On behalf of the whole Georgetown City Council, I am honored to present the City’s Annual Report for the 2012–2013 fiscal year. We believe it is our responsibility to be good stewards of public funds and make decisions that best serve the citizens of Georgetown. We also believe it is important to report back to citizens on how our government has utilized public resources over the past year. This report allows the City organization to communicate to the citizens on operational and financial information for the fiscal year that spanned October 1, 2012 through September 30, 2013.

We are all known that Georgetown is a special place and we believe it is the premier community in Central Texas. As part of the 2013 budgeting process, the City Council undertook a strategic planning process that embraced Georgetown as “the City of Excellence” by defining it as “one that maximizes its citizens quality of life” and identified five areas of strategic focus: Economic Development, Public Safety, Signature Destination, Transportation, and Utilities. Each of these areas plays a critical role in Georgetown’s aspirations to be a City of Excellence. This report is organized to reflect the accomplishment made in each of these areas during the year. Financial data is provided in a separate section and reflects reporting that conforms to Generally Accepted Accounting Procedures. More detailed financial information can be found in the City’s Annual Financial Report (CAFR), on the City’s website at www.georgetown.org.

Georgetown and the Central Texas region both are expected to continue to grow in the coming years. It is our commitment to provide high-quality, cost-effective services that will continue to make Georgetown the true premier community in this region. The past year has brought a great deal of success in each of our focus areas and we believe great things are in store for the future of the City of Georgetown.
Economic Development activity in 2013 was focused on leveraging City assets to increase development and focus on target specific industries that provide quality jobs. This was accomplished in a number of ways by taking advantage of the City's natural amenities, such as the Rivery area, and its location near the ever expanding hospital and university areas to the south. Highlights for 2013 include:

Rivery Conference Center
The Summit at Rivery Park near I-35 will include a 220-room Sheraton hotel and a 16,000 square-foot conference center, which are expected to open in 2015. The Summit project will serve as a northern gateway to the Austin metro area and an anchor for future retail, office, and residential development.

Rivery Park will see major improvements in access and parking. The existing parking lot will be expanded and reconfigured and new park amenities will include a new pond with fountains, new trails, and boardwalks with a shade structure and seating. Improvements also will be made to the disc golf course. In addition, a new 316-space public parking garage will be available for Rivery Park visitors at no charge. The public parking garage will be owned by the City but use will be shared with the hotel and conference center.

Radiation Detection Company
A 15,000-square-foot facility on Sneed Drive will serve as headquarters for Radiation Detection Company, a biotechnical firm providing occupational radiation monitoring systems. The company's average wage is $45,000 annually. RDC expects to relocate 51 families to Georgetown when it opens in 2014. The capital value of the project is $2 million. The new RDC building is across the street from the Texas Life-sciences Collaboration Center.

Rock Springs Hospital
Rock Springs, a behavior health hospital on SE Inner Loop Road, opens in 2014. The 158-bed facility will offer a variety of behavioral health and chemical dependency services for seniors, adults, adolescents and active duty military as well as veterans. The hospital expects to hire 250 employees and will open in the summer of 2014.

Grape Creek Vineyards
Grape Creek Vineyards winery opened in the former Visitor Center building on the Square this year. A small City building on Main Street was demolished and is now a parking space for the winery. The City has a lease-purchase agreement with Grape Creek. The City's Visitor Center relocated next door to 101 W. Seventh Street. The new winery is a popular weekend and evening destination.

City of Excellence:
The Public Safety focus area recognizes that the City of Excellence requires a high-quality professional public safety organization, requiring an investment to ensure both Fire and Police personnel are highly trained and adequately compensated. Operational and training facilities are also key. A new pay scale for public safety was implemented this year to retention and competitive pay issues within both the Police and Fire departments. Highlights for 2013 include:

**Public Safety Operations and Training Center**

The City began construction of the new Public Safety Operations and Training Center on D.B. Wood Road in August 2013. The facility includes a 76,000 square foot, two-story building for the Georgetown Police Department including offices, evidence storage, and a physical agility training room. The main building also includes Fire Administration offices, the emergency communications center and an emergency operations center. A driving track, indoor tactical building, and a future enclosed firing range are other elements of the facility. The new center is slated to open in December 2014.

