

GEORGETOWN
INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2010

Georgetown Independent School District
Annual Financial Report
For The Year Ended June 30, 2010

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Introductory Section

CERTIFICATE OF BOARD

Georgetown Independent School District
Name of School District

Williamson
County

246-904
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) X approved disapproved for the year ended June 30, 2010, at a meeting of the board of trustees of such school district on the 13th day of December , 2010 .

(ORIGINAL SIGNATURE ON FILE WITH TEA)
Signature of Board Secretary

(ORIGINAL SIGNATURE ON FILE WITH TEA)
Signature of Board President

If the board of trustees disapproved of the auditors' report, the reason(s) for disapproving it is (are):
[attach list as necessary]

Financial Section

West, Davis & Company, LLP
11824 Jollyville Road, Suite 100
Austin, Texas 78759

Independent Auditors' Report on Financial Statements

Board of Trustees
Georgetown Independent School District
Georgetown, Texas

Members of the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Georgetown Independent School District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Georgetown Independent School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

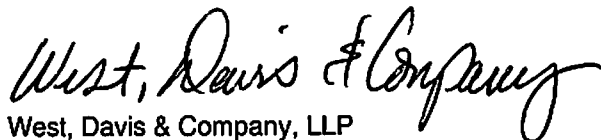
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Georgetown Independent School District as of June 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2010, on our consideration of Georgetown Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information identified as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements which collectively comprise the Georgetown Independent School District's basic financial statements. The accompanying schedule of expenditures of federal awards required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the supporting

schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "West, Davis & Company".

West, Davis & Company, LLP
December 2, 2010

Georgetown Independent School District

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial Report, we, the managers of Georgetown Independent School District (the District), discuss and analyze the District's financial performance for the year ended June 30, 2010. Please read it in conjunction with the independent auditors' report on page 2, and the District's Basic Financial Statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

- The District's total net assets were \$54.96 million.
- The General Fund ended the year with a fund balance of \$16 million, \$600 thousand less than the previous year. This was a result of a prior period adjustment of \$450 thousand from the 2006 Bond Issue and \$150 thousand decrease in revenue due to a less than expected student enrollment.
- During 2010 the District issued \$1.83 million in Unlimited Tax Refunding Bonds to refund a portion of the District's Tax School Building Bonds Series 2001. The net savings for this issuance was \$137 thousand.
- The District issued \$95.7 million in general obligation debt with the Series 2006 Building Bonds. The District's capital projects fund expended some \$4 million in funds relating to its facilities construction and improvement projects. Included are contracts to build a new high school, a new athletic stadium, a supplemental services building, technology and improvements to facilities throughout the District.
- The District ended the year with \$133.5 outstanding in general obligation bonded debt.
- General Fund expenditures of \$82.7 million increased by 2% over the prior year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Assets and the Statement of Activities on pages 10 and 11. These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements, starting on page 12, report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how services of the District were sold within the District or to external customers and how the sales revenues covered the expenses of the services.

The notes to the financial statements starting on page 19 provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 10. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Assets includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years (such as workers' compensation claims).

These two statements report the District's net assets and changes in them. The District's net assets (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider non-financial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Assets and the Statement of Activities, the District exhibits one kind of activity:

- Governmental activities—Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 12 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds—governmental and proprietary—use different accounting approaches:

- Governmental funds—Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-

term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

- Proprietary funds–The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Assets and the Statement of Activities. In fact, the District's enterprise funds (one category of proprietary funds) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets of the District's governmental activities increased from \$54.65 million to \$54.96 million. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – were \$14 million at June 30, 2010.

Table I
Georgetown Independent School District

NET ASSETS in thousands		
	Governmental Activities	
	2010	2009
Current and other assets	38,658	45,656
Capital assets	163,730	164,319
Total assets	202,388	209,975
Long-term liabilities	133,786	141,725
Other liabilities	13,939	13,593
Total liabilities	147,725	155,318
Net Assets:		
Invested in capital assets net of related debt	35,886	32,408
Restricted	5,193	7,000
Unrestricted	13,884	15,249
Total net assets	54,963	54,657

Table II
Georgetown Independent School District

CHANGES IN NET ASSETS
in thousands

	Governmental Activities	
	2010	2009
Revenues:		
Program Revenues:		
Charges for Services	3,625	3,954
Operating grants and contributions	13,381	11,619
General Revenues:		
Maintenance and operations taxes	54,027	53,678
Debt Service taxes	12,983	12,861
Grants and Contributions not restricted to specific functions	24,951	22,612
Investment Earnings	262	887
Miscellaneous	946	790
Total Revenue	<u>110,175</u>	<u>106,401</u>
Expenses:		
Instruction, curriculum and media services	60,736	57,270
Instructional and school leadership	8,804	7,902
Student support services	8,684	7,832
Child nutrition	5,487	5,339
Co-curricular activities	2,592	2,610
General administration	2,607	2,436
Plant maintenance, security and data processing	10,992	10,331
Community services	1,724	1,629
Debt services	6,772	7,029
Payments related to Alternative Programs	188	169
Incremental Costs Related to WADA	243	503
Other Intergovernmental Charges	591	594
Total Expenses	<u>109,420</u>	<u>103,644</u>
Increase in net assets	754	2,757
Net assets at Beginning	54,657	51,915
Prior Period Adjustment	(448)	(15)
Net assets at Beginning, as Restated	<u>54,209</u>	<u>51,900</u>
Net assets at Ending	<u>54,963</u>	<u>54,657</u>

The cost of all governmental activities this year was \$109.4 million. The Statement of Activities on pages 11 shows that the amount that our taxpayers ultimately financed for these activities through District taxes was \$67 million.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirement, bond covenants, and segregation for particular purposes.

Government funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved, undesignated fund balance may serve as a useful measure of the District's net resources available for spending at the end of a fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balance of \$26.9 million, a decrease of \$6 million due to expenditures associated with the Capital Projects Fund net of revenue in the amount of \$4.1 million, a decrease of \$0.2 million in the general fund, and a decrease of \$1.6 million in the debt service fund. Approximately 59 percent of this total amount (\$16 million) constitutes unreserved, undesignated fund balance. The remainder of the fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed for:

- Payment of debt service payments (\$5.1 million);
- Capital projects (\$5.6 million);

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$16 million. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to the total fund expenditures. The resultant 19.4% represents that percentage of annual expenditures held in reserve.

