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**CITIZENS' INSIGHT INTO
THE BUDGET**



CITY OF ABILENE

Abilene: Past, Present and Future

In the 1800s, nomadic Indians, U.S. soldiers, buffalo hunters, and ranchers roamed what is now the Abilene landscape. By the time the 1870s arrived, the local Indians had faded into legend and their lands had been overrun by hungry cattle and ambitious cowboys. However, the introduction of the railroad system started a great industry boom which has transformed Abilene into our present day city. The Texas & Pacific Railroad foresaw this great progression calling Abilene "The Future Great City of West Texas". In January of 1883, local residents voted to incorporate. That fall, Abilene became the county seat of Taylor County, and after only seven years, the city grew to 3,194 people.

Today, more than 117,000 friendly people call Abilene home, and the city represents an eclectic mix of Old West heritage, contemporary culture and traditional values. As a Top Texas Destination there is something for everyone in Abilene. For instance, visitors can feed the giraffes at the Abilene Zoo or relive rugged western lore through cutting-edge technology at *Frontier Texas!* Art enthusiasts can find inspiration at various museums and cultural events held in Downtown Abilene such as ArtWalk and City Sidewalks. Conveniently located at the center of a 22-county area known as the Big Country, Abilene is a centerpiece for employment, retail, and medical services in West Texas. While the city continues to expand, both the biotech and wind energy industries have likewise increased to meet growing demand and opportunities.

Interstate and state highways, Union Pacific Railroad cargo service, and air travel via Abilene Regional Airport provide citizens and industry easy access to transportation services. Charter air and ground travel services are available as well. For those pursuing higher education, students may choose between three universities, a college, a technical college, a commercial college, a pharmacy school and a school of nursing.

The city boasts attractive and affordable housing, a revitalized historic downtown, an assortment of tourist attractions, recreational possibilities, top notch medical facilities, a regional industrial hub, Dyess Air Force Base and a philanthropic community.

The City of Abilene

With the expansion of the Texas & Pacific Railroad to the area, 1881 represents the historic establishment of Abilene. The city's initial roots, cattle shipping and oil production, later expanded the local economy in the mid-1900's. Abilene's strong relationship with the U.S. military was solidified in 1956 when the city fathers dedicated Abilene Air Force Base, later renamed as Dyess AFB in honor of Lt. Col. William Edwin Dyess. On November 6, 1962, Abilene was formally chartered as a "home-rule" city with a council-manager form of government.

The mayor and six council members form the elected City Council. This council enacts legislation, adopts the budget, sets the tax rate, determines policies and approves the Mayor's appointment of the City Manager, City Secretary, City Attorney, Municipal Court Judge and all Board and Commission members. The City of Abilene is organized into eleven departments: Administrative Services, Aviation, Community Services, Economic Development, Finance, Fire, General Government, Planning and Development Services, Police, Public Works, and Water. Through these departments, the City of Abilene offers a wide range of services for the promotion of citizen health, safety and welfare. For more information, please visit our website at www.abilenetx.com.

CITY OF ABILENE, TEXAS

PROFILE OF ABILENE

City of Abilene

Population	117,063
Metropolitan Statistical Area (MSA) for Taylor County	131,506
MSA Civilian Labor Force	79,800
Square Miles	111.5
Date of Incorporation	1881
Original Charter	1911
Current Charter	1997
Members of Council	1 Mayor at Large 6 Council Members at Large
Form of Government	Council/Manager

Education

Universities	3
University Students	7,601
Junior College Students	3,600
Technical College Students	325
Schools of Nursing	195
School of Pharmacy	160
Public School Campuses	27
Public School Students	17,081

Military

Military Base	Dyess AFB
Active Duty Assigned Personnel	5,600
Civilian Personnel	550

Public Safety

Commissioned Police Officers	184
Police Calls	159,344
Professional Fire Fighters	173
Fire Stations	8
Fire Hydrants	3,150
Fire Calls	17,467

Parks, Recreation, and Library

Number of Parks	30
Total Parks Acreage	2,481
Recreation Centers	6
Recreation Participants	268,025
Senior Citizen Centers	5
Library Circulation	867,815
Library Cards in Force	57,303

Public Works

Standard Lane Miles of Paved Streets	1,719
Water Accounts	39,154
Solid Waste Accounts	37,367

BUDGET ORGANIZATION

Budgets are produced by many organizations. But as a general rule they each try to fulfill similar criteria. First, seek to communicate a message to the reader. Second, try to produce a document, which demonstrates the financial condition of the organization. Third, develop a policy-oriented budget, which sets goals, objectives, etc. And finally, as an operations guide, a budget built to give direction to the organization.

The City of Abilene's budget seeks to meet each of these criteria. The City Manager's letter is a concise representation of the budget as a whole. It is the focal point of the City's budget presentation. The Citizens' Insight into the Budget offers a visual demonstration of the approved budget with historical information to help interpret. Narratives are included which describe policies and procedures and the basis of accounting of the City's funds. The intent of this section is to inform and bring about a better insight into the City of Abilene. After the Citizens' Insight section is the Financial Summary section. This section presents summaries by Funds with graphs, charts or narrative when appropriate. These are simple statements comparing revenues to expenditures.

The next sections are by Fund groupings with individual Funds displayed. Most sections are uniform in presentation and include Department Summaries, Department Revenue Detail, and Division Summaries. These forms provide service descriptions, financial detail and summations, full-time positions and service or performance analysis. Some funds have narrative presentations, also.

The Appendix is a collection of supplementary material including statistical information, a glossary of terms and financial detail.

What does it take to put a budget together?

Revenue Budgeting

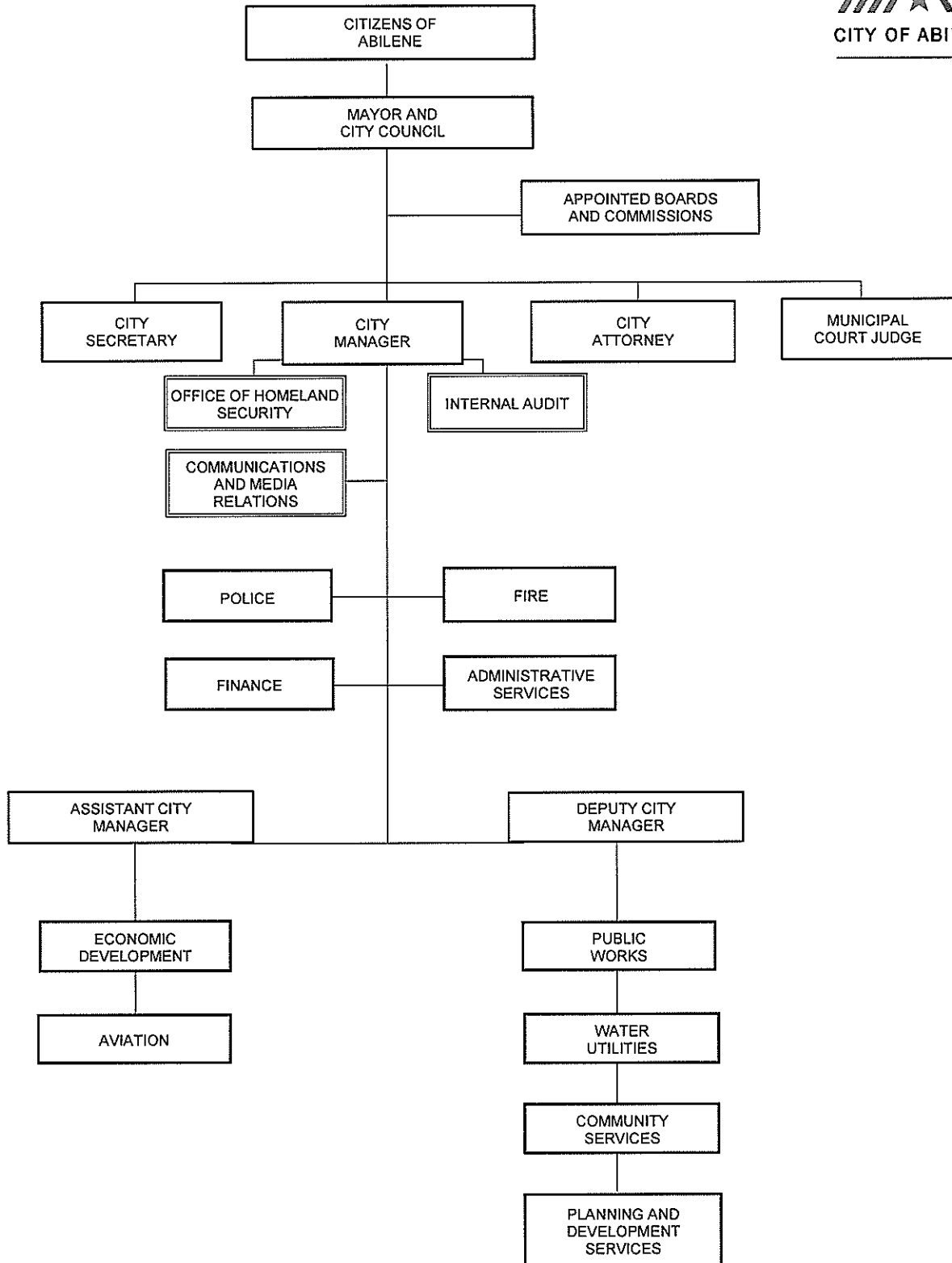
All revenue assumptions are formulated by the responsible Department. Each Department considers historical information, current trends and projected activity in formulating their revenue budget. The Finance Department reviews the Departments revenue projections for accuracy and reasonableness and then compiles a projected statement of condition for City management to consider while reviewing expense budgets.