**Fire Station 2**

The outdated and undersized Fire Station 2 on Williams Drive was replaced and rededicated in March 2013. The new fire station allows fire trucks to exit directly onto Williams Drive, improving visibility for cross traffic. The station provides coverage for much of the central part of the city and downtown. Chase Constructors received an award from the Associated General Contractors of America – Austin Chapter for their work on building the new station.

**Chase the Chief 5K**

Georgetown Police Chief Wayne Nero joined students and parents in the inaugural Chase the Chief 5K and Fun Run in April 2013. This community fitness event in San Gabriel Park was co-sponsored by the Georgetown Police Department and the Georgetown ISD Council PTA. The event also included an obstacle course, kids’ activities area and community health fair.

**Numbers of note**

- 3: Georgetown’s rank for cities with lowest crime rate in Texas
- 40: percent decrease in burglaries from 2012
- 62: percentage of police officers hired who were minority or female
- 1,964: Children served by Blue Santa program
Enhancing the quality of life for our citizens and increasing tourism focused on the Most Beautiful Town Square in Texas to ensure economic vitality continue to be the primary goals of this focus area. A key element to Signature Destination is the City’s parks and recreational facilities and programs which play a key role in providing Quality of Life for our community. Highlights for 2013 include: 

**Georgetown Art Center**

- The Georgetown Art Center opened in October in the first floor of the historic fire station on Main Street.
- The Art Center includes a gallery, gift shop, and studio space for classes.
- Georgetown Art Works, a local non-profit, runs the City-owned facility and features monthly exhibits and art programming. An adjacent outdoor pocket park has a splash pad, sculptural bench, and bike rack.

**Garey Park Dedication**

- A final land donation for Garey Park was made by Jack Garey at a City Council meeting in December.
- The gift of the 528-acre ranch on RR 2243, originally announced in 2004 by Jack and Cammy Garey, includes the Garey House and a $5 million grant for the future development of the park. The City completed a master plan in 2006 for the future development of the park. In 2008, Georgetown voters approved a $35.5 million bond, which included $10 million for the future development of Garey Park. Design work will begin in 2014 and will include an operations plan for amenities.

**West Side Park**

- The City purchased 90 acres on Shell Road for the future development of a west side park. The Parks Master Plan contemplates a park on the west side of the city with amenities similar to San Gabriel Park. Funding for the west side park was included in the 2008 parks bond, approved by the voters. A basic master plan for the park will be developed next year with further design and development over the next five to ten years. The planning process for the park will include multiple opportunities for public input on potential park elements.

**Playscape Design Underway**

- The City’s Playscape is undergoing redesign for safety and accessibility. The new design includes areas that represent Georgetown history from Native American encampments through the present. The playscape will have a larger footprint and provide easy access to picnic pavilions and the adjacent restrooms. The new design was based on ideas from children and other community members at workshops and meetings held this summer, as well as an online survey. The new playscape should be open in spring 2014.

**Signature Destination Cultural District Designation**

- In September, the Texas Commission on the Arts designated Downtown Georgetown as one of 24 state-recognized cultural districts in the state. The Georgetown cultural district includes the 40-block area of downtown included in the Downtown Historic Overlay around the Williamson County Courthouse Town Square. Arts and cultural attractions in the district include the Georgetown Art Center, the Palace Theater, Williamson Museum, Georgetown Public Library, Grace Heritage Center, downtown art galleries, and shops with hand-crafted items. Other artistic and cultural elements in the district include the Victorian-era architecture around the Square and outdoor public art.
A requirement for any community to be vibrant and have an exceptional quality of life for both residents and visitors requires an effective transportation system. Transportation concerns were listed in the 2013 Citizen’s Survey as a major factor in making Georgetown a better place to live. In 2013, the City completed one major project with local funding and completed design work while waiting for funding for other projects. With limited state and federal funding available, the City pursues creative ways to pay for new roads and other transportation-related projects. Accomplishments for 2013 include:

**Sam Houston Avenue**
The 2.5-mile-long Sam Houston Avenue opened in early 2013. The new two-lane road connects the SH 130 tollway to SE Inner Loop Road. Sam Houston Avenue will link to a future project called Southwest Bypass, providing an east-west alternate to University Avenue. The new highway section will relieve traffic from the residential areas of downtown as the city grows.