The total fund balance of the District's general fund decreased by \$147 thousand.

The debt service fund has a total fund balance of \$5.1 million, all of which is reserved for the payment of debt service. The net decrease in fund balance during the period in the debt service fund was \$1.6 million. This decrease was anticipated and was due to a scheduled shift in some bond payments from August 2010 to February 2010.

The District's total general revenues were \$82.5 million. A portion, \$56.9 million or 69%, of the District's revenues come from taxes, and other local revenue. The majority of the other 31% of revenues is from State Program Revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District recommended and the Board approved revisions to budgeted revenue and appropriations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the 2009-10, the District had \$202 million invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This is an increase from the prior year due to construction in progress of the high school renovation, the purchase of property for the second high school, and purchase of furniture and equipment. More detailed information about the District's capital assets is presented in Note D to the financial statements.

Debt

At year-end, the District had \$133.5 million in bonds outstanding versus \$141.7 million last year. Moody's Investors Service and Standard and Poor's both reaffirmed the District's underlying credit ratings of "Aa2" and "AA-" respectively.

More detailed information about the District's long-term liabilities is presented in Note F to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District is located 25 miles north of Austin in Williamson County. The District's elected and appointed officials considered many factors when setting the fiscal year 2010-2011 budget and tax rates. One of these factors was the continued decline of the national economy resulting in the continued decrease in assessed property values. The District's property value dropped from a 1% increase to a slight increase of .5% for 2010.

The Federal Reserve maintained a 0% - .25% Fed Funds target range for all of fiscal year 2009-2010, though the economic and financial conditions had improved by January 2010. The earnings on investments continued to decrease and as of June 30, 2010, the arbitrage rebate calculation on the 2006 Bond proceeds had changed the District's estimated liability from \$204,989 to \$0.

The District estimated a 3% growth in students for 2010-2011, and no change in property values for budget purposes. The 2010-2011 tax rate is \$1.29, with \$1.04 for maintenance and operations and \$0.25 for debt service. This is the same tax rate for the last four year.

These indicators were taken into consideration when adopting the General Fund budget for 2010-2011. Amounts available for appropriation in the General Fund budget are \$86 million. Budgeted expenditures are expected to be \$86 million. District staff received a 2% pay raise for 2010-2011, and the employer insurance contribution was increased from \$3,792 to \$3,828 per year for all employees participating in the health insurance program. Twenty additional teaching positions are included in the 2010-2011 budget to comply with 22 to 1 ratio in Kindergarten through 6th grade.

The Federal Government passed the American Recovery and Reinvestment Act of 2009 (ARRA) and State Fiscal Stabilization Funds (SFSF) in February 2009. The District was awarded \$2.5 million in ARRA funds through IDEA-B and Title I grants for the 2009-2011 school years. The District was awarded \$2.8 million in SFSF funds through the Foundation School Fund and the Available School Fund for 2010-2011. The ARRA and SFSF funds are not expected to be available for the 2011-2012 school year.

In a year when the majority of Texas School Districts were approving deficit budgets or increasing tax rates without salary increases for staff, Georgetown ISD was able to give pay raises for 2010-2011 without increasing the tax rate and without requiring any reduction in fund balance.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer at the District's service center at Georgetown Independent School District, 603 Lakeway Drive, Georgetown, Texas 78628, www.georgetownisd.org.

Basic Financial Statements

GEORGETOWN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2010

Data Control Codes	1	Governmental Activities
ASSETS:		
1110	Cash and Cash Equivalents	\$ 7,311,977
1120	Current Investments	18,932,920
1225	Property Taxes Receivable (Net)	1,962,904
1240	Due from Other Governments	8,844,444
1267	Due from Fiduciary	107,765
1290	Other Receivables (Net)	926,772
1300	Inventories	1,588
1410	Deferred Expenses	240,507
1420	Capitalized Bond and Other Debt Issuance Costs	329,566
Capital Assets:		
1510	Land	9,820,704
1520	Buildings and Improvements, Net	149,399,179
1530	Furniture and Equipment, Net	3,332,643
1580	Construction in Progress	1,177,787
1000	Total Assets	<u>202,388,756</u>
LIABILITIES:		
2110	Accounts Payable	996,105
2140	Interest Payable	2,345,091
2165	Accrued Liabilities	8,718,764
2180	Due to Other Governments	548,485
2300	Unearned Revenue	1,330,602
Noncurrent Liabilities:		
2501	Due Within One Year	7,335,000
2502	Due in More Than One Year	126,151,389
2000	Total Liabilities	<u>147,425,436</u>
NET ASSETS		
3200	Invested in Capital Assets, Net of Related Debt	35,886,208
Restricted For:		
3820	Federal and State Programs	8,944
3850	Debt Service	4,890,482
3870	Campus Activities	293,980
3900	Unrestricted	13,883,706
3000	Total Net Assets	<u>\$ 54,963,320</u>

The accompanying notes are an integral part of this statement.

GEORGETOWN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
			Charges for Services	Governmental Activities		
	Governmental Activities:					
11	Instruction	\$ 58,896,791	\$ 1,505,320	\$ 8,098,574	\$ (49,292,897)	
12	Instructional Resources and Media Services	1,202,459	--	--	(1,202,459)	
13	Curriculum and Staff Development	636,863	--	230,343	(406,520)	
21	Instructional Leadership	2,907,880	--	324,800	(2,583,080)	
23	School Leadership	5,895,611	--	176,778	(5,718,833)	
31	Guidance, Counseling, & Evaluation Services	2,778,430	--	225,968	(2,552,462)	
32	Social Work Services	453,997	--	168,044	(285,953)	
33	Health Services	1,218,273	--	1,054,119	(164,154)	
34	Student Transportation	4,233,056	--	--	(4,233,056)	
35	Food Service	5,486,933	2,008,000	2,978,265	(500,668)	
36	Cocurricular/Extracurricular Activities	2,591,810	65,304	--	(2,526,506)	
41	General Administration	2,607,121	--	14,113	(2,593,008)	
51	Plant Maintenance and Operations	9,837,339	45,912	--	(9,791,427)	
52	Security and Monitoring Services	74,080	--	--	(74,080)	
53	Data Processing Services	1,080,992	--	92,874	(988,118)	
61	Community Services	1,724,009	--	17,017	(1,706,992)	
72	Interest on Long-term Debt	6,700,416	--	--	(6,700,416)	
73	Bond Issuance Costs and Fees	71,839	--	--	(71,839)	
92	Incremental Costs Related to WADA	243,040	--	--	(243,040)	
95	Payments to Juvenile Justice Alternative Ed. Programs	188,234	--	--	(188,234)	
99	Other Intergovernmental Charges	591,109	--	--	(591,109)	
TG	Total Governmental Activities	<u>109,420,282</u>	<u>3,624,536</u>	<u>13,380,895</u>	<u>(92,414,851)</u>	
TP	Total Primary Government	<u>\$ 109,420,282</u>	<u>\$ 3,624,536</u>	<u>\$ 13,380,895</u>	<u>(92,414,851)</u>	
	General Revenues:					
MT	Property Taxes, Levied for General Purposes				54,027,515	
DT	Property Taxes, Levied for Debt Service				12,983,019	
IE	Investment Earnings				262,001	
GC	Grants and Contributions Not Restricted to Specific Programs				24,950,547	
MI	Miscellaneous				946,296	
TR	Total General Revenues				<u>93,169,378</u>	
CN	Change in Net Assets				<u>754,527</u>	
NB	Net Assets - Beginning				54,657,022	
PA	Prior Period Adjustment				(448,229)	
	Net Assets - Beginning, as Restated				54,208,793	
NE	Net Assets - Ending				<u>\$ 54,963,320</u>	

