



City of Georgetown, Texas
Comprehensive Annual Financial Report
For the Year Ended September 30, 2012

CITY OF GEORGETOWN, TEXAS

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Prepared by:

Division of Finance and Administration

Micki Rundell, CGFO - Chief Financial Officer

Susan Morgan, CPA - Finance Director

Lisa Haines, CGFO - Controller

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Introductory Section



INTRODUCTORY SECTION

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February 21, 2013

Honorable Mayor and City Council,
City Manager and Citizens of Georgetown, Texas:

The comprehensive annual financial report of the City of Georgetown, Texas (the City) for the year ended September 30, 2012, is hereby submitted. The financial statements are presented in conformity with accounting principles generally accepted in the United States of America as set forth by the Governmental Accounting Standards Board (GASB) and have been audited by independent auditors in accordance with generally accepted auditing standards.

Management Responsibility for Financial Information. The City's Finance and Administration Division 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. 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 City's financial activities have been included.

The Reporting Entity. This report includes all the funds of the City, as well as, the City's discretely presented component unit, the Georgetown Economic Development Corporation (GEDCO), its Texas 4A economic development corporation. The City provides a full range of services, which include police and fire protection; construction and maintenance of streets and other infrastructure; recreational activities and cultural events. In addition to general government activities, the City also provides electric, wastewater, water, stormwater drainage and airport services which are included in the reporting entity. The City is also financially accountable for Georgetown Transportation Enhancement Corporation (GTEC), a Texas 4B economic development corporation, which funds transportation projects that enhance economic development within the City. GTEC is presented as a blended component unit within the reporting entity.

Management Discussion and Analysis. Generally accepted accounting principles (GAAP) require 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). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditors' report located at the front of the financial section of this report.

DESCRIPTION OF THE CITY

Georgetown is a Home Rule Charter City and operates under a Council - Manager form of government. A mayor and seven council members are elected on staggered, three-year terms from single member districts. Georgetown is located on Interstate 35, the major corridor between Dallas and San Antonio, at the intersection of State Highway 130. Georgetown once was a small town, founded in 1848, with a strong agricultural base, in the heart of Williamson County, 26 miles north of Austin. Today, Georgetown has an estimated population of 50,571, with an additional 15,000 within the extra-territorial jurisdiction (ETJ) and serves as the county seat of Williamson County, the second fastest growing county in Texas. Today's Georgetown continues to meet the challenge of maintaining its unique and historic character while managing on-going growth and economic viability.

Over the past 20 years, Georgetown has worked to restore and maintain its historic downtown square and to ensure that downtown is the heart of the community. This work was acknowledged when it won the Great American Main Street Award in 1997 and is on-going, as Georgetown continues to ensure the economic vitality of its downtown. The City's Downtown Master Plan, first adopted in 2003 and scheduled to be updated in 2013, provides guidance in managing growth and continued redevelopment of the area, as well as to preserve its historic character and small town "feel".

Due to this unique character and small town charm, Del Webb Corporation elected to build its first Texas development in Georgetown with the 1995 opening of Sun City, Texas. Today, over 6,409 homes with over 12,000 retirees make Sun City and Georgetown their home.

Georgetown is also home to Southwestern University, which continues to receive national recognition. The University has been named to Kiplinger's list of the 100 best values in liberal arts colleges and has been noted as one of 'America's Best Value Colleges' by the *Princeton Review*. With more than 1,300 students and 450 employees, the University provides substantial economic and cultural contributions to Georgetown.

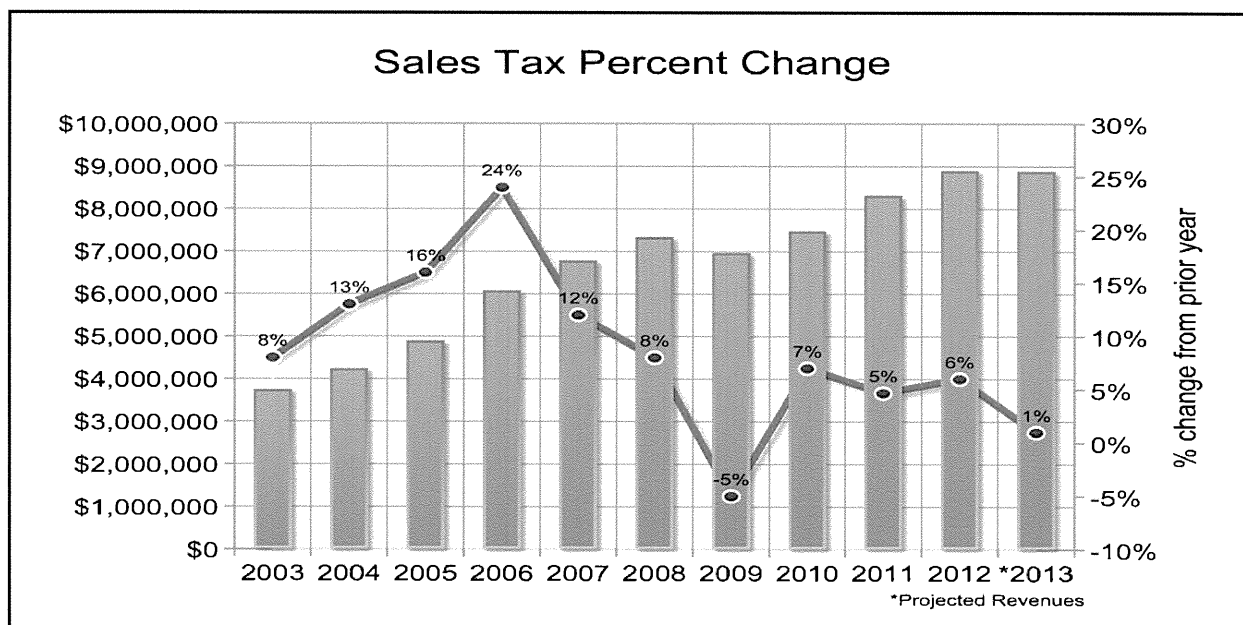
GEORGETOWN'S ECONOMIC OUTLOOK AND FINANCIAL CONDITIONS

Economic Outlook

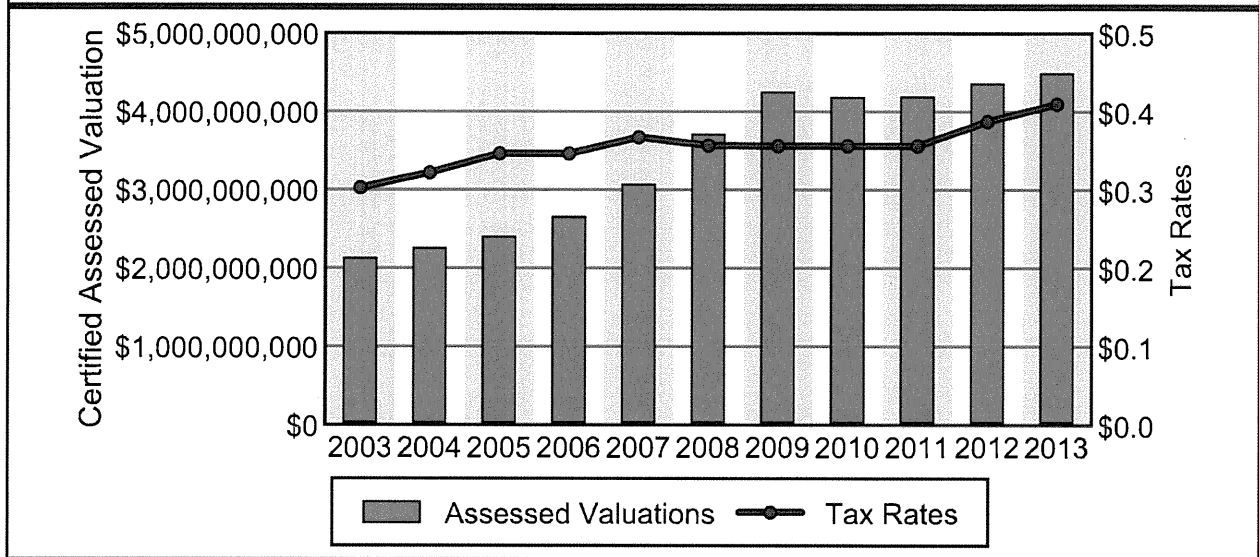
While the Central Texas economy did feel the impact of the recession and credit crisis, it continues to perform better than the national economy. The Central Texas unemployment rate was 5.0% for November 2012 compared to 7.9% nationally. According to the Texas Comptroller of Public Accounts, Texas had fully recovered all of its lost jobs by December 2011 and has continued to see strong growth in new jobs, as well as, retail and business sales. During 2012 commercial development continued to show marked growth. The City's job base continued to grow with the expansion of several small commercial and retail centers, and the completion of two new hotels along the interstate.

Residential growth has continued to be healthy, though at a slightly slower pace than the pre-recession years. The City issued 664 residential permits, with a value of \$171 million, compared to 509 permits valued at \$127 million in 2011. Housing values have held steady, with the average home in Georgetown valued at \$185,915 on January 1, 2012, as compared to \$184,979 on January 1, 2011.

Sales tax revenues increased 6% over the prior year, demonstrating solid continued growth in the local economy for the third consecutive year. The first three months of the 2013 fiscal year continued strong growth in sales tax receipts of 11% over the prior year. The City continues to take a conservative approach to estimating its available resources for each upcoming year as national and world wide issues continue to show some uncertainty.

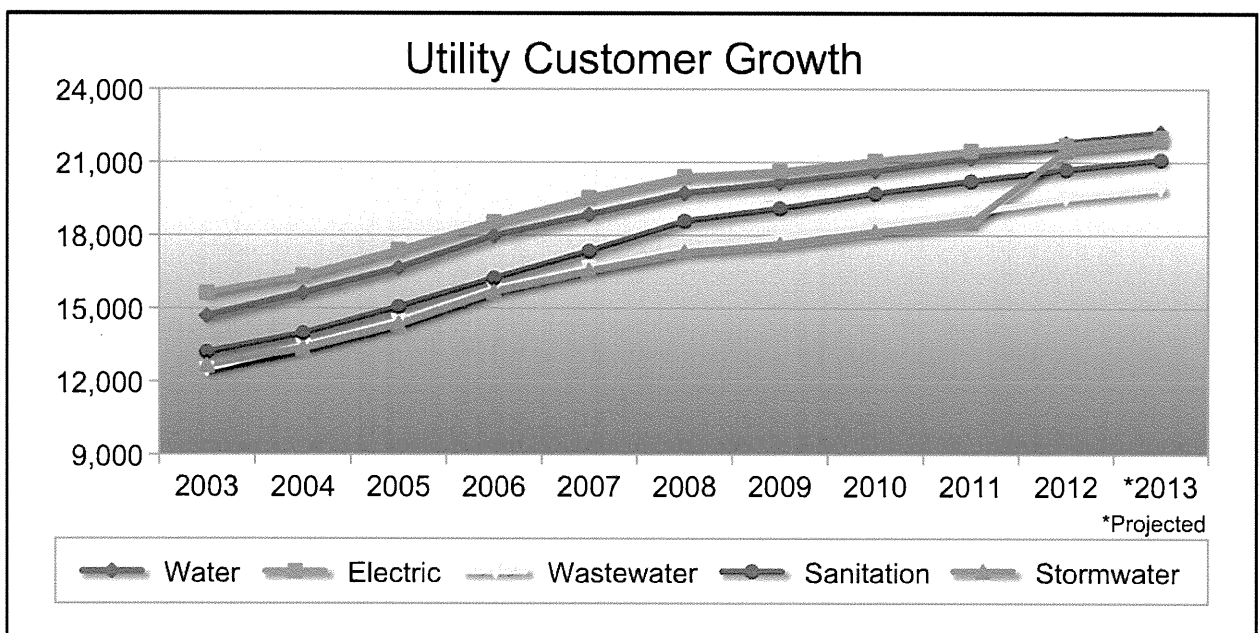


Assessed Valuations & Tax Rates



Georgetown economic opportunities continued promising results in 2012. New development occurred in the downtown area with the completion of the El Monumento signature restaurant along the San Gabriel River and construction nearing completion on Grape Creek Winery located on the Downtown Square. New health care facilities, such as assisted living centers, are underway near Sun City. Developers announced plans to move forward with a Sheraton Hotel Conference Center and high-end luxury apartments at the Rivery site. HEB, a regional grocery chain, announced their intent to build a future store in Georgetown's southeast quadrant, which will be their 3rd location within the City. The first three months of fiscal year 2013 continued this trend in development activity throughout the City.

Georgetown takes an active role in water and wastewater planning with the Brazos River Authority (BRA) to find regional solutions to the ever increasing demand for services, while protecting the natural environment within the area. Growth within the utilities continues to have strong positive impacts to the financial and economic conditions of Georgetown.



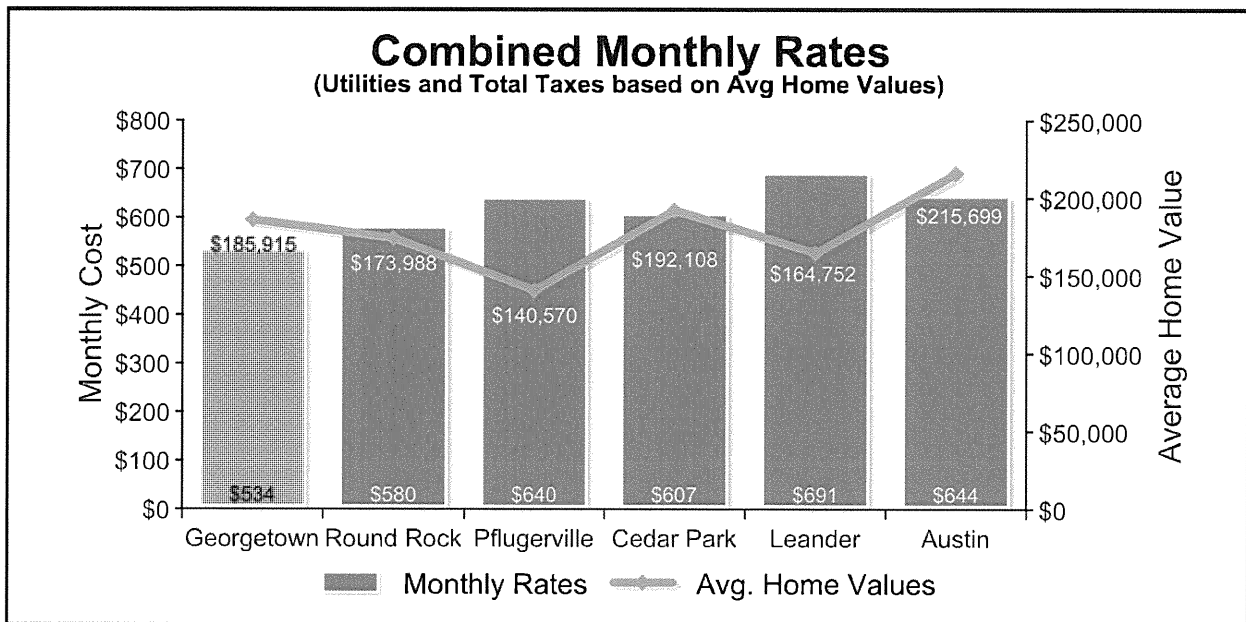
MAJOR INITIATIVES

Energy Services. The City of Georgetown had historically purchased 90% of its wholesale power from the Lower Colorado River Authority (LCRA) through a Wholesale Power Agreement (WPA) that was set to expire in 2016. Georgetown had opted not to renew that agreement and had lined up new power supply options. Due to on-going contractual issues, on June 28th, 2012, the City of Georgetown delivered notice to the LCRA declaring LCRA to be in breach of the WPA covering the supply of electricity and all related services to the City's Georgetown Utility System (GUS). On August 13th, 2012, per the terms of the WPA, the City of Georgetown delivered to LCRA a notice of termination to be effective on September 13th, 2012. Georgetown and LCRA continue in their dispute with a trial on the merits of the case is on hold pending the final resolution of pleas being appealed. The case could take several years to be resolved. However, Georgetown was successful in its bid to begin purchasing its own wholesale power.

Beginning on September 13th, 2012, GUS began receiving energy from its other suppliers to replace the energy LCRA had planned to serve. GUS also extended its active management of its daily energy supply to cover the larger market exposures, congestion issues, and real time settlements that LCRA previously handled. GUS currently has power arrangements to cover 100% of its projected needs through May 2013. GUS is currently evaluating its energy needs through June of 2016. Post 2016 GUS has covered 60% of its needs to 2021, and is maintaining a wind contract for Southwestern University to 2028. The financial impact of these changes is lower purchased power costs which are being passed on to customers through a lower Power Cost Adjustment (PCA) portion of the electric rate to retail customers to prevent excessive accumulation of fund balance, including offering a negative PCA for the first time in the utility's history. In September the PCA rate was \$0.01 per kWh. Starting in October that rate was lowered to negative \$0.003 per kWh, and is likely to be lowered further in 2013. General fund franchise fee revenues are based on the number of kWh sold; therefore, no impact on other City funds is expected.

Regional Water. Early in 2012, the City was approached by the Chisholm Trail Special Utility District (CTSUD) which provides water service to several areas within the City; as well as, the City's extra territorial jurisdiction (ETJ) and future growth centers, about the possibility of merging with the City's water system. A detailed feasibility study was completed in August 2012 and evaluated by both entities. A Memorandum of Understanding was approved by the City Council and the CTSUD board in October 2012 to move forward with the consolidation of the systems. This consolidation will provide opportunities for the City's future growth and development, as well as, consistent service to that regional area for years to come. The addition of the CTSUD's approximately 6,500 customers will enhance economies of scale for both entities and improve water availability for the CTSUD customer area. This consolidation will provide opportunities for the City's future growth and development, as well as, consistent service to that regional area for years to come. The consolidation is expected to be complete in late 2013 and will have no negative impact on the City's existing water services.

Utility Rates. The City continues to review rate requirements for all utilities annually, as part of the budget process. Environmental mandates for water and wastewater continue to be the driving factor in rate analysis. Water and wastewater rates were reviewed by the City to ensure rates were funding the costs of providing services. The City uses a conservation water rate structure that allows the users of the peak demand for water to pay for the costs of future plant expansion. Georgetown's utility rates continue to provide value for citizens and businesses.



Transportation. Traffic and transportation continues to be one of City Council's top priorities. In November 2008, city voters authorized \$46 million for road projects, with bonds to be issued within the next ten years. To date, \$11,975,000 in road bonds have been issued for planned projects to meet the City's needs. The 2010 census resulted in moving the City's transit system from a rural designation to a large urban designation that is part of the Austin area system. The City has been working closely with its partners in transit services, Capital Metro and Capital Area Rural Transportation System (CARTS), to make the transition and plan for possible future expansion of services. The City, through its Transportation Advisory Board, reviews its five year Transportation Improvement Program annually. In addition, the City is developing a plan to assume responsibility of traffic lights within the City. Implementing a regional pavement design system and program to ensure cohesiveness of the City's roadways continues to be a top priority.

Public Safety. Improving public safety response has been a major priority for the last several years. A new Computer Aided Dispatch and Records Management system was implemented in 2010 to increase the effectiveness of the system public safety response. The City completed and opened Fire Station 5 to address response times in sections of the Northwestern portion of the City in October 2012, and will complete a reconstruction of Fire Station 2 serving the central area in February 2013. In May 2011, a \$29,500,000 bond election was approved by the voters for the construction of a Public Safety Operations and Training Complex (PSOTC). This facility will include Police and Fire administration and operations offices, a 24-hour emergency communications center and training areas, including an obstacle course. The complex design is underway with construction expected to be completed in fall 2014.

Long Range Planning. Planning for Georgetown's future is a major priority, as the City formally adopted a new comprehensive plan, the Georgetown 2030 Plan in February 2008. This Plan provides vision for the future and is designed to address growth issues facing the community over the next 20+ years. This project required citizens throughout the community to provide the foundation for policies needed to ensure that the Georgetown of 2030 has the unique quality of life that it does today. While managing growth will continue to challenge City leaders, the commitment to provide residents with "something special" makes for a truly unique hometown feeling.

The economic slowdown provided the City with a unique opportunity for planning initiatives to ensure the City is prepared when growth trends resume. The City adopted the Parks Master Plan in March 2009 to continue to preserve river corridors and expand parks and green space. Other plan elements that have been adopted include the Utility/Infrastructure Plan Element in 2009, the Citizen Participation Plan in 2010, and the Housing Plan and Public Safety Plan both in 2012. Plans in process and expected to be completed by late 2013 and early 2014 include the Transportation Plan Update, the Public Facilities Plan, the Downtown Master Plan Update and the Historic Preservation Plan.

Park Improvements. The City continues to expand its award winning park system through continued development of the City's trail system along the San Gabriel Rivers to Lake Georgetown. In November 2008 city voters authorized \$35.5 million in bonds to fund park improvements. The City adopted the Parks Master Plan in March 2009 to continue to preserve river corridors and expand parks and green space. The first phase of the San Gabriel River Trail expansion is under construction and is scheduled to complete by summer 2013. This trail system has been designated as a National Recreation Trail, one of only 15 such trails in Texas. During 2012, the City also began significant efforts to revitalize existing parks and target new land to expand the City's park system. During 2013, the City expects to issue an additional \$5 million of the authorized bonds to implement the next steps in the City's master plan.

FINANCIAL INFORMATION

The City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft or misuse and that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The City's Chief Financial Officer, Finance Director, Controller, and other key staff in the Division of Finance and Administration design and maintain the internal control structure. These controls are under continuing review by management, and under annual review by the independent auditors. During the year, the Finance Division performs internal audits on selected procedures and operations throughout the City organization. The selection of priorities and timing of audits are determined by the Chief Financial Officer, along with the City Manager.

Single Audit. As a recipient of federal and state financial assistance, the City is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal controls are subject to periodic evaluation by management. The tests relating to the receipt of such funds are known as Single Audit testing. These tests are made to determine the adequacy of internal controls, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The compliance section is included beginning at page 209.

Budgetary Controls. The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of all 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 established by division and department within an individual fund. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts are reserved at year-end and carried forward into the following year.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

OTHER INFORMATION

Independent Audit. The City Charter requires an annual audit by independent certified public accountants. The accounting firm of CliftonLarsonAllen, LLP was selected by the City Council. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2012, are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion and that the City's financial statements for the fiscal year ended September 30, 2012, are fairly presented in conformity with GAAP. The independent auditor's report on the basic financial statements and schedules are included in the financial section of this report.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2011. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such Comprehensive Annual Financial Reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. The City has received a Certificate of Achievement for twenty-five (25) consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

We are also proud to report that the GFOA has presented the Distinguished Budget Presentation Award to the City of Georgetown for each of the past twenty-three (23) years.

Acknowledgments. The presentation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Division. We would like to express our appreciation to all members of the division who assisted and contributed to its presentation. Special acknowledgment goes to Lindsay Daniell, Accounting Supervisor, La'Mar Kemp, Senior Accounting Specialist, Chris Foster, Utilities Financial Analyst, and Danella Elliott, Executive Assistant, for their dedication in preparing this report.

We would also like to thank the City Manager, Mayor and City Council. The preparation of this report would not be possible without their leadership and support.

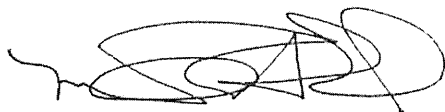
Sincerely,



Lisa Haines, CGFO
Controller



Susan Morgan, CPA
Finance Director



Micki Rundell, CGFO
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Georgetown
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

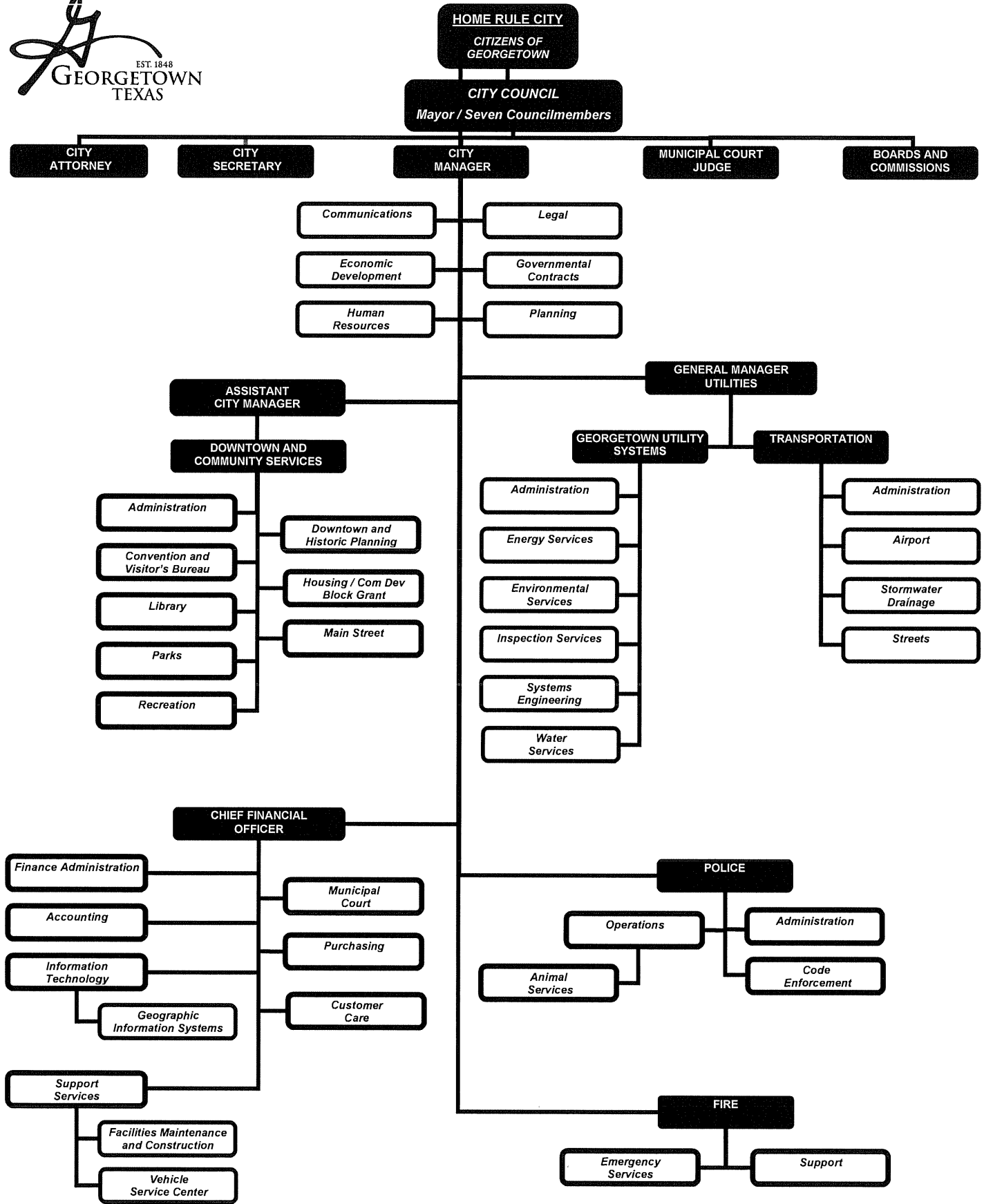
September 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Moynell
President

Jeffrey L. Esser
Executive Director



CITY OF GEORGETOWN, TEXAS

ELECTED OFFICIALS AND ADMINISTRATIVE OFFICERS
SEPTEMBER 30, 2012

ELECTED OFFICIALS

Mayor	George Garver
City Council Member, District 3, Mayor Pro Tem	Danny Meigs
City Council Member, District 1	Patty Eason
City Council Member, District 2	Troy Hellmann
City Council Member, District 4	Bill Sattler
City Council Member, District 5	Jerry Hammerlun
City Council Member, District 6	Rachael Jonrowe
City Council Member, District 7	Tommy Gonzalez

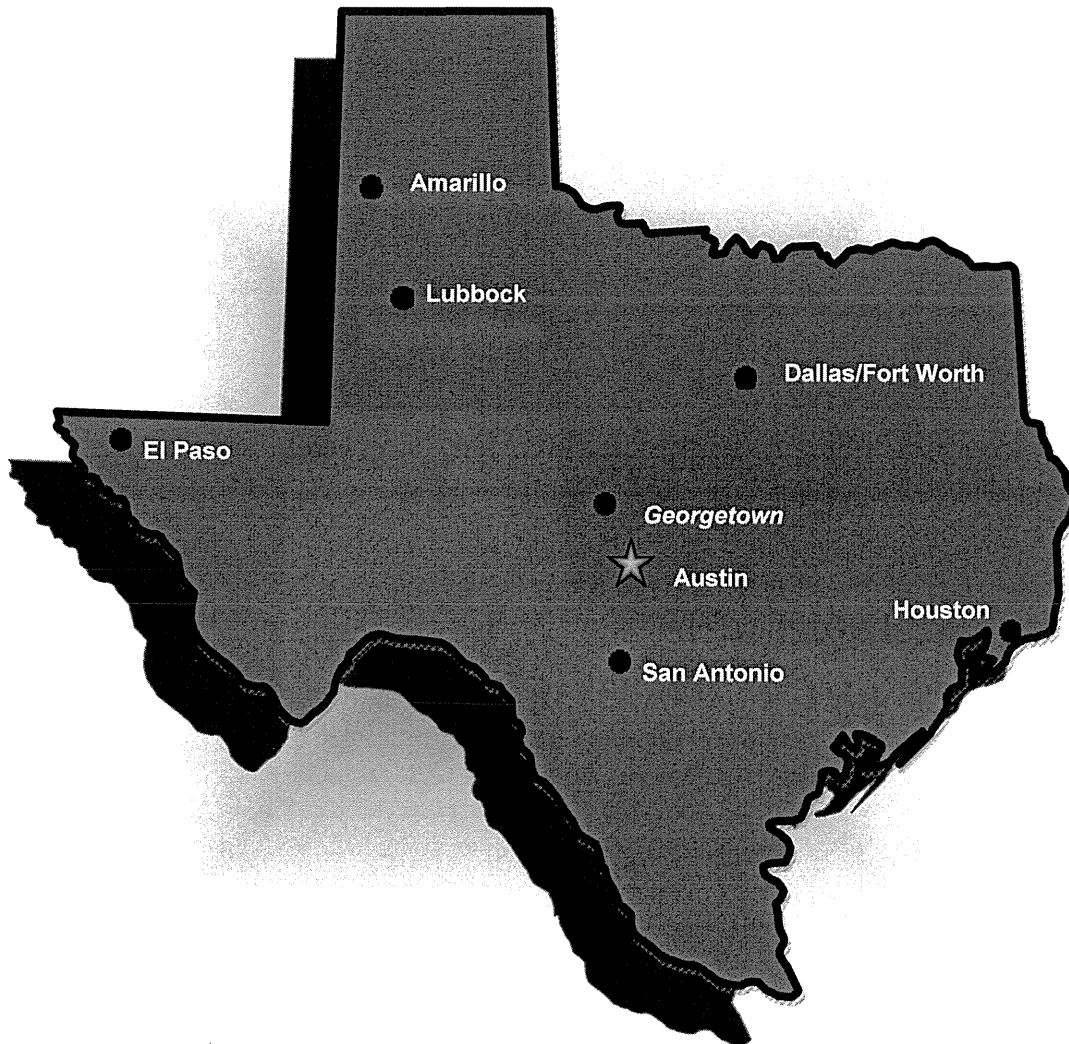
APPOINTED OFFICIALS

City Manager	Paul Brandenburg
Acting City Attorney	Bridget Chapman
City Secretary	Jessica Brettle
Municipal Court Judge	Randy Stump

OTHER CITY OFFICIALS

General Manager for Utilities	Jim Briggs
Assistant City Manager	Laurie Brewer
Chief Financial Officer	Micki Rundell
Fire Chief	John Sullivan
Police Chief	Wayne Nero

Location



Georgetown is the northern most “gateway” to the gently rolling hills of Central Texas. While Georgetown offers the amenities and charm of a small community rooted in values of days gone by, it is strategically and centrally located in the middle of the four major metropolitan areas of Texas. Austin is 26 miles south, Dallas is two hours north, Houston is two hours southeast and San Antonio is just one-and-a-half hours south, placing Georgetown in a very advantageous position for cultural and economic development. Traveling to and from Georgetown is easy, as it is at the crossroads of IH-35 going north/south and State Highway 29 going east/west. Access to Georgetown via the Austin-Bergstrom International Airport was made much easier with the opening of State Highway 130, the toll road from Georgetown to San Antonio that parallels IH-35.



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Financial Section



FINANCIAL SECTION

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CliftonLarsonAllen

Independent Auditor's Report

Honorable Mayor and City Council
City of Georgetown, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Georgetown, Texas (the "City") as of, and for the year ended, September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of September 30, 2012, and the respective changes in financial position and, cash flows where applicable and the applicable budgetary comparisons for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and Texas Municipal Retirement System Trend Data and Other Post Employment Benefits and modified approach for Streets Infrastructure Capital Assets on pages 25 through 37 and 99 through 100 be presented to supplement the basic financial statements, such information although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of

preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

CliftonLarsonAllen LLP

Dallas, Texas
February 21, 2013

CITY OF GEORGETOWN, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the City of Georgetown financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

General Fund

- At the end of the current fiscal year, the fund balance of the General Fund was \$10,631,410 or 5% higher than FY 2011 fund balance. The fund had \$7 million of committed fund balance, \$1.2 million of assigned fund balance and \$2.4 million of unassigned fund balance. Revenues were \$900,000 more than the original budget estimates.
- General Fund revenues increased \$1 million, an increase of 3% over FY 2011. This increase can be attributed to increased sales tax revenues, licenses and permits revenues, and environmental services revenues.
- General Fund expenditures increased by \$1.1 million, an increase of 3% over FY 2011. This increase relates to scheduled street maintenance and public safety.

Governmental Activities

- On a government-wide basis for governmental activities, the City had expenses net of program revenue of \$35.3 million. General revenues and transfers totaled \$43.3 million, resulting in an increase in net assets of \$8 million.
- As of September 30, 2012, the City's governmental activities reported combined ending net asset balances of \$198.8 million. The largest element of this balance is the value of the City's investment in capital assets which totaled \$143.7 million. Capital assets include the value of streets, parks and facilities, net of related debt.
- Under GASB Statement 54, a new presentation of fund balance is required. The City's governmental fund balance is as follows:

Nonspendable	\$2,110	Inventories
Restricted	\$24,838,353	Debt service, dedicated tax and bond funds
Committed	\$18,063,204	Contingency, other capital projects and special revenue funds
Assigned	\$10,101,327	Encumbrances
Unassigned	\$2,419,053	Available for any purpose

- During fiscal year ended September 30, 2012, the City issued approximately \$18,982,000 in General Obligation and Certificates of Obligation bonds. The debt issue funded general capital projects for roads, public safety facilities and equipment. The City's general obligation debt is rated AA+ by Standard & Poor's and AA2 by Moody's.

Business-Type Activities

- The net assets of the City's business-type activities had a current year increase of \$9.7 million. The current year increase is due to the continued growth of the customer base of the utility systems and \$3.9 million of infrastructure assets contributed by developers for commercial projects and residential subdivisions.
- The City issued \$7.7 million utility system revenue bonds in FY 2012. The City's Standard & Poor's rating is AA- and the Moody's rating is AA2 on the utility system revenue debt.

Entity-Wide

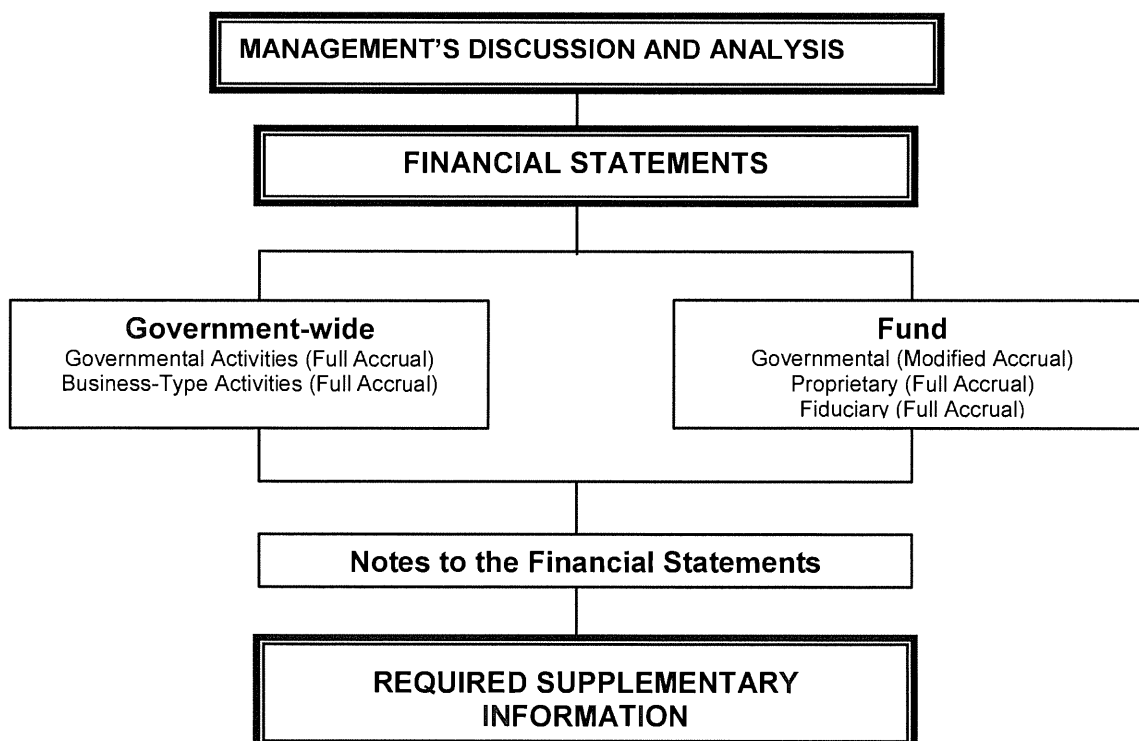
- The City's total net assets on a government-wide basis were \$457 million at September 30, 2012, an increase of 6% over September 30, 2011. Most of this balance is invested in capital assets, restricted for specific purposes, or related to a long-term receivable.
- The City received \$6.3 million of grants and other capital contributions in FY 2012.

USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report consists of three sections: introductory, financial and statistical. As illustrated in the following chart, the financial section of this report has three components: management's discussion and analysis (this section), the basic financial statements, and required supplementary information.

Components of the Financial Section

BASIC FINANCIAL STATEMENTS



CITY OF GEORGETOWN, TEXAS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the City as a whole, using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities, reported using the full accrual basis of accounting. The statement of activities accounts for all of the current year's revenues and expenses, regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net assets, which are the difference between the City's assets and liabilities, are one way to measure the financial health of the City. Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the City, one needs to consider other non-financial factors such as changes in the City's property tax base and condition of the City's infrastructure.

The government-wide financial statements of the City are divided into two categories:

Governmental Activities – Most of the City's basic services are included here, such as police, fire and other public safety services, parks and recreation, public library, street maintenance, environmental services, and general administration. Property and sales taxes, return on investment from the City's utility services, and charges for services finance most of these activities.

Business-type Activities – The City's Water Services Fund, which includes water, wastewater and irrigation services, as well as its Electric utility, are reported here. Stormwater Drainage and the City's Airport are also reported in these activities. Fees charged to customers fund the costs of providing these services.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the City's most significant funds and will be more familiar to traditional users of government financial statements. The focus is now on major funds rather than fund types.

The City has three types of funds:

Governmental Funds – General Fund, Special Revenue Funds, Capital Projects Funds and the Debt Service Fund are governmental funds, which focus on:

- (1) How cash and other financial assets can readily be converted to cash flow (in and out), and
- (2) Year-end balances readily available for spending.

Consequently, the governmental funds statements provide a short-term view that helps determine whether there are greater or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided with the governmental fund financial statements that explain the reconciliation between the fund statements and the government-wide statements.

CITY OF GEORGETOWN, TEXAS

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Proprietary Funds – Services for which the City collects fees and rates intended to fully recover the cost of providing the service are reported in proprietary funds. Two types of proprietary funds are allowed in governmental accounting: enterprise funds and internal service funds. These funds, similar to government-wide statements, provide both long-term and short-term financial information.

The City's enterprise funds are substantially the same as its business-type activities, but the fund financial statements provide more detail and additional information, such as cash flows. The City uses enterprise funds to account for its electric, water services, airport, and stormwater drainage activities. The City uses internal service funds to report activities that provide supplies and services for the City's other programs, activities and funds. The City's internal service funds are used in providing facility maintenance, fleet services, joint services (providing administrative functions to the other funds), as well as information technology services.