**Lakeway Drive Bridge**
Construction continued on the new Lakeway Drive Bridge over Interstate 35 in 2013. Safety concerns are a primary reason for replacing the old two-lane bridge. The new bridge has through-traffic lanes and a left turn lane in each direction as well as sidewalk and 14-foot-wide outside lanes to accommodate bicyclists.

**FM 1460 Widening**
The City finalized right-of-way acquisition and funding sources to widen FM 1460 from two lanes to a four-lane divided road. Construction is set to start in the fall of 2014. The project extends from University Boulevard in Round Rock to Quail Valley Drive in Georgetown. The arterial connects with a high-growth corridor including hospitals, college campuses, and new residential developments.

**Sidewalks and Trails**
The City completed a sidewalk expansion and streetscape project on the west side of the Square on Austin Avenue from Seventh to Eighth streets. Work continued on a new sidewalk that extends three-quarters of a mile from Belton Drive to Mitchell Elementary, providing a way for children to walk or ride a bike to school from several nearby neighborhoods. Design work for a sidewalk along N. Austin Avenue from the Recreation Center to Georgetown High School is underway. Construction should start in 2014.

**Airport Assessment**
The City conducted a comprehensive assessment of the Georgetown Municipal Airport in 2013. The Georgetown Airport Business Analysis compiled by CH2M Hill Engineers assessed a variety of costs and expenses at the Airport, management structures, industry best practices, marketing ideas, and business development opportunities. Recommendations in the report will be addressed by the Georgetown Transportation Advisory Board and the City Council.
Georgetown’s City-owned utilities are a tremendous asset supporting the City of Excellence vision. Focusing on cost-effective and reliable service, Georgetown Utility Systems plays a unique role in enhancing the community’s quality of life. Currently 7 percent of all utility-generated revenue comes back to the City’s general fund to pay for other key City services, such as public safety, parks, and the library. Key accomplishments in 2013 enable the City to build upon that focus far into the future. These accomplishments include:

Recycling and Yard Trimmings
The City introduced single-stream recycling in one rolling cart in November 2012. A new green waste program for yard trimmings began at the same time for in-city residents. The new programs have increased the recycling rate by 100 percent.

Aqua Messenger Award
The Aqua Messenger program won a statewide water conservation award this year. The City won the Blue Legacy Award at the Texas Water conference for the Texas section of the American Water Works Association. The award recognized Georgetown for the conservation program in the category of cities with 50,000 to 100,000 population. The Aqua Messenger program allows water utility customers to receive usage threshold emails each month.

Lake Georgetown
As Georgetown’s primary source of drinking water, Lake Georgetown is fed by the North Fork of the San Gabriel River and a water pipeline from Lake Stillhouse Hollow in Bell County. Water conservation is an increasingly important water management strategy. In the summer months in Georgetown, 75 percent of the water used each day is for watering lawns.

Chisholm Trail Water
After two years of negotiations, the Georgetown City Council voted this year to approve a consolidation agreement with the Chisholm Trail Special Utility District water system. According to the agreement, the City would absorb the assets of the district and acquire its 377 square-mile service area. Chisholm Trail customers, who number more than 7,000, would become City of Georgetown out-of-city water customers. The service territory transfer is currently under review by the Texas Commission on Environmental Quality.

