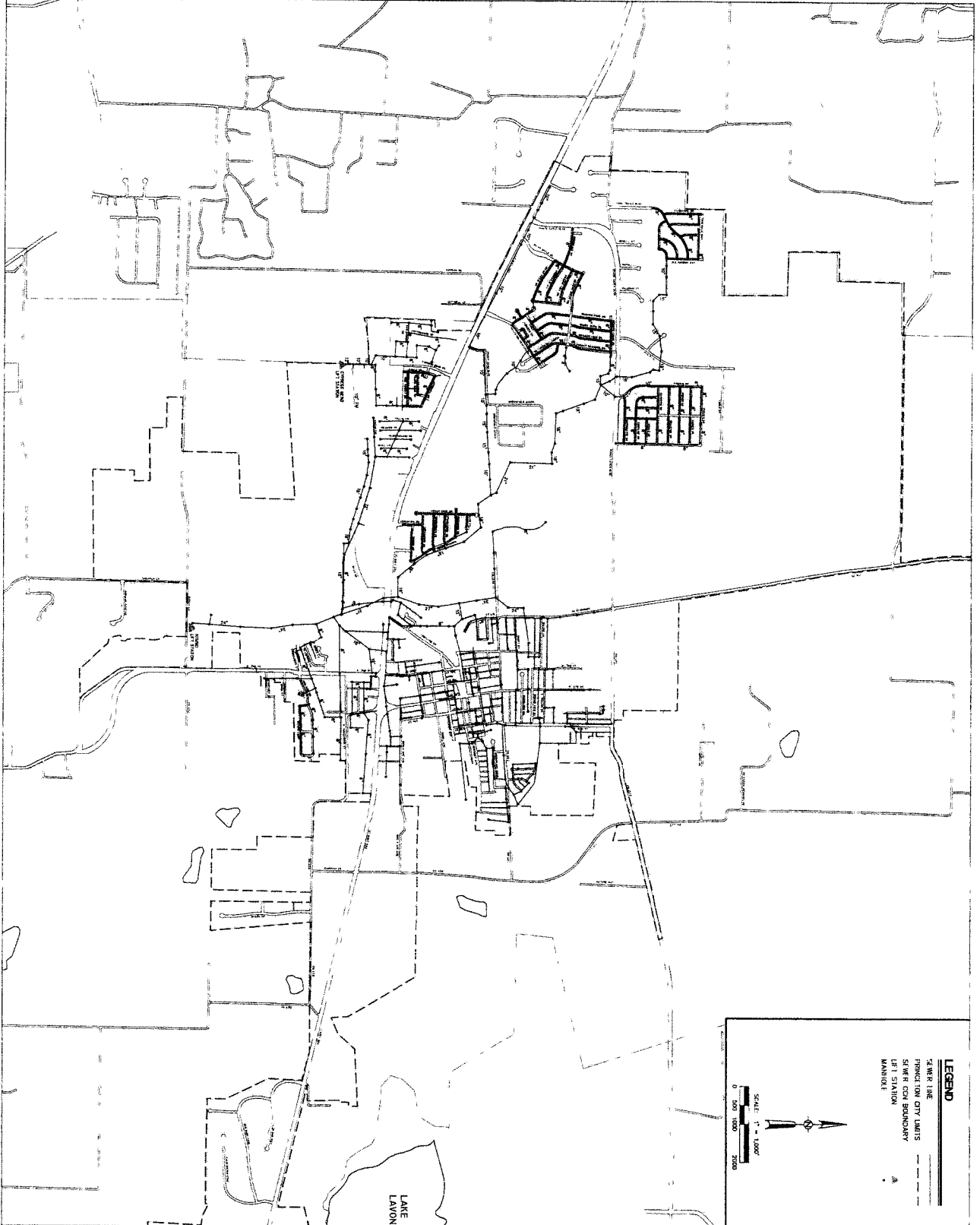


E3	SHEET
	DATE: JAN 2015
	DESIGN: TJS
	DRAWN: SAW
	CHECKED: JH
KHA NO. 06447892	

**PROPOSED NEW CITY OF
PRINCETON SEWER CCN**

**CITY OF PRINCETON
SEWER CCN**

Kimley»Horn			
"Over 50 Years of Professional Engineering, Planning, Surveying, and Construction Services" 100 West Chisholm Creek, Princeton, NJ 08542			
No.	Revision	By	Date



LEGEND

- SEWER LINE
- PRINCETON CITY LIMITS
- SEWER CO. BOUNDARY
- LIFT STATION
- MANHOLE

SCALE: 1" = 100'

0 100 200 300

E4	DATE: JAN 2010
	DRAWN: TJS
	CHECKED: JH
	PROJECT NO. 064478916

**CITY OF PRINCETON EXISTING
SEWER SYSTEM MAP**

Kimley»Horn

A Division of Kimley-Horn and Associates, Inc.

