

City of Georgetown, Texas

*Comprehensive Annual
Financial Report*



“City of Excellence”

For the Year Ended September 30, 2013

CITY OF GEORGETOWN, TEXAS

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

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 28, 2014

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, 2013, 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 the 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 was 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 52,351, with an additional 24,000 within the extra-territorial jurisdiction (ETJ) and serves as the county seat of Williamson County, one of the fastest growing counties not just in Texas, but in the United States.

Georgetown's economic development initiatives to expand jobs and tax base have been with a careful focus of maintaining and expanding its status as a signature destination. The award winning historic downtown square, along with its extensive, award-winning parks and river trail systems along the North and South San Gabriel Rivers and Lake Georgetown have been leveraged to make the City one of the most attractive places to live and work. Georgetown was recently recognized by the national real estate website Movoto.com which **named Georgetown the No. 3 best suburban city in the United States.** The site specifically mentioned the City's low cost of living and safe community environment.

This unique character and small town charm was a key factor for Del Webb Corporation when it built its first Texas development in Georgetown with the 1995 opening of Sun City, Texas. Today, over 6,673 homes with over 12,600 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.

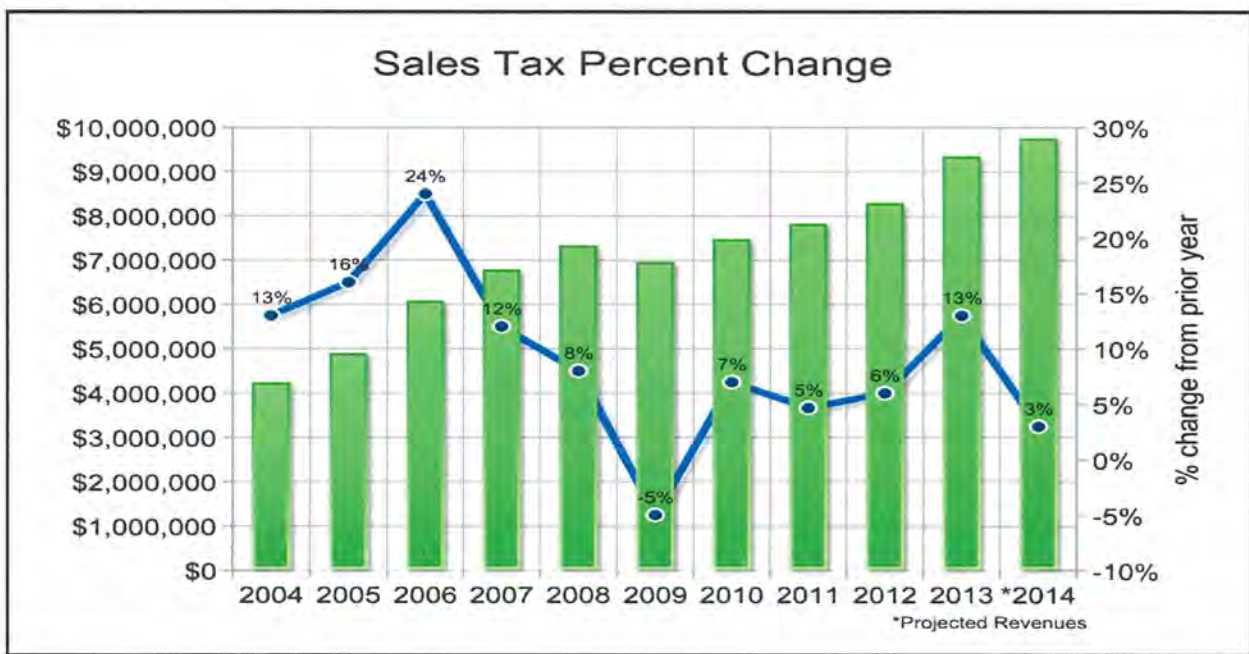
GEORGETOWN'S ECONOMIC OUTLOOK AND FINANCIAL CONDITIONS

Economic Outlook

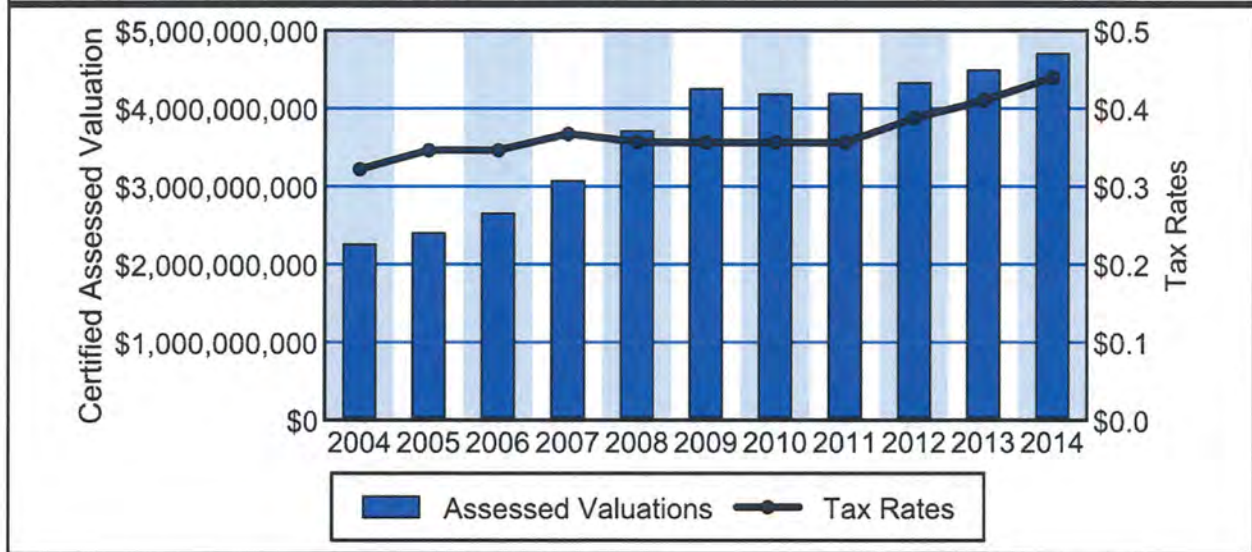
While the Central Texas economy did feel the impact of the recession and credit crisis, it continues to perform better than the national economy with strong growth in building, employment and sales tax receipts. The Central Texas unemployment rate was 4.5% for December 2013, compared to 6.7% nationally. According to the Texas Comptroller of Public Accounts, Texas had fully recovered all of its lost jobs by September 2011 and has continued to see strong growth in new jobs, as well as, retail and business sales. The City's commercial and job base continued to grow with the expansion of several small commercial and retail centers, new healthcare facilities, added retail and restaurants on the downtown square and an agreement that brings a major hotel/conference center to the City.

Residential growth has continued to be healthy with 690 new residential permits in 2013, with a value of \$294.9 million, compared to 664 permits valued at \$171 million in 2012. Housing values have increased, with the average home in Georgetown valued at \$190,802 on January 1, 2013, as compared to \$185,915 on January 1, 2012.

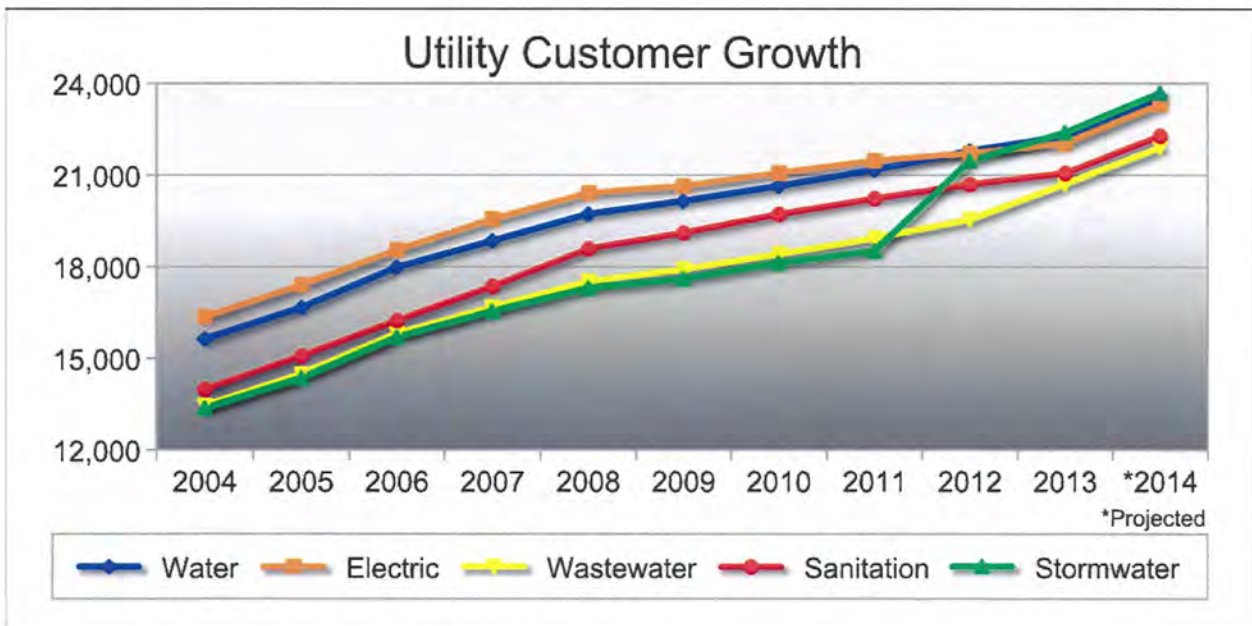
Sales tax revenues increased 13% over the prior year, demonstrating solid growth in the local economy for the fourth consecutive year. The first three months of the 2014 fiscal year continued this trend with sales tax receipts coming in 14% over the prior year. While optimistic that this growth will continue, the City takes a conservative approach to estimating its available resources for each upcoming budget year as national and world wide issues continue to show some uncertainty.



Assessed Valuations & Tax Rates



New development occurred in the downtown area with the opening of Gumbo's signature restaurant and the completion of Grape Creek Winery, both located directly on the historic downtown square. The downtown area was further enhanced in 2013 with the opening of Thundercloud Subs in the former historic fire station truck bays and the Georgetown Arts and Culture Center in the historic fire station right next door. Another new restaurant, El Monumento, won the Texas Downtown Association's "Best New Construction" award for 2013. New health care facilities, such as assisted living centers, were underway near Sun City. Two new behavioral hospitals, one built by Springstone, and the other operated by Signature Healthcare will add about \$35 million to the City's tax roll. Texas Life Sciences Collaboration Center (TLCC) is nearing completion on their second building with the new space almost fully leased and site plans underway for a third building. The City approved the development agreement for the Sheraton Hotel and Conference Center at the Summit at Rivery Park site. The development includes 220 rooms, 16,000 square feet of conference space, a parking garage and future retail and restaurant development valued at approximately \$150 million at full build out. Groundbreaking is expected by summer of 2014.



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

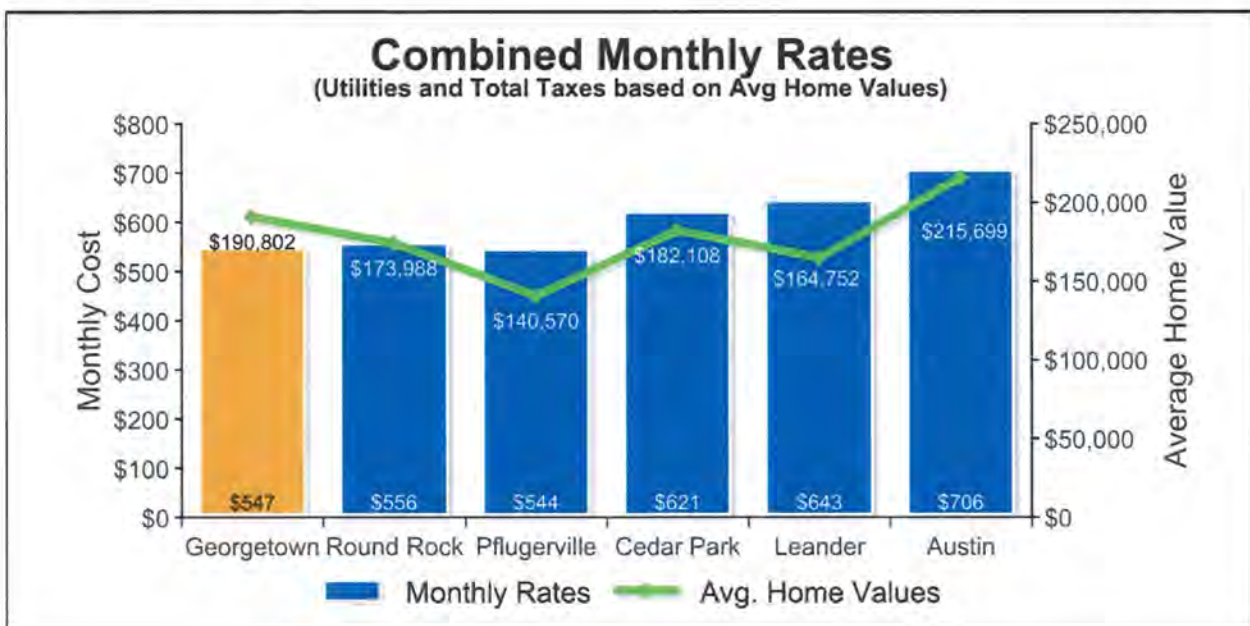
environment within the area. Growth within the utilities continues to have strong positive impacts to the financial and economic conditions of Georgetown.

MAJOR INITIATIVES

Energy Services. With the ending of the City of Georgetown's wholesale power agreement with the Lower Colorado River Authority (LCRA) in September 2012, the City 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. The City currently has power arrangements to cover 100% of its projected needs through May 2015 and 80% of its needs to 2036. The financial impact of these changes has been lower purchased power costs, which are being passed on to customers through lower rates. The City's new long term contracts are mostly renewable energy and therefore provide a hedge against carbon legislation costs. General fund franchise fee revenues are based on the number of kWh sold; therefore, no impact on other City funds is expected from lowering costs to customers. The City has further modernized its rate structure to reflect a cost of service basis with higher fixed monthly charges and lower variable kWh rates. This further stabilizes the City's revenue stream and enhances its ability to use the electric utility to further enhance economic development opportunities. The City already provides power for the Premiere Outlet Mall, Scott and White Hospital and major restaurant and retailers in the north Round Rock area. The August 2013 announcement of a new Bass Pro Shop at the outlet mall site will further expand Georgetown's commercial electric customer base.

Regional Water. The City was approached by the Chisholm Trail Special Utility District (CTSUD) in 2011 about the possibility of merging with the City's water system. The CTSUD provides water service to several areas within the City and the City's ETJ and future growth centers. A detailed feasibility study was completed and the City Council and CTUSD gave final approval to the merger agreement in September 2013. This consolidation with the 7,300 customer district, expected to be completed in late spring 2014, will provide opportunities for the City's future growth and development, and ensures consistent service and water supply to that regional area for years to come.

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. Based on this review, the City adopted a new, more stable water rate structure that better balances fixed and variable components and emphasizes conservation. The initial net revenue impact to the City and its customers will be minor; however, it does give the City a more stable revenue base to implement more aggressive conservation rates as it works to extend its future water supply options.



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. Substantial work has been completed on the right of way purchase and design for the expansion of FM 1460, enhancing Georgetown's transportation corridor to high growth areas in north Round Rock, along with many other major projects in the development stages. 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. The City completed and opened Fire Station 5 in October 2012 to address response times in the northwestern portion of the City, and completed the reconstruction and expansion of Fire Station 2 serving the central area in February 2013. The voter approved \$29.5 million Public Safety Operations and Training Complex (PSOTC) broke ground in August 2013. 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 is expected to be completed in fall 2014.

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 be completed in 2014. This trail system has been designated as a National Recreation Trail, one of only 15 such trails in Texas. An additional \$5 million of the voter approved bonds was issued in 2013 to fund the next steps in the Plan. These major steps include the Feb 2013 purchase of 90 acres for a future west side active park and recreation area, the design and business plan on the future 525-acre Garey Park, and improvements in San Gabriel Park.

Long Range Planning. Planning for Georgetown's future is a major priority, as the City formally adopted a new comprehensive plan in 2008 called the Georgetown 2030 Plan. 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 and economic vitality that it does today.

The City's 2030 Plan has been defined by City Council as the goal of becoming the *City of Excellence* with five focus areas: Economic Development, Public Safety, Signature Destination, Transportation and Utilities. This framework guides the City's business and financial planning process. Staff prepares business plans by focus area and a *five-year financial model to direct sound fiscal and policy decisions* while capitalizing on the positive momentum in the local and state economy.

Financing Activities. The City took advantage of favorable debt market conditions in the spring of 2013 and issued all of the voter approved debt to fund the PSOTC, \$5 million of voter approved parks bonds, as well as, refunding previously issued debt. By issuing the public safety debt ahead of schedule, the citizens will realize \$5 million in interest savings over current market conditions. The City took advantage of higher than budgeted tax revenues and 2011/12 fund balances to cash fund \$1.2 million in public safety vehicles and equipment that had originally been scheduled for debt financing. The former Albertson's building, purchased in 2008, was sold creating additional financial capacity for future city needs.

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 Finance and Administration Division design and maintain the internal control structure. These controls are under continual 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 in the final section of this document.

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, 2013, 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, 2013, 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, 2012. 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-six (26) 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-four (24) years.

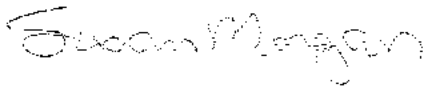
Acknowledgments. The presentation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Division. We would like to express our appreciation to all members of the division who assisted and contributed to its presentation. Special acknowledgment goes to Lindsay Daniell, Accounting Supervisor; Jodi Levie, Senior Accountant; La'Mar Kemp, Accountant; Chris Foster, Manager of Resource Planning and Integration; 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.

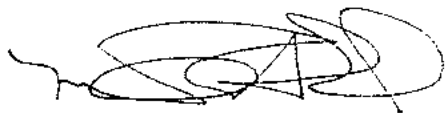
Sincerely,



Lisa Haines, CGFO
Controller



Susan Morgan, CPA
Finance Director



Micki Rundell, CGFO
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

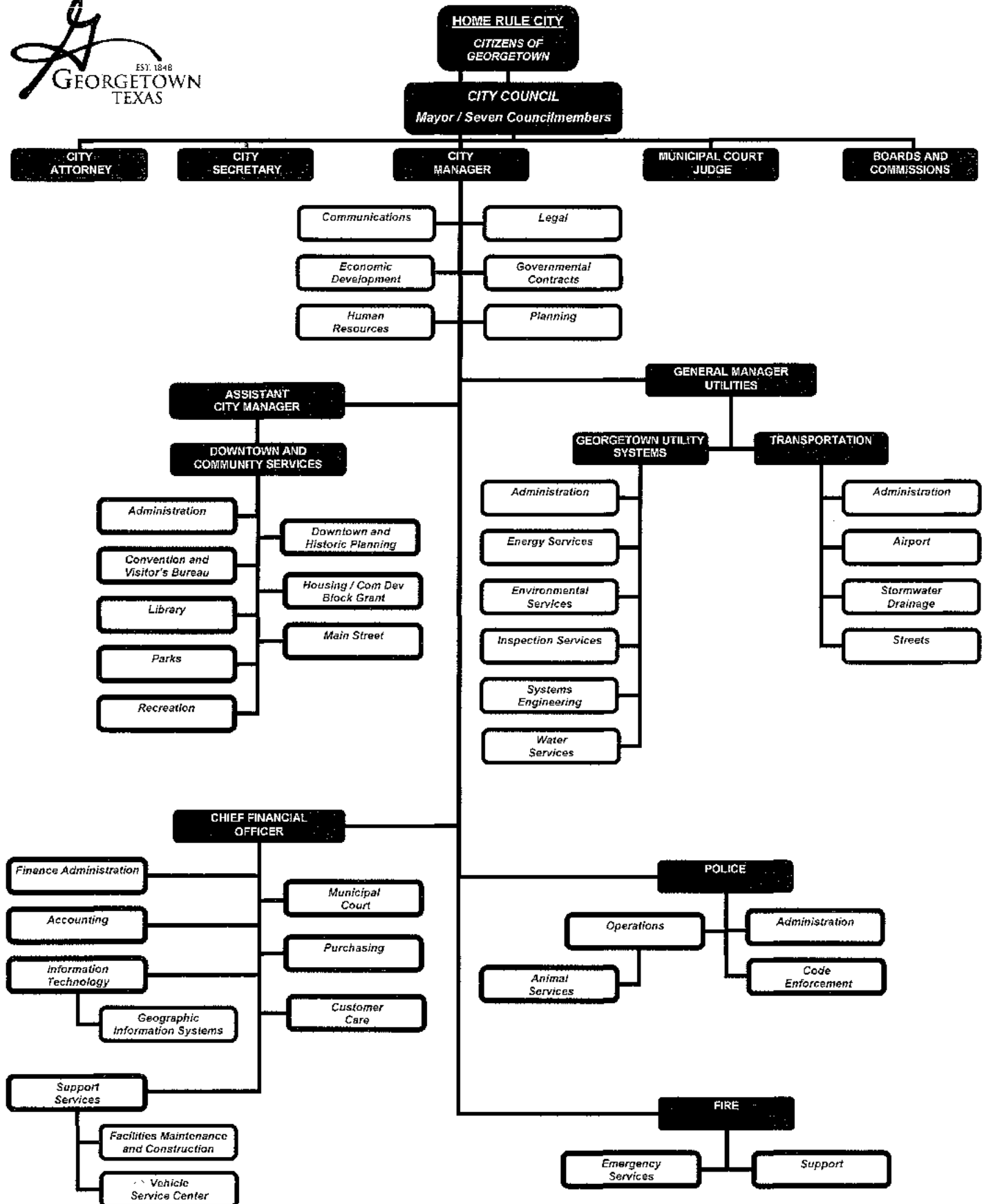
Presented to

City of Georgetown
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO



CITY OF GEORGETOWN, TEXAS

ELECTED OFFICIALS AND ADMINISTRATIVE OFFICERS
SEPTEMBER 30, 2013

ELECTED OFFICIALS

Mayor	George Garver
City Council Member, District 7, Mayor Pro Tem	Tommy Gonzalez
City Council Member, District 1	Patty Eason
City Council Member, District 2	VACANT
City Council Member, District 3	John Hesser
City Council Member, District 4	Steve Fought
City Council Member, District 5	Jerry Hammerlun
City Council Member, District 6	Rachael Jonrowe

APPOINTED OFFICIALS

City Manager	Paul Brandenburg
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 three hours north, Houston is three 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 LLP
www.cliftonlarsonallen.com

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor
Members of the City Council
City of Georgetown, Texas

Report on the Financial Statements

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 the City of Georgetown, Texas (the "City") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit, 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 Georgetown, TX as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During the fiscal year ended September 30, 2013, the City adopted the provisions of Governmental Accounting Standards Board Statement (GASBS) No. 61, The Financial Reporting Entity: Omnibus – an amendment of GASB Statement No. 14 and 24, GASBS No. 62, Codification of Accounting and Financial Reporting Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, GASBS No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position, and GASBS No 65, Items Previously Reported as Assets and Liabilities. As a result of the implementation of GASBS No. 65, the City reported a change in accounting principle (See Note 12.) to remove debt issuance costs. The auditors' opinion was not modified with respect to the restatement. GASBS No. 61, 62 and 63 did not have a material effect on the financial statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the managements discussion and analysis, budgetary comparison information, Texas Municipal Retirement System Trend Data and Other Post Employment Benefits, and modified approach for street infrastructure capital assets on pages 27 through 38 and 101 through 102 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. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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 nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is also presented for purposes of additional analysis 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial

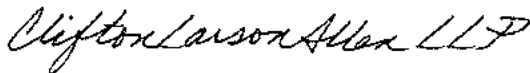
statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States, the City's basic financial statements for the year ended September 30, 2012, which are not presented with the accompanying financial statements. In our report dated February 21, 2013, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The comparative balance sheets and statements of revenues, expenditures and changes in fund balances of the major governmental funds are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2012 financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 2012 comparative balance sheets and statements of revenues, expenditures and changes in fund balances of the major governmental funds are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

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 do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2014, on our consideration of the City of Georgetown'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 result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Dallas, Texas
February 28, 2014



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**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, 2013. 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 \$13,050,103 or 23% higher than FY 2012 fund balance. The fund had \$7.4 million of committed fund balance, \$1.6 million of assigned fund balance and \$4 million of unassigned fund balance. Revenues were \$1.4 million more than the original budget estimates.
- General Fund revenues increased \$4.8 million, an increase of 15% over FY 2012. This increase is due to greater revenues from growth and rate increases for property taxes and environmental services (sanitation), growth in sales and franchise tax revenues, and a one-time receipt of master development fee revenues.
- General Fund expenditures increased by \$2.4 million, an increase of 6% over FY 2012. This increase was due to public safety's restructured Step Pay Plan, operating costs for the new Fire Station No. 5, and city-wide salaries increased to market based on a compensation study.

Governmental Activities

- On a government-wide basis for governmental activities, the City had expenses net of program revenue of \$33.1 million. General revenues and transfers totaled \$52.9 million, resulting in an increase in net position of \$19.8 million.
- As of September 30, 2013, the City's governmental activities reported combined ending net position balances of \$216.9 million. The largest element of this balance is the value of the City's investment in capital assets which totaled \$174.8 million. Capital assets include the value of streets, parks and facilities, net of related debt.
- During fiscal year ended September 30, 2013, the City issued approximately \$32.5 million in General Obligation and Certificates of Obligation bonds for entity-wide purposes. The debt issue included \$22 million for voter-approved general capital projects for parks and public safety facilities. The City also issued \$11 million in Refunding GO bonds to retire outstanding debt issued at a higher interest rate, with a net savings of \$648,000. The City's general obligation debt is rated AA+ by Standard & Poor's and AA2 by Moody's.

Business-Type Activities

- The net position of the City's business-type activities had a current year increase of \$9.1 million. The current year increase is due to the continued growth of the customer base of the utility systems and \$4.6 million of infrastructure assets contributed by developers for commercial projects and residential subdivisions.
- The City's total debt issue included \$4.1 million combination tax and revenue Certificates of Obligation bonds for the construction of additional service facilities, to be paid from utility system revenues. The City's Standard & Poor's rating is AA- and the Moody's rating is AA2 on the utility system revenue debt.

Entity-Wide

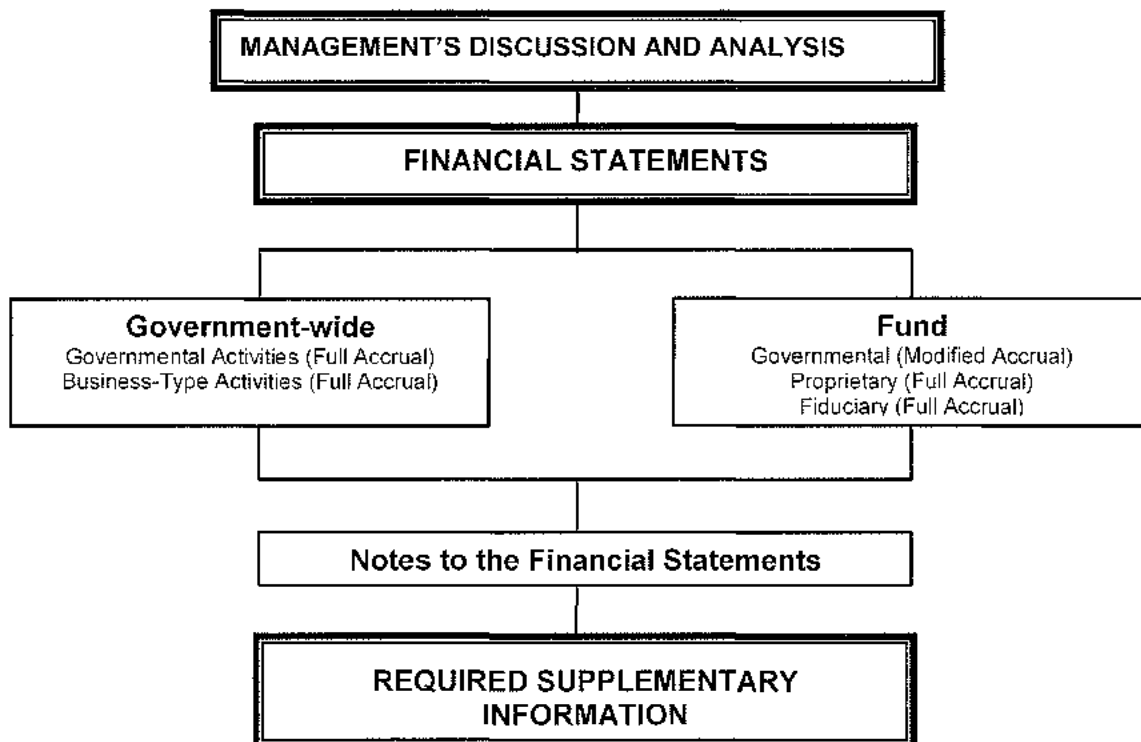
- The City's total net position on a government-wide basis was \$483.9 million at September 30, 2013, an increase of 6% over September 30, 2012. Most of this balance is invested in capital assets, restricted for specific purposes.
- The City received \$10.8 million of grants and other capital contributions in FY 2013.

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



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 position 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 position and how it has changed. Net position, which is the difference between the City's assets and deferred outflows and liabilities and deferred inflows, are one way to measure the financial health of the City. Over time, increases or decreases in the City's net position is 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.

CITY OF GEORGETOWN, TEXAS

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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.

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.