The accompanying notes are an integral part of this statement.

GEORGETOWN INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2010

Data Control Codes	10 General Fund	50 Debt Service Fund
ASSETS:		
1110 Cash and Cash Equivalents	\$ 7,230,702	\$ 1,411,936
1120 Current Investments	8,995,220	3,401,031
1225 Taxes Receivable, Net	1,600,246	362,658
1240 Due from Other Governments	6,343,183	--
1260 Due from Other Funds	1,109,953	75,464
1290 Other Receivables	683,661	--
1300 Inventories	1,588	--
1410 Deferred Expenditures	266,980	--
1000 Total Assets	<u>\$ 26,231,533</u>	<u>\$ 5,251,089</u>
LIABILITIES:		
Current Liabilities:		
2110 Accounts Payable	\$ 489,387	\$ --
2150 Payroll Deductions & Withholdings	101,930	--
2160 Accrued Wages Payable	7,774,042	--
2170 Due to Other Funds	887,007	--
2180 Due to Other Governments	--	--
2200 Accrued Expenditures	130,448	--
2300 Unearned Revenue	835,172	179,032
2000 Total Liabilities	<u>10,217,986</u>	<u>179,032</u>
FUND BALANCES:		
Reserved Fund Balances:		
3410 Investments in Inventory	1,588	--
3420 Debt Service	--	5,072,057
3450 Reserve for Food Service	--	--
3470 Capital Acquisitions & Contractual Obligations	--	--
3490 Other Reserves of Fund Balance	--	--
3600 Unreserved	16,011,959	--
3000 Total Fund Balances	<u>16,013,547</u>	<u>5,072,057</u>
4000 Total Liabilities and Fund Balances	<u>\$ 26,231,533</u>	<u>\$ 5,251,089</u>

The accompanying notes are an integral part of this statement.

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ (7,941)	\$ (1,322,720)	\$ 7,311,977
6,104,345	432,324	18,932,920
--	--	1,962,904
--	2,501,261	8,844,444
--	191,114	1,376,531
--	243,111	926,772
--	--	1,588
--	(26,473)	240,507
<u>\$ 6,096,404</u>	<u>\$ 2,018,617</u>	<u>\$ 39,597,643</u>
\$ 53,858	\$ 452,860	\$ 996,105
--	--	101,930
--	712,344	8,486,386
27,959	353,800	1,268,766
436,651	111,834	548,485
--	--	130,448
--	127,345	1,141,549
<u>518,468</u>	<u>1,758,183</u>	<u>12,673,669</u>
--	--	1,588
--	--	5,072,057
--	(5,581)	(5,581)
5,577,936	--	5,577,936
--	266,015	266,015
--	--	16,011,959
<u>5,577,936</u>	<u>260,434</u>	<u>26,923,974</u>
<u>\$ 6,096,404</u>	<u>\$ 2,018,617</u>	<u>\$ 39,597,643</u>

GEORGETOWN INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2010

Total fund balances - governmental funds balance sheet	\$ 26,923,974
Amounts reported for governmental activities in the Statement of Net Assets ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds.	163,730,313
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,008,087
Payables for bond principal which are not due in the current period are not reported in the funds.	(133,450,000)
Accumulated accretion of interest on capital appreciation bonds is not reported in the funds.	(165,050)
Payables for bond interest which are not due in the current period are not reported in the funds.	(2,345,091)
Bond premium is deferred and amortized over the life of the bonds in the SNA.	(1,197,140)
Bond issuance costs are capitalized and amortized over the life of the bonds in the SNA but not in the funds.	329,566
Deferred gain on defeasance of bonds is not reported in the funds.	<u>128,661</u>
Net assets of governmental activities - Statement of Net Assets	<u>\$ 54,963,320</u>

The accompanying notes are an integral part of this statement.

GEORGETOWN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

Data Control Codes	10 General Fund	50 Debt Service Fund
REVENUES:		
5700 Local and Intermediate Sources	\$ 56,942,157	\$ 13,177,506
5800 State Program Revenues	24,525,737	--
5900 Federal Program Revenues	1,080,885	--
5020 Total Revenues	<u>82,548,779</u>	<u>13,177,506</u>
EXPENDITURES:		
Current:		
0011 Instruction	48,384,979	--
0012 Instructional Resources and Media Services	1,003,413	--
0013 Curriculum and Staff Development	273,414	--
0021 Instructional Leadership	2,389,164	--
0023 School Leadership	5,393,054	--
0031 Guidance, Counseling, & Evaluation Services	2,403,986	--
0032 Social Work Services	279,423	--
0033 Health Services	1,114,931	--
0034 Student Transportation	3,886,981	--
0035 Food Service	(272)	--
0036 Cocurricular/Extracurricular Activities	1,754,862	--
0041 General Administration	2,458,214	--
0051 Plant Maintenance and Operations	9,685,828	--
0052 Security and Monitoring Services	74,080	--
0053 Data Processing Services	996,353	--
0061 Community Services	1,574,922	--
0071 Principal on Long-term Debt	--	8,275,000
0072 Interest on Long-term Debt	--	6,535,366
0073 Bond Issuance Costs and Fees	--	43,574
0081 Capital Outlay	--	--
0092 Incremental Costs Related to WADA	243,040	--
0095 Payments to Juvenile Justice Alternative		
0095 Education Programs	188,234	--
0099 Other Intergovernmental Charges	591,109	--
6030 Total Expenditures	<u>82,695,715</u>	<u>14,853,940</u>
1100 Excess (Deficiency) of Revenues Over (Under)		
1100 Expenditures	<u>(146,936)</u>	<u>(1,676,434)</u>
Other Financing Sources and (Uses):		
7911 Capital-Related Debt Issued (Regular Bonds)	--	1,830,000
7916 Premium or Discount on Issuance of Bonds	--	175,844
8949 Other Uses	--	(1,958,661)
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>47,183</u>
1200 Net Change in Fund Balances	<u>(146,936)</u>	<u>(1,629,251)</u>
0100 Fund Balances - Beginning	16,608,712	6,701,308
1300 Prior Period Adjustment	(448,229)	--
Fund Balances - Beginning, as Restated	16,160,483	6,701,308
3000 Fund Balances - Ending	<u>\$ 16,013,547</u>	<u>\$ 5,072,057</u>