Expense Budgeting

Expense budgets are completed by each Division. After the Division Managers complete their budgets, the work is reviewed by the Department Director prior to being submitted to Finance. Finance reviews the documents in detail and formulates a comparison of revenue and expenses. City management then reviews the budgets with the Departments and Finance in order to compile the most reasonable and efficient budget to the City Council.

ORGANIZATION CHART

OCTOBER 2011



MISSION STATEMENT, VALUES, AND STRATEGIC OBJECTIVES

▪ **MISSION STATEMENT**

We work together to build a community of the highest quality for present and future generations.

▪ **VALUES**

Team Spirit

We work together to promote a sense of pride and belonging by recognizing the importance of communication, cooperation, and commitment in relationships with our customers.

Continuous Improvement

We strive for quality through innovation and resourcefulness.

Responsiveness

We empower our employees to provide exceptional and timely service.

Integrity

We demonstrate accountability through a strong work ethic, professionalism and trust.

Individual Worth

We respect everyone, honor diversity and provide opportunity for growth.

▪ **STRATEGIC OBJECTIVES**

City Management

We want to be inclusive and efficient in our stewardship of Council perspective, staff expertise, and capital resources to continuously improve the delivery of city services.

Economic Development

We want to focus our resources to create an environment conducive to expansion of existing business and the attraction of new business and capital investment.

Comprehensive Plan

We want to fully implement the Comprehensive Plan to aid and encourage the growth of the city in a systematic manner for present and future generations.

Water

We want to fully implement a water management plan that adequately provides water quantity and assures water quality for current and future needs.

Major Programs and Projects Fiscal Year 2011-2012

The challenges presented by the current national, state, and local economic environment greatly influenced the 2011-2012 budget development process. The FY 2012 Budget and Major Programs and Projects again exemplify the concerted effort, teamwork, and commitment of each and every City employee to fulfill the City's mission of "working together to build a community of the highest quality for present and future generations".

As part of the federal Airport Improvement Program grant funding the following Aviation major projects are either underway or planned to begin during FY 2011-2012:

- **Taxiway C Reconstruction** (\$5,150,907.50).
- **Taxilane EASI Reconstruction** (\$1,239,329).
- **Taxiways M, N and P Reconstruction Design** (\$212,440.95)

The Fire Department's Fire Training/Safety Division will graduate 17 students from the 14-month paramedic class currently underway moving them closer to their goal of providing the highest level of care possible to the citizens of Abilene.

Phase II of the sale of lots at Lake Fort Phantom along with projects funded by the *American Recovery and Reinvestment Act (ARRA)* will again be the primary special projects for Public Works Administration.

To address leak issues in the old Zoo office building and education center, new roofs will be installed and water damaged ceilings and walls will be replaced. Because of mandates by the Association of Zoos and Aquariums, the Abilene Zoological Society and the City have partnered to jointly fund the building of a new quarantine facility.

The 1993 play structure at Cobb Park will be replaced with new equipment that meets the current standards for safety and accessibility. The playground at the Carver Park will be replaced at an estimated cost of \$65,000.

Construction of a new Police Academy building is being funded through a federal grant combined with Capital Improvement funds and is due for completion in the spring of 2012.

Utilizing funds from American Recovery and Reinvestment Act (ARRA), the Office of Neighborhood Services will complete "Our House" (a transitional youth facility); a sidewalk on the north side of North 7th Street from Treadaway to Mesquite; and additional dental facility space at the Presbyterian Medical Care Mission.

A major priority for Water Administration will be the planning permitting for future water supplies. This year will see the completion of a major improvement project at the Grimes Water Treatment Plant.

In accordance with both the new Meet and Confer Agreements and with the City's budgetary process, all employees (both civil service and non-civil service) are scheduled for a 3% across-the-board increase effective April 2012.

The entire City of Abilene organization continues its commitment to providing timely, accurate, and consistent information and services to our citizens and to addressing critical issues brought forth by the City Council, staff and residents.


Larry D. Gilley
City Manager

MAJOR PROGRAMS & PROJECTS FISCAL YEAR 2011-2012

ADMINISTRATIVE SERVICES

Information Technology

IT staff will continue to actively support technology projects throughout the City and provide daily services to City employees who service the citizens of Abilene. IT staff will focus on monitoring and supporting the three major new software systems: the Lawson Financial system for City Finance and Purchasing; the new budget construction system *Lawson Budgeting and Planning*, and the cashiering system *PCI Revenue Collection System* along with the Police software interface which allows for the retrieval of both Municipal Court and Taylor County warrant information information and delivery to officers in patrol cars.

GIS staff will work to fine tune the newly created Master Address Repository work order system for the 911 addressing process. Users can begin an address task (new address, change of address or address verification) and a new flow chart is created for each process. As the user completes a step in the process, the flow chart updates its appearance. Users can track progress on job status and run reports.

GIS will continue to refine the Web Mapping Application funded by a Department of Justice Community Oriented Police Systems grant. The application provides users with the latest technology for internet mapping. Users can connect from the map to the appraisal district and building inspection databases and includes the latest flood zone classifications, election information, websites for state and local representatives, and school campus websites.

Communication Services

Staff will continue to support the Public Safety Communications system with ongoing maintenance and vehicle installation services. This year staff will install the second wave of new Coban cameras into patrol cars allowing police officers greater versatility with digital video recording equipment. Staff will also continue working on the development plan to obtain vendor certification in system maintenance and service.

Employee Training, Development and Retention

Employee training and development continues to be a priority at the City. Our Engaged in Excellence initiative identifies core training courses for managers, supervisors and employees. Employees participate in both core and elective classes and are encouraged to attend training and development activities throughout their career.

The new Prepared Response Training will be offered quarterly for new employees. This course focuses on preparing our employees on how to respond in the event a violent act occurs in the workplace.

The Wellness Committee will continue to offer employees a variety of activities to promote good health. Scheduled activities include a Health Fair in January; Olympics in May; and Golf Scrambles throughout the summer.