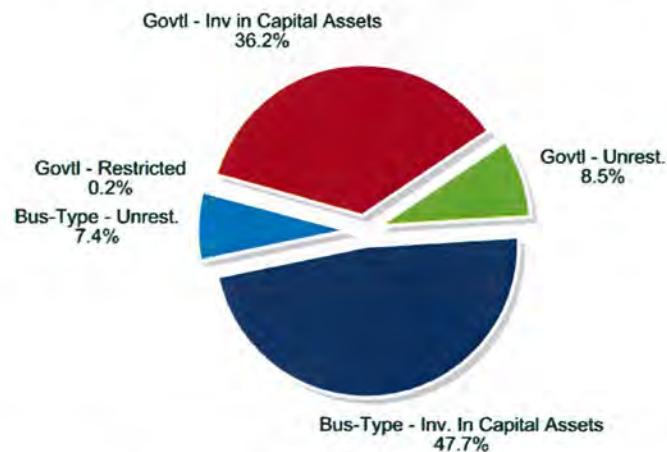
FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

Summary Statement of Net Position						
(In thousands)						
	Govtl Activities		Bus-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 84,610	\$ 66,936	\$ 50,124	\$ 47,799	\$ 134,734	\$ 114,735
Capital assets	267,870	253,521	287,661	281,475	555,531	534,996
Total assets	\$ 352,480	\$ 320,457	\$ 337,785	\$ 329,274	\$ 690,265	\$ 649,731
Deferred outflows of resources	\$ 1,260	\$ -	\$ -	\$ -	1,260	\$ -
Total assets and deferred outflows	\$ 353,740	\$ 320,457	\$ 337,785	\$ 329,274	\$ 691,525	\$ 649,731
Long-term liabilities	\$ 131,220	\$ 114,653	\$ 63,558	\$ 64,504	194,778	\$ 179,157
Other liabilities	5,618	7,001	7,247	6,911	12,865	13,912
Total liabilities	\$ 136,838	\$ 121,654	\$ 70,805	\$ 71,415	\$ 207,643	\$ 193,069
Net position:						
Invested in capital assets, net of related debt	\$ 174,798	\$ 168,059	\$ 230,939	\$ 220,810	\$ 405,070	\$ 388,869
Restricted	1,109	1,749			1,109	1,749
Unrestricted	40,995	28,995	36,041	37,049	77,703	66,044
Total net position	\$ 216,902	\$ 198,803	\$ 266,980	\$ 257,859	\$ 483,882	\$ 456,662

Net Position - Primary Government - 9/30/13



CITY OF GEORGETOWN, TEXAS

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Changes in Net Position (In thousands)						
	Govtl Activities		Bus-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
<i>Program Revenues</i>						
Charges for Service	\$ 13,800	\$ 12,688	\$ 87,101	\$ 90,955	\$ 100,901	\$ 103,641
Operating Grants & Contributions	257	957	26	147	283	1,104
Capital Grants & Contributions	6,000	2,431	4,558	3,918	10,558	6,349
<i>General Revenues</i>						
Property Taxes	17,037	15,752	-	-	17,037	15,752
Sales Taxes	17,003	15,045	-	-	17,003	15,045
Other Taxes	1,331	1,143	-	-	1,331	1,143
Franchise Taxes	4,471	3,924	-	-	4,471	3,924
Interest	241	231	126	156	367	387
Other	1,129	710	4,919	4,004	6,048	4,714
Total Revenues	\$ 61,269	\$ 52,879	\$ 96,730	\$ 99,180	\$ 157,999	\$ 152,059
Expenses:						
Culture-recreation	9,775	9,328	-	-	9,775	9,328
Development	1,651	2,285	-	-	1,651	2,285
Fire	9,144	8,634	-	-	9,144	8,634
General government	6,447	4,851	-	-	6,447	4,851
Interest on long term debt	3,806	4,375	-	-	3,806	4,375
Police	12,042	11,522	-	-	12,042	11,522
Streets	5,459	5,565	-	-	5,459	5,565
Environmental Services	4,856	4,831	-	-	4,856	4,831
Electric	-	-	46,543	56,407	46,543	56,407
Water Services	-	-	22,844	21,597	22,844	21,597
Airport	-	-	3,172	3,013	3,172	3,013
Stormwater	-	-	2,204	1,905	2,204	1,905
Total Expenses	\$ 53,180	\$ 51,391	\$ 74,763	\$ 82,922	\$ 127,943	\$ 134,313
<i>Change in net position before transfers</i>	<i>8,089</i>	<i>1,488</i>	<i>21,967</i>	<i>16,258</i>	<i>30,056</i>	<i>17,746</i>
Transfers	11,720	6,511	(11,720)	(6,511)	-	-
Change in net position	19,809	7,999	10,247	9,747	30,056	17,746
Net Position - Beginning	198,803	190,804	257,859	248,112	456,662	438,916
Restatement	(1,710)	-	(1,126)	-	(2,836)	-
Net Position - Ending	\$ 216,902	\$ 198,803	\$ 266,980	\$ 257,859	\$ 483,882	\$ 456,662

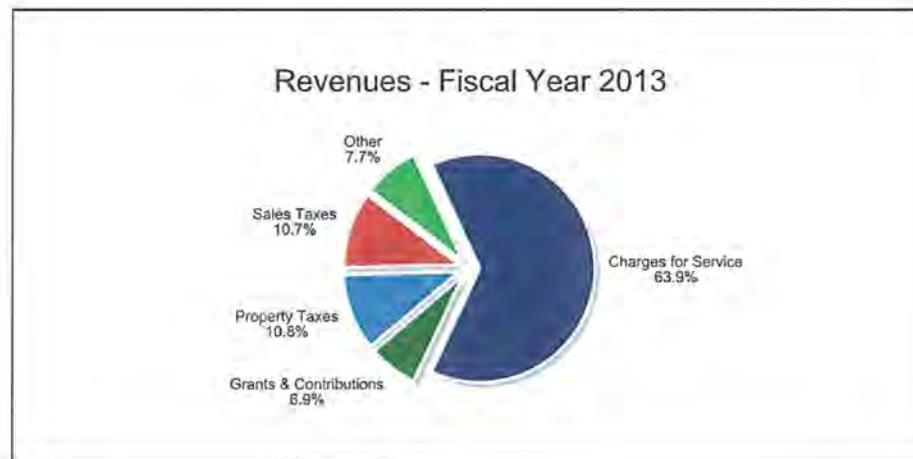
The City's combined net position increased by \$27 million to \$484 million from \$457 million in FY 2013.

- Net position of Governmental Activities was \$216.9 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 position for governmental activities, which can be used to finance day to day operations, totaled \$41 million. Of that total, \$4 million was unassigned fund balance available for future appropriations.
- Included in unrestricted net position 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, 2013 was \$2.7 million.
- Net position invested in capital assets net of related debt for governmental activities increased \$6.7 million, primarily due to developer contributed capital and additions to capital assets.
- Current year net position of business-type activities increased by \$9.1 million, primarily due to developer contributed capital and additions to capital assets.
- During 2013, the City invested \$16.4 million towards improving and expansion of utility infrastructure, compared to \$20.5 million in 2012.

CITY OF GEORGETOWN, TEXAS

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- The City elected to early implement Governmental Accounting Standards Board Statement No. 65 in FY 2013, resulting in a one-time restatement of beginning Net Position of \$2.8 million. The restatement was to reflect previously capitalized debt issuance costs that are now expensed in the year incurred.



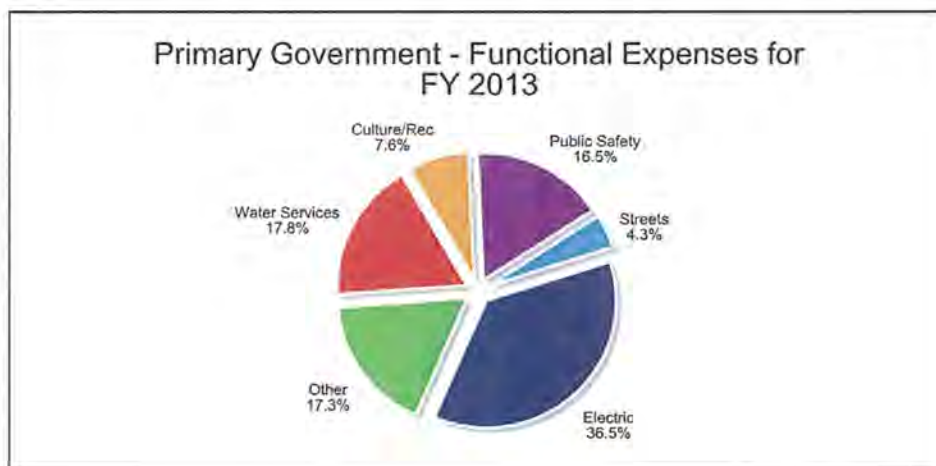
REVENUES

- **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, 2013 was \$20.1 million, a 24.8% increase over last fiscal 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 \$13.8 million in FY 2013, an 8.7% increase from FY 2012 revenues. Increases in the Williamson County Emergency Services District No. 8 contract and new rates for environmental services saw the largest increases. Other governmental program revenues included operating grants for parks, fire and police programs, and streets.
 - **Business-type activities program revenue** totaled \$91.7 million, a 3.5% decrease over prior year. Capital grants and contributions were \$641,000 higher than the prior year. *Charges for Services*, which represent receipts from utility customers for electric, water, and wastewater, decreased \$3.9 million. Electric charges for service decreased 7.8% due to lower costs to the customers, which is offset by reduced purchased power costs. The long standing contract with LCRA for purchased power was terminated in September 2012 resulting in lower power supply costs. The lower cost has been passed through to the customers through the power cost adjustment (PCA). The PCA is changed as needed for fluctuations in fuel and transmission costs. Water charges for services increased 2.4% due to modest customer growth. 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 \$17 million. Included in these taxes are real and personal property levies which are assessed October 1, and payable before the following January 31.

CITY OF GEORGETOWN, TEXAS

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- Assessed valuations on existing properties were nearly flat, while total assessed valuation increased 3.7% compared to the prior year. The variance is attributed to \$90 million in new and annexed property.
- The ad valorem tax rate for fiscal year 2013 was \$0.4100 per \$100 of assessed valuation. This is an increase of \$0.0225 over the prior year's rate of \$0.3875. The majority of the increase is funding new debt. The adopted tax rate is a 3.14% increase over the 2013 effective rate.
- Sales taxes, the City's second largest source of general revenue, totaled \$17 million for fiscal year 2013, which was an increase of 13.3% compared to the prior year. This increase in sales tax can be attributed to the continued economic growth in both retail sales and building materials. Changes in the law regarding sales tax on internet sales have also impacted the increase. Sales tax revenues represented 27% of the general revenue total in 2013, excluding the return-on-investment transfers from the utility funds.
- Hotel/motel taxes totaled \$553,143, compared to \$454,531 in FY 2012 and are included in *other* revenue.



EXPENSES

- **Expenses for governmental activities** totaled \$53.2 million, versus \$51.4 million in FY 2012. Total expenses were \$1.8 million higher than the prior year. Major expenses include the Environmental Services (sanitation) contract, salaries for providing services in the public safety area, as well as for parks and streets maintenance. Salary increases from the market compensation plan was implemented at the beginning of 2012/13. Other explanations for the increases are noted below.
 - Culture-recreation increased 4.8% over the prior year due in part to salary adjustments and an added ½ FTE.
 - Development decreased 27.8%. The decrease can be attributed to the Planning department being realigned to Management Services.
 - Fire Services increased 5.9% due to the restructured STEP pay plan that was implemented January 2013 and the October 2012 opening of the new Fire Station No. 5.
 - Streets decreased 1.9% due to the timing of scheduled maintenance of the transportation system and vacant positions.

CITY OF GEORGETOWN, TEXAS

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- **Expenses for business-type activities** totaled \$74.7 million, a 10% decrease over the prior year, which provided electric, water, and wastewater services for customers, as well as airport and stormwater drainage programs. Electric decreased while Water, Stormwater, and Airport all had increases. Notable explanations for the changes are explained below.
 - Electric decreased 17.7%. The decrease in expenses for Electric are associated with lower purchased power costs over prior year.
 - Water services increased 5.8%. The increase can be attributed to higher operating and plant management expenses due to higher water sales.
 - The 5.3% increase at the Airport is related to the fluctuations in the price of fuel compared to FY 2012.
 - Stormwater saw a 15.7% increase over the prior year due to higher personnel and operating costs.

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.

For the fiscal year ended September 30, 2013, the City's governmental funds reflect a combined fund balance of \$75.2 million.

The General Fund had a fund balance of \$13,050,103 for FY 2013, an increase of \$2,418,693 over FY 2012. This increase is due in part to higher than expected sales tax revenues, a one-time receipt of master development fees, sanitation contract lower than projected, salary savings, and the timing of street projects. According to the Fiscal and Budgetary Policy of the City, the use of excess fund balance is limited to non-recurring one time only expenses. City Council voted to spend the excess funds for cash funding some general capital projects and set aside \$100,000 to create a perpetual Cemetery fund.

General Capital Project Fund had a fund balance of \$40 million for FY 2013 compared to \$24.3 million for FY 2012. This significant increase is due to the issuance of general obligation debt to fund general capital projects. The City issued \$22 million of debt to fund voter-approved parks and public safety projects. The City expended \$9.8 million on various general capital projects.

Non-major governmental funds include an increase in fund balance of \$664,000 due to the funding and timing of street improvement projects in the Sales Tax Maintenance Fund.

General Debt Service Fund reflects a decrease of \$640,000 in fund balance in FY 2013. 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 15% increase in fund balance due to the timing of capital improvement projects. GTEC contributed \$4.1 million in transportation improvements to facilitate economic development in 2013.

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 position for as of September 30, 2013 totaled \$36 million, which included \$12 million for Electric, \$22 million for Water and \$2 million for all other Non-Major funds. The change in net position for FY 2013 was \$9.1 million resulting primarily from continued growth in the City's utility systems and capital improvements.

CITY OF GEORGETOWN, TEXAS

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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, 2013 of \$11.4 million and the final budgetary fund balance of \$8 million is attributed to higher than expected sales tax and franchise tax revenues, increased property tax revenues and environmental services from the adopted rate increases, and receipt of a one-time master development fee. Expenditures were less than budgeted primarily due to timing of projects and vacant positions.

CAPITAL ASSETS

The City's governmental activities (including the internal service funds) had invested \$268 million in a variety of capital assets and infrastructure. The City has \$288 million invested in its business-type activities capital assets. The detail is reflected in the following schedule:

Governmental Activities				
Change in Capital Assets*				
(In thousands)				
	Balance		Deletions	Balance
	9/30/2012	Additions	& Transfers	9/30/2013
<i>Non-depreciable Assets:</i>				
Land	\$ 8,441	\$ 1,414	\$ -	\$ 9,855
Construction in progress	22,888	14,721	(21,009)	16,600
Streets	143,211	16,135	-	159,346
<i>Other capital assets</i>				
Equipment	31,847	2,318	(723)	33,442
Buildings	56,129	87	-	56,216
Improvements	33,251	5,578	-	38,829
<i>Less accumulated depreciation</i>	<i>(42,246)</i>	<i>(4,874)</i>	<i>703</i>	<i>(46,417)</i>
Capital Assets - Governmental	\$ 253,521	\$ 35,379	\$ (21,029)	\$ 267,871
Business-Type Activities				
Change in Capital Assets				
(In thousands)				
	Balance		Deletions	Balance
	9/30/2012	Additions	& Transfers	9/30/2013
<i>Non-depreciable Assets:</i>				
Land	\$ 2,572	\$ -	\$ -	\$ 2,572
Construction in progress	23,358	11,599	(22,724)	12,233
<i>Other capital assets</i>				
Equipment	2,513	154	-	2,667
Buildings	6,949	-	-	6,949
Improvements	340,613	4,622	22,152	367,387
<i>Less accumulated depreciation</i>	<i>(94,529)</i>	<i>(9,618)</i>	<i>-</i>	<i>(104,147)</i>
Capital Assets - Business-Type	\$ 281,476	\$ 6,757	\$ (572)	\$ 287,661
City-wide Totals	\$ 534,997	\$ 42,136	\$ (21,601)	\$ 555,532

*Includes internal service funds assets, which are allocated to governmental activities

CITY OF GEORGETOWN, TEXAS

MD&A

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 2014.

The City budgets approximately \$1.3 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 \$2 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.

Utility infrastructure maintenance is budgeted within the utility funds. For fiscal year 2013, funding for electric and water services infrastructure maintenance was \$1.4 million.

Major capital assets added in FY 2013 are noted below:

- General Capital Projects:
 - Construction in process projects \$8,665,000
 - Public Safety Operations and Training Center
 - River trails expansion
 - Westside Service Center
 - FM 1460
 - Westside Park land purchase \$1,414,000
 - Reconstruction of Fire Station No. 2 \$1,455,000
 - NE Innerloop / FM 971 \$463,000
 - SE1 / 130 Connection \$965,000
 - Arterial SE1 / Innerloop \$698,000
- Utility Infrastructure and Capital Projects:
 - AMI system – metering & management for water and electric \$5,002,000
 - Enterprise Asset Management System – water & electric \$511,000
 - Electric distribution system expansion and improvements \$1,998,000
 - Edwards Aquifer Recharge Zone compliance \$885,000
 - Pecan Branch Wastewater Treatment Plant Phase 2 \$407,000
 - Lift stations & upgrades \$634,000
 - Lake WTP Expansion III \$536,000
 - Water pumping and line improvements \$174,000

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

CITY OF GEORGETOWN, TEXAS

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OUTSTANDING DEBT

City of Georgetown Outstanding Debt and Long-Term Liabilities						
(In thousands)						
	Govtl Activities		Bus-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	\$ 116,638	\$ 100,357	\$ 14,552	\$ 11,618	\$ 131,190	\$ 111,975
Premiums	100	117	635	688	735	805
Sales tax revenue bonds	8,955	9,420	-	-	8,955	9,420
Revenue Bonds	-	-	47,455	51,425	47,455	51,425
Compensated absence payable	3,778	3,235	775	682	4,553	3,917
Net pension obligation	1,274	1,265	140	138	1,414	1,403
Other Post Employment Benefits	460	361	-	-	460	361
Arbitrage rebate payable	15	15	-	-	15	15
Total Long Term Debt	<u>\$ 131,220</u>	<u>\$ 114,770</u>	<u>\$ 63,557</u>	<u>\$ 64,551</u>	<u>\$ 194,777</u>	<u>\$ 179,321</u>

- As of September 30, 2013, the City had a total of \$131 million in general obligation debt outstanding. This represents a 17% increase over prior year. This increase reflects \$5 million of General Obligation bonds for park projects, as well as the final \$17 million for the Public Safety Operations and Training Center.
- The state limits the legal amount of tax levy available for general obligation debt service to \$1.50 per \$100 valuation. The City's 2013 debt levy equaled \$0.17363 per \$100 assessed valuation, or 11.58% of the maximum allowed.
- Other long-term debts included are compensated absence payable, net pension obligation, other post-employment benefits and arbitrage rebate payable. These experienced a slight increase over FY 2012 of \$746,000, primarily due to an increase in compensated absence payable.
- In May 2013, the City issued \$11,005,000 in General Obligation Refunding Bonds with an average interest rate of 3.4%. The City advanced refunded bonds to reduce its total debt service payments over the next 13 years to obtain a net economic gain of approximately \$648,000.
- A detailed analysis of the City's long-term debt is located on pages 80-87 in the notes to the financial statements.

ECONOMIC FACTORS

During FY 2013, the City continued to see strong improvements in the local and regional economy. Total sales tax receipts grew to \$17.0 million, or by 13% over 2012, an increase over pre-economic downturn receipts for the 4th consecutive year. The growth in residential and commercial development continued in FY 2013 with \$294.9 million in new permits; while at the same time, unemployment continued to drop from 7.08% in 2012 to 5.70% in 2013. The residential growth in the City's utility service area, which includes both the city limits and the City's extra territorial jurisdiction (ETJ), continued its 2-4% growth rate.

The adopted FY 2014 budget assumes continued modest growth in new property of approximately \$124 million and an adopted tax rate increase of 7.2% or \$0.4395 per \$100 valuation. Sales tax revenues are

CITY OF GEORGETOWN, TEXAS

MD&A

expected to continue modest growth for FY 2014. 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 & Administration Division
City of Georgetown
113 East 8th Street
Georgetown, Texas 78626
(512) 930-3676
www.georgetown.org

Basic Financial Statements



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CITY OF GEORGETOWN, TEXAS

STATEMENT OF NET POSITION SEPTEMBER 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	TOTAL	Georgetown Economic Development Corporation
ASSETS				
Cash and cash equivalents	\$ 28,311,990	\$ 11,529,366	\$ 39,841,356	\$ 1,512,816
Cash and cash equivalents - restricted	-	612,274	612,274	-
Investments	46,856,059	14,674,164	61,530,223	1,925,402
Investments - restricted	-	2,634,443	2,634,443	-
Prepaid items	21,303	2,293,843	2,315,146	-
Accounts receivable:				
Services (net of allowance for uncollectibles)	-	12,934,814	12,934,814	-
Other	9,085,499	1,023,945	10,109,444	210,437
Inventories	335,306	3,367,473	3,702,779	-
Long-term note receivable	-	1,053,422	1,053,422	-
Net investment in capital assets	82,055,965	272,856,261	354,912,226	458,110
Land	9,868,314	2,571,662	12,439,976	-
Streets	159,346,368	-	159,346,368	-
Construction in progress	16,599,988	12,233,712	28,833,700	-
Total assets	352,480,792	337,785,379	690,266,171	4,106,765
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	1,259,524	-	1,259,524	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 353,740,316	\$ 337,785,379	\$ 691,525,695	\$ 4,106,765
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 4,396,465	\$ 5,607,396	\$ 10,003,861	\$ 2,405
Accrued interest	576,159	300,547	876,706	-
Liabilities payable from restricted assets:				
Construction contracts and other	-	560,293	560,293	-
Customer deposits	-	779,078	779,078	-
Unearned revenue	645,217	-	645,217	4,000
Noncurrent liabilities:				
Due within one year	8,764,161	5,570,329	14,334,490	55,000
Due in more than one year	122,455,782	57,987,396	180,443,178	995,000
Total Liabilities	136,837,784	70,805,039	207,642,823	1,056,405
NET POSITION				
Net investment in capital assets	174,788,105	230,939,554	405,070,243	458,110
Restricted for:				
Debt Service	1,109,220	-	1,109,220	-
Unrestricted	40,995,207	36,040,786	77,033,409	2,592,250
Total Net Position	216,902,532	266,980,340	483,882,872	3,050,360
TOTAL LIABILITIES AND NET POSITION	\$ 353,740,316	\$ 337,785,379	\$ 691,525,695	\$ 4,106,765

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, 2013

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions
Primary government				
<i>Governmental Activities</i>				
Culture-recreation	\$ 9,775,209	\$ 2,425,587	\$ 141,909	\$ -
Development	1,650,530	1,659,670	-	264,594
Fire	9,144,092	1,433,679	39,795	-
General government	6,447,308	1,261,561	-	66,445
Police	12,042,349	959,027	74,889	-
Streets	5,459,183	1,125	-	5,668,627
Environmental services	4,855,404	6,059,904	-	-
Interest on long term debt	3,806,106	-	-	-
Total governmental activities	53,180,181	13,800,553	256,593	5,999,666
<i>Business -type Activities</i>				
Electric	46,543,022	54,743,979	-	510,454
Water	22,844,363	27,244,363	-	2,708,649
Airport	3,171,550	2,906,267	25,589	-
Stormwater	2,204,172	2,206,108	-	1,339,193
Total business-type activities	74,763,107	87,100,717	25,589	4,558,296
Total primary government	\$ 127,943,288	\$ 100,901,270	\$ 282,182	\$ 10,557,962
Component Unit				
<i>Georgetown Economic & Development Corporation</i>	\$ 1,067,429	\$ -	\$ -	\$ -
General revenues:				
Property Tax				
Sales Tax				
Taxes - other				
Franchise taxes				
Interest on investments				
Other				
Transfers				
Total general revenues and transfers				
Change in Net Position				
Net Position, beginning of the year				
Restatement				
Net Position, beginning of the year, as restated				
Net Position, end of the year				

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Georgetown Economic Development Corporation
\$ (7,207,713)	\$ -	\$ (7,207,713)	
273,734	-	273,734	
(7,670,618)	-	(7,670,618)	
(5,119,302)	-	(5,119,302)	
(11,008,433)	-	(11,008,433)	
210,569	-	210,569	
1,204,500	-	1,204,500	
(3,806,106)	-	(3,806,106)	
(33,123,369)		(33,123,369)	
-	8,711,411	8,711,411	
-	7,108,649	7,108,649	
-	(239,694)	(239,694)	
-	1,341,129	1,341,129	
	16,921,495	16,921,495	
(33,123,369)	16,921,495	(16,201,874)	
			\$ (1,067,429)
17,037,036	-	17,037,036	-
17,002,757	-	17,002,757	1,165,819
1,331,281	-	1,331,281	-
4,471,487	-	4,471,487	-
241,449	126,322	367,771	5,381
1,129,389	4,919,258	6,048,647	24,000
11,719,799	(11,719,799)	-	-
52,933,198	(6,674,219)	46,258,979	1,195,200
19,809,829	10,247,276	30,057,105	127,771
198,802,874	257,859,387	456,662,261	2,922,589
(1,710,171)	(1,126,323)	(2,836,494)	-
197,092,703	256,733,064	453,825,767	2,922,589
\$ 216,902,532	\$ 266,980,340	\$ 483,882,872	\$ 3,050,350



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Fund Financial Statements



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CITY OF GEORGETOWN, TEXAS

BALANCE SHEET GOVERNMENTAL FUNDS AS OF SEPTEMBER 30, 2013

	GENERAL	GEORGETOWN TRANSPORTATION ENHANCEMENT CORPORATION	DEBT SERVICE	GENERAL CAPITAL PROJECTS	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash and cash equivalents	\$ 4,644,163	\$ -	\$ -	\$ 18,081,820	\$ 3,492,909	\$ 26,218,892
Investments	5,910,753	9,713,398	1,109,220	23,013,225	4,445,521	44,192,117
Accounts receivable (net of uncollectible accounts):						
Delinquent taxes	199,571	-	136,659	-	-	336,230
Sales tax	1,857,933	825,748	-	-	412,874	3,096,555
Grants	-	2,875,172	-	-	43,361	2,718,533
Other	2,446,052	-	-	107,216	359,571	2,912,839
Prepaid items	13,903	-	-	-	-	13,903
Inventories	4,794	-	-	-	-	4,794
TOTAL ASSETS	\$ 15,077,169	\$ 13,214,318	\$ 1,245,879	\$ 41,202,261	\$ 8,754,236	\$ 79,493,863
LIABILITIES						
Accounts payable	\$ 1,476,720	\$ 549,862	\$ -	\$ 972,406	\$ 270,904	\$ 3,269,892
Unearned revenue	350,776	-	-	195,765	98,676	645,217
Total liabilities	1,827,496	549,862	-	1,168,171	369,580	3,915,109
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	199,570	-	136,659	-	-	336,229
Total deferred inflows of resources	199,570	-	136,659	-	-	336,229
FUND BALANCE						
Nonspendable	18,697	-	-	-	-	18,697
Spendable:						
Restricted	-	-	1,109,220	15,438,897	5,732,860	22,280,977
Committed	7,400,000	12,292,845	-	-	2,174,368	21,867,213
Assigned	1,631,482	371,611	-	24,595,193	477,428	27,075,714
Unassigned	3,999,924	-	-	-	-	3,999,924
Total fund balance	13,050,103	12,664,456	1,109,220	40,034,090	8,384,656	75,242,525
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 15,077,169	\$ 13,214,318	\$ 1,245,879	\$ 41,202,261	\$ 8,754,236	\$ 79,493,863

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 POSITION
SEPTEMBER 30, 2013**

Total fund balance - total governmental funds	\$	75,242,525
Amounts reported for governmental activities in the statement of net position 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.		258,019,562
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 position. The effect of this consolidation is to increase net position.		13,703,104
Premiums and discounts on issued bonds have not been included in the fund financial statements.		(99,981)
Bonds payable and contractual obligations are not due and payable in the current period and, therefore, have not been included in the fund financial statements.		(125,593,107)
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 position.		1,259,524
Accrued liabilities for accrued employee benefits are not due and payable in the current period and, therefore, have not been included in the fund financial statements.		(5,374,515)
Liabilities for arbitrage are not due and payable in the current period and, 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.		336,229
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expense is reported when due.		(576,159)
Net Position of Governmental Activities	\$	<u>216,902,532</u>

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, 2013**

	GENERAL	GEORGETOWN TRANSPORTATION ENHANCEMENT CORPORATION	DEBT SERVICE	GENERAL CAPITAL PROJECTS	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
Property taxes:						
Current	\$ 9,684,339	\$ -	\$ 7,356,823	\$ -	\$ -	\$ 17,041,162
Delinquent	44,828	-	32,074	-	-	76,902
Penalties and interest	79,396	-	-	-	-	79,396
Other tax revenue	234,550	-	-	-	553,143	787,693
Property assessment	-	-	-	-	387,290	387,290
Sales tax	10,007,841	4,663,277	-	-	2,331,639	17,002,757
Franchise taxes	4,471,487	-	-	-	-	4,471,487
Licenses and permits	1,536,660	-	-	-	-	1,536,660
Charges for service	9,302,816	-	-	-	176,853	9,479,669
Fines and forfeitures	670,582	-	-	-	68,974	739,556
Grants and donations	202,837	3,159,704	-	57,167	559,584	3,979,292
Investment income	34,610	19,408	3,758	124,363	30,490	212,629
Other revenue	1,222,561	915,891	-	39,000	783,107	2,960,559
Total revenues	37,492,507	8,758,280	7,392,655	220,530	4,891,080	58,755,052
EXPENDITURES:						
Current:						
Culture - recreation	7,945,906	-	-	-	1,316,376	9,262,282
Development	1,579,575	-	-	-	46,740	1,626,315
Fire services	8,638,166	-	-	-	166,772	8,804,938
General government	2,908,971	235,202	-	-	-	3,144,173
Highways and streets	3,378,979	-	-	-	43,361	3,422,340
Police	11,471,418	-	-	-	206,550	11,677,968
Environmental Services	4,857,366	-	-	-	-	4,857,366
Capital outlay	-	4,066,538	-	9,583,600	3,110,483	16,760,621
Debt service:						
Principal retirement	-	465,000	5,987,644	-	-	6,452,644
Interest and fiscal charges	-	398,234	3,187,838	185,719	-	3,771,791
Total expenditures	40,780,411	5,164,974	9,175,482	9,769,319	4,890,282	69,780,468
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,287,904)	3,593,306	(1,782,827)	(9,548,789)	798	(11,025,416)
OTHER FINANCING SOURCES (USES):						
Transfers in	6,655,673	-	1,936,820	4,347,426	1,029,922	13,969,841
Transfers out	(949,076)	(1,936,820)	-	(1,079,224)	(366,730)	(4,331,850)
Bond proceeds	-	-	-	22,600,000	-	22,600,000
Payment to refunding escrow agent	-	-	(11,356,689)	-	-	(11,356,689)
Refunding bonds issued	-	-	10,562,592	-	-	10,562,592
Total other financing sources (uses)	5,706,597	(1,936,820)	1,142,723	25,268,202	663,192	30,843,894
NET CHANGE IN FUND BALANCES	2,418,693	1,656,486	(640,104)	15,719,413	663,990	19,818,478
FUND BALANCES, Beginning of period	10,631,410	11,007,970	1,749,324	24,314,677	7,720,666	55,424,047
FUND BALANCES, End of period	\$ 13,050,103	\$ 12,664,456	\$ 1,109,220	\$ 40,034,090	\$ 8,384,656	\$ 75,242,525

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, 2013

Net change in fund balances - governmental funds	\$	19,818,478
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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 position. The effect of this consolidation is to increase net position. The entry on the statement of activities reflects the change for FY 2013, which is allocated to governmental activities.	852,970
--	---------

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 \$21,009,327 in construction in progress reclassifications. The effect of removing the 2013 capital outlays is to increase net position.	15,059,711
---	------------

Capital assets contributed by developers to the City are not recorded in the governmental funds as they do not provide current financial resources but are recognized in the Statement of Activities as program revenues.	2,210,522
---	-----------

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 position.	(2,698,931)
---	-------------

Some revenues and expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as either expenditures or revenues in governmental funds:

Amortization of bond premiums	16,664
Amortization of deferred charge on refunding	(65,447)

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.	16,746,149
--	------------

Current year bond proceeds on bonds are not shown as revenue in the government-wide financial statements.	(32,562,592)
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The notes to financial statements are an integral part of this statement.