The accompanying notes are an integral part of this statement.

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 22,102	\$ 3,776,769	\$ 73,918,534
--	766,192	25,291,929
--	10,630,586	11,711,471
<u>22,102</u>	<u>15,173,547</u>	<u>110,921,934</u>
33,718	7,220,369	55,639,066
--	30,989	1,034,402
--	363,449	636,863
--	525,297	2,914,461
--	389,005	5,782,059
--	374,444	2,778,430
--	174,574	453,997
3,347	83,901	1,202,179
--	492,645	4,379,626
--	5,068,675	5,068,403
--	36,393	1,791,255
--	76,186	2,534,400
--	151,879	9,837,707
--	--	74,080
--	119,098	1,115,451
--	134,618	1,709,540
--	--	8,275,000
--	--	6,535,366
--	--	43,574
4,085,011	--	4,085,011
--	--	243,040
--	--	188,234
--	--	591,109
<u>4,122,076</u>	<u>15,241,522</u>	<u>116,913,253</u>
(4,099,974)	(67,975)	(5,991,319)
--	--	1,830,000
--	--	175,844
--	--	(1,958,661)
--	--	47,183
<u>(4,099,974)</u>	<u>(67,975)</u>	<u>(5,944,136)</u>
9,677,910	328,409	33,316,339
--	--	(448,229)
9,677,910	328,409	32,868,110
<u>\$ 5,577,936</u>	<u>\$ 260,434</u>	<u>\$ 26,923,974</u>

GEORGETOWN INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2010

Net change in fund balances - total governmental funds	\$ (5,944,136)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	4,859,180
The depreciation of capital assets used in governmental activities is not reported in the funds.	(5,447,894)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(1,008,752)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	8,275,000
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(28,265)
The accretion of interest on capital appreciation bonds is not reported in the funds.	(165,050)
(Increase) decrease in accrued interest from beginning of period to end of period.	158,127
Proceeds of long-term debt is recognized as other financial resources in the funds but not revenue in the SOA.	(1,830,000)
Bond premiums are reported in the funds but not in the SOA.	(72,344)
Transfers to escrow agent to defease debt is reported in the funds it is not reported in the SOA.	<u>1,958,661</u>
Change in net assets of governmental activities - Statement of Activities	<u>\$ 754,527</u>

The accompanying notes are an integral part of this statement.

GEORGETOWN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

JUNE 30, 2010

Data Control Codes		Agency Fund
		Student Activity
ASSETS:		
1110	Cash and Cash Equivalents	\$ 280,634
1120	Current Investments	432,258
1410	Deferred Expenditures	55
1000	Total Assets	<u>\$ 712,947</u>
LIABILITIES:		
Current Liabilities:		
2110	Accounts Payable	\$ 43,833
2170	Due to Other Funds	107,766
2190	Due to Student Groups	561,348
2000	Total Liabilities	<u>712,947</u>
NET ASSETS		
3000	Total Net Assets	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

GEORGETOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

A. Summary of Significant Accounting Policies

The basic financial statements of Georgetown Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity," as revised by GASB Statement No.39, and there are no component units included within the reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net assets and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Debt Service Fund: The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Capital Projects Fund: The Capital Projects Fund accounts for financial resources to be used for the construction of major capital facilities.

GEORGETOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

In addition, the District reports the following fund types:

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. Financial Statement Amounts

a. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

GEORGETOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

b. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and Improvements	40
Furniture and Equipment	5-30

d. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

e. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net assets.

f. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

g. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to insure accuracy in building a statewide database for policy development and funding plans.

GEORGETOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>		<u>Action Taken</u>
<u>Expenditures Exceeded Appropriations</u>	In	
<u>Fund/Function</u>	<u>Thousands</u>	
General		
School Leadership	121	Closer monitoring.
Guidance, Counseling, & Evaluation Services	58	Closer monitoring.
Health Services	31	Closer monitoring.
Student Transportation	4	Closer monitoring.
Extracurricular Activities	17	Closer monitoring.
Plant Maintenance and Operations	489	Closer monitoring.
Data Processing Services	75	Closer monitoring.

2. Deficit Fund Balance or Fund Net Assets of Individual Funds

Following are funds having deficit fund balances or fund net assets at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
National School Breakfast/Lunch	\$ 5,581	N/A
Advance Placement Incentives	5,831	N/A
Kindergarten/Prekindergarten Grants	20,832	N/A

C. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Cash Deposits:

At June 30, 2010, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$7,311,977 and the bank balance was \$9,680,435. The District's cash deposits at June 30, 2010 and during the year ended June 30, 2010, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

GEORGETOWN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2010

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District's investments at June 30, 2010 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Rating</u>	<u>Fair Value</u>
Public funds Investment Pools:			
TexPool	46 Days	AAAm	18,119,634
Lone Star	29 Days	AAA	813,286
Total Investments			<u>\$ 18,932,920</u>

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

At June 30, 2010, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as disclosed above.

GEORGETOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

GEORGETOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

D. Capital Assets

Capital asset activity for the year ended June 30, 2010, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 9,160,221	\$ 660,483	\$ --	\$ 9,820,704
Construction in progress	1,700,560	4,091,009	4,613,782	1,177,787
Total capital assets not being depreciated	<u>10,860,781</u>	<u>4,751,492</u>	<u>4,613,782</u>	<u>10,998,491</u>
Capital assets being depreciated:				
Buildings and improvements	191,317,796	4,003,098	--	195,320,894
Furniture and Equipment	7,023,280	718,372	--	7,741,652
Total capital assets being depreciated	<u>198,341,076</u>	<u>4,721,470</u>	<u>--</u>	<u>203,062,546</u>
Less accumulated depreciation for:				
Buildings and improvements	(40,977,650)	(4,944,065)	--	(45,921,715)
Furniture and Equipment	(3,905,180)	(503,829)	--	(4,409,009)
Total accumulated depreciation	<u>(44,882,830)</u>	<u>(5,447,894)</u>	<u>--</u>	<u>(50,330,724)</u>
Total capital assets being depreciated, net	<u>153,458,246</u>	<u>(726,424)</u>	<u>--</u>	<u>152,731,822</u>
Governmental activities capital assets, net	<u>\$ 164,319,027</u>	<u>\$ 4,025,068</u>	<u>\$ 4,613,782</u>	<u>\$ 163,730,313</u>

Depreciation was charged to functions as follows:

Instruction	\$ 3,308,043
Instructional Resources and Media Services	168,057
Instructional Leadership	6,814
School Leadership	113,552
Health Services	16,094
Student Transportation	453,403
Food Services	418,530
Extracurricular Activities	800,555
General Administration	72,721
Plant Maintenance and Operations	67,681
Data Processing Services	7,975
Community Services	14,469
	<u>\$ 5,447,894</u>

E. Interfund Balances and Activities

Due To and From Other Funds

Balances due to and due from other funds at June 30, 2010, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 353,800	Short-term loans
General Fund	Fiduciary Fund - Student Activity	107,765	Short-term loans
Debt Service Fund	General Fund	75,464	Short-term loans
Other Governmental Funds	General Fund	191,114	Short-term loans
General Fund	Other General Fund Sub-Funds	648,388	Short-term loans
General Fund	Capital Projects Fund	--	Capital projects expenditures
	Total	<u>\$ 1,376,531</u>	

All amounts due are scheduled to be repaid within one year.

GEORGETOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2010, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 141,725,000	\$ 1,830,000	\$ 10,105,000	\$ 133,450,000	\$ 7,335,000
Deferred Gain on Refunding	--	--	128,661	(128,661)	--
Accumulated accretion on CAB's	--	165,050	--	165,050	--
Total governmental activities	<u>\$ 141,725,000</u>	<u>\$ 1,995,050</u>	<u>\$ 10,233,661</u>	<u>\$ 133,486,389</u>	<u>\$ 7,335,000</u>

* Other long-term liabilities

General obligation bonds consist of the following:

Issue	Original Issue Amount	Installments (in Millions)	Final Maturity	Interest Rates	Outstanding
Series 2001 Schoolhouse	\$ 19,999,996	\$ 0.35 to 2.42	8/2021	3.7% to 5.5%	\$ 3,620,000
Series 2004 Refunding	34,039,977	0.175 to 4.79	2/2020	2% to 5%	29,370,000
Series 2005 Refunding	8,795,000	0.805 to 3.69	2/2017	3% to 5%	7,175,000
Series 2006 Schoolhouse	97,500,000	0.56 to 8.93	2/2026	3.5% to 5%	91,455,000
Series 2010 Refunding	1,830,000	0.04 to 0.215	8/2021	2% to 3.375%	1,830,000
					<u>\$ 133,450,000</u>

2. Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2010, are as follows:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2011	\$ 7,335,000	\$ 6,168,022	\$ 13,503,022
2012	7,660,000	5,886,940	13,546,940
2013	7,860,000	5,675,180	13,535,180
2014	8,420,000	5,143,721	13,563,721
2015	8,835,000	4,728,652	13,563,652
2016-2020	51,115,000	16,831,579	67,946,579
2021-2025	34,570,000	6,518,331	41,088,331
2026	7,655,000	357,794	8,012,794
Totals	<u>\$ 133,450,000</u>	<u>\$ 51,310,219</u>	<u>\$ 184,760,219</u>

3. Advance Refunding of Debt

GASB Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of June 30, 2010, outstanding balances of bond issues that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments are as follows.

Bond Issue	Amount
Series 2001 Schoolhouse	\$ 1,830,000
Total	<u>\$ 1,830,000</u>

GEORGETOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

During 2010 the District issued \$1.83 million in Unlimited Tax Refunding Bonds to refund a portion of the District's Tax School Building Bonds Series 1997. The proceeds of the refunding net of debt service costs of \$40,448 amounted to \$1.959 million and was deposited with an escrow agent to purchase direct obligations of the United States. As a result of the refunding, the District decreased its aggregate debt service payment to maturity by \$0.137 million and realized an economic gain (difference between the present value of debt service payments on the old debt and the new debt) of \$0.171 million.

G. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2010, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

H. Pension Plan

1. Plan Description

The District contributes to the Teacher Retirement System of Texas (the "System"), a public employee retirement system. It is a cost-sharing, multiple-employer defined benefit pension plan with one exception: all risks and costs are not shared by the District, but are the liability of the State of Texas. The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates primarily under the provisions of the Texas Constitution and Texas Government Code, Title 8, Subtitle C. The Texas legislature has the authority to establish or amend benefit provisions. The System issues a publicly available financial report that includes financial statements and required supplementary information for the District. That report may be obtained by writing the Teacher Retirement System of Texas, 1000 Red River Street, Austin, TX 78701-2698 or by calling (800) 223-8778.

2. Funding Policy

Under provisions in State law, plan members are required to contribute 6.4% of their annual covered salary and the State of Texas contributes an amount equal to 6.0% of the District's covered payroll. The District's employees' contributions to the System for the years ending June 30, 2010, 2009 and 2008 were \$4,219,238, \$3,976,147 and \$3,738,804, respectively, and were equal to the required contributions for each year. Other contributions made from federal and private grants and from the District for salaries above the statutory minimum for the years ending June 30, 2010, 2009 and 2008 were \$690,573, \$587,770 and \$494,612, respectively, and were equal to the required contributions for each year. The amount contributed by the State on behalf of the District was \$3,968,639 for the year ended June 30, 2010.