Compensation

After budget shortfalls in the fiscal year 2010, a 2% across-the-board adjustment for non-civil service employees was eliminated. In fiscal year 2011, all non-civil service employees received a 3% across-the-board increase in lieu of the pay-for-performance program. For some employees, this was the first increase since 2007 and for others since 2008. Both the Abilene Police Officers Association and Abilene Professional Fire

Fighters Association agreed to extend the Meet and Confer Agreements through September 30, 2011, with no increases scheduled for the civil service personnel during the fiscal year 2011. New Meet and Confer Agreements with Police and Fire will manage the compensation for the civil service personnel. In accordance with those Meet and Confer Agreements and with the City's budgetary process, all employees (both civil service and non-civil service) are scheduled for a 3% across-the-board increase effective April 2012.

Health Benefits Plan

We continue to be pleased with our partnership with our benefits consultant, Holmes Murphy and Associates. For the past five years the city has contracted with Blue Cross Blue Shield of Texas as our third party administrator. For the plan year of 2012, we released a request for proposal to ensure that we are providing the best benefits for our employees while ensuring the cost efficiency for the city for an effective date of January 2012. Our greatest challenge for 2012 will be planning and implementing wellness initiatives to help employees become better consumers of their health care plan. COACH (the City of Abilene Clinic for Health) continues to provide free non-acute health care to employees, dependents and retirees who are on the health plan.

AVIATION

The Department of Aviation continues its efforts to plan, develop, promote and manage the Abilene Regional Airport to accommodate the current and future demand for commercial, military and private/corporate aviation facilities and services for the West Central Texas region. As we enter FY12 we note the following developments:

- We have seen 9 consecutive months of growth in enplanements that has averaged 10% over last year.
- We completed the final phases of reconstructing both the terminal and general aviation ramps. This fiscal year will see us begin a multi-year focus on reconstructing taxiway and runway paved surfaces.
- Continued development of staff knowledge, experience and capabilities has resulted in consistently successful FAA and TSA inspections of the safety and security operations of the airport.

Programs and projects are underway to build upon these developments and continue to improve the Airport's ability to accommodate facility and service demands as follows:

Air Service Development

Airlines are still cautious about entering new markets, but Aviation staff has had positive meetings with airlines that we'll continue to follow-up on and continue to cultivate their interest in our market. Staff will also work with our current airline to promote its use and try to keep airfares competitive with other markets.

Capital Improvements for FY 2011-2012

As part of the federal Airport Improvement Program grant funding, the following major projects are either underway or planned to begin this year:

- **Taxiway C Reconstruction** (\$5,150,907.50) – This project should be completed in mid 2011 and is the first of two phases to reconstruct this taxiway.
- **Taxilane EASI Reconstruction** (\$1,239,329) – This project reconstructs the taxilane that serves Eagle Aviation Services, Inc. facility and a corporate hangar.

- **Taxiways M, N and P Reconstruction Design** (\$212,440.95) – This is engineering design of the reconstruction of these taxiways anticipated to begin construction in FY12.

Financial and Administrative Projects

As the airport grows to accommodate greater travel-related demands of the West Central Texas Region, it is necessary to make sure the financial structure supporting the operation of the airport keeps up with the physical and service growth. Servicing debt, maintaining and upgrading facilities over time, and proper staffing to ensure safe and secure operations all require that the airport generate adequate revenues to fund these needs. To accomplish this, the following financial and administrative projects are underway, and the products of which will be implemented during 2011/2012:

- Continue updating and renewing leases to make them more in line with market values.
- Continue to review our customer service and business practices to determine if we are providing the most effective and efficient services.
- Working with the Airport Development Board and its associated sub-committees to seek advice on development, cost and revenue issues.

COMMUNITY SERVICES

Library

As the demand for public library service continues to grow in Abilene, the public library will be re-examining its current strategic plan and preparing for the future. The new strategic plan will include a community assessment, library services assessment and facility assessment.

Civic Center

We will continue to offer wireless internet accessibility to customers through XANADOO at no cost to our events or the City. Promoters will continue to have two options to sell tickets via the internet and external agency phone room through Star Tickets Plus and Celebrity Attractions at no cost to the Civic Center.

Parks

Playground improvements will be the primary focus for the Parks Division. The existing play structure in Cobb Park which was installed in 1993 will be replaced. The new equipment will meet current standards of safety and accessibility. The Carver Park Playground will be replaced at an estimated cost of \$65,000.

Health

National, state and city budget challenges have reduced funding for several of the Division programs. One program in particular is the provision of Adult Dental services aimed at reducing pain and treating for dental infections. Many individuals have been helped over the years, and many more will need help as represented by the multiple daily calls and walk-in's received requesting dental help. The Health District will investigate, evaluate and develop alternate pathways for the delivery of dental care, including a self-pay option.

With a broader viewpoint, national and state government policies are driving changes in the financing and delivery of personal medical and public health care. The Division is responding by establishing multiple arrangements with Managed Care Organizations, the 3rd party fiscal administrator for government funded healthcare programs; actively engaging in staff training for administrative and program process changes; and evaluating the impact of Health Information Technology for Economic and Clinical Health (HITECH) Act on the Divisions Informatic programs. Additionally, with multiple drivers of change, it is

essential that ATCPHD remain vigilant to the advancement of local public health practice for the constituents it serves. To this end, ATCPHD will evaluate national and state Public Health agency accreditation guidelines for alignment of national and state policy driven changes with our local public health initiatives.

Zoo

To address leak issues, new roofs will be installed on the old office building and the old education center. Interior upgrades to remove water damaged ceilings and walls and the installation of new ceilings and walls will be completed when the new roof is in place.

Funded jointly by the City of Abilene and the Abilene Zoological Society, a new quarantine facility which includes a necropsy room will be built. This need for this facility is mandated by the Association of Zoos and Aquariums as part of the accreditation standards.

Completed in house, two new exhibit areas will open in 2012. The South American pampas exhibit, home to three species of animals, will be located in the former bison exhibit. Caribbean Cove will display a variety of species including monkeys, parrots, toucans and sloth and will have a Caribbean flair with bright colors and tropical plants.

Upgrades and improvements to exhibiting facilities including the Texas barn, zebra barn and exhibit, colobus night house and keeper break room will also be completed.

The major projects listed below for 2011 have been completed:

- *The construction of the new bird gardens was completed and offers guests an opportunity to see a variety of native bird species including the endangered Attwater's prairie chicken. Completed by zoo staff and volunteers, this facility provides space for numerous birds that were in substandard facilities and/or off exhibit.*
- *A new roof was installed on the giraffe barn as part of an ongoing effort to improve the giraffe exhibit. New heating and ventilation equipment is being stalled and should be completed by the end of the month.*
- *Improvements and repairs were made to a variety of facilities including the colobus night house, old reptile building, old education center, rhino/lion barn and public restrooms. The work included painting, repair and replacement of windows and new air conditioning units.*

Recreation

G.V. Daniels went through a major upgrade in 2011 thanks to the partnership between the City of Abilene and Together 2011. FY 2011-2012 will focus on repairs and improvements to the other facilities.

Senior Citizens

The Rose Senior Activity Building underwent a roof repair in 2011 and is looking toward other repairs and improvements in 2012.

ECONOMIC DEVELOPMENT

Development Corporation of Abilene, Inc. (DCOA)

The Development Corporation of Abilene, Inc. (DCOA), a 5-member board appointed by the City Council, was formed in 1989 to administer revenue collected from the half-cent sales tax for economic development authorized by Abilene voters in a 4A election. The DCOA will continue to aggressively offer businesses incentive packages that allow Abilene to compete with much larger communities for new jobs in an attempt to further diversify the economy. From inception through September 2011, the DCOA has assisted

89 different companies (some more than once) for a total of 9,698 jobs committed and a public to private investment ratio of approximately 1:3.3.

Abilene's Biotech Sector

Efforts to diversify the Abilene economy led to a new business sector; biotechnology. The DCOA will continue to be deeply involved, both financially and technically. In 2005 community benefactors donated over \$15 million toward establishment of a branch of the Texas Tech University Health Sciences Center (TTUHSC) School of Pharmacy (SOP) in Abilene. The first graduating class was celebrated last spring after having completed their four-year Doctor of Pharmacology degree. In December 2007, The Center for Immunotherapeutic Research (CITR) was established in Abilene. The Center Director recently recruited three new faculty members with a desire to take their discoveries from "bench to bedside" through commercialization. For the CITR to grow toward long-term sustainability, additional research and office space is essential; therefore, the SOP will be expanded to more than double the existing research laboratories and office space at a cost of about \$3 million. The addition will accommodate 5 more academic researchers and 13 or more support personnel.