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 position.	\$ 1,063,184
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements, the expenditure is reported when due.	14,468
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 position.	(533,085)
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.	(98,819)
Annual required contribution for pension obligations are recorded in the government-wide financial statements net of the expense recognized on current year actual contribution.	(9,317)
Revenue from property taxes is recognized in the fund financial statements on the modified accrual basis, but is recognized on the accrual basis in the government-wide financial statements.	<u>(4,126)</u>
Change in Net Position of Governmental Activities	<u>\$ 19,809,829</u>

CITY OF GEORGETOWN, TEXAS

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	BUDGETED AMOUNTS		2013 ACTUAL	VARIANCE TO
	ORIGINAL	FINAL	BUDGETARY BASIS	FINAL BUDGET
REVENUES:				
Property taxes:				
Current	\$ 9,820,000	\$ 10,105,000	\$ 9,684,339	\$ (420,661)
Delinquent	70,000	70,000	44,828	(25,172)
Penalties and interest	90,000	90,000	79,396	(10,604)
Sales tax	8,863,750	8,863,750	10,007,841	1,144,091
Franchise taxes	3,796,460	3,796,460	4,471,487	675,027
Licenses and permits	981,500	981,500	1,548,058	566,558
Charges for services	10,500,370	10,500,370	9,290,291	(1,210,079)
Fines and forfeitures	876,500	876,500	670,581	(205,919)
Other taxes	208,000	208,000	234,550	26,550
Investment income	40,000	40,000	34,511	(5,489)
Miscellaneous	402,400	570,385	1,426,525	856,140
Total revenues	35,648,980	36,101,965	37,492,407	1,390,442
EXPENDITURES:				
Current:				
Culture - recreation	7,990,835	8,159,635	7,914,044	245,591
Development	1,983,186	1,954,330	1,889,138	65,192
Environmental Services	6,252,001	6,257,101	5,000,929	1,256,172
Fire services	8,366,611	8,855,031	8,651,518	3,513
General government	3,607,215	3,163,123	2,896,061	267,062
Highways and streets	3,728,239	3,908,024	3,908,023	-
Police services	11,082,151	11,212,055	11,141,006	71,049
Total expenditures	43,030,238	43,309,299	41,400,719	1,908,580
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,381,258)	(7,207,334)	(3,908,312)	3,299,022
OTHER FINANCING SOURCES (USES):				
Transfers in	6,429,042	6,508,821	6,655,673	146,852
Transfers out	(104,553)	(799,076)	(799,076)	-
Total other financing sources (uses)	6,324,489	5,709,745	5,856,597	146,852
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(1,056,769)	(1,497,589)	1,948,285	3,445,874
FUND BALANCES, Beginning of period	9,025,829	9,466,549	9,470,237	3,588
FUND BALANCES, End of period	\$ 7,969,060	\$ 7,969,060	11,418,522	\$ 3,449,462
Adjustments to GAAP:				
Reverse current year encumbrances			1,631,482	
Record net unrealized gain on investments			99	
FUND BALANCE - GAAP BASIS, End of period			\$ 13,050,103	

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

CITY OF GEORGETOWN, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2013

	ELECTRIC FUND	WATER SERVICES FUND	NONMAJOR ENTERPRISE FUNDS	TOTAL	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
ASSETS:					
Current Assets:					
Cash and cash equivalents	\$ 2,938,798	\$ 7,853,385	\$ 737,173	\$ 11,529,366	\$ 2,093,098
Cash and cash equivalents - restricted	342,794	269,480	-	612,274	-
Investments	3,740,288	9,995,656	938,220	14,674,164	2,663,942
Investments - restricted	436,392	2,198,051	-	2,634,443	-
Prepaid expenses	358,000	1,935,843	-	2,293,843	7,400
Accounts receivable:					
Services (net of allowance for uncollectibles)	8,455,398	3,960,850	518,765	12,934,814	21,342
Other	519,336	504,839	-	1,023,945	-
Inventories	3,322,546	-	44,927	3,367,473	330,512
<i>Total current assets</i>	<u>20,113,552</u>	<u>26,717,684</u>	<u>2,239,086</u>	<u>49,070,322</u>	<u>5,116,294</u>
Noncurrent Assets:					
Long-term note receivables	-	1,053,422	-	1,053,422	-
Capital assets:					
Land and land rights	1,120,807	469,355	981,500	2,571,662	214,066
Distribution system	119,932,483	211,088,057	30,801,627	361,802,167	-
Buildings and improvements	73,707	3,019,793	5,641,425	12,734,625	1,671,727
Machinery, furniture and equipment	2,068,846	446,588	151,627	2,667,061	25,782,652
Construction in progress	271,916	11,921,546	40,260	12,233,712	459,582
Less accumulated depreciation	(34,393,069)	(56,956,296)	(12,809,527)	(104,147,892)	(16,276,854)
<i>Total capital assets (net of accumulated depreciation)</i>	<u>89,084,690</u>	<u>169,969,043</u>	<u>28,607,902</u>	<u>287,661,635</u>	<u>9,851,073</u>
<i>Total noncurrent assets</i>	<u>89,084,690</u>	<u>171,022,465</u>	<u>28,607,902</u>	<u>298,715,057</u>	<u>9,851,073</u>
TOTAL ASSETS	\$ 109,198,242	\$ 197,740,149	\$ 30,846,988	\$ 337,785,379	\$ 14,967,367
LIABILITIES AND NET POSITION:					
Liabilities:					
Current liabilities:					
Accounts payable	\$ 4,661,348	\$ 786,497	\$ 160,551	\$ 5,607,396	\$ 1,125,573
Accrued employee benefits	177,543	112,397	28,341	318,381	56,228
Current portion of long-term debt	2,095,971	2,716,809	435,078	5,251,948	-
Accrued interest	130,996	153,621	15,930	300,547	-
<i>Total current liabilities payable from unrestricted assets</i>	<u>7,065,958</u>	<u>3,769,314</u>	<u>639,900</u>	<u>11,475,272</u>	<u>1,182,801</u>
Current liabilities payable from restricted assets:					
Construction contracts and retainages payable	3,375	656,918	-	560,293	-
Customer deposits	779,078	-	-	779,078	-
<i>Total current liabilities payable from restricted assets</i>	<u>782,453</u>	<u>656,918</u>	<u>-</u>	<u>1,339,371</u>	<u>-</u>
<i>Total current liabilities</i>	<u>7,852,411</u>	<u>4,326,332</u>	<u>639,900</u>	<u>12,811,643</u>	<u>1,182,801</u>
Noncurrent liabilities:					
Accrued employee benefits	391,335	164,818	41,030	597,183	81,462
Unearned revenue	-	-	-	-	-
Long-term debt	24,685,720	29,325,498	3,179,005	57,390,213	-
<i>Total noncurrent liabilities</i>	<u>25,277,055</u>	<u>29,490,306</u>	<u>3,220,035</u>	<u>57,997,396</u>	<u>81,462</u>
<i>Total liabilities</i>	<u>33,129,466</u>	<u>33,815,638</u>	<u>3,859,935</u>	<u>70,805,039</u>	<u>1,264,263</u>
Net Position:					
Net of investment in capital assets	64,131,496	141,814,236	24,933,819	230,960,554	9,851,073
Unrestricted	11,837,277	22,110,275	1,993,234	36,040,786	3,852,031
<i>Total net position</i>	<u>76,068,776</u>	<u>163,924,511</u>	<u>26,927,053</u>	<u>266,980,340</u>	<u>13,703,104</u>
TOTAL LIABILITIES AND NET POSITION	\$ 109,198,242	\$ 197,740,149	\$ 30,846,988	\$ 337,785,379	\$ 14,967,367

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 POSITION
 PROPRIETARY FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 2013

	ELECTRIC FUND	WATER SERVICES FUND	NONMAJOR ENTERPRISE FUNDS	TOTAL	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
OPERATING REVENUES:					
Charges for sales and services:					
Service charges	\$ -	\$ -	\$ -	\$ -	\$ 15,785,357
Electric	53,780,319	-	-	53,780,319	-
Water	-	16,545,938	-	16,545,938	-
Wastewater	-	8,384,470	-	8,384,470	-
Other	963,660	2,313,955	5,112,375	8,389,990	-
Total operating revenues	<u>54,743,979</u>	<u>27,244,363</u>	<u>5,112,375</u>	<u>87,100,717</u>	<u>15,785,357</u>
OPERATING EXPENSES:					
Electric	7,265,433	-	-	7,265,433	-
Water	-	7,737,541	-	7,737,541	-
Depreciation	3,473,765	5,146,573	998,445	9,618,783	2,174,953
Utility contracts	34,760,711	6,719,601	-	41,480,312	-
Plant management	-	2,320,108	-	2,320,108	-
Other	-	-	4,208,494	4,208,494	15,148,005
Total operating expenses	<u>45,499,909</u>	<u>21,923,823</u>	<u>5,206,939</u>	<u>72,630,671</u>	<u>17,322,958</u>
NET OPERATING INCOME (LOSS)	<u>9,244,070</u>	<u>5,320,540</u>	<u>(94,564)</u>	<u>14,470,046</u>	<u>(1,537,601)</u>
NONOPERATING REVENUES (EXPENSES):					
Investment earnings	37,282	80,995	8,045	126,322	28,820
Donations and grants	-	-	25,589	25,589	-
Interest and fiscal charges	(1,043,113)	(920,540)	(168,783)	(2,132,436)	-
Other	2,332,837	2,555,280	31,141	4,919,258	213,498
Total nonoperating revenues (expenses)	<u>1,327,006</u>	<u>1,715,735</u>	<u>(104,008)</u>	<u>2,938,733</u>	<u>242,318</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>10,571,076</u>	<u>7,036,275</u>	<u>(198,572)</u>	<u>17,408,779</u>	<u>(1,295,283)</u>
CONTRIBUTIONS AND TRANSFERS:					
Capital contributions	510,454	2,708,649	1,339,193	4,558,296	66,445
Transfers in	-	69,108	-	69,108	2,181,587
Transfers out	(7,195,714)	(4,415,334)	(177,859)	(11,788,907)	(99,779)
Total contributions and transfers	<u>(6,685,260)</u>	<u>(1,637,577)</u>	<u>1,161,334</u>	<u>(7,161,503)</u>	<u>2,148,253</u>
CHANGE IN NET POSITION	<u>3,885,816</u>	<u>5,398,698</u>	<u>962,762</u>	<u>10,247,276</u>	<u>852,970</u>
TOTAL NET POSITION - beginning of period	<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>
RESTATEMENT	<u>(436,662)</u>	<u>(563,370)</u>	<u>(126,291)</u>	<u>(1,126,323)</u>	<u>-</u>
TOTAL NET POSITION - beginning of period, as restated	<u>72,182,960</u>	<u>158,525,813</u>	<u>26,024,291</u>	<u>256,733,064</u>	<u>12,850,134</u>
TOTAL NET POSITION - end of period	<u>\$ 76,068,776</u>	<u>\$ 163,924,511</u>	<u>\$ 26,987,053</u>	<u>\$ 266,980,340</u>	<u>\$ 13,703,104</u>

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, 2013**

	ELECTRIC FUND	WATER SERVICES FUND	NONMAJOR ENTERPRISE FUNDS	TOTAL	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 57,176,756	\$ 30,871,957	\$ 5,135,489	\$ 93,184,202	\$ 16,163,815
Payments to suppliers	(37,376,004)	(13,973,808)	(3,747,621)	(55,097,431)	(12,900,095)
Franchise fees	(1,694,910)	(794,786)	(66,183)	(2,555,879)	-
Payments to employees for services	(4,054,529)	(2,297,219)	(502,337)	(6,854,085)	(1,941,787)
Net cash provided by operating activities	<u>14,051,313</u>	<u>13,806,146</u>	<u>819,348</u>	<u>28,676,807</u>	<u>1,321,933</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	-	69,108	-	69,108	2,181,587
Transfers out	(7,195,714)	(4,415,334)	(177,859)	(11,788,907)	(99,779)
Net cash provided by (used for) noncapital financing activities	<u>(7,195,714)</u>	<u>(4,346,226)</u>	<u>(177,859)</u>	<u>(11,719,799)</u>	<u>2,081,808</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(5,874,548)	(4,508,806)	(862,351)	(11,245,705)	(1,886,892)
Donations and grants	-	-	25,589	25,589	-
Proceeds from issuance of long-term debt	2,032,500	2,032,500	-	4,065,000	-
Principal paid on revenue and certificates of obligation bonds	(1,630,753)	(2,456,173)	(379,249)	(4,466,175)	-
Interest paid on revenue and certificates of obligation bonds	(1,042,786)	(923,582)	(171,938)	(2,138,306)	-
Bond issuance costs	(543,787)	(111,877)	(7,097)	(662,761)	-
Net cash used for capital and related financing activities	<u>(7,059,374)</u>	<u>(5,987,938)</u>	<u>(1,395,046)</u>	<u>(14,422,358)</u>	<u>(1,886,892)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received	37,282	80,995	8,045	126,322	28,820
Change in temporary investments	(720,530)	(1,771,229)	417,486	(2,074,273)	(865,575)
Net cash provided by (used for) investing activities	<u>(683,248)</u>	<u>(1,690,234)</u>	<u>425,531</u>	<u>(1,947,951)</u>	<u>(836,755)</u>
Net Increase (decrease) in cash and cash equivalents	<u>(887,023)</u>	<u>1,801,748</u>	<u>(328,026)</u>	<u>686,699</u>	<u>680,094</u>
Cash and cash equivalents at beginning of year	<u>4,168,615</u>	<u>6,321,127</u>	<u>1,065,199</u>	<u>11,554,941</u>	<u>1,413,004</u>
Cash and cash equivalents at end of year	<u><u>3,281,592</u></u>	<u><u>8,122,875</u></u>	<u><u>737,173</u></u>	<u><u>12,141,640</u></u>	<u><u>2,093,098</u></u>
Classified as:					
Current assets	2,936,798	7,853,395	737,173	11,529,366	2,093,098
Restricted assets	342,794	269,480	-	612,274	-
Total	<u>\$ 3,281,592</u>	<u>\$ 8,122,875</u>	<u>\$ 737,173</u>	<u>\$ 12,141,640</u>	<u>\$ 2,093,098</u>
Non-cash disclosure					
Developer contributions	\$ 510,454	\$ 2,708,649	\$ 1,339,193	\$ 4,558,296	\$ -
Proprietary transfers to internal service funds	-	-	-	-	13,602
Governmental transfers to internal service funds	-	-	-	-	52,843

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

(continued)

CITY OF GEORGETOWN, TEXAS

STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2013

	ELECTRIC FUND	WATER SERVICES FUND	NONMAJOR ENTERPRISE FUNDS	TOTAL	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
OPERATING INCOME (LOSS)	\$ 9,244,070	\$ 5,320,540	\$ (94,564)	\$ 14,470,046	\$ (1,537,601)
Adjustments to reconcile operating income (loss) to cash provided by operating activities:					
Depreciation	3,473,765	5,146,573	998,445	9,618,783	2,174,953
Other income	2,332,837	2,555,280	31,141	4,919,258	213,498
Increase (decrease) in unearned revenue	(900,089)	-	-	(900,089)	-
Decrease (increase) in prepaid expenses	(358,000)	(92,885)	-	(450,885)	-
Decrease (increase) in inventories	(1,001,804)	-	7,920	(993,884)	21,363
Decrease (increase) in accounts receivable	164,427	1,072,314	17,562	1,254,303	164,960
Decrease (increase) in customer deposits	(64,487)	(79,521)	-	(144,008)	-
Decrease (increase) in notes receivable	-	61,614	-	61,614	-
Increase (decrease) in accounts payable	1,096,693	(198,317)	(151,665)	746,711	275,243
Increase (decrease) in accrued employee benefits	83,901	20,548	10,509	94,958	9,517
Net cash provided by operating activities	\$ 14,051,313	\$ 13,806,146	\$ 819,348	\$ 28,676,807	\$ 1,321,933

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

CITY OF GEORGETOWN, TEXAS

**STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
AS OF SEPTEMBER 30, 2013**

ASSETS:

Cash and cash equivalents	\$	39,901
Accounts receivable		<u>285,386</u>
TOTAL ASSETS	\$	<u>325,287</u>

LIABILITIES:

Accounts payable	\$	39,901
Due to other governments		<u>285,386</u>
TOTAL LIABILITIES	\$	<u>325,287</u>

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, 2013

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.

BLENDING 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 Position.

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, 2013

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.

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.

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

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.

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.

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

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 position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled utility services which are accrued. Expenses are recognized at the time the liability is incurred.

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

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 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.

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

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, 2013. 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

Certain cash and investments are restricted by various legal and contractual obligations. Included in the restricted assets are capital recovery fees (impact fees) restricted by law for future capital improvements and customer deposits.

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, jet 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.

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

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. 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.

K. 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.

L. 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.

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 position. 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.

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

M. 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 \$345,449 was capitalized in enterprise funds during the 2013 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 2013 were \$4,558,296 and \$66,445 in the internal service funds. Contributed capital is not recorded for governmental type funds, but is recognized as having a value of \$3,000,249.

Capital Assets - Streets & Drainage:

Governmental Accounting Standards Board Statement No. 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 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:

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

- 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 2014. 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.

N. 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 position 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.

O. 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.

P. 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.

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

Q. 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 2013, 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.

R. 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, 2013, there was not a significant risk arising from cash, investments or accounts receivable.

S. 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. The City Council has adopted a financial standard to maintain a General Fund minimum balance of 90 days of budgeted on-going expenditures and 75 days city-wide. 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:

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 restricted to specific purposes that are externally imposed by creditors, grantors, contributors, laws or regulations of other governments, such as hotel/motel tax and bond proceeds.

Committed Fund Balance – describes the portion of fund balance that can only be used for specific purposes with constraints imposed by the formal action of the City Council's adoption of an ordinance, 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 for a specific purpose but is neither restricted nor committed. Assigned fund balances are determined by City management based on Council direction, in accordance with our financial policies adopted by resolution.

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

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	GENERAL	GEORGETOWN TRANSPORTATION ENHANCEMENT CORPORATION	DEBT SERVICE	GENERAL CAPITAL PROJECTS	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Fund Balance:						
Nonspendable						
Inventory	\$ 18,697	\$ -	\$ -	\$ -	\$ -	\$ 18,697
Spendable						
Restricted for:						
Debt service	-	-	1,109,220	-	-	1,109,220
Bond funds	-	-	-	15,438,897	-	15,438,897
Hotel/motel tax	-	-	-	-	515,525	515,525
Street maintenance tax	-	-	-	-	4,957,212	4,957,212
Public safety	-	-	-	-	188,072	188,072
Grants	-	-	-	-	4,508	4,508
Other purposes	-	-	-	-	67,543	67,543
Committed for:						
Contingency	7,400,000	-	-	-	-	7,400,000
Other capital projects	-	12,292,845	-	-	-	12,292,845
Nonmajor funds	-	-	-	-	2,174,368	2,174,368
Assigned to:						
Encumbrances	1,631,482	371,611	-	24,595,193	477,428	27,075,714
Unassigned	3,999,924	-	-	-	-	3,999,924
Total fund balance	\$ 13,050,103	\$ 12,664,456	\$ 1,109,220	\$ 40,034,090	\$ 8,384,656	\$ 75,242,525

T. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunded debt results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental funds report unavailable revenues from property tax revenue.

U. Net Position

Net position represents the difference between assets, liabilities and respective deferred outflow or inflows of resources. Net investments in capital assets net of accumulated depreciation and the outstanding balances of any borrowing spent for that acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through (1) the enabling legislation adopted by the City, (2) through external restrictions imposed by grantors, or (3) laws or regulations of other governments.

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

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 \$8,563,210 and the bank balances were \$7,986,704 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 \$1,114,325 at year end, which is offset by daily liquidity deposits held in Texstar. Bank balances were a positive \$4,552,543. In addition, the City's Certificates of Deposits of \$29,811,075 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, 2013, 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 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.

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

The City's investments carried at fair value as of September 30, 2013, are:

	Primary Government	
	Fair Value	Weighted Average Maturity (days)
<i>Investments</i>		
Certificates of Deposit	\$ 29,811,076	69
Texas Local Government Investment Pool (TexPool)	11,855,814	1
Texas Short Term Asset Reserve Program (TexSTAR)	17,510,757	1
Viewpoint Bank Money Market	162,600	1
Comerica Bank Money Market	8,586,176	1
Southside Bank Money Market	10,037,709	1
BBVA Compass Bank Money Market	18,023,412	1
<i>Total Fair Value of Investments:</i>	<u>\$ 95,987,543</u>	
<i>Portfolio weighted average maturity:</i>		70
 Carrying Amount - Demand Deposits	<u>\$ 8,563,210</u>	
 <i>Total Cash & Investments:</i>	<u>\$ 104,550,753</u>	

	Component Unit	
	Fair Value	Weighted Average Maturity (days)
<i>Investments</i>		
Texas Short Term Asset Reserve Program (TexSTAR)	\$ 3,550,493	1
Comerica Bank Money Market	1,002,050	1
<i>Total Fair Value of Investments:</i>	<u>\$ 4,552,543</u>	
<i>Portfolio weighted average maturity:</i>		1
 Carrying Amount - Demand Deposits	<u>\$ (1,114,325)</u>	
 <i>Total Cash & Investments:</i>	<u>\$ 3,438,218</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, 2013, 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.

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

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

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 2013, 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 \$2,503.

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, 2013 was \$8,621.

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, 2013, was \$.4100 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 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.

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

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:									
T General fund			\$ 331,480	\$ 226,849	\$ 390,747				\$ 949,076
R GTEC		\$ 1,936,820							\$ 1,936,820
A Gen. capital projects				483,073	616,151				\$ 1,079,224
A									
N Nonmajor Funds:									
S Special revenue funds (SRFs)	\$ 46,730			320,000					\$ 366,730
F Internal service funds	79,779			20,000					\$ 99,779
E									
R Enterprise Funds:									
S Major funds:									
Electric	4,171,891		2,007,973		940,772		\$ 69,108		\$ 7,195,714
O Water services	2,202,875		2,007,973		204,493				\$ 4,415,334
U									
T Nonmajor funds:									
Nonmajor enterprise funds	154,428				23,431				\$ 177,859
TOTAL TRANSFERS IN	\$ 6,655,673	\$ 1,936,820	\$ 4,347,426	\$ 1,029,922	\$ 2,181,587	\$ -	\$ 69,108	\$ -	\$ 16,220,536
Transfers eliminated in Government-wide statements:									\$ 4,500,737
Net Transfers:									\$ 11,719,799

The net transfers between the governmental types and business types total \$11,719,799. Per the City's fiscal and budgetary policy, utility operations transfer seven percent of gross billings for utility services 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.

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2013 was as follows:

	Balance 09/30/12	Additions	Deletions & Transfers	Balance 9/30/13
Governmental activities:				
<i>Capital assets not being depreciated</i>				
Land	\$ 8,441,015	\$ 1,413,685	\$ -	\$ 9,854,700
Streets	143,211,246	16,135,122	-	159,346,368
Construction in progress	22,887,835	14,721,478	(21,009,327)	16,599,986
Total capital assets not being depreciated	174,540,096	32,270,285	(21,009,327)	185,801,054
<i>Capital assets being depreciated</i>				
Equipment	31,847,373	2,317,836	(723,336)	33,441,873
Buildings	56,128,979	86,733	-	56,215,712
Improvements	33,250,475	5,578,651	-	38,829,126
Total capital assets being depreciated	121,226,827	7,983,220	(723,336)	128,486,711
<i>Less accumulated depreciation for:</i>				
Equipment	(21,601,921)	(2,484,892)	702,727	(23,384,086)
Buildings	(9,456,536)	(1,247,464)	-	(10,704,000)
Improvements	(11,187,518)	(1,141,528)	-	(12,329,046)
Total accumulated depreciation	(42,245,975)	(4,873,884)	702,727	(46,417,132)
Total capital assets being depreciated, net	78,980,852	3,109,336	(20,609)	82,069,579
Governmental activities capital assets, net	\$ 253,520,948	\$ 35,379,621	\$ (21,029,936)	\$ 267,870,633
Electric activities:				
<i>Capital assets not being depreciated</i>				
Land	\$ 1,120,807	\$ -	\$ -	\$ 1,120,807
Construction in progress	6,668,594	5,868,182	(12,264,860)	271,916
Total capital assets not being depreciated	7,789,401	5,868,182	(12,264,860)	1,392,723
<i>Capital assets being depreciated</i>				
Equipment	1,944,147	124,699	-	2,068,846
Buildings	73,707	-	-	73,707
Improvements	107,275,502	510,455	12,146,527	119,932,484
Total capital assets being depreciated	109,293,356	635,154	12,146,527	122,075,037
<i>Less accumulated depreciation for:</i>				
Equipment	(688,410)	(95,769)	-	(784,179)
Buildings	(30,366)	(4,110)	-	(34,476)
Improvements	(30,190,528)	(3,373,886)	-	(33,564,414)
Total accumulated depreciation	(30,909,304)	(3,473,765)	-	(34,383,069)
Total capital assets being depreciated, net	78,384,052	(2,838,611)	12,146,527	87,691,968
Electric activities capital assets, net	\$ 86,173,453	\$ 3,029,571	\$ (118,333)	\$ 89,084,691

Schedule continued on next page

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Balance 09/30/12	Additions	Deletions & Transfers	Balance 9/30/13
Water services activities:				
<i>Capital assets not being depreciated</i>				
Land	\$ 469,355	\$ -	\$ -	\$ 469,355
Construction in progress	16,198,338	4,932,518	(9,209,310)	11,921,546
Total capital assets not being depreciated	16,667,693	4,932,518	(9,209,310)	12,390,901
<i>Capital assets being depreciated</i>				
Equipment	417,118	29,470	-	446,588
Buildings	3,019,793	-	-	3,019,793
Improvements	199,603,280	2,708,648	8,756,129	211,068,057
Total capital assets being depreciated	203,040,191	2,738,118	8,756,129	214,534,438
<i>Less accumulated depreciation for:</i>				
Equipment	(298,253)	(28,116)	-	(326,369)
Buildings	(1,723,970)	(93,477)	-	(1,817,447)
Improvements	(49,787,500)	(5,024,980)	-	(54,812,480)
Total accumulated depreciation	(51,809,723)	(5,146,573)	-	(56,956,296)
Total capital assets being depreciated, net	151,230,468	(2,408,455)	-	157,578,142
Water services activities capital assets, net	\$ 167,898,161	\$ 2,524,063	\$ (9,209,310)	\$ 169,959,043

Other nonmajor business type activities:

<i>Capital assets not being depreciated</i>				
Land	\$ 981,500	\$ -	\$ -	\$ 981,500
Construction in progress	491,537	798,523	(1,249,810)	40,250
Total capital assets not being depreciated	1,473,037	798,523	(1,249,810)	1,021,750
<i>Capital assets being depreciated</i>				
Equipment	151,627	-	-	151,627
Buildings	3,858,218	-	-	3,858,218
Improvements	33,734,003	1,403,021	1,249,810	36,386,834
Total capital assets being depreciated	37,741,848	1,403,021	1,249,810	40,394,679
<i>Less accumulated depreciation for:</i>				
Equipment	(158,885)	(1,460)	-	(160,345)
Buildings	(2,549,517)	(124,819)	-	(2,674,336)
Improvements	(9,101,680)	(872,166)	-	(9,973,846)
Total accumulated depreciation	(11,810,082)	(998,445)	-	(12,808,527)
Total capital assets being depreciated, net	25,931,766	1,203,099	-	27,586,152
Other nonmajor business-type activities capital assets, net	\$ 27,404,803	\$ 2,001,622	\$ (1,249,810)	\$ 28,607,902

Total Business-type activities:

<i>Capital assets not being depreciated</i>				
Land	\$ 2,571,662	\$ -	\$ -	\$ 2,571,662
Construction in progress	23,358,469	11,599,223	(22,723,980)	12,233,712
Total capital assets not being depreciated	25,930,131	11,599,223	(22,723,980)	14,805,374
<i>Capital assets being depreciated</i>				
Equipment	2,512,892	154,169	-	2,667,061
Buildings	6,949,718	-	-	6,949,718
Improvements	340,612,785	4,622,124	22,152,466	367,387,375
Total capital assets being depreciated	350,075,395	4,776,293	22,152,466	377,004,154
<i>Less accumulated depreciation for:</i>				
Equipment	(1,145,548)	(125,345)	-	(1,270,893)
Buildings	(4,303,853)	(222,408)	-	(4,526,259)
Improvements	(89,079,708)	(9,271,032)	-	(98,350,740)
Total accumulated depreciation	(94,529,109)	(9,618,783)	-	(104,147,892)
Total capital assets being depreciated, net	255,546,286	(4,842,490)	22,152,466	272,856,262
Total business-type activities capital assets, net	\$ 281,476,417	\$ 6,756,733	\$ (571,514)	\$ 287,661,636

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

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

Governmental activities:	
Culture-recreation	\$ 589,650
Development	16,832
Environmental	874
Fire	125,183
General government	1,415,512
Highways & streets	349,206
Police	201,674
Internal service funds	2,174,953
Total depreciation expense governmental activities	\$ 4,873,884
Business-type activities:	
Electric	\$ 3,473,765
Water services	5,146,573
Nonmajor	998,445
Total depreciation expense business-type activities	\$ 9,618,783

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Invested in capital assets (net of related debt)			
Total capital assets (net of accumulated depreciation)	\$ 267,870,633	\$ 287,661,636	\$ 555,532,269
Less long-term debt	(125,693,088)	(58,577,161)	(188,335,249)
Add unspent bond proceeds	32,620,560	1,855,079	37,873,223
Net long-term debt	(93,072,528)	(56,722,082)	(150,462,026)
Invested in capital assets (net of related debt)	\$ 174,798,105	\$ 230,939,554	\$ 405,070,243

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

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, 2013:

	Balance September 30, 2012	Additions	Retirements	Balance September 30, 2013	Due within one year
Governmental activities:					
General obligation bonds (payable from tax pledge)	\$ 100,356,664	\$ 32,562,592	\$ (16,281,149)	\$ 116,638,107	\$ 7,083,052
Premiums	116,645	-	(16,664)	99,981	16,664
Sales tax revenue bonds	9,420,000	-	(465,000)	8,955,000	485,000
Compensated absences	3,235,161	1,564,440	(1,021,838)	3,777,763	1,179,445
Net pension obligation	1,265,086	9,317	-	1,274,403	-
Other Post Employment Benefits	361,220	98,819	-	460,039	-
Arbitrage rebate payable	14,650	-	-	14,650	-
<i>Total governmental activities</i>	<i>114,769,426</i>	<i>34,235,168</i>	<i>(17,784,651)</i>	<i>131,219,943</i>	<i>8,764,161</i>
Business-type activities:					
Revenue bonds	51,425,000	-	(3,970,000)	47,455,000	4,125,000
Premiums	687,649	-	(52,381)	635,268	-
Compensated absences	682,339	370,003	(277,088)	775,254	318,381
Net pension obligation	138,265	2,045	-	140,310	-
General obligation bonds (payable from airport, stormwater and electric revenues)	11,618,336	4,507,408	(1,573,851)	14,551,893	1,126,948
<i>Total business-type activities</i>	<i>64,551,589</i>	<i>4,879,456</i>	<i>(5,873,320)</i>	<i>63,557,725</i>	<i>5,570,329</i>
TOTAL LONG-TERM DEBT	\$ 179,321,015	\$ 39,114,624	\$ (23,657,971)	\$ 194,777,668	\$ 14,334,490

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.