Fiduciary Funds – The City is trustee, or fiduciary, for certain amounts held on behalf of others, and for certain pass-through arrangements. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The City's fiduciary activities are reported in a separate statement of fiduciary net assets. Assets for assessment collections for the City's public improvement districts, and pass-through lease agreements for Texas Capital Fund projects are held in fiduciary funds. These fiduciary activities are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

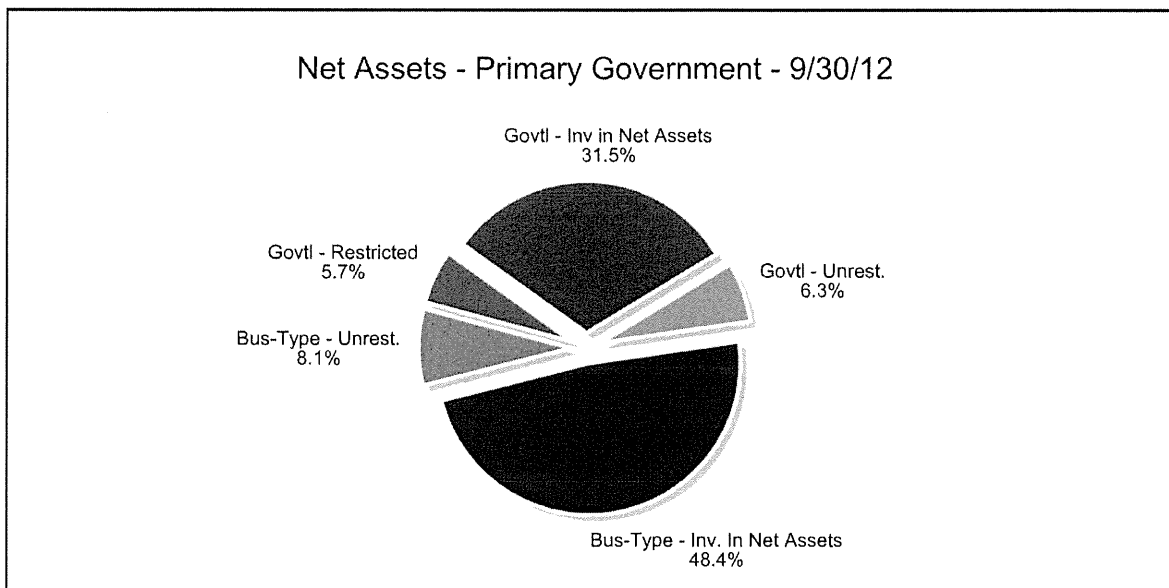
Statement of Net Assets:

The following table reflects the condensed Statement of Net Assets:

Summary Statement of Net Assets						
<i>(In thousands)</i>						
	Govtl Activities		Bus-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 66,936	\$ 61,190	\$ 47,799	\$ 54,255	\$ 114,735	\$ 115,445
Capital assets	253,521	238,021	281,475	274,287	534,996	512,308
Total assets	\$ 320,457	\$ 299,211	\$ 329,274	\$ 328,542	\$ 649,731	\$ 627,753
Long-term liabilities	\$ 114,653	\$ 104,003	\$ 64,504	\$ 70,636	179,157	\$ 174,639
Other liabilities	7,001	4,404	6,911	9,794	13,912	14,198
Total liabilities	\$ 121,654	\$ 108,407	\$ 71,415	\$ 80,430	\$ 193,069	\$ 188,837
Net assets:						
Invested in capital assets, net of related debt	\$ 143,744	\$ 138,537	\$ 220,810	\$ 217,340	\$ 364,554	\$ 355,877
Restricted	26,064	30,408			26,064	30,408
Unrestricted	28,995	21,859	37,049	30,772	66,044	52,631
Total net assets	\$ 198,803	\$ 190,804	\$ 257,859	\$ 248,112	\$ 456,662	\$ 438,916

CITY OF GEORGETOWN, TEXAS

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The City's combined net assets increased by \$18 million to \$457 million from \$439 million in FY 2012.

- Net assets of the governmental activities were \$198.8 million. Most of these assets are invested in capital assets or restricted for particular purposes, such as debt service or capital projects.
- The City's unrestricted net assets for governmental activities, which can be used to finance day to day operations, totaled \$29 million.
- Included in unrestricted net assets are fund balances that are earmarked for particular purposes, such as parks improvements, street maintenance, development, and tourism. The balance of these funds at September 30, 2012 was \$6 million.
- Net assets increased primarily as a result of increases in capital assets and construction in progress. Projects completed or underway during the year included:
 - Public Safety Facility design
 - Fire Station 2 reconstruction and demolition of current facility
 - Fire Station 5 construction
 - River trails expansion
 - Transportation improvements including:
 - Southeast arterial 1/130 Connection
 - FM 1460
 - FM 971/NE Innerloop
 - College Street bridge
- Net assets invested in capital assets net of related debt for governmental activities increased \$5.2 million in part due to renovations/construction of City buildings and transportation improvements.
- Current year net assets of business-type activities increased by \$9.7 million, primarily due to developer contributed capital and additions to capital assets.
- During 2012, the City invested \$23.6 million towards improving and expansion of utility infrastructure, compared to \$19.2 million in 2011. Projects included:
 - Downtown underground project
 - Electric fiber
 - Lake WTP expansion, phase III
 - AMI system
 - Electric Substation Glasscock

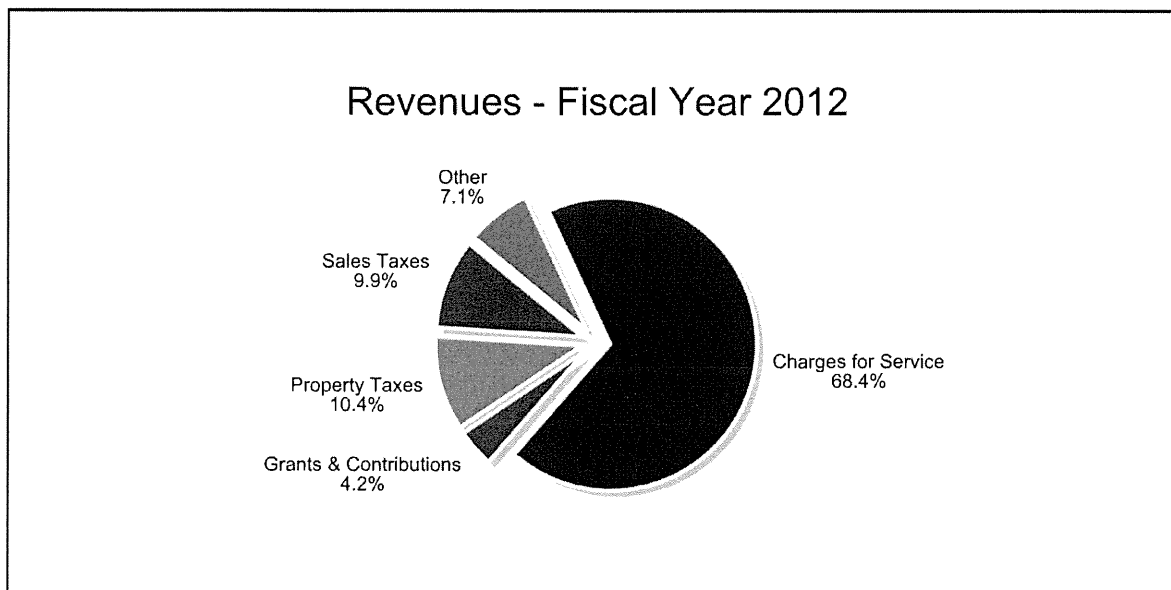
CITY OF GEORGETOWN, TEXAS

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Changes in Net Assets (In thousands)						
	Govt Activities		Bus-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
<i>Program Revenues</i>						
Charges for Service	\$ 12,686	\$ 10,752	\$ 90,955	\$ 91,103	\$ 103,641	\$ 101,855
Operating Grants & Contributions	957	962	147	127	1,104	1,089
Capital Grants & Contributions	2,431	4,423	3,918	2,062	6,349	6,485
<i>General Revenues</i>						
Property Taxes	15,752	14,363			15,752	14,363
Sales Taxes	15,045	14,148			15,045	14,148
Other Taxes	1,143	1,101			1,143	1,101
Franchise Taxes	3,924	3,875			3,924	3,875
Interest	231	187	156	172	387	359
Other	710	590	4,004	2,971	4,714	3,561
Total Revenues	\$ 52,879	\$ 50,401	\$ 99,180	\$ 96,435	\$ 152,059	\$ 146,836
Expenses:						
Culture-recreation	9,328	9,394			9,328	9,394
Development	2,285	2,374			2,285	2,374
Fire	8,634	8,110			8,634	8,110
General government	4,851	5,293			4,851	5,293
Interest on long term debt	4,375	3,657			4,375	3,657
Police	11,522	11,030			11,522	11,030
Streets	5,565	6,523			5,565	6,523
Environmental Services	4,831	4,339			4,831	4,339
Electric			56,407	54,289	56,407	54,289
Water Services			21,597	22,224	21,597	22,224
Airport			3,013	3,751	3,013	3,751
Stormwater			1,905	1,970	1,905	1,970
Total Expenses	\$ 51,391	\$ 50,720	\$ 82,922	\$ 82,234	\$ 134,313	\$ 132,954
<i>Change in net assets before transfers</i>	<i>1,488</i>	<i>(319)</i>	<i>16,258</i>	<i>14,201</i>	<i>17,746</i>	<i>13,882</i>
Transfers	6,511	6,872	(6,511)	(6,872)		
Change in net assets	7,999	6,553	9,747	7,329	17,746	13,882
Net Assets - Beginning	190,804	184,251	248,112	240,783	438,916	425,034
Net Assets - Ending	\$ 198,803	\$ 190,804	\$ 257,859	\$ 248,112	\$ 456,662	\$ 438,916

CITY OF GEORGETOWN, TEXAS

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REVENUES

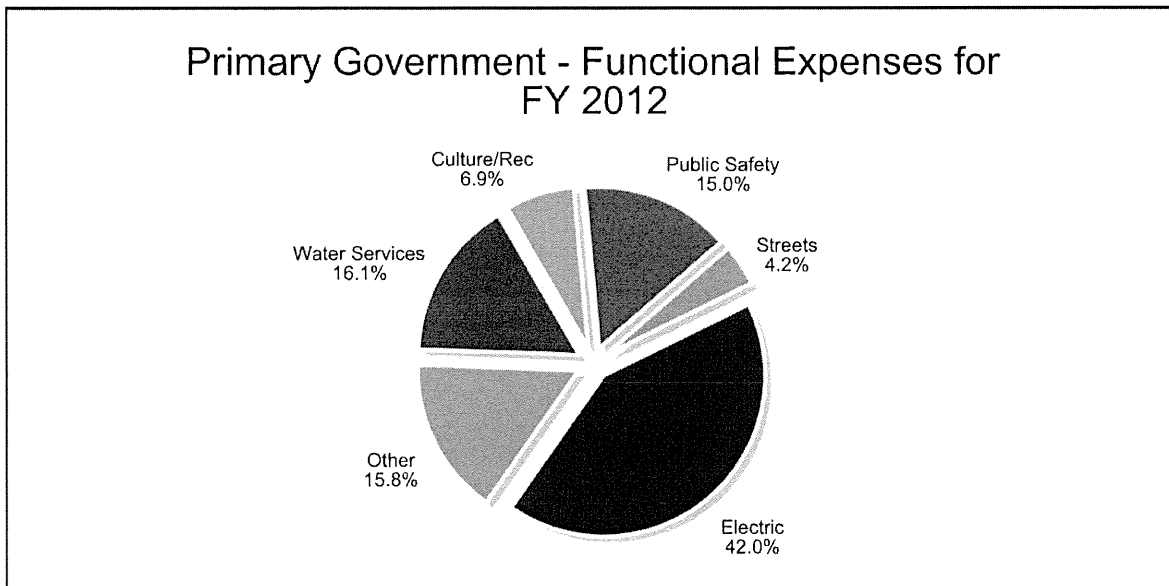
- **Program revenues** are derived from the program itself and reduce the cost of the function to the City. Total program revenues for both governmental and business-type activities are described below.
 - **Governmental activities program revenue** for the fiscal year ended September 30, 2012 was \$16.1 million, consistent with the prior year. The *Charges for Services* category represents receipts primarily from environmental services, development and building inspection fees, parks fees, fire billing for services and court fines. Charges for services were \$12.7 million in FY 2012, an 18% increase from FY 2011 revenues. Development related revenues increased \$763,500 over the prior year due to the increase in the number of permits issued. Other governmental program revenues included operating grants for parks, fire and police programs.
 - **Business-type activities program revenue** totaled \$95 million, a 2% increase over prior year. Capital grants and contributions were \$1.9 million higher than the prior year. *Charges for Services*, which represent receipts from utility customers for electric, water, and wastewater, decreased slightly, \$147,500. Electric charges for service increased 1.4% due to modest customer growth and increases in purchased power costs. These power costs increases were passed through to the customers through a fuel recovery charge. Water charges for services decreased 1%. While the fall and winter received rainfall, Central Texas was still experiencing a drought. Other program revenues include airport fuel sales, hangar rentals and stormwater drainage fees.
- **General revenues** are revenues from taxes levied on behalf of the general government and other revenues used for general government activities not specific to a program or service. These revenues and notable changes are described below.
 - *Property taxes* totaled \$15.8 million. Included in these taxes are real and personal property levies which are assessed October 1, and payable before the following January 31.
 - Assessed valuations on existing properties were nearly flat, while total assessed valuation increased 2.1% compared to the prior year. The variance is attributed to \$93 million in new and annexed property.
 - The ad valorem tax rate for fiscal year 2012 was \$0.3875 per \$100 of assessed valuation. This is an increase of \$0.03128 over the prior year's rate of \$0.35622. The

CITY OF GEORGETOWN, TEXAS

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majority of the increase is funding new debt. The new tax rate is a 5% increase over the 2012 effective rate.

- *Sales taxes*, the City's second largest source of general revenue, totaled \$15 million for fiscal year 2012, which was an increase of 6% compared to the prior year. This increase was primarily due to the slight recovery in the local economy. Sales tax revenues represented 29% of the general revenue total in 2012, excluding the return-on-investment transfers from the utility funds.
- Hotel/motel taxes totaled \$454,531, compared to \$394,080 in FY 2011 and are included in *other revenue*.



EXPENSES

- **Expenses for governmental activities** totaled \$51.4 million, versus \$50.7 million in FY 2011. Major expenses include the Environmental Services (sanitation) contract, salaries for providing services in the public safety area, as well as for parks maintenance. Expenses were approximately \$672,000 higher than the prior year. Other explanations for the increases are noted below.
 - Culture-recreation decreased slightly, 0.7% over the prior year.
 - Development decreased 3.8%. The decrease can be attributed to vacant positions.
 - The opening of fire station no. 5 resulted in an overall increase in fire expenses of 6.5% over prior year.
 - Streets decreased 14.7% due to the timing of scheduled maintenance of the transportation system.
 - Environmental services increased 11.3% due to a fuel adjustment and an increase in the sanitation contract.
- **Expenses for business-type activities** totaled \$82.9 million, less than a 1% increase over the prior year, which provided electric, water, and wastewater services for customers, as well as airport and stormwater drainage programs. Notable explanations for the increases are explained below.
 - The increase in expenses in Electric are associated with the fluctuation of the purchased power costs and system growth which resulted in a 3.9% increase over prior year.
 - Water had 2.8% lower operating and plant management expenses.

CITY OF GEORGETOWN, TEXAS

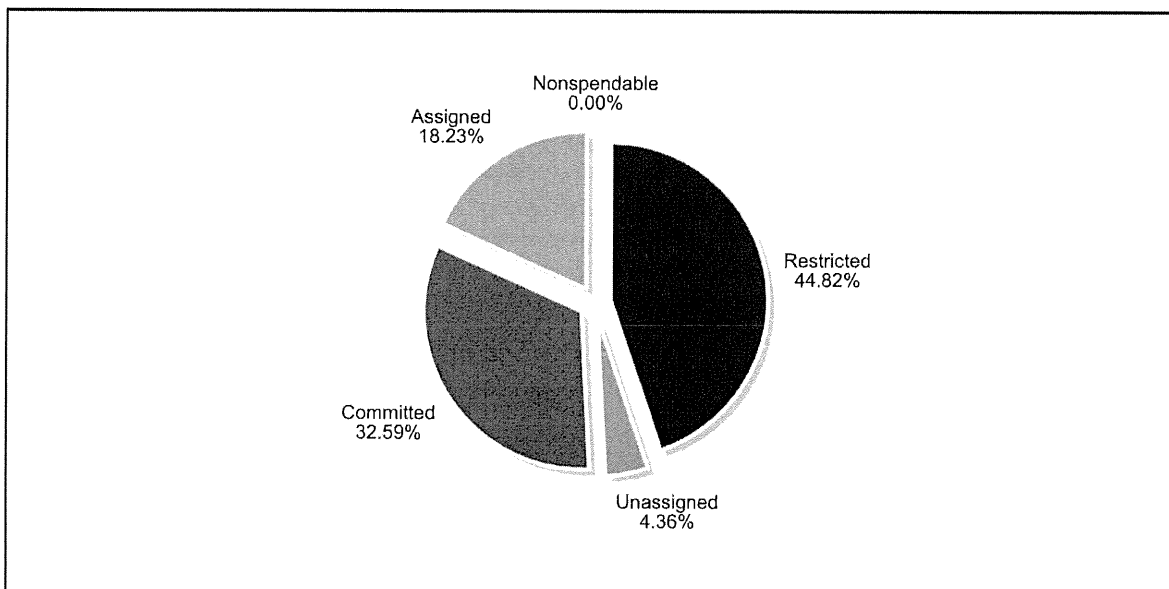
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- The 24.5% decrease at the Airport is related to fewer fuel purchases for resale and the price of fuel compared to FY 2011.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds: The City's Fund Balance is the accumulated difference between assets and liabilities within **governmental funds**, and it allows the City to meet its contractual obligations, fund disaster or emergency costs, provide cash flow for timing purposes and fund non-recurring expenses appropriated by City Council. This policy establishes limitations on the purposes for which Fund Balances can be used in accordance with Governmental Accounting Standards Board (GASB) Statement Number 54.

The City's Fund Balance consists of five components:



- Non-spendable Fund Balance – includes inherently non-spendable assets that will never convert to cash, as well as, assets that will not convert to cash soon enough to affect the current financial period. Assets included in this category are prepaid items, inventory and non-financial assets held for resale.
- Restricted Fund Balance – represents the portion of fund balance that is subject to legal restrictions, such as grants, hotel/motel tax receipts and bond proceeds.
- Committed Fund Balance – describes the portion of fund balance that is constrained by limitations that the City Council has imposed upon itself through an ordinance or resolution, and remains binding unless the City Council removes the limitation.
- Assigned Fund Balance – is that portion of fund balance that reflects the City's *intended* use of the resource and is assigned by City management based on Council direction for a designated purpose.
- Unassigned Fund Balance – represents funds that cannot be properly classified in one of the other four categories.

For the fiscal year ended September 30, 2012, the City's governmental funds reflect a combined fund balance of \$55.4 million.

The General Fund had a fund balance of \$10,631,410 for FY 2012, an increase of \$476,763 over FY 2011. Most of this increase is due to sales tax revenues and licenses and permit revenues. According to

CITY OF GEORGETOWN, TEXAS

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the Fiscal and Budgetary Policy of the City, the use of excess fund balance is limited to non-recurring one time only expenses.

General Capital Project Fund had a fund balance of \$24.3 million for FY 2012 compared to \$19.3 million for FY 2011. This significant increase is due to the issuance of general obligation debt to fund general capital projects. The City issued \$15,800,000 of debt to fund road projects, public safety equipment, and the public safety facility approved with the 2011 bond authorization from the citizens. The City expended \$8.9 million on various general capital projects.

Non-major governmental funds include an increase in fund balance of \$1.6 million due to the funding and timing of street improvement projects in the Sales Tax Maintenance Fund.

General Debt Service Fund reflects a decrease of \$227,000 in FY 2012. This decrease is due to the repayment of bond principal and payment to escrow in conjunction with the advance refunding of debt.

Georgetown Transportation Enhancement Corporation (GTEC), the City's blended component unit had a 26.7% decrease in fund balance due to the timing of capital improvement projects. GTEC contributed \$6.4 million in transportation improvements to facilitate economic development in 2012.

Business-type Activities: The City's **proprietary fund** statements provide the same type of information found in government-wide financial statements, but in more detail.

Total unrestricted net assets for as of September 30, 2012 totaled \$37 million, which included \$13 million for Electric, \$21.3 million for Water and \$2.7 million for all other Non-Major funds. The change in net assets for FY 2012 was \$9.7 million resulting primarily from continued growth in the City's utility systems and capital improvements.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original and final budget of the General Fund changed due to a budget amendment for an increase in Culture-recreation programs, environmental services relating to fuel, street maintenance projects and grant matches. The variance between the actual ending fund balance at September 30, 2012 of \$9.4 million and the final budgetary fund balance of \$7.5 million is attributed to higher than expected sales tax revenues, increased licenses and permits revenue due to an increased number of permits issued, and the timing of streets projects.

CAPITAL ASSETS

The City's governmental activities (including the internal service funds) had invested \$254 million in a variety of capital assets and infrastructure. The City has \$281 million invested in its business-type activities capital assets. The detail is reflected in the following schedule:

CITY OF GEORGETOWN, TEXAS

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Governmental Activities Change in Capital Assets* (In thousands)				
	Balance 9/30/2011	Additions	Deletions & Transfers	Balance 9/30/2012
<i>Non-depreciable Assets:</i>				
Land	\$ 6,938	\$ 1,503		\$ 8,441
Construction in progress	22,279	16,026	\$ (15,417)	22,888
Streets	140,382	2,829		143,211
<i>Other capital assets</i>				
Equipment	28,402	4,081	(636)	31,847
Buildings	51,821	4,721	(413)	56,129
Improvements	26,505	6,746		33,251
<i>Less accumulated depreciation</i>	<i>(38,306)</i>	<i>(4,868)</i>	<i>928</i>	<i>(42,246)</i>
Capital Assets - Governmental	\$ 238,021	\$ 31,038	\$ (15,538)	\$ 253,521
Business-Type Activities Change in Capital Assets (In thousands)				
	Balance 9/30/2011	Additions	Deletions & Transfers	Balance 9/30/2012
<i>Non-depreciable Assets:</i>				
Land	\$ 2,572			\$ 2,572
Construction in progress	11,868	\$ 14,150	\$ (2,660)	23,358
<i>Other capital assets</i>				
Equipment	2,503	10		2,513
Buildings	6,949			6,949
Improvements	334,264	6,349		340,613
<i>Less accumulated depreciation</i>	<i>(83,869)</i>	<i>(10,660)</i>		<i>(94,529)</i>
Capital Assets - Business-Type	\$ 274,287	\$ 9,849	\$ (2,660)	\$ 281,476
City-wide Totals	\$ 512,308	\$ 40,887	\$ (18,198)	\$ 534,997
*Includes internal service funds assets, which are allocated to governmental activities				

The City prepared a complete inventory of street infrastructure assets in 2003 and 2004 and assigned a value to the inventory based upon the age of the street and construction indexes. This established a base line for inventory reporting under the modified approach for GASB 34 reporting.

The Council adopted a financial policy that establishes an average condition level of 85 to maintain the streets in "good" condition. The Pavement Condition Index (PCI) is a measurement scale for pavement condition, ranging from zero (poor) to 100 for pavement in perfect condition. The PCI for fiscal years 2005-2007 was 91 and 2008-2010 was 93. During 2011, the City contracted with Fugro Consultants, Inc. to reassess the condition of the pavement management system. The PCI for 2011 was 88. This decrease can be attributed to recently annexed areas with streets needing improvements. This assessment is conducted every three years and will be reevaluated in 2013.

The City budgets approximately \$1.25 million annually of General Fund revenues for on-going street maintenance projects, along with the staff and maintenance costs of the street department. In addition, the City also budgets for the approximate \$1.9 million of funds received in dedicated 1/4 cent sales tax for street maintenance. The maintenance funds are allocated among various projects identified by the analysis to ensure funds are spent where needed to maintain the PCI adopted by Council.

CITY OF GEORGETOWN, TEXAS

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Utility infrastructure maintenance is budgeted within the utility funds. For fiscal year 2012, funding for electric and water services infrastructure maintenance was \$1.2 million.

Major capital assets added in FY 2012 are noted below:

• General Capital Projects:	
• Construction in process projects	\$16,026,289
▪ Williams Drive widening	
▪ Rock Street extension	
▪ Hwy 29 Southwest Bypass	
▪ Arterial SE1 Inner Loop	
▪ Fire Stations 5 and 2	
• Public safety vehicle purchases	\$1,200,000
• Bookmobile	\$128,700
• Electric	
• Digger Derrick	\$175,600
• Bucket Trucks	\$118,600
• Electric system improvement in process	\$6,399,403
• Electric system improvement complete	\$1,039,000
• Fiber	\$331,500
• Water Services	
• Water system improvements in process	\$6,972,264
• Austin Ave water line	\$259,700

For more detailed notes about the City's capital assets, please see pages 77-79 of the notes to the financial statements.

OUTSTANDING DEBT

City of Georgetown Outstanding Debt and Long-Term Liabilities						
(In thousands)						
	Govtl Activities		Bus-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	\$ 100,357	\$ 89,614	\$ 11,618	\$ 12,981	\$ 111,975	\$ 102,595
Sales tax revenue bonds	9,420	9,870			9,420	9,870
Revenue Bonds			51,425	55,945	51,425	55,945
Compensated absence payable	3,235	3,029	682	685	3,917	3,714
Net pension obligation	1,265	1,207	138	126	1,403	1,333
Other Post Employment Benefits	361	267			361	267
Arbitrage rebate payable	15	15			15	15
Total Long Term Debt	\$ 114,653	\$ 104,002	\$ 63,863	\$ 69,737	\$ 178,516	\$ 173,739

- As of September 30, 2012, the City had a total of \$112 million in general obligation debt outstanding. This represents a 9% increase over prior year. This increase reflects \$3.3 of General Obligation bonds for roads and public safety equipment, as well as \$12.5 million for the Public Safety Facility.
- The state limits the legal amount of tax levy available for general obligation debt service to \$1.50 per \$100 valuation. The City's 2012 debt levy equaled \$0.1646 per \$100 assessed valuation, or 11% of the maximum allowed.

CITY OF GEORGETOWN, TEXAS

MD&A

- Total utility system revenue debt was \$51.4 million as of September 30, 2012. The City issued \$7.7 million additional utility system revenue debt for FY 2012.
- Other long-term debts included are compensated absence payable, net pension obligation, other post employment benefits and arbitrage rebate payable. These experienced only a slight increase over FY 2011 of \$367,500.
- In June 2012, the City issued \$8,415,000 in General Obligation Refunding Bonds with an average interest rate of 3.2%. The City advanced refunded bonds to reduce its total debt service payments over the next 12 years by approximately \$649,000 and to obtain a net economic gain of approximately \$629,000.
- A detailed analysis of the City's long-term debt is located on pages 80-86 in the notes to the financial statements.

ECONOMIC FACTORS

During FY 2012, the City continued to see both modest improvements in the local economy and continuing impacts from the economic downturn. The growth in residential and commercial development continued in FY 2012 with \$252.5 million in new permits; however, unemployment rose 7.08% in 2011 and held constant for 2012. The residential growth in the City's utility service area, which includes both the city limits and the City's extra territorial jurisdiction (ETJ), grew by an average of 2-4% for the past four years.

The adopted FY 2013 budget assumes continued modest growth in new property of approximately \$90 million and an adopted tax rate increase of 5.8% or \$0.41 per \$100 valuation. Sales tax revenues are expected to remain relatively stable for FY 2013. This modest, but conservative, growth trend is also anticipated in the City's utility funds.

DISCRETELY PRESENTED COMPONENT UNIT

The Georgetown Economic Development Corporation (GEDCO) has been included in the reporting entity as a discretely presented component unit since it provides benefits to other entities aside from the City. Separate audited financial statements are not issued for GEDCO.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This report is designed to provide City Council, citizens, customers, bond rating agencies, investors and creditors with a general overview of the City's finances. If you have questions about this report or need additional financial information, contact:

Finance Division
City of Georgetown
113 East 8th Street
Georgetown, Texas 78626
(512) 930-3676
www.georgetown.org



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Basic Financial Statements



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CITY OF GEORGETOWN, TEXAS

STATEMENT OF NET ASSETS SEPTEMBER 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	TOTAL	Georgetown Economic Development Corporation
ASSETS:				
Cash and cash equivalents	\$ 20,235,189	\$ 10,765,191	\$ 31,000,380	\$ 1,497,036
Cash and cash equivalents - restricted		789,750	789,750	
Investments	38,839,562	11,852,239	50,691,801	1,905,319
Investments - restricted		3,382,095	3,382,095	
Prepaid items	12,537	1,842,958	1,855,495	
Accounts receivable:				
Services (net of allowance for uncollectibles)	3,144,806	13,546,536	16,691,342	
Other	2,494,509	1,666,526	4,161,035	162,781
Inventories	353,985	2,373,589	2,727,574	
Long-term note receivable		1,115,036	1,115,036	
Deferred charges - bond issuance costs	1,855,313	463,562	2,318,875	
Capital assets: net of accumulated depreciation	78,980,852	255,546,287	334,527,139	467,475
Land	8,441,015	2,571,662	11,012,677	
Streets	143,211,246		143,211,246	
Construction in progress	22,887,835	23,358,468	46,246,303	
TOTAL ASSETS	\$ 320,456,849	\$ 329,273,899	\$ 649,730,748	\$ 4,032,611
LIABILITIES AND NET ASSETS:				
Liabilities:				
Current Liabilities:				
Accounts payable	\$ 5,701,826	\$ 4,860,686	\$ 10,562,512	\$ 5,022
Accrued interest	590,627	306,417	897,044	
Liabilities payable from restricted assets:				
Construction contracts and other		639,814	639,814	
Customer deposits		843,565	843,565	
Unearned revenue	708,742	900,089	1,608,831	
Noncurrent liabilities:				
Due within one year	7,316,115	5,382,811	12,698,926	55,000
Due in more than one year	107,336,665	58,481,130	165,817,795	1,050,000
Total liabilities	121,653,975	71,414,512	193,068,487	1,110,022
Net Assets:				
Invested in capital assets (net of related debt)	143,744,284	220,809,992	364,554,276	
Restricted for:				
Debt Service	1,749,324		1,749,324	
Capital Projects	24,314,677		24,314,677	
Unrestricted	28,994,589	37,049,395	66,043,984	2,922,589
Total net assets	198,802,874	257,859,387	456,662,261	2,922,589
TOTAL LIABILITIES AND NET ASSETS	\$ 320,456,849	\$ 329,273,899	\$ 649,730,748	\$ 4,032,611

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

CITY OF GEORGETOWN, TEXAS

STATEMENT OF ACTIVITIES FISCAL YEAR ENDED SEPTEMBER 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions
Primary government				
<i>Governmental Activities</i>				
Culture-recreation	\$ 9,328,048	\$ 2,285,209	\$ 119,039	
Development	2,284,858	1,668,635	113,958	\$ 191,141
Fire	8,634,002	1,137,982	430,254	
General government	4,851,250	1,206,994		274,491
Police	11,522,334	895,703	39,442	
Streets	5,564,690		136,949	1,965,742
Environmental services	4,830,921	5,491,495	116,796	
Interest on long term debt	4,375,653			
Total governmental activities	51,391,756	12,686,018	956,438	2,431,374
<i>Business -type Activities</i>				
Electric	\$ 56,407,348	\$ 59,344,615	\$ 7,272	\$ 911,231
Water	21,597,278	26,596,509		1,527,292
Airport	3,012,745	2,881,144	140,329	
Stormwater	1,905,019	2,132,810		1,479,198
Total business-type activities	82,922,390	90,955,078	147,601	3,917,721
Total primary government	\$ 134,314,146	\$ 103,641,096	\$ 1,104,039	\$ 6,349,095
Component Unit				
<i>Georgetown Economic & Development Corporation</i>	\$ 862,277			

General revenues:

Property Tax
Sales Tax
Taxes - other
Franchise taxes
Interest on investments
Other

Transfers

Total general revenues and transfers

Change in Net Assets

Net Assets, beginning of the year

Net Assets, end of the year

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

Net (Expense) Revenue and Changes in Net Assets			Component Unit Georgetown Economic Development Corporation
Primary Government			
Governmental Activities	Business-Type Activities	Total	
\$ (6,923,800)		\$ (6,923,800)	
(311,124)		(311,124)	
(7,065,766)		(7,065,766)	
(3,369,765)		(3,369,765)	
(10,587,189)		(10,587,189)	
(3,461,999)		(3,461,999)	
777,370		777,370	
(4,375,653)		(4,375,653)	
<u>(35,317,926)</u>		<u>(35,317,926)</u>	
	\$ 3,855,770	\$ 3,855,770	
	6,526,523	6,526,523	
	8,728	8,728	
	1,706,989	1,706,989	
	<u>12,098,010</u>	<u>12,098,010</u>	
<u>\$ (35,317,926)</u>	<u>\$ 12,098,010</u>	<u>\$ (23,219,916)</u>	
			\$ (862,277)
15,751,826		15,751,826	
15,045,592		15,045,592	1,034,688
1,143,217		1,143,217	
3,924,052		3,924,052	
230,788	156,329	387,117	8,277
710,403	4,003,968	4,714,371	
6,511,026	(6,511,026)		
<u>43,316,904</u>	<u>(2,350,729)</u>	<u>40,966,175</u>	<u>1,042,965</u>
<u>7,998,978</u>	<u>9,747,281</u>	<u>17,746,259</u>	<u>180,688</u>
<u>190,803,896</u>	<u>248,112,106</u>	<u>438,916,002</u>	<u>2,741,901</u>
<u>\$ 198,802,874</u>	<u>\$ 257,859,387</u>	<u>\$ 456,662,261</u>	<u>\$ 2,922,589</u>



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Fund Financial Statements



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CITY OF GEORGETOWN, TEXAS

BALANCE SHEET GOVERNMENTAL FUNDS AS OF SEPTEMBER 30, 2012

	GENERAL	GEORGETOWN TRANSPORTATION ENHANCEMENT CORPORATION	DEBT SERVICE	GENERAL CAPITAL PROJECTS	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash and cash equivalents	\$ 3,764,478			\$ 11,355,809	\$ 3,701,898	\$ 18,822,185
Investments	4,791,154	\$ 11,341,753	\$ 1,743,931	14,452,848	4,711,509	37,041,195
Accounts receivable (net of allowance for uncollectible accounts):						
Delinquent taxes	201,513		144,235			345,748
Sales tax	1,465,031	651,125			356,583	2,472,739
Grants					326,319	326,319
Other	2,018,730			100,842	188,635	2,308,207
Prepaid items	5,137					5,137
Inventories	2,110					2,110
TOTAL ASSETS	\$ 12,248,153	\$ 11,992,878	\$ 1,888,166	\$ 25,909,499	\$ 9,284,944	\$ 61,323,640
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$ 1,071,583	\$ 984,908		\$ 1,399,057	\$ 1,394,948	\$ 4,850,496
Deferred revenue	545,160		\$ 138,842	195,765	169,330	1,049,097
Total liabilities	\$ 1,616,743	\$ 984,908	\$ 138,842	\$ 1,594,822	\$ 1,564,278	\$ 5,899,593
Fund Balance:						
Nonspendable	\$ 2,110					\$ 2,110
Spendable:						
Restricted			\$ 1,749,324	\$ 18,112,419	\$ 4,976,610	24,838,353
Committed	7,000,000	\$ 8,770,010			2,293,194	18,063,204
Assigned	1,210,247	2,237,960		6,202,258	450,862	10,101,327
Unassigned	2,419,053					2,419,053
Total fund balance	\$ 10,631,410	\$ 11,007,970	\$ 1,749,324	\$ 24,314,677	\$ 7,720,666	\$ 55,424,047
TOTAL LIABILITIES AND FUND BALANCE	\$ 12,248,153	\$ 11,992,878	\$ 1,888,166	\$ 25,909,499	\$ 9,284,944	\$ 61,323,640

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

CITY OF GEORGETOWN, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS SEPTEMBER 30, 2012

Total fund balance - total governmental funds	\$	55,424,047
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	243,448,259
--	-------------

The City uses internal service funds to charge the costs of certain activities, such as capital assets, administrative services and information technology to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The effect of this consolidation is to increase net assets.	12,850,134
--	------------

Premiums, discounts and debt issuance costs have not been included in the fund financial statements.	1,593,526
--	-----------

Bonds payable and contractual obligations are not due and payable in the current period therefore have not been included in the fund financial statements.	(109,776,664)
--	---------------

Repayment of bond principal and the payment to escrow in conjunction with the advance refunding of debt reflects a reduction to liabilities in the statement of net assets.	261,787
---	---------

Accrued liabilities for accrued employee benefits are not due and payable in the current period therefore have not been included in the fund financial statements.	(4,733,293)
--	-------------

Liabilities for arbitrage are not due and payable in the current period therefore have not been reflected in the fund financial statements.	(14,650)
---	----------

Revenues from property taxes are deferred in the fund financial statements until they are considered available to fund current expenditures, but such revenues are recognized in the government-wide statements.	340,355
--	---------

Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expense is reported when due.	<u>(590,627)</u>
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Net Assets of Governmental Activities	\$	<u>198,802,874</u>
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The notes to financial statements are an integral part of this statement.

CITY OF GEORGETOWN, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>GENERAL</u>	<u>GEORGETOWN TRANSPORTATION ENHANCEMENT CORPORATION</u>	<u>DEBT SERVICE</u>	<u>GENERAL CAPITAL PROJECTS</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:						
Property taxes:						
Current	\$ 8,932,034		\$ 6,814,269			\$ 15,746,303
Delinquent	29,070		15,727			44,797
Penalties and interest	92,536					92,536
Other	198,084				\$ 454,531	652,615
Property assessment					353,269	353,269
Sales tax	8,837,465	\$ 4,138,751			2,069,376	15,045,592
Franchise taxes	3,924,052					3,924,052
Licenses and permits	1,236,478					1,236,478
Charges for service	8,268,169				225,074	8,493,243
Fines and forfeitures	616,815				65,945	682,760
Donations and grants	17,218			\$ 136,824	1,533,142	1,687,184
Investment income	42,523	38,303	10,171	106,330	33,461	230,788
Other revenue	519,319	474,726		809,420	1,066,543	2,870,008
Total revenues	32,713,763	4,651,780	6,840,167	1,052,574	5,801,341	51,059,625
EXPENDITURES:						
Current:						
Culture - recreation	7,183,369				1,193,715	8,377,084
Development	1,890,481				264,762	2,155,243
Fire services	7,590,667				662,900	8,253,567
General government	2,992,852	185,399				3,178,251
Highways and streets	3,424,145				1,637,069	5,061,214
Police	10,498,193				79,191	10,577,384
Environmental Services	4,823,170					4,823,170
Capital outlay		6,352,838		8,745,206	840,413	15,938,457
Debt service:						
Principal retirement		450,000	5,083,987			5,533,987
Interest and fiscal charges		435,059	3,528,979	130,209		4,094,247
Total expenditures	38,402,877	7,423,296	8,612,966	8,875,415	4,678,050	67,992,604
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,689,114)	(2,771,516)	(1,772,799)	(7,822,841)	1,123,291	(16,932,979)
OTHER FINANCING SOURCES (USES):						
Transfers in	6,200,518		1,780,613	1,100,000	653,223	9,734,354
Transfers out	(34,641)	(2,880,613)		(2,415,697)	(161,348)	(5,492,299)
Payment to refunding escrow agent			(3,416,787)			(3,416,787)
Bonds issued		1,650,000	3,181,711	14,150,000		18,981,711
Total other financing sources (uses)	6,165,877	(1,230,613)	1,545,537	12,834,303	491,875	19,806,979
NET CHANGE IN FUND BALANCES	476,763	(4,002,129)	(227,262)	5,011,462	1,615,166	2,874,000
FUND BALANCES, Beginning of period	10,154,647	15,010,099	1,976,586	19,303,215	6,105,500	52,550,047
FUND BALANCES, End of period	\$ 10,631,410	\$ 11,007,970	\$ 1,749,324	\$ 24,314,677	\$ 7,720,666	\$ 55,424,047

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

CITY OF GEORGETOWN, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FISCAL YEAR ENDED SEPTEMBER 30, 2012

Net change in fund balances - governmental funds	\$	2,874,000
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Amounts reported for governmental activities in the statement of activities are different because:

The City uses internal service funds to charge the costs of certain activities, such as fleet management and information technology to appropriate functions in other funds. The assets and liabilities of internal service funds are allocated to the governmental activities on the statement of net assets. The effect of this consolidation is to increase net assets. The entry on the statement of activities reflects the change for FY 2012, which is allocated to governmental		1,205,259
---	--	-----------

Current year capital outlays are expenditures in the fund statements, but are shown as increases in capital assets in the government-wide financial statements. The total reflects \$ 15,416,488 in construction in progress reclassifications. The effect of removing the 2012 capital outlays is to increase net assets.		17,513,146
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Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. The effect of recording current year depreciation is to decrease net assets.		(2,866,167)
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Only the gain on the sale of assets is reported in the government-wide financial statements; whereas proceeds from the sale of capital assets are reported in the fund financial statements.		(121,745)
--	--	-----------

Amortization of costs associated with debt issuances are not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. The effect of recording the current year's amortization is to decrease net assets.		(112,167)
--	--	-----------

Current year long-term debt principal payments on contractual obligation bonds payable are expenditures in the fund financial statements, but are shown as reductions in long term debt in the government-wide financial statements		8,688,988
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The notes to financial statements are an integral part of this statement.