The Anita Thigpen Perry School of Nursing at Texas TTUHSC in Abilene (SON-Abilene) is temporarily housed in the DCOA-owned Grant Building at 302 Pine St. Severe space limitations prevent students from receiving the best educational experience, and prohibit the program from growing to its full potential. Hendrick Medical Center recently announced plans to construct a 32,000 square foot facility to house the SON-Abilene permanently as an addition to the School of Pharmacy – Abilene Building. The new facility will also house a state-of-the-art Simulation Center, with technology that is so advanced it will facilitate not only healthcare learning for students, but will also enhance educational research capabilities to improve the quality of care in the Abilene community.

The Abilene Life Sciences Accelerator (ALSA), a 22,000 square feet, state-of-the-art biotechnology incubator, opened in January 2010 (currently leasing), offering early-stage biotech companies leased wet and dry laboratory space and "time-shared" use of major research equipment. The ALSA is the only facility of its kind in West Texas. Receptor Logic, Inc., the first tenant of the ALSA, created 40 research jobs with an average annual salary of \$70,000. Enavail, LLC will soon lease 1,800 sq ft of lab space and will create 28 jobs in Abilene. Dr. Mark Lyte, a SOP faculty member, recently moved to Abilene from Lubbock to become part of the CITR. Until construction of the SOP expansion is complete, Dr. Lyte's lab is housed in the ALSA. Additional tenants of the ALSA are expected to generate up to 150 more research positions, eventually creating a total payroll of \$9 to \$13 million per year.

Development of a workforce to meet the needs of biotech companies has involved all levels of education. The Abilene Independent School District opened a medical magnet high school on the campus of Hardin-Simmons University; and McMurry University began offering a B.S. in Biomedical Science. Cisco College will soon begin offering a biotechnology technician associates degree. Growing the Abilene biotech sector is a community-wide objective.

Five Points Business Park

In 2006, when PWP Industries began occupying the Spec 2 building at 6450 Five Points Parkway, the Five Points Business Park was left with no existing structures to market to potential new industries. In mid-2009, construction of a third 100,000 sq ft speculative shell building (Spec 3) was completed and is ready to finish-out to suit the needs of one or more manufacturing tenants. The Abilene Industrial Foundation is heavily marketing the

building, and the existence of an available structure adds viability to efforts to market the Park to other potential tenants.

Developable space in the Park was becoming increasingly scarce, so the DCOA opted to purchase in 2009 126.6 adjacent acres, expanding the Park. Most of the acreage fronts I-20 and increases the Park's visibility from the Interstate. The DCOA recently sold 17 acres of land to Texas Healthcare Linen for construction of a new, innovative, state-of-the-art laundry facility that now serves the needs of several West Texas healthcare entities. The facility is the largest of its kind west of I-35 and north of I-10 costing about \$6.1 million with 70 projected employees. Two other lots in the Park totaling about 32 acres are being platted for construction of a distribution center and oilfield equipment manufacturing facility.

Abilene's Wind Energy Sector

The DCOA responded to the growing wind energy business sector by approving \$9.14 million in assistance to companies performing various wind energy services: 1) Texas Tech University developed the National Wind Institute for Renewable Energy, which is working to solve key scientific and technology challenges facing the wind power industry, 2) Broadwind Services (formerly Energy Maintenance Service), established in 2008 a blade repair maintenance and service center in the former Lockheed plant in Abilene, and recently expanded into enhanced megawatt gearbox repair and refurbishment, 3) Broadwind Towers (formerly Tower Tech Systems, Inc.) constructed in early 2009 a manufacturing plant in Five Points Business Park that is producing towers for major wind energy development areas, and supplies logistical services to project sites, 4) Run Energy, L.P. opened a satellite office in Abilene in 2008, from which they provide services to wind turbine and engine suppliers, project developers and owners, and investors and financiers, 5) Global Energy Services (GES) is an independent, multivendor, worldwide service provider for the energy sector, and a leader in renewable energies. GES applied for and received a Workforce Investment Fund grant to conduct Front Door Wind Tech training courses to fill the need for trained technicians, and 6) LM Wind Power (formerly LM Glasfiber) started in Denmark in 1940 as a furniture manufacturer and began making wind turbine blades in 1978. The Abilene operation will focus on blade repair and will employ 33, mostly repair technicians, earning at least \$40,000/yr.

New wind farm development in our region has been suspended because of the economic downturn and lack of transmission capacity from West Texas to major population centers. Transmission lines are under construction and will be available when economic conditions improve.

Pine Street Corridor Project

Recognizing the importance of corridor aesthetics to the overall appearance of Abilene, efforts to clean-up and redevelop the stretch of Pine Street that connects downtown to Hendrick Medical Center and Hardin-Simmons University have increased over the past 4 years. Staff of the Department of Economic Development coordinates land purchases, asbestos abatement, demolition, and sale of cleaned lots for redevelopment. The City Parks Department assists by maintaining the empty lots.

FIRE DEPARTMENT

Fire Administration Division

The Fire Department Administration Division focus will be the enhancement of its responsible for providing the overall direction of the Department and for managing the Department's resources.

Technical Services Section

The Technical Services Section, initially developed to work with vendors and representatives of other City departments to implement and configure the 800 MHz radio system, the emergency services computer-aided dispatch system, vehicle's mobile data computers, and numerous other components of the City's communication system, will continue to develop and integrate system components providing maintenance for the databases and hardware utilized. Additional responsibilities include compliance with state and federal communication mandates and maintaining operational readiness of the Department's Mobile Communications Trailer. Personnel collaborate with Dispatch Center staff, Police Department Administrators, the Emergency Management Office, and numerous local, regional, and state agencies to provide for the seamless and uninterrupted flow of information so that day-to-day operations, as well as major disasters are effectively managed to minimize the loss of life, injury, and property.

Public Information

Key members of the Technical Services Section and the Organizational Development Division, who have been trained as public information officers, will continue to work with other agencies and news media representatives to inform the public of major emergency incidents, departmental changes, and other newsworthy events.

Organizational Development Division Overview

The Organizational Development Division is a multifaceted division serving several needs within the Abilene Fire Department. The division consists of two branches; Training/Safety which is housed at the D.C. Musick Training Facility on East Lake Road and Personnel Development which offices at Central Station. The Organizational Development Division will continue to work toward enhancing and improving the education, training, safety and personnel welfare of all Abilene Fire Department employees.

Fire Training/Safety

This branch is located at the Fire Training Field at 4242 East Lake Road. Our mission remains to educate our fire crews using a combination of classroom instruction, skills training, online education, and practical hands-on drills. This year they will wrap up the instruction of another 14-month AFD Paramedic class with 17 students completing the class. The completion and graduation of this class moves them closer to their goal of striving to provide the best possible care to the citizens of Abilene.

Personnel Development

This branch will continue to handles the human resource needs of the Abilene Fire Department. Personnel Development deals with areas including but not limited to: promotional examinations; reviewing and/or revising fire department policies and procedures, General Orders and Standard Operating Guidelines; fitness/wellness and safety programs; recruitment, hiring, and retaining new employees.

Public Education Section

The Public Education Section continues to be a very important link between the Abilene Fire Department and the public. The personnel in this Section are responsible for providing fire and safety education to the public. The main activities of the Public Education Section are providing safety talks and demonstrations to the general public and educating area third grade elementary students in the Fire Safety House located at the Melvin Martin Center for Children's Safety.

Fire Prevention Division

The new shift investigator will obtain state certification as an arson investigator upon completion of an eight week fire inspection school in December 2011 and the Abilene Police Academy in the summer of 2012. Personnel will focus on advanced code

enforcement related to construction projects, high hazard occupancies and investigate all fires to determine cause.