At September 30, 2013, there was \$61,955,000 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, 2013

Fiscal Year Ending September 30	Governmental		Business-type		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 7,568,053	\$ 4,460,303	\$ 5,251,948	\$ 2,410,375	\$ 12,820,001	\$ 6,870,678
2015	7,679,158	4,193,698	5,605,842	2,195,908	13,285,000	6,389,606
2016	7,963,557	3,834,813	4,611,443	2,001,934	12,575,000	5,836,747
2017	8,082,095	3,628,490	4,762,905	1,839,115	12,845,000	5,467,606
2018	7,619,719	3,364,930	4,955,281	1,675,168	12,575,000	5,040,098
2019-2023	36,385,043	13,047,624	20,229,961	5,793,497	56,615,004	18,841,121
2024-2028	30,380,486	6,510,610	14,179,535	2,045,746	44,560,001	8,556,356
2029-2033	13,430,021	2,236,791	2,409,978	165,981	15,839,999	2,402,772
2034-2037	6,484,995	544,369	-	-	6,484,995	544,369
	<u>\$ 125,593,107</u>	<u>\$ 41,821,628</u>	<u>\$ 82,006,893</u>	<u>\$ 18,127,724</u>	<u>\$ 187,600,000</u>	<u>\$ 59,949,352</u>

B. General Obligation Debt

A summary of Tax-Supported General Obligation Debt outstanding at September 30, 2013 follows:

\$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)	\$ 355,000
\$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)	4,760,175
\$7,100,000, 2005A General obligation and Refunding bonds due in annual installments through August 15, 2025; interest at 3.5% to 4.75%	675,000
\$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)	2,255,000
\$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)	10,392,472
\$8,715,000, 2007 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2027; interest at 4% to 4.5%	5,055,000
\$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)	2,682,275
\$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)	4,655,000

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

\$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)	1,676,835
\$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)	2,275,000
\$1,370,000, 2010 General obligation bonds due in annual installments through August 15, 2029; interest at 3% to 4.5%	1,240,000
\$11,930,000, 2010A General obligation bonds due in annual installments through August 15, 2030; interest at 2% to 3.5%	11,335,000
\$9,720,000, 2011 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2031; interest at 2% to 4%	8,905,000
\$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)	1,532,500
\$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)	916,871
\$12,500,000, 2012A General obligation bonds due in annual installments through August 15, 2037; interest at 2.0% to 3.25% (portion included below)	12,500,000
\$9,500,000, 2013 General obligation bonds due in annual installments through August 15, 2037; interest at 2.0% to 3.375% (portion included below)	9,500,000
\$9,646,983, 2013 General obligation and Refunding bonds due in annual installments through August 15, 2025; interest at 2.0% to 4.0% (portion included below)	<u>9,502,337</u>
Subtotal <u>Tax-Supported General Obligation Debt</u>	<u>102,713,465</u>

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

A summary of Self-Supporting General Obligation Debt outstanding at September 30, 2013:

\$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	207,653
\$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	599,826
\$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	1,987,347
\$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	6,630,000
\$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	920,000
\$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 Stormwater Drainage Improvements, \$415,811, to be paid through monthly fees charged to utility customers within City limit	402,528
\$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	457,725
\$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	583,165
\$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	905,000
\$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	2,175,000

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

\$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	1,532,500
\$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	1,952,907
\$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	4,720,221
4,065,000, 2013 Combination tax & revenue certificates of obligation due in annual installments through August 15, 2033; interest at 2.0% to 3.25%; to be paid through Electric and Water utility revenues	4,065,000
\$442,408, 2013 General obligation and Refunding bonds due in annual installments through August 15, 2025; interest at 2.0% to 4.0%; portion dedicated for Airport Improvements, \$254,219, to be paid with Airport fees. Portion dedicated for Stormwater Drainage Improvements, \$188,189 to be paid through monthly fees charged to utility customers within the City limits	435,775
\$915,616, 2013 General obligation and Refunding bonds due in annual installments through August 15, 2025; interest at 2.0% to 4.0%; designated for GTEC capital improvements to be paid through revenues from the ½ cent GTEC sales tax	<u>901,888</u>
Subtotal Self-Supported General Obligation Debt	<u>28,476,535</u>
Total outstanding General Obligation Debt as of September 30, 2013	<u>\$131,190,000</u>
This amount is reported in the government-wide statement of activities as:	
Governmental Activities	\$ 116,638,107
Business-type Activities	<u>14,551,893</u>
	<u>\$131,190,000</u>

C. Advanced Refunding/Defeasance

In prior years, the City defeased 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, 2013, the outstanding balance of the defeased bonds is \$29,375,000.

On June 6, 2013, the City issued \$11,005,000 in General Obligation Refunding Bonds with an average interest rate of 3.4% to advance refund \$145,000 of outstanding Series 2003 Combination Tax and Revenue Certificates of Obligation (average interest rate of 3.96%), \$2,390,000 of outstanding Series 2005 Combination Tax and Revenue Certificates of Obligation (average interest

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

rate of 4.75%), \$3,760,000 of outstanding Series 2005 General Obligation and Refunding Bonds (average interest rate of 4.89%), and \$4,430,000 of outstanding Series 2005A General Obligation Bonds (average interest rate of 4.52%). 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 2003 CO	Series 2005 CO	Series 2005 GO	Series 2005A GO
2014	\$ 145,000	\$ -	\$ -	\$ -
2015	-	-	-	-
2016	-	200,000	790,000	360,000
2017	-	205,000	825,000	375,000
2018	-	215,000	490,000	390,000
2019	-	225,000	510,000	410,000
2020	-	235,000	210,000	430,000
2021	-	240,000	170,000	450,000
2022	-	250,000	180,000	470,000
2023	-	260,000	185,000	490,000
2024	-	275,000	195,000	515,000
2025	-	285,000	205,000	540,000
	\$ 145,000	\$ 2,390,000	\$ 3,760,000	\$ 4,430,000

The City advanced refunded these bonds to reduce its total debt service payments over the next 13 years and to obtain a net economic gain (difference between the present values of debt service payments on the old and new debt) of approximately \$648,000.

D. Sales Tax Revenue Debt – Georgetown Transportation Enhancement Corporation

A summary of Sales Tax Revenue Debt outstanding at September 30, 2013 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	<u>\$ 8,955,000</u>
Total outstanding Sales Tax Revenue Debt as of September 30, 2013	<u>\$ 8,955,000</u>

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

E. Revenue Debt

A summary of Revenue Debt outstanding at September 30, 2013 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%	\$ 175,000
\$6,940,000, 2003 Utility System Revenue bonds due in annual installments through August 15, 2023; interest at 3.55% to 4.55%	355,000
\$4,025,000 2005 Utility System Revenue bonds due in annual installments through August 15, 2025; interest at 2.85% to 4.75%	2,780,000
\$8,665,000 2006 Utility System Revenue bonds due in annual installments through August 15, 2026; interest at 4% to 4.625%	6,515,000
\$3,205,000, 2006 Utility System Revenue & Refunding bonds due in annual installments through August 15, 2020; interest at 4% to 4.5%	2,140,000
\$8,250,000 2007 Utility System Revenue bonds due in annual installments through August 15, 2027; interest at 4% to 4.5%	6,515,000
\$3,935,000, 2007 Utility System Revenue & Refunding bonds due in annual installments through August 15, 2021; interest at 4% to 4.25%	2,285,000
\$9,415,000, 2008 Utility System Revenue bonds due in annual installments through August 15, 2028; interest at 3.5% to 4.625%	7,780,000
\$7,055,000, 2008 Utility System Revenue & Refunding bonds due in annual installments through August 15, 2048; interest at 3.5% to 4%	2,450,000
\$10,120,000, 2010 Utility System Revenue bonds due in annual installments through August 15, 2029; interest at 3% to 4%	9,205,000
\$7,715,000, 2012 Utility System Revenue & Refunding bonds due in annual installments through August 15, 2023; interest at 2% to 4%	<u>7,255,000</u>
Total Outstanding Revenue Debt as of September 20, 2013	<u>\$47,455,000</u>

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, 2013.

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

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, 2013, the outstanding balance of the defeased bonds is \$18,565,000.

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>
2014	\$ 55,000	\$ 45,000
2015	60,000	42,800
2016	60,000	40,400
2017	65,000	38,000
2018	65,000	35,400
2019-2023	375,000	133,650
2024-2027	370,000	42,750
	<u>\$ 1,050,000</u>	<u>\$ 378,000</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 849 municipalities having the benefit plan administered by TMRS, an agent multiple-employer public employee retirement system. Each of the 849 municipalities has an annual, individual actuarial valuation performed. The following assumptions were used for the December 31, 2012 valuations:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	25.1 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%

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

The December 31, 2012 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.

Membership as of 12/31/12	
Number of:	
Active members	476
Retirees and beneficiaries	114
Inactive members	149
Total	739

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 2012	Plan Year 2013
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

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 25.1 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 serves as the basis for the rate and the calendar year when the rate goes into effect. (i.e. December 31, 2012 valuation is effective for rates beginning January 2014).

The City's total payroll in fiscal year 2013 was \$29,406,785 and the City's contributions were based on a payroll of \$29,326,690. Both the City and the covered employees made the required contributions, amounting to \$3,501,439 for the City and \$2,052,768 for the employees. The City's contribution amounted to 11.94% 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		
12/31/2012		
Actuarial Value of Assets	(A)	\$ 69,132,909
Actuarial Accrued Liability	(B)	\$ 79,718,376
Percentage funded	(C)=(A)/(B)	86.7%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	(D)=(B)-(A)	\$ 10,585,467
Annual Covered Payroll	(E)	\$ 27,392,533*
UAAL as a Percentage of Covered Payroll	(D)/(E)	38.6%

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

CITY OF GEORGETOWN, TEXAS**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013****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
09/30/11	\$ 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
09/30/13	\$ 3,512,801	\$ 3,501,439	99.68	\$1,414,713	11.94

C. Net Pension Obligation Calculation

The NPO cost associated with the City's retirement benefits for the fiscal year ended September 30, 2013 and previous years, are as follows:

	2013	2012	2011
Annual required contribution	\$ 3,500,874	\$ 3,280,012	\$ 3,701,920
Interest in net pension obligation	98,235	93,313	98,596
Adjustment to annual required contribution	(86,307)	(80,212)	(81,577)
Annual pension cost	3,512,801	3,293,113	3,718,939
Employer contributions	(3,501,439)	(3,222,805)	(3,700,513)
Change in net pension obligation	\$ 11,362	\$ 70,308	\$ 18,426
Beginning net pension obligation	1,403,351	1,333,043	1,314,617
Net pension obligation	\$ 1,414,713	\$ 1,403,351	\$ 1,333,043

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 and 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 are 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 \$460,039 in 2013 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 \$98,819 over last year's obligation of \$361,220.

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

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

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.

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, 2013:

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, 2013 and previous two years, is as follows:

	2013	2012	2011
Annual required contribution	\$ 122,782	\$ 119,206	\$ 114,434
Interest on net OPEB obligation	16,255	12,037	7,991
Adjustment to annual required contribution	(15,060)	(11,152)	(7,404)
Annual OPEB cost (expense) end of year	123,977	120,091	115,021
Contributions made (pay as you go)	(25,158)	(26,355)	(25,114)
Increase in net OPEB obligation	98,819	93,736	89,907
Net OPEB obligation - beginning of year	361,220	267,484	177,577
Net OPEB obligation - end of year	\$ 460,039	\$ 361,220	\$ 267,484

Assumptions:

	OPEB
Actuarial valuation date	December 31, 2012
Actuarial cost method	Projected unit credit cost method
Amortization method	Level as a percent of payroll
Remaining Amortization Period	30 years, open amortization
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 in the future. Amounts determined regarding the funded status and the annual required contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

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 2013 and the two preceding years are as follows:

Year Ended September 30	Annual OPEB Cost	Employer Contributions	Net OPEB Obligation End of Year	Percentage of Annual OPEB Cost Contributed
2011	\$ 115,021	\$ 25,114	\$ 267,484	22%
2012	120,091	26,355	361,220	22%
2013	123,977	25,158	460,039	20%

Funded Status

Actuarial Valuation as of December 31	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	Percentage of UAAL for Covered Payroll
2011		\$ 854,006	\$ 854,006	0%	\$ 26,111,956	3%
2012		978,491	978,491	0%	27,263,189	4%
2013		978,491	978,491	0%	27,392,533	4%

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 28, 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 13, 2012, per the terms of the WPA, the City of Georgetown delivered to LCRA a notice of termination to be effective on September 13, 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.

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

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 13, 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 2015. GUS is currently evaluating its energy needs through June of 2016. Post 2016, GUS has covered 80% of its needs to 2036, 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 lower rates, which were changed to reflect a cost of service basis at the end of 2013 with higher fixed monthly charges and lower variable kWh rates. Additionally, GUS' new long term contracts are mostly renewable energy and therefore provide a hedge against carbon legislation costs.

- 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, 2013 is \$65.65 per acre foot and the City paid a total of \$2,018,944 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 \$421,764 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 \$1,597,180 for water under this agreement in fiscal year 2013.

- 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 2013 was \$1,021,945. The following schedule reflects the City's obligation:

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

<u>Year Ending September 30</u>	<u>Amount</u>
2014	\$ 1,011,637
2015	1,006,612
2016	1,011,637
2017	1,011,368
2018	1,011,096
2019-2032	<u>16,256,134</u>
Total	\$ 21,308,484

- 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 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 \$66,933 as of September 30, 2013.
 - (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 \$109,227 as of September 30, 2013.
 - (3) **Schunk Quartz** - This facility was completed in January 1998 and lease payments began in February 1998. The business has an outstanding balance of \$109,227 as of September 30, 2013.
- E. **Chisholm Trail Special Utility District (CTSUD) Merger Agreement** - In September 2013, the City and CTSUD approved an agreement to merge CTSUD's system with the City. The City and CTSUD started the discussion of potential merger of the two entities beginning in the fall of 2011. Both parties engaged the services of multiple consultants to investigate the potential options for regionalization, merger, system requirements and financial costs and benefits. A study completed in June 2012 concluded that significant cost savings could accrue to CTUSD utility customers through a consolidation. After review of potential governance structures, a contract was negotiated by both parties that uses the existing Georgetown Utility Systems governance and provides for the purchase of all CTSUD assets by the City in an amount necessary to defease the existing CTSUD debt. The purchase of the system was evaluated and supported by independent consultant review contained in a report published in June 2013. Under the terms of the September 2013 contract, the City began managing CTSUD on November 1, 2013 and will continue to do so until such time that the asset transaction has been approved by appropriate regulatory agencies. Once regulatory approvals are received, the City will purchase the assets, offer employment to the existing CTSUD employees, and accept existing CTSUD customers as "Out of City" customers. Funds for the purchase will come from existing CTSUD cash balance, City Water Services Fund, and debt issuance. The purchase of

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

the CTSUD system and transfer of the approximately 7,300 CTSUD customers is expected to occur late spring of 2014. Once the consolidation is completed, CTSUD will be dissolved.

- F. **Chisholm Trail Special Utility District** - In February 1999, the City and 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. The LWTP expansion was completed in 2013. CTSUD has paid their share of the construction costs via quarterly settlements. The project has not been closed out. Final payment is pending final punch list completion. CTSUD owns 9.59 mgd of capacity in the LWTP representing 33.65% of the total capacity of the plant as of September 30, 2013. CTSUD pays prorata operating costs for all water produced at the LWTP. Once the merger with the City is completed, this treatment capacity will revert back to the City.
- G. **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. Due to high costs to the Developer associated with design of and easement acquisition for the Park Alignment Waterline and the additional engineering, construction and easement acquisition costs related to the required alternate water line, the contract was amended again in May 2013. The amended contract states that the Capacity Payment will bear interest at the rate of 3.6% per annum from January 1, 2013 until paid. The Capacity Payment, plus accrued interest, will be due and payable on the date of closing of the sale of the District's first bond issue and will be paid by the District out of the proceeds of such bonds.
- H. **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, 2013, 6,710 units have been completed.

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

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

also set in this agreement at \$3,292 per unit. As of September 30, 2013 there were 1,710 units under this agreement.

- I. **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 \$224,910 was recognized for 2013. As of September 30, 2013 all costs associated with the Georgetown Village Public Improvement District have been reimbursed.
- 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, 2013, 234 lots had been sold and 117 homes had been completed for this development. PID assessment collection began in 2002. In 2013, PID assessments were \$2,649,103. The developer was reimbursed \$2,617,657 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, 2013, \$10,555,000 of GTEC debt had been issued for this project.

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.

As a practical matter, the sales tax rebate due under the 380 agreement is netted against the PID assessment payable. The net balance in the Public Road Improvement District assessment receivable is \$759,944, including interest, as of September 30, 2013.

- L. **Citigroup, NA, Inc.** - 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.

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

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 2013 (fiscal year 2012/13) is \$105.5 million of appraised market value.

- M. **Advanced Metering Infrastructure (AMI)** - In December 2010, the City Council approved the award of a contract for the acquisition and deployment of an AMI 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. The contract was amended in December 2013 to extend the existing contract through March 31, 2014 at the same price, terms and conditions. As of September 30, 2013, there is \$7,860,030 in expenses associated with this project. The project will be complete when the final acceptance testing is complete and signed off on per schedule B of the contract. The project will be funded with cash reserves and/or revenue bonds issued by the Electric Utility.
- N. **Williams Drive Tax Increment Reinvestment Zone (TIRZ)** was established in November 2006 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, 2013, \$38,184 has been collected, with no proceeds invested in projects.
- 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, 2013, \$627,842 of taxes and interest earnings has been collected, of which \$600,622 had been invested in designated projects within the zone.
- P. **Rivory Park Tax Increment Reinvestment Zone Rivory TIRZ)** was established in 2008 to fund a convention center/hotel complex, as well as, an expansion to Rivory Park. The City and Williamson County agreed to reimburse up to \$25 million for the project. The City will contribute 100% and Williamson County will contribute 80% of their respective property tax valuation increase generated at the 32-acre site to fund the project. The City will remit half of the 1% City sales tax generated at the site to Williamson County as reimbursement. As of September 30, 2013, \$46,641 has been collected with no proceeds invested in projects.
- Q. **Williams Drive Expansion Project** - 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 address repayment for the Williams Drive expansion project as previously approved as a 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 \$7,564,466 of CAMPO funding. The remaining balance of \$4.7 million was paid by the City 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 2014.

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

- R. **GCV Enterprises LLC, dba Grape Creek Winery** - 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 March 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.

11. FINANCIAL HEDGING

In an effort to mitigate the financial and market risk associated with the purchase of natural gas, energy, and congestion price volatility, the City has established a Risk Management Policy. This policy was authorized by the City Council and is led by the Georgetown Utility Services Board. Under this policy, the City enters into forward contracts for natural gas, swaps, and congestion rights for the purpose of reducing exposure to natural gas, energy, and congestion price risk. Use of these types of instruments for the purpose of reducing exposure to price risk is performed as a hedging activity.

At September 30, 2013, the City had multiple outstanding contracts, with wholesale customers to provide power supply and/or qualified scheduling entity services. For the power supply customers, the City charges an energy charge which is based on the quantity of power supplied multiplied by a fixed price, or multiplied by a fixed heat rate and a fuel index price. In order to hedge the City's risk, the City has entered into corresponding power supply agreements with counterparties to hedge against energy price or heat rate fluctuation in the market.

Congestion Revenue Rights

Pre-assigned Congestion Revenue Rights (PCRRs) and Congestion Revenue Rights (CRRs) function as financial hedges against the cost of resolving congestion in the Electric Reliability Council of Texas (ERCOT) market. These instruments allow the City to hedge expected future congestion that may arise during a certain period. CRRs are purchased at auction, annually and monthly at market value. Municipally owned utilities are granted the right to purchase PCRRs annually at 10-20% of the cost of CRRs. These instruments exhibit all three of the characteristics of settlement, leverage, and net settlement to classify them as derivative instruments.

Risks

Credit Risk. The City's over-the-counter agreements for natural gas and energy expose the City to credit risk. In the event of default, the City's operations will not be materially affected. However, the City does not expect the counterparties to fail to meet their obligations. The City maintains contracts with contractual provisions under the EEI (Edison Electric Institute) and EPC (Energy Procurement Contract) agreements.

The congestion revenue rights expose the City to custodial credit risk in the event of default or nonperformance by ERCOT. In the event of default or nonperformance, the City's operations will not be materially affected. However, the City does not expect ERCOT to fail in meeting their obligations as they are a regulatory entity of the State of Texas.

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

Termination Risk. Termination risk is the risk that a derivative will terminate prior to its scheduled maturity date due to a contractual event. Contractual events include illegality, tax and credit events upon merger and other events. The City's exposure to termination risk for over-the counter agreements is minimal due to the high credit rating of the counterparties, and the contractual provisions under the EEI and EPC agreements applied to these contracts. Termination risk is associated with all of the City's derivatives up to their fair value of the instrument.

Netting Arrangements. The City enters into netting arrangements whenever it has entered into more than one derivative transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the transaction's fair values so that a single sum will be owed by or owed to the non-defaulting party.

12. ACCOUNTING CHANGES AND ACCOUNTING STANDARDS

In fiscal year 2013, the City implemented Governmental Accounting Standards (GASB) Statement 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", and Statement 65, "Items Previously Reported as Assets and Liabilities". Statement 63 will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position. The objective of Statement 65 is to either properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or to recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

The implementation of Statement 65 resulted in the reclassification of the beginning net position of the governmental activities in the government-wide financial statements and proprietary funds in the statement of revenues, expenses, and changes in net position. The deferred charges for issuance costs were reclassified as expense of prior periods and resulted in the adjustment below:

Governmental Activities

Net position at September 30, 2012	\$ 198,802,874
Change in reporting for deferred charges for debt issuance costs	(1,710,171)
Net position at September 30, 2012, restated	<u>\$ 197,092,703</u>

Business Type Activities

	Electric Fund	Water Services Fund	Nonmajor Enterprise Funds	Total
Net position at September 30, 2012	\$ 72,619,622	\$ 159,089,183	\$ 26,150,582	\$ 257,859,387
Change in reporting for deferred charges for debt issuance costs	(436,662)	(563,370)	(126,291)	(1,126,323)
Net Position at September 30, 2012, restated	<u>\$ 72,182,960</u>	<u>\$ 158,525,813</u>	<u>\$ 26,024,291</u>	<u>\$ 256,733,064</u>

CITY OF GEORGETOWN, TEXAS

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

13. SUBSEQUENT EVENTS

- A. On December 17, 2013, EDF Renewable Energy (EDF-RE) and Cielo Wind Power LP (Cielo) finalized a Purchased Power Agreement (PPA) with GUS to supply 144MW of power from the Spinning Spur III Wind Project. This project is expected to begin commercial operations slated for late 2015. GUS is a partner with Garland Power and Light in the purchase of the rights to the energy provided from the project, with Garland receiving 50MW of the total 194MW capacity. The PPA also assigns all Renewable Energy Credits generated by the project to GUS and Garland on a ratio basis. The term of the PPA extends for 20 years past the commercial operation date.
- B. Development agreements for a 220-room Sheraton hotel and conference center at the 32-acre Rivery site were approved by City Council on December 10, 2013 and January 14, 2014. The Summit at Rivery Park (Rivery) project will include a 16,000 square-foot conference center that can accommodate up to 4,500 people. Plans for the project include future phases with retail stores, restaurant sites, single-family homes, and multifamily residences for a total project investment of \$150 million, including \$65 million for the hotel, conference center, and parking garage. Private investors will fund most of the project cost.

The site is located within the Rivery TIRZ to capture the increased property valuation by the project. A total of \$16.8 million in future City and County property taxes generated at the site will be used to reimburse the City and the developer for the cost of the hotel and conference center, parking garage, and public improvements. This includes \$12.5 million of investments by the City and 4A Georgetown Economic Development Corporation, \$750,000 by the 4B Georgetown Transportation Enhancement Corporation, and \$3.5 million by the developer.

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.

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 \$22,487,000 for Governmental Funds and approximately \$859,000 for Enterprise Funds.

CITY OF GEORGETOWN, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION – FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

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
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%
2013	69,132,909	79,718,376	86.7%	10,585,467	27,392,533	38.6%

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

Actuarial Valuation as of December 31	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	Percentage of UAAL for Covered Payroll
2011		\$ 854,006	\$ 854,006	0%	\$ 26,111,956	3%
2012		978,491	978,491	0%	27,263,189	4%
2013		978,491	978,491	0%	27,392,533	4%

Source: Gabriel Roeder Smith & Company, Actuarial Valuation Report

Notes:

- (1) Actuarial accrued liabilities for year end 2011 are based on a December 31, 2009 study. Actuarial accrued liabilities for year end 2012 and 2013 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 2013. 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	2011-2013
Arterial	91.91	93.00	89.70
Collector	88.38	93.75	86.30
Local	91.00	92.70	87.50
Total	<u>90.87</u>	<u>93.00</u>	<u>88.00</u>

Costs to Maintain System at Designated Level

Fiscal Year Ending September 30,	2013	2012	2011	2010	2009	2008
Estimated Maintenance Cost	\$2,768,631	\$3,448,359	\$3,350,973	\$3,643,734	\$3,324,234	\$2,985,734
Budgeted Maintenance Cost	3,579,410	3,484,079	3,078,770	3,623,688	3,530,234	4,284,000
Actual Maintenance Cost	3,553,226	3,170,741	3,269,757	2,905,769	2,309,171	2,637,368

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.

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.

PEG Fee – to account for the receipt and expenditure of PEG fees that are legally restricted for capital expenditures related to the City's cable access channel.

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.

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

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, Gateway 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, 2013

	SPECIAL REVENUE FUNDS					
	COURT FEES	CONSERVATION	DEVELOPMENT	FIRE BILLING AND DONATIONS	LIBRARY RESTRICTED	PARKS
ASSETS:						
Cash and cash equivalents	\$ 31,379	\$ 218,702	\$ 191,889	\$ 66,266	\$ 13,225	\$ 385,653
Investments	39,937	278,349	244,234	84,339	16,831	490,831
Accounts receivable:						
Tax	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Other	-	-	23,430	77,676	50,438	375
TOTAL ASSETS	\$ 71,316	\$ 497,051	\$ 459,563	\$ 228,281	\$ 80,494	\$ 876,869
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$ 3,370	\$ 461	\$ 62,334	\$ -	\$ 2,490	\$ 11,027
Unearned revenue	-	-	-	77,676	-	-
Total liabilities	3,370	461	62,334	77,676	2,490	11,027
Fund Balance:						
Restricted	67,946	-	4,508	-	-	-
Committed	-	496,590	102,517	150,605	-	756,512
Assigned	-	-	290,104	-	78,004	109,320
Total fund balance	67,946	496,590	397,229	150,605	78,004	865,832
TOTAL LIABILITIES AND FUND BALANCE	\$ 71,316	\$ 497,051	\$ 459,563	\$ 228,281	\$ 80,494	\$ 876,869

SPECIAL REVENUE FUNDS								TOTAL 2013
PEG FEES	POLICE	STREET TAX	TAX INCREMENT REINVESTMENT ZONES	TOURISM	TRANSPORTATION	VILLAGE PUBLIC IMPROVEMENT DISTRICT		
\$ 29,719	\$ 74,915	\$ 2,051,259	\$ 49,634	\$ 222,700	\$ -	\$ 157,558	\$	3,492,909
37,824	95,347	2,610,894	53,171	263,436	-	200,528		4,445,521
-	-	412,874	-	-	-	-		412,874
-	-	-	-	-	43,361	-		43,361
-	162,763	-	-	44,445	-	444		359,571
<u>\$ 67,543</u>	<u>\$ 333,025</u>	<u>\$ 6,074,827</u>	<u>\$ 112,806</u>	<u>\$ 650,581</u>	<u>\$ 43,361</u>	<u>\$ 358,530</u>	<u>\$</u>	<u>8,764,236</u>
\$ -	\$ 1,409	\$ 117,615	\$ 6,800	\$ 14,056	\$ 43,361	\$ 7,981	\$	270,904
-	-	-	-	21,000	-	-		98,576
-	1,409	117,615	6,800	35,056	43,361	7,981		369,580
67,543	120,126	4,957,212	-	515,525	-	-		5,732,650
-	211,490	-	105,005	-	-	350,549		2,174,368
-	-	-	-	-	-	-		477,428
<u>67,543</u>	<u>331,616</u>	<u>4,957,212</u>	<u>105,005</u>	<u>515,525</u>	<u>-</u>	<u>350,549</u>		<u>8,384,656</u>
<u>\$ 67,543</u>	<u>\$ 333,025</u>	<u>\$ 6,074,827</u>	<u>\$ 112,806</u>	<u>\$ 650,581</u>	<u>\$ 43,361</u>	<u>\$ 358,530</u>	<u>\$</u>	<u>8,764,236</u>

CITY OF GEORGETOWN, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	SPECIAL REVENUE FUNDS					
	COURT FEES	CONSERVATION	DEVELOPMENT	FIRE BILLING AND DONATIONS	LIBRARY RESTRICTED	PARKS
REVENUES:						
Hotel/Motel tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property assessment	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-
Charges for services	-	-	-	109,356	-	-
Fines and forfeitures	68,974	-	-	-	-	-
Grants and donations	-	-	264,584	39,795	140,659	1,250
Investment income	544	2,039	2,186	564	153	3,318
Other	-	259,129	111,610	1,680	-	247,259
Total revenues	69,518	261,168	378,390	151,395	140,812	251,827
EXPENDITURES:						
Culture - recreation	-	275,937	97,564	-	126,912	87,933
Development	-	-	46,740	-	-	-
Fire services	-	-	-	166,772	-	-
Highways and streets	-	-	-	-	-	-
Police	126,469	-	-	-	-	-
Capital outlay	-	-	725,015	-	-	130,964
Total expenditures	126,469	275,937	869,309	166,772	126,912	218,897
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(56,951)	(14,769)	(490,919)	(15,377)	13,900	32,930
OTHER FINANCING SOURCES (USES):						
Transfers in	28,752	-	470,000	-	29,700	-
Transfers out	(46,730)	-	-	-	-	(28,000)
Total other financing sources (uses)	(17,978)	-	470,000	-	29,700	(28,000)
NET CHANGE IN FUND BALANCE	(74,929)	(14,769)	(20,919)	(15,377)	43,600	4,930
FUND BALANCES, Beginning of period	142,875	511,359	416,148	165,982	34,404	860,902
FUND BALANCES, End of period	\$ 67,946	\$ 496,590	\$ 397,229	\$ 150,605	\$ 78,004	\$ 865,832

SPECIAL REVENUE FUNDS							TOTAL 2013
PEG FEES	POLICE	STREET TAX	TAX INCREMENT REINVESTMENT ZONES	TOURISM	TRANSPORTATION	VILLAGE PUBLIC IMPROVEMENT DISTRICT	
\$ -	\$ -	\$ -	\$ -	\$ 553,143	\$ -	\$ -	\$ 553,143
-	-	-	162,380	-	-	224,910	387,290
-	-	2,331,639	-	-	-	-	2,331,639
67,487	-	-	-	-	-	-	176,853
-	-	-	-	-	-	-	68,974
-	69,925	-	-	-	43,361	-	559,584
46	850	15,814	714	2,050	-	2,212	30,490
-	58,403	-	-	95,026	-	-	783,107
<u>67,543</u>	<u>139,178</u>	<u>2,347,453</u>	<u>163,094</u>	<u>650,219</u>	<u>43,361</u>	<u>227,122</u>	<u>4,891,080</u>
-	-	-	-	593,682	-	134,358	1,316,376
-	-	-	-	-	-	-	46,740
-	-	-	-	-	-	-	166,772
-	-	-	-	-	43,361	-	43,361
-	80,081	-	-	-	-	-	206,550
-	-	2,058,467	196,037	-	-	-	3,110,483
-	<u>80,081</u>	<u>2,058,467</u>	<u>196,037</u>	<u>593,682</u>	<u>43,361</u>	<u>134,358</u>	<u>4,890,282</u>
<u>67,543</u>	<u>59,097</u>	<u>288,986</u>	<u>(32,943)</u>	<u>56,537</u>	<u>-</u>	<u>92,764</u>	<u>798</u>
-	10,897	463,073	-	27,500	-	-	1,029,922
-	-	-	(197,000)	(95,000)	-	-	(366,733)
-	<u>10,897</u>	<u>463,073</u>	<u>(197,000)</u>	<u>(67,500)</u>	<u>-</u>	<u>-</u>	<u>663,192</u>
<u>67,543</u>	<u>69,994</u>	<u>752,059</u>	<u>(229,943)</u>	<u>(10,963)</u>	<u>-</u>	<u>92,764</u>	<u>663,990</u>
-	261,622	4,205,153	335,948	526,488	-	257,785	7,720,666
<u>\$ 67,543</u>	<u>\$ 331,616</u>	<u>\$ 4,957,212</u>	<u>\$ 106,095</u>	<u>\$ 515,625</u>	<u>\$ -</u>	<u>\$ 350,549</u>	<u>\$ 8,384,656</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, 2013