Current year bond proceeds on bonds and (\$18,981,711) and related debt issuance costs (\$87,123) are not shown as revenue and expenditures in the government-wide financial statements.	\$	(18,894,588)
Repayment of bond principal and the payment to escrow in conjunction with the advance refunding of debt are reported as expenditures in the fund financial statements, whereas the government-wide financial statements do not record the expenditures, rather it reflects a reduction to liabilities in the statement of net assets.		261,787
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements, the expenditure is reported when due.		(169,239)
Additions to vested sick leave and vacation liabilities are not shown in the fund financial statements. The net effect of the current year's increase is to decrease net assets.		(234,430)
Annual required contribution for other post employment benefits are recorded in the government-wide financial statements net of the the expense recognized on a pay as you go basis		(93,736)
Annual required contribution for pension obligations are recorded in the government-wide financial statements net of the expense recognized on current year actual contribution.		(57,653)
Revenue from property taxes are recognized in the fund financial statements on the modified accrual basis but are recognized on the accrual basis in the government-wide financial statements.		5,523
Change in Net Assets of Governmental Activities	\$	<u>7,998,978</u>

CITY OF GEORGETOWN, TEXAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FISCAL YEAR ENDED SEPTEMBER 30, 2012

	BUDGETED AMOUNTS		2012 ACTUAL	VARIANCE TO
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET
REVENUES:				
Property taxes :				
Current	\$ 9,150,000	\$ 9,150,000	\$ 8,932,034	\$ (217,966)
Delinquent	70,000	70,000	29,070	(40,930)
Penalties and interest	80,000	80,000	92,536	12,536
Sales tax	8,375,000	8,375,000	8,837,464	462,464
Franchise taxes	3,757,849	3,757,849	3,924,052	166,203
Licenses and permits	736,500	736,500	1,259,933	523,433
Charges for services	8,223,070	8,535,070	8,244,714	(290,356)
Fines and forfeitures	871,500	871,500	616,815	(254,685)
Other taxes	178,000	178,000	244,763	66,763
Investment income	40,000	40,000	42,703	2,703
Miscellaneous	401,500	401,500	536,538	135,038
Total revenues	31,883,419	32,195,419	32,760,622	565,203
EXPENDITURES:				
Current:				
Culture - recreation	7,247,680	7,352,892	7,264,807	88,085
Development	2,051,045	1,950,505	1,880,232	70,273
Environmental Services	4,431,608	4,763,583	4,763,110	473
Fire services	7,569,156	7,606,409	7,598,868	7,541
General government	2,986,476	3,058,576	3,049,393	9,183
Highways and streets	3,484,079	3,992,179	3,170,741	821,438
Police services	10,733,521	10,730,521	10,524,113	206,408
Total expenditures	38,503,565	39,454,665	38,251,264	1,203,401
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,620,146)	(7,259,246)	(5,490,642)	1,768,604
OTHER FINANCING SOURCES (USES):				
Transfers in	6,294,205	6,294,205	6,200,518	(93,687)
Transfers out	(19,718)	(34,643)	(34,641)	2
Total other financing sources (uses)	6,274,487	6,259,562	6,165,877	(93,685)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(345,659)	(999,684)	675,235	1,674,919
FUND BALANCES, Beginning of period	7,829,950	8,483,975	8,746,108	262,133
FUND BALANCES, End of period	\$ 7,484,291	\$ 7,484,291	9,421,343	\$ 1,937,052
Adjustments to GAAP:				
Reverse current year encumbrances			1,210,247	
Record net unrealized gain on investments			(180)	
FUND BALANCE - GAAP BASIS, End of period			\$ 10,631,410	

CITY OF GEORGETOWN, TEXAS

STATEMENT OF NET ASSETS PROPRIETARY FUNDS AS OF SEPTEMBER 30, 2012

	<u>ELECTRIC FUND</u>	<u>WATER SERVICES FUND</u>	<u>NONMAJOR ENTERPRISE FUNDS</u>	<u>TOTAL</u>	<u>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS</u>
ASSETS:					
Current Assets:					
Cash and cash equivalents	\$ 3,797,448	\$ 5,902,544	\$ 1,065,199	\$ 10,765,191	\$ 1,413,004
Cash and cash equivalents - restricted	371,167	418,583		789,750	
Investments	2,983,709	7,512,824	1,355,706	11,852,239	1,798,367
Investments - restricted	472,441	2,909,654		3,382,095	
Prepaid expenses		1,842,958		1,842,958	7,400
Accounts receivable:					
Services (net of allowance for uncollectibles)	8,821,328	4,188,880	536,328	13,546,536	186,302
Other	317,833	1,348,693		1,666,526	
Inventories	2,320,742		52,847	2,373,589	351,875
<i>Total current assets</i>	<u>19,084,668</u>	<u>24,124,136</u>	<u>3,010,080</u>	<u>46,218,884</u>	<u>3,756,948</u>
Noncurrent Assets:					
Long-term note receivables		1,115,036		1,115,036	
Deferred charges - bond issuance costs	(107,125)	451,493	119,194	463,562	
Capital assets:					
Land and land rights	1,120,807	469,355	981,500	2,571,662	214,066
Distribution system	107,275,502	199,603,280	28,012,625	334,891,407	
Buildings and improvements	73,707	3,019,793	9,577,597	12,671,097	1,644,808
Machinery, furniture and equipment	1,944,147	417,118	151,627	2,512,892	24,521,244
Construction in progress	6,668,594	16,198,338	491,536	23,358,468	497,198
Less accumulated depreciation	(30,909,304)	(51,809,723)	(11,810,082)	(94,529,109)	(16,804,627)
<i>Total capital assets (net of accumulated depreciation)</i>	<u>86,173,453</u>	<u>167,898,161</u>	<u>27,404,803</u>	<u>281,476,417</u>	<u>10,072,689</u>
<i>Total noncurrent assets</i>	<u>86,066,328</u>	<u>169,464,690</u>	<u>27,523,997</u>	<u>283,055,015</u>	<u>10,072,689</u>
TOTAL ASSETS	<u>\$ 105,150,996</u>	<u>\$ 193,588,826</u>	<u>\$ 30,534,077</u>	<u>\$ 329,273,899</u>	<u>\$ 13,829,637</u>
LIABILITIES AND NET ASSETS:					
Liabilities:					
Current liabilities:					
Accounts payable	\$ 3,564,655	\$ 983,814	\$ 312,217	\$ 4,860,686	\$ 851,330
Accrued employee benefits	150,152	103,305	23,631	277,088	51,919
Current portion of long-term debt	2,141,899	2,557,883	405,941	5,105,723	
Accrued interest	130,669	156,663	19,085	306,417	
<i>Total current liabilities payable from unrestricted assets</i>	<u>5,987,375</u>	<u>3,801,665</u>	<u>760,874</u>	<u>10,549,914</u>	<u>903,249</u>
Current liabilities payable from restricted assets:					
Construction contracts and retainages payable	3,375	636,439		639,814	
Customer deposits	843,565			843,565	
<i>Total current liabilities payable from restricted assets</i>	<u>846,940</u>	<u>636,439</u>	<u></u>	<u>1,483,379</u>	<u></u>
<i>Total current liabilities</i>	<u>6,834,315</u>	<u>4,438,104</u>	<u>760,874</u>	<u>12,033,293</u>	<u>903,249</u>
Noncurrent liabilities:					
Accrued employee benefits	354,925	153,362	35,230	543,517	76,254
Unearned revenue	900,089			900,089	
Long-term debt	24,442,045	29,908,177	3,587,391	57,937,613	
<i>Total noncurrent liabilities</i>	<u>25,697,059</u>	<u>30,061,539</u>	<u>3,622,621</u>	<u>59,381,219</u>	<u>76,254</u>
<i>Total liabilities</i>	<u>32,531,374</u>	<u>34,499,643</u>	<u>4,383,495</u>	<u>71,414,512</u>	<u>979,503</u>
Net Assets:					
Invested in capital assets (net of related debt)	59,589,509	137,809,013	23,411,470	220,809,992	10,072,689
Unrestricted	13,030,113	21,280,170	2,739,112	37,049,395	2,777,445
<i>Total net assets</i>	<u>72,619,622</u>	<u>159,089,183</u>	<u>26,150,582</u>	<u>257,859,387</u>	<u>12,850,134</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 105,150,996</u>	<u>\$ 193,588,826</u>	<u>\$ 30,534,077</u>	<u>\$ 329,273,899</u>	<u>\$ 13,829,637</u>

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

CITY OF GEORGETOWN, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>ELECTRIC FUND</u>	<u>WATER SERVICES FUND</u>	<u>NONMAJOR ENTERPRISE FUNDS</u>	<u>TOTAL</u>	<u>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS</u>
OPERATING REVENUES:					
Charges for sales and services:					
Service charges					\$ 13,934,419
Electric	\$ 58,403,735			\$ 58,403,735	
Water		\$ 16,744,799		16,744,799	
Wastewater		8,281,802		8,281,802	
Other	940,880	1,569,908	\$ 5,013,954	7,524,742	
Total operating revenues	59,344,615	26,596,509	5,013,954	90,955,078	13,934,419
OPERATING EXPENSES:					
Electric	8,828,039			8,828,039	
Water		7,053,864		7,053,864	
Depreciation	4,668,209	5,061,453	930,736	10,660,398	2,001,858
Utility contracts	41,881,695	6,419,051		48,300,746	
Plant management		2,349,341		2,349,341	
Other			3,838,227	3,838,227	13,454,877
Total operating expenses	55,377,943	20,883,709	4,768,963	81,030,615	15,456,735
NET OPERATING INCOME (LOSS)	3,966,672	5,712,800	244,991	9,924,463	(1,522,316)
NONOPERATING REVENUES (EXPENSES):					
Investment earnings	57,443	87,017	11,869	156,329	28,028
Donations and grants	7,272		140,329	147,601	
Interest and fiscal charges	(1,029,405)	(713,569)	(148,801)	(1,891,775)	
Other	2,122,625	1,844,052	37,291	4,003,968	156,084
Total nonoperating revenues (expenses)	1,157,935	1,217,500	40,688	2,416,123	184,112
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	5,124,607	6,930,300	285,679	12,340,586	(1,338,204)
CONTRIBUTIONS AND TRANSFERS:					
Capital contributions	911,231	1,527,292	1,479,198	3,917,721	274,491
Transfers in		69,108		69,108	2,268,972
Transfers out	(4,175,597)	(2,209,300)	(195,237)	(6,580,134)	
Total contributions and transfers	(3,264,366)	(612,900)	1,283,961	(2,593,305)	2,543,463
CHANGE IN NET ASSETS	1,860,241	6,317,400	1,569,640	9,747,281	1,205,259
TOTAL NET ASSETS - beginning of period	70,759,381	152,771,783	24,580,942	248,112,106	11,644,875
TOTAL NET ASSETS - end of period	\$ 72,619,622	\$ 159,089,183	\$ 26,150,582	\$ 257,859,387	\$ 12,850,134

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



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CITY OF GEORGETOWN, TEXAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 2012

	ELECTRIC FUND	WATER SERVICES FUND	NONMAJOR ENTERPRISE FUNDS	TOTAL	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 62,163,270	\$ 26,552,358	\$ 4,983,660	\$ 93,699,288	\$ 13,875,857
Payments to suppliers	(48,131,137)	(13,318,971)	(3,159,832)	(64,609,940)	(6,335,329)
Franchise fees	(1,605,892)	(779,473)	(63,984)	(2,449,349)	
Payments to employees for services	(3,834,254)	(2,324,314)	(453,589)	(6,612,157)	(7,048,295)
Net cash provided by operating activities	8,591,987	10,129,600	1,306,255	20,027,842	492,233
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in		69,108		69,108	2,268,972
Transfers out	(4,175,597)	(2,209,300)	(195,237)	(6,580,134)	
Net cash provided by (used for) noncapital financing activities	(4,175,597)	(2,140,192)	(195,237)	(6,511,026)	2,268,972
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(6,269,812)	(6,736,167)	(760,527)	(13,766,506)	(2,702,705)
Donations and grants	7,272		140,329	147,601	
Impact fees		1,612,116		1,612,116	
Principal paid on revenue and certificates of obligation bonds	(2,014,809)	(2,778,475)	(392,728)	(5,186,012)	
Interest paid on revenue and certificates of obligation bonds	(1,010,049)	(696,553)	(166,935)	(1,873,537)	
Bond issuance costs	7,193			7,193	
Equity Transfer		(40,888)		(40,888)	
Net cash used for capital and related financing activities	(9,280,205)	(8,639,967)	(1,179,861)	(19,100,033)	(2,702,705)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received	57,443	87,017	11,869	156,329	28,028
Change in temporary investments	2,941,686	1,905,318	(711,116)	4,135,888	(516,999)
Net cash provided by (used for) investing activities	2,999,129	1,992,335	(699,247)	4,292,217	(488,971)
Net increase (decrease) in cash and cash equivalents	(1,864,686)	1,341,776	(768,090)	(1,291,000)	(430,471)
Cash and cash equivalents at beginning of year	6,033,301	4,979,351	1,833,289	12,845,941	1,843,475
Cash and cash equivalents at end of year	4,168,615	6,321,127	1,065,199	11,554,941	1,413,004
Classified as:					
Current assets	3,797,448	5,902,544	1,065,199	10,765,191	1,413,004
Restricted assets	371,167	418,583		789,750	
Total	\$ 4,168,615	\$ 6,321,127	\$ 1,065,199	\$ 11,554,941	\$ 1,413,004
Non-cash disclosure					
Developer contributions	\$ 911,231	\$ 1,527,292	\$ 1,479,198	\$ 3,917,721	
Proprietary transfers to internal service funds					\$ 13,094
Governmental transfers to internal service funds					261,397

CITY OF GEORGETOWN, TEXAS

STATEMENT OF CASH FLOWS (CONTINUED) PROPRIETARY FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>ELECTRIC FUND</u>	<u>WATER SERVICES FUND</u>	<u>NONMAJOR ENTERPRISE FUNDS</u>	<u>TOTAL</u>	<u>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS</u>
OPERATING INCOME (LOSS)	\$ 3,966,672	\$ 5,712,800	\$ 244,991	\$ 9,924,463	\$ (1,522,316)
Adjustments to reconcile operating income (loss) to cash provided by operating activities:					
Depreciation	4,668,209	5,061,453	930,736	10,660,398	2,001,858
Other income	2,122,625	231,936	37,291	2,391,852	156,084
Decrease (increase) in inventories	(7,251)		(23,359)	(30,610)	(71,365)
Decrease (increase) in accounts receivable	643,251	(341,856)	(67,585)	233,810	(58,562)
Decrease (increase) in customer deposits	52,779			52,779	
Decrease (increase) in notes receivable		65,769		65,769	
Increase (decrease) in accounts payable	(2,887,767)	(580,861)	187,691	(3,280,937)	15,097
Increase (decrease) in accrued employee benefits	33,469	(19,641)	(3,510)	10,318	(28,563)
Net cash provided by operating activities	<u>\$ 8,591,987</u>	<u>\$ 10,129,600</u>	<u>\$ 1,306,255</u>	<u>\$ 20,027,842</u>	<u>\$ 492,233</u>

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

CITY OF GEORGETOWN, TEXAS

STATEMENT OF FIDUCIARY NET ASSETS

AGENCY FUNDS

AS OF SEPTEMBER 30, 2012

ASSETS:

Cash and cash equivalents	\$	4,079
Accounts receivable		616,594
TOTAL ASSETS	\$	620,673

LIABILITIES:

Accounts payable	\$	8,766
Due to other governments		611,907
TOTAL LIABILITIES	\$	620,673

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

Notes Section





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Notes to the Financial Statements

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the City of Georgetown, Texas, ("City"), included in the accompanying basic financial statements conform to the generally accepted accounting principles (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the City's Comprehensive Annual Financial Report.

A. Financial Reporting Entity

The City of Georgetown was incorporated under the laws of the State of Texas in 1848 and operates under a Council-Manager form of government. The City's financial statements include the accounts of all City operations. Generally accepted accounting principles require all funds that are controlled by or are dependent on the City Council to be included in the City's financial statements. The reporting entity is the primary government, or the City, and those component units for which the primary government is financially accountable. Financial accountability is defined as the appointment of a voting majority of the potential component unit's board and either the ability to impose its will by the primary government or the possibility that the component unit will provide a financial benefit or impose a financial burden on the primary government. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with the data of the primary government. Based upon these considerations, the City's financial statements include the Georgetown Transportation Enhancement Corporation as a blended component unit. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the primary government, and whose exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon these considerations, the City's financial statements include the Georgetown Economic Development Corporation as a discretely presented component unit.

BLENDED COMPONENT UNIT

The Georgetown Transportation Enhancement Corporation (GTEC), the City's 4B economic development corporation, is a legally separate entity from the City that was created in May 2001 by voters approving an additional sales tax. GTEC is governed by a seven member board appointed by City Council, of which, four are Council members. The City Council maintains budgetary control over the corporation. The City Manager serves as the General Manager of the corporation and the City's Chief Financial Officer acts as the Financial Manager. For financial reporting purposes, GTEC is presented as a blended component unit within City operations because its sole purpose is to utilize sales tax revenues for the improvement of the City's transportation system. The revenues and expenditures for GTEC are accounted for in a general capital projects fund. The City issues debt on behalf of GTEC in exchange for pledged sales tax revenue that is transferred to the City to reimburse for debt service related to the bonds. GTEC's debt is shown in the Governmental Activities in the Statement of Net Assets.

DISCRETELY PRESENTED COMPONENT UNIT

The Georgetown Economic Development Corporation (GEDCO) has been included in the reporting entity as a discretely presented component unit. GEDCO can not be considered a blended component unit because the revenues are not only for the benefit of the City. GEDCO was created by the City in May 2005, under the Texas Development Act of 1979 for the purpose of promoting, assisting, and enhancing economic and development activities on behalf of the City.

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

It is funded through voter authorized sales tax. The five member Board, which includes three City Council members, is appointed by and serves at the discretion of the City Council. City Council approval is required for annual budgets and bonded debt issuance. In the event of dissolution, net assets of GEDCO shall be converted to the City. The City accounts for GEDCO as a discretely presented component unit on the government-wide financial statements.

GEDCO is audited as part of the City of Georgetown; however, separately issued unaudited financial statements are available through the City of Georgetown's Finance Department.

RELATED ORGANIZATIONS

The Mayor and City Council are responsible for appointing a voting majority of the members of some local boards and commissions, but the City's accountability for these organizations does not extend beyond making the appointments. These entities are the Georgetown Industrial Development Corporation, Georgetown Hospital Authority, Georgetown Housing Authority, and Georgetown Higher Education Finance Corporation.

B. Basis of Presentation

BASIC FINANCIAL STATEMENTS

The basic financial statements include both government-wide financial statements (based on the City as a whole) and fund financial statements. Both sets of financial statements classify activities as either governmental, which are supported by taxes and intergovernmental revenues, or business-type activities, which rely on fees and charges for support.

Government-wide financial statements. The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given program or function is offset by the program's revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. The effect of interfund activity within the governmental and business-type activities columns has been removed from these statements.

Fund financial statements. The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Each fund is considered a separate accounting entity and the operations of each fund are accounted for using a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Separate statements are presented for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

The government wide focus is on the sustainability of the City as an entity and the change in net financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories. Each presentation provides a different focus, which allows the reader to compare and analyze the information to enhance the usefulness of the statements.

GOVERNMENTAL FUND TYPES

Governmental Funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds (in the fund financial statements) is on the sources, uses and balance of current financial resources and include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund. The individual funds are described as follows:

Major Governmental Funds

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Georgetown Transportation Enhancement Corporation (GTEC) – This capital projects fund is used to account for the City's 4B Corporation activities, created to administer the voter approved ½ cent sales tax for transportation improvements that aid in economic development efforts.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

General Capital Projects Fund – This capital projects fund is used to account for financial resources to be used for the acquisition or construction of parks, buildings, and other facilities. Such resources are derived from proceeds of general obligation bonds or other sources of revenue specifically set aside for capital projects.

Non-major Governmental Funds

Special Revenue Funds - The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are restricted to expenditures for specified purposes.

PROPRIETARY FUND TYPES

The Proprietary Fund Types are used to account for the City's organization and activities which are similar to those often found in the private sector. These funds are financed and operated in a manner similar to private business enterprises – where the intent of the City is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered mainly through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Major Proprietary Funds

Electric Fund – This fund accounts for the City's electric utility, including operations, maintenance of the infrastructure and expansion of the system within the City's service territory.

Water Services Fund – This fund accounts for the City's water, sewer and water reuse systems, including operations, contracted maintenance, internal maintenance, expansion of the system within the City's service territory and the costs of environmental mandates that arise.

Non-major Proprietary Funds

Enterprise Funds - The funds that are operated as enterprise funds within the City but are not considered major funds are the Stormwater Drainage and Airport Funds.

Internal Service Funds - The Internal Service Funds, which provide services primarily to other funds of the government, are presented in the summary form as part of the proprietary fund financial statements. The financial statements of the internal service funds are allocated in the governmental column when presented at the government-wide level. Various operations are accounted for as internal service funds, such as operational costs associated with automobile and heavy equipment owned by the City and made available to various departments, costs related to maintaining and repairing City owned facilities, operational costs associated with the City's computer equipment within various departments, as well as jointly shared administrative departments.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal on-going operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

FIDUCIARY FUND TYPE – AGENCY FUNDS

The City's fiduciary fund is presented in the fund financial statements by type. Since by definition, these assets are being held for the benefit of a third party (cafeteria plan participants, local grantees, public improvement district, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated in the government-wide statements.

C. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Measurement focus refers to what is being measured and basis of accounting refers to timing of revenue and expenditure recognition in the financial statements.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund also uses the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

recognized when earned, including unbilled utility services which are accrued. Expenses are recognized at the time the liability is incurred.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow private-sector guidance issued subsequent to November 30, 1989.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues available if they are collected within sixty (60) days after year-end. Expenditures are recognized when the related fund liability is incurred, if measurable, except for principal and interest on general long-term debt, which are recorded when due, and compensated absences, which are recorded when payable from current available financial resources.

Ad valorem, sales, hotel, and franchise tax revenues recorded in the Governmental Fund Types are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

D. Budgets

At least 30 days prior to the end of each fiscal year, the City Manager submits a proposed budget presenting a complete financial plan for the ensuing fiscal year to the City Council (the Council). Public hearings are conducted, at which time all interested persons' comments concerning the budget are heard. The budget must be legally adopted by the Council through passage of an ordinance no later than the twenty-seventh day of the last month of the fiscal year.

Formal budgetary integration is employed as a management control device during the year for all Governmental and Proprietary Fund Types. Budgets for all funds were legally adopted for the period. Budgetary control is exercised at the division level. All budgets are prepared on the budgetary basis, recognizing encumbrances outstanding at year-end as expenditures against that year's appropriation. These encumbrances are reconciled to generally accepted accounting principles where appropriate.

The Council may transfer any unencumbered appropriation balance or portion thereof from one division, office, department or agency to another at any time. The City Manager has authority, without Council approval, to transfer appropriation balances from one expenditure account to

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

another within a single division, office, department, or agency of the City; however, unbudgeted transfers between funds are prohibited.

The Council may authorize by a majority plus one vote, an emergency expenditure as an amendment to the original budget, but only in a case of grave public necessity, to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonable, diligent thought and attention.

Budget amounts are as originally adopted, or as transferred pursuant to authorization of the City Manager or amended by the City Council. Individual amendments were not material in relation to the original appropriations, with the exception of amendments related to capital projects and grant expenditures, whose actual costs were unknown when the budget was adopted. Unencumbered appropriations lapse each year at September 30.

The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual-General Fund presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results, except for the effect of encumbrances and unrealized investment gains and losses, which are reconciled to the actual results for this comparison.

E. Encumbrances

Encumbrance accounting is employed as an extension of formal budgetary control in all governmental and proprietary funds. Encumbrance accounting is a process whereby purchase orders, contracts and other commitments for the expending of monies are recorded in order to reserve that portion of the applicable appropriation. Outstanding year-end encumbrances are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments are carried forward into the subsequent fiscal year.

F. Cash and Investments

For cash flow purposes, cash and cash equivalents consist of demand deposits, certificates of deposits and deposits in authorized investment pools.

The operating cash balances from all funds are consolidated in pooled cash and investment accounts. Excess pooled balances are invested in U.S. Treasury securities, U.S. Government agency securities, fully collateralized money market funds and local government investment pools. Maturities on all investments are consistent with the City's cash flow requirements. Investments are stated at fair value, or market price as of September 30, 2012. Interest earnings are then allocated to each fund based on average monthly pooled equity balances. Separate cash and investment accounts are maintained for restricted cash such as debt service and bond proceeds reserved for future construction.

G. Restricted Assets

Historically, the utility funds, based on certain bond covenants, were required to establish and maintain prescribed amounts of resources that could be used only to service outstanding debt. In July 1998 all outstanding revenue bonds were defeased and debt covenants modernized, eliminating required debt reserves in utility funds. Included in the restricted assets are capital recovery fees (impact fees), that are, by law, restricted for future capital improvements. Restricted assets consist of cash and investments, including customer deposits.

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

H. Inventories and Prepays

Inventories consist of electric materials, motor fuel, office and other supplies valued at the weighted average cost method and are recognized as expenditures or expenses when used. The prepaid items consist of required payments made to a vendor for a contract in the following fiscal year.

I. Interfund Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts. Negative balances incurred in pooled cash at year-end are treated as interfund receivables of the Water Services Fund and interfund payables of the deficit fund.

J. Unearned Revenue

In accordance with accounting for regulated operations for the electric fund, certain utility expenses that do not currently require funding are deferred to future periods in which they are recovered by rates. Likewise, certain credits to income are deferred to periods in which they are matched with related costs.

K. Interfund Transactions

All legally authorized transfers have been appropriately presented as interfund transfers and are included in the fund financial statements of both Governmental and Proprietary Fund Types. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

L. Intergovernmental Revenues

Intergovernmental revenues represent entitlements and shared revenues which are accounted for within the fund financed. Such revenues, received for purposes normally financed through the general government, are accounted for within the Special Revenue Funds.

M. Accrued Employee Benefits

All employees may accumulate a maximum of two times their annual vacation, up to a cap of 240 hours, or 30 days paid upon termination. Upon termination, non-Civil Service employees will not receive payment of sick leave, unless they have a balance that originated prior to October 1, 2004. These employees were grandfathered under the old policy of receiving payment for one-half of their balance of sick leave up to 60 days at the rate of pay when the hours were banked. Upon termination, Civil Service employees are paid for the entire balance of their Civil Service sick leave earned after October 30, 2003 or October 30, 2006 (the effective date of the regulations in the City for fire civil service and police civil service employees, respectively), up to a maximum of 90 days. Civil Service employees hired prior to the effective date of the adoption of Civil Service regulations are also eligible under city policy to receive payment for one-half of their sick leave up to 60 days. Sick leave in excess of the maximums for both regular and Civil Service employees is not paid upon termination, but will be paid only upon illness while in the employ of the City.

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Accumulated vacation and sick leave, which is expected to be liquidated with expendable available financial resources, is reported as expenditure and a fund liability of the governmental fund that will pay it. Amounts of accumulated vacation leave within governmental funds that are not expected to be liquidated with expendable available financial resources are reported as a long-term liability on the statement of net assets. No expenditure is reported for these amounts in the fund financial statements unless the benefits have matured, i.e. unused reimbursable leave still outstanding following an employee's resignation or retirement. Accumulated vacation and sick leave of proprietary fund types are recorded as an expense and liability of those funds as the benefits accrue to employees.

Net pension obligation (NPO) is recorded as an accrued employee benefit liability in the government-wide financials and the proprietary fund statements. The NPO is equal to the amount that the annual required contribution for the retirement plan, with Texas Municipal Retirement System, exceeds the actual contribution on a cumulative basis.

N. Capital Assets

Capital Assets other than Streets & Drainage:

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at their historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more and an expected useful life of over one year.

Interest incurred during the construction phase of capital assets of business-type activities is capitalized. Interest of \$750,910 was capitalized in enterprise funds during the 2012 fiscal year.

Depreciation for assets not following the modified approach is computed using the straight-line method on the composite assets based upon the estimated useful lives as follows:

Distribution systems	25-50 years
Buildings and improvements	10-20 years
Furniture, fixtures and equipment	3-10 years

The City records capital contributions to proprietary funds as revenue. Total capital contributions to the enterprise funds in fiscal year 2012 were \$3,917,721 and \$274,491 in the internal service funds. Contributed capital is not recorded for governmental type funds, but is recognized as having a value of \$1,700,626.

Capital Assets - Streets & Drainage:

Governmental Accounting Standards Board Statement #34 provides for an alternative approach to depreciation for measuring the value of infrastructure assets and the related costs incurred to maintain their service life at a locally established minimum standard. In order to adopt this alternative method, the City must use an asset management system, and must determine if the minimum standards are being maintained. This measurement occurs every three years at a minimum. The City has elected to use this alternative method for reporting its street infrastructure

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

assets. The City contracted with the engineering firm of Kasberg, Patrick and Associates to complete pavement condition surveys for the City's street network during 2011.

The City uses the CarteGraph PavementView Pavement Management Information System to track the condition levels of each of the street sections. The entire streets inventory is captured in the system and the condition of the pavement is based on the following factors:

- Type of Distress
- Amount of Distress
- Severity of Distress
- Deduct Values (function of the first three)

The Pavement Condition Index (PCI) is a measurement scale based upon a condition index ranging from zero for a failed pavement to 100 for pavement with perfect condition. The condition index is used to classify pavement in the following conditions:

PCI	Rating
100 - 85	Good
84 - 45	Fair
44 - 0	Poor

The PCI for fiscal year 2011 is 88. The previous score for 2008-2010 was 93. This will be re-evaluated in 2013. The City's administrative policy is to maintain an average PCI level of 85. An 85 PCI is considered maintaining the streets in a "good" condition. Staff prepares a street maintenance budget that meets this target for Council's consideration during the budget process.

O. Long-term Obligations

The portion of long-term general obligation debt used to finance proprietary fund operations and payable from the revenues of the Enterprise Funds is recorded in such funds. General obligation bonds and other forms of long-term debt supported by general revenues are obligations of the City as a whole and not its individual funds. Accordingly, such unmatured obligations of the City are accounted for on the statement of net assets and payments of principal and interest relating to the general obligation bonds are recorded as expenditures when they are paid in the fund statements. Self-supporting general obligation debt, which will be repaid from non-general revenue sources, is recorded in the appropriate proprietary fund.

P. Bond Issuance Costs

For Governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period on the fund financial statements. Bond proceeds are reported as other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For Proprietary Fund types and on the government-wide statements, premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method which does not differ significantly from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges and amortized over the term of the related debt.

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Q. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Specifically, the actuarial calculations used to determine the annual required contributions and related liabilities of the City's retirement plan and post-employment obligations are based on assumptions about the possibility of events far into the future. Accordingly, actual results could differ from those estimates.

R. Comparative Data/Reclassification

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the City's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

S. Risk Financing Activity

The City of Georgetown is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. During fiscal year 2012, the City purchased general liability and property insurance from Texas Municipal League Intergovernmental Risk Pool (TML-IRP). The City pays an annual premium to TML-IRP for such coverage. TML-IRP purchases reinsurance, and the City does not retain risks of loss exceeding deductibles. Settled claims have not exceeded insurance coverage in the past three years.

The workers compensation plan is administered and paid through the Texas Municipal League-Intergovernmental Risk Pool (TML-IRP). Under this plan, the City does not retain risks of loss exceeding the deductibles. TML-IRP also brokers the City's Aviation and Underground Storage Tank Pollution liability insurance, as well as, the canine and surgical vet coverage. The City does not retain the risks of loss exceeding the deductibles.

T. Credit Risk

Financial investments which potentially subject the City to concentrations of credit risk consist principally of cash, investments and accounts receivable. At September 30, 2012, there was not a significant risk arising from cash, investments or accounts receivable.

U. Nature and Purpose of Reservations and Designation of Fund Equity

The City's Fund Balance is the accumulated difference between assets and liabilities within **governmental funds**, and it allows the City to meet its contractual obligations, fund disaster or emergency costs, provide cash flow for timing purposes and fund non-recurring expenses appropriated by City Council. This policy establishes limitations on the purposes for which Fund Balances can be used in accordance with Governmental Accounting Standards Board (GASB) Statement Number 54.

The City's Fund Balance reports five components:

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Non-spendable Fund Balance – includes inherently non-spendable assets that will never convert to cash, as well as, assets that will not convert to cash soon enough to affect the current financial period. Assets included in this category are prepaid items, inventory and non-financial assets held for resale.

Restricted Fund Balance – represents the portion of fund balance that is subject to legal restrictions, such as grants or hotel/motel tax and bond proceeds.

Committed Fund Balance – describes the portion of fund balance that is constrained by limitations that the City Council has imposed upon itself through an ordinance or resolution, and remains binding unless the City Council removes the limitation.

Assigned Fund Balance – is that portion of fund balance that reflects the City's *intended* use of the resource and is assigned by City management based on Council direction for a designated purpose.

Unassigned Fund Balance – represents funds that cannot be properly classified in one of the other four categories.

	GENERAL	GEORGETOWN TRANSPORTATION ENHANCEMENT CORPORATION	DEBT SERVICE	GENERAL CAPITAL PROJECTS	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Fund Balance:						
Nonspendable						
Inventory	\$ 2,110					\$ 2,110
Spendable						
Restricted for:						
Debt service			\$ 1,749,324			1,749,324
Bond funds				\$ 18,112,419		18,112,419
Hotel/motel tax					\$ 526,488	526,488
Street maintenance tax					4,205,153	4,205,153
Public safety					244,969	244,969
Committed for:						
Contingency	7,000,000					7,000,000
Other capital projects		\$ 8,770,010				8,770,010
Nonmajor funds					2,293,194	2,293,194
Assigned to:						
Encumbrances	1,210,247	2,237,960		6,202,258	450,862	10,101,327
Unassigned	2,419,053					2,419,053
Total fund balance	\$ 10,631,410	\$ 11,007,970	\$ 1,749,324	\$ 24,314,677	\$ 7,720,666	\$ 55,424,047

V. Prior Period Adjustment

The City is restating net assets as of October 1, 2010 due to an adjustment made in 2010 to capitalize personnel and operating expense in relation to an Electric system valuation performed by McCord Engineering.

Government Wide Statement of Net Assets:	Business-type Activities	Total
Net Assets, October 1, 2010, as previously recorded	\$ 233,696,460	\$ 417,947,629
Adjustment to Electric valuation	3,096,843	3,096,843
Adjust depreciation to Electric valuation	3,990,395	3,990,395
Net Assets, October 1, 2010, as restated	<u>\$ 240,783,698</u>	<u>\$ 425,034,867</u>

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Previously Reported 2010	Adjustment	Restated 2010
Business-type Activities			
Capital Assets: net of			
accumulated depreciation	\$ 241,442,444	\$ 7,087,238	\$ 248,529,682

2. CASH AND INVESTMENTS

For cash flow purposes, cash and temporary investments consist of demand deposits, certificates of deposits, and authorized investment pools. The operating cash balance from all funds is consolidated in pooled cash and investment accounts. Excess pooled balances are invested in U.S. Treasury securities, U.S. Government agency securities, fully collateralized money market funds and local government investment pools. Maturities on all investments are consistent with the City's cash flow requirements. Investments are recorded at cost. Interest earnings are allocated to each fund based on average monthly pooled equity balances. Separate cash and investment accounts are maintained for restricted cash such as debt service, utility debt reserves, and bond proceeds reserved for future construction.

The investment policies of the City are governed by State statutes and a City Council adopted Investment Policy. Major provisions of the City's investment policy include: responsibility for investments, authorized investments, security dealer selection and qualifying procedures, safekeeping and custodial procedures, statement of investment objectives, and investment reporting requirements.

DEPOSITS

Texas Statutes require that all bank deposits be insured or fully collateralized by the U.S. government obligations or obligations of the State of Texas and its agencies. Market value of the collateral pledged must equal at least 102% of the bank deposits not covered by federal deposit insurance.

At year-end, the carrying amount of the City's bank deposits was \$6,519,621 and the bank balances were \$7,229,912 all of which were entirely covered by Federal depository insurance or by collateral held by the City's agent bank in the City's name. The City's discretely presented component unit had a carrying amount of negative \$167,010 at year end. Bank balances were a positive \$3,569,365. In addition, the City's Certificates of Deposits of \$42,404,210 are insured or fully collateralized in accordance with Texas statutes as described above.

In order to maximize interest earnings, the City utilizes a controlled disbursement account, which allows the City to deposit only as much money as needed to fund checks presented each day.

INVESTMENTS

The City is authorized to invest in certificates of deposit, direct obligations of the U.S. government, U.S. government agency securities, fully collateralized direct repurchase agreements, no-load money market funds whose portfolios meet the City's investment requirements, and in qualified local government investment pools as approved by the City Council.

Market Risk - Market risk is the potential for a decline in market value due to rising interest rates. In compliance with the City's Investment Policy, as of September 30, 2012, the City minimized the market risk in the portfolio by limiting the weighted average maturity of security types to no longer than two years; structuring the investment portfolio so that securities matured to meet cash requirements for ongoing operations and capital improvement projects; monitoring credit ratings of portfolio positions to

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

assure compliance with rating requirements imposed by the Public Funds Investment Act; and investing operating funds primarily in shorter-term securities and similar government investment pools.

The City's investments carried at fair value as of September 30, 2012, are:

	Primary Government	
	Fair Value	Weighted Average Maturity (days)
<i>Investments</i>		
Certificates of Deposit	\$ 42,404,210	183
Texas Local Government Investment Pool (TexPool)	6,100,260	1
Texas Short Term Asset Reserve Program (TexSTAR)	15,855,123	1
Viewpoint Bank Money Market	162,275	1
Comerica Bank Money Market	4,810,282	1
Southside Bank Money Market	10,012,256	1
<i>Total Fair Value of Investments:</i>	<u>\$ 79,344,405</u>	
<i>Portfolio weighted average maturity:</i>		184
Carrying Amount - Demand Deposits	<u>\$ 6,519,621</u>	
<i>Total Cash & Investments:</i>	<u>\$ 85,864,026</u>	

	Component Unit	
	Fair Value	Weighted Average Maturity (days)
<i>Investments</i>		
Texas Short Term Asset Reserve Program (TexSTAR)	\$ 2,567,255	1
Certificates of Deposit	1,002,110	3
<i>Total Fair Value of Investments:</i>	<u>\$ 3,569,365</u>	
<i>Portfolio weighted average maturity:</i>		2
Carrying Amount - Demand Deposits	<u>\$ (167,010)</u>	
<i>Total Cash & Investments:</i>	<u>\$ 3,402,355</u>	

Credit Risk – Credit risk is the possibility that the issuer of a security will fail to make timely payments of interest or principal. In general, the lower the credit quality of a security, the higher the yield, with all other factors being equal. In compliance with the City's Investment Policy, as of September 30, 2012, the City minimized credit risk losses due to default of security issuer or backer by limiting investments to the safest types of securities; pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business; and diversifying the investment portfolio so that potential losses on individual securities were minimized. All the City's purchased investments in U.S. Agencies were rated AAA, AAA, and Aaa by Standard & Poors, Fitch and Moody's respectively.

For short-term liquidity requirements, the City primarily utilizes the Texas Short Term Asset Reserve Program (TexSTAR). JPMorgan Fleming Asset Management, Inc. and First Southwest Asset Management, Inc. serve as co-administrators under an agreement with the TexSTAR board of directors to provide investment and participant services for this pool. JPMorgan Chase Bank or its subsidiary J.P. Morgan Investor Services Co. provides the custodial, transfer agency, fund accounting, and depository services for this pool.

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

The City also maintains an account with the Texas Local Government Investment Pool (TexPool). Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State of Texas Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool.

At year end, balances in TexSTAR and TexPool were rated AAAm by Standard & Poor's. TexSTAR and TexPool operate on a \$1 net asset value basis. In order to maintain a stable \$1 price of the fund, the pools will sell portfolio holdings if the ratio of the fair value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005. The pools are stated at their fair value.

During 2012, the City realized no gains or losses from the sale of investments, as the City's investment strategy is to invest to maturity. The City recognized a net increase in the fair value of investments held at year-end of \$2,520.

3. TAXES

Property Taxes - Property is appraised and a lien on such property becomes enforceable as of January 1st of each year. Taxes are levied on and payable the following October 1st. Taxes become delinquent February 1st of the following year and are subject to interest and penalty charges. Under an agreement which began August 1, 2000, Williamson County Tax Office collects the City's taxes. In the fund financial statements, City property tax revenues are recognized when levied to the extent that they are collected in the current year. Taxes collected prior to the levy date to which they apply are recorded as unearned revenues and recognized as revenue of the period to which they apply. All collections from prior year levies are considered delinquent tax revenue for reporting purposes in the year collected. The allowance for uncollectible taxes at September 30, 2012 was \$8,727.

The City is permitted by the State of Texas to levy taxes up to \$2.50 per \$100 of assessed valuation for general government services and for the payment of principal and interest on general long-term debt. The combined current tax rate to finance general government services, including debt service for the fiscal year ended September 30, 2012, was \$.3875 per \$100 of assessed valuation.

The Williamson Central Appraisal District (Appraisal District) is responsible for the recording and appraisal of property for all taxing units in Williamson County. The Appraisal District is required to assess property at 100% of its appraised value. Real property must be reappraised at least every four years. The City may, at its own expense, require annual reviews by the Appraisal District through various appeals and, if necessary, legal action. Under this system, if the rate, excluding tax rates for bonds and other contractual obligations adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to an increase of no more than 8%.

In September 2004, voters approved an initiative to freeze property taxes for homeowners over the age of 65 or disabled. This measure mirrors the State of Texas Constitutional Amendment Proposition 13, which passed overwhelmingly statewide in 2003. "Prop 13" gives local governments the option of "freezing" taxes for the elderly and disabled.

Sales Taxes - The City has adopted the provisions of Article 1066C, Vernon's Texas Civil Statutes, as amended, which grant the City the power to impose and levy a 1% Local Sales and Use Tax within the City. Proceeds of the tax are credited to the General Fund except for sales taxes generated at the airport which are credited to the Airport (Enterprise) Fund. Collections and enforcements are effected

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

through the offices of the Comptroller of Public Accounts, State of Texas, who remits to the City monthly the proceeds of the tax, after deduction of a 2% service fee.

On October 1, 2001, the City began collecting an additional ½ cent sales tax for its component unit, GTEC, to fund transportation improvements that promote economic development. These funds are reported in the GTEC General Capital Projects Fund, a blended component unit of the City.

On April 1, 2003, the City began collecting an additional ¼ cent sales tax in accordance with Texas House Bill 445 to fund maintenance on streets that were in existence at the time the sales tax was adopted by the voters. In November 2010, the citizens readopted this ¼ cent sales tax option. The sunset provision will expire in March 2015. These funds are reported in the Streets Special Revenue Fund.

On October 1, 2005, the City began collecting an additional 1/8 cent sales tax in accordance with the Texas Development Corporation Act of 1979, Article 5190.6, Section 4A Texas Revised Civil Statutes for the promotion and development of new and expanded business enterprises. This sales tax is administered through the Georgetown Economic Development Corporation (GEDCO), a legally separate entity from the City. GEDCO is reported as a discretely presented component unit of the City.

On October 1, 2005, the City began collecting an additional 1/8 cent sales tax to be used toward the reduction of ad valorem property taxes. Proceeds are credited to the City's General Fund.