No.	Revision	By	Date

Kimley»»Horn

APPENDIX 3

Princeton

Comprehensive

Annual Financial

Report



PRINCETON
Naturally Home

City of Princeton, Texas

Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2014



Mission Statement

"It is the mission of the City of Princeton to provide a high quality of life through essential municipal services, infrastructure, public safety and recreation, while welcoming growth through effective and fiscally responsible government"



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2014

City of Princeton, Texas

City Manager

Derek Bong

Director of Finance

Cathy Crane

**CITY OF PRINCETON, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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STATISTICAL SECTION (UNAUDITED)

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INTRODUCTORY SECTION

CITY OF PRINCETON
Naturally Home

March 23, 2015

Honorable Mayor and Members of the City Council
City of Princeton
Princeton, Texas

Dear Mayor and Council Members:

The Comprehensive Annual Financial Report ("CAFR") of the City of Princeton, Texas, for the year ended September 30, 2014, is submitted herewith.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

LaFollett and Abbott, PLLC have issued an unmodified ("clean") opinion on the City of Princeton's financial statements for the year ended September 30, 2014. The independent auditor's report is located in the beginning of the financial section of the CAFR.

This letter of transmittal is designed to complement Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements.

GENERAL INFORMATION – CITY OF PRINCETON

In the late 1870s T. B. Wilson and his brother George began farming near the site of future Princeton. In 1881, the Missouri, Kansas and Texas Railroad Company extended its line from Greenville to McKinney, passing through land owned by the brothers. The name Wilson's Switch was commonly used to designate the area but when the residents of the community applied for a post office branch, they learned that the name Wilson was already being used. The name Princeton was then selected, to honor Prince Dowlin, a landowner and promoter of the town. This name was accepted and a post office was established in 1888.

Princeton is a rapidly growing city in Collin County, Texas. Princeton is located in northeast Collin County between the cities of McKinney and Greenville on U.S. Highway 380. Collin County is currently one of the fastest growing counties in Texas.

Princeton is approximately 30 miles northeast of Dallas and 38 miles from DFW International Airport. The recently renamed McKinney National Airport is 6 miles southwest of Princeton and is the home of the largest and most active corporate flight department in the Dallas area.

The City is continuing to grow as the economy recovers over the past year, and several residential developments have started construction on new lots. There are several commercial projects including Big Box Retail, Aerospace and some low impact manufacturing facilities that are being reviewed for construction in the near future.

The population of 9,736 for 2014 and 10,413 projected in 2015 shows a steady growth according to North Central Texas Council of Governments.

The City of Princeton is a political subdivision and operates under the General Law type "A" form of government. Policy-making and legislative authority are vested in the governing council, which consists of a Mayor and five-member council.

The financial reporting entity (the government) includes all the funds of the primary government. The government provides a full range of services, including police protection and a combination paid and volunteer fire department; sanitation services; community development; code enforcement; two public parks and a city library; the construction and operation of water, sewer, drainage, solid waste services, streets and infrastructure; and cultural events.

ECONOMIC CONDITIONS AND OUTLOOK

Princeton is located in the eastern part of Collin County, approximately six miles east of U.S. Highway 75, that connects Dallas to Oklahoma and on U.S. 380 the primary regional transportation artery that connects Texas to New Mexico on the west and to I-30 on the east. The City is approximately thirty-eight miles from DFW International Airport, which is centrally located between Dallas and Ft Worth.

The neighboring City of McKinney, Texas is located immediately west of Princeton. The City of McKinney has experienced remarkable growth over the past ten years, growing to over 155,142 residents. This growth has extended to the east into Princeton and development has been steadily increasing over the past year. Since 1980, Collin County has been a growth center in the State of Texas, moving north and reaching Princeton and other small cities over the past decade.

Economic Indicators and Tax Base

- The Walmart Corporation is building one of their new Super Centers here in Princeton and will be constructing the new store this year. The plans are currently in review and are scheduled to start construction in the next 90 days. This should bring the City a substantial increase in the sales tax revenue the City receives.
- Domino's Pizza has started construction of one of their new style of restaurants and are scheduled to open in a few months.
- Express Wok and China Wok are opening a restaurant this year.
- Charlie's Concrete, a large concrete supplier in North Texas annexed one of their main plants into the City last year. This plant will generate additional sales tax revenue for the City.
- The Princeton Independent School District approved a 49.5 million bond election in 2014 to provide for the growth and expansion, and currently constructing a new elementary school that will serve the North West portion of the city. The ISD is developing plans for the next junior high school in the same area that is scheduled to be under construction in 2016. The ISD is also expanding the existing high school, tech centers and career centers to accommodate the growth.
- There is currently over 800 single family home sites being constructed within the city. Several other developments are under review and are expected to be approved for construction early this year. This includes a 300 unit luxury gated multifamily complex. These developments will bring additional property tax revenue to the city while driving the opportunity for local and corporate businesses to locate in Princeton.
- The City secured funding for street reconstruction and has reconstructed over a mile of old streets in the older part of the City. Currently the City is under construction on about ¾ of a mile of street projects, also in the older part of the City. In addition the City installed new thoroughfare lighting on Monte Carlo Blvd. and recently installed a new traffic light at the intersection at Monte Carlo and Hwy. 380.