	2013			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET
REVENUES:				
Court fees	\$ 93,000	\$ 93,000	\$ 68,974	\$ (24,026)
Investment earnings	800	800	544	(256)
Total revenues	93,800	93,800	69,518	(24,282)
EXPENDITURES:				
Personnel	58,053	58,753	57,805	948
Operations	155,599	128,872	69,066	59,806
Total expenditures	213,652	187,625	126,871	60,754
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(119,852)	(93,825)	(57,353)	36,472
OTHER FINANCING SOURCES (USES):				
Operating transfers in	28,053	28,753	28,752	(1)
Transfers out	(20,000)	(46,727)	(46,727)	-
Total other financing sources (uses)	8,053	(17,974)	(17,975)	(1)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES) - BUDGETARY BASIS	(111,799)	(111,799)	(75,328)	36,473
FUND BALANCE, Beginning of period	111,799	111,799	142,874	31,075
FUND BALANCE - BUDGETARY BASIS, End of period	\$ -	\$ -	67,546	\$ 67,548
Adjustments to GAAP:				
Reverse current year encumbrances			400	
FUND BALANCE - GAAP BASIS End of period			\$ 67,946	

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, 2013**

	2013			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET
REVENUES:				
Investment earnings	\$ 500	\$ 500	\$ 2,039	\$ 1,539
Conservation revenue	240,000	240,000	259,129	19,129
Total revenues	240,500	240,500	261,168	20,668
EXPENDITURES:				
Personnel	-	32,200	28,070	4,130
Operations	242,394	252,292	240,771	11,521
Total expenditures	242,394	284,492	268,841	15,651
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,894)	(43,992)	(7,673)	36,319
FUND BALANCE, Beginning of period	1,894	43,992	503,009	459,017
FUND BALANCE - BUDGETARY BASIS, End of period	\$ -	\$ -	495,336	\$ 495,336
Adjustments to GAAP:				
Reverse current year encumbrances			1,254	
FUND BALANCE - GAAP BASIS End of period			\$ 496,590	

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, 2013**

	2013			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO FINAL BUDGET
REVENUES:				
Grants and entitlements	\$ 135,180	\$ 135,180	\$ 264,594	\$ 129,414
Investment earnings	400	400	2,186	1,786
Technology fee	15,000	48,101	69,997	21,896
Other	50,000	50,000	41,613	(8,387)
Total revenues	200,580	233,681	378,390	144,709
EXPENDITURES:				
Operations	215,801	248,902	145,655	103,247
Capital outlay	1,144,180	1,144,180	741,180	403,000
Total expenditures	1,359,981	1,393,082	886,835	506,247
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,159,401)	(1,159,401)	(508,445)	650,956
OTHER FINANCING SOURCES:				
Transfers in	970,000	970,000	470,000	(500,000)
Total other financing sources	970,000	970,000	470,000	(500,000)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES - BUDGETARY BASIS	(189,401)	(189,401)	(38,445)	150,956
FUND BALANCE, Beginning of period	374,353	374,353	151,863	(222,490)
FUND BALANCE - BUDGETARY BASIS, End of period	\$ 184,952	\$ 184,952	113,418	\$ (71,534)
Adjustments to GAAP:				
Reverse current year encumbrances			263,811	
FUND BALANCE - GAAP BASIS End of period			\$ 397,229	

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, 2013**

	2013		
	ORIGINAL & FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO FINAL BUDGET
REVENUES:			
Grants and entitlements	\$ -	\$ 17,183	\$ 17,183
Investment earnings	2,000	564	(1,436)
Fire incident billings	50,000	109,356	59,356
Other	3,000	24,292	21,292
Total revenues	55,000	151,395	96,395
EXPENDITURES:			
Operations	171,580	149,556	22,024
Total expenditures	171,580	149,556	22,024
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(116,580)	1,839	118,419
FUND BALANCE, Beginning of period	116,580	147,634	31,054
FUND BALANCE - BUDGETARY BASIS, End of period	\$ -	149,473	\$ 149,473
Adjustments to GAAP:			
Reverse current year encumbrances		1,132	
FUND BALANCE - GAAP BASIS End of period		\$ 150,605	

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, 2013**

	2013			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET
REVENUES:				
Grants and entitlements	\$ 51,863	\$ 51,863	\$ 79,280	\$ 27,417
Investment earnings	400	400	153	(247)
Donations	60,000	60,000	61,379	1,379
Total revenues	112,263	112,263	140,812	28,549
EXPENDITURES:				
Personnel	50,863	58,573	58,573	-
Operations	107,268	90,646	51,622	39,024
Capital	-	16,612	16,612	-
Total expenditures	158,131	165,831	126,807	39,024
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(45,868)	(53,568)	14,005	67,573
OTHER FINANCING SOURCES:				
Transfers in	22,000	29,700	29,700	-
Total other financing sources	22,000	29,700	29,700	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES - BUDGETARY BASIS	(23,868)	(23,868)	43,705	67,573
FUND BALANCE, Beginning of period	23,868	23,868	34,293	10,425
FUND BALANCE - BUDGETARY BASIS, End of period	\$ -	\$ -	77,998	\$ 77,998
Adjustments to GAAP:				
Reverse current year encumbrances			6	
FUND BALANCE - GAAP BASIS End of period			\$ 78,004	

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, 2013

	2013		
	ORIGINAL & FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET
REVENUES:			
Investment earnings	\$ 5,200	\$ 3,318	\$ (1,882)
Other	120,250	248,508	128,258
Total revenues	125,450	251,826	126,376
EXPENDITURES:			
Operations	151,031	95,767	55,264
Capital outlay	624,387	153,362	471,025
Total expenditures	775,418	249,129	526,289
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(649,968)	2,697	652,665
OTHER FINANCING (USES):			
Transfers out	(28,000)	(28,000)	-
Total other financing (uses)	(28,000)	(28,000)	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING (USES) - BUDGETARY BASIS	(677,968)	(25,303)	652,665
FUND BALANCE, Beginning of period	677,968	824,283	146,315
FUND BALANCE - BUDGETARY BASIS, End of period	\$ -	798,980	\$ 798,980
Adjustments to GAAP:			
Reverse current year encumbrances		66,862	
FUND BALANCE - GAAP BASIS End of period		\$ 865,832	

CITY OF GEORGETOWN, TEXAS

PEG 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, 2013

	2013		
	ORIGINAL & FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET
REVENUES:			
Investment earnings	\$ -	\$ 46	\$ 46
PEG fee revenue	-	67,497	67,497
Total revenues	-	67,543	67,543
EXPENDITURES:			
Personnel	-	-	-
Operations	-	-	-
Total expenditures	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	-	67,543	67,543
FUND BALANCE, Beginning of period	-	-	-
FUND BALANCE - BUDGETARY BASIS, End of period	\$ -	67,543	\$ 67,543
Adjustments to GAAP:			
Reverse current year encumbrances		-	
FUND BALANCE - GAAP BASIS End of period		\$ 67,543	

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, 2013**

	2013			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET
REVENUES:				
Grants and entitlements	\$ 13,288	\$ 63,288	\$ 41,139	\$ (22,149)
Investment earnings	770	770	849	79
Donations	25,000	25,000	28,954	3,954
Other	2,000	2,000	68,402	66,402
Total revenues	41,058	91,058	139,344	48,286
EXPENDITURES:				
Personnel	26,576	26,576	19,591	6,985
Operations	64,963	114,963	81,183	33,780
Capital outlay	67,968	67,968	17,665	50,303
Total expenditures	159,507	209,507	118,439	91,068
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(118,449)	(118,449)	20,905	139,354
OTHER FINANCING SOURCES:				
Transfers in	-	-	10,897	10,897
Total other financing sources	-	-	10,897	10,897
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES - BUDGETARY BASIS	(118,449)	(118,449)	31,802	150,251
FUND BALANCE, Beginning of period	118,449	118,449	260,594	142,145
FUND BALANCE - BUDGETARY BASIS, End of period	\$ -	\$ -	292,396	\$ 292,396
Adjustments to GAAP:				
Reverse current year encumbrances			39,220	
FUND BALANCE - GAAP BASIS End of period			\$ 331,616	

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, 2013

	2013			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET
REVENUES:				
Sales tax	\$ 2,087,000	\$ 2,087,000	\$ 2,331,639	\$ 244,639
Investment earnings	10,000	10,000	15,814	5,814
Total revenues	2,097,000	2,097,000	2,347,453	250,453
EXPENDITURES:				
Operating				
Capital outlay	1,144,000	2,775,282	2,775,282	-
Total expenditures	1,144,000	2,775,282	2,775,282	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	953,000	(678,282)	(427,829)	250,453
OTHER FINANCING SOURCES:				
Transfers in	-	-	463,073	463,073
Total other financing sources	-	-	463,073	463,073
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES - BUDGETARY BASIS	953,000	(678,282)	35,244	713,526
FUND BALANCE, Beginning of period	1,086,061	2,717,343	2,138,119	(579,224)
FUND BALANCE - BUDGETARY BASIS, End of period	\$ 2,039,061	\$ 2,039,061	2,173,363	\$ 134,302
Adjustments to GAAP:				
Reverse current year encumbrances			2,783,849	
FUND BALANCE - GAAP BASIS End of period			\$ 4,957,212	

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, 2013**

	2013			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET
REVENUES:				
Property assessments	\$ 153,467	\$ 153,467	\$ 162,380	\$ 8,913
Investment earnings	1,000	1,000	714	(286)
Total revenues	154,467	154,467	163,094	8,627
EXPENDITURES:				
Capital Outlay	22,501	196,278	196,036	242
Total expenditures	22,501	196,278	196,036	242
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	131,966	(41,811)	(32,942)	8,869
OTHER FINANCING (USES)				
Transfers out	(197,000)	(197,000)	(197,000)	-
Total other financing (uses)	(197,000)	(197,000)	(197,000)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING (USES) - BUDGETARY BASIS	(65,034)	(238,811)	(229,942)	8,869
FUND BALANCE, Beginning of period	148,163	321,940	332,145	10,205
FUND BALANCE - BUDGETARY BASIS, End of period	\$ 83,129	\$ 83,129	102,203	\$ 19,074
Adjustments to GAAP:				
Reverse current year encumbrances			3,802	
FUND BALANCE - GAAP BASIS End of period			\$ 106,005	

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, 2013**

	2013			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET
REVENUES:				
Hotel/Motel tax	\$ 435,000	\$ 483,623	\$ 553,143	\$ 69,520
Investment earnings	3,500	3,500	2,050	(1,450)
Other	95,870	95,870	95,026	(844)
Total revenues	534,370	582,993	650,219	67,226
EXPENDITURES:				
Personnel	190,891	218,668	218,668	-
Operations	297,722	346,068	346,068	-
Total expenditures	488,613	564,736	564,736	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	45,757	18,257	85,483	67,226
OTHER FINANCING SOURCES (USES):				
Transfers in	-	27,500	27,500	-
Transfers out	(95,000)	(95,000)	(95,000)	-
Total other financing sources (uses)	(95,000)	(67,500)	(67,500)	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES) - BUDGETARY BASIS	(49,243)	(49,243)	17,983	67,226
FUND BALANCE, Beginning of period	476,818	476,818	485,474	8,656
FUND BALANCE - BUDGETARY BASIS, End of period	\$ 427,575	\$ 427,575	503,457	\$ 75,882
Adjustments to GAAP:				
Reverse current year encumbrances			12,068	
FUND BALANCE - GAAP BASIS End of period			\$ 515,525	

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, 2013

	2013			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO FINAL BUDGET
REVENUES:				
Grant Revenue	\$ -	\$ 43,361	\$ 43,361	\$ -
Total revenues	<u>-</u>	<u>43,361</u>	<u>43,361</u>	<u>-</u>
EXPENDITURES:				
Operations	-	43,361	43,361	-
Total expenditures	<u>-</u>	<u>43,361</u>	<u>43,361</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-
FUND BALANCE, Beginning of period	-	-	-	-
FUND BALANCE - BUDGETARY BASIS, End of period	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Adjustments to GAAP:				
Reverse current year encumbrances			-	
FUND BALANCE - GAAP BASIS End of period			<u>\$ -</u>	

CITY OF GEORGETOWN, TEXAS

**VILLAGE PUBLIC 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, 2013**

	2013		
	ORIGINAL & FINAL BUDGET	ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET
REVENUES:			
Property assessments	\$ 225,134	\$ 224,910	\$ (224)
Investment earnings	-	2,212	2,212
Total revenues	225,134	227,122	1,988
EXPENDITURES:			
Operations	225,134	159,677	65,457
Total expenditures	225,134	159,677	65,457
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	67,445	67,445
FUND BALANCE, Beginning of period	177,867	219,989	42,122
FUND BALANCE - BUDGETARY BASIS, End of period	\$ 177,867	287,434	\$ 109,567
Adjustments to GAAP:			
Reverse current year encumbrances		63,115	
FUND BALANCE - GAAP BASIS End of period		\$ 350,549	

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, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS:		
Cash and cash equivalents	\$ 4,644,163	\$ 3,764,478
Investments	5,910,753	4,791,154
Accounts receivable (net of allowance for uncollectible accounts):		
Delinquent taxes	199,571	201,513
Sales taxes	1,857,933	1,465,031
Other	2,446,052	2,018,730
Prepaid items	13,903	5,137
Inventories	4,794	2,110
TOTAL ASSETS	<u>\$ 15,077,169</u>	<u>\$ 12,248,153</u>
LIABILITIES		
Accounts payable	\$ 1,476,720	\$ 1,071,583
Unearned revenue	350,776	545,160
Total liabilities	<u>1,827,496</u>	<u>1,616,743</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	199,570	-
Total deferred inflows of resources	<u>199,570</u>	<u>-</u>
Nonspendable	18,697	2,110
Spendable:		
Committed	7,400,000	7,000,000
Assigned	1,631,482	1,210,247
Unassigned	3,999,924	2,419,053
Total fund balance	<u>13,050,103</u>	<u>10,631,410</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 15,077,169</u>	<u>\$ 12,248,153</u>

CITY OF GEORGETOWN, TEXAS

**GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

	2013	2012
REVENUES:		
Property taxes:		
Current	\$ 9,684,339	\$ 8,932,034
Delinquent	44,828	29,070
Penalties and interest	79,396	92,536
Other	234,550	198,084
Sales tax	10,007,841	8,837,465
Franchise taxes	4,471,487	3,924,052
Licenses and permits	1,536,660	1,236,478
Charges for service	9,302,816	8,268,169
Fines	670,582	616,815
Donations and grants	202,837	17,218
Investment income	34,610	42,523
Other income	1,222,561	519,319
Total revenues	37,492,507	32,713,763
EXPENDITURES:		
Current:		
Culture - recreation	7,945,906	7,183,369
Development	1,579,575	1,890,481
Fire services	8,638,166	7,590,667
General government	2,908,971	2,992,852
Highways and streets	3,378,979	3,424,145
Environmental services	4,857,396	4,823,170
Police	11,471,418	10,498,193
Total expenditures	40,780,411	38,402,877
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	(3,287,904)	(5,689,114)
OTHER FINANCING SOURCES (USES):		
Transfers in	6,655,673	6,200,518
Transfers out	(949,076)	(34,641)
Total other financing sources (uses)	5,706,597	6,165,877
NET CHANGE IN FUND BALANCES	2,418,693	476,763
FUND BALANCES, Beginning of period	10,631,410	10,154,647
FUND BALANCES, End of period	\$ 13,050,103	\$ 10,631,410

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, 2013 (WITH COMPARATIVE FOR 2012)

	ORIGINAL BUDGET	FINAL BUDGET	2013 ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET	2012 ACTUAL BUDGETARY BASIS
REVENUES:					
TAXES:					
Property tax:					
Current	\$ 9,820,000	\$ 10,105,000	\$ 9,684,339	\$ (420,661)	\$ 8,932,034
Delinquent	70,000	70,000	44,828	(25,172)	29,070
Penalties and interest	90,000	90,000	79,396	(10,604)	92,538
Total property tax	9,980,000	10,265,000	9,808,563	(456,437)	9,053,640
Sales tax	8,863,750	8,863,750	10,007,841	1,144,091	8,837,464
Franchise taxes	3,795,460	3,795,460	4,471,487	675,027	3,924,052
Other	208,000	208,000	234,550	26,550	244,763
Total taxes	22,846,210	23,132,210	24,522,441	1,389,231	22,059,919
LICENSES AND PERMITS:					
Permits and inspection fees	971,500	971,500	1,527,833	556,333	1,252,853
Licenses	10,000	10,000	20,225	10,225	7,080
Total licenses and permits	981,500	981,500	1,548,058	566,558	1,259,933
CHARGES FOR SERVICES:					
Library	71,620	71,620	91,783	10,163	75,310
Animal services	2,000	2,000	2,646	646	981
Parks and recreation	2,211,800	2,211,800	1,934,022	(277,778)	1,977,440
Environmental services	6,826,000	6,826,000	5,800,775	(1,025,225)	5,141,546
Fire protection	1,255,000	1,255,000	1,322,643	67,643	911,657
Police support	133,950	133,950	148,422	14,472	137,580
Total charges for services	10,500,370	10,500,370	9,290,281	(1,210,079)	8,244,714
FINES AND FORFEITURES	876,500	876,500	670,581	(205,919)	616,815
INTEREST AND OTHER:					
Investment income	40,000	40,000	34,511	(5,489)	42,703
Rent	169,000	169,000	166,070	(2,930)	160,734
Miscellaneous	233,400	401,385	1,260,455	859,070	375,804
Total interest and other	442,400	610,385	1,461,036	850,651	579,241
TOTAL REVENUES	35,648,980	36,101,955	37,492,407	1,390,442	32,760,622
EXPENDITURES:					
CULTURE - RECREATION:					
Downtown & Community Service Admin.					
Personnel	250,336	331,246	331,216	-	68,553
Operations	39,730	48,515	48,512	3	21,485
Total downtown & community svc admin	300,066	379,761	379,758	3	90,038
Parks:					
Personnel	1,206,416	1,246,521	1,204,363	42,158	1,166,962
Operations	973,601	972,496	937,790	34,706	908,229
Capital outlay	100,000	100,000	99,988	12	49,978
Total parks	2,280,017	2,319,017	2,242,139	76,878	2,125,169
Recreation:					
Personnel	1,020,587	1,044,587	1,030,274	14,313	975,163
Operations	959,940	944,145	935,124	9,021	905,334
Total recreation	1,980,527	1,988,732	1,965,398	23,334	1,880,517
Recreation programs:					
Personnel	872,336	885,058	814,577	70,481	746,766
Operations	818,746	829,128	809,673	19,453	807,060
Total recreation programs	1,691,084	1,714,184	1,624,250	89,934	1,553,826

(continued)

	ORIGINAL BUDGET	FINAL BUDGET	2013 ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET	2012 ACTUAL BUDGETARY BASIS
Library:					
Personnel	\$ 1,060,170	\$ 1,081,270	\$ 1,040,268	\$ 41,012	\$ 927,214
Operations	535,705	535,165	520,739	14,429	558,158
Capital outlay	140,966	141,506	141,505	1	129,885
Total library	1,736,841	1,757,941	1,702,499	55,442	1,615,257
TOTAL CULTURE - RECREATION	7,990,835	8,159,635	7,914,044	245,588	7,264,807
DEVELOPMENT:					
Planning:					
Personnel	706,153	652,227	652,227	-	688,197
Operations	147,134	137,604	100,544	37,060	157,430
Total planning	853,287	789,831	752,771	37,060	845,627
Inspection services:					
Personnel	669,323	639,923	682,766	17,157	588,132
Operations	144,985	144,985	137,855	7,130	93,409
Total inspection services	814,308	844,908	820,621	24,287	681,541
Code enforcement:					
Personnel	230,030	230,865	227,024	3,841	287,739
Operations	85,551	88,726	88,722	-	85,325
Total code enforcement	315,581	319,591	315,746	3,845	353,064
TOTAL DEVELOPMENT	1,983,186	1,954,330	1,889,138	65,192	1,880,232
ENVIRONMENTAL SERVICES:					
Environmental Services					
Personnel	62,767	67,867	55,921	11,946	54,397
Operations	5,184,234	6,034,234	4,795,008	1,239,226	4,708,075
Capital Outlay	5,000	155,000	150,000	5,000	638
Total environmental services	6,252,001	6,257,101	5,000,929	1,256,172	4,763,110
TOTAL ENVIRONMENTAL SERVICES	6,252,001	6,257,101	5,000,929	1,256,172	4,763,110
FIRE SERVICES:					
Support Services:					
Personnel	600,628	632,593	632,590	3	548,540
Operations	425,647	390,742	387,489	3,253	374,592
Total support services	1,026,275	1,023,335	1,020,079	3,256	923,132
Emergency Services:					
Personnel	6,517,328	6,739,948	6,738,779	169	5,356,920
Operations	843,008	892,748	892,660	88	834,592
Capital outlay	-	-	-	-	484,224
Total emergency services	7,360,336	7,631,696	7,631,439	257	6,675,736
TOTAL FIRE SERVICES	8,386,611	8,655,031	8,651,518	3,513	7,598,868
GENERAL GOVERNMENT:					
General government:					
Operations	2,456,233	1,865,846	1,710,105	155,741	1,813,697
Total general government	2,456,233	1,865,846	1,710,105	155,741	1,813,697
City council					
Personnel	221,987	249,952	249,952	-	217,346
Operations	180,583	178,473	135,252	43,221	129,270
Capital outlay	-	1,445	1,445	-	-
Total city council	402,570	429,870	386,649	43,221	346,616

(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, 2013 (WITH COMPARATIVE FOR 2012)

	ORIGINAL BUDGET	FINAL BUDGET	2013 ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET	2012 ACTUAL BUDGETARY BASIS
City manager's office:					
Personnel	\$ 368,047	\$ 441,098	\$ 383,163	\$ 57,935	\$ 455,113
Operations	138,434	156,739	156,735	4	154,491
Capital outlay	-	12,039	12,039	-	40,793
Total city manager's office	506,481	609,876	551,937	57,939	650,397
Communication office:					
Personnel	174,998	190,833	190,833	-	173,501
Operations	86,833	86,698	56,537	10,161	85,082
Total communication office	241,831	257,531	247,370	10,161	258,583
TOTAL GENERAL GOVERNMENT	3,607,215	3,163,123	2,896,061	267,062	3,049,393
HIGHWAYS AND STREETS:					
Transportation Admin.					
Personnel	246,019	256,940	256,940	-	243,909
Operations	70,795	71,674	97,858	(26,184)	17,550
Capital outlay	-	-	28,125	(28,125)	341,485
Total transportation admin	316,814	328,614	382,923	(54,309)	603,044
Streets					
Personnel	1,023,141	917,722	917,722	-	795,542
Operations	1,136,284	1,163,191	1,163,591	-	1,115,419
Capital outlay	1,252,000	1,498,497	1,444,587	54,310	656,736
Total streets	3,411,425	3,579,410	3,525,900	54,310	2,567,697
TOTAL HIGHWAYS AND STREETS	3,728,239	3,908,024	3,908,023	1	3,170,741
POLICE SERVICES:					
Organization and administration:					
Personnel	411,752	420,722	420,721	1	402,480
Operations	1,360,203	1,392,328	1,391,704	624	1,283,959
Capital outlay	-	-	-	-	9,705
Total organization and administration	1,771,955	1,813,050	1,812,425	625	1,696,184
Field operations bureau:					
Personnel	7,749,248	7,681,752	7,577,002	4,750	7,292,520
Operations	361,510	482,321	482,188	133	454,574
Total field operations bureau	8,110,764	8,164,073	8,159,190	4,882	7,757,094
Animal services:					
Personnel	483,077	477,877	475,607	2,270	416,108
Operations	205,057	205,057	192,154	12,903	179,346
Total animal services	688,134	682,934	567,761	15,173	595,454
Municipal court:					
Personnel	413,448	424,758	375,330	49,408	370,084
Operations	117,850	127,260	126,300	960	105,297
Total municipal court	531,298	551,998	501,630	50,368	475,381
TOTAL POLICE SERVICES	11,082,151	11,212,055	11,141,006	71,049	10,524,113

(continued)

	ORIGINAL BUDGET	FINAL BUDGET	2013 ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET	2012 ACTUAL BUDGETARY BASIS
TOTAL EXPENDITURES	\$ 43,030,238	\$ 43,309,299	\$ 41,400,719	\$ 1,908,580	\$ 38,251,284
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,381,258)	(7,207,334)	(3,908,312)	3,299,022	(5,490,842)
OTHER FINANCING SOURCES (USES):					
Transfers in	5,429,042	6,508,821	6,655,673	146,852	6,200,518
Transfers out	(104,553)	(799,076)	(799,076)	-	(34,341)
Total other financing sources (uses)	5,324,489	5,709,745	5,856,597	146,852	6,166,177
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES) - BUDGETARY BASIS	(1,056,769)	(1,497,589)	1,948,285	3,445,874	675,235
FUND BALANCE - BUDGETARY BASIS, Beginning of period	9,025,829	9,466,649	9,470,237	3,586	8,746,109
FUND BALANCE - BUDGETARY BASIS, End of period	\$ 7,969,060	\$ 7,969,060	11,418,522	\$ 3,449,462	9,421,343
Adjustments to GAAP:					
Reverse current year encumbrances			1,631,482		1,210,247
Record net unrealized gain (loss) on investments			99		(180)
FUND BALANCE - GAAP BASIS, End of period			\$ 13,050,103		\$ 10,631,410

CITY OF GEORGETOWN, TEXAS

**GEORGETOWN TRANSPORTATION ENHANCEMENT CORPORATION
COMPARATIVE BALANCE SHEETS
AS OF SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
ASSETS:		
Investments	\$ 9,713,398	\$ 11,341,753
Accounts receivable:		
Sales Tax	825,748	651,125
Grants	<u>2,675,172</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 13,214,318</u>	<u>\$ 11,992,878</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 549,862	\$ 984,908
Total liabilities	<u>549,862</u>	<u>984,908</u>
 Fund Balance:		
Committed	12,292,845	8,770,010
Assigned	<u>371,611</u>	<u>2,237,960</u>
Total fund balance	<u>12,664,456</u>	<u>11,007,970</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 13,214,318</u>	<u>\$ 11,992,878</u>

CITY OF GEORGETOWN, TEXAS

GEORGETOWN TRANSPORTATION ENHANCEMENT CORPORATION
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FISCAL YEAR ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
REVENUES:		
Sales tax	\$ 4,663,277	\$ 4,138,751
Development contributions	484,532	474,726
Investment earnings	19,408	38,303
Grant revenue	2,675,172	-
Other	915,891	-
Total revenues	8,758,280	4,651,780
EXPENDITURES:		
General government	235,202	185,399
Capital outlay	4,066,538	6,352,838
Total expenditures	4,301,740	6,538,237
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,456,540	(1,886,457)
OTHER FINANCING SOURCES (USES):		
Bond proceeds	-	1,650,000
Principal retirement	(465,000)	(450,000)
Interest and fiscal charges	(398,234)	(435,059)
Transfers out	(1,936,820)	(2,880,613)
Total other financing sources (uses)	(2,800,054)	(2,115,672)
NET CHANGE IN FUND BALANCES	1,656,486	(4,002,129)
FUND BALANCES, Beginning of period	11,007,970	15,010,099
FUND BALANCES, End of period	\$ 12,664,456	\$ 11,007,970

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, 2013 (WITH COMPARATIVE FOR 2012)**

	ORIGINAL BUDGET	FINAL BUDGET	2013 ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET	2012 ACTUAL BUDGETARY BASIS
REVENUES:					
Sales tax	\$ 4,050,000	4,050,000	\$ 4,663,277	\$ 613,277	\$ 4,138,751
Grant revenue	-	8,788,230	2,675,172	(5,113,058)	-
Investment earnings	20,000	20,000	19,448	(552)	38,078
Other	530,000	530,000	1,400,423	870,423	474,726
Total revenues	4,600,000	13,388,230	8,758,320	(4,629,910)	4,651,555
EXPENDITURES:					
Operations	268,892	268,892	254,827	14,065	187,084
Capital outlay	4,862,500	15,295,940	3,648,071	11,647,869	4,261,679
Total expenditures	5,131,392	15,564,832	3,902,898	11,661,934	4,448,763
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(531,392)	(2,176,602)	4,855,422	7,032,024	202,792
OTHER FINANCING SOURCES (USES):					
Bond proceeds	-	-	-	-	1,650,000
Principal, interest and fiscal charges	(865,559)	(865,559)	(865,559)	-	(887,309)
Transfers out	(1,949,387)	(1,949,387)	(1,936,820)	12,567	(2,880,613)
Total other financing sources (uses)	(2,814,946)	(2,814,946)	(2,802,379)	12,567	(2,117,922)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES) - BUDGETARY BASIS	(3,346,338)	(4,991,548)	2,053,043	7,044,591	(1,915,130)
FUND BALANCES, Beginning of period	7,710,269	9,355,479	10,286,714	931,235	10,734,338
FUND BALANCES - BUDGETARY BASIS, End of period	\$ 4,363,931	\$ 4,363,931	12,339,757	\$ 7,975,826	8,819,208
Adjustments to GAAP:					
Reverse current year encumbrances			371,610		2,237,960
Record net unrealized gain on investment			834		872
Reverse bond interest			(47,745)		(50,070)
FUND BALANCES - GAAP BASIS End of period			\$ 12,664,456		\$ 11,007,970

CITY OF GEORGETOWN, TEXAS

DEBT SERVICE FUND

COMPARATIVE BALANCE SHEETS

AS OF SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS:		
Investments	\$ 1,109,220	\$ 1,743,931
Accounts receivable:		
Delinquent taxes	<u>136,659</u>	<u>144,235</u>
TOTAL ASSETS	<u>\$ 1,245,879</u>	<u>\$ 1,888,166</u>
 DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Deferred Inflows of Resources:		
Unavailable revenue	\$ <u>136,659</u>	\$ <u>138,842</u>
Total deferred inflows of resources	<u>136,659</u>	<u>138,842</u>
 Fund Balances:		
Restricted	<u>1,109,220</u>	<u>1,749,324</u>
Total fund balances	<u>1,109,220</u>	<u>1,749,324</u>
 TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,245,879</u>	<u>\$ 1,888,166</u>