4. TRANSFERS

TRANSFERS IN									
	Governmental Funds					Enterprise Funds			TOTAL TRANSFERS OUT
	Major Funds			Nonmajor Funds		Major Funds		Nonmajor Funds	
	General Fund	Debt Service	Gen. Capital Projects	Special Revenue	Internal Services	Electric	Water	Nonmajor Enterprise Funds	
Governmental Funds:									
Major Funds									
General fund				\$ 30,091	\$ 4,550				\$ 34,641
GTEC		\$ 1,780,613	\$ 1,100,000						\$ 2,880,613
Gen. capital projects				608,132	1,807,566				\$ 2,415,698
Nonmajor Funds									
Special revenue funds (SRFs)	\$ 145,148			15,000	1,200				\$ 161,348
Internal service funds									
Enterprise Funds:									
Major funds									
Electric	3,937,303				169,186	\$ 69,108			\$ 4,175,597
Water services	1,968,770				240,530				\$ 2,209,300
Nonmajor funds									
Nonmajor enterprise funds	149,297				45,940				\$ 195,237
TOTAL TRANSFERS IN	\$ 6,200,518	\$ 1,780,613	\$ 1,100,000	\$ 653,223	\$ 2,268,972	\$ 69,108			\$ 12,072,434
Transfers eliminated in Government-wide statements:									\$ 5,561,408
Net Transfers:									\$ 6,511,026

The net transfers between the governmental types and business types total \$6,511,026. Per the City's fiscal and budgetary policy, utility operations transfer seven percent of gross billings for utility services

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

to the General fund as a payment of the profits of the fund or a return on investment. Other types of transfers include grant matching, fire hydrant testing, equipment purchases and capital project funding.

5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2012 was as follows:

	Balance 10/01/11	Additions	Deletions & Transfers	Balance 9/30/12
Governmental activities:				
<i>Capital assets not being depreciated</i>				
Land	\$ 6,937,867	\$ 1,503,148		\$ 8,441,015
Streets	140,381,824	2,829,422		143,211,246
Construction in progress	22,278,034	16,026,289	\$ (15,416,488)	22,887,835
Total capital assets not being depreciated	169,597,725	20,358,859	(15,416,488)	174,540,096
<i>Capital assets being depreciated</i>				
Equipment	28,402,440	4,081,286	(636,353)	31,847,373
Buildings	51,821,369	4,720,707	(413,097)	56,128,979
Improvements	26,504,773	6,745,702		33,250,475
Total capital assets being depreciated	106,728,582	15,547,695	(1,049,450)	121,226,827
<i>Less accumulated depreciation for:</i>				
Equipment	(19,479,195)	(2,759,079)	636,353	(21,601,921)
Buildings	(8,872,598)	(875,260)	291,322	(9,456,536)
Improvements	(9,953,829)	(1,233,689)		(11,187,518)
Total accumulated depreciation	(38,305,622)	(4,868,028)	927,675	(42,245,975)
Total capital assets being depreciated, net	68,422,960	10,679,667	(121,775)	78,980,852
Governmental activities capital assets, net	\$ 238,020,685	\$ 31,038,526	\$ (15,538,263)	\$ 253,520,948
Electric activities:				
<i>Capital assets not being depreciated</i>				
Land	\$ 1,120,807			\$ 1,120,807
Construction in progress	2,199,834	\$ 6,399,403	\$ (1,930,643)	6,668,594
Total capital assets not being depreciated	3,320,641	6,399,403	(1,930,643)	7,789,401
<i>Capital assets being depreciated</i>				
Equipment	1,933,870	10,277		1,944,147
Buildings	73,707			73,707
Improvements	104,677,598	2,597,904		107,275,502
Total capital assets being depreciated	106,685,175	2,608,181		109,293,356
<i>Less accumulated depreciation for:</i>				
Equipment	(608,501)	(79,909)		(688,410)
Buildings	(28,722)	(1,644)		(30,366)
Improvements	(25,603,872)	(4,586,656)		(30,190,528)
Total accumulated depreciation	(26,241,095)	(4,668,209)		(30,909,304)
Total capital assets being depreciated, net	80,444,080	(2,060,028)		78,384,052
Electric activities capital assets, net	\$ 83,764,721	\$ 4,339,375	\$ (1,930,643)	\$ 86,173,453

Schedule continued on next page

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Balance 09/30/11	Additions	Deletions & Transfers	Balance 9/30/12
Water services activities:				
<i>Capital assets not being depreciated</i>				
Land	\$ 469,355			\$ 469,355
Construction in progress	9,492,193	\$ 6,972,764	\$ (266,619)	16,198,338
Total capital assets not being depreciated	9,961,548	6,972,764	(266,619)	16,667,693
<i>Capital assets being depreciated</i>				
Equipment	417,118			417,118
Buildings	3,019,793			3,019,793
Improvements	197,809,369	1,793,911		199,603,280
Total capital assets being depreciated	201,246,280	1,793,911		203,040,191
<i>Less accumulated depreciation for:</i>				
Equipment	(298,253)			(298,253)
Buildings	(1,723,970)			(1,723,970)
Improvements	(44,726,047)	(5,061,453)		(49,787,500)
Total accumulated depreciation	(46,748,270)	(5,061,453)		(51,809,723)
Total capital assets being depreciated, net	154,498,010	(3,267,542)		151,230,468
Water services activities capital assets, net	\$ 164,459,558	\$ 3,705,222	\$ (266,619)	\$ 167,898,161
Other nonmajor business type activities:				
<i>Capital assets not being depreciated</i>				
Land	\$ 981,500			\$ 981,500
Construction in progress	175,859	\$ 778,306	\$ (462,628)	491,537
Total capital assets not being depreciated	1,157,359	778,306	(462,628)	1,473,037
<i>Capital assets being depreciated</i>				
Equipment	151,627			151,627
Buildings	3,856,218			3,856,218
Improvements	31,777,009	1,956,994		33,734,003
Total capital assets being depreciated	35,784,854	1,956,994		37,741,848
<i>Less accumulated depreciation for:</i>				
Equipment	(157,051)	(1,834)		(158,885)
Buildings	(2,424,698)	(124,819)		(2,549,517)
Improvements	(8,297,597)	(804,083)		(9,101,680)
Total accumulated depreciation	(10,879,346)	(930,736)		(11,810,082)
Total capital assets being depreciated, net	24,905,508	1,804,564	(462,628)	25,931,766
Other nonmajor business-type activities capital assets, net	\$ 26,062,867	\$ 2,582,870	\$ (925,256)	\$ 27,404,803
Total Business-type activities:				
<i>Capital assets not being depreciated</i>				
Land	\$ 2,571,662			\$ 2,571,662
Construction in progress	11,867,886	\$ 14,150,473	\$ (2,659,890)	23,358,469
Total capital assets not being depreciated	14,439,548	14,150,473	(2,659,890)	25,930,131
<i>Capital assets being depreciated</i>				
Equipment	2,502,615	10,277		2,512,892
Buildings	6,949,718			6,949,718
Improvements	334,263,976	6,348,809		340,612,785
Total capital assets being depreciated	343,716,309	6,359,086		350,075,395
<i>Less accumulated depreciation for:</i>				
Equipment	(1,063,805)	(81,743)		(1,145,548)
Buildings	(4,177,390)	(126,463)		(4,303,853)
Improvements	(78,627,516)	(10,452,192)		(89,079,708)
Total accumulated depreciation	(83,868,711)	(10,660,398)		(94,529,109)
Total capital assets being depreciated, net	259,847,598	(4,301,312)		255,546,286
Total business-type activities capital assets, net	\$ 274,287,146	\$ 9,849,161	\$ (2,659,890)	\$ 281,476,417

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:	
Culture-recreation	\$ 731,250
Development	20,198
Environmental	5,514
Fire	16,149
General government	1,389,272
Highways & streets	365,514
Police	338,273
Internal service funds	2,001,858
Total depreciation expense governmental activities	\$ 4,868,028
Business-type activities:	
Electric	\$ 4,668,209
Water services	5,061,453
Nonmajor	930,736
Total depreciation expense business-type activities	\$ 10,660,398

Invested in Capital Assets (net of related debt):

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Invested in capital assets (net of related debt)			
Total capital assets (net of accumulated depreciation)	\$ 253,520,948	\$ 281,476,417	\$ 534,997,365
Add unspent bond proceeds		2,376,911	2,376,911
Less long-term debt	(109,776,664)	(63,043,336)	(172,820,000)
Invested in capital assets (net of related debt)	\$ 143,744,284	\$ 220,809,992	\$ 364,554,276

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

6. LONG-TERM DEBT

A. Overview

The following is a summary of long-term debt transactions of the City for the fiscal year ended September 30, 2012:

	Balance September 30, 2011	Additions	Retirements	Balance September 30, 2012	Due within one year
Governmental activities:					
General obligation bonds (payable from tax pledge)	\$ 89,613,941	\$ 18,981,711	\$ (8,238,988)	\$ 100,356,664	\$ 5,829,277
Sales tax revenue bonds	9,870,000		(450,000)	9,420,000	465,000
Compensated absences	3,029,294	1,169,421	(963,554)	3,235,161	1,021,838
Net pension obligation	1,207,433	57,653		1,265,086	
Other Post Employment Benefits	267,484	93,736		361,220	
Arbitrage rebate payable	14,650			14,650	
<i>Total governmental activities</i>	<i>104,002,802</i>	<i>20,302,521</i>	<i>(9,652,542)</i>	<i>114,652,781</i>	<i>7,316,115</i>
Business-type activities:					
Revenue bonds	55,945,000	7,715,000	(12,235,000)	51,425,000	3,970,000
Compensated absences	684,676	272,323	(274,660)	682,339	277,088
Net pension obligation	125,610	12,655		138,265	
General obligation bonds (payable from airport, stormwater and electric revenues)	12,981,059	5,233,288	(6,596,011)	11,618,336	1,135,723
<i>Total business-type activities</i>	<i>69,736,345</i>	<i>13,233,266</i>	<i>(19,105,671)</i>	<i>63,863,940</i>	<i>5,382,811</i>
TOTAL LONG-TERM DEBT	\$ 173,739,147	\$ 33,535,787	\$ (28,758,213)	\$ 178,516,721	\$ 12,698,926

Liabilities for compensated absences, net pension obligation and other post employment benefits that are included in governmental activities are expended primarily in the General Fund as benefits are used by the employees.

Fiscal Year Ending September 30	Governmental		Business-type		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 6,294,277	\$ 4,282,756	\$ 5,105,723	\$ 2,451,329	\$ 11,400,000	\$ 6,734,085
2014	6,891,294	3,923,235	5,128,707	2,285,459	12,020,001	6,208,694
2015	6,881,570	3,729,212	5,448,430	2,098,420	12,330,000	5,827,632
2016	7,073,797	3,390,713	4,516,203	1,903,160	11,590,000	5,293,873
2017	7,179,153	3,191,147	4,665,847	1,740,383	11,845,000	4,931,530
2018-2022	32,360,458	12,182,288	20,714,541	6,192,551	53,074,999	18,374,839
2023-2027	29,244,005	5,876,929	14,515,995	2,376,585	43,760,000	8,253,514
2028-2032	10,382,105	1,519,945	2,947,890	162,315	13,329,995	1,682,260
2033-2037	3,470,005	369,619			3,470,005	369,619
	<u>\$ 109,776,664</u>	<u>\$ 38,465,844</u>	<u>\$ 63,043,336</u>	<u>\$ 19,210,202</u>	<u>\$ 172,820,000</u>	<u>\$ 57,676,046</u>

At September 30, 2012, there was \$83,955,000 of authorized but unissued general obligation bonds. There are no authorized but unissued revenue bonds. The City is in compliance with all bond ordinances.

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

B. General Obligation Debt

A summary of Tax-Supported General Obligation Debt outstanding at September 30, 2012 follows:

\$1,862,867, 2003 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2023; interest at 3% to 4.5% (portion included below)	267,878
\$4,130,000, 2005 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2025; interest at 3% to 4.5% (portion included below)	1,930,000
\$14,080,165, 2005 General obligation and Refunding bonds due in annual installments through August 15, 2020; interest at 3% to 4.75% (portion included below)	9,227,547
\$7,100,000, 2005A General obligation and Refunding bonds due in annual installments through August 15, 2025; interest at 3.5% to 4.75%	5,420,000
\$4,135,000, 2006 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2026; interest at 4% to 4.625% (portion included below)	2,400,000
\$13,070,000, 2007 General obligation and Refunding bonds due in annual installments through August 15, 2027; interest at 4% to 4.625% (portion included below)	10,896,299
\$8,715,000, 2007 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2027; interest at 4% to 4.5%	5,505,000
\$4,395,000, 2008 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2028; interest at 3.5% to 4.625% (portion included below)	3,062,406
\$5,400,000, 2009 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2029; interest at 3% to 5% (portion included below)	4,870,000
\$2,433,565, 2009 General obligation and Refunding bonds due in annual installments through August 15, 2029; interest at 2% to 4.5% (portion included below)	1,840,415
\$2,487,351, 2010 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2029; interest at 1.75% to 4.15% (portion included below)	2,375,000
\$1,370,000, 2010 General obligation bonds due in annual installments through August 15, 2029; interest at 3% to 4.5%	1,290,000
\$11,930,000, 2010 A General obligation bonds due in annual installments through August 15, 2030; interest at 2% to 3.5%	11,815,000

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

\$9,720,000, 2011 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2031; interest at 2% to 4%	9,400,000
\$12,500,000, 2012 General obligation bonds due in annual installments through August 15, 2037; interest at 1.5% to 3.625%	12,500,000
\$1,650,000, 2012 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2032; interest at 1.5% to 3.375% (portion included below)	1,650,000
\$1,016,532, 2012 General obligation and Refunding bonds due in annual installments through August 15, 2029; interest at 0.2% to 3.25% (portion included below)	<u>998,410</u>
Subtotal <u>Tax-Supported General Obligation Debt</u>	\$ <u>85,447,955</u>

A summary of Self-Supporting General Obligation Debt outstanding at September 30, 2012:

\$567,133, 2003 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2023; interest at 3% to 4.5%; designated for GTEC capital improvements to be paid through revenues from the ½ cent GTEC sales tax	22,124
\$435,000, 2005 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2025; interest at 3% to 4.5%; to be paid through monthly Stormwater Drainage fees charged to utility customers within City limits	320,000
\$1,804,835, 2005 General obligation and Refunding bonds due in annual installments through August 15, 2020; interest at 3% to 4.75%; portion dedicated for Airport Improvements, \$1,240,200, to be paid with Airport fees. Portion dedicated for Stormwater Drainage Improvements, \$457,840, to be paid through monthly fees charged to utility customers within City limits	1,102,452
\$4,175,000, 2005 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2025; interest at 3% to 4.5%; designated for GTEC capital improvements to be paid through revenues from the ½ cent GTEC sales tax	3,055,000
\$7,830,000, 2006 Combination tax & revenue refunding bonds due in annual installments through August 15, 2024; interest at 4.2% to 5%; designated for GTEC capital improvements to be paid through revenues from the ½ cent GTEC sales tax	7,080,000
\$1,235,000, 2006 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2026; interest at 4% to 4.625%; designated for GTEC capital improvements to be paid through revenues from the ½ cent GTEC sales tax	975,000
\$439,666, 2007 General obligation and Refunding bonds due in annual installments through August 15, 2021; interest at 4% to 4.625%; portion dedicated for Airport Improvements, \$23,855, to be paid with Airport fees. Portion dedicated for	

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Stormwater Drainage Improvements, \$415,811, to be paid through monthly fees charged to utility customers within City limits	418,700
\$750,000, 2008 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2028; interest at 3.5% to 4.625%; to be paid through monthly Stormwater Drainage fees charged to utility customers within City limits	522,594
\$1,076,435, 2009 General obligation and Refunding bonds due in annual installments through August 15, 2029; interest at 2% to 4.5%; portion dedicated for Airport Improvements, \$58,375, to be paid with Airport fees. Portion dedicated for Stormwater Drainage Improvements, \$1,018,060 to be paid through monthly fees charged to utility customers within the City limits	684,585
\$1,010,000, 2010 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2029; interest at 1.75% to 4.15%; to be paid through monthly Stormwater Drainage fees charged to utility customers within City limits	945,000
\$3,035,000, 2010 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2019; interest at 1.75% to 3.1%; paid through Electric utility revenues	2,485,000
\$1,650,000, 2012 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2032; interest at 1.5% to 3.375%; designated for GTEC capital improvements to be paid through revenues from the ½ cent GTEC sales tax	1,650,000
\$2,165,180, 2012 General obligation and Refunding bonds due in annual installments through August 15, 2029; interest at 0.2% to 3.25%; designated for GTEC capital improvements to be paid through revenues from the ½ cent GTEC sales tax	2,126,585
\$5,233,289 2012 General obligation and Refunding bonds due in annual installments through August 15, 2029; interest at 0.2% to 3.25%; paid through Electric utility revenues	<u>5,140,005</u>
Subtotal <u>Self-Supported General Obligation Debt</u>	<u>\$26,527,045</u>
Total outstanding General Obligation Debt as of September 30, 2012	<u>\$111,975,000</u>
This amount is reported in the government-wide statement of activities as:	
Governmental Activities	\$ 100,356,664
Business-type Activities	<u>11,618,336</u>
	<u>\$111,975,000</u>

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

C. Advanced Refunding/Defeasance

In prior years, the City defeased revenue bonds by placing the proceeds of the refunding bonds in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. At September 30, 2012, the outstanding balance of the defeased bonds is \$20,520,000.

On June 7, 2012, the City issued \$8,415,000 in General Obligation Refunding Bonds with an average interest rate of 3.2% to advance refund \$265,000 of outstanding Series 2001 Combination Tax and Revenue Certificates of Obligation (average interest rate of 4.75%), \$1,940,000 of outstanding Series 2002 Combination Tax and Revenue Certificates of Obligation (average interest rate of 4.65%), \$950,000 of outstanding Series 2003 Combination Tax and Revenue Certificates of Obligation (average interest rate of 4.3%), and \$5,665,000 of outstanding Series 2009 Limited Tax Notes (average interest rate of 3.6%). The net proceeds after issuance (after insurance and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased series bonds. As a result, the following bonds are considered to be defeased and the liabilities for those bonds have been removed from the financial statements.

Maturities	Series 2001	Series 2002	Series 2003	Series 2009
2013	\$ 265,000	\$ 160,000		\$ 150,000
2014		165,000		150,000
2015		170,000	\$ 150,000	155,000
2016		180,000	90,000	5,210,000
2017		190,000	95,000	
2018		195,000	90,000	
2019		205,000	95,000	
2020		215,000	100,000	
2021		225,000	105,000	
2022		235,000	110,000	
2023			115,000	
	\$ 265,000	\$ 1,940,000	\$ 950,000	\$ 5,665,000

The City advanced refunded these bonds to reduce its total debt service payments over the next 12 years by approximately \$649,000 and to obtain a net economic gain (difference between the present values of debt service payments on the old and new debt) of approximately \$629,000.

D. Sales Tax Revenue Debt – Georgetown Transportation Enhancement Corporation

A summary of Sales Tax Revenue Debt outstanding at September 30, 2012 follows:

\$11,330,000, 2007 Senior lien sales tax revenue bonds due in annual installments through August 15, 2027; interest at 4% to 4.5%; repaid with 1/2 cent sales tax revenue

\$ 9,420,000

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Total outstanding Sales Tax Revenue Debt as of September 30, 2012 **\$ 9,420,000**

E. Revenue Debt

A summary of Revenue Debt outstanding at September 30, 2012 follows:

\$1,225,000, 1998-B Taxable Utility System Revenue & Refunding bonds due in annual installments through August 15, 2015; interest at 6.15% to 6.65%	\$250,000
\$6,940,000, 2003 Utility System Revenue bonds due in annual installments through August 15, 2023; interest at 3.55% to 4.55%	700,000
\$4,025,000 2005 Utility System Revenue bonds due in annual installments through August 15, 2025; interest at 2.85% to 4.75%	2,955,000
\$8,665,000 2006 Utility System Revenue bonds due in annual installments through August 15, 2026; interest at 4% to 4.625%	6,880,000
\$3,205,000, 2006 Utility System Revenue & Refunding bonds due in annual installments through August 15, 2020; interest at 4% to 4.5%	2,395,000
\$8,250,000 2007 Utility System Revenue bonds due in annual installments through August 15, 2027; interest at 4% to 4.5%	6,855,000
\$3,935,000, 2007 Utility System Revenue & Refunding bonds due in annual installments through August 15, 2021; interest at 4% to 4.25%	2,820,000
\$9,415,000, 2008 Utility System Revenue bonds due in annual installments through August 15, 2028; interest at 3.5% to 4.625%	8,155,000
\$7,055,000, 2008 Utility System Revenue & Refunding bonds due in annual installments through August 15, 2048; interest at 3.5% to 4%	3,250,000
\$10,120,000, 2010 Utility System Revenue bonds due in annual installments through August 15, 2029; interest at 3% to 4%	9,575,000
\$7,715,000, 2012 Utility System Revenue & Refunding bonds due in annual installments through August 15, 2023; interest at 2% to 4%	<u>7,590,000</u>
Total Outstanding Revenue Debt as of September 20, 2012	\$ <u>51,425,000</u>

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

F. Revenue Bond Advanced Refunding/Defeasance

All net revenues of the electric and water services system are pledged for the payment of debt service for the revenue bonds. Net revenues, as defined by the various bond ordinances, include income and revenues derived from the operation of the system, after deduction of the amount necessary to pay all operating, maintenance, replacement and betterment charges of the system.

These bond ordinances require that the net revenues, as defined, equal at least 1.25 times the average annual debt service on all revenue bonds. The City was in compliance with this requirement at September 30, 2012.

In prior years, the City defeased revenue bonds by placing the proceeds of the refunding bonds in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. At September 30, 2012, the outstanding balance of the defeased bonds is \$21,590,000.

On June 7, 2012, the City issued \$7,715,000 in Utility System Revenue Refunding bonds with an average interest rate of 3.25% to advance refund \$4,055,000 of outstanding 2002 Utility System Revenue Bonds (with an average interest rate of 4.65%) and \$3,925,000 of outstanding 2003 Utility System Revenue Bonds (with an average interest rate of 4.25%). The net proceeds (after insurance and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased series bonds. As a result, the following bonds are considered to be defeased and the liabilities for those bonds have been removed from the financial statements.

Maturities	Series 2002	Series 2003
2013	\$ 330,000	
2014	345,000	
2015	360,000	\$ 370,000
2016	375,000	385,000
2017	390,000	400,000
2018	410,000	415,000
2019	430,000	430,000
2020	450,000	450,000
2021	470,000	470,000
2022	495,000	490,000
2023		515,000
	\$ 4,055,000	\$ 3,925,000

The City advanced funded these bonds to reduce its total debt service payments over the next 12 years by approximately \$847,000 and to obtain a net economic gain (difference between the present values of debt service payments on the old and new debt) of approximately \$829,000.

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

G. Discretely Presented Component Unit – Loan Payable

Georgetown Economic Development Corporation (GEDCO) received a loan from the Water Services Fund as part of a tri-party agreement for economic development. The loan repayment schedule by GEDCO is as follows:

Fiscal Year Ending <u>September 30</u>	<u>GEDCO</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 55,000	\$ 47,200
2014	55,000	45,000
2015	60,000	42,800
2016	60,000	40,400
2017	65,000	38,000
2018-2022	360,000	148,800
2023-2027	450,000	63,000
	<u>\$ 1,105,000</u>	<u>\$ 425,200</u>

7. RETIREMENT PLAN

A. Plan Description

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan, in the state-wide Texas Municipal Retirement System (TMRS). The City of Georgetown is one of 847 municipalities having the benefit plan administered by TMRS, an agent multiple-employer public employee retirement system. Each of the 847 municipalities has an annual, individual actuarial valuation performed. The following assumptions were used for the December 31, 2011 valuations:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	26.1 Years – Closed Period
Amortization period for new gains/losses	30 years
Asset Valuation Method	10-year Smoothed Market
Investment Rate of Return	7.0%
Projected Salary Increases	Varies by age and service
Includes Inflation At	3.0%
Cost-of-Living Adjustments	0.9%

The December 31, 2011 calculations were based upon the following benefits. Members can retire at ages 60 and above with 5 years or more of service or with 20 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Membership as of 12/31/11	
Number of:	
Active members	472
Retirees and beneficiaries	102
Inactive members	144
Total	<u>718</u>

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The city elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The city may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

TMRS issues a publically available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at www.TMRS.com.

The city offers supplemental death to:	Plan Year 2011	Plan Year 2012
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

B. Contributions

The contribution rate for the employees is 7%, and the City matching ratio is currently 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for the City is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable remainder of the plan's 26.1 year amortization period. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases. The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect. (i.e. December 31, 2011 valuation is effective for rates beginning January 2013).

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

The City's total payroll in fiscal year 2012 was \$27,251,060 and the City's contributions were based on a payroll of \$27,197,442. Both the City and the covered employees made the required contributions, amounting to \$3,222,805 for the City and \$1,903,820 for the employees. The City's contribution amounted to 11.84% of the covered payroll during the fiscal year. The employees' contribution amounted to 7% of covered payroll.

Schedule of Actuarial Liabilities and Funding Progress

Actuarial Valuation Date		
12/31/2011		
Actuarial Value of Assets	(A)	\$ 61,924,599
Actuarial Accrued Liability	(B)	\$ 72,851,512
Percentage funded	(C)=(A)/(B)	85.0%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	(D)=(B)-(A)	\$ 10,926,913
Annual Covered Payroll	(E)	\$ 27,263,189*
UAAL as a Percentage of Covered Payroll	(D)/(E)	40.1%

*Based on calendar year ending 12/31/11, which varies from the City's fiscal year.

Annual Pension Cost

Fiscal Year Funding	Annual Pension Cost (APC)	APC Funded	Percentage of Annual Pension Cost Contributed	Net Pension Obligation (NPO)	Employer's Contribution as a % of Covered Payroll
09/30/10	\$ 4,000,420	\$ 3,235,666	80.88	\$1,314,617	12.94
09/30/11	\$ 3,718,939	\$ 3,700,513	99.50	\$1,333,043	13.24
09/30/12	\$ 3,293,113	\$ 3,222,805	97.86	\$1,403,351	11.85

C. Net Pension Obligation Calculation

The NPO cost associated with the City's retirement benefits for the fiscal year ended September 30, 2012 and previous years, are as follows:

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	2012	2011	2010
Annual required contribution	\$ 3,280,012	\$ 3,701,920	\$ 3,992,755
Interest in net pension obligation	93,313	98,596	41,240
Adjustment to annual required contribution	(80,212)	(81,577)	(33,575)
Annual pension cost	3,293,113	3,718,939	4,000,420
Employer contributions	(3,222,805)	(3,700,513)	(3,235,666)
Change in net pension obligation	\$ 70,308	\$ 18,426	\$ 764,754
Beginning net pension obligation	1,333,043	1,314,617	549,863
Net pension obligation	\$ 1,403,351	\$ 1,333,043	\$ 1,314,617

The schedule of funding progress presented as required supplementary information (RSI) immediately following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

8. OTHER POST EMPLOYMENT BENEFITS (OPEB)

In addition to the contributions made to TMRS, the City provides certain other post-employment benefits to its retirees and dependents through its health insurance provider, an agent multiple-employer system. Full time employees of the City of Georgetown are eligible to receive continued health benefits, dental and vision coverage for the person and the person's dependents unless anyone is eligible for coverage through another employer. Retirees of the City are eligible to continue with coverage at the same level they had during employment. Retirees are eligible at age 60 with 5 years of services or at any age with 20 years of service. Other post-employment benefit levels for retirees is the same as coverage provided to active City of Georgetown employees in accordance with the terms and conditions of the current City of Georgetown Health Plan.

Other post employment benefits are funded on a pay-as-you-go basis. The City recognizes the cost of providing these benefits as an expense on the government wide fund statements. The estimated obligation of providing these benefits was \$361,220 in 2012 according to a report on the results of the actuarial valuation of assets and benefits values associated with OPEB requirements. This is an increase of \$93,736 over last year's obligation of \$267,484.

In fiscal year 2009, the City implemented GASB Statement No. 45. The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

The City is under no obligation, statutory or otherwise, to offer other post employment benefits to any retirees, or their dependants. Allocation of city funds to make these benefits available is determined on an annual basis by the City Council as part of the budget approval process. In December 2010, the City Council approved an ordinance that permanently segregates the retiree population from the active employee population in the health plan and established a retiree stipend. Council agreed to fund a retiree supplement per month per retiree to stabilize the retiree rate to an amount comparable to their current rates while a more permanent policy on retiree healthcare is developed.

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

A copy of the Actuarial Valuation Report for the Employee Retirement Benefit Program may be obtained by contacting Gabriel, Roeder, Smith & Company at 5605 N. MacArthur Blvd., Suite 870, Irving, Texas 75038-2631.

The City recognized the following liability in the financial statements at September 30, 2012:

Annual Other Post Employment Benefits Cost and Net OPEB (Obligation) Asset

The annual OPEB cost associated with the City's retiree benefits for the fiscal year ended September 30, 2012 and previous two years, is as follows:

	2012	2011	2010
Annual Required contribution	\$ 119,206	\$ 114,434	\$ 111,101
Interest on net OPEB obligation	12,037	7,991	3,783
Adjustment to annual required contribution	(11,152)	(7,404)	(431)
Annual OPEB cost (expense) end of year	120,091	115,021	114,453
Contributions made (pay as you go)	(26,355)	(25,114)	(17,864)
Increase in net OPEB obligation	\$ 93,736	\$ 89,907	\$ 96,589
Net OPEB obligation - beginning of year	\$ 267,484	\$ 177,577	\$ 80,988
Net OPEB obligation - end of year	<u>\$ 361,220</u>	<u>\$ 267,484</u>	<u>\$ 177,577</u>

Assumptions:

	OPEB
Actuarial valuation date	December 31, 2011
Actuarial cost method	Projected unit credit cost method
Amortization method	Level as a percent of payroll
Remaining Amortization Period	30 years, open period
Assumed Rate of	
Return on Investments	4.5%, net of expenses
Health Care Cost Trend Rate	Initial rate of 8.5% declining to an ultimate rate of 4.5% after 8 years
Payroll growth	3.0% per annum
Inflation rate	3.0% per annum

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, reflecting a long-term perspective. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years are as follows:

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Year Ended September 30	Annual OPEB Cost	Employer Contributions	Net OPEB Obligation End of Year	Percentage of Annual OPEB Cost Contributed
2010	\$ 114,453	\$ 17,864	\$ 177,577	16%
2011	115,021	25,114	267,484	22%
2012	120,091	26,355	361,220	22%

9. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency.

10. COMMITMENTS AND CONTINGENCIES

Long-Term Agreements

The City has the following long-term agreements, which represent significant commitments:

- A. **Wholesale Power Agreements** - On June 28th, 2012 the City of Georgetown delivered notice to the LCRA declaring LCRA to be in breach of the Wholesale Power Agreement (WPA) covering the supply of electricity and all related services to the City's Georgetown Utility System (GUS). Therefore, on August 13th, 2012, per the terms of the WPA, the City of Georgetown delivered to LCRA a notice of termination to be effective on September 13th, 2012. LCRA followed up with a lawsuit in Travis County seeking a temporary injunction by the court to prevent the contract termination, and also asked for summary judgment in their favor on the issue of breach. Georgetown made a plea to the jurisdiction of the court based upon sovereign immunity. The court denied the temporary injunction, summary judgment, and also ruled the case to be within its jurisdiction. Georgetown immediately appealed to the circuit court on the plea and is currently awaiting a hearing on that issue. A trial on the merits of the case is on hold pending the final resolution of the plea to the jurisdiction, and could potentially take several years to be resolved.

Prior to terminating the WPA with LCRA, GUS received almost 90% of its power needs from LCRA, but also had existing contracts with several other suppliers. Beginning on September 13th, 2012 GUS began receiving energy from its other suppliers to replace the energy LCRA had planned to serve. GUS also extended its active management of its daily energy supply to cover the larger market exposures, congestion issues, and real time settlements that LCRA previously handled. GUS currently has power arrangements to cover 100% of its projected needs through May 2013. GUS is currently evaluating its energy needs through June of 2016. Post 2016 GUS has covered 60% of its needs to 2021, and is maintaining a wind contract for Southwestern University to 2028. The financial impact of these changes is projected lower purchased power costs which are being passed on to customers through a lower Power Cost Adjustment (PCA) portion of the electric rate to retail customers to prevent excessive accumulation of fund balance, including offering a negative PCA for the first time in the utility's history. In September the PCA rate was \$0.01 per kWh. Starting in October that rate was lowered to negative \$0.003 per kWh, and is likely to be lowered further in 2013. General fund franchise fee revenues are based on the number of kWh sold; therefore, no impact on other City funds is expected.

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

- B. **Brazos River Authority (BRA) Water Contracts** - Effective September 1, 2001, the City revised its previous water availability agreements with the BRA to further plan for future water needs and to standardize the pricing to a system-wide rate. The effective system-wide rate for BRA's fiscal year beginning September 1, 2012 is \$62.50 per acre foot and the City paid a total of \$2,010,500 for water during the fiscal year. The City has two separate agreements with the BRA as follows:

- (1) **Lake Georgetown Water** - This agreement, effective September 1, 2001 and expiring August 31, 2050, requires BRA to make available to the City 6,720 acre-feet of water per year at BRA's system wide rate. The City paid \$420,000 for water under this agreement for the City's fiscal year.
- (2) **Lake Stillhouse Hollow Water** - This agreement, effective September 1, 2001 and expiring August 31, 2040, requires BRA to make available to the City 25,448 acre-feet of water per year at BRA's system wide rate. The City paid \$1,590,500 for water under this agreement in fiscal year 2012.

- C. **Brazos River Authority - Williamson County Regional Raw Water Line Agreement** - The City is a party to an agreement dated June 30, 1986, with the Brazos River Authority (BRA), City of Round Rock, Jonah Water Special Utility District and Chisholm Trail Special Utility District. The Brazos River Authority designed, constructed, owns and operates a pipeline to transport water from Lake Stillhouse Hollow to Lake Georgetown to benefit the parties in the agreement. Total project construction cost for the raw water line was approximately \$40 million. In 2007, BRA refunded a portion of the original \$89 million in debt. It is approximately \$69 million, including principal and interest. Each participant agreed to pay for the annual cost of debt and operations of the line. The City's obligation is \$31 million, including principal and interest, to be repaid annually through 2032. The amount for fiscal year 2012 was \$1,023,396. The following schedule reflects the City's obligation:

<u>Year Ending September 30</u>	<u>Amount</u>
2013	1,021,945
2014	1,011,637
2015	1,006,612
2016	1,011,637
2017	1,011,368
2018-2032	17,267,230
Total	\$22,330,429

- D. **Texas Capital Fund Programs** - The City has received awards from this program, which is operated by the State of Texas to assist in local economic development. Two types of assistance are provided to businesses relocating to the area: (1) infrastructure improvements and (2) low cost funding for facility construction. Infrastructure improvements become the asset of the City upon construction, without repayment of the grant to the State. If the City receives funding to construct a facility for a business, the City owns the facility and leases it to the business. These lease payments are then repaid to the State. The leases and pass through

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

payments are recorded in the Agency Fund of the City. The City has three active awards for facility construction, where long term agreements are in effect:

- (1) **Reedholm Instruments, Inc.** - This facility was completed in 1997 and lease payments began in March 1997. The business is current on lease payments and has an outstanding balance of \$86,523 as of September 30, 2012.
- (2) **Xycarb Ceramics, USA, Inc.** - This facility was completed in January 1998 and lease payments began in February 1998. The business has an outstanding balance of \$136,310 as of September 30, 2012.
- (3) **Schunk Quartz** - This facility was completed in January 1998 and lease payments began in February 1998. The business has an outstanding balance of \$136,310 as of September 30, 2012.

- E. **Chisholm Trail Special Utility District** - In February 1999, the City and Chisholm Trail Special Utility District (CTSUD) entered into an agreement which provided CTSUD water treatment capacity in exchange for allowing Georgetown the right to provide water service in the Highway 195 and expanded Sun City areas. The City transferred to CTSUD, a phased financial position in the Lake Water Treatment Plant (LWTP), valued at \$1,681,070, equaling 4.36 mgd of the off-peak plant capacity. In 2009, the City and CTSUD entered into a subsequent agreement to: 1) convert the existing 4.36 mgd of LWTP off-peak capacity to 4.09 mgd of firm capacity, 2) jointly construct and operate expanded facilities at the Lake Water Treatment Plant with such 11 mgd expansion scheduled to start in March 2011, 3) construct a new treatment plant at a new site south of Lake Georgetown, and 4) an option to purchase a portion of CTSUD water service territory for the sum of \$1,265,787. Upon completion of the LWTP expansion in 2013, CTSUD will own 9.59 mgd of capacity in the LWTP representing 33.65% of the total capacity of the plant. CTSUD pays prorata operating costs for all water produced at the LWTP. The project is substantially complete. CTSUD has paid their share of the construction costs via quarterly settlements. Once the project is fully complete, we expect to settle final costs in early April.
- F. **Highlands at Mayfield Ltd** - In July 2005, the City and Highlands at Mayfield, Ltd (Highlands) entered into an agreement, subsequently amended in October 2006, to provide for partial reimbursement by Highlands for the cost of constructing a 1.25 mg elevated storage tank to provide water service to the development. Upon notification by Highlands that it would not be able to make the reimbursement totaling \$465,319 required by the contract, the City and Highlands amended the contract in September 2010 to defer the payment until August 2012 in exchange for interest payments until the reimbursement payment is made. The Highlands has made their quarterly interest payments as required and requested that one additional interest payment plus the capacity payment of \$465,319 be made on December 31, 2012. The City is currently working with Highlands on another amendment to the agreement that could possibly allow Highlands to use the capacity payment to pay for the line extension with repayment scheduled when they issue MUD bonds.
- G. **Del Webb Corporation (Sun City Texas)** - The Del Webb Corporation (Del Webb) began development in April 1995 of a proposed 9,500 unit; 5,300 acre active retirement community to be called Sun City Texas. The City, through a Development Agreement, and in exchange for payment of Service Improvement Fees (SIP fee - discussed below) provides fire protection, wastewater, water and electric service to Sun City. The project is annexed into the City limits as phases of the project are platted. Home sales began in June 1995 and were expected to average 425 homes per year for 20 years. As of September 30, 2012, 6,414 units have been completed.

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

In May 2006, the City approved the ***Eighth Amendment to the Development Agreement*** with Del Webb. The Eighth Amendment set the build out at 7,500 age restricted units at Sun City. Additionally, it escalated the payment of "stranded costs" and addressed the water and wastewater capacity needed to serve the 2,500 age restricted units above the 5,000 units originally defined in the Seventh Amendment. The SIP fee for units 5,001 through 7,500 was also set in this agreement at \$3,292 per unit. As of September 30, 2012 there were 1,414 units under this agreement.

- H. **Georgetown Village Public Improvement District** - In 1999, the City of Georgetown created the Georgetown Village Public Improvement District No. 1, pursuant to Chapter 372 of the Texas Local Government Code. The City is required to construct and provide operation, repair and maintenance of parks, recreational facilities, alleyways, lighting, landscaping and related improvements to the district that are above the standards that are met elsewhere in the City. Property owners are assessed an annual maintenance assessment of \$0.20 per \$100 valuation. Assessment revenue of \$215,727 was recognized for 2012. As of September 30, 2012 all costs associated with the Georgetown Village Public Improvement District have been reimbursed.
- I. **Shell Road Public Improvement District** - In 2001, the City created the Shell Road Public Improvement District, pursuant to Chapter 372 of the Texas Local Government Code. The City was required to design and construct the realignment of Shell Road, which was accomplished through an interlocal agreement with Williamson County. The cost of the construction was \$832,500 and will be repaid by the property owners in the PID through an assessment based on each property's linear feet of the Shell Road alignment. Each assessment is due at the time the tract is platted, at the time of the sale of the tract, or within seven years after the realignment of the road, whichever is earlier. In March 2011, this agreement was amended to extend the repayment period to February 2013. Assessments totaling \$832,500 were billed in fiscal year 2004. As of September 30, 2012 outstanding assessments totaled \$254,050.
- J. **Cimarron Hills Public Improvement District** - In May 2000, the City and Paloma Cimarron Hills, L.P. entered into a development agreement for a 606 home, 813 acre subdivision within the City's Extraterritorial Jurisdiction (ETJ). As part of this agreement, the City created the Cimarron Hills PID to reimburse the developer for costs of certain infrastructure improvements. Each lot within the development is assessed an annual fee based on its type of usage. The City also collects a per unit transportation fee which will be used to fund necessary roadway improvements and bridge crossings in the area. As of September 30, 2012, 223 lots had been sold and 111 homes had been completed for this development. PID assessment collection began in 2002. In 2012, PID assessments were \$528,858. The developer was reimbursed \$539,966 from current year collections and available fund balance. The assessments and related disbursements are recorded in the Agency Funds.
- K. **Wolf Ranch Towne Center** - In July 2003, the City approved a development agreement with Simon Properties for the 750,000 sq ft Wolf Ranch Towne Center. The project includes Target and 70 other retailers and restaurants. As part of the agreement, the City provided utility improvements to the site, as well as, funded \$10.5 million of highway improvements for the project. The \$10.5 million was funded with debt to be repaid by Georgetown Transportation Enhancement Corporation (GTEC). Improvements to SH 29, as well as, provide the frontage road for IH-35 were constructed as part of this project. As of September 30, 2012, \$10,555,000 of GTEC debt had been issued for this project.

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

The City's development agreement with Simon includes a sales tax rebate allowable under Chapter 380 of the Texas Local Government Code. Fifty-three percent of the 1% general operating sales tax revenue generated at the development is rebated to Simon as an economic development incentive. This arrangement continues for 20 years or up to \$15 million, which funds the public on-site improvements paid by Simon.

In June 2004, the City created the Wolf Ranch Public Improvement District (PID) #1 for all Simon owned property within the Wolf Ranch development. In the event that revenues from the project are insufficient to fund any outstanding debt related to the project, an assessment would be levied against the property in the PID to protect the City from potential revenue shortfalls. Should revenues meet or exceed expectations, no assessment is made. The revenues did not meet expectations, therefore the assessment increased. The balance in the Public Road Improvement District assessment receivable is \$842,974 including interest as of September 30, 2012.