Tactical Operations Division

The Tactical Operations division will implement a pre-fire planning program. To establish this we will assign program responsibilities, provide training to fire companies to conduct the on-site visits, and provide software to transition the field drawings in to emergency response information.

The division plans to reestablish the underwater recovery team (URT) in a manner compliant with NFPA Standard 1670. This will include an upgrade of equipment and updating URT procedures.

Asset Management Division

The Logistics Section is responsible for the procurement, inventory, and maintenance of all support items used by the Department. This Section is also responsible for the repair and preventive maintenance of Department vehicles. Two Emergency Vehicle Technicians under the supervision of the Logistics Captain perform this very important function. This Section will also continue to monitor the State and National Standards that guide the inspection and upgrade of the Department's personal protective equipment. We plan to retrofit three AFD pumpers with the new CAFS units or better known as compressed air foam systems. We also plan to purchase and take delivery on a new 1500 GPM pumper.

GENERAL GOVERNMENT

Communications/Media Relations

The Communications & Media Relations Office will continue to provide timely, accurate and informative communications to the public and media about City of Abilene services and issues.

As part of on-going efforts to provide the latest information to citizens, the City will post online communication via the City website, Twitter, Facebook, YouTube and other forms of social media in FY12. The City's Facebook page, www.facebook.com/CityofAbilene offers timely information about City events and services. The Twitter account, <http://twitter.com/CityofAbilene>, features instantly updated information on various topics and departments. Abilene Roundup, a monthly electronic newsletter for Abilene residents, contains tidbits about upcoming City-sponsored events, programs and services available to citizens. The public can sign up on the City website, www.abilenetx.com, to receive the e-newsletter via e-mail. E-newsletter samples are available for viewing online.

In FY12, the Communications & Media Relations Office will continue to utilize the remote-control video camera system to air both live and taped quality broadcasts of City Council meetings and news conferences over TV Channel 7. The system is used to air other public meetings including the Planning and Zoning Commission.

There will remain an emphasis on airing City-produced programming on TV Channel 7 in FY12. "Abilene City Magazine" is a 30-minute program hosted by the City Manager and Communications and Media Relations Manager. Using an interview format, City projects, community happenings and helpful tips from City employees are shared.

The Abilene Public Library's "Crafty Creations" program is a half hour show featuring a children's book with a craft how-to to match. Other programming includes "On the Wild Side", a behind-the-scenes look at animals and exhibits at the Abilene Zoo and "The

Firehouse Chef” which features Abilene firefighters creating tasty dishes while sharing safety tips.

Coming in FY12 is the City’s newest program, “Matt from Planning.” This 30-minute program will feature a behind the scenes look at City projects as well as introduce viewers to City employees. Many Public Service Announcements and videos about City-sponsored events were produced in FY11.

For FY12, the Communications & Media Relations Office will produce its eighth full-color printed City of Abilene Annual Report. This office will continue to develop and distribute timely news releases to the media, City staff, elected officials and the community. Over two hundred news releases were distributed in FY11. Internal communications includes the City Council Update, a monthly newsletter for the City Council, and City Scoop, a two-page newsletter published 12 times a year for and about City employees.

Other ongoing efforts include facilitating communications among City divisions, supporting community activities that promote City services, conducting media relations training and providing effective, timely communications during emergency situations.

Records Management

As the City’s records management officer (RMO), the City Secretary continues to assure that the City complies with the Local Government Records Act and the City’s records management ordinance. The Cypress Street building houses the City’s records center. This area stores various departmental records. The center is designed to maintain records in compliance with the state-approved retention schedules, while also permitting relatively prompt retrieval. The City’s records management ordinance has been updated and the City’s program policy has been developed to assist each department records liaison in the locating, maintaining, retrieving and destruction of records from all departments within the city’s jurisdiction. The RMO will continue to pursue records management training opportunities through the state and the Local Records management Division of TSLAC. A complete inventory and documentation of records housed in the City vault is maintained.

Office of Homeland Security

Emergency Operations Center (EOC) – Enhancement of the City’s Emergency Operations Center (EOC) will continue to be a priority for the Office of Homeland Security team for optimal response to local emergencies and disasters. Preparedness training and drills are part of emergency response operations and will continue to be a priority of the EOC staff.

CodeRED® - The CodeRED® emergency notification system continues to be an integral part of the City’s Emergency Management and public safety preparedness plans in 2012. A system enhancement implemented during FY11 allows users to receive National Weather Service severe weather notifications for flooding, thunderstorm or tornado conditions in their area by registering with CodeRED®. This service is offered at no cost to City of Abilene or Taylor County citizens.

WebEOC – Critical incident management software (WebEOC) is now tied to the State WebEOC. This makes it possible for the City of Abilene and the region to communicate with the State Operations Center, share near-real time disaster information, and request resources for the area.

PLANNING AND DEVELOPMENT SERVICES DEPARTMENT

Animal Services

Animal Services will work to continue making great strides in placing animals with adoptive families. Over 2,400 animals found new homes in FY 2011. A record 850 animals were reunited with their family and an additional 1,150 animals being transferred to placement groups around the state. During the summer our Division will again present "Dog Bite Prevention" education to our local children helping teach them how to watch for a dog's non-verbal signals and to "Stand Like a Tree" to prevent being bitten. Educating our citizens about responsible pet ownership and ensuring companion animals are currently vaccinated against rabies will be the primary focus of our field officers.

Building Inspection

Building Inspection will establish a committee to review and make recommendations for adoption of the 2011 National Electrical Code. Training and educational programs will be developed and provided to contractors and citizens identifying the major code changes in the 2011 NEC. A new program which will fully automate the commercial plan review process will be implemented allowing permit applicants the ability to track plan review progress from start to finish from our website. To provide information in a more visual format, permitting and inspection information will be done through PowerPoint and/or video presentations.

Community Enhancement

Community Enhancement is a combination of Code Compliance, Environmental Health, and Environmental Enforcement. The Division will seek improved operational efficiency and effectiveness in its Code Compliance and Environmental Health Sections by amending codes and procedures to align with and take advantage of existing State Law. Examples of anticipated modifications include improvements to junk vehicle, substandard building, and mobile food vending standards. The Division will continue to seek automation and technology improvements when available. The Division stresses education and voluntary compliance as a primary means of addressing issues but will increasingly seek opportunities for proactive education through PSA's, broadcast media, advertising, Cable Channel 7, the City's web page and social media.

Office of Neighborhood Services

The Office of Neighborhood Services (ONS) administers the federal, Community Development Block Grant (CDBG) and Home Investment Partnerships Grant (HOME). These two grants help fund housing-related programs for low- to moderate-income individuals, households, and neighborhoods. The 2012 programs are the Single-Family Rehabilitation/ Reconstruction Program, the First-Time Home Buyer Program, and the Community Housing Development Organization, Habitat for Humanity.

Due to reductions in Federal funding for the CDBG and HOME grants and sizeable Section 108 debt service payments, no other projects or public services will be funded in 2012.

American Recovery and Reinvestment Act (ARRA) funds will allow completion of three projects by January 2012. The Christian Community Development Corporation (CCDC) under the leadership of Baptist Children and Family Services will complete the final phase of Our House (a transitional youth facility); Presbyterian Medical Care Mission will complete the dental expansion at the Medical Drive location and the Public Works Department will complete a sidewalk on the north side of North 7th Street from Treadaway to Mesquite.

Planning

The Planning Division will finalize updates to the Sign Ordinance, the Bicycle Plan, and regulations for Wind Energy Conversion Systems. In addition, staff is preparing a Lake Fort Phantom Overlay zoning district to help implement many of the recommendations of the Lake Fort Phantom Development Plan. The Division will continue to implement and make minor amendments to the Land Development Code (LDC) as needed. Several City-initiated zoning changes are planned as an implementation tool to eliminate old zoning designations and to take advantage of the new district opportunities created by the LDC. The Division will also continue implementation of the recommendations of the Infill Development Strategy Report. Finally, the Division will continue to review zoning cases, subdivision plats, site plans, and other development-related permits as part of the development review process.