- The City issued 276 single family home building permits last year, and the expectation is for the trend to continue with at least an equal amount being issued this coming year.
- The Economic Development Corporation has started design and engineering on a Business park of 108 acres just south of the City and intends on constructing the infrastructure as soon as the design is complete. The EDC is also partnering with the City in order to design and construct a new thoroughfare, "Beauchamp Blvd." that runs from Hwy. 380 south to County Road 400. This incorporates a new traffic signal on Hwy. 380 at the intersection on which the new Walmart Super Center will be constructed. This boulevard will also run north to Monte Carlo and incorporate a new access to the west end of the Community Park.
- In the light of the upcoming development, "Trails at Riverstone", a development west of the Community Park, the Community Development Corporation has started the planning for new features and amenities at the west portion of the Community Park. This new development will incorporate a trail project that will bring residents from several subdivisions to a trail head at the park.
- Over the past two years the sales tax revenue has increased approximately 28% since FY2013. The projected sales tax revenue for the City is currently budgeted at \$673,463.
- Although the tax rate was reduced in FY 2014, the current budget will raise the tax revenues of the City by, \$227,597 or 10.95%, of that amount \$88,280 is tax revenue added to the tax role from new properties.

FINANCIAL INFORMATION

Accounting Procedures and Budgetary Controls

The City's accounting records for general government are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's water and sewer utility and other proprietary activities are maintained on the accrual basis.

In accordance with the City's Budget Policy, the budgetary process begins each year with the preparation of both current and proposed year revenue estimates by the City's Director of Finance, and expenditure estimates by each City department. Budgets are reviewed by the City Manager and the Director of Finance, a preliminary draft of the proposed budget is submitted to the Mayor for review. Following the Mayor's review the draft budget is referenced during budget workshops. It is the responsibility of the Mayor to present the city's annual operating budget to the City Council for their approval.

As part of each year's budget development process, departments are required to update expenditure estimates for the current fiscal year. These estimates are reviewed by the City Manager, Director of Finance, and the City Council concurrent with review of the proposed budget. This re-estimated budget may require a supplemental appropriation and, if so, such supplemental appropriation is approved by ordinance adopted by the City Council prior to the end of the current fiscal year. The legal level of budgetary control is maintained at the fund level – budget amendments increasing total expenditures within a fund require formal approval by the City Council.

It is the goal of the City to achieve and maintain an unassigned fund balance in the General Fund equal to 90 Days of expenditures. If unassigned fund balance falls below the goal or has a deficiency, the City will implement a plan to restore the 90 Day unassigned fund balance reserves.

During the course of the fiscal year, expenditure controls are maintained by each department head with overall review exercised by the Director of Finance. Monthly departmental expenditures are generated by an automated management accounting system and provide expenditure totals for the most recently

completed month, as well as a year-to-date total, and an actual versus planned rate of expenditure. Major expenditure requests are approved by the City Council when the budget is approved.

The objective of these controls is to regulate expenditures to be in accordance with the budget and the directives of the City Council. These controls are inherently limited by the segregation of duties of a small government.

General Governmental Functions

Tax Rates: All eligible property within the City is subject to assessment, levy, and collection by the City of a continuing, direct ad valorem tax sufficient to provide for the payment of principal and interest on outstanding bonds within the limits prescribed by law, and the payment of operation and maintenance costs as approved by the City Council. The City's tax rate history as adopted by the City Council is shown below:

<u>Tax Rate</u>	
2009-2010	0.728394
2010-2011	0.728394
2011-2012	0.728394
2012-2013	0.756932
2013-2014	0.738999
2014-2015	0.721800

OTHER INFORMATION

Independent Audit: The City of Princeton has engaged the firm of LaFollett & Abbott, PLLC, to perform the annual audit and their opinion has been included in this report. It should be noted that the auditors included all funds in their audit, performed their audit in accordance with generally accepted auditing standards, and stated that, in their opinion, the statements herein present fairly, in all material respects, the financial position of the City at September 30, 2014 and the changes in financial position and cash flows of its proprietary fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Acknowledgements

Many persons are responsible for the preparation of this report, and for the maintenance of records upon which it is based. Appreciation is expressed to the City employees throughout the organization, especially those employees of the Finance Department who were instrumental in the successful completion of this report.