- L. In November 2006, the City entered into a 10 year tax abatement agreement with **Citigroup, NA, Inc.** who constructed a \$475 million data center within the City. The abatement began in tax year 2009 (fiscal year 2008/09). The Georgetown Economic Development Corporation (GEDCO) also entered into an agreement with Citicorp, NA to fund \$1.3 million of offsite wastewater improvements as an incentive for the creation of 50 jobs. The amount of the abatement for tax year 2012 (fiscal year 2011/12) is \$115.2 million of appraised market value.
- M. In December 2010, the City Council approved the award of a contract for the acquisition and deployment of an Advanced Metering Infrastructure system to Elster Integrated Solutions for an amount not to exceed \$8.6 million. The implementation will take place over a three year time span. As of September 30, 2012, there is \$6,050,000 in expenses associated with this project. The project will be funded with cash reserves and/or revenue bonds issued by the Electric Utility.
- N. In November 2006, the City created the **Williams Drive Tax Increment Reinvestment Zone (TIRZ)** to fund improvements needed for redevelopment of the Williams Drive gateway area. A master plan for the area was developed in 2006, with implementation planned for future years. As of September 30, 2012, \$20,352 has been collected.
- O. **Downtown Tax Increment Reinvestment Zone** was established in 2004 to fund improvements in the downtown overlay district to assist in funding the downtown master plan. As of September 30, 2012, \$280,082 has been collected.
- P. **Rivory Park Tax Increment Reinvestment Zone** was established in 2008 to fund a convention center/hotel complex, as well as, expansion to Rivory Park. The City and Williamson County agreed to reimburse up to \$25 million for the project. As of September 30, 2012, \$38,247 has been collected.
- Q. In April 2008, the City entered into a Memorandum of Understanding (MOU) with Williamson County for the **expansion of FM 2338 (Williams Drive)**. The County agreed to up front the costs of the project in order to accelerate its construction to address safety issues near Sun City. Under the MOU, the City agreed to repay the County at a later date for the City's share of these costs. The City will be responsible for 65% of the total project costs, estimated at \$22 million, for the portion of the project inside the City.

In January 2009, the City Council approved an inter-local agreement with Williamson County to addresses repayment for the **Williams Drive expansion project** as previously approved as a

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Memorandum of Understanding in April 2008. In December 2008, the City was notified that the City was awarded \$8.8 million from the Capital Area Metropolitan Planning Organization (CAMPO) for funding their portion of the project. These funds will be forwarded directly to the County for funding the project. The City has reimbursed the County \$7,367,861 of CAMPO funding. The remaining balance of \$4.7 million will be repaid to the County over 3 years. Payments from the City totaled \$4.7 million as of September 2012. Approximately \$1.2 million of outstanding, not grant funded costs related to the relocation of utilities are currently being reviewed by the City with final payment to be negotiated in 2012.

- R. In October 2011, City Council approved an economic development agreement with **GCV Enterprises LLC, dba Grape Creek Winery** to establish and operate a winery on the downtown square. Georgetown Economic Development Corporation (GEDCO) entered into an agreement with the developer to reimburse up to \$280,000 for improvements to the property and patio related to the project. Downtown Tax increment Reinvestment Zone entered into a reinvestment zone agreement with the developers in September 2012 to fund \$60,000 for construction improvements. In addition, GEDCO has entered into a lease agreement with Grape Creek for an initial term commencing on January 1, 2012 and ending five (5) years after the Open Date. Grape Creek shall have three (3) consecutive options to renew the term of the lease, each for an additional five (5) year term. The project is currently under construction and is set to open March 2013.

11. SUBSEQUENT EVENTS

- A. In November 2012, the City issued General Obligation Bonds, Series 2012A, in the amount of \$12,500,000. This is the second bond issue related to the May 2011 authorization of \$30 million for the Public Safety Facility.
- B. Chisholm Trail Special Utility District (CTSUD) Memorandum of Understanding (MOU):
In February 2012, the City and CTSUD jointly funded a feasibility study to determine the potential for the regionalization of utility services through consolidated operations. This study, completed in June 2012, indicated there were substantial opportunities for economic benefits for both entities if they were to merge operations. This would be achieved through the creation of a Local Government Corporation (LGC), which is a separate legal entity created by the City under Chapter 431 of the Texas Local Government Code that would allow for the City to acquire the assets of the District and still maintain some level of representative oversight by the impacted customers. Once consolidation is completed the District would be dissolved.

On October 18, 2012, the City and CTSUD executed an MOU that outlined the framework for how this merger was to be achieved. Approval of the Definitive Agreement, finalizing the plan, and the creation of the LGC is expected in early 2013. Total consolidation requires approval by the Texas Commission on Environmental Quality (TCEQ) and issuance of bonds by the City to defease the outstanding debt of the District which is approximately \$16 million. This process is expected to be completed by September 30, 2013.

Grants

Amounts received or receivable from grantor agencies, principally the federal government, are subject to audit and adjustment by the agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Litigation

The City is involved in various legal actions in which claims of varying amounts are being asserted against the City. The City follows the practice of providing for these claims only when they become probable and reasonably determinable in amount. In the opinion of City management, these actions will not result in a significant change in the City's financial position.

Construction Contracts

Estimated costs to complete significant construction projects in progress at year-end totaled approximately \$3,268,000 for Governmental Funds and approximately \$3,472,000 for Enterprise Funds.

CITY OF GEORGETOWN, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION – FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Texas Municipal Retirement System Trend Data

Fiscal Year (1)	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) (1)	Percentage Funded	Unfunded Actuarial Accrued Liability (UAAL) (1)	Annual Covered Payroll	UAAL as a % of Covered Payroll
2003	\$ 15,549,049	\$ 18,658,884	83.3%	\$ 3,109,835	\$ 12,183,510	25.5%
2004	18,195,567	22,347,396	81.4%	4,151,829	13,698,260	30.3%
2005	20,947,687	25,168,237	83.2%	4,220,550	14,985,460	28.2%
2006	23,848,360	31,247,055	76.3%	7,398,695	16,585,727	44.6%
2007	27,478,717	36,054,408	76.2%	8,575,691	18,062,706	47.5%
2008	31,091,875	47,706,550	65.2%	16,614,675	21,074,348	78.8%
2009	34,184,686	52,405,684	65.2%	18,220,998	23,534,408	77.4%
2010	38,645,252	52,851,987	73.1%	14,206,735	25,250,743	56.3%
2011	54,329,259	66,412,267	81.8%	12,083,008	26,111,956	46.3%
2012	61,924,599	72,851,512	85.0%	10,926,913	27,263,189	40.1%

Source: Texas Municipal Retirement System ("TMRS") Annual Report and City payroll reports.

Notes:

- (1) Trend data presented is information as of December 31 of the previous year, which is the fiscal year of the TMRS.

Other Post Employment Benefits

Year Ended September 30	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	Percentage of UAAL for Covered Payroll
2010		\$ 854,006	\$ 854,006	0%	\$ 25,250,743	3%
2011		854,006	854,006	0%	26,111,956	3%
2012		978,491	978,491	0%	27,263,189	4%

Source: Gabriel Roeder Smith & Company, Actuarial Valuation Report

Notes:

- (1) Actuarial accrued liabilities for year end 2010 and 2011 are based on a December 31, 2009 study. Actuarial accrued liabilities for year end 2012 are based on a December 31, 2011 study.

CITY OF GEORGETOWN, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION - MODIFIED APPROACH FOR STREETS INFRASTRUCTURE CAPITAL ASSETS

GASB Statement 34 allows the City to use the Modified Approach with respect to infrastructure assets instead of depreciating these assets. The City Council adopted an average PCI level of 85 which is considered "good" condition for a street. The City's system for reporting assets is fully discussed in Note N on page 70 of the notes. The following is additional information for the City's streets infrastructure for fiscal year 2012. This information is updated every three years and comparative data is included.

Condition Rating Summary

Condition	Rating	Segments	% of Segments	Center Line Miles	% of Segments
Very Good	90-100	2,194	72.1%	190.8	72.4%
Good	80-90	557	18.3%	45.5	17.3%
Fair	45-80	282	9.3%	26.0	9.9%
Poor	< 45	11	0.4%	1.1	0.4%
		3,044	100.0%	263.4	100.0%

Notes:

[a] Center line miles will vary from the total number of center line due to street segments that were omitted from the survey. Street segments that were either scheduled or currently receiving maintenance were omitted from the street survey.

PCI Rating by Functional Class

	2005-2007	2008-2010	2012
Arterial	91.91	93.00	89.70
Collector	88.38	93.75	86.30
Local	91.00	92.70	87.50
Total	90.87	93.00	88.00

Costs to Maintain System at Designated Level

Fiscal Year Ending September 30,	2012	2011	2010	2009	2008	2007
Estimated Maintenance Cost	\$ 3,448,359	\$ 3,350,973	\$ 3,643,734	\$ 3,324,234	\$ 2,985,734	\$ 2,599,234
Budgeted Maintenance Cost	3,484,079	3,078,770	3,623,688	3,530,234	4,284,000	4,656,423
Actual Maintenance Cost	3,170,741	3,269,757	2,905,769	2,309,171	2,637,368	2,958,071

Combining and Individual Fund Financial Statements and Schedules Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted for expenditures for particular purposes.

Court Fees - to account for the receipt and expenditure of court fees that are legally restricted for court security and technology.

Conservation - to account for the Energy Conservation Fee that is charged to Electric customers. This fee is used for the enactment of House Bill 3693 to address the issue of peak demand by initiating energy efficiency initiatives and conservation strategies. The funds collected will be used for a weatherization program and solar water heating program.

Development - to account for the receipt of private donations, grants, and money raised through special events to provide assistance to building/property owners for maintaining the appearance of the downtown historic district. Funds are distributed through an application/approval process with either a low-interest loan or grant; and to account for the receipt and expenditure of revenues from building proceeds to further develop downtown structures.

Fire Billing and Donations - to account for the receipt and expenditures of funds received by the City for various fire services, including calls for service, donations, abandoned vehicle revenue and inspections.

Library Restricted - to account for the receipt and expenditure of restricted donations such as memorials and gifts for a designated library purchase or program. Also accounts for the receipt of the Texas State Library grant for librarian salaries and books.

Transportation - to account for the receipt and expenditures of funds received by the City for the Williams Drive expansion project.

Parks - to account for revenues earned by the City from activities on City park land, which are restricted for improvements to park land and for parkland dedication fees paid by developers, which are restricted by zones for new parks. Also accounts for the partial administration of a federal drug prevention grant in coordination with Georgetown Project.

Police - to account for a Texas Department of Transportation grant for a Selective Traffic Enforcement Project (STEP) related to overtime costs and the receipt and expenditure of seized donated funds.

Streets Sales Tax - to account for the receipt and expenditure of revenues collected from the ¼ cent sales tax approved by the citizens in November 2001 under Texas House Bill 445. The funds are required to be spent on maintenance of streets that were in existence at the time of adoption of the tax.

Tourism - to account for the receipt and expenditure of funds received by the City from the assessment of hotel and motel occupancy tax. Usage of funds is restricted to promotion of tourism and arts within the City.

Village Public Improvement District - to account for the receipt and expenditure of the revenues collected from property assessments paid by Georgetown Village Public Improvement District residents and the developer to fund maintenance on upgraded parks facilities within the subdivision.

Downtown, Williams Drive and Rivery Park Tax Increment Reinvestment Zones (TIRZ) - to account for public improvements within an area that will generate private-sector development. The tax base is frozen at a pre-development level and the increases in taxes derived from increases in assessed valuations are to retire bonds originally issued for the development or to leverage future growth in the assigned areas.

CITY OF GEORGETOWN, TEXAS

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS AS OF SEPTEMBER 30, 2012

SPECIAL REVENUE FUNDS

	<u>COURT FEES</u>	<u>CONSERVATION</u>	<u>DEVELOPMENT</u>	<u>FIRE BILLING AND DONATIONS</u>	<u>LIBRARY RESTRICTED</u>
ASSETS:					
Cash and cash equivalents	\$ 63,843	\$ 224,998	\$ 213,437	\$ 58,468	\$ 10,652
Investments	81,254	286,361	271,649	74,414	13,557
Accounts receivable:					
Tax					
Grants			124,949	54,832	19,914
Other				141,330	
TOTAL ASSETS	\$ 145,097	\$ 511,359	\$ 610,035	\$ 329,044	\$ 44,123
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 2,222		\$ 191,887	\$ 21,732	\$ 9,719
Unearned revenue				141,330	
Total liabilities	<u>2,222</u>		<u>191,887</u>	<u>163,062</u>	<u>9,719</u>
Fund Balance:					
Restricted	142,875				
Committed		\$ 511,359	80,629	165,982	
Assigned			337,519		34,404
Total fund balance	<u>142,875</u>	<u>511,359</u>	<u>418,148</u>	<u>165,982</u>	<u>34,404</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ 145,097	\$ 511,359	\$ 610,035	\$ 329,044	\$ 44,123

SPECIAL REVENUE FUNDS						TOTAL 2012
<u>PARKS</u>	<u>POLICE</u>	<u>STREET TAX</u>	<u>TOURISM</u>	<u>TAX INCREMENT REINVESTMENT ZONES</u>	<u>VILLAGE IMPROVEMENT DISTRICT</u>	
\$ 359,503	\$ 60,587	\$ 2,212,040	\$ 233,422	\$ 149,020	\$ 115,928	\$ 3,701,898
457,549	77,113	2,815,323	297,083	189,661	147,545	4,711,509
		325,562	30,819		202	356,583
	126,624					326,319
47,305						188,635
<u>\$ 864,357</u>	<u>\$ 264,324</u>	<u>\$ 5,352,925</u>	<u>\$ 561,324</u>	<u>\$ 338,681</u>	<u>\$ 263,675</u>	<u>\$ 9,284,944</u>
\$ 3,455	\$ 2,702	\$ 1,147,772	\$ 6,836	\$ 2,733	\$ 5,890	\$ 1,394,948
			28,000			169,330
3,455	2,702	1,147,772	34,836	2,733	5,890	1,564,278
781,963	102,094	4,205,153	526,488			4,976,610
78,939	159,528			335,948	257,785	2,293,194
860,902	261,622	4,205,153	526,488	335,948	257,785	450,862
						7,720,666
<u>\$ 864,357</u>	<u>\$ 264,324</u>	<u>\$ 5,352,925</u>	<u>\$ 561,324</u>	<u>\$ 338,681</u>	<u>\$ 263,675</u>	<u>\$ 9,284,944</u>

CITY OF GEORGETOWN, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE NONMAJOR GOVERNMENTAL FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 2012

SPECIAL REVENUE FUNDS

	<u>COURT FEES</u>	<u>CONSERVATION</u>	<u>DEVELOPMENT</u>	<u>FIRE BILLING AND DONATIONS</u>	<u>LIBRARY RESTRICTED</u>	<u>TRANSPORTATION</u>
REVENUES:						
Grants and entitlements		\$ 116,796	\$ 191,141	\$ 418,440	\$ 56,148	\$ 196,605
Hotel/Motel tax						
Property assessments						
Sales tax						
Court fees	\$ 65,945					
Investment earnings	706	1,689	894	1,042	212	
Donations			102,220	11,814	59,701	
Fire incident billings				225,074		
Other		349,949	408,702	1,051		
Total revenues	66,651	468,434	702,957	657,421	116,061	196,605
EXPENDITURES:						
Culture - recreation		200,162	70,143		238,954	
Development			60,979			
Fire services				662,900		
Highways and streets						196,605
Police	76,136					
Capital outlay			222,331			
Total expenditures	76,136	200,162	353,453	662,900	238,954	196,605
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(9,485)	268,272	349,504	(5,479)	(122,893)	
OTHER FINANCING SOURCES (USES):						
Transfers in	15,168		15,000	14,923		
Transfers out	(20,000)				(1,200)	
Total other financing sources (uses)	(4,832)		15,000	14,923	(1,200)	
NET CHANGE IN FUND BALANCE	(14,317)	268,272	364,504	9,444	(124,093)	
FUND BALANCES, Beginning of period	157,192	243,087	53,644	156,538	158,497	
FUND BALANCES, End of period	\$ 142,875	\$ 511,359	\$ 418,148	\$ 165,982	\$ 34,404	\$

SPECIAL REVENUE FUNDS						TOTAL 2012
<u>PARKS</u>	<u>POLICE</u>	<u>STREET TAX</u>	<u>TOURISM</u>	<u>TAX INCREMENT REINVESTMENT ZONES</u>	<u>VILLAGE IMPROVEMENT DISTRICT</u>	
		\$ 343,000				\$ 1,322,130
			\$ 454,531			454,531
				\$ 137,542	\$ 215,727	353,269
		2,069,376				2,069,376
						65,945
\$ 4,029	\$ 999	17,919	2,432	1,446	2,093	33,461
3,190	34,087					211,012
						225,074
148,149	74,382		84,310			1,066,543
<u>155,368</u>	<u>109,468</u>	<u>2,430,295</u>	<u>541,273</u>	<u>138,988</u>	<u>217,820</u>	<u>5,801,341</u>
83,108			460,367		140,981	1,193,715
				203,783		264,762
						662,900
		1,440,464				1,637,069
	3,055					79,191
		608,132		9,950		840,413
<u>83,108</u>	<u>3,055</u>	<u>2,048,596</u>	<u>460,367</u>	<u>213,733</u>	<u>140,981</u>	<u>4,678,050</u>
<u>72,260</u>	<u>106,413</u>	<u>381,699</u>	<u>80,906</u>	<u>(74,745)</u>	<u>76,839</u>	<u>1,123,291</u>
		608,132				653,223
	(125,148)		(15,000)			(161,348)
	<u>(125,148)</u>	<u>608,132</u>	<u>(15,000)</u>			<u>491,875</u>
<u>72,260</u>	<u>(18,735)</u>	<u>989,831</u>	<u>65,906</u>	<u>(74,745)</u>	<u>76,839</u>	<u>1,615,166</u>
788,642	280,357	3,215,322	460,582	410,693	180,946	6,105,500
<u>\$ 860,902</u>	<u>\$ 261,622</u>	<u>\$ 4,205,153</u>	<u>\$ 526,488</u>	<u>\$ 335,948</u>	<u>\$ 257,785</u>	<u>\$ 7,720,666</u>

CITY OF GEORGETOWN, TEXAS

COURT FEES SPECIAL REVENUE FUND SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) - BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS FISCAL YEAR ENDED SEPTEMBER 30, 2012

	2012		
	ORIGINAL & FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET
REVENUES:			
Court fees	\$ 93,000	\$ 65,945	\$ (27,055)
Investment earnings	800	705	(95)
Total revenues	93,800	66,650	(27,150)
EXPENDITURES:			
Personnel	55,860	55,859	1
Operations	67,243	11,025	56,218
Total expenditures	123,103	66,884	56,219
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(29,303)	(234)	29,069
OTHER FINANCING SOURCES (USES):			
Operating transfers in	15,168	15,168	
Transfers out	(40,000)	(20,000)	(20,000)
Total other financing sources (uses)	(24,832)	(4,832)	(20,000)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES) - BUDGETARY BASIS	(54,135)	(5,066)	49,069
FUND BALANCE, Beginning of period	54,135	146,726	92,591
FUND BALANCE - BUDGETARY BASIS, End of period	\$	141,660	\$ 141,660
Adjustments to GAAP:			
Reverse current year encumbrances		1,215	
FUND BALANCE - GAAP BASIS End of period		\$ 142,875	

CITY OF GEORGETOWN, TEXAS

CONSERVATION SPECIAL REVENUE FUND SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) - BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS FISCAL YEAR ENDED SEPTEMBER 30, 2012

	2012		
	ORIGINAL & FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET
REVENUES:			
Investment earnings		\$ 1,689	\$ 1,689
Conservation revenue	\$ 240,000	251,295	11,295
Grants		116,796	116,796
Other		98,655	98,655
Total revenues	240,000	468,435	228,435
EXPENDITURES:			
Operations	488,360	135,741	352,619
Total expenditures	488,360	135,741	352,619
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(248,360)	332,694	581,054
FUND BALANCE, Beginning of period	248,360	151,007	(97,353)
FUND BALANCE - BUDGETARY BASIS, End of period	\$	483,701	\$ 483,701
Adjustments to GAAP:			
Reverse current year encumbrances		27,658	
FUND BALANCE - GAAP BASIS End of period		\$ 511,359	

CITY OF GEORGETOWN, TEXAS

DEVELOPMENT SPECIAL REVENUE FUND SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) - BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS FISCAL YEAR ENDED SEPTEMBER 30, 2012

	2012			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO FINAL BUDGET
REVENUES:				
Grants and entitlements		\$ 592,140	\$ 191,141	\$ (400,999)
Investment earnings	\$ 600	600	894	294
Technology fee			10,516	10,516
Donations			102,220	102,220
Other			398,186	398,186
Total revenues	600	592,740	702,957	110,217
EXPENDITURES:				
Operations	35,440	124,296	124,296	
Capital outlay		503,284	496,947	6,337
Total expenditures	35,440	627,580	621,243	6,337
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(34,840)	(34,840)	81,714	116,554
OTHER FINANCING SOURCES:				
Transfers in	15,000	15,000	15,000	
Total other financing sources	15,000	15,000	15,000	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES - BUDGETARY BASIS	(19,840)	(19,840)	96,714	116,554
FUND BALANCE, Beginning of period	19,840	19,840	53,644	33,804
FUND BALANCE - BUDGETARY BASIS, End of period	\$	\$	150,358	\$ 150,358
Adjustments to GAAP:				
Reverse current year encumbrances			267,790	
FUND BALANCE - GAAP BASIS End of period			\$ 418,148	

CITY OF GEORGETOWN, TEXAS

FIRE BILLING AND DONATIONS SPECIAL REVENUE FUND SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) - BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS FISCAL YEAR ENDED SEPTEMBER 30, 2012

	2012			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO FINAL BUDGET
REVENUES:				
Grants and entitlements	\$ 415,373	\$ 415,373	\$ 418,440	\$ 3,067
Investment earnings	2,000	2,000	1,043	(957)
Donations	1,000	1,000	11,814	10,814
Fire incident billings	50,000	87,200	225,073	137,873
Other	4,500	4,500	1,050	(3,450)
Total revenues	472,873	510,073	657,420	147,347
EXPENDITURES:				
Operations	644,799	681,999	681,938	61
Total expenditures	644,799	681,999	681,938	61
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(171,926)	(171,926)	(24,518)	147,408
OTHER FINANCING SOURCES:				
Transfers in			14,923	14,923
Total other financing sources			14,923	14,923
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES - BUDGETARY BASIS	(171,926)	(171,926)	(9,595)	162,331
FUND BALANCE, Beginning of period	171,926	171,926	155,230	(16,696)
FUND BALANCE - BUDGETARY BASIS, End of period	\$	\$	145,635	\$ 145,635
Adjustments to GAAP:				
Reverse current year encumbrances			20,347	
FUND BALANCE - GAAP BASIS End of period			\$ 165,982	

CITY OF GEORGETOWN, TEXAS

LIBRARY RESTRICTED SPECIAL REVENUE FUND SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) - BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS FISCAL YEAR ENDED SEPTEMBER 30, 2012

	2012		
	ORIGINAL & FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET
REVENUES:			
Grants and entitlements	\$ 70,000	\$ 56,148	\$ (13,852)
Investment earnings	400	212	(188)
Donations	60,000	59,701	(299)
Total revenues	130,400	116,061	(14,339)
EXPENDITURES:			
Personnel	72,704	58,899	13,805
Operations	56,827	39,320	17,507
Capital	12,396	12,357	39
Total expenditures	141,927	110,576	31,351
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(11,527)	5,485	17,012
OTHER FINANCING (USES):			
Transfers out	(1,200)	(1,200)	
Total other financing (uses)	(1,200)	(1,200)	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING (USES) - BUDGETARY BASIS	(12,727)	4,285	17,012
FUND BALANCE, Beginning of period	12,727	29,758	17,031
FUND BALANCE - BUDGETARY BASIS, End of period	\$	34,043	\$ 34,043
Adjustments to GAAP:			
Reverse current year encumbrances		361	
FUND BALANCE - GAAP BASIS End of period		\$ 34,404	

CITY OF GEORGETOWN, TEXAS

TRANSPORTATION SPECIAL REVENUE FUND SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) - BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS FISCAL YEAR ENDED SEPTEMBER 30, 2012

	2012			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET
REVENUES:				
Grant Revenue	\$	\$ 196,605	\$ 196,605	\$
Total revenues		196,605	196,605	
EXPENDITURES:				
Operations		196,605	196,605	
Total expenditures		196,605	196,605	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
FUND BALANCE, Beginning of period				
FUND BALANCE - BUDGETARY BASIS, End of period	\$	\$		\$
Adjustments to GAAP:				
Reverse current year encumbrances				
FUND BALANCE - GAAP BASIS End of period			\$	

CITY OF GEORGETOWN, TEXAS

PARKS SPECIAL REVENUE FUND SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) - BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS FISCAL YEAR ENDED SEPTEMBER 30, 2012

	2012		
	ORIGINAL & FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET
REVENUES:			
Investment earnings	\$ 8,550	\$ 4,029	\$ (4,521)
Donations		3,470	3,470
Other	118,250	147,868	29,618
Total revenues	126,800	155,367	28,567
EXPENDITURES:			
Operations	92,680	79,330	13,350
Capital outlay	490,835	23,121	467,714
Total expenditures	583,515	102,451	481,064
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(456,715)	52,916	509,631
FUND BALANCE, Beginning of period	456,715	771,367	314,652
FUND BALANCE - BUDGETARY BASIS, End of period	\$	824,283	\$ 824,283
Adjustments to GAAP:			
Reverse current year encumbrances		36,619	
FUND BALANCE - GAAP BASIS End of period		\$ 860,902	

CITY OF GEORGETOWN, TEXAS

POLICE SPECIAL REVENUE FUND SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) - BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS FISCAL YEAR ENDED SEPTEMBER 30, 2012

	2012		
	ORIGINAL & FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET
REVENUES:			
Investment earnings	\$ 1,000	\$ 999	\$ (1)
Donations	25,000	33,705	8,705
Other	2,900	74,381	71,481
Total revenues	28,900	109,085	80,185
EXPENDITURES:			
Personnel			
Operations	10,486	3,328	7,158
Total expenditures	10,486	3,328	7,158
EXCESS OF REVENUES OVER EXPENDITURES	18,414	105,757	105,757
OTHER FINANCING (USES):			
Transfer out	(125,148)	(125,148)	
Total other financing (uses)	(125,148)	(125,148)	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING (USES) - BUDGETARY BASIS	(106,734)	(19,391)	(19,391)
FUND BALANCE, Beginning of period	221,041	279,809	279,809
FUND BALANCE - BUDGETARY BASIS, End of period	\$ 114,307	260,418	\$ 260,418
Adjustments to GAAP:			
Reverse current year encumbrances		1,204	
FUND BALANCE - GAAP BASIS End of period		\$ 261,622	

CITY OF GEORGETOWN, TEXAS

STREET TAX SPECIAL REVENUE FUND SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) - BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS FISCAL YEAR ENDED SEPTEMBER 30, 2012

	2012			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET
REVENUES:				
Sales tax	\$ 1,940,000	\$ 2,316,000	\$ 2,069,376	\$ (246,624)
Grants and entitlements	8,000	8,000	343,000	335,000
Investment earnings			17,919	17,919
Total revenues	1,948,000	2,324,000	2,430,295	106,295
EXPENDITURES:				
Operating		3,091,586	3,091,586	
Capital outlay	1,582,000	1,070,350	1,070,268	82
Total expenditures	1,582,000	4,161,936	4,161,854	82
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	366,000	(1,837,936)	(1,731,559)	106,377
OTHER FINANCING SOURCES:				
Transfers in			608,132	608,132
Total other financing sources			608,132	608,132
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES - BUDGETARY BASIS	366,000	(1,837,936)	(1,123,427)	714,509
FUND BALANCE, Beginning of period	488,297	2,692,233	2,834,997	142,764
FUND BALANCE - BUDGETARY BASIS, End of period	\$ 854,297	\$ 854,297	1,711,570	\$ 857,273
Adjustments to GAAP:				
Reverse current year encumbrances			2,493,583	
FUND BALANCE - GAAP BASIS End of period			\$ 4,205,153	

CITY OF GEORGETOWN, TEXAS

TOURISM SPECIAL REVENUE FUND

SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) -

BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS

FISCAL YEAR ENDED SEPTEMBER 30, 2012

	2012			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET
REVENUES:				
Hotel/Motel tax	\$ 315,000	\$ 336,210	\$ 454,531	\$ 118,321
Investment earnings	3,500	3,500	2,432	(1,068)
Other	95,870	95,870	84,310	(11,560)
Total revenues	414,370	435,580	541,273	105,693
EXPENDITURES:				
Personnel	162,278	159,993	159,958	35
Operations	239,161	326,368	326,360	8
Total expenditures	401,439	486,361	486,318	43
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	12,931	(50,781)	54,955	105,736
OTHER FINANCING (USES):				
Transfers out	(35,812)	(15,000)	(15,000)	
Total other financing (uses)	(35,812)	(15,000)	(15,000)	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING (USES) - BUDGETARY BASIS	(22,881)	(65,781)	39,955	105,736
FUND BALANCE, Beginning of period	382,087	424,987	443,326	18,339
FUND BALANCE - BUDGETARY BASIS, End of period	\$ 359,206	\$ 359,206	483,281	\$ 124,075
Adjustments to GAAP:				
Reverse current year encumbrances			43,207	
FUND BALANCE - GAAP BASIS End of period			\$ 526,488	

CITY OF GEORGETOWN, TEXAS

**TAX INCREMENT REINVESTMENT ZONES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) -
BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS
FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	2012			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET
REVENUES:				
Property assessments	\$ 113,682	\$ 113,682	\$ 137,543	\$ 23,861
Investment earnings	1,000	1,000	1,445	445
Total revenues	114,682	114,682	138,988	24,306
EXPENDITURES:				
Operations	212,363	381,363	207,586	173,777
Total expenditures	212,363	381,363	207,586	173,777
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(97,681)	(266,681)	(68,598)	198,083
FUND BALANCE, Beginning of period	398,198	567,198	400,743	(166,455)
FUND BALANCE - BUDGETARY BASIS, End of period	\$ 300,517	\$ 300,517	332,145	\$ 31,628
Adjustments to GAAP:				
Reverse current year encumbrances			3,803	
FUND BALANCE - GAAP BASIS End of period			\$ 335,948	

CITY OF GEORGETOWN, TEXAS

VILLAGE IMPROVEMENT DISTRICT SPECIAL REVENUE FUND SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) - BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS FISCAL YEAR ENDED SEPTEMBER 30, 2012

	2012		
	ORIGINAL & FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET
REVENUES:			
Property assessments	\$ 216,909	\$ 215,727	\$ (1,182)
Investment earnings		2,093	2,093
Total revenues	216,909	217,820	911
EXPENDITURES:			
Operations	221,247	178,777	42,470
Total expenditures	221,247	178,777	42,470
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,338)	39,043	43,381
FUND BALANCE, Beginning of period	142,306	180,946	38,640
FUND BALANCE - BUDGETARY BASIS, End of period	\$ 137,968	219,989	\$ 82,021
Adjustments to GAAP:			
Reverse current year encumbrances		37,796	
FUND BALANCE - GAAP BASIS End of period		\$ 257,785	



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Supplementary Individual Fund Financial Statements and Schedules – Major Governmental Funds

These supplementary statements and schedules are included to provide management additional information for financial analysis.

CITY OF GEORGETOWN, TEXAS

GENERAL FUND

COMPARATIVE BALANCE SHEETS

AS OF SEPTEMBER 30, 2012 AND 2011

	2012	2011
ASSETS:		
Cash and cash equivalents	\$ 3,764,478	\$ 4,924,861
Investments	4,791,154	3,425,947
Accounts receivable (net of allowance for uncollectible accounts):		
Delinquent taxes	201,513	198,328
Sales taxes	1,465,031	1,368,610
Other	2,018,730	2,060,649
Prepaid items	5,137	
Inventories	2,110	9,061
TOTAL ASSETS	\$ 12,248,153	\$ 11,987,456
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts payable	\$ 1,071,583	\$ 1,201,466
Unearned revenue	545,160	631,343
Total liabilities	1,616,743	1,832,809
Fund Balance:		
Nonspendable	2,110	9,061
Spendable:		
Committed	7,000,000	6,847,000
Assigned	1,210,247	1,403,968
Unassigned	2,419,053	1,894,618
Total fund balance	10,631,410	10,154,647
TOTAL LIABILITIES AND FUND BALANCE	\$ 12,248,153	\$ 11,987,456

CITY OF GEORGETOWN, TEXAS

GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES

FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
REVENUES:		
Property taxes:		
Current	\$ 8,932,034	\$ 8,820,739
Delinquent	29,070	71,769
Penalties and interest	92,536	90,807
Other	198,084	182,419
Sales tax	8,837,465	8,295,344
Franchise taxes	3,924,052	3,874,815
Licenses and permits	1,236,478	890,948
Charges for service	8,268,169	8,082,889
Fines	616,815	762,923
Donations and grants	17,218	140,990
Investment income	42,523	46,272
Other income	519,319	426,876
Total revenues	<u>32,713,763</u>	<u>31,686,791</u>
EXPENDITURES:		
Current:		
Culture - recreation	7,183,369	7,289,676
Development	1,890,481	2,195,537
Fire services	7,590,667	7,011,366
General government	2,992,852	3,384,950
Highways and streets	3,424,145	3,025,313
Environmental services	4,823,170	4,321,888
Police	10,498,193	10,060,311
Total expenditures	<u>38,402,877</u>	<u>37,289,041</u>
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	<u>(5,689,114)</u>	<u>(5,602,250)</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	6,200,518	6,079,801
Transfers out	(34,641)	(85,022)
Total other financing sources (uses)	<u>6,165,877</u>	<u>5,994,779</u>
NET CHANGE IN FUND BALANCES	<u>476,763</u>	<u>392,529</u>
FUND BALANCES, Beginning of period	10,154,647	9,762,118
FUND BALANCES, End of period	<u>\$ 10,631,410</u>	<u>\$ 10,154,647</u>

CITY OF GEORGETOWN, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) -

BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS

FISCAL YEAR ENDED SEPTEMBER 30, 2012 (WITH COMPARATIVE FOR 2011)

	ORIGINAL BUDGET	FINAL BUDGET	2012 ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET	2011 ACTUAL BUDGETARY BASIS
REVENUES:					
TAXES:					
Property tax:					
Current	\$ 9,150,000	\$ 9,150,000	\$ 8,932,034	\$ (217,966)	\$ 8,820,739
Delinquent	70,000	70,000	29,070	(40,930)	71,769
Penalties and interest	80,000	80,000	92,536	12,536	90,807
Total property tax	9,300,000	9,300,000	9,053,640	(246,360)	8,983,315
Sales tax	8,375,000	8,375,000	8,837,464	462,464	8,295,344
Franchise taxes	3,757,849	3,757,849	3,924,052	166,203	3,874,815
Other	178,000	178,000	244,763	66,763	182,419
Total taxes	21,610,849	21,610,849	22,059,919	449,070	21,335,893
LICENSES AND PERMITS:					
Permits and inspection fees	726,500	726,500	1,252,853	526,353	881,284
Licenses	10,000	10,000	7,080	(2,920)	23,834
Total licenses and permits	736,500	736,500	1,259,933	523,433	905,118
CHARGES FOR SERVICES:					
Library	71,620	71,620	75,310	3,690	73,934
Animal services	20,000	20,000	981	(19,019)	7,906
Parks and recreation	1,960,500	1,960,500	1,977,440	16,940	2,012,883
Environmental services	4,998,000	5,310,000	5,141,546	(168,454)	4,923,255
Fire protection	1,049,000	1,049,000	911,857	(137,143)	915,035
Police support	123,950	123,950	137,580	13,630	135,706
Total charges for services	8,223,070	8,535,070	8,244,714	(290,356)	8,068,719
FINES AND FORFEITURES:					
	871,500	871,500	616,815	(254,685)	762,923
INTEREST AND OTHER:					
Investment income	40,000	40,000	42,703	2,703	46,422
Rent	169,000	169,000	160,734	(8,266)	155,750
Miscellaneous	232,500	232,500	375,804	143,304	412,116
Total interest and other	441,500	441,500	579,241	137,741	614,288
TOTAL REVENUES	31,883,419	32,195,419	32,760,622	565,203	31,686,941
EXPENDITURES:					
CULTURE - RECREATION:					
Downtown & Community Service Admin:					
Personnel		68,557	68,553	4	
Operations		21,485	21,485		
Total downtown & community svc admin		90,042	90,038	4	
Parks:					
Personnel	121,180	1,170,732	1,166,962	3,770	1,344,075
Operations	912,810	916,450	908,229	8,221	889,619
Capital outlay	50,000	50,000	49,978	22	25,189
Total parks	2,174,612	2,137,182	2,125,169	12,013	2,258,883
Recreation:					
Personnel	1,004,809	989,359	975,183	14,176	962,585
Operations	924,876	905,876	905,334	542	880,309
Capital outlay					389
Total recreation	1,929,685	1,895,235	1,880,517	14,718	1,843,283
Recreation programs:					
Personnel	800,732	746,767	746,766	1	748,729
Operations	684,353	825,368	807,060	18,308	823,616
Total recreation programs	1,485,085	1,572,135	1,553,826	18,309	1,572,345

	ORIGINAL BUDGET	FINAL BUDGET	2012 ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET	2011 ACTUAL BUDGETARY BASIS
Library:					
Personnel	\$ 968,738	\$ 968,738	\$ 927,214	\$ 41,524	\$ 951,683
Operations	559,560	559,560	558,158	1,402	570,969
Capital outlay	130,000	130,000	129,885	115	130,877
Total library	1,658,298	1,658,298	1,615,257	43,041	1,653,529
TOTAL CULTURE - RECREATION	7,247,680	7,352,892	7,264,807	88,081	7,328,040
DEVELOPMENT:					
Planning:					
Personnel	775,731	727,969	688,197	39,772	778,075
Operations	156,030	157,480	157,430	50	153,408
Total planning	931,761	885,449	845,627	39,822	931,483
Inspection services:					
Personnel	579,200	588,132	588,132		670,871
Operations	92,917	93,412	93,409	3	116,394
Total inspection services	672,117	681,544	681,541	3	787,265
Code enforcement:					
Personnel	359,822	298,187	267,739	30,448	387,254
Operations	87,345	85,325	85,325		86,543
Total code enforcement	447,167	383,512	353,064	30,448	473,797
TOTAL DEVELOPMENT	2,051,045	1,950,505	1,880,232	70,273	2,192,545
ENVIRONMENTAL SERVICES:					
Environmental Services					
Personnel	62,323	54,397	54,397		62,226
Operations	4,364,285	4,708,547	4,708,075	472	4,268,594
Capital outlay	5,000	639	638	1	4,928
Total environmental services	4,431,608	4,763,583	4,763,110	473	4,335,748
TOTAL ENVIRONMENTAL SERVICES	4,431,608	4,763,583	4,763,110	473	4,335,748
FIRE SERVICES:					
Support Services:					
Personnel	495,745	548,573	548,540	33	495,520
Operations	385,847	374,672	374,592	80	382,279
Total support services	881,592	923,245	923,132	113	877,799
Emergency Services:					
Personnel	5,909,720	5,362,945	5,356,920	6,025	5,448,130
Operations	777,844	835,994	834,592	1,402	675,046
Capital outlay		484,225	484,224	1	
Total emergency services	6,687,564	6,683,164	6,675,736	7,428	6,123,176
TOTAL FIRE SERVICES	7,569,156	7,606,409	7,598,868	7,541	7,000,975
GENERAL GOVERNMENT:					
General government:					
Operations	1,739,746	1,813,697	1,813,697		2,105,221
Total general government	1,739,746	1,813,697	1,813,697		2,105,221
City council:					
Personnel	220,825	220,825	217,346	3,479	208,714
Operations	158,067	134,921	129,270	5,651	181,625
Total city council	378,892	355,746	346,616	9,130	390,339

(continued)

CITY OF GEORGETOWN, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) -

BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS

FISCAL YEAR ENDED SEPTEMBER 30, 2012 (WITH COMPARATIVE FOR 2011)

	ORIGINAL BUDGET	FINAL BUDGET	2012 ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET	2011 ACTUAL BUDGETARY BASIS
City manager's office:					
Personnel	\$ 485,737	\$ 455,117	\$ 455,113	\$ 4	\$ 436,579
Operations	144,892	154,492	154,491	1	140,523
Capital outlay		40,840	40,793	47	
Total city manager's office	630,629	650,449	650,397	52	577,102
Communication office:					
Personnel	173,799	173,601	173,601		174,916
Operations	63,410	65,083	65,082	1	51,073
Capital outlay					6,158
Total communication office	237,209	238,684	238,683	1	232,147
TOTAL GENERAL GOVERNMENT	2,986,476	3,058,576	3,049,393	9,183	3,304,809
HIGHWAYS AND STREETS:					
Transportation Admin:					
Personnel	243,589	243,909	243,909		123,072
Operations	23,808	23,488	17,650	5,838	58,707
Capital outlay		508,100	341,485	166,615	
Total transportation admin	267,397	775,497	603,044	172,453	181,779
Streets:					
Personnel	803,886	803,886	795,542	8,344	780,166
Operations	1,162,796	1,162,796	1,115,419	47,377	841,116
Capital outlay	1,250,000	1,250,000	656,736	593,264	1,466,696
Total streets	3,216,682	3,216,682	2,567,697	648,985	3,087,978
TOTAL HIGHWAYS AND STREETS	3,484,079	3,992,179	3,170,741	821,438	3,269,757
POLICE SERVICES:					
Organization and administration:					
Personnel	406,326	402,481	402,480	1	341,385
Operations	1,263,338	1,289,533	1,283,999	5,534	1,200,532
Capital outlay		9,705	9,705		24,754
Total organization and administration	1,669,664	1,701,719	1,696,184	5,535	1,566,671
Field operations bureau:					
Personnel	7,564,901	7,405,446	7,292,520	112,926	7,044,752
Operations	340,190	464,590	464,574	16	340,318
Total field operations bureau	7,905,091	7,870,036	7,757,094	112,942	7,385,070
Animal services:					
Personnel	436,931	436,931	416,108	20,823	432,726
Operations	195,579	195,579	179,346	16,233	171,439
Total animal services	632,510	632,510	595,454	37,056	604,165
Municipal court:					
Personnel	407,127	407,127	370,084	37,043	423,152
Operations	119,129	119,129	105,297	13,832	129,078
Total municipal court	526,256	526,256	475,381	50,875	552,230
TOTAL POLICE SERVICES	10,733,521	10,730,521	10,524,113	206,408	10,108,136