Transportation Planning

The Abilene MPO will develop and implement plans and programs for an intermodal transportation system for the area that will efficiently maximize mobility of people and goods within and through the urbanized area. This will be accomplished through any necessary amendments to the Transportation Improvement Program, Unified Planning Work Program, and the Metropolitan Transportation Plan. Also, coordination efforts will continue with the entities affected by plans within this area.

The MPO will work with the Abilene Police Department, Texas Department of Transportation (TxDOT) and other entities to analyze collision data and prepare reports to the MPO Policy Board.

Updating its Public Participation Plan to have a more comprehensive approach to transportation planning and work to include interested citizens/organizations into the process will be another focus of the MPO. Presentations and speaking engagements will be accomplished throughout the area to showcase what the MPO is and how to get involved. The MPO website will be updated and a new MPO identity established.

The Travel Demand Model (TDM) will be updated with the socio-economic data from the 2010 Census. Work will continue on the TDM to prepare a working model to be utilized in planning efforts. Transcad and ArcGIS map layers will be created as needed to show the current and future transportation needs in this area.

The Annual Performance and Expenditure Report and the Annual Project Listing Report will be completed along with other reports as required.

POLICE

Police Academy Building

The City of Abilene was awarded a federal grant to equip a new Police Academy building. These funds will be combined with Capital Improvement Funds (CIP) to build and furnish a new building, located at the current site on East Lake Road. Construction for this project began in July of 2011. The foundation has been poured and the vertical steel structure is being erected. The contract timeline calls for completion by spring of 2012.

PUBLIC WORKS

Public Works Administration

Public Works Administration continues to provide support and guidance to all divisions in the department including Engineering, Streets Services, Solid Waste & Recycling

Services, Stormwater Utility, Traffic & Transportation, Abilene Transit System, and the city's Land Agent. The primary special projects managed directly from PW Administration during FY12 will be the sale of lots at Lake Fort Phantom Phase II, and projects funded by the American Recovery and Reinvestment Act (ARRA).

Engineering

This division is responsible for the design and construction of street and drainage facilities in the city, and is responsible for completion of related general obligation bond (GO) projects, annual certificate of obligation bond (CO) projects, and larger scale miscellaneous road and drainage maintenance projects funded through annual operations budgets.

Projects from the 2007-2009 GO Bond packages:

- North 10th Street, Mockingbird, Grape and North 1st seal coat resurfacing project
- South 7th Street, Leggett, Danville and South 14th, street, drainage and sidewalk improvements
- South Side Residential Streets Phase II: South 8th, South 10th, Idlewild, Jeanette, Peach, Palm and Poplar Streets
- Pioneer, South 7th, Willis, and South 14th seal coat resurfacing project

Projects funded through CO debt:

- Miscellaneous Repair Work

Local Transportation Project Advance Funding Agreement:

- South 1st Enhancement Project: Locust Street to Butternut Street

In addition to the above projects, the Engineering Division works on various special projects for many of the City's departments throughout the year as well as administer the flood plan requirement in the city limits and extraterritorial jurisdiction.

WATER DEPARTMENT

Water Administration

The Water Administration Division oversees the operations of all functions of the Water & Wastewater systems for the City of Abilene. A major focus during this fiscal year will be planning and permitting for future water supplies. Water Administration will also be looking to improve operational efficiencies by evaluating and implementing mobile deployment technologies.

Water Customer Service Office

The Water Office Division is responsible for meter reading, billing, collection, and all functions of customer service for the Water Department. Each year, the Water Office handles over 450,000 transactions. This Division will continue working to improve the speed and efficiency of handling customer service transactions.

Water Production

The Water Production Division is responsible for providing reliable delivery of raw, treated, and reclaimed water throughout the City's potable and non-potable distribution system. System maintenance and extending the life of existing facilities will continue to be a primary focus. Improvements to the pump station at the old Abilene Water Treatment Plant will also be completed to improve the movement of water throughout the distribution system.

Water Treatment

The Water Treatment Division provides for the efficient treatment of raw water supplies to produce safe, potable water that meets and exceeds State and Federal regulations. This year will see the completion of a major improvement project to the Grimes Water Treatment Plant to extend the useful life of the facility.

Water Distribution

The Water Distribution Division is responsible for the safe, reliable delivery of treated water from the treatment plants to the faucets of our customers. This fiscal year, the Division will continue to aggressively replace aging water mains as well as aging water meters. This Division will also be evaluating mobile solutions to improve work order processing, speed, and efficiency.

Wastewater Collection

The Wastewater Collection Division is responsible for the safe collection of the City's wastewater flows and delivery of these flows to the City's Wastewater Treatment Plant. This Division will continue implementation of a major compliance program called the Sanitary Sewer Overflow Initiative (SSOI). A key component of that initiative is the development of a new Fats, Oils, and Grease Ordinance and educational efforts of both citizens and commercial businesses. This could include additional staff and equipment to reduce the occurrence of sewer system overflows.

Wastewater Treatment

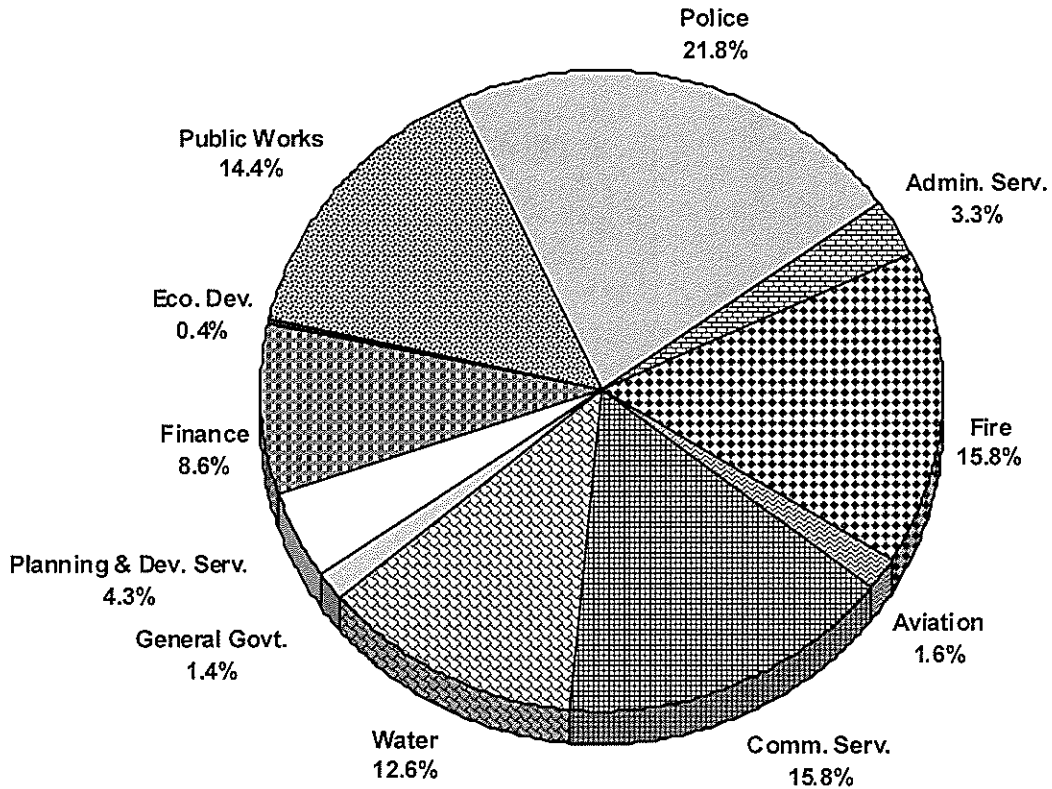
The Wastewater Treatment Division is responsible for receiving the wastewater flows of the City and treating these flows in compliance with State and Federal regulations. This Division will continue working on a \$4.0 million project to update and repair various facilities at the Wastewater Treatment Plant. The Wastewater Treatment Plant has been faithfully providing treatment services to the City's sewer for many years, and is due for renovations which will allow it to continue to serve the City for many years to come.