CITY OF GEORGETOWN, TEXAS

DEBT SERVICE FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES

FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
REVENUES:		
Ad valorem taxes:		
Current	\$ 7,356,823	\$ 6,814,269
Delinquent	32,074	15,727
Total ad valorem taxes	7,388,897	6,829,996
Investment earnings and other	3,758	10,171
Total revenues	<u>7,392,655</u>	<u>6,840,167</u>
EXPENDITURES:		
Principal retirement	5,987,644	5,083,987
Interest and fiscal charges	3,187,838	3,528,979
Total expenditures	<u>9,175,482</u>	<u>8,612,966</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(1,782,827)</u>	<u>(1,772,799)</u>
OTHER FINANCING SOURCES (USES):		
Bond Proceeds	-	3,181,711
Payment to refunding escrow agent	(11,356,689)	(3,416,787)
Transfers in	1,936,820	1,780,613
Refunding bonds issued	10,562,592	-
Total other financing sources (uses)	<u>1,142,723</u>	<u>1,545,537</u>
NET CHANGE IN FUND BALANCES	(640,104)	(227,262)
FUND BALANCES, Beginning of period	1,749,324	1,976,586
FUND BALANCES, End of period	<u><u>\$ 1,109,220</u></u>	<u><u>\$ 1,749,324</u></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, 2013 (WITH COMPARATIVE FOR 2012)

	ORIGINAL & FINAL BUDGET	2013 ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET	2012 ACTUAL BUDGETARY BASIS
REVENUES:				
Ad valorem taxes	\$ 7,250,000	\$ 7,388,897	\$ 138,897	\$ 6,829,995
Investment earnings	10,000	3,897	(6,103)	9,987
Total revenues	7,260,000	7,392,794	132,794	6,839,982
OTHER FINANCING SOURCES (USES):				
Principal, interest and fiscal charges	(9,728,035)	(9,088,525)	639,510	(8,239,806)
Bond proceeds	-	11,005,000	11,005,000	8,415,000
Payment to refunding escrow agent	-	(11,832,350)	(11,832,350)	(9,036,729)
Transfers in	1,949,387	1,936,820	(12,567)	1,780,613
Total other financing sources (uses)	(7,778,648)	(7,979,055)	(200,407)	(7,080,922)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES) - BUDGETARY BASIS				
	(518,648)	(586,261)	(67,613)	(240,940)
FUND BALANCE, Beginning of period	1,701,184	1,695,620	(5,564)	1,936,560
FUND BALANCE - BUDGETARY BASIS, End of period	\$ 1,182,536	1,109,359	\$ (73,177)	1,695,620
Adjustments to GAAP:				
Reverse bond interest		-		53,496
Reverse unrealized (loss) gain on investments		(139)		208
FUND BALANCE - GAAP BASIS End of period		\$ 1,109,220		\$ 1,749,324

CITY OF GEORGETOWN, TEXAS

GENERAL CAPITAL PROJECTS
COMPARATIVE BALANCE SHEETS
AS OF SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS:		
Cash and cash equivalents	\$ 18,081,820	\$ 11,355,809
Investments	23,013,225	14,452,848
Accounts Receivable	<u>107,216</u>	<u>100,842</u>
TOTAL ASSETS	<u>\$ 41,202,261</u>	<u>\$ 25,909,499</u>
 LIABILITIES AND FUND BALANCES:		
Liabilities:		
Accounts payable	\$ 972,406	\$ 1,399,057
Deferred revenue	<u>195,765</u>	<u>195,765</u>
 Total liabilities	<u>1,168,171</u>	<u>1,594,822</u>
 Fund Balances:		
Restricted	15,438,897	18,112,419
Assigned	<u>24,595,193</u>	<u>6,202,258</u>
Total fund balances	<u>40,034,090</u>	<u>24,314,677</u>
 TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 41,202,261</u>	<u>\$ 25,909,499</u>

CITY OF GEORGETOWN, TEXAS

GENERAL CAPITAL PROJECTS

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
REVENUES:		
Investment earnings	\$ 124,363	\$ 106,330
Grants & Donations	57,167	136,824
Other	39,000	809,420
Total revenues	220,530	1,052,574
EXPENDITURES:		
Capital outlay	9,583,600	8,745,206
Total expenditures	9,583,600	8,745,206
DEFICIENCY OF REVENUES OVER EXPENDITURES	(9,363,070)	(7,692,632)
OTHER FINANCING SOURCES (USES)		
Bond proceeds	22,000,000	14,150,000
Interest and fiscal charges	(185,719)	(130,209)
Transfers in	4,347,426	1,100,000
Transfers out	(1,079,224)	(2,415,697)
Total other financing sources (uses)	25,082,483	12,704,094
NET CHANGE IN FUND BALANCES	15,719,413	5,011,462
FUND BALANCES, Beginning of period	24,314,677	19,303,215
FUND BALANCES, End of period	\$ 40,034,090	\$ 24,314,677

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, 2013 (WITH COMPARATIVE FOR 2012)

	ORIGINAL BUDGET	FINAL BUDGET	2013 ACTUAL BUDGETARY BASIS	VARIANCE TO BUDGET	2012 ACTUAL BUDGETARY BASIS
REVENUES:					
Investment earnings	\$ 50,000	\$ 50,000	\$ 124,289	\$ 74,289	\$ 107,185
Grants & Donations	-	-	57,167	57,167	136,824
Other	-	-	39,000	39,000	809,419
Total revenues	50,000	50,000	220,456	170,456	1,053,428
EXPENDITURES:					
Capital outlay	14,405,000	28,703,570	28,379,350	324,220	13,430,397
Bond issuance cost	304,560	304,560	165,719	138,841	130,209
Total expenditures	14,709,560	29,008,130	28,545,069	443,061	13,560,606
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(14,659,560)	(28,958,130)	(28,344,613)	613,517	(12,507,178)
OTHER FINANCING SOURCES (USES):					
Bond proceeds	15,532,560	19,532,560	22,000,000	2,467,440	14,150,000
Transfers in	-	-	4,347,426	4,347,426	1,100,000
Transfers out	(1,843,000)	(1,403,000)	(1,079,224)	323,776	(2,415,697)
Total other financing sources (uses)	13,689,560	18,129,560	25,268,202	7,138,642	12,834,303
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES) - BUDGETARY BASIS	(970,000)	(10,828,570)	(3,076,411)	7,752,159	327,125
FUND BALANCES, Beginning of period	14,996,119	24,854,689	18,515,232	(6,339,457)	17,786,147
FUND BALANCES - BUDGETARY BASIS, End of Period	\$ 14,026,119	\$ 14,026,119	15,438,821	\$ 1,412,702	18,113,272
Adjustments to GAAP:					
Reverse unrealized loss on investments			75		(853)
Reverse current year encumbrances			24,595,194		6,202,258
FUND BALANCES - GAAP BASIS, End of period			\$ 40,034,090		\$ 24,314,677

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 POSITION
NONMAJOR ENTERPRISE FUNDS
AS OF SEPTEMBER 30, 2013

	AIRPORT FUND	STORMWATER DRAINAGE FUND	TOTAL NONMAJOR ENTERPRISE FUNDS
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 81,524	\$ 655,649	\$ 737,173
Investments	103,757	834,463	938,220
Accounts receivable:			
Services (net of allowance for uncollectibles)	254,323	264,443	518,766
Inventories	44,927	-	44,927
Total current assets	484,531	1,754,555	2,239,086
Noncurrent Assets:			
Capital assets:			
Land and land rights	981,500	-	981,500
Distribution system	79,335	30,522,292	30,601,627
Buildings and improvements	9,641,425	-	9,641,425
Machinery, furniture and equipment	137,577	14,050	151,627
Construction in progress	-	40,250	40,250
Less accumulated depreciation	(6,736,453)	(6,072,074)	(12,808,527)
Total capital assets (net of accumulated depreciation)	4,103,384	24,504,518	28,607,902
Total noncurrent assets	4,103,384	24,504,518	28,607,902
TOTAL ASSETS	\$ 4,587,915	\$ 26,259,073	\$ 30,846,988
LIABILITIES AND NET POSITION:			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 67,661	\$ 92,891	\$ 160,552
Accrued Employee benefits	8,074	20,266	28,340
Current portion of long-term debt	137,951	297,127	435,078
Accrued interest	3,858	12,072	15,930
Total current liabilities	217,544	422,356	639,900
Noncurrent liabilities:			
Accrued Employee benefits	11,586	29,444	41,030
Long-term debt payable	614,165	2,564,840	3,179,005
Total noncurrent liabilities	625,751	2,594,284	3,220,035
Total liabilities	843,295	3,016,640	3,859,935
NET POSITION			
Invested in capital assets (net of related debt)	3,351,269	21,642,550	24,993,819
Unrestricted	393,351	1,599,883	1,993,234
Total Net Position	3,744,620	23,242,433	26,987,053
TOTAL LIABILITIES AND NET POSITION	\$ 4,587,915	\$ 26,259,073	\$ 30,846,988

CITY OF GEORGETOWN, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2013

	AIRPORT FUND	STORMWATER DRAINAGE FUND	TOTAL NONMAJOR FUNDS
OPERATING REVENUES:			
Other	\$ 2,906,267	\$ 2,206,108	\$ 5,112,375
Total operating revenues	<u>2,906,267</u>	<u>2,206,108</u>	<u>5,112,375</u>
OPERATING EXPENSES:			
Depreciation	155,598	842,847	998,445
Other	2,967,558	1,240,936	4,208,494
Total operating expenses	<u>3,123,156</u>	<u>2,083,783</u>	<u>5,206,939</u>
NET OPERATING INCOME (LOSS)	<u>(216,889)</u>	<u>122,325</u>	<u>(94,564)</u>
NONOPERATING REVENUES (EXPENSES):			
Investment earnings	1,240	6,805	8,045
Donations and grants	25,589	-	25,589
Interest and fiscal charges	(48,394)	(120,389)	(168,783)
Other	31,141	-	31,141
Total nonoperating revenues (expenses)	<u>9,576</u>	<u>(113,584)</u>	<u>(104,008)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(207,313)</u>	<u>8,741</u>	<u>(198,572)</u>
CONTRIBUTIONS AND TRANSFERS:			
Capital contributions	-	1,339,193	1,339,193
Transfers out	-	(177,859)	(177,859)
Total contributions and transfers	<u>-</u>	<u>1,161,334</u>	<u>1,161,334</u>
CHANGE IN NET POSITION	<u>(207,313)</u>	<u>1,170,075</u>	<u>962,762</u>
TOTAL NET POSITION - beginning of period	3,989,755	22,160,827	26,150,582
RESTATEMENT	<u>(37,822)</u>	<u>(88,469)</u>	<u>(126,291)</u>
TOTAL NET POSITION - beginning of period, as restated	3,951,933	22,072,358	26,024,291
TOTAL NET POSITION - end of period	<u>\$ 3,744,620</u>	<u>\$ 23,242,433</u>	<u>\$ 26,987,053</u>

CITY OF GEORGETOWN, TEXAS

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2013

	AIRPORT FUND	STORMWATER DRAINAGE FUND	TOTAL NONMAJOR ENTERPRISE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 2,922,116	\$ 2,213,373	\$ 5,135,489
Payments to suppliers	(2,699,273)	(1,048,348)	(3,747,621)
Franchise fees	-	(66,183)	(66,183)
Payments to employees for services	(263,034)	(239,303)	(502,337)
Net cash provided by (used for) operating activities	(40,191)	859,539	819,348
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	-	(177,859)	(177,859)
Net cash provided by (used for) noncapital financing activities	-	(177,859)	(177,859)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(63,827)	(798,524)	(862,351)
Donations and grants	25,589	-	25,589
Bond issuance costs	(1,113)	(5,984)	(7,097)
Principal paid on revenue and certificates of obligation bonds	(112,927)	(266,322)	(379,249)
Interest paid on revenue and certificates of obligation bonds	(49,114)	(122,824)	(171,938)
Net cash provided by (used for) capital and related financing activities	(201,392)	(1,193,654)	(1,395,046)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	1,240	6,805	8,045
Change in temporary investments	134,592	282,894	417,486
Net cash provided by (used for) investing activities	135,832	289,699	425,531
Net increase (decrease) in cash and cash equivalents	(105,751)	(222,275)	(328,026)
Cash and cash equivalents at beginning of year	187,275	877,924	1,065,199
Cash and cash equivalents at end of year	\$ 81,524	\$ 655,649	\$ 737,173
Classified as:			
Current assets	81,524	655,649	737,173
Total	\$ 81,524	\$ 655,649	\$ 737,173
Non-cash disclosure			
Developer contributions	\$ -	\$ 1,339,193	\$ 1,339,193

(continued)

CITY OF GEORGETOWN, TEXAS

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)

NONMAJOR ENTERPRISE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2013

	AIRPORT FUND	STORMWATER DRAINAGE FUND	TOTAL NONMAJOR ENTERPRISE FUNDS
OPERATING INCOME (LOSS)	\$ (216,889)	\$ 122,325	\$ (94,564)
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:			
Depreciation	155,598	842,847	998,445
Other income	31,141	-	31,141
Decrease (increase) in inventories	7,920	-	7,920
Decrease (increase) in accounts receivable	10,297	7,265	17,562
Increase (decrease) in accounts payable	(30,120)	(121,545)	(151,665)
Increase (decrease) in accrued employee benefits	1,862	8,647	10,509
Net cash provided by (used in) operating activities	<u>\$ (40,191)</u>	<u>\$ 859,539</u>	<u>\$ 819,348</u>

CITY OF GEORGETOWN, TEXAS

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
AS OF SEPTEMBER 30, 2013**

	FLEET MANAGEMENT FUND	JOINT SERVICES FUND	FACILITIES MAINTENANCE FUND	INFORMATION SERVICES FUND	TOTAL 2013
ASSETS:					
Current:					
Cash and cash equivalents	\$ 940,012	\$ 403,159	\$ 477,662	\$ 272,265	\$ 2,093,098
Investments	1,196,378	513,112	607,933	346,519	2,663,942
Prepaid expense	-	7,400	-	-	7,400
Accounts receivable	-	21,342	-	-	21,342
Inventories	-	330,512	-	-	330,512
Total current assets	<u>2,136,390</u>	<u>1,275,525</u>	<u>1,085,595</u>	<u>618,784</u>	<u>5,116,294</u>
Property and equipment:					
Land and land rights	-	214,066	-	-	214,066
Buildings and improvements	26,181	813,680	831,866	-	1,671,727
Machinery, furniture and equipment	18,940,629	1,171,440	704,641	4,965,842	25,782,552
Units in progress	-	-	459,582	-	459,582
Total property and equipment cost	<u>18,966,810</u>	<u>2,199,186</u>	<u>1,996,089</u>	<u>4,965,842</u>	<u>28,127,927</u>
Less accumulated depreciation	<u>(11,301,220)</u>	<u>(1,941,619)</u>	<u>(1,007,861)</u>	<u>(4,026,154)</u>	<u>(18,276,854)</u>
Net property and equipment	<u>7,665,590</u>	<u>257,567</u>	<u>988,228</u>	<u>939,688</u>	<u>9,851,073</u>
TOTAL ASSETS	<u>\$ 9,801,980</u>	<u>\$ 1,533,092</u>	<u>\$ 2,073,823</u>	<u>\$ 1,558,472</u>	<u>\$ 14,967,367</u>
LIABILITIES AND NET POSITION:					
Liabilities:					
Current liabilities:					
Accounts payable	\$ 107,577	\$ 789,247	\$ 120,682	\$ 109,067	\$ 1,126,573
Accrued employee benefits	15,706	-	16,961	23,561	56,228
Total current liabilities	<u>123,283</u>	<u>789,247</u>	<u>137,643</u>	<u>132,628</u>	<u>1,182,801</u>
Long term liabilities:					
Accrued employee benefits	20,909	-	26,553	34,000	81,462
Total liabilities	<u>144,192</u>	<u>789,247</u>	<u>164,196</u>	<u>166,628</u>	<u>1,264,263</u>
NET POSITION:					
Invested in capital assets (net of related debt)	7,665,590	257,567	988,228	939,688	9,851,073
Unrestricted	<u>1,992,198</u>	<u>486,278</u>	<u>921,399</u>	<u>452,156</u>	<u>3,852,031</u>
Total net position	<u>9,657,788</u>	<u>743,845</u>	<u>1,909,627</u>	<u>1,391,844</u>	<u>13,703,104</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 9,801,980</u>	<u>\$ 1,533,092</u>	<u>\$ 2,073,823</u>	<u>\$ 1,558,472</u>	<u>\$ 14,967,367</u>

CITY OF GEORGETOWN, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2013

	FLEET MANAGEMENT FUND	JOINT SERVICES FUND	FACILITIES MAINTENANCE FUND	INFORMATION SERVICES FUND	TOTAL 2013
OPERATING REVENUES - Charges for services	\$ 2,058,382	\$ 9,127,417	\$ 2,047,778	\$ 2,551,780	\$ 15,785,357
OPERATING EXPENSES:					
Administration	-	796,304	-	-	796,304
Accounting	-	590,809	-	-	590,809
City wide HR services	-	221,894	-	-	221,894
Conservation	-	320,555	-	-	320,555
Economic development administration	-	337,528	-	-	337,528
Employee and organizational services	-	634,574	-	-	634,574
Facilities maintenance contracts	-	-	1,122,301	-	1,122,301
Facilities maintenance services	-	-	621,882	-	621,882
Finance and administration	-	925,570	-	-	925,570
Fleet management operations	366,718	-	-	-	366,718
GIS	-	-	-	368,704	368,704
Information resources	-	-	-	931,202	931,202
Information resources capital replacement & contracts	-	-	-	1,431,036	1,431,036
Joint services contracts	-	1,159,961	-	-	1,159,961
Legal services	-	540,733	-	-	540,733
Main Street	-	128,407	-	-	128,407
Purchasing	-	565,796	-	-	565,796
Service center	1,052,483	-	-	-	1,052,483
Systems engineering	-	1,667,286	-	-	1,667,286
Utility office	-	1,364,262	-	-	1,364,262
Depreciation	1,122,955	20,888	126,637	904,473	2,174,953
Total operating expenses	2,542,156	9,274,567	1,870,820	3,635,415	17,322,958
NET OPERATING INCOME (LOSS)	(483,774)	(147,150)	176,958	(1,083,635)	(1,537,601)
NONOPERATING REVENUES:					
Investment earnings	11,542	1,893	7,804	7,581	28,820
Other	63,880	133,615	-	16,003	213,498
Total nonoperating revenues	75,422	135,508	7,804	23,584	242,318
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(408,352)	(11,642)	184,762	(1,060,051)	(1,295,283)
CONTRIBUTIONS AND TRANSFERS:					
Capital contributions	93,145	-	(40,302)	13,602	66,445
Transfers in	1,596,171	198,243	136,000	251,173	2,181,587
Transfers out	-	-	(99,779)	-	(99,779)
Total contributions and transfers	1,689,316	198,243	(4,081)	264,775	2,148,253
CHANGE IN NET POSITION	1,280,964	186,601	180,681	(795,276)	852,970
NET POSITION, Beginning of period	8,376,824	557,244	1,728,946	2,187,120	12,850,134
NET POSITION, End of period	\$ 9,657,788	\$ 743,845	\$ 1,909,627	\$ 1,391,844	\$ 13,703,104

CITY OF GEORGETOWN, TEXAS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2013

	FLEET MANAGEMENT FUND	JOINT SERVICES FUND	FACILITIES MAINTENANCE FUND	INFORMATION SERVICES FUND	TOTAL 2013
CASH FLOWS FROM OPERATING ACTIVITIES:					
Department contributions	\$ 2,122,262	\$ 9,425,792	\$ 2,047,778	\$ 2,567,983	\$ 16,163,815
Payments to suppliers	(931,563)	(9,002,139)	(1,270,627)	(1,695,766)	(12,900,095)
Payments to employees for services	(486,859)	-	(400,543)	(1,054,385)	(1,941,787)
Net cash provided by (used in) operating activities	703,840	423,653	376,608	(182,168)	1,321,933
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	1,596,171	198,243	136,000	251,173	2,181,587
Transfers out	-	-	(99,779)	-	(99,779)
Net cash provided by (used in) noncapital financing activities	1,596,171	198,243	36,221	251,173	2,081,808
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(1,643,985)	(18,402)	(49,026)	(175,479)	(1,886,892)
Net cash provided by (used in) capital and related financing activities	(1,643,985)	(18,402)	(49,026)	(175,479)	(1,886,892)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received	11,542	1,893	7,804	7,581	28,820
Change in temporary investments	(373,838)	(339,017)	(208,100)	55,380	(865,575)
Net cash provided by (used in) investing activities	(362,296)	(337,124)	(200,296)	62,961	(836,755)
Net increase (decrease) in cash	293,730	266,370	163,507	(43,513)	680,094
Cash and cash equivalents at beginning of year	646,282	136,789	314,155	315,778	1,413,004
Cash and cash equivalents at end of year	940,012	403,159	477,662	272,265	2,093,098
Classified as:					
Current assets	940,012	403,159	477,662	272,265	2,093,098
Total	\$ 940,012	\$ 403,159	\$ 477,662	\$ 272,265	\$ 2,093,098
Non-cash disclosure					
Proprietary transfer to internal service funds	\$ -	\$ -	\$ -	\$ 13,602	\$ 13,602
Governmental transfers to internal service funds	93,145	-	(40,302)	-	52,843

(continued)

CITY OF GEORGETOWN, TEXAS

STATEMENT OF CASH FLOWS (CONTINUED)
INTERNAL SERVICE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2013

	FLEET MANAGEMENT FUND	JOINT SERVICES FUND	FACILITIES MAINTENANCE FUND	INFORMATION SERVICES FUND	TOTAL 2013
OPERATING INCOME (LOSS)	\$ (483,774)	\$ (147,150)	\$ 176,958	\$ (1,083,635)	\$ (1,537,601)
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:					
Depreciation	1,122,955	20,888	126,637	904,473	2,174,953
Other income	63,880	133,615	-	16,003	213,498
Decrease (increase) in inventories	-	21,363	-	-	21,363
Decrease (increase) in accounts receivable	-	164,760	-	200	164,960
Increase (decrease) in accounts payable	1,757	230,177	71,693	(28,384)	275,243
Increase (decrease) in accrued employee benefits	(978)	-	1,320	9,175	9,517
<i>Net cash provided by (used in) operating activities</i>	<u>\$ 703,840</u>	<u>\$ 423,653</u>	<u>\$ 376,608</u>	<u>\$ (182,168)</u>	<u>\$ 1,321,933</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 POSITION
AS OF SEPTEMBER 30, 2013 and 2012**

	TOTALS	
	2013	2012
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$ 2,938,798	\$ 3,797,448
Cash and cash equivalents - restricted	342,794	371,167
Investments	3,740,288	2,983,709
Investments - restricted	436,392	472,441
Prepaid expenses	358,000	-
Accounts receivable:		
Services (net of allowance for uncollectibles)	8,455,398	8,821,328
Other	519,336	317,833
Inventories	3,322,546	2,320,742
<i>Total current assets</i>	<u>20,113,552</u>	<u>19,084,668</u>
Noncurrent Assets:		
Deferred charges - bond issuance costs	-	(107,125)
<i>Total noncurrent assets</i>	<u>-</u>	<u>(107,125)</u>
Property and Equipment:		
Land and land rights	1,120,807	1,120,807
Distribution system	119,932,483	107,275,802
Buildings and improvements	73,707	73,707
Machinery, furniture and equipment	2,068,846	1,944,147
Construction in progress	271,916	8,668,594
<i>Total cost property and equipment</i>	<u>123,467,759</u>	<u>117,082,757</u>
Less accumulated depreciation	(34,383,069)	(30,909,304)
<i>Net property and equipment</i>	<u>89,084,690</u>	<u>86,173,453</u>
TOTAL ASSETS	\$ 109,198,242	\$ 105,150,996
LIABILITIES AND NET ASSETS:		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 4,661,348	\$ 3,564,655
Accrued employee benefits	177,643	150,152
Current portion of long-term debt	2,099,971	2,141,899
Accrued interest	130,996	130,669
<i>Total current liabilities payable from unrestricted assets</i>	<u>7,069,958</u>	<u>5,987,375</u>
Current liabilities payable from restricted assets:		
Construction contracts and retainages payable	3,375	3,375
Customer deposits	779,078	843,565
<i>Total current liabilities payable from restricted assets</i>	<u>782,453</u>	<u>846,940</u>
<i>Total current liabilities</i>	<u>7,852,411</u>	<u>6,834,315</u>
Long term liabilities:		
Accrued employee benefits	391,335	354,925
Unearned revenue	-	900,089
Long-term debt	24,885,720	24,442,045
<i>Total noncurrent liabilities</i>	<u>25,277,055</u>	<u>25,697,059</u>
<i>Total liabilities</i>	<u>33,129,466</u>	<u>32,531,374</u>
Net Position:		
Invested in capital assets (net of related debt)	64,131,499	59,589,509
Unrestricted	11,937,277	13,030,113
<i>Total net position</i>	<u>76,068,776</u>	<u>72,619,622</u>
TOTAL LIABILITIES AND NET POSITION	\$ 109,198,242	\$ 105,150,996

CITY OF GEORGETOWN, TEXAS

ELECTRIC FUND COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
OPERATING REVENUES:		
Electric services	\$ 53,780,319	\$ 58,403,735
Other:		
Penalties	389,745	424,018
Connection and hookup fees	573,915	516,862
Total other	963,660	940,880
TOTAL OPERATING REVENUES	54,743,979	59,344,615
OPERATING EXPENSES:		
Electric operations:		
Personnel	4,118,430	3,867,723
Operations	3,147,003	4,960,316
Total electric operations	7,265,433	8,828,039
Depreciation	3,473,765	4,668,209
Electric contracts	34,760,711	41,881,695
TOTAL OPERATING EXPENSES	45,499,909	55,377,943
NET OPERATING INCOME	9,244,070	3,966,672
NONOPERATING REVENUES (EXPENSES):		
Investment earnings	37,282	57,443
Interest and fiscal charges	(1,043,113)	(1,029,405)
Donations and grants	-	7,272
Other	2,332,837	2,122,625
Total nonoperating revenues (expenses)	1,327,006	1,157,935
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	10,571,076	5,124,607
CONTRIBUTIONS AND TRANSFERS:		
Capital contributions	510,454	911,231
Transfers out	(7,195,714)	(4,175,597)
Total contributions and transfers	(6,685,260)	(3,264,366)
CHANGE IN NET POSITION	3,885,816	1,860,241
NET POSITION, Beginning of period	72,619,622	70,759,381
RESTATEMENT	(436,662)	-
NET POSITION, End of period	\$ 76,068,776	\$ 72,619,622

CITY OF GEORGETOWN, TEXAS

WATER SERVICES FUND

COMPARATIVE STATEMENTS OF NET POSITION

AS OF SEPTEMBER 30, 2013 and 2012

	TOTALS	
	2013	2012
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$ 7,853,395	\$ 5,802,544
Cash and cash equivalents - restricted	269,480	418,583
Investments	9,995,656	7,512,824
Investments - restricted	2,198,051	2,909,554
Prepaid expenses	1,935,843	1,842,958
Accounts receivable:		
Services (net of allowance for uncollectibles)	3,960,650	4,188,880
Other	504,809	1,348,693
<i>Total current assets</i>	<u>26,717,684</u>	<u>24,124,136</u>
Noncurrent Assets:		
Long-term note receivables	1,053,422	1,115,036
Deferred charges - bond issuance costs	-	451,493
<i>Total noncurrent assets</i>	<u>1,053,422</u>	<u>1,566,529</u>
Property and Equipment:		
Land and land rights	469,356	469,355
Distribution system	211,088,057	199,603,280
Buildings and improvements	3,019,793	3,019,793
Machinery, furniture and equipment	446,588	417,118
Construction in progress	11,921,546	16,198,338
<i>Total cost property and equipment</i>	<u>226,925,339</u>	<u>219,707,884</u>
Less accumulated depreciation	<u>(56,956,296)</u>	<u>(51,809,723)</u>
<i>Net property and equipment</i>	<u>169,969,043</u>	<u>167,898,161</u>
TOTAL ASSETS	\$ 197,740,149	\$ 193,588,826
LIABILITIES AND NET POSITION:		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 785,467	\$ 983,814
Accrued employee benefits	112,397	103,305
Current portion of long-term debt	2,716,899	2,557,883
Accrued interest	153,521	156,663
<i>Total current liabilities payable from unrestricted assets</i>	<u>3,768,414</u>	<u>3,801,665</u>
Current liabilities payable from restricted assets:		
Construction contracts and retainages payable	556,918	636,439
<i>Total current liabilities payable from restricted assets</i>	<u>556,918</u>	<u>636,439</u>
<i>Total current liabilities</i>	<u>4,325,332</u>	<u>4,438,104</u>
Long term liabilities:		
Accrued employee benefits	164,818	153,362
Long-term debt	29,325,488	29,808,177
<i>Total noncurrent liabilities</i>	<u>29,490,306</u>	<u>30,061,539</u>
<i>Total liabilities</i>	<u>33,815,638</u>	<u>34,499,643</u>
Net Position:		
Invested in capital assets (net of related debt)	141,814,236	137,809,013
Unrestricted	22,110,275	21,280,170
<i>Total net position</i>	<u>163,924,511</u>	<u>159,089,183</u>
TOTAL LIABILITIES AND NET POSITION	\$ 197,740,149	\$ 193,588,826

CITY OF GEORGETOWN, TEXAS

**WATER SERVICES FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
OPERATING REVENUES:		
Water/Irrigation:		
Water services	\$ 16,326,998	\$ 16,432,979
Wastewater services	8,384,470	8,281,802
Irrigation services	218,940	311,820
Water/Wastewater tap fees	1,317,047	692,412
Total water/irrigation	<u>26,247,455</u>	<u>25,719,013</u>
Other:		
Penalties	185,949	193,399
Connection and hookup fees	60,007	57,458
Service fees	750,952	626,639
Total other	<u>996,908</u>	<u>877,496</u>
TOTAL OPERATING REVENUES	<u>27,244,363</u>	<u>26,596,509</u>
OPERATING EXPENSES:		
Water services distribution:		
Personnel	2,317,767	2,304,673
Operations	5,419,774	4,749,191
Total water services distribution	<u>7,737,541</u>	<u>7,053,864</u>
Depreciation	5,146,573	5,061,453
Water services plant management	2,320,108	2,349,341
Water services contracts	6,719,601	6,419,051
TOTAL OPERATING EXPENSES	<u>21,923,823</u>	<u>20,883,709</u>
NET OPERATING INCOME	<u>5,320,540</u>	<u>5,712,800</u>
NONOPERATING REVENUES (EXPENSES):		
Investment earnings	80,995	87,017
Interest and fiscal charges	(920,540)	(713,569)
Other	2,555,280	1,844,052
Total nonoperating revenue (expenses)	<u>1,715,735</u>	<u>1,217,500</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	<u>7,036,275</u>	<u>6,930,300</u>
CONTRIBUTIONS AND TRANSFERS:		
Capital contributions	2,708,649	1,527,292
Transfers in	69,108	69,108
Transfers out	(4,415,334)	(2,209,300)
Total contributions and transfers	<u>(1,637,577)</u>	<u>(612,900)</u>
CHANGE IN NET POSITION	<u>5,398,698</u>	<u>6,317,400</u>
NET POSITION, Beginning of period	159,089,183	152,771,783
RESTATEMENT	(563,370)	-
NET POSITION, End of period	<u>\$ 163,924,511</u>	<u>\$ 159,089,183</u>