(continued)

	ORIGINAL BUDGET	FINAL BUDGET	2012 ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET	2011 ACTUAL BUDGETARY BASIS
TOTAL EXPENDITURES	\$ 38,503,565	\$ 39,454,665	\$ 38,251,264	\$ 1,203,401	\$ 37,540,010
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,620,146)	(7,259,246)	(5,490,642)	1,768,604	(5,853,069)
OTHER FINANCING SOURCES (USES):					
Transfers in	6,294,205	6,294,205	6,200,518	(93,687)	6,079,801
Transfers out	(19,718)	(34,643)	(34,641)	2	(85,022)
Total other financing sources (uses)	6,274,487	6,259,562	6,165,877	(93,685)	5,994,779
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES) - BUDGETARY BASIS	(345,659)	(999,684)	675,235	1,674,919	141,710
FUND BALANCE - BUDGETARY BASIS, Beginning of period	7,829,950	8,483,975	8,746,108	262,133	8,604,398
FUND BALANCE - BUDGETARY BASIS, End of period	\$ 7,484,291	\$ 7,484,291	9,421,343	\$ 1,937,052	8,746,108
Adjustments to GAAP:					
Reverse current year encumbrances			1,210,247		1,403,969
Record net unrealized gain (loss) on investments			(180)		(242)
Record allowance for doubtful accounts					4,812
FUND BALANCE - GAAP BASIS, End of period			\$ 10,631,410		\$ 10,154,647

CITY OF GEORGETOWN, TEXAS

GEORGETOWN TRANSPORTATION ENHANCEMENT CORPORATION COMPARATIVE BALANCE SHEETS AS OF SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS:		
Investments	\$ 11,341,753	\$ 14,794,527
Accounts receivable:		
Sales Tax	<u>651,125</u>	<u>608,271</u>
TOTAL ASSETS	<u>\$ 11,992,878</u>	<u>\$ 15,402,798</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 984,908	\$ 392,699
Total liabilities	<u>984,908</u>	<u>392,699</u>
 Fund Balance:		
Committed	8,770,010	10,682,665
Assigned	<u>2,237,960</u>	<u>4,327,434</u>
Total fund balance	<u>11,007,970</u>	<u>15,010,099</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 11,992,878</u>	<u>\$ 15,402,798</u>

CITY OF GEORGETOWN, TEXAS

GEORGETOWN TRANSPORTATION ENHANCEMENT CORPORATION COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE FISCAL YEAR ENDED SEPTEMBER 30, 2012 AND 2011

	2012	2011
REVENUES:		
Sales tax	\$ 4,138,751	\$ 3,901,932
Development contributions	474,726	590,398
Investment earnings	38,303	48,795
Total revenues	4,651,780	4,541,125
EXPENDITURES:		
General government	185,399	210,531
Capital outlay	6,352,838	6,359,523
Total expenditures	6,538,237	6,570,054
DEFICIENCY OF REVENUES OVER EXPENDITURES	(1,886,457)	(2,028,929)
OTHER FINANCING SOURCES (USES):		
Bond proceeds	1,650,000	
Principal retirement	(450,000)	(430,000)
Interest and fiscal charges	(435,059)	(434,869)
Transfers out	(2,880,613)	(1,727,554)
Total other financing sources (uses)	(2,115,672)	(2,592,423)
NET CHANGE IN FUND BALANCES	(4,002,129)	(4,621,352)
FUND BALANCES, Beginning of period	15,010,099	19,631,451
FUND BALANCES, End of period	\$ 11,007,970	\$ 15,010,099

CITY OF GEORGETOWN, TEXAS

GEORGETOWN TRANSPORTATION ENHANCEMENT CORPORATION SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) - BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS FISCAL YEAR ENDED SEPTEMBER 30, 2012 (WITH COMPARATIVE FOR 2011)

	ORIGINAL BUDGET	FINAL BUDGET	2012 ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET	2011 ACTUAL BUDGETARY BASIS
REVENUES:					
Sales tax	\$ 3,950,000	\$ 3,950,000	\$ 4,138,751	\$ 188,751	\$ 3,901,932
Investment earnings	30,000	30,000	38,078	8,078	48,927
Other	730,000	730,000	474,726	(255,274)	590,398
Total revenues	4,710,000	4,710,000	4,651,555	(58,445)	4,541,257
EXPENDITURES:					
Operations	263,552	263,552	187,084	76,468	210,606
Capital outlay	3,557,500	6,495,094	4,261,679	2,233,415	9,802,010
Total expenditures	3,821,052	6,758,646	4,448,763	2,309,883	10,012,616
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	888,948	(2,048,646)	202,792	2,251,438	(5,471,359)
OTHER FINANCING SOURCES (USES):					
Bond proceeds			1,650,000	1,650,000	
Principal, interest and fiscal charges	(868,559)	(887,309)	(887,309)		(867,019)
Transfers out	(1,740,058)	(2,880,613)	(2,880,613)		(1,727,554)
Total other financing sources (uses)	(2,608,617)	(3,767,922)	(2,117,922)	1,650,000	(2,594,573)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES) - BUDGETARY BASIS	(1,719,669)	(5,816,568)	(1,915,130)	3,901,438	(8,065,932)
FUND BALANCES, Beginning of period	5,447,132	9,574,031	10,734,338	10,734,338	18,800,270
FUND BALANCES - BUDGETARY BASIS, End of period	\$ 3,727,463	\$ 3,757,463	8,819,208	\$ 14,635,776	10,734,338
Adjustments to GAAP:					
			2,237,960		4,327,434
Reverse current year encumbrances			872		647
Reverse bond proceeds			(50,070)		(52,320)
Reverse bond interest					
FUND BALANCES - GAAP BASIS End of period			\$ 11,007,970		\$ 15,010,099

CITY OF GEORGETOWN, TEXAS

**DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
AS OF SEPTEMBER 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
ASSETS:		
Investments	\$ 1,743,931	\$ 1,972,464
Accounts receivable:		
Delinquent taxes	<u>144,235</u>	<u>140,626</u>
TOTAL ASSETS	<u>\$ 1,888,166</u>	<u>\$ 2,113,090</u>
 LIABILITIES AND FUND BALANCE:		
Liabilities:		
Deferred Revenue	\$ <u>138,842</u>	\$ <u>136,504</u>
Total liabilities	<u>138,842</u>	<u>136,504</u>
 Fund Balances:		
Restricted	<u>1,749,324</u>	<u>1,976,586</u>
Total fund balance	<u>1,749,324</u>	<u>1,976,586</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,888,166</u>	<u>\$ 2,113,090</u>

CITY OF GEORGETOWN, TEXAS

DEBT SERVICE FUND COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
REVENUES:		
Ad valorem taxes:		
Current	\$ 6,814,269	\$ 5,559,926
Delinquent	15,727	48,323
Total ad valorem taxes	<u>6,829,996</u>	<u>5,608,249</u>
Investment earnings and other	10,171	9,409
Total revenues	<u>6,840,167</u>	<u>5,617,658</u>
EXPENDITURES:		
Principal retirement	5,083,987	4,568,369
Interest and fiscal charges	<u>3,528,979</u>	<u>3,074,492</u>
Total expenditures	<u>8,612,966</u>	<u>7,642,861</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(1,772,799)</u>	<u>(2,025,203)</u>
OTHER FINANCING SOURCES (USES):		
Bond Proceeds	3,181,711	
Payment to refunding escrow agent	(3,416,787)	
Transfers in	<u>1,780,613</u>	<u>1,727,554</u>
Total other financing sources (uses)	<u>1,545,537</u>	<u>1,727,554</u>
NET CHANGE IN FUND BALANCES	(227,262)	(297,649)
FUND BALANCES, Beginning of period	1,976,586	2,274,235
FUND BALANCES, End of period	<u>\$ 1,749,324</u>	<u>\$ 1,976,586</u>

CITY OF GEORGETOWN, TEXAS

DEBT SERVICE FUND

SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) -

BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS

FISCAL YEAR ENDED SEPTEMBER 30, 2012 (WITH COMPARATIVE FOR 2011)

	ORIGINAL & FINAL BUDGET	2012 ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET	2011 ACTUAL BUDGETARY BASIS
REVENUES:				
Ad valorem taxes	\$ 6,595,000	\$ 6,829,995	\$ 234,995	\$ 5,608,249
Investment earnings	20,000	9,987	(10,013)	8,488
Other				2,593,313
Total revenues	6,615,000	6,839,982	224,982	8,210,050
OTHER FINANCING SOURCES (USES):				
Principal, interest and fiscal charges	(8,933,641)	(8,239,806)	693,835	(8,548,623)
Bond proceeds		8,415,000	8,415,000	
Payment to refunding escrow agent		(9,036,729)	(9,036,729)	
Transfers in	1,740,058	1,780,613	40,555	
Total other financing sources (uses)	(7,193,583)	(7,080,922)	112,661	(8,548,623)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES) - BUDGETARY BASIS	(578,583)	(240,940)	337,643	(338,573)
FUND BALANCE, Beginning of period	1,807,060	1,936,560	129,500	2,275,133
FUND BALANCE - BUDGETARY BASIS, End of period	\$ 1,228,477	1,695,620	\$ 467,143	1,936,560
Adjustments to GAAP:				
Reverse bond interest		53,496		40,004
Reverse unrealized (loss) gain on investments		208		22
FUND BALANCE - GAAP BASIS End of period		\$ 1,749,324		\$ 1,976,586

CITY OF GEORGETOWN, TEXAS

GENERAL CAPITAL PROJECTS COMPARATIVE BALANCE SHEET AS OF SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS:		
Cash and cash equivalents	\$ 11,355,809	\$ 11,583,950
Investments	14,452,848	8,049,863
Accounts Receivable	<u>100,842</u>	<u>218,926</u>
TOTAL ASSETS	<u>\$ 25,909,499</u>	<u>\$ 19,852,739</u>
 LIABILITIES AND FUND BALANCES:		
Liabilities:		
Accounts payable	\$ 1,399,057	\$ 353,759
Deferred revenue	<u>195,765</u>	<u>195,765</u>
Total liabilities	<u>1,594,822</u>	<u>549,524</u>
 Fund Balances:		
Restricted	18,112,419	17,748,555
Assigned	<u>6,202,258</u>	<u>1,554,660</u>
Total fund balances	<u>24,314,677</u>	<u>19,303,215</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 25,909,499</u>	<u>\$ 19,852,739</u>

CITY OF GEORGETOWN, TEXAS

GENERAL CAPITAL PROJECTS COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FISCAL YEAR ENDED SEPTEMBER 30, 2012 AND 2011

	2012	2011
REVENUES:		
Investment earnings	\$ 106,330	\$ 52,184
Grants & Donations	136,824	
Other	809,420	302,816
Total revenues	1,052,574	355,000
EXPENDITURES:		
Capital outlay	8,745,206	5,044,898
Total expenditures	8,745,206	5,044,898
DEFICIENCY OF REVENUES OVER EXPENDITURES	(7,692,632)	(4,689,898)
OTHER FINANCING SOURCES (USES)		
Bond proceeds	14,150,000	21,650,000
Interest and fiscal charges	(130,209)	(176,957)
Transfers in	1,100,000	
Transfers out	(2,415,697)	(765,991)
Total other financing sources (uses)	12,704,094	20,707,052
NET CHANGE IN FUND BALANCES	5,011,462	16,017,154
FUND BALANCES, Beginning of period	19,303,215	3,286,061
FUND BALANCES, End of period	\$ 24,314,677	\$ 19,303,215

CITY OF GEORGETOWN, TEXAS

GENERAL CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES AND EXPENDITURES (BUDGET BASIS) -

BUDGET AND ACTUAL (NON-GAAP) - RECONCILED TO GAAP BASIS

FISCAL YEAR ENDED SEPTEMBER 30, 2012 (WITH COMPARATIVE FOR 2011)

	ORIGINAL BUDGET	FINAL BUDGET	2012 ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET	2011 ACTUAL BUDGETARY BASIS
REVENUES:					
Investment earnings	\$ 10,000	\$ 10,000	\$ 107,185	\$ 97,185	\$ 49,446
Grants & Donations	200,000	200,000	136,824	(63,176)	
Other	646,000	646,000	809,419	163,419	302,816
Total revenues	856,000	856,000	1,053,428	197,428	352,262
EXPENDITURES:					
Capital outlay	4,417,000	19,663,757	13,430,397	6,233,360	5,908,086
Bond issuance cost	150,000	150,000	130,209	19,791	176,957
Total expenditures	4,567,000	19,813,757	13,560,606	6,253,151	6,085,043
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,711,000)	(18,957,757)	(12,507,178)	6,450,579	(5,732,781)
OTHER FINANCING SOURCES (USES):					
Bond proceeds	3,970,000	3,970,000	14,150,000	10,180,000	21,650,000
Transfers in			1,100,000	1,100,000	
Transfers out	(1,544,000)	(2,415,697)	(2,415,697)		(765,991)
Total other financing sources (uses)	2,426,000	1,554,303	12,834,303	11,280,000	20,884,009
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES) - BUDGETARY BASIS	(1,285,000)	(17,403,454)	327,125	17,730,579	15,151,228
FUND BALANCES, Beginning of period	1,401,057	17,519,511	17,786,147	266,636	2,595,665
FUND BALANCES - BUDGETARY BASIS, End of Period	\$ 116,057	\$ 116,057	18,113,272	\$ 17,997,215	17,746,893
Adjustments to GAAP:					
Reverse unrealized loss on investments			(853)		1,662
Reverse current year encumbrances			6,202,258		1,554,660
FUND BALANCES - GAAP BASIS, End of period			\$ 24,314,677		\$ 19,303,215

Combining Financial Statements Nonmajor Proprietary Funds

Enterprise Funds - *The City's utilities are accounted for and operated in a manner similar to private business enterprises. Each utility, accounted for as an independent entity, is an enterprise fund. Enterprise fund accounting is used where the intent of the City Council is to finance or recover the costs of providing goods or services to the general public on a continuing basis primarily through user charges or when the City Council has decided that periodic determination of net income is appropriate for accountability purposes.*

Airport Fund - used to account for revenues and expenses related to the operation and maintenance of the City's airport. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance, financing and related debt service, billing, collection and capital improvements.

Stormwater Drainage Fund - used to account for revenues and expenses related to the operations, capital projects, and debt service of the stormwater drainage facilities.

Internal Service Fund - *This fund is used to account for services performed by one government organization or department for others.*

Fleet Management Fund - The City uses this fund to purchase and account for all major equipment and vehicles. Each item is assigned an annual lease value which the leasing department pays to the Internal Service Fund. The annual lease value is determined by the projected replacement cost divided by the years of useful life of the item. The payments made by the departments enable the Internal Service Fund to replace equipment and vehicles on a pre-planned schedule to minimize maintenance costs and reduce safety risks due to worn out equipment and vehicles. The fund also provides maintenance for all vehicles through the Vehicle Service Center.

Joint Services Fund - The Joint Services Fund is composed of departments which provide services to more than one city fund. Charges for services provided are determined by allocating each specific department's cost to the using fund.

Facilities Maintenance Fund - The City uses this fund to account for janitorial service, light maintenance, painting, landscape maintenance and roofing and air conditioning repairs for all City buildings. Each building is assigned an annual maintenance cost, which is paid to the Internal Service Fund by the occupying departments, based on square footage occupied. The payments made by the departments enable the Internal Service Fund to provide major and minor facility repairs on a pre-planned schedule to minimize maintenance costs and provide preventative care to reduce long-term maintenance and replacement costs.

Information Services Fund - The City uses this fund to account for purchases and maintenance of the City's computer systems. Each department pays an annual predetermined lease payment, based upon the equipment the department has. These payments enable the fund to replace older equipment and upgrade the City's computer resources and provide assistance in maintenance of equipment. This fund also provides for the management of the City's computer systems through personnel in the Information Services department.

CITY OF GEORGETOWN, TEXAS

COMBINING STATEMENT OF NET ASSETS NONMAJOR ENTERPRISE FUNDS AS OF SEPTEMBER 30, 2012

	AIRPORT FUND	STORMWATER DRAINAGE FUND	TOTAL NONMAJOR ENTERPRISE FUNDS
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 187,275	\$ 877,924	\$ 1,065,199
Investments	238,349	1,117,357	1,355,706
Accounts receivable:			
Services (net of allowance for uncollectibles)	264,620	271,708	536,328
Inventories	52,847		52,847
Total current assets	<u>743,091</u>	<u>2,266,989</u>	<u>3,010,080</u>
Noncurrent Assets:			
Deferred charges - bond issuance costs	36,709	82,485	119,194
Capital assets:			
Land and land rights	981,500		981,500
Distribution system	79,335	27,933,290	28,012,625
Buildings and improvements	9,577,597		9,577,597
Machinery, furniture and equipment	137,577	14,050	151,627
Construction in progress		491,536	491,536
Less accumulated depreciation	(6,580,854)	(5,229,228)	(11,810,082)
Total capital assets (net of accumulated depreciation)	<u>4,195,155</u>	<u>23,209,648</u>	<u>27,404,803</u>
Total noncurrent assets	<u>4,231,864</u>	<u>23,292,133</u>	<u>27,523,997</u>
TOTAL ASSETS	\$ 4,974,955	\$ 25,559,122	\$ 30,534,077
LIABILITIES AND NET ASSETS:			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 97,781	\$ 214,436	\$ 312,217
Accrued Employee benefits	7,233	16,398	23,631
Current portion of long-term debt	125,778	280,163	405,941
Accrued interest	4,578	14,507	19,085
Total current liabilities	<u>235,370</u>	<u>525,504</u>	<u>760,874</u>
Noncurrent liabilities:			
Accrued Employee benefits	10,565	24,665	35,230
Long-term debt payable	739,265	2,848,126	3,587,391
Total noncurrent liabilities	<u>749,830</u>	<u>2,872,791</u>	<u>3,622,621</u>
Total liabilities	<u>985,200</u>	<u>3,398,295</u>	<u>4,383,495</u>
Net Assets:			
Invested in capital assets (net of related debt)	3,330,111	20,081,359	23,411,470
Unrestricted	659,644	2,079,468	2,739,112
Total net assets	<u>3,989,755</u>	<u>22,160,827</u>	<u>26,150,582</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 4,974,955	\$ 25,559,122	\$ 30,534,077

CITY OF GEORGETOWN, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS NONMAJOR ENTERPRISE FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 2012

	AIRPORT FUND	STORMWATER DRAINAGE FUND	TOTAL NONMAJOR ENTERPRISE FUNDS
OPERATING REVENUES:			
Other	\$ 2,881,144	\$ 2,132,810	\$ 5,013,954
Total operating revenues	2,881,144	2,132,810	5,013,954
OPERATING EXPENSES:			
Depreciation	157,432	773,304	930,736
Other	2,808,687	1,029,540	3,838,227
Total operating expenses	2,966,119	1,802,844	4,768,963
NET OPERATING INCOME (LOSS)	(84,975)	329,966	244,991
NONOPERATING REVENUES (EXPENSES):			
Investment earnings	2,180	9,689	11,869
Donations and grants	140,329		140,329
Interest and fiscal charges	(46,626)	(102,175)	(148,801)
Other	37,291		37,291
Total nonoperating revenues (expenses)	133,174	(92,486)	40,688
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	48,199	237,480	285,679
CONTRIBUTIONS AND TRANSFERS:			
Capital contributions		1,479,198	1,479,198
Transfers out	(45,940)	(149,297)	(195,237)
Total contributions and transfers	(45,940)	1,329,901	1,283,961
CHANGE IN NET ASSETS	2,259	1,567,381	1,569,640
TOTAL NET ASSETS - beginning of period	3,987,496	20,593,446	24,580,942
TOTAL NET ASSETS - end of period	\$ 3,989,755	\$ 22,160,827	\$ 26,150,582

CITY OF GEORGETOWN, TEXAS

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>AIRPORT FUND</u>	<u>STORMWATER DRAINAGE FUND</u>	<u>TOTAL NONMAJOR ENTERPRISE FUNDS</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 2,882,627	\$ 2,101,033	\$ 4,983,660
Payments to suppliers	(2,541,185)	(618,647)	(3,159,832)
Franchise fees		(63,984)	(63,984)
Payments to employees for services	(256,324)	(197,265)	(453,589)
Net cash provided by (used for) operating activities	<u>85,118</u>	<u>1,221,137</u>	<u>1,306,255</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	(45,940)	(149,297)	(195,237)
Net cash provided by (used for) noncapital financing activities	<u>(45,940)</u>	<u>(149,297)</u>	<u>(195,237)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets		(760,527)	(760,527)
Donations and grants	140,329		140,329
Principal paid on revenue and certificates of obligation bonds	(120,220)	(272,508)	(392,728)
Interest paid on revenue and certificates of obligation bonds	(42,011)	(124,924)	(166,935)
Net cash provided by (used for) capital and related financing activities	<u>(21,902)</u>	<u>(1,157,959)</u>	<u>(1,179,861)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	2,180	9,689	11,869
Change in temporary investments	(71,820)	(639,296)	(711,116)
Net cash provided by (used for) investing activities	<u>(69,640)</u>	<u>(629,607)</u>	<u>(699,247)</u>
Net increase (decrease) in cash and cash equivalents	<u>(52,364)</u>	<u>(715,726)</u>	<u>(768,090)</u>
Cash and cash equivalents at beginning of year	239,639	1,593,650	1,833,289
Cash and cash equivalents at end of year	<u>\$ 187,275</u>	<u>\$ 877,924</u>	<u>\$ 1,065,199</u>
Classified as:			
Current assets	187,275	877,924	1,065,199
Total	<u>\$ 187,275</u>	<u>\$ 877,924</u>	<u>\$ 1,065,199</u>
Non-cash disclosure			
Developer contributions		\$ 1,479,198	\$ 1,479,198

(continued)

CITY OF GEORGETOWN, TEXAS

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)

NONMAJOR ENTERPRISE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>AIRPORT FUND</u>	<u>STORMWATER DRAINAGE FUND</u>	<u>TOTAL NONMAJOR ENTERPRISE FUNDS</u>
OPERATING INCOME (LOSS)	\$ (84,975)	\$ 329,966	\$ 244,991
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:			
Depreciation	157,432	773,304	930,736
Other income	37,291		37,291
Decrease (increase) in inventories	(23,359)		(23,359)
Decrease (increase) in accounts receivable	(35,808)	(31,777)	(67,585)
Increase (decrease) in accounts payable	32,424	155,267	187,691
Increase (decrease) in accrued employee benefits	2,113	(5,623)	(3,510)
Net cash provided by (used in) operating activities	<u>\$ 85,118</u>	<u>\$ 1,221,137</u>	<u>\$ 1,306,255</u>

CITY OF GEORGETOWN, TEXAS

COMBINING STATEMENT OF NET ASSETS INTERNAL SERVICE FUNDS AS OF SEPTEMBER 30, 2012

	FLEET MANAGEMENT FUND	JOINT SERVICES FUND	FACILITIES MAINTENANCE FUND	INFORMATION SERVICES FUND	TOTAL 2012
ASSETS:					
Current:					
Cash and cash equivalents	\$ 646,282	\$ 136,789	\$ 314,155	\$ 315,778	\$ 1,413,004
Investments	822,540	174,095	399,833	401,899	1,798,367
Prepaid expense		7,400			7,400
Accounts receivable		186,102		200	186,302
Inventories		351,875			351,875
Total current assets	<u>1,468,822</u>	<u>856,261</u>	<u>713,988</u>	<u>717,877</u>	<u>3,756,948</u>
Property and equipment:					
Land and land rights		214,066			214,066
Buildings and improvements	26,181	813,680	804,947		1,644,808
Machinery, furniture and equipment	17,892,906	1,158,974	692,603	4,776,761	24,521,244
Units in progress			497,198		497,198
Total property and equipment cost	<u>17,919,087</u>	<u>2,186,720</u>	<u>1,994,748</u>	<u>4,776,761</u>	<u>26,877,316</u>
Less accumulated depreciation	<u>(10,867,672)</u>	<u>(1,926,667)</u>	<u>(888,607)</u>	<u>(3,121,681)</u>	<u>(16,804,627)</u>
Net property and equipment	<u>7,051,415</u>	<u>260,053</u>	<u>1,106,141</u>	<u>1,655,080</u>	<u>10,072,689</u>
TOTAL ASSETS	<u>\$ 8,520,237</u>	<u>\$ 1,116,314</u>	<u>\$ 1,820,129</u>	<u>\$ 2,372,957</u>	<u>\$ 13,829,637</u>
LIABILITIES AND NET ASSETS:					
Liabilities:					
Current liabilities:					
Accounts payable	\$ 105,820	\$ 559,070	\$ 48,989	\$ 137,451	\$ 851,330
Accrued employee benefits	16,193		16,293	19,433	51,919
Total current liabilities	<u>122,013</u>	<u>559,070</u>	<u>65,282</u>	<u>156,884</u>	<u>903,249</u>
Long term liabilities:					
Accrued employee benefits	21,400		25,901	28,953	76,254
Total liabilities	<u>143,413</u>	<u>559,070</u>	<u>91,183</u>	<u>185,837</u>	<u>979,503</u>
Net Assets:					
Invested in capital assets (net of related debt)	7,051,415	260,053	1,106,141	1,655,080	10,072,689
Unrestricted	1,325,409	297,191	622,805	532,040	2,777,445
Total net assets	<u>8,376,824</u>	<u>557,244</u>	<u>1,728,946</u>	<u>2,187,120</u>	<u>12,850,134</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,520,237</u>	<u>\$ 1,116,314</u>	<u>\$ 1,820,129</u>	<u>\$ 2,372,957</u>	<u>\$ 13,829,637</u>

CITY OF GEORGETOWN, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS INTERNAL SERVICE FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 2012

	FLEET MANAGEMENT FUND	JOINT SERVICES FUND	FACILITIES MAINTENANCE FUND	INFORMATION SERVICES FUND	TOTAL 2012
OPERATING REVENUES - Charges for services	\$ 1,676,154	\$ 8,044,145	\$ 1,914,262	\$ 2,299,858	\$ 13,934,419
OPERATING EXPENSES:					
Administration		789,998			789,998
Accounting		571,766			571,766
City wide HR services		157,871			157,871
Conservation		238,038			238,038
Economic development administration		317,903			317,903
Employee and organizational services		606,355			606,355
Facilities maintenance contracts			1,026,937		1,026,937
Facilities maintenance services			656,280		656,280
Finance and administration		839,853			839,853
Fleet management operations	267,588				267,588
GIS				324,511	324,511
Information resources				807,629	807,629
Information resources capital replacement & contracts				1,266,097	1,266,097
Joint services contracts		1,029,517			1,029,517
Legal services		320,689			320,689
Main Street		114,786			114,786
Purchasing		558,291			558,291
Service center	934,680				934,680
Systems engineering		1,252,495			1,252,495
Utility office		1,373,593			1,373,593
Depreciation	1,050,086	20,769	121,031	809,972	2,001,858
Total operating expenses	2,252,354	8,191,924	1,804,248	3,208,209	15,456,735
NET OPERATING INCOME (LOSS)	(576,200)	(147,779)	110,014	(908,351)	(1,522,316)
NONOPERATING REVENUES:					
Investment earnings	12,461	2,288	6,453	6,826	28,028
Other	37,336	116,348		2,400	156,084
Total nonoperating revenues	49,797	118,636	6,453	9,226	184,112
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(526,403)	(29,143)	116,467	(899,125)	(1,338,204)
CONTRIBUTIONS AND TRANSFERS:					
Capital contributions	163,563		40,302	70,626	274,491
Transfers in	1,286,580		298,500	683,892	2,268,972
Total contributions and transfers	1,450,143		338,802	754,518	2,543,463
CHANGE IN NET ASSETS	923,740	(29,143)	455,269	(144,607)	1,205,259
NET ASSETS, Beginning of period	7,453,084	586,387	1,273,677	2,331,727	11,644,875
NET ASSETS, End of period	\$ 8,376,824	\$ 557,244	\$ 1,728,946	\$ 2,187,120	\$ 12,850,134

CITY OF GEORGETOWN, TEXAS

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>FLEET MANAGEMENT FUND</u>	<u>JOINT SERVICES FUND</u>	<u>FACILITIES MAINTENANCE FUND</u>	<u>INFORMATION SERVICES FUND</u>	<u>TOTAL 2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Department contributions	\$ 1,676,154	\$ 7,985,383	\$ 1,914,262	\$ 2,300,058	\$ 13,875,857
Payments to suppliers	(685,053)	(2,998,876)	(1,164,762)	(1,486,638)	(6,335,329)
Payments to employees for services	(428,070)	(5,203,440)	(537,170)	(879,615)	(7,048,295)
Net cash provided by (used in) operating activities	<u>563,031</u>	<u>(216,933)</u>	<u>212,330</u>	<u>(66,195)</u>	<u>492,233</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	1,286,580		298,500	683,892	2,268,972
Net cash provided by noncapital financing activities	<u>1,286,580</u>		<u>298,500</u>	<u>683,892</u>	<u>2,268,972</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(2,173,153)		(109,619)	(419,933)	(2,702,705)
Net cash (used) for capital and related financing activities	<u>(2,173,153)</u>		<u>(109,619)</u>	<u>(419,933)</u>	<u>(2,702,705)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received	12,461	2,288	6,453	6,826	28,028
Change in temporary investments	(92,780)	41,373	(274,240)	(191,352)	(516,999)
Net cash provided by (used in) investing activities	<u>(80,319)</u>	<u>43,661</u>	<u>(267,787)</u>	<u>(184,526)</u>	<u>(488,971)</u>
Net increase (decrease) in cash	<u>(403,861)</u>	<u>(173,272)</u>	<u>133,424</u>	<u>13,238</u>	<u>(430,471)</u>
Cash and cash equivalents at beginning of year	1,050,143	310,061	180,731	302,540	1,843,475
Cash and cash equivalents at end of year	<u>646,282</u>	<u>136,789</u>	<u>314,155</u>	<u>315,778</u>	<u>1,413,004</u>
Classified as:					
Current assets	646,282	136,789	314,155	315,778	1,413,004
Total	<u>\$ 646,282</u>	<u>\$ 136,789</u>	<u>\$ 314,155</u>	<u>\$ 315,778</u>	<u>\$ 1,413,004</u>
Non-cash disclosure					
Proprietary transfer to internal service funds				\$ 13,094	\$ 13,094
Governmental transfers to internal service funds	\$ 163,563		\$ 40,302	57,532	261,397

(continued)

CITY OF GEORGETOWN, TEXAS

STATEMENT OF CASH FLOWS (CONTINUED) INTERNAL SERVICE FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 2012

	FLEET MANAGEMENT FUND	JOINT SERVICES FUND	FACILITIES MAINTENANCE FUND	INFORMATION SERVICES FUND	TOTAL 2012
OPERATING INCOME (LOSS)	\$ (576,200)	\$ (147,779)	\$ 110,014	\$ (908,351)	\$ (1,522,316)
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:					
Depreciation	1,050,086	20,769	121,031	809,972	2,001,858
Other income	37,336	116,348		2,400	156,084
Decrease (increase) in inventories		(71,365)			(71,365)
Decrease (increase) in accounts receivable		(58,762)		200	(58,562)
Increase (decrease) in accounts payable	51,500	(76,144)	2,344	37,397	15,097
Increase (decrease) in accrued employee benefits	309		(21,059)	(7,813)	(28,563)
<i>Net cash provided by (used in) operating activities</i>	<u>\$ 563,031</u>	<u>\$ (216,933)</u>	<u>\$ 212,330</u>	<u>\$ (66,195)</u>	<u>\$ 492,233</u>



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Supplementary Individual Fund Financial Statements – Enterprise Funds

These supplementary statements are included to provide management additional information for financial analysis.

CITY OF GEORGETOWN, TEXAS

ELECTRIC FUND COMPARATIVE STATEMENTS OF NET ASSETS AS OF SEPTEMBER 30, 2012 and 2011

	TOTALS	
	<u>2012</u>	<u>2011</u>
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$ 3,797,448	\$ 5,504,458
Cash and cash equivalents - restricted	371,167	528,843
Investments	2,983,709	3,825,131
Investments - restricted	472,441	2,572,705
Accounts receivable:		
Services (net of allowance for uncollectibles)	8,821,328	8,595,943
Other	317,833	1,186,469
Inventories	2,320,742	2,313,491
<i>Total current assets</i>	<u>19,084,668</u>	<u>24,527,040</u>
Noncurrent Assets:		
Deferred charges - bond issuance costs	(107,125)	373,125
<i>Total noncurrent assets</i>	<u>(107,125)</u>	<u>373,125</u>
Property and Equipment:		
Land and land rights	1,120,807	1,120,807
Distribution system	107,275,502	104,677,598
Buildings and improvements	73,707	73,707
Machinery, furniture and equipment	1,944,147	1,933,870
Construction in progress	6,668,594	2,199,834
<i>Total cost property and equipment</i>	<u>117,082,757</u>	<u>110,005,816</u>
Less accumulated depreciation	(30,909,304)	(26,241,095)
<i>Net property and equipment</i>	<u>86,173,453</u>	<u>83,764,721</u>
TOTAL ASSETS	<u>\$ 105,150,996</u>	<u>\$ 108,664,886</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 3,564,655	\$ 6,452,422
Accrued employee benefits	150,152	139,587
Current portion of long-term debt	2,141,899	1,902,313
Accrued interest	130,669	151,886
<i>Total current liabilities payable from unrestricted assets</i>	<u>5,987,375</u>	<u>8,646,208</u>
Current liabilities payable from restricted assets:		
Construction contracts and retainages payable	3,375	3,375
Customer deposits	843,565	896,344
<i>Total current liabilities payable from restricted assets</i>	<u>846,940</u>	<u>899,719</u>
<i>Total current liabilities</i>	<u>6,834,315</u>	<u>9,545,927</u>
Long term liabilities:		
Accrued employee benefits	354,925	332,021
Unearned revenue	900,089	900,089
Long-term debt	24,442,045	27,127,468
<i>Total noncurrent liabilities</i>	<u>25,697,059</u>	<u>28,359,578</u>
<i>Total liabilities</i>	<u>32,531,374</u>	<u>37,905,505</u>
Net Assets:		
Invested in capital assets (net of related debt)	59,589,509	56,939,572
Unrestricted	13,030,113	13,819,809
<i>Total net assets</i>	<u>72,619,622</u>	<u>70,759,381</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 105,150,996</u>	<u>\$ 108,664,886</u>

CITY OF GEORGETOWN, TEXAS

ELECTRIC FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES:		
Electric services	\$ 58,403,735	\$ 57,694,311
Other:		
Penalties	424,018	408,246
Connection and hookup fees	516,862	432,510
Total other	940,880	840,756
TOTAL OPERATING REVENUES	59,344,615	58,535,067
OPERATING EXPENSES:		
Electric operations:		
Personnel	3,867,723	3,559,124
Operations	4,960,316	1,995,772
Total electric operations	8,828,039	5,554,896
Depreciation	4,668,209	4,646,066
Electric contracts	41,881,695	43,136,443
TOTAL OPERATING EXPENSES	55,377,943	53,337,405
NET OPERATING INCOME	3,966,672	5,197,662
NONOPERATING REVENUES (EXPENSES):		
Investment earnings	57,443	74,182
Interest and fiscal charges	(1,029,405)	(952,226)
Donations and grants	7,272	32,728
Other	2,122,625	1,687,252
Total nonoperating revenues (expenses)	1,157,935	841,936
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	5,124,607	6,039,598
CONTRIBUTIONS AND TRANSFERS:		
Capital contributions	911,231	507,769
Transfers out	(4,175,597)	(4,819,744)
Total contributions and transfers	(3,264,366)	(4,311,975)
CHANGE IN NET ASSETS	1,860,241	1,727,623
NET ASSETS, Beginning of period	70,759,381	69,031,758
NET ASSETS, End of period	\$ 72,619,622	\$ 70,759,381

CITY OF GEORGETOWN, TEXAS

WATER SERVICES FUND COMPARATIVE STATEMENTS OF NET ASSETS AS OF SEPTEMBER 30, 2012 and 2011

	TOTALS	
	<u>2012</u>	<u>2011</u>
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$ 5,902,544	\$ 4,269,999
Cash and cash equivalents - restricted	418,583	709,352
Investments	7,512,824	2,968,241
Investments - restricted	2,909,654	9,359,555
Prepaid expenses	1,842,958	1,842,958
Accounts receivable:		
Services (net of allowance for uncollectibles)	4,188,880	3,919,993
Other	1,348,693	1,275,724
<i>Total current assets</i>	<u>24,124,136</u>	<u>24,345,822</u>
Noncurrent Assets:		
Long-term note receivables	1,115,036	1,180,805
Deferred charges - bond issuance costs	451,493	716,035
<i>Total noncurrent assets</i>	<u>1,566,529</u>	<u>1,896,840</u>
Property and Equipment:		
Land and land rights	469,355	469,355
Distribution system	199,603,280	197,809,369
Buildings and improvements	3,019,793	3,019,793
Machinery, furniture and equipment	417,118	417,118
Construction in progress	16,198,338	9,492,193
Total cost property and equipment	219,707,884	211,207,828
Less accumulated depreciation	(51,809,723)	(46,748,270)
<i>Net property and equipment</i>	<u>167,898,161</u>	<u>164,459,558</u>
TOTAL ASSETS	<u>\$ 193,588,826</u>	<u>\$ 190,702,220</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 983,814	\$ 1,564,675
Accrued employee benefits	103,305	109,807
Current portion of long-term debt	2,557,883	2,672,688
Accrued interest	156,663	179,393
<i>Total current liabilities payable from unrestricted assets</i>	<u>3,801,665</u>	<u>4,526,563</u>
Current liabilities payable from restricted assets:		
Construction contracts and retainages payable	636,439	399,843
<i>Total current liabilities payable from restricted assets</i>	<u>636,439</u>	<u>399,843</u>
<i>Total current liabilities</i>	<u>4,438,104</u>	<u>4,926,406</u>
Long term liabilities:		
Accrued employee benefits	153,362	166,501
Long-term debt	29,908,177	32,837,530
<i>Total noncurrent liabilities</i>	<u>30,061,539</u>	<u>33,004,031</u>
<i>Total liabilities</i>	<u>34,499,643</u>	<u>37,930,437</u>
Net Assets:		
Invested in capital assets (net of related debt)	137,809,013	137,815,956
Unrestricted	21,280,170	14,955,827
<i>Total net assets</i>	<u>159,089,183</u>	<u>152,771,783</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 193,588,826</u>	<u>\$ 190,702,220</u>

CITY OF GEORGETOWN, TEXAS

WATER SERVICES FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES:		
Water/Irrigation:		
Water services	\$ 16,432,979	\$ 17,416,629
Wastewater services	8,281,802	7,974,330
Irrigation services	311,820	505,685
Water/Wastewater tap fees	692,412	454,393
Total water/irrigation	<u>25,719,013</u>	<u>26,351,037</u>
Other:		
Penalties	193,399	201,610
Connection and hookup fees	57,458	57,231
Service fees	626,639	532,770
Total other	<u>877,496</u>	<u>791,611</u>
TOTAL OPERATING REVENUES	<u>26,596,509</u>	<u>27,142,648</u>
OPERATING EXPENSES:		
Water services distribution:		
Personnel	2,304,673	2,437,584
Operations	4,749,191	5,271,340
Total water services distribution	<u>7,053,864</u>	<u>7,708,924</u>
Depreciation	<u>5,061,453</u>	<u>4,737,306</u>
Water services plant management	<u>2,349,341</u>	<u>2,442,617</u>
Water services contracts	<u>6,419,051</u>	<u>6,428,636</u>
TOTAL OPERATING EXPENSES	<u>20,883,709</u>	<u>21,317,483</u>
NET OPERATING INCOME	<u>5,712,800</u>	<u>5,825,165</u>
NONOPERATING REVENUES (EXPENSES):		
Investment earnings	87,017	85,706
Interest and fiscal charges	(713,569)	(906,881)
Other	1,844,052	1,240,443
Total nonoperating revenue (expenses)	<u>1,217,500</u>	<u>419,268</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	<u>6,930,300</u>	<u>6,244,433</u>
CONTRIBUTIONS AND TRANSFERS:		
Capital contributions	1,527,292	974,448
Transfers in	69,108	69,108
Transfers out	(2,209,300)	(1,978,288)
Total contributions and transfers	<u>(612,900)</u>	<u>(934,732)</u>
CHANGE IN NET ASSETS	<u>6,317,400</u>	<u>5,309,701</u>
NET ASSETS, Beginning of period	152,771,783	147,462,082
NET ASSETS, End of period	<u><u>\$ 159,089,183</u></u>	<u><u>\$ 152,771,783</u></u>

CITY OF GEORGETOWN, TEXAS

STORMWATER DRAINAGE FUND COMPARATIVE STATEMENTS OF NET ASSETS AS OF SEPTEMBER 30, 2012 and 2011

	TOTALS	
	<u>2012</u>	<u>2011</u>
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$ 877,924	\$ 685,838
Cash and cash equivalents - restricted		907,812
Investments	1,117,357	478,061
Accounts receivable:		
Services (net of allowance for uncollectibles)	271,708	239,931
Total current assets	<u>2,266,989</u>	<u>2,311,642</u>
Noncurrent Assets:		
Deferred charges - bond issuance costs	82,485	93,732
Total noncurrent assets	<u>82,485</u>	<u>93,732</u>
Property and Equipment:		
Distribution system	27,933,290	25,976,295
Machinery, furniture and equipment	14,050	14,050
Construction in progress	491,536	175,859
Total cost property and equipment	<u>28,438,876</u>	<u>26,166,204</u>
Less accumulated depreciation	<u>(5,229,228)</u>	<u>(4,455,924)</u>
Net property and equipment	<u>23,209,648</u>	<u>21,710,280</u>
TOTAL ASSETS	<u>\$ 25,559,122</u>	<u>\$ 24,115,654</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 214,436	\$ 59,169
Accrued employee benefits	16,398	19,037
Current portion of long-term debt	280,163	272,508
Accrued interest	14,507	15,556
Total current liabilities	<u>525,504</u>	<u>366,270</u>
Long term liabilities:		
Accrued employee benefits	24,665	27,649
Long-term debt	2,848,126	3,128,289
Total noncurrent liabilities	<u>2,872,791</u>	<u>3,155,938</u>
Total liabilities	<u>3,398,295</u>	<u>3,522,208</u>
Net Assets:		
Invested in capital assets (net of related debt)	20,081,359	19,217,293
Unrestricted	2,079,468	1,376,153
Total net assets	<u>22,160,827</u>	<u>20,593,446</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 25,559,122</u>	<u>\$ 24,115,654</u>

CITY OF GEORGETOWN, TEXAS

STORMWATER DRAINAGE FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES:		
Stormwater drainage fees	\$ 2,118,378	\$ 2,023,809
Other:		
Penalties	14,432	12,238
Total other	14,432	12,238
TOTAL OPERATING REVENUES	2,132,810	2,036,047
OPERATING EXPENSES:		
Stormwater drainage:		
Personnel	191,642	205,193
Operations	835,752	925,093
Capital Outlay	2,146	
Total stormwater drainage	1,029,540	1,130,286
Depreciation	773,304	730,650
TOTAL OPERATING EXPENSES	1,802,844	1,860,936
NET OPERATING INCOME	329,966	175,111
NONOPERATING REVENUES (EXPENSES):		
Investment earnings	9,689	9,080
Interest and fiscal charges	(102,175)	(109,371)
Total nonoperating revenue (expenses)	(92,486)	(100,291)
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	237,480	74,820
CONTRIBUTIONS AND TRANSFERS:		
Capital contributions	1,479,198	580,165
Transfers out	(149,297)	(142,523)
Total contributions and transfers	1,329,901	437,642
CHANGE IN NET ASSETS	1,567,381	512,462
NET ASSETS, Beginning of period	20,593,446	20,080,984
NET ASSETS, End of period	\$ 22,160,827	\$ 20,593,446

CITY OF GEORGETOWN, TEXAS

AIRPORT FUND

COMPARATIVE STATEMENTS OF NET ASSETS

AS OF SEPTEMBER 30, 2012 and 2011

	TOTALS	
	<u>2012</u>	<u>2011</u>
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$ 187,275	\$ 239,639
Investments	238,349	166,529
Accounts receivable:		
Services (net of allowance for uncollectibles)	264,620	228,812
Inventories	52,847	29,488
Total current assets	<u>743,091</u>	<u>664,468</u>
Noncurrent Assets:		
Deferred charges - bond issuance costs	36,709	41,985
Total noncurrent assets	<u>36,709</u>	<u>41,985</u>
Property and Equipment:		
Land and land rights	981,500	981,500
Distribution system	79,335	79,335
Buildings and improvements	9,577,597	9,577,597
Machinery, furniture and equipment	137,577	137,577
Total cost property and equipment	<u>10,776,009</u>	<u>10,776,009</u>
Less accumulated depreciation	<u>(6,580,854)</u>	<u>(6,423,422)</u>
Net property and equipment	<u>4,195,155</u>	<u>4,352,587</u>
TOTAL ASSETS	<u>\$ 4,974,955</u>	<u>\$ 5,059,040</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 97,781	\$ 65,357
Accrued employee benefits	7,233	6,228
Current portion of long-term debt	125,778	120,220
Accrued interest	4,578	5,240
Total current liabilities	<u>235,370</u>	<u>197,045</u>
Long term liabilities:		
Accrued employee benefits	10,565	9,456
Long-term debt	739,265	865,043
Total noncurrent liabilities	<u>749,830</u>	<u>874,499</u>
Total liabilities	<u>985,200</u>	<u>1,071,544</u>
Net Assets:		
Invested in capital assets (net of related debt)	3,330,111	3,367,324
Unrestricted	659,644	620,172
Total net assets	<u>3,989,755</u>	<u>3,987,496</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,974,955</u>	<u>\$ 5,059,040</u>

CITY OF GEORGETOWN, TEXAS

AIRPORT FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES:		
Fuel sales	\$ 2,341,998	\$ 2,872,381
Contract leases	217,024	197,932
Hangar/tie down rental fees	320,322	314,787
Terminal sales	<u>1,800</u>	<u>3,716</u>
TOTAL OPERATING REVENUES	<u>2,881,144</u>	<u>3,388,816</u>
OPERATING EXPENSES:		
Administration:		
Personnel	258,437	282,147
Operations	2,459,478	2,928,668
Capital	<u>90,772</u>	<u>331,008</u>
Total administration	<u>2,808,687</u>	<u>3,541,823</u>
Depreciation	<u>157,432</u>	<u>157,599</u>
TOTAL OPERATING EXPENSES	<u>2,966,119</u>	<u>3,699,422</u>
NET OPERATING LOSS	<u>(84,975)</u>	<u>(310,606)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	2,180	2,979
Interest and fiscal charges	(46,626)	(51,771)
Donations and grants	140,329	94,323
Other	<u>37,291</u>	<u>43,697</u>
Total nonoperating revenues (expenses)	<u>133,174</u>	<u>89,228</u>
TRANSFERS:		
Transfers out	<u>(45,940)</u>	<u></u>
Total transfers	<u>(45,940)</u>	<u></u>
CHANGE IN NET ASSETS	2,259	(221,378)
NET ASSETS, Beginning of period	3,987,496	4,208,874
NET ASSETS, End of period	<u>\$ 3,989,755</u>	<u>\$ 3,987,496</u>



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Agency Funds

Statement of Changes in Assets and Liabilities

The Agency Fund is used to account for assets and liabilities held by the City acting as an agent for others.