Asset Management
Georgetown Utility Systems began the implementation of a new enterprise asset management system this year. A new work management program is being implemented to manage maintenance activities on utility assets such as transformers, water pumps, or bucket trucks. The new system enables scheduled maintenance, enhanced workflow communication, and effective management of utility assets.
The following financial information represents information from the City's Comprehensive Annual Financial Report for the year ended September 30, 2013. The statements are presented in conformity with accounting principles generally accepted in the U.S. as set forth by the Governmental Accounting Standards Board and have been audited by independent auditors in accordance with generally accepted auditing standards. These Government-wide Financial Statements are designed to provide readers with a broad overview of the finances of the City as a means to a private-sector business. The Statement of Net Position is the difference between the City’s assets and deferred outflows and liabilities and deferred inflows, is 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.

The Statement of Activities presents information showing how the City’s net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g., uncollected taxes). The change in net assets is not reported here, but is the difference of total revenues and total expenses. This year, net assets increased by $30.056 million, largely due to the completion of large capital projects.

City of Excellence:

The City's Net Assets are primarily invested in its capital infrastructure, such as utility lines, electric substations, roads and parks. Many of these assets are funded through debt.

As of September 30, 2013, the City had a total of $131 million in general obligation debt outstanding. This represents a 17 percent increase over prior year. This increase reflected $5 million of General Obligation bonds for park projects, as well the final $17 million for the Public Safety Operations and Training Center. Other long-term debts included are contributed absence payable, net pension obligation, other post-employment benefits and arbitrage rebate payable. These experienced a slight increase over FY2012, primarily due to an increase in contributed absence payable.

Net Assets - Primary Government - 9/30/13

| Govt.- in Capital Assets | 32.0% |
| Govt.- in Other Assets | 9.6% |
| Govt.- in Other Liabilities | 5.1% |

The City's Net Assets are primarily invested in its capital infrastructure, such as utility lines, electric substations, roads and parks. Many of these assets are funded through debt.
Revenues: The Charges for Services category represents revenues primarily from electric, water, wastewater, environmental services, developer and building inspection fees, parks fees, fire fees, and street services. Changes for services were $31.8 million in FY 2013, an 8.7 percent increase from FY 2012 revenues. Property taxes totaled $478 million, which include real and personal property taxes assessed October 1, and payable before the following January 31. Sales taxes, totaled $87 million for fiscal year 2013, which was an increase of 13.3 percent 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.

Expenses: Fire Services increased 5.9 percent due to the restructured STEP pay plan that was implemented January 2013 and the October 2012 opening of the new Fire Station 5. Streets decreased 1.9 percent due to the timing of scheduled maintenance of the transportation system and vacant positions. Electric charges for services decreased while Waste, Stormwater, and Airport all had increases. Notable explanations for the changes are explained below.

Expenses:
- Water services increased 15.7 percent over the prior year due to higher personnel and operating costs.
- Electric decreased 17.7 percent. The decrease in expenses for Electric are associated with lower purchased power costs over prior year.
- Electric increased 5.8 percent. The increase can be attributed to higher operating and plant management expenses due to higher water sales.
- The 1.9 percent increase at the Airport is related to the fluctuations in the price of fuel compared to FY 2012.

Economic Indicators

Financial operations of the City are guided by its Fiscal and Budgetary Policy, which is reviewed and adopted each year by the City Council. This policy is meant to ensure financial stability and promote fiscal responsibility, both of which are the foundation for the City of Excellence. The City currently receives the Government Finance Officers Association awards for its annual budget and CAFR. Both awards recognize the City’s commitment to fiscal discipline and transparency. Key financial information and indicators follow.

Sales tax revenues increased 13 percent 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 percent over the prior year.
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 $195,915 on January 1, 2013, as compared to $185,915 on January 1, 2012. Georgetown’s overall combined monthly rates, including utilities and taxes, are lower than other communities in the area.
The City purchased 90 acres on Shell Road for the future development of a west side park. The Parks Master Plan contemplates a park on the west side of the city with amenities similar to San Gabriel Park. Funding for the west side park was included in the 2008 parks bond approved by the voters. A basic master plan for the park will be developed next year with further design and development over the next five to ten years. The planning process for the park will include multiple opportunities for public input on potential park elements.