CITY OF GEORGETOWN, TEXAS

**STORMWATER DRAINAGE FUND
COMPARATIVE STATEMENTS OF NET POSITION
AS OF SEPTEMBER 30, 2013 and 2012**

	TOTALS	
	2013	2012
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$ 655,649	\$ 877,924
Investments	834,463	1,117,357
Accounts receivable:		
Services (net of allowance for uncollectibles)	264,443	271,708
Total current assets	<u>1,754,555</u>	<u>2,266,989</u>
Noncurrent Assets:		
Deferred charges - bond issuance costs	-	82,485
Total noncurrent assets	<u>-</u>	<u>82,485</u>
Property and Equipment:		
Distribution system	30,522,292	27,933,290
Machinery, furniture and equipment	14,050	14,050
Construction in progress	40,250	491,536
Total cost property and equipment	30,576,592	28,438,876
Less accumulated depreciation	(6,072,074)	(5,229,228)
Net property and equipment	<u>24,504,518</u>	<u>23,209,648</u>
TOTAL ASSETS	<u>\$ 26,259,073</u>	<u>\$ 25,559,122</u>
LIABILITIES AND NET POSITION:		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 92,891	\$ 214,436
Accrued employee benefits	20,266	16,398
Current portion of long-term debt	297,127	280,163
Accrued interest	12,072	14,507
Total current liabilities	<u>422,356</u>	<u>525,504</u>
Long term liabilities:		
Accrued employee benefits	29,444	24,665
Long-term debt	2,564,840	2,848,126
Total noncurrent liabilities	<u>2,594,284</u>	<u>2,872,791</u>
Total liabilities	<u>3,016,640</u>	<u>3,398,295</u>
Net Position:		
Invested in capital assets (net of related debt)	21,642,550	20,081,359
Unrestricted	1,599,883	2,079,468
Total net position	<u>23,242,433</u>	<u>22,160,827</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 26,259,073</u>	<u>\$ 25,559,122</u>

CITY OF GEORGETOWN, TEXAS

STORMWATER DRAINAGE FUND COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
OPERATING REVENUES:		
Stormwater drainage fees	\$ 2,189,968	\$ 2,118,378
Other:		
Penalties	16,140	14,432
Total other	16,140	14,432
TOTAL OPERATING REVENUES	2,206,108	2,132,810
OPERATING EXPENSES:		
Stormwater drainage:		
Personnel	247,950	191,642
Operations	992,987	835,752
Capital Outlay	-	2,146
Total stormwater drainage	1,240,936	1,029,540
Depreciation	842,847	773,304
TOTAL OPERATING EXPENSES	2,083,783	1,802,844
NET OPERATING INCOME	122,325	329,966
NONOPERATING REVENUES (EXPENSES):		
Investment earnings	6,805	9,689
Interest and fiscal charges	(120,389)	(102,175)
Total nonoperating revenue (expenses)	(113,584)	(92,486)
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	8,741	237,480
CONTRIBUTIONS AND TRANSFERS:		
Capital contributions	1,339,193	1,479,198
Transfers out	(177,859)	(149,297)
Total contributions and transfers	1,161,334	1,329,901
CHANGE IN NET POSITION	1,170,075	1,567,381
NET POSITION, Beginning of period	22,160,827	20,593,446
RESTATEMENT	(88,469)	-
NET POSITION, End of period	\$ 23,242,433	\$ 22,160,827

CITY OF GEORGETOWN, TEXAS

AIRPORT FUND

COMPARATIVE STATEMENTS OF NET POSITION
AS OF SEPTEMBER 30, 2013 and 2012

	TOTALS	
	2013	2012
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$ 81,524	\$ 187,275
Investments	103,757	238,349
Accounts receivable:		
Services (net of allowance for uncollectibles)	254,323	264,620
Inventories	44,927	52,847
Total current assets	<u>484,531</u>	<u>743,091</u>
Noncurrent Assets:		
Deferred charges - bond issuance costs	-	36,709
Total noncurrent assets	<u>-</u>	<u>36,709</u>
Property and Equipment:		
Land and land rights	981,500	981,500
Distribution system	79,335	79,335
Buildings and improvements	9,641,425	9,577,597
Machinery, furniture and equipment	137,577	137,577
Total cost property and equipment	10,839,837	10,776,009
Less accumulated depreciation	(6,736,453)	(6,580,854)
Net property and equipment	<u>4,103,384</u>	<u>4,195,155</u>
TOTAL ASSETS	\$ 4,587,915	\$ 4,974,955
LIABILITIES AND NET POSITION:		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 67,661	\$ 97,781
Accrued employee benefits	8,074	7,233
Current portion of long-term debt	137,951	125,778
Accrued interest	3,858	4,578
Total current liabilities	<u>217,544</u>	<u>235,370</u>
Long term liabilities:		
Accrued employee benefits	11,586	10,565
Long-term debt	614,165	739,265
Total noncurrent liabilities	<u>625,751</u>	<u>749,830</u>
Total liabilities	<u>843,295</u>	<u>985,200</u>
Net Position:		
Invested in capital assets (net of related debt)	3,351,269	3,330,111
Unrestricted	393,351	659,644
Total net position	<u>3,744,620</u>	<u>3,989,755</u>
TOTAL LIABILITIES AND NET POSITION	\$ 4,587,915	\$ 4,974,955

CITY OF GEORGETOWN, TEXAS

AIRPORT FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES

AND CHANGES IN FUND NET POSITION

FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
OPERATING REVENUES:		
Fuel sales	\$ 2,332,610	\$ 2,341,998
Contract leases	215,079	217,024
Hangar/tie down rental fees	345,916	320,322
Terminal sales	2,985	1,800
Other	9,677	-
TOTAL OPERATING REVENUES	2,906,267	2,881,144
OPERATING EXPENSES:		
Administration:		
Personnel	264,896	258,437
Operations	2,718,962	2,459,478
Capital	(16,300)	90,772
Total administration	2,967,558	2,808,687
Depreciation	155,598	157,432
TOTAL OPERATING EXPENSES	3,123,156	2,966,119
NET OPERATING LOSS	(216,889)	(84,975)
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	1,240	2,180
Interest and fiscal charges	(48,394)	(46,626)
Donations and grants	25,589	140,329
Other	31,141	37,291
Total nonoperating revenues (expenses)	9,576	133,174
TRANSFERS:		
Transfers out	-	(45,940)
Total transfers	-	(45,940)
CHANGE IN NET POSITION	(207,313)	2,259
NET POSITION, Beginning of period	3,989,755	3,987,496
RESTATEMENT	(37,822)	-
NET POSITION, End of period	\$ 3,744,620	\$ 3,989,755



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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.

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, 2013

	BALANCE OCTOBER 1, 2012	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30, 2013
Public Improvement Districts:				
ASSETS:				
Cash and cash equivalents	\$ 4,079	\$ 2,653,478	\$ 2,617,656	\$ 39,901
Accounts receivable	257,451	-	257,451	-
TOTAL ASSETS	\$ 261,530	\$ 2,653,478	\$ 2,875,107	\$ 39,901
LIABILITIES:				
Accounts payable	\$ 8,766	\$ 2,653,478	\$ 2,622,343	\$ 39,901
Due to other governments	252,764	-	252,764	-
TOTAL LIABILITIES	\$ 261,530	\$ 2,653,478	\$ 2,875,107	\$ 39,901
Texas Capital Fund Repayments:				
ASSETS:				
Accounts receivable	\$ 359,143	\$ -	\$ 73,757	\$ 285,386
TOTAL ASSETS	\$ 359,143	\$ -	\$ 73,757	\$ 285,386
LIABILITIES:				
Due to other governments	\$ 359,143	\$ -	\$ 73,757	\$ 285,386
TOTAL LIABILITIES	\$ 359,143	\$ -	\$ 73,757	\$ 285,386
TOTAL AGENCY FUNDS				
ASSETS:				
Cash and cash equivalents	\$ 4,079	\$ 2,653,478	\$ 2,617,656	\$ 39,901
Accounts receivable	616,594	-	331,208	285,386
TOTAL ASSETS	\$ 620,673	\$ 2,653,478	\$ 2,948,864	\$ 325,287
LIABILITIES:				
Accounts payable	\$ 8,766	\$ 2,653,478	\$ 2,622,343	\$ 39,901
Due to other governments	611,907	-	326,521	285,386
TOTAL LIABILITIES	\$ 620,673	\$ 2,653,478	\$ 2,948,864	\$ 325,287

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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
GOVERNMENTAL FUNDS CAPITAL ASSETS		
Land	\$ 9,654,248	\$ 8,226,949
Buildings	55,722,175	55,618,858
Improvements	197,002,817	175,327,032
Machinery, furniture and equipment	7,640,195	7,326,131
Construction in progress	16,140,405	22,390,637
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 286,159,840</u>	<u>\$ 268,889,607</u>
 INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS		
General Fund	\$ 6,388,676	\$ 6,262,773
Capital Projects Funds:		
General obligation bonds and certificates of obligation	113,184,984	103,339,203
State grant	4,100,020	1,007,385
Other	146,647,916	145,400,368
Special Revenue Funds:		
Federal grant	2,265,506	2,265,506
Other	4,415,116	2,383,250
State grant	2,351,975	2,351,975
Transfer from proprietary fund	4,829,208	3,902,708
Acquisitions prior to August 31, 1985 - source undetermined	1,976,439	1,976,439
TOTAL INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 286,159,840</u>	<u>\$ 268,889,607</u>

CITY OF GEORGETOWN, TEXAS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE BY FUNCTION AND ACTIVITY AS OF SEPTEMBER 30, 2013

FUNCTION AND ACTIVITY	LAND	BUILDINGS	IMPROVEMENTS	EQUIPMENT	CONSTRUCTION IN PROGRESS	TOTAL
Culture-recreation						
Library	\$ -	\$ 11,073,082	\$ 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	1,527,664	2,149,070	1,149,529	1,050,069	-	5,876,332
Total culture-recreation	2,271,243	13,867,300	5,508,666	2,252,310	-	23,899,519
Development						
Planning administration	-	-	-	124,728	-	124,728
Planning	-	-	-	34,212	-	34,212
Long range planning	-	-	-	-	-	-
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	-	1,954,547	103,509	-	2,071,670
Operations	-	2,696,011	241,360	570,622	-	3,507,993
Total fire	13,614	2,696,011	2,195,897	674,131	-	5,579,653
General Government						
City council	593,084	522,136	146,832	107,998	-	1,370,050
City manager's office	296,852	-	115,592	24,507	-	437,041
Facilities	681,044	30,593,495	3,725,517	355,686	-	36,335,742
General government	2,330,046	7,190,181	4,471,698	673,784	-	14,665,709
Total general government	3,881,026	38,305,812	8,459,639	1,162,065	-	51,808,542
Highways and streets						
Bridges	-	-	10,277,022	-	-	10,277,022
Streets	-	-	150,457,232	349,409	-	150,806,641
Streets capital improvements	2,994,365	-	19,522,043	423,044	-	22,939,452
Total highways and streets	2,994,365	-	180,256,297	772,453	-	184,023,115
Police						
Administration	-	65,521	466,829	1,429,198	-	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	9,654,248	55,722,175	197,002,817	7,840,195	-	270,319,435
CONSTRUCTION IN PROGRESS	-	-	-	-	16,140,405	16,140,405
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 9,654,248	\$ 55,722,175	\$ 197,002,817	\$ 7,840,195	\$ 16,140,405	\$ 288,359,840

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, 2013

FUNCTION AND ACTIVITY	BALANCE 9/30/2012	ADDITIONS	DELETIONS	BALANCE 9/30/2013
Culture-recreation				
Library	\$ 12,056,622	\$ -	\$ -	\$ 12,056,622
Parks administration	2,551,974	-	-	2,551,974
Parks maintenance	3,414,591	-	-	3,414,591
Recreation	4,227,287	1,649,045	-	5,876,332
Total culture-recreation	22,250,474	1,649,045	-	23,899,519
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	30,489	-	-	30,489
Total economic development	30,489	-	-	30,489
Environmental services				
Environmental services	573,573	-	-	573,573
Total environmental services	573,573	-	-	573,573
Fire				
Administration	83,557	2,074,847	-	2,158,404
Operations	3,389,347	118,637	-	3,507,984
Total fire	3,472,904	2,193,484	-	5,666,388
General government				
City council	1,370,050	-	-	1,370,050
City manager's office	430,163	6,878	-	437,041
Facilities	30,506,886	-	-	30,506,886
General government	19,287,887	119,944	-	19,407,831
Total general government	51,594,986	126,822	-	51,721,808
Highways and streets				
Bridges	9,586,191	-	-	9,586,191
Streets	149,470,255	2,793,285	-	152,263,540
Streets capital improvements	5,415,554	16,757,829	-	22,173,383
Total highways and streets	164,472,000	19,551,114	-	184,023,114
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	246,498,970	23,520,465	-	270,019,435
CONSTRUCTION IN PROGRESS	22,390,637	14,718,793	20,969,025	16,140,405
	22,390,637	14,718,793	20,969,025	16,140,405
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 268,889,607	\$ 38,239,258	\$ 20,969,025	\$ 286,158,840

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.

Contents:

Financial Trend	166
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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	176
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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	186
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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	200
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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	202
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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 POSITION BY COMPONENT LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	2013	2012	2011	2010
Governmental activities				
Invested in capital assets, net of related debt	\$ 174,798,105	\$ 168,511,071	\$ 157,839,959	\$ 148,011,871
Restricted	1,109,220	1,749,324	11,104,591	20,329,342
Unrestricted	40,995,207	28,542,479	21,859,346	15,909,956
Total governmental activities net position	<u>\$ 216,902,532</u>	<u>\$ 198,802,874</u>	<u>\$ 190,803,896</u>	<u>\$ 184,251,169</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 230,939,554	\$ 220,809,992	\$ 210,252,907	\$ 197,910,197
Restricted	-	-	-	-
Unrestricted	36,040,786	37,049,395	30,771,961	35,786,263
Total business-type activities net position	<u>\$ 266,980,340</u>	<u>\$ 257,859,387</u>	<u>\$ 241,024,868</u>	<u>\$ 233,696,460</u>
Primary government				
Invested in capital assets, net of related debt	\$ 405,737,659	\$ 389,321,063	\$ 368,092,866	\$ 345,922,068
Restricted	1,109,220	1,749,324	11,104,591	20,329,342
Unrestricted	77,035,993	65,591,874	52,631,307	51,696,219
Total primary government net position	<u>\$ 483,882,872</u>	<u>\$ 456,662,261</u>	<u>\$ 431,828,764</u>	<u>\$ 417,947,629</u>

2009	2008	2007	2006	2005	2004
\$ 142,860,051	\$ 133,508,940	\$ 116,738,898	\$ 122,268,551	\$ 107,692,319	\$ 96,516,068
22,047,066	20,856,642	36,306,468	18,254,529	16,836,756	12,067,284
14,563,686	16,470,172	5,598,174	6,567,654	9,833,977	7,169,828
<u>\$ 179,470,803</u>	<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>
\$ 187,953,410	\$ 167,724,995	\$ 141,211,947	\$ 117,419,122	\$ 98,081,179	\$ 88,000,994
-	-	-	5,389,063	1,251,844	389,312
33,507,546	29,144,912	30,295,994	30,942,450	31,393,246	29,760,025
<u>\$ 221,460,956</u>	<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>
\$ 330,813,461	\$ 301,233,935	\$ 257,950,845	\$ 239,687,673	\$ 205,773,498	\$ 184,517,062
22,047,066	20,856,642	36,306,468	23,643,592	18,088,600	12,456,596
48,071,232	45,615,084	35,894,168	37,510,104	41,227,223	36,929,853
<u>\$ 400,931,759</u>	<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>

CITY OF GEORGETOWN, TEXAS

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

	2013	2012	2011	2010
Expenses				
Governmental activities:				
Culture-recreation	\$ 9,775,209	\$ 9,328,048	\$ 9,393,530	\$ 9,076,669
Development	1,650,530	2,284,858	2,374,321	2,345,178
Fire	9,144,092	8,634,002	8,110,294	7,196,359
General government	6,447,308	4,851,250	5,293,370	5,201,299
Police	12,042,349	11,522,334	11,029,444	10,787,024
Streets	5,459,183	5,564,690	6,522,933	5,730,682
Environmental services	4,855,404	4,830,921	4,339,101	4,206,166
Interest on long-term debt	3,806,106	4,375,653	3,656,673	3,624,733
Total governmental activities expenses	<u>53,180,181</u>	<u>51,391,756</u>	<u>50,719,666</u>	<u>48,168,110</u>
Business-type activities				
Airport	3,171,550	3,012,745	3,751,193	2,811,206
Electric	46,543,022	56,407,348	54,289,631	50,756,369
Environmental services	-	-	-	-
Stormwater	2,204,172	1,905,019	1,970,307	1,799,680
Water	22,844,363	21,597,278	22,224,364	20,124,249
Total business-type activities expenses	<u>74,763,107</u>	<u>82,922,390</u>	<u>82,235,495</u>	<u>75,491,504</u>
Total primary government expenses	<u>\$ 127,943,288</u>	<u>\$ 134,314,146</u>	<u>\$ 132,955,161</u>	<u>\$ 123,659,614</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Culture-recreation	\$ 2,425,587	\$ 2,285,209	\$ 2,252,608	\$ 2,150,107
Development	1,659,670	1,668,635	905,118	1,125,058
Fire	1,433,679	1,137,982	1,032,663	1,195,871
General government	1,261,561	1,206,994	435,926	487,264
Police	959,027	895,703	1,009,004	1,265,589
Streets	1,125	-	-	-
Environmental services	6,059,904	5,491,495	5,116,570	4,809,271
Operating grants and contributions	256,593	956,438	962,183	405,023
Capital grants and contributions	5,999,666	2,431,374	4,422,720	2,747,483
Total governmental activities program revenues	<u>20,056,812</u>	<u>16,073,830</u>	<u>16,136,792</u>	<u>14,185,666</u>
Business-type activities:				
Charges for services:				
Airport	2,906,267	2,881,144	3,388,816	2,435,613
Electric	54,743,979	59,344,615	58,535,067	60,136,705
Environmental services	-	-	-	-
Stormwater	2,206,108	2,132,810	2,036,047	1,959,007
Water	27,244,363	26,596,509	27,142,648	22,022,414
Operating grants and contributions	25,589	147,601	127,051	-
Capital grants and contributions	4,558,296	3,917,721	2,062,382	4,842,643
Total business-type activities program revenues	<u>91,684,602</u>	<u>95,020,400</u>	<u>93,292,011</u>	<u>91,396,382</u>
Total primary government program revenues	<u>\$ 111,741,414</u>	<u>\$ 111,094,230</u>	<u>\$ 109,428,803</u>	<u>\$ 105,582,048</u>
Net (expense)/revenue				
Governmental activities	\$ (33,123,369)	\$ (35,317,926)	\$ (34,582,874)	\$ (33,982,444)
Business-type activities	16,921,495	12,098,010	11,056,516	15,904,878
Total primary government net expense	<u>\$ (16,201,874)</u>	<u>\$ (23,219,916)</u>	<u>\$ (23,526,358)</u>	<u>\$ (18,077,566)</u>

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 8,696,162	\$ 6,978,982	\$ 5,460,488	\$ 5,649,191	\$ 4,701,552	\$ 4,773,059
2,381,380	2,457,868	2,518,113	2,325,761	2,061,017	1,956,243
6,835,927	5,553,135	4,962,020	4,397,108	3,767,816	3,862,168
5,107,748	3,604,501	3,227,227	3,671,786	4,405,436	4,005,079
11,026,676	9,595,062	8,251,836	7,392,816	5,961,731	5,833,644
4,372,708	3,147,899	5,212,766	3,757,919	1,522,161	2,752,225
4,287,029	-	-	-	-	-
3,650,386	4,181,243	2,976,803	2,010,409	2,256,135	1,253,934
<u>46,358,016</u>	<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>
2,441,533	3,459,377	2,589,385	2,753,948	2,606,270	1,962,826
48,444,272	48,183,299	38,936,172	37,866,853	29,026,475	26,237,073
-	4,315,729	3,611,767	3,519,487	2,868,758	2,740,495
1,807,147	1,689,013	1,447,690	1,370,267	1,216,219	986,876
20,011,184	18,980,021	17,584,962	15,668,061	14,234,866	13,218,349
72,704,136	76,627,439	64,169,976	61,178,616	49,952,588	45,145,619
<u>\$ 119,062,152</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>
\$ 1,481,954	\$ 1,391,416	\$ 1,101,159	\$ 991,505	\$ 812,920	\$ 672,882
827,387	1,232,533	1,596,801	1,761,166	1,350,955	1,097,581
1,409,208	1,044,870	848,066	210,453	478,378	141,280
5,121	1,418,786	783,235	635,546	1,452	-
1,154,135	1,344,259	1,182,064	880,807	838,302	769,389
-	-	26,900	101,685	-	-
4,582,794	-	-	-	-	-
1,268,957	492,632	683,731	168,863	900,681	176,169
1,600,980	909,209	3,654,737	6,153,637	13,474,330	110,077
<u>12,330,536</u>	<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>
2,234,637	3,308,889	2,473,286	2,595,764	2,352,094	1,667,154
57,164,312	52,846,962	44,028,755	42,526,728	35,002,038	30,152,942
-	4,398,047	3,738,774	3,446,566	3,227,268	2,932,480
1,913,546	1,832,166	1,793,773	1,716,066	1,572,854	1,331,962
23,541,415	23,313,864	20,800,851	20,318,603	17,046,731	15,500,302
-	-	-	-	-	-
17,378,138	11,071,907	8,850,968	14,217,294	6,665,628	12,051,096
<u>102,232,048</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>\$ 114,562,584</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>
\$ (34,027,480)	\$ (27,684,985)	\$ (22,732,560)	\$ (18,301,328)	\$ (6,818,830)	\$ (21,468,974)
29,527,912	20,144,395	17,516,431	23,642,405	15,914,025	18,490,317
<u>\$ (4,499,568)</u>	<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>

CITY OF GEORGETOWN, TEXAS

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

	2013	2012	2011	2010
General Revenues and Other				
Changes in Net Assets				
Governmental activities:				
Property Tax	\$ 17,037,036	\$ 15,751,826	\$ 14,362,895	\$ 14,360,142
Sales Tax	17,002,757	15,045,592	14,148,242	13,482,999
Taxes - other	1,331,281	1,143,217	1,100,490	1,000,571
Franchise taxes	4,471,487	3,924,052	3,874,815	2,603,222
Interest on investments	241,449	230,788	187,314	140,384
Gain on sale of capital assets	-	-	-	-
Other	1,129,389	710,403	590,398	537,528
Transfers	11,719,799	6,511,026	6,871,447	6,637,964
Total governmental activities	<u>\$ 52,933,198</u>	<u>\$ 43,316,904</u>	<u>\$ 41,135,601</u>	<u>\$ 38,762,810</u>
Business-type activities:				
Interest on investments	\$ 126,322	\$ 156,329	\$ 171,947	\$ 133,132
Gain on sale of capital assets	-	-	-	-
Other	4,919,258	4,003,968	2,971,392	2,835,458
Transfers	(11,719,799)	(6,511,026)	(6,871,447)	(6,637,964)
Total business-type activities	<u>(6,674,219)</u>	<u>(2,350,729)</u>	<u>(3,728,108)</u>	<u>(3,669,374)</u>
Total primary government	<u>\$ 46,258,979</u>	<u>\$ 40,966,175</u>	<u>\$ 37,407,493</u>	<u>\$ 35,093,436</u>
Changes in Net Position				
Governmental activities	\$ 19,809,829	\$ 7,998,978	\$ 6,552,727	\$ 4,780,366
Business-type activities	10,247,276	9,747,281	7,328,408	12,235,504
Total primary government	<u>\$ 30,057,105</u>	<u>\$ 17,746,259</u>	<u>\$ 13,881,135</u>	<u>\$ 17,015,870</u>

2009	2008	2007	2006	2005	2004
\$ 14,934,694	\$ 12,610,638	\$ 10,737,981	\$ 8,919,694	\$ 8,329,395	\$ 6,927,438
12,543,071	13,236,686	12,206,099	10,962,790	8,496,160	7,395,657
278,982	1,134,493	1,185,511	844,718	749,301	585,921
2,801,666	2,739,567	2,083,306	2,209,235	1,942,246	1,844,683
504,145	2,222,952	2,085,055	1,398,706	507,038	171,949
-	-	-	-	859,286	-
3,415,713	803,334	-	463,719	1,167,654	466,185
8,184,258	7,129,529	5,987,414	6,230,148	5,220,063	5,671,960
<u>\$ 42,662,529</u>	<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>
\$ 667,389	\$ 1,018,860	\$ 1,495,484	\$ 1,673,167	\$ 732,461	\$ 444,169
-	-	-	-	160,949	-
2,580,006	2,295,472	4,417,805	3,938,942	988,566	883,338
(8,184,258)	(7,129,529)	(5,987,414)	(6,230,148)	(5,220,063)	(5,671,960)
(4,936,863)	(3,815,197)	(74,125)	(618,039)	(3,338,087)	(4,344,453)
<u>\$ 37,725,666</u>	<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>
\$ 8,635,049	\$ 12,192,214	\$ 11,552,806	\$ 12,727,682	\$ 20,452,313	\$ 1,594,819
24,591,049	16,329,198	17,442,306	23,024,366	12,575,938	14,145,864
<u>\$ 33,226,098</u>	<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>

CITY OF GEORGETOWN, TEXAS

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

	2013	2012	2011
General Fund			
Nonspendable:			
Prepays and inventory	\$ 18,697	\$ 2,110	\$ 9,061
Committed:			
Contingency	7,400,000	7,000,000	6,847,000
Assigned:			
Encumbrances	1,631,482	1,210,247	1,403,968
Unassigned	3,999,924	2,419,053	1,894,618
Total general fund	<u>\$ 13,050,103</u>	<u>\$ 10,631,410</u>	<u>\$ 10,154,647</u>
Other governmental funds			
Restricted:			
Debt Service	\$ 1,109,220	\$ 1,749,324	\$ 1,976,586
Bond Funds	15,438,897	18,112,419	17,748,555
Hotel/motel tax	515,525	526,488	460,582
Street maintenance tax	5,029,263	4,205,153	3,215,322
Public safety	188,072	244,969	306,926
Committed:			
Other capital projects	12,292,845	8,770,010	10,682,665
Nonmajor funds	2,174,368	2,293,194	1,899,631
Assigned:			
Encumbrances	25,444,232	8,891,080	6,105,133
Total all other governmental funds	<u>\$ 62,192,422</u>	<u>\$ 44,792,637</u>	<u>\$ 42,395,400</u>

	2010
General Fund	
Reserved	\$ 1,160,195
Unreserved	8,601,923
Total general fund	<u>\$ 9,762,118</u>
Other governmental funds	
Reserved	\$ 30,050,627
Unreserved, reported in:	
Special revenue funds	-
Capital projects funds	-
Total all other governmental funds	<u>\$ 30,050,627</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.

2009	2008	2007	2006	2005	2004	2003
\$ 1,001,111	\$ 955,743	\$ 1,342,069	\$ 1,038,758	\$ 1,181,489	\$ 952,348	\$ 879,218
9,506,572	10,986,752	9,223,131	7,917,556	6,289,465	4,484,457	3,104,887
<u>\$ 10,507,683</u>	<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>
\$ 29,932,873	\$ 10,889,998	\$ 20,648,352	\$ 11,214,177	\$ 6,280,990	\$ 4,166,714	\$ 4,040,224
-	-	-	-	-	462,040	279,158
-	18,173,048	19,043,457	9,778,067	12,389,201	9,192,972	1,948,752
<u>\$ 29,932,873</u>	<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)

	2013	2012	2011	2010	2009
Revenues					
Property taxes	\$ 17,197,460	\$ 15,883,636	\$ 14,591,564	\$ 14,572,432	\$ 14,169,419
Property assessment	387,290	353,269	313,093	262,060	278,982
Sales tax and other taxes	17,790,450	15,698,207	14,724,741	13,987,624	13,289,438
Franchise taxes	4,471,487	3,924,052	3,874,815	2,603,222	2,801,666
Licenses and permits	1,536,660	1,236,478	890,948	841,392	791,882
Charges for service	9,479,669	8,493,243	8,199,073	8,157,465	7,687,489
Fine and forfeitures	739,556	682,760	810,950	1,060,361	981,228
Donations and grants	3,979,292	1,667,184	4,121,625	3,078,392	2,058,301
Investment income	212,629	230,788	187,313	140,384	737,755
Other revenue	2,960,559	2,870,008	1,735,082	1,585,584	1,897,179
Total revenues	<u>58,755,052</u>	<u>51,059,625</u>	<u>49,449,204</u>	<u>46,288,916</u>	<u>44,693,339</u>
Expenditures					
Culture - recreation	9,262,282	8,377,084	8,229,049	7,773,346	7,535,763
Development	1,626,315	2,155,243	2,195,537	2,088,809	2,213,899
Fire services	8,804,938	8,253,567	7,725,794	6,909,597	6,597,024
General government	3,144,173	3,178,251	3,595,481	3,288,185	3,324,758
Highways and streets	3,422,340	5,061,214	6,044,755	5,171,678	3,840,312
Police	11,677,968	10,577,384	10,221,220	10,026,352	10,137,983
Environmental Services	4,857,396	4,823,170	4,321,888	4,199,433	4,285,345
Capital outlay	16,760,621	15,938,457	12,604,835	8,930,286	12,444,569
Debt service					
Principal retirement	6,452,644	5,533,987	4,998,369	4,791,550	4,478,467
Interest and fiscal charges	3,771,791	4,094,247	3,686,318	3,642,426	3,608,738
Total expenditures	<u>69,780,468</u>	<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	(11,025,416)	(16,932,979)	(14,174,042)	(10,532,746)	(13,773,519)
Other financing sources (uses)					
Transfers in	13,969,841	9,734,354	7,915,723	8,895,212	10,055,272
Transfers out	(4,331,850)	(5,492,299)	(2,654,379)	(2,847,628)	(3,367,769)
Sale of property	-	-	-	-	-
Capital lease issued	-	-	-	-	-
Payment to refunding escrow agent	(11,356,689)	(3,416,787)	-	-	-
Bonds issued	<u>32,562,592</u>	<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>30,843,894</u>	<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>\$ 19,818,478</u>	<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	18.7%	18.5%	17.0%	17.6%	17.6%

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

CITY OF GEORGETOWN, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>TOTAL TAX LEVY</u>	<u>CURRENT TAX COLLECTIONS</u>	<u>PERCENT OF LEVY COLLECTED</u>	<u>DELINQUENT TAX COLLECTIONS</u>
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
2013	17,806,346	17,384,594	97.63%	76,902

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
\$ 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%
17,461,496	98.06%	344,851	1.94%

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
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
2013	4,033,324,389	4,033,324,389	382,683,621	382,683,621

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		
\$ 2,132,115,978	\$ 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%	
4,416,008,010	4,416,008,010	100.00%	

CITY OF GEORGETOWN, TEXAS

PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR & NINE YEARS AGO

TAXPAYER	TYPE OF BUSINESS	2013			2004		
		ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL ASSESSED VALUE(1)	ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL ASSESSED VALUE(1)
SPG Wolf Ranch LP	Development	\$ 59,111,460	1	1.32%	\$ 13,318,758	2	0.63%
Citigroup Technology Inc	Development	42,792,849	2	0.96%			
Citicorp North America	Development	35,009,424	3	0.78%			
St. David's Healthcare Partners	Hospital	30,985,918	4	0.69%			
The Bassham Trust	Development	25,770,814	5	0.58%			
South Austin Ave Prof Bldg	Hospital	20,400,000	6	0.46%			
Wal-Mart Real Estate Bus Trust	Development	16,154,708	7	0.36%	11,330,873	4	0.54%
Two Rivers GT Ltd	Development	15,398,036	8	0.34%			
Del Webb Texas Ltd	Development	13,358,632	9	0.30%	22,953,679	1	1.08%
Hewlett Holdings, Ltd	Automobile Dealer	12,359,126	10	0.28%	9,690,832	9	0.46%
Verizon Southwest	Utility				13,195,030	3	0.62%
KH - Georgetown Partners Ltd	Development				10,540,552	5	0.50%
Rivory Towne Crossing LP	Development				10,362,207	6	0.49%
HE Butt Grocery Company	Grocer				10,318,657	7	0.49%
Rivory Partners	Development				10,003,210	8	0.47%
Mac Haik Ford Lincoln Mercury	Automobile Dealer				9,672,087	10	0.46%
Total		\$ 271,340,967		6.06%	\$ 121,385,885		5.74%

Source: City Tax Assessor/Collector.