Public Improvement Districts (PID) -

to account for the receipt of the revenue collected from property assessments paid by Cimarron Hills residents to fund the infrastructure of the new development. The City acts as an agent for the collection of the assessments and then sends the revenue to an Escrow Agent for Cimarron Hills.

to account for the receipt of the revenue collected from property assessments paid by property owners in the Shell Road Public Improvement District. The City acts as an agent for the creation of the PID and collection of the assessments and then sends the revenue to Williamson County, who provided the initial up-front costs for road construction.

Texas Capital Fund Repayments - to account for the lease payments received from businesses who have benefited from the Texas Capital Fund economic development grants and the corresponding payments to the state to repay the grants. Reedholm Instruments, Inc., Xycarb Ceramics, and USA Schunk Quartz, Inc., are the businesses currently in the repayment/lease mode for these grants.

CITY OF GEORGETOWN, TEXAS

AGENCY FUNDS STATEMENT OF CHANGES IN ASSETS AND LIABILITIES FISCAL YEAR ENDED SEPTEMBER 30, 2012

	BALANCE OCTOBER 1, 2011	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30, 2012
Public Improvement Districts:				
ASSETS:				
Cash and cash equivalents	\$ 13,453	\$ 530,592	\$ 539,966	\$ 4,079
Accounts receivable	255,925	1,526		257,451
TOTAL ASSETS	\$ 269,378	\$ 532,118	\$ 539,966	\$ 261,530
LIABILITIES:				
Accounts payable	\$ 16,614	\$ 532,118	\$ 539,966	\$ 8,766
Due to other governments	252,764			252,764
TOTAL LIABILITIES	\$ 269,378	\$ 532,118	\$ 539,966	\$ 261,530
Texas Capital Fund Repayments:				
ASSETS:				
Accounts receivable	\$ 437,066	\$	\$ 77,923	\$ 359,143
TOTAL ASSETS	\$ 437,066	\$	\$ 77,923	\$ 359,143
LIABILITIES:				
Due to other governments	\$ 437,066	\$	\$ 77,923	\$ 359,143
TOTAL LIABILITIES	\$ 437,066	\$	\$ 77,923	\$ 359,143
TOTAL AGENCY FUNDS				
ASSETS:				
Cash and cash equivalents	\$ 13,453	\$ 530,592	\$ 539,966	\$ 4,079
Accounts receivable	692,991	1,526	77,923	616,594
TOTAL ASSETS	\$ 706,444	\$ 532,118	\$ 617,889	\$ 620,673
LIABILITIES:				
Accounts payable	\$ 16,614	\$ 532,118	\$ 539,966	\$ 8,766
Due to other governments	689,830		77,923	611,907
TOTAL LIABILITIES	\$ 706,444	\$ 532,118	\$ 617,889	\$ 620,673

Capital Assets Used in the Operation of Governmental Funds

CITY OF GEORGETOWN, TEXAS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS COMPARATIVE SCHEDULES BY SOURCE AS OF SEPTEMBER 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
GOVERNMENTAL FUNDS CAPITAL ASSETS		
Land	\$ 8,226,949	\$ 6,723,801
Buildings	55,618,858	51,311,248
Improvements	175,327,032	165,763,133
Machinery, furniture and equipment	7,326,131	7,231,533
Construction in progress	<u>22,390,637</u>	<u>20,775,043</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 268,889,607</u>	<u>\$ 251,804,758</u>

INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS

General Fund	\$ 6,262,773	\$ 6,900,835
Capital Projects Funds:		
General obligation bonds and certificates of obligation	103,339,203	90,891,858
State grant	1,007,385	814,302
Other	145,400,368	140,760,851
Special Revenue Funds:		
Federal grant	2,265,506	2,265,506
Other	2,383,250	2,350,000
State grant	2,351,975	2,351,975
Transfer from proprietary fund	3,902,708	3,492,992
Acquisitions prior to August 31, 1985 - source undetermined	<u>1,976,439</u>	<u>1,976,439</u>
TOTAL INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 268,889,607</u>	<u>\$ 251,804,758</u>

CITY OF GEORGETOWN, TEXAS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE BY FUNCTION AND ACTIVITY AS OF SEPTEMBER 30, 2012

FUNCTION AND ACTIVITY	LAND	BUILDINGS	IMPROVEMENTS	EQUIPMENT	CONSTRUCTION IN PROGRESS	TOTAL
Culture-recreation						
Library		\$ 11,073,052	\$ 61,340	\$ 922,230		\$ 12,056,622
Parks administration		639,193	1,880,062	32,719		2,551,974
Parks maintenance	\$ 743,579	5,985	2,417,735	247,292		3,414,591
Recreation	113,979	2,149,070	1,060,780	903,458		4,227,287
Total culture-recreation	857,558	13,867,300	5,419,917	2,105,699		22,250,474
Development						
Planning administration				124,728		124,728
Planning				34,212		34,212
Inspections				65,975		65,975
Total development				224,915		224,915
Economic development						
Administration			25,000	5,489		30,489
Total economic development			25,000	5,489		30,489
Environmental services						
Environmental services	494,000			79,573		573,573
Total environmental services	494,000			79,573		573,573
Fire						
Administration	13,614			69,943		83,557
Operations		2,696,012	241,350	451,985		3,389,347
Total fire	13,614	2,696,012	241,350	521,928		3,472,904
General Government						
City council	593,084	522,136	146,832	107,998		1,370,050
City manager's office	296,852		115,592	17,719		430,163
Facilities	661,044	30,506,761	3,725,517	355,686		35,249,008
General government	2,316,432	7,173,597	4,421,026	634,710		14,545,765
Total general government	3,867,412	38,202,494	8,408,967	1,116,113		51,594,986
Highways and streets						
Bridges			10,277,022			10,277,022
Streets			148,394,286	349,409		148,743,695
Streets capital improvements	2,994,365		2,033,874	423,044		5,451,283
Total highways and streets	2,994,365		160,705,182	772,453		164,472,000
Police						
Administration		65,521	466,829	1,429,188		1,961,538
Operations Bureau				936,262		936,262
Animal services		787,531	90,489	90,207		968,227
Municipal court				13,602		13,602
Total police		853,052	557,318	2,469,259		3,879,629
TOTAL CAPITAL ASSETS	8,226,949	55,618,858	175,357,734	7,295,429		246,498,970
CONSTRUCTION IN PROGRESS					\$ 22,390,637	22,390,637
					22,390,637	22,390,637
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 8,226,949	\$ 55,618,858	\$ 175,357,734	\$ 7,295,429	\$ 22,390,637	\$ 268,889,607

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets related to internal service funds are excluded from the above amounts.

CITY OF GEORGETOWN, TEXAS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY FISCAL YEAR ENDED SEPTEMBER 30, 2012

FUNCTION AND ACTIVITY	BALANCE 9/30/2011	ADDITIONS	DELETIONS	BALANCE 9/30/2012
Culture-recreation				
Library	\$ 12,048,322	\$ 8,300		\$ 12,056,622
Parks administration	2,551,974			2,551,974
Parks maintenance	3,414,591			3,414,591
Recreation	4,177,923	49,364		4,227,287
Total culture-recreation	22,192,810	57,664		22,250,474
Development				
Planning administration	124,728			124,728
Planning	34,212			34,212
Inspections	81,206		\$ 15,231	65,975
Total development	240,146		15,231	224,915
Economic development				
Administration	30,489			30,489
Total economic development	30,489			30,489
Environmental services				
Environmental services	573,573			573,573
Total economic development	573,573			573,573
Fire				
Administration	83,557			83,557
Operations	3,509,109	30,749	150,511	3,389,347
Total fire	3,592,666	30,749	150,511	3,472,904
General government				
City council	1,632,636		262,586	1,370,050
City manager's office	430,163			430,163
Facilities	30,506,886			30,506,886
General government	14,545,765	4,742,122		19,287,887
Total general government	47,115,450	4,742,122	262,586	51,594,986
Highways and streets				
Bridges	9,039,783	546,408		9,586,191
Streets	140,473,162	8,997,093		149,470,255
Streets capital improvements	3,892,008	1,523,546		5,415,554
Total highways and streets	153,404,953	11,067,047		164,472,000
Police				
Administration	1,961,538			1,961,538
Operations bureau	936,262			936,262
Animal services	968,227			968,227
Municipal court	13,602			13,602
Total police	3,879,629			3,879,629
TOTAL CAPITAL ASSETS	231,029,716	15,897,582	428,328	246,498,970
CONSTRUCTION IN PROGRESS	20,775,042	15,977,213	14,361,618	22,390,637
	20,775,042	15,977,213	14,361,618	22,390,637
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 251,804,758	\$ 31,874,795	\$ 14,789,946	\$ 268,889,607

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets related to internal service funds are excluded from the above amounts.

Statistical Section





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Statistical Section

This part of the City of Georgetown's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

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Financial Trend.....	164
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These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity	174
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These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity	184
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These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information	198
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information.....	200
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These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report related to the services the government provides and the activities it performs

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

CITY OF GEORGETOWN, TEXAS

NET ASSETS BY COMPONENT LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 143,744,284	\$ 138,536,744	\$ 144,725,810	\$ 138,048,388
Restricted	26,064,001	30,407,806	23,615,403	26,858,729
Unrestricted	28,994,589	21,859,346	15,909,956	14,563,686
Total governmental activities net assets	<u>\$ 198,802,874</u>	<u>\$ 190,803,896</u>	<u>\$ 184,251,169</u>	<u>\$ 179,470,803</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 220,809,992	\$ 210,252,907	\$ 197,910,197	\$ 187,953,410
Restricted				
Unrestricted	37,049,395	30,771,961	35,786,263	33,507,546
Total business-type activities net assets	<u>\$ 257,859,387</u>	<u>\$ 241,024,868</u>	<u>\$ 233,696,460</u>	<u>\$ 221,460,956</u>
Primary government				
Invested in capital assets, net of related debt	\$ 364,554,276	\$ 348,789,651	\$ 342,636,007	\$ 326,001,798
Restricted	26,064,001	30,407,806	23,615,403	26,858,729
Unrestricted	66,043,984	52,631,307	51,696,219	48,071,232
Total primary government net assets	<u>\$ 456,662,261</u>	<u>\$ 431,828,764</u>	<u>\$ 417,947,629</u>	<u>\$ 400,931,759</u>

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 129,354,365	\$ 116,738,898	\$ 122,268,551	\$ 107,692,319	\$ 96,516,068	\$ 102,199,237
25,011,217	36,306,468	18,254,529	16,836,756	12,067,284	5,073,123
16,470,172	5,598,174	6,567,654	9,833,977	7,169,828	6,886,592
<u>\$ 170,835,754</u>	<u>\$ 158,643,540</u>	<u>\$ 147,090,734</u>	<u>\$ 134,363,052</u>	<u>\$ 115,753,180</u>	<u>\$ 114,158,952</u>
\$ 167,724,995	\$ 141,211,947	\$ 117,419,122	\$ 98,081,179	\$ 88,000,994	\$ 74,920,347
		5,389,063	1,251,844	389,312	844,225
29,144,912	30,295,994	30,942,450	31,393,246	29,760,025	28,239,895
<u>\$ 196,869,907</u>	<u>\$ 171,507,941</u>	<u>\$ 153,750,635</u>	<u>\$ 130,726,269</u>	<u>\$ 118,150,331</u>	<u>\$ 104,004,467</u>
\$ 297,079,360	\$ 257,950,845	\$ 239,687,673	\$ 205,773,498	\$ 184,517,062	\$ 117,119,584
25,011,217	36,306,468	23,643,592	18,088,600	12,456,596	5,917,348
45,615,084	35,894,168	37,510,104	41,227,223	36,929,853	35,126,487
<u>\$ 367,705,661</u>	<u>\$ 330,151,481</u>	<u>\$ 300,841,369</u>	<u>\$ 265,089,321</u>	<u>\$ 233,903,511</u>	<u>\$ 158,163,419</u>

CITY OF GEORGETOWN, TEXAS

CHANGES IN NET ASSETS LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	2012	2011	2010	2009
Expenses				
Governmental activities:				
Culture-recreation	\$ 9,328,048	\$ 9,393,530	\$ 9,076,669	\$ 8,696,162
Development	2,284,858	2,374,321	2,345,178	2,381,380
Fire	8,634,002	8,110,294	7,196,359	6,835,927
General government	4,851,250	5,293,370	5,201,299	5,107,748
Police	11,522,334	11,029,444	10,787,024	11,026,676
Streets	5,564,690	6,522,933	5,730,682	4,372,708
Environmental services	4,830,921	4,339,101	4,206,166	4,287,029
Interest on long-term debt	4,375,653	3,656,673	3,624,733	3,650,386
Total governmental activities expenses	<u>\$ 51,391,756</u>	<u>50,719,666</u>	<u>48,168,110</u>	<u>46,358,016</u>
Business-type activities				
Airport	3,012,745	3,751,193	2,811,206	2,441,533
Electric	56,407,348	54,289,631	50,756,369	48,444,272
Environmental services				
Stormwater	1,905,019	1,970,307	1,799,680	1,807,147
Water	21,597,278	22,224,364	20,124,249	20,011,184
Total business-type activities expenses	<u>82,922,390</u>	<u>82,235,495</u>	<u>75,491,504</u>	<u>72,704,136</u>
Total primary government expenses	<u>\$ 134,314,146</u>	<u>\$ 132,955,161</u>	<u>\$ 123,659,614</u>	<u>\$ 119,062,152</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Culture-recreation	\$ 2,285,209	\$ 2,252,608	\$ 2,150,107	\$ 1,481,954
Development	1,668,635	905,118	1,125,058	827,387
Fire	1,137,982	1,032,663	1,195,871	1,409,208
General government	1,206,994	435,926	487,264	5,121
Police	895,703	1,009,004	1,265,589	1,154,135
Streets				
Environmental services	5,491,495	5,116,570	4,809,271	4,582,794
Operating grants and contributions	956,438	962,183	405,023	1,268,957
Capital grants and contributions	2,431,374	4,422,720	2,747,483	1,600,980
Total governmental activities program revenues	<u>16,073,830</u>	<u>16,136,792</u>	<u>14,185,666</u>	<u>12,330,536</u>
Business-type activities:				
Charges for services:				
Airport	2,881,144	3,388,816	2,435,613	2,234,637
Electric	59,344,615	58,535,067	60,136,705	57,164,312
Environmental services				
Stormwater	2,132,810	2,036,047	1,959,007	1,913,546
Water	26,596,509	27,142,648	22,022,414	23,541,415
Operating grants and contributions	147,601	127,051		
Capital grants and contributions	3,917,721	2,062,382	4,842,643	17,378,138
Total business-type activities program revenues	<u>95,020,400</u>	<u>93,292,011</u>	<u>91,396,382</u>	<u>102,232,048</u>
Total primary government program revenues	<u>\$ 111,094,230</u>	<u>\$ 109,428,803</u>	<u>\$ 105,582,048</u>	<u>\$ 114,562,584</u>
Net (expense)/revenue				
Governmental activities	\$ (35,317,926)	\$ (34,582,874)	\$ (33,982,444)	\$ (34,027,480)
Business-type activities	12,098,010	11,056,516	15,904,878	29,527,912
Total primary government net expense	<u>\$ (23,219,916)</u>	<u>\$ (23,526,358)</u>	<u>\$ (18,077,566)</u>	<u>\$ (4,499,568)</u>

2008	2007	2006	2005	2004	2003
\$ 6,978,982	\$ 5,460,488	\$ 5,649,191	\$ 4,701,552	\$ 4,773,059	\$ 4,165,382
2,457,868	2,518,113	2,325,761	2,061,017	1,956,243	1,607,886
5,553,135	4,962,020	4,397,108	3,767,816	3,862,168	3,611,523
3,604,501	3,227,227	3,671,786	4,405,436	4,005,079	3,715,369
9,595,062	8,251,836	7,392,816	5,961,731	5,833,644	5,476,245
3,147,899	5,212,766	3,757,919	1,522,161	2,752,225	3,267,717
4,181,243	2,976,803	2,010,409	2,256,135	1,253,934	1,241,202
<u>35,518,690</u>	<u>32,609,253</u>	<u>29,204,990</u>	<u>24,675,848</u>	<u>24,436,352</u>	<u>23,085,324</u>
3,459,377	2,589,385	2,753,948	2,606,270	1,962,826	1,773,928
48,183,299	38,936,172	37,866,853	29,026,475	26,237,073	23,957,507
4,315,729	3,611,767	3,519,487	2,868,758	2,740,495	2,577,159
1,689,013	1,447,690	1,370,267	1,216,219	986,876	841,591
18,980,021	17,584,962	15,668,061	14,234,866	13,218,349	11,727,956
<u>76,627,439</u>	<u>64,169,976</u>	<u>61,178,616</u>	<u>49,952,588</u>	<u>45,145,619</u>	<u>40,878,141</u>
<u>\$ 112,146,129</u>	<u>\$ 96,779,229</u>	<u>\$ 90,383,606</u>	<u>\$ 74,628,436</u>	<u>\$ 69,581,971</u>	<u>\$ 63,963,465</u>
\$ 1,391,416	\$ 1,101,159	\$ 991,505	\$ 812,920	\$ 672,882	\$ 643,950
1,232,533	1,596,801	1,761,166	1,350,955	1,097,581	887,830
1,044,870	848,066	210,453	478,378	141,280	209,207
1,418,786	783,235	635,546	1,452		
1,344,259	1,182,064	880,807	838,302	769,389	602,434
	26,900	101,685			
492,632	683,731	168,863	900,681	176,169	228,828
909,209	3,654,737	6,153,637	13,474,330	110,077	1,700,000
<u>7,833,705</u>	<u>9,876,693</u>	<u>10,903,662</u>	<u>17,857,018</u>	<u>2,967,378</u>	<u>4,272,249</u>
3,308,889	2,473,286	2,595,764	2,352,094	1,667,154	1,459,523
52,846,962	44,028,755	42,526,728	35,002,038	30,152,942	26,689,395
4,398,047	3,738,774	3,446,566	3,227,268	2,932,480	2,791,467
1,832,165	1,793,773	1,716,066	1,572,854	1,331,962	1,209,132
23,313,864	20,800,851	20,318,603	17,046,731	15,500,302	15,055,711
<u>11,071,907</u>	<u>8,850,968</u>	<u>14,217,294</u>	<u>6,665,628</u>	<u>12,051,096</u>	<u>2,070,954</u>
<u>96,771,834</u>	<u>81,686,407</u>	<u>84,821,021</u>	<u>65,866,613</u>	<u>63,635,936</u>	<u>49,276,182</u>
<u>\$ 104,605,539</u>	<u>\$ 91,563,100</u>	<u>\$ 95,724,683</u>	<u>\$ 83,723,631</u>	<u>\$ 66,603,314</u>	<u>\$ 53,548,431</u>
\$ (27,684,985)	\$ (22,732,560)	\$ (18,301,328)	\$ (6,818,830)	\$ (21,468,974)	\$ (18,813,075)
20,144,395	17,516,431	23,642,405	15,914,025	18,490,317	8,398,041
<u>\$ (7,540,590)</u>	<u>\$ (5,216,129)</u>	<u>\$ 5,341,077</u>	<u>\$ 9,095,195</u>	<u>\$ (2,978,657)</u>	<u>\$ (10,415,034)</u>

CITY OF GEORGETOWN, TEXAS

CHANGES IN NET ASSETS (CONTINUED) LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	2012	2011	2010	2009
General Revenues and Other				
Changes in Net Assets				
Governmental activities:				
Property Tax	\$ 15,751,826	\$ 14,362,895	\$ 14,360,142	\$ 14,934,694
Sales Tax	15,045,592	14,148,242	13,482,999	12,543,071
Taxes - other	1,143,217	1,100,490	1,000,571	278,982
Franchise taxes	3,924,052	3,874,815	2,603,222	2,801,666
Interest on investments	230,788	187,314	140,384	504,145
Gain on sale of capital assets				
Other	710,403	590,398	537,528	3,415,713
Transfers	6,511,026	6,871,447	6,637,964	8,184,258
Total governmental activities	<u>\$ 43,316,904</u>	<u>\$ 41,135,601</u>	<u>\$ 38,762,810</u>	<u>\$ 42,662,529</u>
Business-type activities:				
Interest on investments	\$ 156,329	\$ 171,947	\$ 133,132	\$ 667,389
Gain on sale of capital assets				
Other	4,003,968	2,971,392	2,835,458	2,580,006
Transfers	(6,511,026)	(6,871,447)	(6,637,964)	(8,184,258)
Total business-type activities	<u>(2,350,729)</u>	<u>(3,728,108)</u>	<u>(3,669,374)</u>	<u>(4,936,863)</u>
Total primary government	<u>\$ 40,966,175</u>	<u>\$ 37,407,493</u>	<u>\$ 35,093,436</u>	<u>\$ 37,725,666</u>
Changes in Net Assets				
Governmental activities	\$ 7,998,978	\$ 6,552,727	\$ 4,780,366	\$ 8,635,049
Business-type activities	9,747,281	7,328,408	12,235,504	24,591,049
Total primary government	<u>\$ 17,746,259</u>	<u>\$ 13,881,135</u>	<u>\$ 17,015,870</u>	<u>\$ 33,226,098</u>

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 12,610,638	\$ 10,737,981	\$ 8,919,694	\$ 8,329,395	\$ 6,927,438	\$ 6,380,597
13,236,686	12,206,099	10,962,790	8,496,160	7,395,657	6,091,190
1,134,493	1,185,511	844,718	749,301	585,921	560,458
2,739,567	2,083,306	2,209,235	1,942,246	1,844,683	1,579,729
2,222,952	2,085,055	1,398,706	507,038	171,949	197,103
			859,286		
803,334		463,719	1,167,654	466,185	2,420,183
7,129,529	5,987,414	6,230,148	5,220,063	5,671,960	4,661,635
<u>\$ 39,877,199</u>	<u>\$ 34,285,366</u>	<u>\$ 31,029,010</u>	<u>\$ 27,271,143</u>	<u>\$ 23,063,793</u>	<u>\$ 21,890,895</u>
\$ 1,018,860	\$ 1,495,484	\$ 1,673,167	\$ 732,461	\$ 444,169	\$ 159,864
			160,949		
2,295,472	4,417,805	3,938,942	988,566	883,338	1,009,560
(7,129,529)	(5,987,414)	(6,230,148)	(5,220,063)	(5,671,960)	(4,661,635)
(3,815,197)	(74,125)	(618,039)	(3,338,087)	(4,344,453)	10,131,573
<u>\$ 36,062,002</u>	<u>\$ 34,211,241</u>	<u>\$ 30,410,971</u>	<u>\$ 23,933,056</u>	<u>\$ 18,719,340</u>	<u>\$ 32,022,468</u>
\$ 12,192,214	\$ 11,552,806	\$ 12,727,682	\$ 20,452,313	\$ 1,594,819	\$ 3,077,820
16,329,198	17,442,306	23,024,366	12,575,938	14,145,864	18,529,614
<u>\$ 28,521,412</u>	<u>\$ 28,995,112</u>	<u>\$ 35,752,048</u>	<u>\$ 33,028,251</u>	<u>\$ 15,740,683</u>	<u>\$ 21,607,434</u>

CITY OF GEORGETOWN, TEXAS

FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2012</u>	<u>2011</u>
General Fund		
Nonspendable		
Prepays and inventory	\$ 2,110	\$ 9,061
Committed		
Contingency	7,000,000	6,847,000
Assigned		
Encumbrances	1,210,247	1,403,968
Unassigned	<u>2,419,053</u>	<u>1,894,618</u>
Total general fund	<u>\$ 10,631,410</u>	<u>\$ 10,154,647</u>
Other governmental funds		
Restricted		
Debt Service	\$ 1,749,324	\$ 1,976,586
Bond Funds	18,112,419	17,748,555
Hotel/motel tax	526,488	460,582
Street maintenance tax	4,205,153	3,215,322
Public safety	244,969	306,926
Committed		
Other capital projects	8,770,010	10,682,665
Nonmajor funds	2,293,194	1,899,631
Assigned		
Encumbrances	<u>8,891,080</u>	<u>6,105,133</u>
Total all other governmental funds	<u>\$ 44,792,637</u>	<u>\$ 42,395,400</u>

	<u>2010</u>	<u>2009</u>
General Fund		
Reserved	\$ 1,160,195	\$ 1,001,111
Unreserved	<u>8,601,923</u>	<u>9,506,572</u>
Total general fund	<u>\$ 9,762,118</u>	<u>\$ 10,507,683</u>
Other governmental funds		
Reserved	\$ 30,050,627	\$ 29,932,873
Unreserved, reported in:		
Special revenue funds		
Capital projects funds		
Total all other governmental funds	<u>\$ 30,050,627</u>	<u>\$ 29,932,873</u>

Note: City of Georgetown first applied GASB Statement No. 54 in fiscal year 2011; therefore, the new fund balance distinctions for years prior to fiscal year 2011 are not available.

2008	2007	2006	2005	2004	2003
\$ 955,743	\$ 1,342,069	\$ 1,038,758	\$ 1,181,489	\$ 952,348	\$ 879,218
10,986,752	9,223,131	7,917,556	6,289,465	4,484,457	3,104,887
<u>\$ 11,942,495</u>	<u>\$ 10,565,200</u>	<u>\$ 8,956,314</u>	<u>\$ 7,470,954</u>	<u>\$ 5,436,805</u>	<u>\$ 3,984,105</u>
\$ 10,889,998	\$ 20,648,352	\$ 11,214,177	\$ 6,280,990	\$ 4,166,714	\$ 4,040,224
18,173,048	19,043,457	9,778,067	12,389,201	462,040	279,158
<u>\$ 29,063,046</u>	<u>\$ 39,691,809</u>	<u>\$ 20,992,244</u>	<u>\$ 18,670,191</u>	<u>\$ 13,821,726</u>	<u>\$ 6,268,134</u>

CITY OF GEORGETOWN, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2012	2011	2010	2009
Revenues				
Property taxes	\$ 15,883,636	\$ 14,591,564	\$ 14,572,432	\$ 14,169,419
Property assessment	353,269	313,093	262,060	278,982
Sales tax and other taxes	15,698,207	14,724,741	13,987,624	13,289,438
Franchise taxes	3,924,052	3,874,815	2,603,222	2,801,666
Licenses and permits	1,236,478	890,948	841,392	791,882
Charges for service	8,493,243	8,199,073	8,157,465	7,687,489
Fine and forfeitures	682,760	810,950	1,060,361	981,228
Donations and grants	1,687,184	4,121,625	3,078,392	2,058,301
Investment income	230,788	187,313	140,384	737,755
Other revenue	2,870,008	1,735,082	1,585,584	1,897,179
Total revenues	<u>51,059,625</u>	<u>49,449,204</u>	<u>46,288,916</u>	<u>44,693,339</u>
Expenditures				
Culture - recreation	8,377,084	8,229,049	7,773,346	7,535,763
Development	2,155,243	2,195,537	2,088,809	2,213,899
Fire services	8,253,567	7,725,794	6,909,597	6,597,024
General government	3,178,251	3,595,481	3,288,185	3,324,758
Highways and streets	5,061,214	6,044,755	5,171,678	3,840,312
Police	10,577,384	10,221,220	10,026,352	10,137,983
Environmental Services	4,823,170	4,321,888	4,199,433	4,285,345
Capital outlay	15,938,457	12,604,835	8,930,286	12,444,569
Debt service				
Principal retirement	5,533,987	4,998,369	4,791,550	4,478,467
Interest and fiscal charges	4,094,247	3,686,318	3,642,426	3,608,738
Total expenditures	<u>67,992,604</u>	<u>63,623,246</u>	<u>56,821,662</u>	<u>58,466,858</u>
Excess (deficiency) of revenues over expenditures	(16,932,979)	(14,174,042)	(10,532,746)	(13,773,519)
Other financing sources (uses)				
Transfers in	9,734,354	7,915,723	8,895,212	10,055,272
Transfers out	(5,492,299)	(2,654,379)	(2,847,628)	(3,367,769)
Sale of property				
Capital lease issued				
Payment to refunding escrow agent	(3,416,787)			
Bonds issued	<u>18,981,711</u>	<u>21,650,000</u>	<u>3,857,351</u>	<u>6,575,000</u>
Total other financing sources (uses)	<u>19,806,979</u>	<u>26,911,344</u>	<u>9,904,935</u>	<u>13,262,503</u>
Net change in fund balances	<u>\$ 2,874,000</u>	<u>\$ 12,737,302</u>	<u>\$ (627,811)</u>	<u>\$ (511,016)</u>
Debt service as a percentage of noncapital expenditures	18.5%	17.0%	17.6%	17.6%

2008	2007	2006	2005	2004	2003
\$ 12,703,509	\$ 10,938,488	\$ 9,047,916	\$ 8,408,150	\$ 7,217,442	\$ 6,596,246
210,659	155,864	173,011	89,134	81,916	76,816
14,000,228	13,053,780	11,495,335	8,927,263	7,797,747	6,477,415
2,739,567	2,083,306	2,209,235	1,942,246	1,844,683	1,579,729
1,158,433	1,527,886	1,723,082	1,266,295	1,078,048	866,451
2,289,493	1,830,286	1,067,460	955,940	919,219	946,450
1,110,815	1,067,934	907,983	773,882	684,999	533,703
298,803	683,731	168,863	798,822	286,246	228,827
2,222,952	2,085,055	1,398,706	507,038	171,949	197,102
2,823,254	1,112,119	1,428,485	2,134,184	764,592	3,463,798
39,557,713	34,538,449	29,620,076	25,802,954	20,846,841	20,966,537
6,325,780	5,397,344	4,968,902	5,197,709	4,509,436	3,904,361
2,454,810	2,611,432	2,127,927	1,952,474	1,914,223	1,565,612
5,380,247	4,903,325	4,171,527	3,675,033	3,832,320	3,507,243
3,038,876	3,018,023	2,302,417	1,987,046	1,905,979	1,619,356
2,768,367	1,739,495	1,761,494	1,741,217	1,931,782	1,587,154
9,222,704	8,162,359	7,070,088	5,798,432	5,585,002	5,359,643
21,622,846	15,538,147	15,950,142	11,916,076	6,570,321	9,749,963
3,495,684	2,755,592	2,387,035	2,500,901	1,262,782	1,159,660
4,480,504	2,909,116	2,307,846	1,897,649	1,253,934	1,241,201
58,789,818	47,034,833	43,047,378	36,666,537	28,765,779	29,694,193
(19,232,105)	(12,496,384)	(13,427,302)	(10,863,583)	(7,918,938)	(8,727,656)
10,196,752	7,823,154	8,580,426	6,400,033	5,856,656	5,190,366
(4,658,144)	(3,558,105)	(3,940,019)	(2,691,211)	(1,454,546)	(528,730)
47,029	54,599	31,102	896,113		
				283,120	
4,395,000	(3,160,147)	(7,736,794)	(9,243,904)		
	31,645,334	20,300,000	22,385,166	12,240,000	3,125,000
9,980,637	32,804,835	17,234,715	17,746,197	16,925,230	7,786,636
\$ (9,251,468)	\$ 20,308,451	\$ 3,807,413	\$ 6,882,614	\$ 9,006,292	\$ (941,020)
21.5%	19.5%	17.3%	17.8%	11.3%	12.0%

CITY OF GEORGETOWN, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

FISCAL YEAR	TOTAL TAX LEVY	CURRENT TAX COLLECTIONS	PERCENT OF LEVY COLLECTED	DELINQUENT TAX COLLECTIONS
2003	\$ 6,912,129	\$ 6,598,745	95.47%	\$ 46,401
2004	7,525,174	7,215,477	95.88%	30,046
2005	8,694,027	8,274,192	95.17%	161,088
2006	9,442,953	9,096,910	96.34%	76,076
2007	11,500,980	11,138,968	96.85%	111,061
2008	13,156,096	12,744,960	96.87%	91,036
2009	14,828,927	14,349,606	96.77%	139,828
2010	15,142,165	14,653,346	96.77%	127,176
2011	15,098,808	14,635,299	96.93%	120,092
2012	16,444,180	16,050,914	97.61%	44,797

Source: City of Georgetown Tax Assessor.

TOTAL TAX COLLECTIONS	TOTAL COLLECTIONS AS A PERCENT OF CURRENT LEVY	OUTSTANDING DELINQUENT TAXES	OUTSTANDING DELINQUENT TAXES AS A PERCENT OF CURRENT LEVY
\$ 6,645,146	96.14%	\$ 266,983	3.86%
7,245,523	96.28%	279,652	3.72%
8,435,280	97.02%	258,746	2.98%
9,172,986	97.14%	277,077	2.93%
11,250,029	97.82%	250,951	2.18%
12,835,996	97.57%	320,807	2.44%
14,489,434	97.71%	339,493	2.29%
14,780,522	97.61%	361,643	2.39%
14,755,391	97.73%	343,417	2.27%
16,095,711	97.88%	349,082	2.12%

CITY OF GEORGETOWN, TEXAS

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS

FISCAL YEAR	REAL PROPERTY		PERSONAL PROPERTY	
	ASSESSED VALUE (1)	ESTIMATED ACTUAL VALUE	ASSESSED VALUE (1)	ESTIMATED ACTUAL VALUE
2003	\$ 1,915,334,794	\$ 1,915,334,794	\$ 200,707,337	\$ 200,707,337
2004	1,935,628,300	1,935,628,300	196,487,678	196,487,678
2005	2,094,066,974	2,094,066,974	166,921,359	166,921,359
2006	2,367,099,144	2,367,099,144	157,265,408	157,265,408
2007	2,749,816,041	2,749,816,041	136,821,317	136,821,317
2008	3,330,727,230	3,330,727,230	238,557,091	238,557,091
2009	3,769,863,117	3,769,863,117	244,892,514	244,892,514
2010	3,780,404,329	3,780,404,329	246,488,943	246,488,943
2011	3,786,177,221	3,786,177,221	269,771,730	269,771,730
2012	3,885,150,718	3,885,150,718	311,033,417	311,033,417

Source: City of Georgetown Tax Assessor.

(1) Net of exemptions.

TOTAL		RATIO OF TOTAL ASSESSED VALUE TO TOTAL ESTIMATED ACTUAL VALUE	
ASSESSED VALUE (1)	ESTIMATED ACTUAL VALUE		
\$ 2,116,042,131	\$ 2,116,042,131	100.00%	
2,132,115,978	2,132,115,978	100.00%	
2,260,988,333	2,260,988,333	100.00%	
2,524,364,552	2,524,364,552	100.00%	
2,886,637,358	2,886,637,358	100.00%	
3,569,284,321	3,569,284,321	100.00%	
4,014,755,631	4,014,755,631	100.00%	
4,026,893,272	4,026,893,272	100.00%	
4,055,948,951	4,055,948,951	100.00%	
4,196,184,135	4,196,184,135	100.00%	

CITY OF GEORGETOWN, TEXAS

PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR & NINE YEARS AGO

TAXPAYER	TYPE OF BUSINESS	2012			2003		
		ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL ASSESSED VALUE(1)	ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL ASSESSED VALUE(1)
SPG Wof Ranch LP	Development	\$ 56,731,371	1	1.31%			
St. David's Healthcare Partners	Hospital	33,539,870	2	0.78%			
Citigroup Technology Inc.	Development	33,366,629	3	0.77%			
The Bassham Trust	Development	25,224,797	4	0.58%			
Citigroup Technology Inc.	Development	21,402,215	5	0.50%			
South Austin Ave Prof Bldg	Hospital	19,500,000	6	0.45%			
Wal-Mart Real Estate Bus Trust	Development	16,155,679	7	0.37%			
Texas Outdoor Power Equipment	Motorsports	14,510,566	8	0.34%			
Republic Square K/C, Ltd	Development	12,500,000	9	0.29%	\$ 7,817,091	6	0.37%
Hewlett Holdings, Ltd	Automobile Dealer	12,213,954	10	0.28%	8,923,207	4	0.42%
Verizon Southwest	Utility				13,102,770	1	0.62%
HE Butt Grocery Company	Grocer				10,419,235	2	0.49%
Rivery Partners	Development				9,862,190	3	0.47%
Watersedge-Georgetown Ltd	Apartments				8,500,500	5	0.40%
KH - Georgetown Partners Ltd	Development				7,531,034	7	0.36%
Watersedge - Georgetown II Ltd	Apartments				7,429,814	8	0.35%
Manitowoc Boom Trucks, Inc	Manufacturing				7,420,211	9	0.35%
Airborn	Manufacturing				3,778,369	10	0.18%
Total		\$ 245,145,081		5.68%	\$ 84,784,421		4.01%

(1) The total assessed valuation for the fiscal year ended September 30, 2012 was certified at \$4,318,148,209.