This Division is also responsible for the reuse water program which sends treated effluent back to the City's large irrigation customers. This activity significantly reduces the City's consumption of treated water resources.

Environmental Lab

The Quality Control Division is responsible for insuring the City's compliance with the many environmental regulations regarding water & wastewater systems. For both quality control and compliance purposes the Environmental Lab performs an extensive array of testing on raw water sources, water and wastewater treatment processes, the distribution system, and on treated wastewater effluent prior to discharge back into the environment. The Division will continue to respond to all calls regarding water quality concerns.

PERSONNEL BY DEPARTMENT FY 2011-12

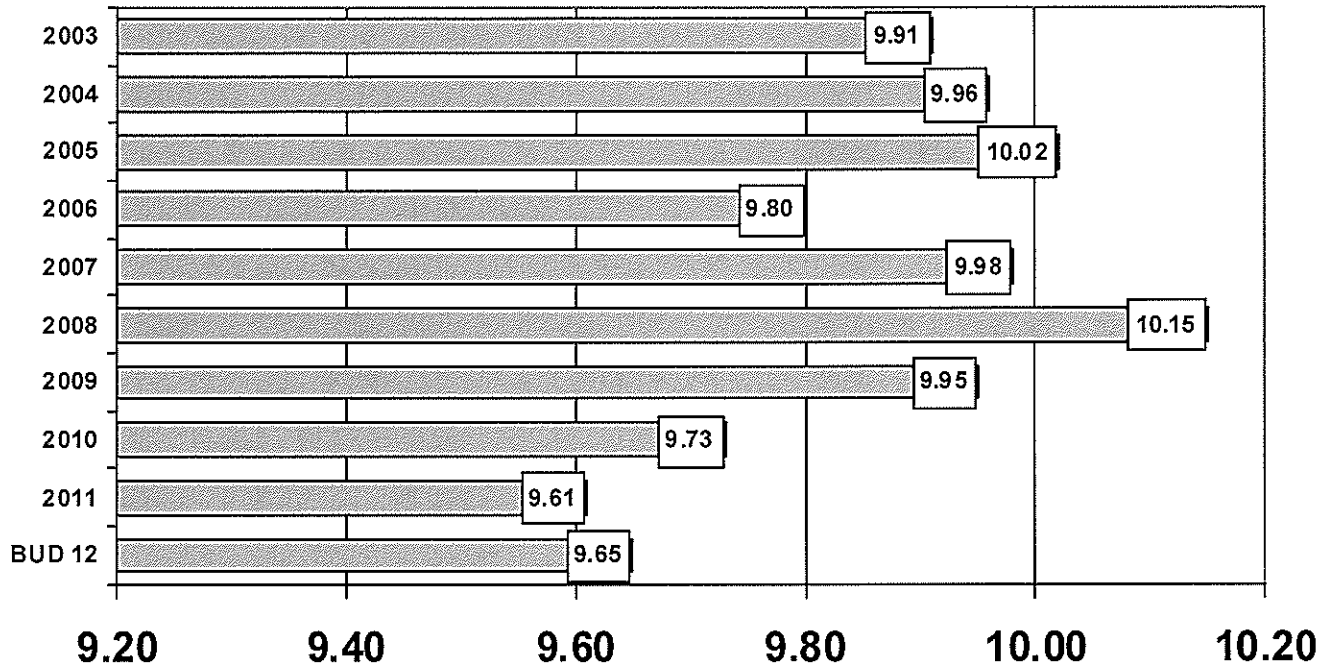


General Government	16
Administrative Services	37
Finance	97
Planning & Development Services	49
Economic Development	5
Public Works	163
Police	246
Fire	179
Aviation	18
Community Services	178
Water	<u>142</u>
	1,130

Discussion of the Graph

Public safety personnel in the Fire and Police Departments comprise 37.6% of the total authorized personnel. Public Works, Water, and Community Services comprise another 42.7%. These five Departments collectively comprise over 80.3% of the total authorized full-time personnel.

EMPLOYEES PER 1,000 CITIZENS ALL FUND - 10 YEAR COMPARISON



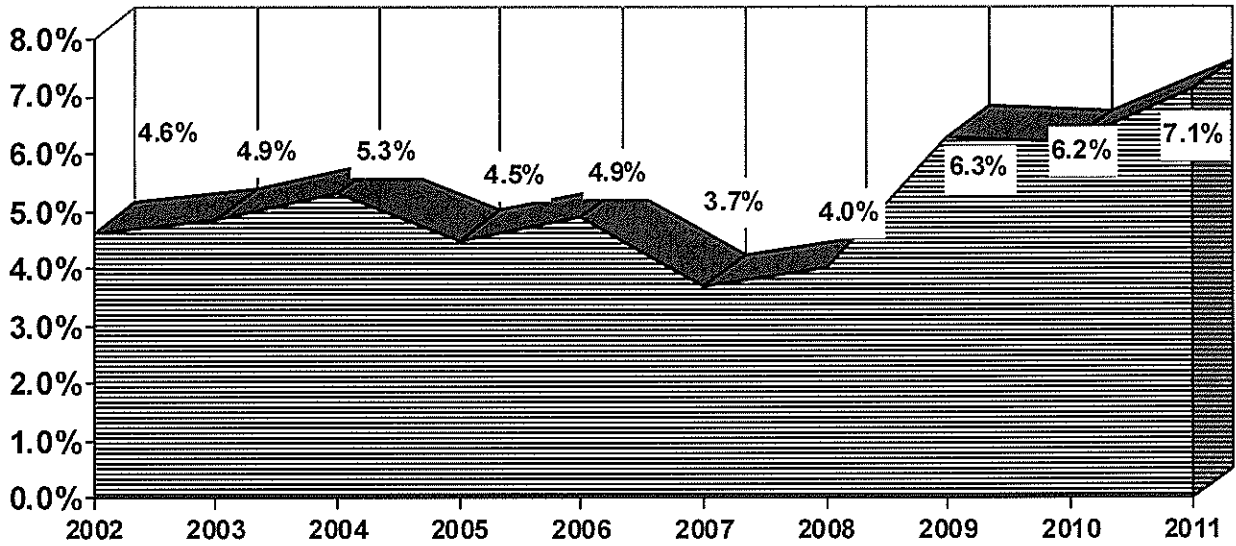
	POPULATION	# EMPLOYEES
2003	116,097	1,151
2004	114,729	1,143
2005	114,454	1,147
2006	116,482	1,141
2007	115,745	1,155
2008	115,981	1,177
2009	117,028	1,164*
2010	117,028	1,139
2011	117,179	1,126
BUD 12	117,063	1,130

Discussion of the Graph

In FY 2012, the City will employ 1,130 personnel, a decrease in ten years of 21 positions, or 1.8%.

*The Housing division transitioned to a separate entity as the Housing Authority of City of Abilene effective FY 2009. This resulted in 21 positions being transferred out of the City of Abilene and into the Housing Authority entity.

UNEMPLOYMENT RATES TAYLOR CO. MSA - JUNE



	EMPLOYED	UNEMPLOYED	WORKFORCE
2002	57,700	2,800	60,500
2003	58,800	3,000	61,800
2004	76,800	4,300	81,100
2005	79,300	3,700	83,000
2006	79,800	4,100	83,900
2007	78,300	2,900	81,200
2008	79,800	3,300	83,100
2009	78,500	5,300	83,800
2010	79,600	5,300	84,900
2011	74,100	5,700	79,800

Discussion of the Graph

The Texas Employment Commission determines the civilian workforce for the Taylor County metropolitan statistical area (MSA). The Bureau of Labor Statistics (BLS) notified all states that the local area unemployment statistics inputs previously provided from 2000-2005 were in error. The above graph represents the restatement of 2004 and 2005.