(1) The total assessed valuation for the fiscal year ended September 30, 2013 was certified at \$4,479,836,955.

* 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			
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
2013	0.24	0.17	0.41	1.40	0.45	2.26

Source: Information furnished by respective tax assessors.

CITY OF GEORGETOWN, TEXAS

TAXABLE SALES BY CATEGORY LAST TEN FISCAL YEARS

NAICS Sectors	2013*	2012	2011	2010
Agriculture/Forestry/Fishing/Hunting	\$ -	\$ 4,825	\$ -	\$ -
Mining, quarrying, oil & gas extraction	-	-	-	-
Utilities	19,031,408	19,253,904	18,628,820	20,319,600
Construction	5,384,717	4,967,279	4,002,432	3,625,542
Manufacturing	8,554,720	4,585,577	5,873,390	6,061,597
Wholesale trade	16,091,304	16,186,257	14,174,184	10,063,489
Retail trade	446,244,500	405,055,103	378,427,824	380,552,640
Transportation, warehousing	1,218,175	1,242,589	1,061,271	767,634
Information	33,781,552	30,485,692	29,916,065	27,915,345
Finance, insurance	563,947	482,899	424,931	459,699
Real estate, rental, leasing	2,370,540	2,165,251	3,781,875	2,716,214
Professional, scientific, technical svcs	8,234,560	7,522,451	5,292,086	5,294,148
Management of companies, enterprises	-	-	-	-
Admin, support, waste mgmt, remediation svc	4,042,428	3,601,364	3,359,965	3,464,947
Educational svcs	357,267	372,185	154,882	28,427
Healthcare, social assistance	227,115	308,645	444,834	389,729
Arts, entertainment, recreation	12,894,531	11,914,044	11,362,973	10,983,705
Accommodation, food services	96,604,761	86,308,956	81,339,685	76,959,382
Other svcs (except public administration)	21,523,911	18,603,403	16,990,190	15,102,925
Public administration	18,783	20,023	31,428	34,518
Other	-	-	1,198	547
Total	\$ 677,144,217	\$ 613,075,621	\$ 575,268,033	\$ 564,740,088

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.

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

*2013 is projected as 4th Quarter actuals were not in at time of update.

2009	2008	2007	2006	2005	2004
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
445,156	416,435	-	7,434,128	-	-
18,647,965	16,475,883	13,957,517	13,957,517	12,511,431	-
4,250,912	4,361,179	4,620,912	7,167,280	12,296,405	7,941,520
5,748,311	9,390,419	8,796,766	3,667,839	3,762,034	4,183,849
13,253,476	16,269,671	23,911,829	19,394,697	17,336,331	14,278,595
367,257,156	383,981,936	367,740,330	343,600,743	227,297,553	198,402,189
1,178,847	1,558,622	1,926,996	1,471,067	1,075,479	678,344
26,448,683	26,845,497	24,852,272	22,752,620	18,035,023	16,454,334
380,069	357,522	358,689	382,058	244,854	28,302
2,389,616	2,862,995	4,007,642	6,328,408	6,269,451	3,880,901
4,586,618	6,435,627	6,124,832	6,206,899	5,312,421	5,437,347
-	-	-	-	306,696	-
3,141,955	3,658,966	3,155,585	3,581,585	3,747,298	3,629,316
46,588	40,108	28,053	18,923	23,747	18,657
283,517	221,776	167,879	162,620	156,928	151,172
10,424,729	9,975,461	7,972,749	4,718,667	4,301,266	3,983,882
75,006,166	74,477,233	66,071,016	56,700,789	47,515,213	42,346,791
14,421,211	14,341,106	14,192,006	12,205,808	9,079,169	10,917,442
33,271	24,072	-	2,624,994	10,102,695	8,340,851
-	6,797	647	11,700	18,391	408,571
<u>\$ 547,499,090</u>	<u>\$ 571,701,305</u>	<u>\$ 547,885,720</u>	<u>\$ 490,996,697</u>	<u>\$ 366,880,954</u>	<u>\$ 321,082,063</u>
2.00%	2.00%	2.00%	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>
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%
2013	2%	6.25%

Source: Information furnished by City of Georgetown.

CITY OF GEORGETOWN, TEXAS

SALES TAX REVENUE PAYERS BY INDUSTRY FISCAL YEARS 2013 AND 2004

NAICS Sectors	2013 *			
	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Agriculture/Forestry/Fishing/Hunting	2	0.14%	\$ -	0.00%
Mining, quarrying, oil & gas extraction	3	0.18%	-	0.00%
Utilities	7	0.42%	380,628	2.81%
Construction	127	7.54%	107,694	0.80%
Manufacturing	99	5.88%	171,094	1.26%
Wholesale trade	68	4.02%	321,826	2.38%
Retail trade	602	35.78%	8,924,890	65.90%
Transportation, warehousing	18	1.07%	24,363	0.18%
Information	32	1.92%	675,631	4.99%
Finance, insurance	12	0.73%	11,279	0.08%
Real estate, rental, leasing	27	1.62%	47,411	0.35%
Professional, scientific, technical svcs	150	8.91%	164,691	1.22%
Management of companies, enterprises	1	0.08%	-	0.00%
Admin, support, waste mgmt, remediation svcs	97	5.74%	80,849	0.60%
Educational svcs	13	0.77%	7,145	0.05%
Healthcare, social assistance	23	1.35%	4,542	0.03%
Arts, entertainment, recreation	55	3.27%	257,891	1.90%
Accommodation, food services	159	9.46%	1,932,095	14.27%
Other svcs (except public administration)	156	9.25%	430,478	3.18%
Public administration	6	0.36%	376	0.00%
Other	26	1.52%	-	0.00%
Totals	1,684	100.00%	\$ 13,542,884	100.00%

NAICS Sectors	2004			
	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Agriculture/Forestry/Fishing/Hunting	1	0.08%	\$ -	0.00%
Mining, quarrying, oil & gas extraction	2	0.17%	-	0.00%
Utilities	2	0.15%	-	0.00%
Construction	90	7.56%	141,902	2.53%
Manufacturing	47	3.92%	87,045	1.55%
Wholesale trade	55	4.63%	245,805	4.39%
Retail trade	449	37.60%	3,470,744	61.95%
Transportation, warehousing	15	1.21%	10,142	0.18%
Information	22	1.82%	287,411	5.13%
Finance, insurance	5	0.40%	495	0.01%
Real estate, rental, leasing	19	1.59%	51,181	0.91%
Professional, scientific, technical svcs	96	8.02%	78,820	1.41%
Management of companies, enterprises	2	0.17%	-	0.00%
Admin, support, waste mgmt, remediation svcs	106	8.84%	86,441	1.54%
Educational svcs	4	0.34%	-	0.00%
Healthcare, social assistance	6	0.52%	2,646	0.05%
Arts, entertainment, recreation	15	1.21%	69,815	1.25%
Accommodation, food services	100	8.36%	741,156	13.23%
Other svcs (except public administration)	102	8.50%	175,800	3.14%
Public administration	7	0.61%	145,965	2.61%
Other	51	4.29%	7,150	0.13%
Totals	1,194	100.00%	\$ 5,602,519	100.00%

Source: Window on State Government.

Notes: The City direct sales tax rate for 2013 and 2004 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 in 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.

*2013 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
2013	116,638,107	8,955,000	-	47,455,000	14,551,893

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

<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
\$ 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
172,820,000	11.97%	3,469
187,600,000	11.89%	3,714

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 DEBT SERVICE FUNDS AVAILABLE
2004	36,309	\$ 2,132,115,978	\$ 37,456,237	\$ 768,436
2005	38,438	2,260,988,333	48,815,988	508,151
2006	41,395	2,524,364,552	58,695,001	878,668
2007	44,117	2,886,637,358	73,395,001	1,329,213
2008	45,710	3,569,284,321	74,955,000	1,224,087
2009	46,787	4,014,755,631	83,105,000	2,530,149
2010	47,865	4,026,893,772	86,310,000	2,274,235
2011	48,902	4,055,948,951	102,595,000	1,976,586
2012	49,543	4,196,184,135	111,975,000	1,749,324
2013	50,513	4,416,008,010	131,190,000	1,109,220

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

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

(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.

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)
\$ 17,176,237	0.81%	1.72%	\$ 473.06	\$ 1,010.43
27,632,741	1.22%	2.14%	718.89	1,256.77
36,705,188	1.45%	2.29%	886.71	1,396.70
46,457,633	1.61%	2.50%	1,053.06	1,633.52
52,564,440	1.47%	2.07%	1,149.95	1,613.01
54,882,326	1.37%	2.01%	1,173.03	1,722.16
55,291,719	1.37%	2.09%	1,155.16	1,755.68
73,396,051	1.81%	2.48%	1,500.88	2,057.55
83,698,631	1.99%	2.63%	1,689.41	2,224.85
101,604,245	2.30%	2.95%	2,011.45	2,575.19

CITY OF GEORGETOWN, TEXAS

COMPUTATION OF DIRECT AND ESTIMATED OVERLAPPING BONDED DEBT SEPTEMBER 30, 2013

TAXING BODY	DEBT		CITY'S SHARE (2)		
	AMOUNT	AS OF	PERCENT	AMOUNT	PER CAPITA (1)
ESTIMATED OVERLAPPING DEBT:					
Georgetown I.S.D.	\$ 215,825,000	12-15-13	80.71%	\$ 174,195,620	\$ 3,353
Williamson County	<u>792,704,004 *</u>	9-30-13	11.39%	<u>90,270,178</u>	<u>1,738</u>
Total estimated overlapping debt	<u>1,008,529,004</u>		26.22%	<u>264,465,798</u>	<u>5,089</u>
DIRECT DEBT - City of					
Georgetown	<u>131,190,000</u>	9-30-13	100.00%	<u>131,190,000</u>	<u>2,525</u>
DIRECT AND ESTIMATED					
OVERLAPPING DEBT	<u>\$ 1,139,719,004</u>			<u>\$ 395,655,798</u>	<u>\$ 7,615</u>

Source: Jurisdiction listed.

(1) GISD population - 64,370 (estimate as of 6-30-2013)

Williamson County population - 456,232

City of Georgetown population - 51,954

(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

	2013	2012	2011	2010
Debt Limit	\$ 49,680,090	\$ 47,207,072	\$ 45,629,426	\$ 45,302,549
Total net debt applicable to limit (1)	8,570,145	7,350,236	8,640,634	8,043,904
Legal debt margin	<u>\$ 41,109,945</u>	<u>\$ 39,856,836</u>	<u>\$ 36,988,792</u>	<u>\$ 37,258,645</u>
Total net debt applicable to limit as a percentage of debt limit	17.25%	15.57%	18.94%	17.76%

ASSESSED VALUATION 2013 \$ 4,416,008,010

Allowable tax levy for annual debt service purpose:
valuation, assuming 90% collection \$ 49,680,090

2013 annual debt service requirements for general obligation debt:

Principal	\$5,213,524	
Interest and fiscal charges	3,356,621	8,570,145

Legal margin for annual debt service requirements \$ 41,109,946

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>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 45,166,001	\$ 40,154,449	\$ 32,474,670	\$ 28,399,101	\$ 25,436,119	\$ 23,986,305
<u>7,664,261</u>	<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>\$ 37,501,740</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>
16.97%	18.96%	16.25%	17.31%	18.26%	12.30%

CITY OF GEORGETOWN, TEXAS

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

FISCAL YEAR	ELIGIBLE REVENUES	INTEREST EARNINGS	OPERATING EXPENSES (EXCLUDING DEPRECIATION)	NET REVENUE AVAILABLE FOR DEBT SERVICE
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
2013	86,876,459	118,277	58,803,394	28,191,342

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>
\$ 2,534,751	\$ 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
3,970,000	1,963,653	5,933,653	4.75

CITY OF GEORGETOWN, TEXAS

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

	2013	2012	2011	2010
Revenues:				
Water System	\$ 24,930,408	\$ 25,026,601	\$ 25,896,644	\$ 20,632,604
Electric System	53,780,319	58,403,735	57,694,311	59,058,745
Miscellaneous	4,888,117	3,966,677	2,927,695	2,789,797
Interest Earnings	118,277	144,460	159,888	116,458
Total revenues	83,717,121	87,541,473	86,678,538	82,597,604
Expenses: (1)				
Water System	7,737,541	7,053,864	7,708,924	6,677,890
Electric System	7,265,433	8,828,039	5,554,896	4,821,255
Utility Contracts	43,800,420	50,650,087	52,007,697	48,329,829
Total expenses	58,803,394	66,531,990	65,271,517	59,828,974
NET AVAILABLE FOR DEBT SERVICE	\$ 24,913,727	\$ 21,009,483	\$ 21,407,021	\$ 22,768,630

Notes:

- 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, 2014-2033	\$ 3,785,222
Coverage of Average Requirements by Fiscal Year 2013 Net Income	5.55
Maximum Principal and Interest Requirements, 2014	\$ 7,093,809
Coverage of Maximum Requirements by Fiscal Year 2013 Net Income	2.96

2009	2008	2007	2006	2005	2004
\$ 22,200,768	\$ 21,424,897	\$ 18,725,977	\$ 19,709,559	\$ 16,605,408	\$ 15,082,426
56,154,879	51,833,477	42,805,466	41,338,196	33,800,761	29,199,618
2,779,486	5,146,212	7,666,144	5,675,987	3,738,190	1,371,199
392,080	955,680	1,408,260	1,600,113	705,118	423,987
81,527,213	79,360,266	70,605,847	68,323,855	54,849,477	46,077,230
6,875,473	6,249,197	3,166,679	3,192,839	2,947,875	2,831,106
5,270,740	1,230,199	4,275,353	3,360,467	2,721,507	2,331,235
46,549,704	50,443,511	41,122,983	39,802,720	31,000,268	28,257,885
58,695,917	57,922,907	48,565,015	46,356,026	36,669,650	33,420,226
\$ 22,831,296	\$ 21,437,359	\$ 22,040,832	\$ 21,967,829	\$ 18,179,827	\$ 12,657,004

CITY OF GEORGETOWN, TEXAS

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Utility system (1)	\$ 338,199,636	\$ 313,923,709	\$ 306,424,774	\$ 286,216,930
Less:				
Accumulated depreciation	<u>(91,339,365)</u>	<u>(82,719,027)</u>	<u>(76,797,760)</u>	<u>(67,645,584)</u>
Net value of system	246,860,271	231,204,682	229,627,014	218,571,346
Plus: Construction fund	<u>12,193,462</u>	<u>22,866,932</u>	<u>11,692,027</u>	<u>14,038,615</u>
Net plant	259,053,733	254,071,614	241,319,041	232,609,961
Plus: Working capital	<u>35,992,864</u>	<u>33,419,764</u>	<u>35,700,091</u>	<u>40,784,075</u>
Total	295,046,597	287,491,378	277,019,132	273,394,036
Revenue bond debt (2)	<u>59,028,078</u>	<u>59,050,004</u>	<u>64,540,000</u>	<u>68,809,999</u>
CITY'S EQUITY IN SYSTEM	<u>\$ 236,018,519</u>	<u>\$ 228,441,374</u>	<u>\$ 212,479,132</u>	<u>\$ 204,584,037</u>
PERCENTAGE CITY'S EQUITY IN SYSTEM	79.99%	79.46%	76.70%	74.83%

Notes:

(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>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 273,482,065	\$ 251,560,756	\$ 215,276,162	\$ 185,294,457	\$ 163,596,097	\$ 149,400,672
<u>(58,659,325)</u>	<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>
214,822,740	198,140,035	164,222,811	140,110,376	123,584,079	114,104,890
<u>10,101,805</u>	<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>
224,924,545	203,420,372	170,043,074	149,580,511	129,105,816	119,090,201
<u>27,713,059</u>	<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>
252,637,604	233,320,011	198,779,782	180,414,140	152,056,610	136,785,903
<u>59,589,999</u>	<u>57,280,000</u>	<u>51,070,000</u>	<u>45,885,000</u>	<u>40,064,012</u>	<u>38,903,764</u>
<u>\$ 193,047,605</u>	<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>
 76.41%	 75.45%	 74.31%	 74.57%	 73.65%	 71.56%

CITY OF GEORGETOWN, TEXAS

DEMOGRAPHIC & ECONOMIC STATISTICS LAST TEN FISCAL YEARS

Fiscal Year	Population	Personal Income	Per Capita Personal income	School Enrollment	Unemployment Rate
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	49,543	2,090,070,541	42,187	10,396	7.08%
2013	50,513	2,097,602,838	41,526	10,396	5.70%

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 2004 - 2013 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>2013</u>			<u>2004</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	1,630	1	3.31%	1,200	1	3.47%
Williamson County Govt	1,525	2	3.10%	1,038	2	3.00%
City of Georgetown	574	3	1.17%	373	7	1.08%
Southwestern University	450	4	0.91%	501	3	1.45%
Airborn, Inc	360	5	0.73%	232	8	0.67%
St. David's Hospital	346	6	0.70%			
Lone Star Circle of Care	321	7	0.65%			
HEB	283	8	0.57%	477	4	1.38%
Wesleyan Homes	230	9	0.47%	230	9	0.66%
Sun City (Del Webb)	210	10	0.43%	375	6	1.08%
Georgetown Healthcare				382	5	1.10%
Walmart				140	10	
Totals	<u>5,929</u>		<u>12.04%</u>	<u>4,948</u>		<u>13.88%</u>

Source: Finance and Administration Division.

CITY OF GEORGETOWN, TEXAS

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

Function	2013	2012	2011	2010	2009
General Government					
Culture & Recreation					
Administration	3.5	3	-	-	-
Parks	20.5	22.5	22.5	22.5	22.5
Recreation	38.5	38.5	38.5	36.5	36.5
Rec. Programs	3.5	3	3	3	3
Library	21.5	22.5	21.5	21.5	21.5
Development					
Administration	-	-	2	2	2
Planning	8	11	11	11	14
Current Planning	-	-	-	-	-
Long Range Planning	-	-	-	-	-
Inspection Svcs.	10	12	13	13	13
Code Enforcement	4	4	6	6	6
Fire Services					
Support Svcs.	6	7	6	6	6
Emergency Svcs.	84	84	81	81	72
Gen. Govt.					
Gen. Govt.	5	6	6	6	4
City Council	3	3	2	2	2
City Manager's Office	5.5	3.5	5.5	6	8
Legal Svcs	4	3	3	3	-
Highways / Streets					
Transportation Admin.	2	2	1	3	3
Streets	18.75	18.75	18.75	18.75	18.75
Police Services					
Administration	4	5	5	9	10
Support Svcs.	-	-	-	-	34
Field Operations	98	99	99	95	60
Animal Svcs.	9.25	8.5	8.5	8	8
Municipal Court	6	7	7	7	7
Fleet Mgmt.	8	6.5	6	6	6
Facilities Mgmt.	6	7	7	7	7
Information Svcs.	13	12.5	12.5	12.5	10.5
Joint Svcs.	74.5	70.5	68.5	65	65
Water	18.5	18.5	20	18	15
Sewer	14	14	14	12	12
Electric	53.5	48.5	44	47	48
Other Enterprises	12	12	12	12	12
Total	<u>554.50</u>	<u>552.75</u>	<u>544.25</u>	<u>539.75</u>	<u>526.75</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>
-	-	-	-	-
22.5	20.5	21.5	18.5	18.5
27.5	27.5	25.5	26.5	26.5
4	3	3	3	3
21.5	21.5	17.5	17.5	15.5
-	-	-	-	4.5
13	14	-	-	-
-	-	9	10	5
-	-	4	3	2
13	12	11	11	11
6	6	5.5	5.5	5.5
6	3	3	3	3
66	61	56	51	46
4	3	3	3	3
2	3	1	1	1
8	7.5	6.5	6.5	6.5
-	-	-	-	-
3	-	-	-	-
15.75	15.75	14.75	14.75	14.75
8	8	8	8	8
36	26	31	31	32
60	56	47	41	35
8	7.5	7.5	6.75	6.75
7	7	5	4	4
6	6	5	5	4
7	5	4	3	2
10.5	10	10	9	8
58	55	53	51	50
13	16	14	14	14
12	13	12	12	9
42	39	30	25	25
12	12	11	11	11
<u>491.75</u>	<u>458.25</u>	<u>418.75</u>	<u>395.00</u>	<u>374.50</u>

CITY OF GEORGETOWN, TEXAS

OPERATING INDICATORS BY FUNCTIONS LAST TEN FISCAL YEARS

Function	2013	2012	2011	2010
Culture and recreation				
Recreation Center memberships	10,678	13,769	16,044	16,778
CVB number of visitor inquiries	50,617	42,901	35,749	27,086
Library				
Circulation	550,683	552,032	527,746	524,610
Number of patrons added	2,446	2,526	2,184	2,293
Economic Development				
Number of proposals generated	48	38	36	31
Community Development				
Inspections/Code Enforcement				
Number of inspections	30,282	21,270	18,383	20,192
New residential permits issued	777	664	509	550
New commercial permits issued/TFO/Industrial	61	89	97	115
Number of code enforcement violations	15,225	11,535	11,090	12,295
Planning and Development Services				
Development applications filed	313	290	284	158
Annexations (in acres)	161	61	703	276
Fire Services				
Number of calls for service	6,153	5,706	5,674	5,649
General Govt				
Bond rating - S&P	AA+	AA+	AA+	AA+
City Manager's Office				
Number of public information requests processed	678	759	835	997
Police Services				
Number of calls for service	22,747	23,018	22,161	31,908
Number of traffic accidents	1,888	1,679	1,525	1,743
Animal Services				
Number of pets impounded	1,664	1,670	1,560	1,477
Number of adoptions	690	822	686	601
Municipal Court				
Number of court cases	7,833	7,347	8,902	13,778
Number of warrants served	398	313	587	693
Utility Office				
Number of utility customers	27,559	26,345	25,563	24,995
Water				
Number of new connects	909	705	530	447
Average daily water treated (million gallons)	16.30	15.18	16.72	11.82
Average daily consumption (million gallons)	13.20	13.05	14.49	10.65
Sewer				
Number of new connects	955	939	523	451
Average daily wastewater treated (million gallons)	4.10	4.21	4.24	4.43
Electric				
kWhs consumed	544,339,879	537,985,801	547,475,852	518,590,777
Number of new connects	484	226	477	543
AMR				
Total number of work orders completed	1,113	826	2,419	2,495
Total reads by AMR	-	-	-	-
Other Enterprises	616,296			
Stormwater & Drainage				
Number of detention ponds cleaned	404	372	372	382
Number of work orders	710	552	196	418
Airport				
Gallons of fuel sold	565,851	581,450	765,839	636,773

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

2009	2008	2007	2006	2005	2004
18,497	5,487	5,060	4,294	2,074	1,538
38,669	45,044	36,086	37,062	40,117	41,426
496,603	431,294	386,948	347,662	350,716	330,171
2,338	2,514	2,592	1,784	1,684	1,533
40	35	51	72	71	59
21,248	33,198	43,006	47,197	39,677	28,389
523	768	902	1,316	930	890
127	77	114	152	132	75
13,179	10,570	12,928	15,603	11,187	2,026
246	344	348	397	280	209
1,005	369	362	8,909	5,062	443
5,475	5,321	4,766	4,257	3,957	3,402
AA+	AA	AA-	AA-	A+	A+
887	801	773	786	616	702
34,192	51,033	53,323	48,739	40,649	41,986
1,750	1,837	1,863	1,513	1,510	1,382
1,256	1,500	1,448	1,452	1,775	1,591
560	614	611	642	793	696
13,333	13,275	14,787	13,824	11,279	11,018
774	748	557	398	712	819
24,271	23,678	22,784	21,365	19,862	18,621
469	880	1,213	1,281	670	912
14.44	15.57	10.31	11.88	8.71	7.97
13.14	13.35	8.21	10.30	10.09	7.97
444	846	1,422	1,307	1,021	922
3.22	3.48	4.27	2.95	3.28	3.07
490,449,481	501,552,786	441,088,000	419,651,791	377,198,661	350,104,864
550	999	1,093	1,134	817	473
2,903	5,141	3,724	6,106	2,347	1,347
-	-	-	34,781	31,373	30,121
300	228	228	228	164	113
376	617	728	705	-	116
647,736	723,669	721,657	773,340	842,223	688,719

CITY OF GEORGETOWN, TEXAS

CAPITAL ASSETS BY FUNCTIONS LAST TEN FISCAL YEARS

<u>Function</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
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	5	4	4
Fire vehicles	25	22	18	17
Highways and streets				
Center line miles	310	305	295	307
Police Services				
Police Stations	1	1	1	1
Police vehicles	87	87	93	95
Police motorcycle units	4	4	4	4
Electric				
Meters	22,660	22,504	22,090	21,711

Sources: Various City departments and City budget document.

2009	2008	2007	2006	2005	2004
473	410	390	380	360	330
1	1	1	1	1	1
1	-	-	-	-	-
1	1	1	1	1	1
4	3	3	3	3	3
17	17	15	14	14	14
264	269	260	251	230	202
1	1	1	1	1	1
95	95	93	78	65	65
4	4	4	4	4	4
21,338	20,965	20,179	19,369	18,167	17,032

CITY OF GEORGETOWN, TEXAS**SUMMARY OF INSURANCE COVERAGE
SEPTEMBER 30, 2013**

<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, 2012 to September 30, 2013	Airport, Aviation Non-owned aircraft, (Hangarkeepers)	\$ 20,000,000 occ 50,000 Fire 2,000,000 Aircraft 5,000,000 occ Hangar Liability	\$ 6,625
October 1, 2012 to September 30, 2013	Damage caused by City Vehicles	5,000,000 occ 25,000 person	69,487
October 1, 2012 to September 30, 2013	Damage caused to City Vehicles	ACV	71,748
October 1, 2012 to September 30, 2013	Library HVAC Direct Damage	2,000,000 accident	Included
October 1, 2012 to September 30, 2013	General Liability	10,000,000 agg annual 5,000,000 occ	55,895
October 1, 2012 to September 30, 2013	Police Department	10,000,000 annual 10,000,000 occ	48,974
October 1, 2012 to September 30, 2013	Damage to Mobile Equipment	per schedule 2,546,291	15,620
October 1, 2012 to September 30, 2013	Crime/Public Employee Crime/Theft disappearance Destruction (inside/outside)	1,000,000 300,000	3,100 713
October 1, 2012 to September 30, 2013	Mayor, Council, City Attorney Boards, Commissions and Employees	10,000,000 annual 5,000,000 occ	Included
October 1, 2012 to September 30, 2013	Real / Personal Property	175,745,734 per schedule	175,487
October 1, 2012 to September 30, 2013	Losses as Prescribed by the Texas Workers' Compensation Law	per TWCC Statute	123,264
October 1, 2012 to September 30, 2013	Pollution Liability Underground Storage Tanks	2,000,000 ann agg 1,000,000 occ	2,883
October 1, 2012 to September 30, 2013	Police Canine Loss of use/ Theft mortality/Vet/Surgical	per schedule 0 PD canines	0
October 1, 2012 to September 30, 2013	Errors and Omissions Includes Public Officials	5,000,000 wrongful agg 10,000,000 annual	92,578
TOTAL			\$ 666,374



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Statistical Section





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**INDEPENDENT AUDITORS' 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, in accordance with the 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, the 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 the City of Georgetown, TX (the "City") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 28, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

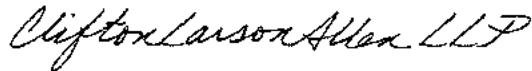
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Dallas, Texas
February 28, 2014



CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

Honorable Mayor and City Council
City of Georgetown, Texas

Report on Compliance for Each Major Federal Program

We have audited the City of Georgetown, Texas (the "City") compliance 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 the City's major federal programs for the year ended September 30, 2013. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City's complied, in all material respects, with the types of 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, 2013.

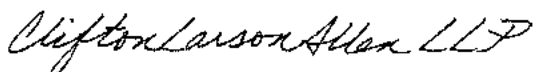
Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 City'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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Dallas, Texas
February 28, 2014

**CITY OF GEORGETOWN, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2013**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Type of auditor's report issued on compliance for major programs:	Unqualified
Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	No
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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20.205	Highway Planning and Construction
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Dollar threshold used to distinguish between Type A and type B programs:	\$ 300,000
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Auditee qualified as low-risk auditee?	Yes
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**CITY OF GEORGETOWN, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended September 30, 2013**

Section II - Financial Statement Findings

No findings noted in the current year.

Section III - Federal Awards Findings and Questioned Costs

No findings noted in the current year.

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 AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013.

FEDERAL GRANTOR / PASS-THROUGH GRANTOR / PROGRAM	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
Bureau of Justice Assistance			
Direct programs:			
Bulletproof Vest Program	16.607	XXPIIIA	\$ 4,964
Total direct programs			4,964
Department of Transportation / Federal Highway Administration (FHWA)			
Pass-through programs from:			
Texas Department of Transportation			
Highway Planning & Construction	20.205	2211-02-019	2,675,172
Texas Department of Transportation			
Highway Planning & Construction	20.205	CSJ: 0914-05-148	107,216
Texas Department of Transportation			
Highway Planning & Construction	20.205	CSJ-2211-01-016	43,361
Texas Department of Transportation			
Highway Planning & Construction	20.205	CSJ-0015-17-026	26,560
Texas Department of Transportation			
Highway Planning & Construction	20.205	CSJ-0914-05-170	129,926
Texas Department of Transportation			
STEP Comprehensive	20.600		8,671
Texas Parks & Wildlife			
National Recreational Trails Fund	20.219	RT1108	980
Total pass-through programs			2,991,866
Federal Aviation Administration			
Pass-through programs from:			
Texas Department of Transportation-Aviation Division			
Airport Project Participation Agreement	20.106	1214GRGTN	2,000
Texas Department of Transportation-Aviation Division			
Airport Project Participation Agreement	20.106	1314GRGTN	48,190
Total pass-through programs			50,190
Institute of Museum & Library Services			
Pass-through programs from:			
Texas State Library & Archives Commission			
State Library Program	45.310	478-13006	74,695
Texas State Library & Archives Commission			
State Library Program	45.310	478-14005	4,585
Total pass-through programs			79,280
US Department of Homeland Security			
Pass-through programs from:			
Federal Emergency Management Agency			
Assistance to fire fighters	97.044		12,442
Federal Emergency Management Agency			
Hazard mitigation grant	97.047	EMW-2009-FH-00460	32,468
Total pass-through programs			44,910
US Department of Housing & Urban Development			
Pass-through programs from:			
Williamson County			
Community Development Block Grant	14.218	065P Georgetown (FY10) Sidewalks	25,745
Williamson County			
Community Development Block Grant	14.218	065P Georgetown Scenic Dr Sidewalks	220,614
Total pass-through programs			246,359
Total expenditures of federal awards			\$ 3,417,569

CITY OF GEORGETOWN, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

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 assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included in the schedule.

Basis of Accounting - The accompanying Schedule of federal financial assistance is prepared 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.



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