Sources: City Tax Assessor/Collector.

* Per certified roll. Does not include some major property owners whose property is under protest as of date of certification.

CITY OF GEORGETOWN, TEXAS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS

FISCAL YEAR	CITY OF GEORGETOWN			GEORGETOWN INDEPENDENT SCHOOL DISTRICT	WILLIAMSON COUNTY	TOTAL
	GENERAL FUND	DEBT SERVICE FUND	TOTAL CITY			
2003	0.20	0.10	0.30	1.73	0.46	2.49
2004	0.22	0.10	0.32	1.77	0.48	2.57
2005	0.23	0.11	0.34	1.76	0.51	2.61
2006	0.21	0.14	0.35	1.73	0.50	2.58
2007	0.22	0.15	0.37	1.63	0.50	2.50
2008	0.20	0.15	0.35	1.29	0.49	2.13
2009	0.20	0.15	0.35	1.29	0.47	2.11
2010	0.21	0.14	0.35	1.29	0.49	2.13
2011	0.21	0.14	0.35	1.36	0.46	2.17
2012	0.22	0.16	0.38	1.36	0.46	2.20

Source: Information furnished by respective tax assessors.

CITY OF GEORGETOWN, TEXAS

TAXABLE SALES BY CATEGORY LAST TEN FISCAL YEARS

NAICS Sectors	2012*	2011	2010	2009
Agriculture/Forestry/Fishing/Hunting	\$ 4,825			
Mining, quarrying, oil & gas extraction				\$ 445,156
Utilities	19,253,904	\$ 18,628,820	\$ 20,319,600	18,647,965
Construction	4,967,279	4,002,432	3,625,542	4,250,912
Manufacturing	4,585,577	5,873,390	6,061,597	5,748,311
Wholesale trade	16,186,257	14,174,184	10,063,489	13,253,476
Retail trade	405,055,103	378,427,824	380,552,640	367,257,156
Transportation, warehousing	1,242,589	1,061,271	767,634	1,178,847
Information	30,485,692	29,916,065	27,915,345	26,448,683
Finance, insurance	482,899	424,931	459,699	380,069
Real estate, rental, leasing	2,165,251	3,781,875	2,716,214	2,389,616
Professional, scientific, technical svcs	7,522,451	5,292,086	5,294,148	4,586,618
Management of companies, enterprises				
Admin, support, waste mgmt, remediation svc	3,601,364	3,359,965	3,464,947	3,141,955
Educational svcs	372,185	154,882	28,427	46,588
Healthcare, social assistance	308,645	444,834	389,729	283,517
Arts, entertainment, recreation	11,914,044	11,362,973	10,983,705	10,424,729
Accommodation, food services	86,308,956	81,339,685	76,959,382	75,006,166
Other svcs (except public administration)	18,603,403	16,990,190	15,102,925	14,421,211
Public administration	20,023	31,428	34,518	33,271
Other		1,198	547	
Total	\$ 613,075,621	\$ 575,268,033	\$ 564,740,088	\$ 547,499,090

City direct sales tax rate	2.00%	2.00%	2.00%	2.00%
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Source: Window on State Government - Susan Combs, Texas Comptroller of Public Accounts website.

Amounts subject to sales tax have been restated by the state since the 2012 CAFR release.

*2012 is projected as 4th Quarter actuals were not in at time of update.

Notes: All reporting is now by North American Industry Classification System (NAICS) sector. Standard Industrial Classification (SIC) Codes are no longer being assigned to taxpayers.

2008	2007	2006	2005	2004	2003
\$ 416,435		\$ 7,434,128			
16,475,883	\$ 13,957,517	13,957,517	\$ 12,511,431		
4,361,179	4,620,912	7,167,280	12,296,405	\$ 7,941,520	\$ 6,029,954
9,390,419	8,796,766	3,667,839	3,762,034	4,183,849	4,669,755
16,269,671	23,911,829	19,394,697	17,336,331	14,278,595	16,190,503
383,981,936	367,740,330	343,600,743	227,297,553	198,402,189	193,285,682
1,558,622	1,926,996	1,471,067	1,075,479	678,344	783,305
26,845,497	24,852,272	22,752,620	18,035,023	16,454,334	15,060,779
357,522	358,689	382,058	244,854	28,302	3,449
2,862,995	4,007,642	6,328,408	6,269,451	3,880,901	4,777,489
6,435,627	6,124,832	6,206,899	5,312,421	5,437,347	4,990,963
			306,696		
3,658,966	3,155,585	3,581,585	3,747,298	3,629,316	3,684,132
40,108	28,053	18,923	23,747	18,657	
221,776	167,879	162,620	156,928	151,172	162,861
9,975,461	7,972,749	4,718,667	4,301,266	3,983,882	3,693,671
74,477,233	66,071,016	56,700,789	47,515,213	42,346,791	37,004,699
14,341,106	14,192,006	12,205,808	9,079,169	10,917,442	10,676,164
24,072		2,624,994	10,102,695	8,340,851	7,696,163
6,797	647	11,700	18,391	408,571	1,028,154
\$ 571,701,305	\$ 547,885,720	\$ 490,996,697	\$ 366,880,954	\$ 321,082,063	\$ 309,737,723
2.00%	2.00%	1.75%	1.75%	1.75%	1.75%

CITY OF GEORGETOWN, TEXAS

DIRECT AND OVERLAPPING SALES TAX RATES LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>CITY DIRECT RATE</u>	<u>STATE OF TEXAS</u>
2003	1.8%	6.25%
2004	1.75%	6.25%
2005	1.75%	6.25%
2006	2%	6.25%
2007	2%	6.25%
2008	2%	6.25%
2009	2%	6.25%
2010	2%	6.25%
2011	2%	6.25%
2012	2%	6.25%

Source: Information furnished by City of Georgetown.

CITY OF GEORGETOWN, TEXAS

SALES TAX REVENUE PAYERS BY INDUSTRY FISCAL YEARS 2012 AND 2003

2012				
NAICS Sectors	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Agriculture/Forestry/Fishing/Hunting	3	0.19%	\$ 97	0.00%
Mining, quarrying, oil & gas extraction	4	0.23%		
Utilities	7	0.41%	385,078	3.14%
Construction	115	7.12%	99,346	0.81%
Manufacturing	105	6.52%	91,712	0.75%
Wholesale trade	59	3.63%	323,725	2.64%
Retail trade	590	36.55%	8,101,102	66.07%
Transportation, warehousing	16	0.99%	24,852	0.20%
Information	36	2.25%	609,714	4.97%
Finance, insurance	12	0.74%	9,658	0.08%
Real estate, rental, leasing	25	1.53%	43,305	0.35%
Professional, scientific, technical svcs	140	8.65%	150,449	1.23%
Management of companies, enterprises	1	0.06%		
Admin, support, waste mgmt, remediation svcs	100	6.17%	72,027	0.59%
Educational svcs	12	0.76%	7,444	0.06%
Healthcare, social assistance	22	1.34%	6,173	0.05%
Arts, entertainment, recreation	50	3.10%	238,281	1.94%
Accommodation, food services	141	8.73%	1,726,179	14.08%
Other svcs (except public administration)	137	8.50%	372,068	3.03%
Public administration	8	0.50%	400	0.00%
Other	33	2.02%		
Totals	1,615	100.00%	\$ 12,261,609	100.00%
2003				
NAICS Sectors	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Agriculture/Forestry/Fishing/Hunting	1	0.09%		
Mining, quarrying, oil & gas extraction	2	0.16%		
Utilities	1	0.09%		
Construction	86	7.67%	\$ 105,524	1.95%
Manufacturing	46	4.11%	81,721	1.51%
Wholesale trade	49	4.38%	283,334	5.23%
Retail trade	422	37.70%	3,382,499	62.40%
Transportation, warehousing	12	1.05%	13,708	0.25%
Information	20	1.77%	263,564	4.86%
Finance, insurance	3	0.22%	60	0.00%
Real estate, rental, leasing	20	1.81%	83,606	1.54%
Professional, scientific, technical svcs	91	8.12%	87,342	1.61%
Management of companies, enterprises	0	0.00%		
Admin, support, waste mgmt, remediation svcs	94	8.36%	64,472	1.19%
Educational svcs	2	0.18%		
Healthcare, social assistance	7	0.63%	2,850	0.05%
Arts, entertainment, recreation	14	1.21%	64,639	1.19%
Accommodation, food services	91	8.14%	647,582	11.95%
Other svcs (except public administration)	96	8.59%	186,833	3.45%
Public administration	8	0.69%	134,883	2.48%
Other	56	5.03%	17,993	0.33%
Totals	1,118	100.00%	\$ 5,420,410	100.00%

Source: Window on State Government.

Notes: The City direct sales tax rate for 2012 and 2003 is 2% and 1.75%, respectively. Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue. All reporting is now by North American Industry Classification System (NAICS) sectors. Standard Industrial Classification (SIC) Codes are no longer being assigned to taxpayers, and data on SIC filers is no longer available.

*2012 is projected as 4th quarter actuals were not available at the time of update.

CITY OF GEORGETOWN, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-Type Activities	
	General Obligation Bonds	Sales Tax Revenue Bonds	Capital Leases	Revenue Bonds	General Obligation Bonds
2003	\$ 22,217,455		\$ 166,968	\$ 34,498,514	\$ 4,514,031
2004	33,194,673		368,787	38,903,763	4,261,564
2005	44,306,603		255,702	40,064,012	4,509,384
2006	54,429,567		142,633	45,885,000	4,265,434
2007	68,855,734	\$ 11,330,000	74,944	51,070,000	4,539,267
2008	69,970,050	11,115,000	12,831	57,280,000	4,984,950
2009	73,008,888	10,715,000		53,640,000	10,096,112
2010	72,532,310	10,300,000		59,825,000	13,777,690
2011	89,613,941	9,870,000		55,945,000	12,981,059
2012	100,356,664	9,420,000		51,425,000	11,618,336

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Total Primary Government	Percentage of Personal Income	Per Capita
\$ 61,396,968	15.90%	\$ 1,761
76,728,787	13.89%	2,113
89,135,701	13.88%	2,319
104,722,634	13.44%	2,530
135,869,945	11.73%	3,080
143,362,831	11.97%	3,136
147,460,000	11.61%	3,152
156,435,000	11.56%	3,268
168,410,000	11.63%	3,444
172,820,001	12.16%	3,469

CITY OF GEORGETOWN, TEXAS

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA LAST TEN FISCAL YEARS

FISCAL YEAR	POPULATION	ASSESSED VALUE (1)	GROSS BONDED DEBT (2)	LESS SELF SUPPORTING DEBT (3)	TOTAL TAX SUPPORTED DEBT
2003	34,855	\$ 2,116,042,131	\$ 26,731,486	\$ 7,639,031	\$ 19,092,455
2004	36,309	2,132,115,978	37,456,237	19,511,564	17,944,673
2005	38,438	2,260,988,333	48,815,988	20,675,096	28,140,892
2006	41,395	2,524,364,552	58,695,001	21,111,145	37,583,856
2007	44,117	2,886,637,358	73,395,001	25,608,155	47,786,846
2008	45,710	3,569,284,321	74,955,000	21,166,473	53,788,527
2009	46,787	4,014,755,631	83,105,000	25,692,525	57,412,475
2010	47,865	4,026,893,772	86,310,000	28,744,046	57,565,954
2011	48,902	4,055,948,951	102,595,000	27,222,363	75,372,637
2012	49,825	4,196,184,135	111,975,000	26,527,045	85,447,955

Sources: City of Georgetown Planning and Development Division and the Georgetown Chamber of Commerce.

(1) Net of exemptions.

(2) Includes all long-term general obligation debt.

(3) Includes general obligation debt repaid from other sources (Airport, Stormwater Drainage and Georgetown Transportation Enhancement Corporation funds).

(4) Less debt service funds available.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

LESS DEBT SERVICE FUNDS AVAILABLE	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE (4)	RATIO OF GROSS BONDED DEBT TO ASSESSED VALUE (4)	NET BONDED DEBT PER CAPITA (4)	TOTAL BONDED DEBT PER CAPITA (4)
\$ 663,644	\$ 18,428,811	0.87%	1.23%	\$ 528.73	\$ 747.89
768,436	17,176,237	0.81%	1.72%	473.06	1,010.43
508,151	27,632,741	1.22%	2.14%	718.89	1,256.77
878,668	36,705,188	1.45%	2.29%	886.71	1,396.70
1,329,213	46,457,633	1.61%	2.50%	1,053.06	1,633.52
1,224,087	52,564,440	1.47%	2.07%	1,149.95	1,613.01
2,530,149	54,882,326	1.37%	2.01%	1,173.03	1,722.16
2,274,235	55,291,719	1.37%	2.09%	1,155.16	1,755.68
1,976,586	73,396,051	1.81%	2.48%	1,500.88	2,057.55
1,749,324	83,698,631	1.99%	2.63%	1,679.85	2,212.26

CITY OF GEORGETOWN, TEXAS

COMPUTATION OF DIRECT AND ESTIMATED OVERLAPPING BONDED DEBT SEPTEMBER 30, 2012

TAXING BODY	DEBT		CITY'S SHARE (2)		
	AMOUNT	AS OF	PERCENT	AMOUNT	PER CAPITA (1)
ESTIMATED OVERLAPPING DEBT:					
Georgetown I.S.D.	\$ 209,300,000	6-30-12	78.88%	\$ 165,099,938	\$ 3,314
Williamson County	808,969,392 *	9-30-12	11.25%	91,031,026	1,827
Total estimated overlapping debt	1,018,269,392		25.15%	256,130,965	5,140
DIRECT DEBT - City of Georgetown	111,975,000	9-30-12	100.00%	111,975,000	2,247
DIRECT AND ESTIMATED OVERLAPPING DEBT					
	\$ 1,130,244,392			\$ 368,105,965	\$ 7,387

Source: Jurisdiction listed.

(1) GISD population - 63,164

Williamson County population - 442,782

City of Georgetown population - 49,825

(2) Information represents the share of the respective debt which are obligations of the citizens
of the City of Georgetown

* Includes Williamson County and Avery Ranch



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CITY OF GEORGETOWN, TEXAS

COMPUTATION OF LEGAL DEBT MARGIN LAST TEN FISCAL YEARS

	2012	2011	2010	2009
Debt Limit	\$ 47,207,072	\$ 45,629,426	\$ 45,302,549	\$ 45,166,001
Total net debt applicable to limit (1)	7,350,236	8,640,634	8,043,904	7,664,261
Legal debt margin	<u>\$ 39,856,836</u>	<u>\$ 36,988,792</u>	<u>\$ 37,258,645</u>	<u>\$ 37,501,740</u>
Total net debt applicable to limit as a percentage of debt limit	15.57%	18.94%	17.76%	16.97%

ASSESSED VALUATION 2012 \$ 4,196,184,135

Allowable tax levy for annual debt service purpose:
assuming 90% collection rate \$ 47,207,072

2012 annual debt service requirements for general obligation debt:

Principal	\$4,059,109	
Interest and fiscal charges	<u>3,291,127</u>	<u>7,350,236</u>

Legal margin for annual debt service requirements \$ 39,856,836

NOTE: All taxable property within the City is subject to the assessment levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal and interest on the Bonds within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits the maximum ad valorem tax rate to \$2.50 per \$100 assessed valuation (for all City purposes). The Charter of the City adopts the provisions of the constitution without further limitation. Under rules promulgated by the Office of the Attorney General of Texas, such office will not approve tax bonds of the City unless the City can demonstrate its ability to pay debt service requirements on all outstanding City tax bonds, including the issue to be approved, from a tax levy of \$1.25 per \$100 of valuation, based on 90% collection of tax.

(1) The legal margin computation includes the general obligation debt that will be repaid by self-supporting sources such as the Airport, Stormwater Drainage and Georgetown Transportation Enhancement Corporation (GTEC) funds.

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 40,154,449	\$ 32,474,670	\$ 28,399,101	\$ 25,436,119	\$ 23,986,305	\$ 23,805,474
<u>7,614,171</u>	<u>5,278,417</u>	<u>4,916,116</u>	<u>4,645,554</u>	<u>2,949,202</u>	<u>2,739,059</u>
<u>\$ 32,540,278</u>	<u>\$ 27,196,253</u>	<u>\$ 23,482,985</u>	<u>\$ 20,790,565</u>	<u>\$ 21,037,103</u>	<u>\$ 21,066,415</u>
18.96%	16.25%	17.31%	18.26%	12.30%	11.51%

CITY OF GEORGETOWN, TEXAS

REVENUE BOND COVERAGE UTILITY FUNDS (1) LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>ELIGIBLE REVENUES</u>	<u>INTEREST EARNINGS</u>	<u>OPERATING EXPENSES (EXCLUDING DEPRECIATION)</u>	<u>NET REVENUE AVAILABLE FOR DEBT SERVICE</u>
2003	\$ 46,041,368	\$ 155,951	\$ 30,122,878	\$ 16,074,441
2004	47,346,431	423,987	33,420,226	14,350,192
2005	54,144,359	705,118	36,669,650	18,179,827
2006	66,723,744	1,600,113	46,356,026	21,967,831
2007	69,197,587	1,408,260	48,565,015	22,040,832
2008	78,404,586	955,680	57,922,907	21,437,359
2009	83,485,213	392,080	58,695,917	25,181,376
2010	84,948,916	116,458	59,828,974	25,236,400
2011	88,605,410	159,888	65,271,517	23,493,781
2012	89,907,801	144,460	66,531,990	23,520,271

Source: Finance and Administration Division.

Notes: (1) Electric, Water and Wastewater only.

DEBT SERVICE REQUIREMENTS			
<u>PRINCIPAL</u>	<u>INTEREST AND FISCAL CHARGES</u>	<u>TOTAL</u>	<u>TIMES COVERAGE</u>
\$ 2,145,000	\$ 1,668,819	\$ 3,813,819	4.21
2,534,751	1,920,886	4,455,637	3.22
2,864,751	1,875,451	4,740,202	3.84
3,049,012	2,006,822	5,055,834	4.35
2,721,700	2,086,849	4,808,549	4.58
3,200,000	2,631,311	5,831,311	3.68
3,640,000	2,338,048	5,978,048	4.21
3,935,000	2,065,384	6,000,384	4.21
3,880,000	1,859,107	5,739,107	4.09
4,255,000	1,742,974	5,997,974	3.92

CITY OF GEORGETOWN, TEXAS

UTILITY SYSTEM CONDENSED STATEMENT OF OPERATIONS (2) FOR THE LAST TEN FISCAL YEARS

	2012	2011	2010	2009
<u>Revenues:</u>				
Water System	\$ 25,026,601	\$ 25,896,644	\$ 20,632,604	\$ 22,200,768
Electric System	58,403,735	57,694,311	59,058,745	56,154,879
Miscellaneous	3,966,677	2,927,695	2,789,797	2,779,486
Interest Earnings	144,460	159,888	116,458	392,080
Total revenues	87,541,473	86,678,538	82,597,604	81,527,213
<u>Expenses: (1)</u>				
Water System	7,053,864	7,708,924	6,677,890	6,875,473
Electric System	8,828,039	5,554,896	4,821,255	5,270,740
Utility Contracts	50,650,087	52,007,697	48,329,829	46,549,704
Total expenses	66,531,990	65,271,517	59,828,974	58,695,917
NET AVAILABLE FOR DEBT SERVICE	\$ 21,009,483	\$ 21,407,021	\$ 22,768,630	\$ 22,831,296

1) Excludes depreciation costs

2) Electric, Water & Wastewater only

Information provided to comply with continuing disclosure requirements of SEC Rule 15c2-12.

Average Annual Principal and Interest Requirements, 2012-2029	\$ 4,546,376
Coverage of Average Requirements by Fiscal Year 2012 Net Income	4.62
Maximum Principal and Interest Requirements, 2012	\$ 6,998,438
Coverage of Maximum Requirements by Fiscal Year 2012 Net Income	3.00

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 21,424,897	\$ 18,725,977	\$ 19,709,559	\$ 16,605,408	\$ 15,082,426	\$ 14,648,293
51,833,477	42,805,466	41,338,196	33,800,761	29,199,618	25,916,557
5,146,212	7,666,144	5,675,987	3,738,190	1,371,199	3,285,657
955,680	1,408,260	1,600,113	705,118	423,987	155,951
79,360,266	70,605,847	68,323,855	54,849,477	46,077,230	44,006,458
6,249,197	3,166,679	3,192,839	2,947,875	2,831,106	1,588,617
1,230,199	4,275,353	3,360,467	2,721,507	2,331,235	1,889,965
50,443,511	41,122,983	39,802,720	31,000,268	28,257,885	26,644,295
57,922,907	48,565,015	46,356,026	36,669,650	33,420,226	30,122,877
\$ 21,437,359	\$ 22,040,832	\$ 21,967,829	\$ 18,179,827	\$ 12,657,004	\$ 13,883,581

CITY OF GEORGETOWN, TEXAS

UTILITY SYSTEM CONDENSED STATEMENT OF OPERATIONS (1) FOR THE LAST TEN FISCAL YEARS

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Utility system (1)	\$ 313,923,709	\$ 306,424,774	\$ 286,216,930	\$ 273,482,065
Less:				
Accumulated depreciation	<u>(82,719,027)</u>	<u>(76,797,760)</u>	<u>(67,645,584)</u>	<u>(58,659,325)</u>
Net value of system	<u>231,204,682</u>	<u>229,627,014</u>	<u>218,571,346</u>	<u>214,822,740</u>
Plus: Construction fund	<u>22,866,932</u>	<u>11,692,027</u>	<u>14,038,615</u>	<u>10,101,805</u>
Net plant	<u>254,071,614</u>	<u>241,319,041</u>	<u>232,609,961</u>	<u>224,924,545</u>
Plus: Working capital	<u>33,419,764</u>	<u>35,700,091</u>	<u>40,784,075</u>	<u>27,713,059</u>
Total	<u>287,491,378</u>	<u>277,019,132</u>	<u>273,394,036</u>	<u>252,637,604</u>
Revenue bond debt (2)	<u>59,050,004</u>	<u>64,540,000</u>	<u>68,809,999</u>	<u>59,589,999</u>
CITY'S EQUITY IN SYSTEM	<u>\$ 228,441,374</u>	<u>\$ 212,479,132</u>	<u>\$ 204,584,037</u>	<u>\$ 193,047,605</u>
PERCENTAGE CITY'S EQUITY IN SYSTEM	79.46%	76.70%	74.83%	76.41%

(1) Electric, Water and Wastewater Funds only

(2) Changes in bond ordinances no longer require reservation of interest and sinking or reserve funds for utility revenue debt.

Information provided to comply with continuing disclosure requirements of SEC Rule 15c2-12.

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 251,560,756	\$ 215,276,162	\$ 185,294,457	\$ 163,596,097	\$ 149,400,672	\$ 125,750,396
<u>(53,420,721)</u>	<u>(51,053,351)</u>	<u>(45,184,081)</u>	<u>(40,012,018)</u>	<u>(35,295,782)</u>	<u>(31,675,236)</u>
198,140,035	164,222,811	140,110,376	123,584,079	114,104,890	94,075,160
<u>5,280,337</u>	<u>5,820,263</u>	<u>9,470,135</u>	<u>5,521,737</u>	<u>4,985,311</u>	<u>11,384,576</u>
203,420,372	170,043,074	149,580,511	129,105,816	119,090,201	105,459,736
<u>29,899,639</u>	<u>28,736,708</u>	<u>30,833,629</u>	<u>22,950,794</u>	<u>17,695,702</u>	<u>13,101,178</u>
<u>233,320,011</u>	<u>198,779,782</u>	<u>180,414,140</u>	<u>152,056,610</u>	<u>136,785,903</u>	<u>118,560,914</u>
 57,280,000	 51,070,000	 45,885,000	 40,064,012	 38,903,764	 34,498,514
<u>\$ 176,040,011</u>	<u>\$ 147,709,782</u>	<u>\$ 134,529,140</u>	<u>\$ 111,992,598</u>	<u>\$ 97,882,139</u>	<u>\$ 84,062,400</u>
 75.45%	 74.31%	 74.57%	 73.65%	 71.56%	 70.90%

CITY OF GEORGETOWN, TEXAS

DEMOGRAPHIC & ECONOMIC STATISTICS LAST TEN FISCAL YEARS

Fiscal Year	Population	Personal Income	Per Capita Personal income	School Enrollment	Unemployment Rate
2003	34,855	\$ 976,323,405	\$ 28,011	8,300	6.02%
2004	36,309	1,065,778,077	29,353	8,600	4.76%
2005	38,438	1,237,088,592	32,184	8,820	4.20%
2006	41,395	1,407,016,050	33,990	9,400	4.09%
2007	44,117	1,593,550,157	36,121	9,900	3.80%
2008	45,710	1,715,907,690	37,539	10,000	4.10%
2009	46,787	1,711,983,117	36,591	10,000	4.10%
2010	47,865	1,808,004,645	37,773	10,300	5.84%
2011	48,902	1,959,356,434	40,067	10,470	7.08%
2012	49,825	2,101,967,275	42,187	10,396	7.08%

Sources:

Population: City of Georgetown Planning and Development Division.

Per Capital Personal Income: U.S. Dept. of Commerce / Bureau of Economic Development

School Enrollment: Georgetown Independent School District.

Unemployment Rate: Texas Workforce Commission, Labor Market Information TRACER.

Notes: Per capita personal income and personal income is for Williamson County.

Per capital personal income was computed using Census Bureau midyear population estimates.

Estimates for 2003 - 2012 reflect county population estimates available as of April 2012.

CITY OF GEORGETOWN, TEXAS

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2012</u>			<u>2003</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Georgetown ISD	1,603	1	3.48%	1,200	1	3.62%
Williamson County Gov	1,523	2	3.31%	1,038	2	3.13%
City of Georgetown	551	3	1.20%	358	6	1.08%
Southwestern University	450	4	0.98%	368	5	1.11%
Airborn, Inc.	360	5	0.78%	230	9	0.69%
St. David's Hospital	346	6	0.75%	400		1.21%
Lone Star Circle of Care	321	7	0.70%			
Wesleyan at Estrella	230	8	0.50%	184	10	0.55%
Sun City (Del Webb)	210	9	0.46%	375	4	1.13%
FT Woods	180	10	0.39%			
Georgetown Healthcare				346	8	1.04%
HEB				383	3	1.15%
Elmo Americas				350	7	1.06%
Totals	<u>5,774</u>		<u>12.54%</u>	<u>5,232</u>		<u>15.77%</u>

Source: Finance and Administration Division.

CITY OF GEORGETOWN, TEXAS

FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION LAST TEN FISCAL YEARS

Function	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Government				
Culture & Recreation				
Administration	3			
Parks	22.5	22.5	22.5	22.5
Recreation	38.5	38.5	36.5	36.5
Rec. Programs	3	3	3	3
Library	22.5	21.5	21.5	21.5
Development				
Administration		2	2	2
Planning	11	11	11	14
Current Planning				
Long Range Planning				
Inspection Svcs.	12	13	13	13
Code Enforcement	4	6	6	6
Fire Services				
Administration	7	6	6	6
Operations	84	81	81	72
Prevention & Comm. Analysis				
Gen. Govt.				
Gen. Govt.	6	6	6	4
City Council	3	2	2	2
City Manager's Office	3.5	5.5	6	8
Legal Svcs	3	3	3	
Highways / Streets				
Transportation Admin.	2	1	3	3
Streets	18.75	18.75	18.75	18.75
Police Services				
Org. & Administration	5	5	9	10
Support Svcs.				34
Field Operations	99	99	95	60
Animal Svcs.	8.5	8.5	8	8
Municipal Court	7	7	7	7
Fleet Mgmt.	6.5	6	6	6
Facilities Mgmt.	7	7	7	7
Information Svcs.	12.5	12.5	12.5	10.5
Joint Svcs.	70.5	68.5	65	65
Water	18.5	20	18	15
Sewer	14	14	12	12
Electric	48.5	44	47	48
Other Enterprises	12	12	12	12
Total	<u><u>552.75</u></u>	<u><u>544.25</u></u>	<u><u>539.75</u></u>	<u><u>526.75</u></u>

Source: City Finance & Administration Division.

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
22.5	20.5	21.5	18.5	18.5	19.5
27.5	27.5	25.5	26.5	26.5	24
4	3	3	3	3	3
21.5	21.5	17.5	17.5	15.5	15.5
				4.5	3
13	14				
		9	10	5	7
		4	3	2	2
13	12	11	11	11	10
6	6	5.5	5.5	5.5	
6	3	3	3	3	4
66	61	56	51	46	46
					5.5
4	3	3	3	3	3.5
2	3	1	1	1	1
8	7.5	6.5	6.5	6.5	5.5
	15.75	14.75	14.75	14.75	11.75
3					
15.75					
8	8	8	8	8	3
36	26	31	31	32	30
60	56	47	41	35	42
8	7.5	7.5	6.75	6.75	6.75
7	7	5	4	4	3
6	6	5	5	4	4.5
7	5	4	3	2	1
10.5	10	10	9	8	8
58	55	53	51	50	46.75
13	16	14	14	14	13
12	13	12	12	9	10
42	39	30	25	25	22
12	12	11	11	11	11
<u>491.75</u>	<u>458.25</u>	<u>418.75</u>	<u>395.00</u>	<u>374.50</u>	<u>362.25</u>

CITY OF GEORGETOWN, TEXAS

OPERATING INDICATORS BY FUNCTIONS LAST TEN FISCAL YEARS

Function	2012	2011	2010	2009
Culture and recreation				
Recreation Center memberships	13,769	16,044	16,778	18,497
CVB number of visitor inquiries	42,901	35,749	27,086	38,669
Library				
Circulation	552,032	527,746	524,610	496,603
Number of patrons added	2,526	2,184	2,293	2,338
Economic Development				
Number of proposals generated	38	36	31	40
Community Development				
Inspections/Code Enforcement				
Number of inspections	21,270	18,383	20,192	21,248
New residential permits issued	664	509	550	523
New commercial permits issued/TFO/Industrial	89	97	115	127
Number of code enforcement violations	11,535	11,090	12,295	13,179
Planning and Development Services				
Development applications filed	290	284	158	246
Annexations (in acres)	61	703	276	1,005
Fire Services				
Number of calls for service	5,706	5,674	5,649	5,475
General Govt				
Bond rating - S&P	AA+	AA+	AA+	AA+
City Manager's Office				
Number of public information requests processed	759	835	997	887
Police Services				
Number of calls for service	23,018	22,161	31,908	34,192
Number of traffic accidents	1,679	1,525	1,743	1,750
Animal Services				
Number of pets impounded	1,670	1,560	1,477	1,256
Number of adoptions	822	686	601	560
Municipal Court				
Number of court cases	7,347	8,902	13,778	13,333
Number of warrants served	313	587	693	774
Utility Office				
Number of utility customers	26,345	25,563	24,995	24,271
Water				
Number of new connects	705	530	447	469
Average daily water treated (million gallons)	15.18	16.72	11.82	14.44
Average daily consumption (million gallons)	13.05	14.49	10.65	13.14
Sewer				
Number of new connects	939	523	451	444
Average daily wastewater treated (million gallons)	4.21	4.24	4.43	3.22
Electric				
kWhs consumed	537,985,801	547,475,852	518,590,777	490,449,481
Number of new connects	226	477	543	550
AMR				
Total number of work orders completed	826	2,419	2,495	2,903
Total reads by AMR	-	-	-	-
Other Enterprises				
Stormwater & drainage				
Number of detention ponds cleaned	372	372	382	300
Number of work orders	552	196	418	376
Airport				
Gallons of fuel sold	581,450	765,839	636,773	647,736

Sources: Various City departments and City-Monthly Activity Indicators Report.

2008	2007	2006	2005	2004	2003
5,487	5,060	4,294	2,074	1,538	1,589
45,044	36,086	37,062	40,117	41,426	33,063
431,294	386,948	347,662	350,716	330,171	318,820
2,514	2,592	1,784	1,684	1,533	1,611
35	51	72	71	59	20
33,198	43,006	47,197	39,677	28,389	24,631
768	902	1,316	930	890	612
77	114	152	132	75	33
10,570	12,928	15,603	11,187	2,026	1,948
344	348	397	280	209	203
369	362	8,909	5,062	443	700
5,321	4,766	4,257	3,957	3,402	3,335
AA	AA-	AA-	A+	A+	A+
801	773	786	616	702	545
51,033	53,323	48,739	40,649	41,986	36,002
1,837	1,863	1,513	1,510	1,382	1,425
1,500	1,448	1,452	1,775	1,591	1,337
614	611	642	793	696	456
13,275	14,787	13,824	11,279	11,018	9,417
748	557	398	712	819	489
23,678	22,784	21,365	19,862	18,621	18,198
880	1,213	1,281	670	912	705
15.57	10.31	11.88	8.71	7.97	8.21
13.35	8.21	10.30	10.09	7.97	7.46
846	1,422	1,307	1,021	922	685
3.48	4.27	2.95	3.28	3.07	2.70
501,552,786	441,088,000	419,651,791	377,198,661	350,104,864	343,553,661
999	1,093	1,134	817	473	861
5,141	3,724	6,106	2,347	1,347	1,173
-	-	34,781	31,373	30,121	26,462
228	228	228	164	113	100
617	728	705	-	116	741
723,669	721,657	773,340	842,223	688,719	610,710

CITY OF GEORGETOWN, TEXAS

CAPITAL ASSETS BY FUNCTIONS LAST TEN FISCAL YEARS

Function	2012	2011	2010	2009
Culture and recreation				
Parks (developed acres)	473	473	473	473
Recreation Centers	1	1	1	1
Senior Centers	1	1	1	1
Libraries	1	1	1	1
Fire Services				
Fire stations	5	4	4	4
Fire vehicles	22	18	17	17
Highways and streets				
Center line miles	305	295	307	284
Police Services				
Police Stations	1	1	1	1
Police vehicles	87	93	95	95
Police motorcycle units	4	4	4	4
Electric				
Meters	22,504	22,090	21,711	21,338

Sources: Various City departments and City budget document.

2008	2007	2006	2005	2004	2003
410	390	380	360	330	300
1	1	1	1	1	1
1	1	1	1	1	1
3	3	3	3	3	3
17	15	14	14	14	13
269	260	251	230	202	189
1	1	1	1	1	1
95	93	78	65	65	56
4	4	4	4	4	2
20,965	20,179	19,369	18,167	17,032	16,501

CITY OF GEORGETOWN, TEXAS

SUMMARY OF INSURANCE COVERAGE SEPTEMBER 30, 2012

<u>POLICY TYPE</u>	<u>INSURER</u>	<u>AGENT</u>	<u>POLICY NUMBER</u>
Airport Liability	Texas Municipal League	Texas Municipal League	2903
Automobile Liability	Texas Municipal League	Texas Municipal League	2903
Automobile Physical Damage	Texas Municipal League	Texas Municipal League	2903
Boiler & Machinery	Texas Municipal League	Texas Municipal League	2903
General Liability	Texas Municipal League	Texas Municipal League	2903
Law Enforcement Liability	Texas Municipal League	Texas Municipal League	2903
Mobile Equipment	Texas Municipal League	Texas Municipal League	2903
Public Employee Dishonesty Bond	Texas Municipal League	Texas Municipal League	2903
Public Officials	Texas Municipal League	Texas Municipal League	2903
Real/Personal Property	Texas Municipal League	Texas Municipal League	2903
Workers' Compensation	Texas Municipal League	Texas Municipal League	2903
Pollution Liability	Amgrip	Texas Municipal League	9951165
Animal Mortality/Theft	Texas Municipal League	Texas Municipal League	2903
Errors and Omissions Liability	Texas Municipal League	Texas Municipal League	2903

<u>POLICY PERIOD</u>	<u>COVERAGE</u>		<u>ANNUAL PREMIUM</u>
	<u>DESCRIPTION</u>	<u>LIMIT</u>	
October 1, 2011 to September 30, 2012	Airport, Aviation Non-owned aircraft, (Hangarkeepers)	\$ 20,000,000 occ 50,000 Fire 2,000,000 Aircraft 5,000,000 occ Hangar Liability	\$ 8,635
October 1, 2011 to September 30, 2012	Damage caused by City Vehicles	5,000,000 occ 25,000 person	43,513
October 1, 2011 to September 30, 2012	Damage caused to City Vehicles	ACV	53,738
October 1, 2011 to September 30, 2012	Library HVAC Direct Damage	2,000,000 accident	Included
October 1, 2011 to September 30, 2012	General Liability	10,000,000 agg annual 5,000,000 occ	56,086
October 1, 2011 to September 30, 2012	Police Department	10,000,000 annual 10,000,000 occ	42,583
October 1, 2011 to September 30, 2012	Damage to Mobile Equipment	per schedule 2,546,291	11,874
October 1, 2011 to September 30, 2012	Crime/Public Employee Crime/Theft disappearance Destruction (inside/outside)	1,000,000 300,000	3,100 713
October 1, 2011 to September 30, 2012	Mayor, Council, City Attorney Boards, Commissions and Employees	10,000,000 annual 5,000,000 occ	Included
October 1, 2011 to September 30, 2012	Real / Personal Property	175,745,734 per schedule	188,438
October 1, 2011 to September 30, 2012	Losses as Prescribed by the Texas Workers' Compensation Law	per TWCC Statute	126,135
October 1, 2011 to September 30, 2012	Pollution Liability Underground Storage Tanks	2,000,000 ann agg 1,000,000 occ	2,728
October 1, 2011 to September 30, 2012	Police Canine Loss of use/ Theft mortality/Vet/Surgical	per schedule 0 PD canines	0
October 1, 2011 to September 30, 2012	Errors and Omissions Includes Public Officials	5,000,000 wrongful agg 10,000,000 annual	77,837
TOTAL			<u><u>\$ 615,380</u></u>



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Compliance Section





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**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

Honorable Mayor and City Council
The City of Georgetown, Texas

We have audited the financial statements of the governmental activities, business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Georgetown, Texas (the "City") as of and for the year ended September 30, 2012, and have issued our report thereon dated February 21, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and

accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

Dallas, Texas
February 21, 2013



CliftonLarsonAllen

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Honorable Mayor and City Council
City of Georgetown, Texas

Compliance

We have audited the compliance of City of Georgetown, Texas (the "City") with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, The City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

February 21, 2013
Dallas, Texas

**THE CITY OF GEORGETOWN, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2012**

Section I – Summary of Auditor's Results

Financial Statements

The type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported
- Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB circular A-133? ☐ yes ☒ no

Identification of major programs:

CFDA Number

81.128
97.083

Name of Federal Program or Cluster

Weatherization Assistance Program
Staffing for Adequate Fire and
Emergency Response (SAFER)

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

☒ yes ☐ no

**THE CITY OF GEORGETOWN, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended September 30, 2012**

Section II – Financial Statement Findings

- None noted.

Section III – Federal Award Findings and Questioned Costs

- None noted.

Section IV – Prior Year Findings and Questioned Costs

Financial Statement Findings

- None noted.

Federal award Findings and Questioned Costs

- None noted.



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CITY OF GEORGETOWN, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

FEDERAL GRANTOR / PASS-THROUGH GRANTOR / PROGRAM	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES	AMOUNTS PASSED TO SUBRECIPIENTS
Bureau of Justice Assistance				
Direct programs:				
Bulletproof Vest Program	16.607		5,355	
Total direct programs			<u>5,355</u>	
Department of Transportation / Federal Highway Administration (FHWA)				
Pass-through programs from:				
Texas Department of Transportation				
Highway Planning & Construction	20.205	CSJ-2211-01-016	196,605	196,605
Texas Department of Transportation				
Highway Planning & Construction	20.205	CSJ-0914-05-167	343,000	
Texas Department of Transportation				
Highway Planning & Construction	20.205	CSJ-0914-05-148	27,234	
Texas Parks & Wildlife				
National Recreational Trails Fund	20.219		<u>41,559</u>	
Total pass-through programs			<u>608,398</u>	<u>196,605</u>
Federal Aviation Administration				
Pass-through programs from:				
Texas Department of Transportation-Aviation Division				
Airport Project Participation Agreement	20.106	1214GRGTN	<u>4,827</u>	
Total pass-through programs			<u>4,827</u>	
Institute of Museum & Library Services				
Pass-through programs from:				
Texas State Library & Archives Commission				
State Library Program	45.310	478-12006	<u>56,148</u>	
Total pass-through programs			<u>56,148</u>	
US Department of Energy				
Direct Program:				
Weatherization Assistance Program (ARRA FUNDS)	81.128	DE-EE0002468	151,994	
Energy Efficiency and Conservation Block Grant	81.087	DE-EE0003165	<u>240</u>	
Total Direct Program			<u>152,234</u>	
US Department of Homeland Security				
Pass-through programs from:				
Federal Emergency Management Agency				
SAFER Grant	97.083	EMW-2009-FH-00460	<u>418,440</u>	
Total pass-through programs			<u>418,440</u>	
US Department of Housing & Urban Development				
Pass-through programs from:				
Willaimson County				
Community Development Block Grant	14.218	065P Georgetown (FY10) Sidewalks	161,523	
Willaimson County				
Community Development Block Grant	14.218	065P Georgetown Scenic Dr Sidewalks	<u>38,845</u>	
Total pass-through programs			<u>200,368</u>	
US Department of Interior				
Pass-through programs from:				
Texas Historical Commission				
Certified Local Government Program		TX-11-025	<u>11,738</u>	
			<u>11,738</u>	
Total expenditures of federal awards			<u>1,457,508</u>	<u>196,605</u>

CITY OF GEORGETOWN, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

General – The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of Georgetown, Texas. The City's reporting entity is defined in Note 1 to the City's financial statements. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included on the schedule.

Basis of Accounting – The accompanying schedule of federal financial assistance is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's financial statements.

Relationship to Federal Financial Reports – Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports in all material respects.

Subgrantee – The expenditures listed for the Highway Planning and Construction/STP Metropolitan Mobility Project were passed to Williamson County during the fiscal year.



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