I. Health Care Coverage

During the year ended June 30, 2010, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$316 per month per employee to the Plan. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the licensed insurer is renewable May 1, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the plan for the year ended December 31, 2007, have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

GEORGETOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

J. Retiree Health Plan

1. Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site at www.trs.state.tx.us, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

2. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2010, 2009, and 2008. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the years ended August 31, 2010, 2009, and 2008, the State's contributions to TRS-Care were \$590,248, \$583,685, and \$549,035, respectively, the active member contributions were \$383,661, \$379,395, and \$356,873, respectively, and the school district's contributions were \$324,636, \$321,027, and \$301,969, respectively, which equaled the required contributions each year.

K. On-Behalf Payments

The District beneficiary of certain payments made other entities relating to fringe benefits. These payments are recorded in the government-wide and fund financial statements as state and/or federal revenues and payroll expenditures. These contributions are the responsibility of the state or federal government as detailed below.

Description	On-Behalf Amount
State contributions to the TRS retirement plan	\$ 3,968,639
Medicare Part D drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants	166,507
	<u>\$ 4,135,146</u>

L. Commitments and Contingencies

1. Contingencies

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

No reportable litigation was pending against the District at June 30, 2010.

GEORGETOWN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2010

M. Shared Services Arrangements

Shared Services Arrangement - Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides HELP: Type in the specific service provided by the SSA in place of the word "services on the line below. educational services to juveniles as defined by Title 3 of the Family Code to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in HELP: Type in the specific fund in place of "a special revenue fund" on the line below. a special revenue fund and will be accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

<u>Member Districts</u>	<u>Expenditures</u>
Bartlett ISD	\$ 8,630
Florence ISd	10,030
Georgetown ISD	188,234
Hutto ISD	76,390
Jarrell ISd	13,878
Leander ISD	236,751
Liberty Hill ISD	22,859
Round Rock ISD	490,529
Taylor ISD	103,680
Total	\$ <u>1,166,259</u>

N. Prior Period Adjustment

The District adjusted its beginning fund balance in the General Fund in the amount of \$448,229. This amount represents costs capitalized relating to the District's 2006 bond issue. These costs should have been expensed in the General Fund. This District had designated fund balance in an amount equal to these costs. This entry offsets those amounts.

O. Subsequent Event

On November 2, 2010, voters authorized the issuance of \$137.3 million in bonds to address the need for new schools to manage the continuing growth of the District. The proceeds will be used to expand the East View high school to a functional capacity of 1,800 to 2,000 students, construct a new elementary school and a new middle school, to fund renovations at numerous campuses and to construct a central receiving warehouse.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

GEORGETOWN INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2010

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 52,680,150	\$ 55,698,885	\$ 56,942,157	\$ 1,243,272
5800	State Program Revenues	28,558,823	25,449,503	24,525,737	(923,766)
5900	Federal Program Revenues	75,000	2,924,320	1,080,885	(1,843,435)
5020	Total Revenues	<u>81,313,973</u>	<u>84,072,708</u>	<u>82,548,779</u>	<u>(1,523,929)</u>
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	49,907,240	50,189,434	48,384,979	1,804,455
0012	Instructional Resources and Media Services	998,813	998,813	1,003,413	(4,600)
0013	Curriculum and Staff Development	270,974	399,338	273,414	125,924
	Total Instruction & Instr. Related Services	<u>51,177,027</u>	<u>51,587,585</u>	<u>49,661,806</u>	<u>1,925,779</u>
Instructional and School Leadership:					
0021	Instructional Leadership	2,101,942	2,425,364	2,389,164	36,200
0023	School Leadership	5,161,859	5,272,019	5,393,054	(121,035)
	Total Instructional & School Leadership	<u>7,263,801</u>	<u>7,697,383</u>	<u>7,782,218</u>	<u>(84,835)</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	2,220,656	2,345,721	2,403,986	(58,265)
0032	Social Work Services	272,981	279,557	279,423	134
0033	Health Services	941,383	1,083,980	1,114,931	(30,951)
0034	Student (Pupil) Transportation	3,883,047	3,883,047	3,886,981	(3,934)
0035	Food Services	353	353	(272)	625
0036	Cocurricular/Extracurricular Activities	1,626,099	1,738,121	1,754,862	(16,741)
	Total Support Services - Student (Pupil)	<u>8,944,519</u>	<u>9,330,779</u>	<u>9,439,911</u>	<u>(109,132)</u>
Administrative Support Services:					
0041	General Administration	3,071,306	2,471,306	2,458,214	13,092
	Total Administrative Support Services	<u>3,071,306</u>	<u>2,471,306</u>	<u>2,458,214</u>	<u>13,092</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	7,946,474	9,196,493	9,685,828	(489,335)
0052	Security and Monitoring Services	74,016	150,264	74,080	76,184
0053	Data Processing Services	916,564	921,351	996,353	(75,002)
	Total Support Services - Nonstudent Based	<u>8,937,054</u>	<u>10,268,108</u>	<u>10,756,261</u>	<u>(488,153)</u>
Ancillary Services:					
0061	Community Services	1,673,266	1,673,266	1,574,922	98,344
	Total Ancillary Services	<u>1,673,266</u>	<u>1,673,266</u>	<u>1,574,922</u>	<u>98,344</u>
Intergovernmental Charges:					
0092	Increment Costs Associated Chapter 41 (WADA)	--	262,000	243,040	18,960
0095	Payments to Juvenile Justice Alternative				
0095	Education Programs	247,000	207,000	188,234	18,766
0099	Other Intergovernmental Charges	--	600,000	591,109	8,891
	Total Intergovernmental Charges	<u>247,000</u>	<u>1,069,000</u>	<u>1,022,383</u>	<u>46,617</u>
6030	Total Expenditures	<u>81,313,973</u>	<u>84,097,427</u>	<u>82,695,715</u>	<u>1,401,712</u>

GEORGETOWN INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2010

EXHIBIT G-1

Page 2 of 2

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	--	(24,719)	(146,936)	(122,217)
1200 Net Change in Fund Balance	--	(24,719)	(146,936)	(122,217)
0100 Fund Balance - Beginning	16,608,712	16,608,712	16,608,712	--
1300 Prior Period Adjustment	--	--	(448,229)	(448,229)
0100 Fund Balance - Beginning, as Restated	16,608,712	16,608,712	16,160,483	(448,229)
3000 Fund Balance - Ending	<u>\$ 16,608,712</u>	<u>\$ 16,583,993</u>	<u>\$ 16,013,547</u>	<u>\$ (570,446)</u>