Our appreciation is also extended to the Mayor and City Council for providing the resources necessary to maintain the integrity of the City's financial affairs.

Respectfully submitted,



Derek Borg
City Manager



Government Finance Officers Association

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Achievement
for Excellence
in Financial
Reporting**

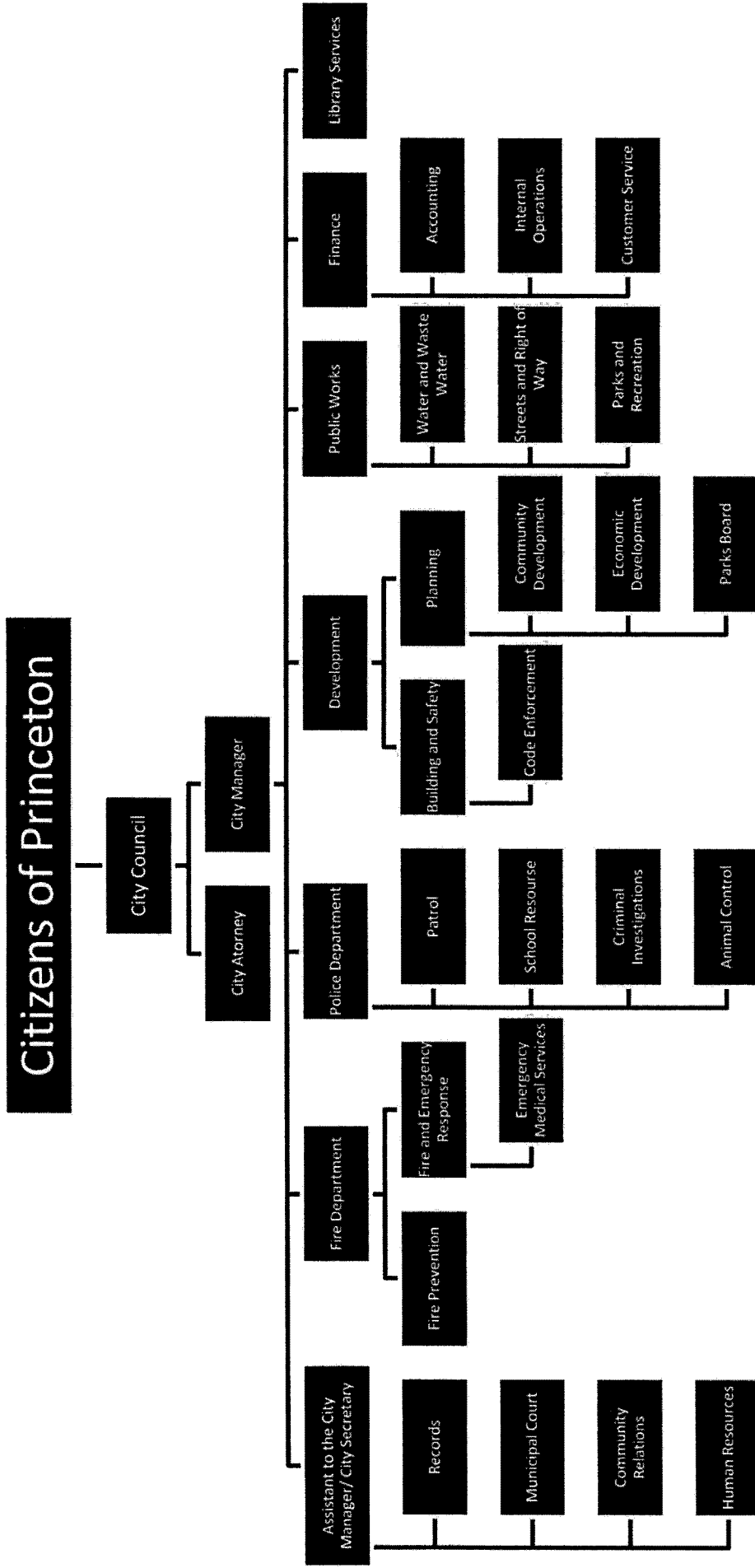
Presented to

**City of Princeton
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO



CITY OF PRINCETON COUNCIL MEMBERS

Mayor

The Honorable Ken Bowers

City Council Members

Steve Deffibaugh - Mayor Pro-Tem

Rick Wheeler

Bill Glass

John Mark Caldwell

Bruce Beauchamp

FINANCIAL SECTION