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

GEORGETOWN INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FOR THE YEAR ENDED JUNE 30, 2010

Year Ended June 30	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2001 and Prior Years	\$	Various	\$	Various	\$	Various
2002		1.48		.205		2,640,307,039
2003		1.50		.23		2,871,847,399
2004		1.50		.265		2,940,264,816
2005		1.50		.255		3,180,697,037
2006		1.50		.255		3,442,301,140
2007		1.37		.255		3,938,047,569
2008		1.04		.25		4,543,813,023
2009		1.04		.25		5,121,312,943
2010 (School Year Under Audit)		1.04		.25		5,222,131,705

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

10 Beginning Balance 7/1/09	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/10
\$ 123,188	\$ --	\$ 2,354	\$ 451	\$ (33,451)	\$ 86,932
68,328	--	1,900	263	(546)	65,619
82,568	--	7,664	1,175	(782)	72,947
78,706	--	10,796	1,907	(1,046)	64,957
95,316	--	18,032	3,065	(349)	73,870
67,756	--	30,612	5,204	2,888	34,828
145,012	--	15,596	2,903	(11,594)	114,919
174,168	--	64,591	15,527	(16,529)	77,521
1,577,795	--	1,085,192	260,864	(75,477)	156,262
--	67,365,499	52,965,438	12,732,077	133,385	1,801,369
<u>\$ 2,412,838</u>	<u>\$ 67,365,499</u>	<u>\$ 54,202,175</u>	<u>\$ 13,023,436</u>	<u>\$ (3,501)</u>	<u>\$ 2,549,225</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

GEORGETOWN INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2011-2012
 GENERAL AND SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION AND FUNCTION 99 - APPRAISAL DISTRICT COST

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Misc.	7 Total
611X-6146	Payroll Costs	\$ --	\$ --	\$ 249,707	\$ 1,344,407	\$ --	\$ 833	\$ 1,594,947
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)	--	--	--	--	--	--	--
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)	--	--	--	--	--	--	--
6211	Legal Services	--	--	--	--	54,151	--	54,151
6212	Audit Services	--	--	--	52,500	--	--	52,500
6213	Tax Appraisal and Collection	--	293,268	--	--	--	--	293,268
621X	Other Prof. Services	4,610	--	15,018	229,473	--	3,395	252,496
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	--	--	--	--	--	--	--
6240	Contr. Maint. and Repair	--	--	--	--	10,638	--	10,638
6250	Utilities	--	--	--	--	--	--	--
6260	Rentals	--	--	--	33,687	--	--	33,687
6290	Miscellaneous Contr.	--	--	--	117,117	--	--	117,117
6310	Operational Supplies, Materials	--	--	--	--	--	--	--
6320	Textbooks and Reading	--	--	--	--	--	--	--
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	516	--	6,975	22,705	--	1,397	31,593
6410	Travel, Subsistence, Stipends	4,080	--	4,468	12,552	--	500	21,600
6420	Ins. and Bonding Costs	--	--	--	42,343	--	--	42,343
6430	Election Costs	--	--	--	--	--	--	--
6490	Miscellaneous Operating	4,789	--	12,518	294,648	--	16,200	328,155
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	4,264	4,264

Total \$ 13,995 \$ 293,268 \$ 288,686 \$ 2,149,432 \$ 64,789 \$ 26,589 \$ 2,836,759

Total Expenditures for General and Special Revenue Funds (9) \$ 97,937,237

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 1,389,935
Total Debt & Lease (6500)	(11)	\$ --
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 9,819,325
Food (Function 35, 6341 and 6499)	(13)	\$ --
Stipends (6413)	(14)	\$ --
Column 4 (above) - Total Indirect Cost		\$ 2,149,432

Subtotal 13,358,692

Net Allowed Direct Cost \$ 84,578,545

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 195,320,894
Historical Cost of Buildings over 50 years old	(16)	1,134,080
Amount of Federal Money in Building Cost (Net of #16)	(17)	--
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	7,741,652
Historical Cost of Furniture & Equipment over 16 years old	(19)	2,043,514
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 399,327

(8) Note A - \$11,490 in Function 53 expenditures and \$293,268 in Function 99 expenditures are included in this report on administrative costs.

GEORGETOWN INDEPENDENT SCHOOL DISTRICT
 FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)
 GENERAL FUND
 AS OF JUNE 30, 2010

EXHIBIT J-3

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of June 30, 2010 (Exhibit C-1 object 3000 for the General Fund only)	\$ 16,013,547
2	Total General Fund Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund only)	1,588
3	Total General Fund Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund only)	--
4	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	6,800,000
5	Estimate of one month's average cash disbursements during the regular school session (9/1/10 - 5/31/11)	6,967,500
6	Estimate of delayed payments from state sources (58XX) including August payment delays	3,800,000
7	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	--
8	Estimate of delayed payments from federal sources (59XX)	--
9	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	--
10	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9)	17,569,088
11	Excess (Deficit) Undesignated Unreserved General Fund Fund Balance (Line 1 minus Line 10)	\$ (1,555,541)

If Item 11 is a Positive Number

Explanation of need for and/or projected use of net positive Undesignated Unreserved General Fund Fund Balance:

GEORGETOWN INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2010

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 Local and Intermediate Sources	\$ 2,672,000	\$ 2,176,920	\$ (495,080)
5800 State Program Revenues	25,000	29,309	4,309
5900 Federal Program Revenues	2,500,000	2,716,555	216,555
5020 Total Revenues	<u>5,197,000</u>	<u>4,922,784</u>	<u>(274,216)</u>
EXPENDITURES:			
Current:			
Support Services - Student (Pupil):			
0035 Food Services	5,177,000	4,949,195	227,805
Total Support Services - Student (Pupil)	<u>5,177,000</u>	<u>4,949,195</u>	<u>227,805</u>
6030 Total Expenditures	<u>5,177,000</u>	<u>4,949,195</u>	<u>227,805</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	20,000	(26,411)	(46,411)
1200 Net Change in Fund Balance	20,000	(26,411)	(46,411)
0100 Fund Balance - Beginning	20,830	20,830	--
3000 Fund Balance - Ending	<u>\$ 40,830</u>	<u>\$ (5,581)</u>	<u>\$ (46,411)</u>

GEORGETOWN INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-5

DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2010

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 Local and Intermediate Sources	\$ 13,075,000	\$ 13,177,506	\$ 102,506
5020 Total Revenues	<u>13,075,000</u>	<u>13,177,506</u>	<u>102,506</u>
EXPENDITURES:			
Debt Service:			
0071 Principal on Long-Term Debt	8,275,000	8,275,000	--
0072 Interest on Long-Term Debt	6,535,366	6,535,366	--
0073 Bond Issuance Costs and Fees	57,183	43,574	13,609
Total Debt Service	<u>14,867,549</u>	<u>14,853,940</u>	<u>13,609</u>
6030 Total Expenditures	<u>14,867,549</u>	<u>14,853,940</u>	<u>13,609</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>(1,792,549)</u>	<u>(1,676,434)</u>	<u>116,115</u>
Other Financing Sources (Uses):			
7911 Capital-Related Debt Issued (Regular Bonds)	1,825,000	1,830,000	5,000
7916 Premium or Discount on Issuance of Bonds	4,509	175,844	171,335
7917 Prepaid Interest	177,000	--	(177,000)
8949 Other Uses	(1,959,326)	(1,958,661)	665
7080 Total Other Financing Sources and (Uses)	<u>47,183</u>	<u>47,183</u>	<u>--</u>
1200 Net Change in Fund Balance	<u>(1,745,366)</u>	<u>(1,629,251)</u>	<u>116,115</u>
0100 Fund Balance - Beginning	6,701,308	6,701,308	--
3000 Fund Balance - Ending	<u>\$ 4,955,942</u>	<u>\$ 5,072,057</u>	<u>\$ 116,115</u>

West, Davis & Company, LLP
11824 Jollyville Road, Suite 100
Austin, Texas 78759

Independent Auditors' Report

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

Board of Trustees
Georgetown Independent School District
Georgetown, Texas

Members of the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Georgetown Independent School District as of and for the year ended June 30, 2010, which collectively comprise the Georgetown Independent School District's basic financial statements and have issued our report thereon dated December 2, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Georgetown Independent School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Georgetown Independent School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Georgetown Independent School District's internal control over financial reporting.

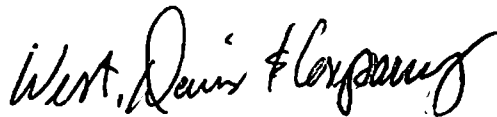
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Georgetown Independent School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

A handwritten signature in black ink that reads "West, Davis & Company". The signature is written in a cursive, flowing style.

West, Davis & Company, LLP
December 2, 2010

West, Davis & Company, LLP
11824 Jollyville Road, Suite 100
Austin, Texas 78759

Independent Auditors' Report

Report on Compliance with Requirements Applicable
To each Major Program and on Internal Control over Compliance
In Accordance With OMB Circular A-133

Board of Trustees
Georgetown Independent School District
Georgetown, Texas

Members of the Board of Trustees:

Compliance

We have audited the compliance of Georgetown Independent School District with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. Georgetown Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Georgetown Independent School District's management. Our responsibility is to express an opinion on Georgetown Independent School District's compliance based on our audit.

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

In our opinion, Georgetown Independent School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

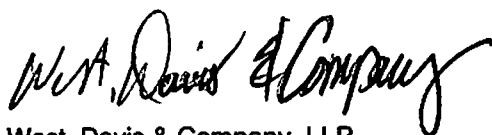
Internal Control Over Compliance

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

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

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

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

A handwritten signature in black ink that reads "West, Davis & Company". The signature is written in a cursive, flowing style.

West, Davis & Company, LLP
December 2, 2010

GEORGETOWN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

One or more material weaknesses identified? Yes No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	ESEA Title I Part A-Improving Basic Programs
84.027A	IDEA-B Formula
84.173A	IDEA-B Preschool
84.389A	ARRA-ESEA Title I, Part A- Improving Basic Programs
84.391A	ARRA-IDEA-Part B Formula
84.392A	ARRA-IDEA Part B, Preschool
84.394A	ARRA of 2009 Title XIV State Fiscal Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

GEORGETOWN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2010

EXHIBIT K-1

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs *	84.010A	1061010124690	\$ 1,063,380
ESEA Title I Part C - Education of Migratory Children	84.011A	10615001246904	32,326
IDEA-B Formula *	84.027A	106600012469046000	1,833,014
IDEA-B Discretionary *	84.027A	9660006246904	12,082
Total CFDA Number 84.027A			<u>1,845,096</u>
Vocational Education - Basic Grant	84.048A	10420006246904	66,259
IDEA-B Preschool *	84.173A	106610012469046000	22,666
ESEA Title IV Part A-Safe & Drug-Free Schools & Communities Act	84.186A	10691001246904	29,610
Title II Part D Enhancing Education Through Technology *	84.318X	10630001246904	7,225
Title III Part A English Language Acquisition and Language Enhance	84.365A	10671001246904	101,963
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367A	10694501246904	220,263
ARRA - Title II Part D Subpart 1-Enhancing Education Through Tech	84.386A	10553001246904	11,095
ARRA - ESEA, Title I, Part A - Improving Basic Programs *	84.389A	10551001246904	473,986
ARRA - IDEA-Part B Formula *	84.391A	10554001246904	977,233
ARRA - IDEA Part B, Preschool *	84.392A	10555001246904	21,332
ARRA of 2009 Title XIV State Fiscal Stabilization Fund *	84.394A	10557001246904	2,924,320
Total Passed Through State Department of Education			<u>7,796,754</u>
Total U. S. Department of Education			<u>7,796,754</u>
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education:			
Food Distribution	10.550	011-901	264,653
School Breakfast Program *	10.553	71401001	634,171
National School Lunch Program *	10.555	71301001	1,817,731
Summer Food Service Program for Children *	10.559	246-904	70,618
Total Passed Through State Department of Education			<u>2,787,173</u>
Total U. S. Department of Agriculture			<u>2,787,173</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Direct Program:			
National & Community Service Trust Act - Learn & Serve	94.004	246-904	43,796
Total Corporation for National and Community Service			43,796
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>10,627,723</u>

* Indicates clustered program under OMB Circular A-133 Compliance Supplement

The accompanying notes are an integral part of this schedule.

GEORGETOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Georgetown Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

GEORGETOWN INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF JUNE 30, 2010

<u>Data Control Codes</u>	<u>Responses</u>
SF2 Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4 Did the district receive a clean audit? - Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5 Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9 Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10 What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year-end?	\$ 165,050