FISCAL POLICIES

The City Council adopted the following Financial Policy on May 23, 1984, and amended the policy on February 9, 1995. The City of Abilene adheres to the Financial Policy for conducting the financial management of the City. The established long-range policies regarding financial management are to exercise a discipline which allows the City to retain a sound financial condition; strive to retain the best possible rating on bonds; provide future generations with the ability to borrow capital for construction of facilities without severe financial burden; and, give recognition to the community's needs and ability to pay. These goals are accomplished in the following manner:

- Prudent budgeting and effective budget control. The operating budgets will provide sufficient funding levels for ongoing maintenance of the infrastructure. Budget replacement of capital equipment as the need arises. (Office machines, automobiles, heavy equipment, etc.)
- The securing and/or approval of federal and state assistance will be based on established criteria. Such criteria is:

What benefit does the project have to the community as a whole,

What future impact will the City be responsible for due to the acceptance of the funding, and

How does the project relate to the Strategic Management Plan and/or other future plans of the organization.

- Private grants and donations will be actively pursued and will be subject to the same criteria as federal and state funds.
- Passing a share of the cost of extending utilities and improvements in subdivisions to property owners of the subdivisions rather than to the general public.
- Providing working capital in all funds sufficient to meet current operating needs.
- Funding Equipment Replacement at the required level.
- Pay as you go financing of capital improvements where feasible while planning for capital improvements on a five year basis and updated annually.
- Attempting to schedule bond issues so that an equal principal amount is retired each year over the life of the issue producing a total debt service schedule with a declining balance each year.
- The intent of this paragraph is to assure that the taxpayers of the City receive full benefit of "qualified" status on debt issued and not subsidize the interest expense of other debt issuers utilizing corporations created by the City on their behalf. Any differential in interest expense to the City between "qualified" and "non-qualified" tax exempt debt status that results from debt issued through corporations established by the City Council will be born by those issuers of debt. The differential will be prorated among the issuers utilizing the corporations based on the amount of debt it issues to

total debt issued by all corporation issuers during the calendar year. Any differential in the City's cost shall be calculated by the City's financial advisor based on market conditions on the date of the City sale of debt.

- The Minor Improvement Program will encompass basic capital needs whereby the amount of debt issued is equal to the amount of debt retired while maintaining the same tax rate for debt. The basic capital needs include streets, bridges, traffic control, parks, localized drainage/creek cleaning, and police/fire equipment. All projects will be financed through Certificates of Obligation or Contractual Obligations as appropriate.
- The Major Improvement Program will encompass major new construction such as large facilities, flood control, and other major infrastructure improvements. All projects will be approved through bond elections. A plan of major improvements that would require a bond election will be reviewed at least every three years. The identified needs would determine when a bond election would be needed.
- Financial accounting and reporting in accordance with methods prescribed by the Governmental Accounting Standards Board and the Government Finance Officers Association and making such reports available to bond rating agencies and other financially interested organizations.
- Achieving and maintaining a fund balance equivalent to 25% of annual operating expenditures of the general operating budget, as approved by the City Council on September 22, 2011. The City considers a balance of less than 20% to be cause for concern, barring unusual or deliberate circumstances. This fund balance should be sufficient to provide financing for necessary projects and meet unanticipated contingencies such as lawsuits, tax roll tie-ups, severe fluctuations in sales of the City owned utilities and other fiscal emergencies.

Deposit and Investment Policy Statement

The City's investment policy is governed by State statutes. In addition, the City has had its own written investment policy for many years. The updated policy was approved by the City Council on March 24, 2011. City funds are deposited in FDIC-insured banks located within the City. Permissible investments as defined by the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code (The "Act") include the following:

1. U.S. Government Securities, Agencies, and Instrumentalities
2. Local Government Investment Pools
3. Repurchase Agreements
4. Certificates of Deposit
5. Money Market Mutual Funds
6. *Commercial Paper*

The City's Investment Program is divided into three portfolios: Core, Emergency/Liquidity, and Discretionary.

1. Core Portfolio: The core portfolio is specifically managed to achieve the first three objectives of safety, liquidity, and legality. This portfolio consists of instruments that have a stated maturity date covering a twelve (12) to eighteen (18) month period. The instruments are timed to meet payrolls, bond payments, accounts payable, and capital projects schedules. Derivatives are not purchased for core portfolio purposes.
2. Emergency/Liquidity Portfolio: The emergency/liquidity portfolio is managed to not only achieve the objectives of the core portfolio but also to achieve better yields and flexibility. This portfolio consists of instruments with a stated maturity date that is not required to cover operations but is available for liquidity purposes, if necessary, or to take advantage of changes in the market. In addition, Local Government Investment Pools are maintained to provide immediate access to funds should conditions warrant. Derivatives are not purchased for emergency liquidity purposes.
3. Discretionary Portfolio: The discretionary portfolio is managed to achieve all of the objectives while allowing somewhat more flexibility including longer maturities. This portfolio is utilized to enhance the overall yield of the investment program by allowing flexibility in the type of instruments purchased from monies not needed in the immediate future. Derivatives are allowed in this portfolio as allowed by the Act only after careful analysis.

For more detailed information, please refer to the complete Investment Policy document.

The City's demand deposits and certificates of deposit are entirely covered by FDIC insurance or by pledged collateral held in the City's name by third party banks. Obligations that may be pledged as collateral may include personal bonds, surety bonds, or any combination to secure municipal funds only if each personal bond and surety bond is specifically approved by the governing body of the municipality or its designated officer.

Budget Policies and Guidelines

In preparing the budget, certain policies and assumptions must be made in developing the figures. It is important that the assumptions be understood and followed by each budgeting unit so as to maintain consistency in budgeting.

Following are those policies and guidelines:

1. The City will maintain its current level of service to the citizens. No increase or decrease in service should be planned, with the exception of items related to the strategic planning process.

Any recommendations for increases in service should be made via the Expense Budget Strategy form and decreases on the Service Level Reduction form.

2. All services that are based on a user-fee concept should make every effort to be self-supported by those fees.

3. Budgeting units that are dependent upon variables such as weather conditions (rain, dust, temperature, etc.), should consider normal conditions as opposed to above or below normal, unless there is a specific knowledge otherwise.

4. City vehicles that are damaged and repairable, regardless of the extent, will be repaired by Equipment Services. If the cause of damage is found to be the fault of the user (employee), repair costs will come from the Division budget of the user. Any insurance recovered will accrue to Equipment Services unless the equipment is totaled and the recovery will go to Equipment Replacement.

5. When considering purchasing items with long lead times, the Purchasing Administrator should be contacted to determine those lead times.

6. Divisions within the same fund may NOT charge each other for work performed. However, if the material cost of such a project is over \$500, then the Division requesting the work must buy that material. For example: (1) If the Street Division repairs a sidewalk for the Parks Division, then the Street Division will absorb all the cost if the materials are under \$500; (2) The Street Division will absorb the labor and the Parks Division will buy the materials if the cost is over \$500; (3) If the Street Division does work for the Water Department, regardless of the cost, the Street Division will interfund bill the Water Department for both labor and materials. In that case, the Street Division, which is in a different fund, must budget for both the revenue (interfund recovery) and the expense.

7. Materials bought and used for outside persons and businesses and later billed to them will be charged directly to the Departments buying them. Therefore, Departments should include in their budget, allowances to accommodate those charges. Also, in budgeting for revenue, allowances should be made for those expected revenues.

8. When budgeting for vehicles or equipment leases from Equipment Replacement, the following guidelines should be applied:

a. When replacing vehicles of a similar kind, no allowance is needed for any difference between what Equipment Replacement has accumulated in depreciation and the cost of the vehicle. Equipment Replacement will absorb any difference it did not charge.

b. When replacing vehicles which constitute an upgrading of equipment, in terms of size, features, etc., the replacing Division must budget for the difference for that upgraded equipment.

c. When making additions to your fleet of vehicles, you must present the total cost of purchase on the appropriate supplemental form.

9. Capital replacements should be limited to items, which are no longer functional, unable to be repaired, not economically repairable, or a safety hazard. Once the item is replaced, it should be given to Purchasing to be included in the City auction. All additions of new capital should be requested on the appropriate supplemental form.

Capitalization Policy

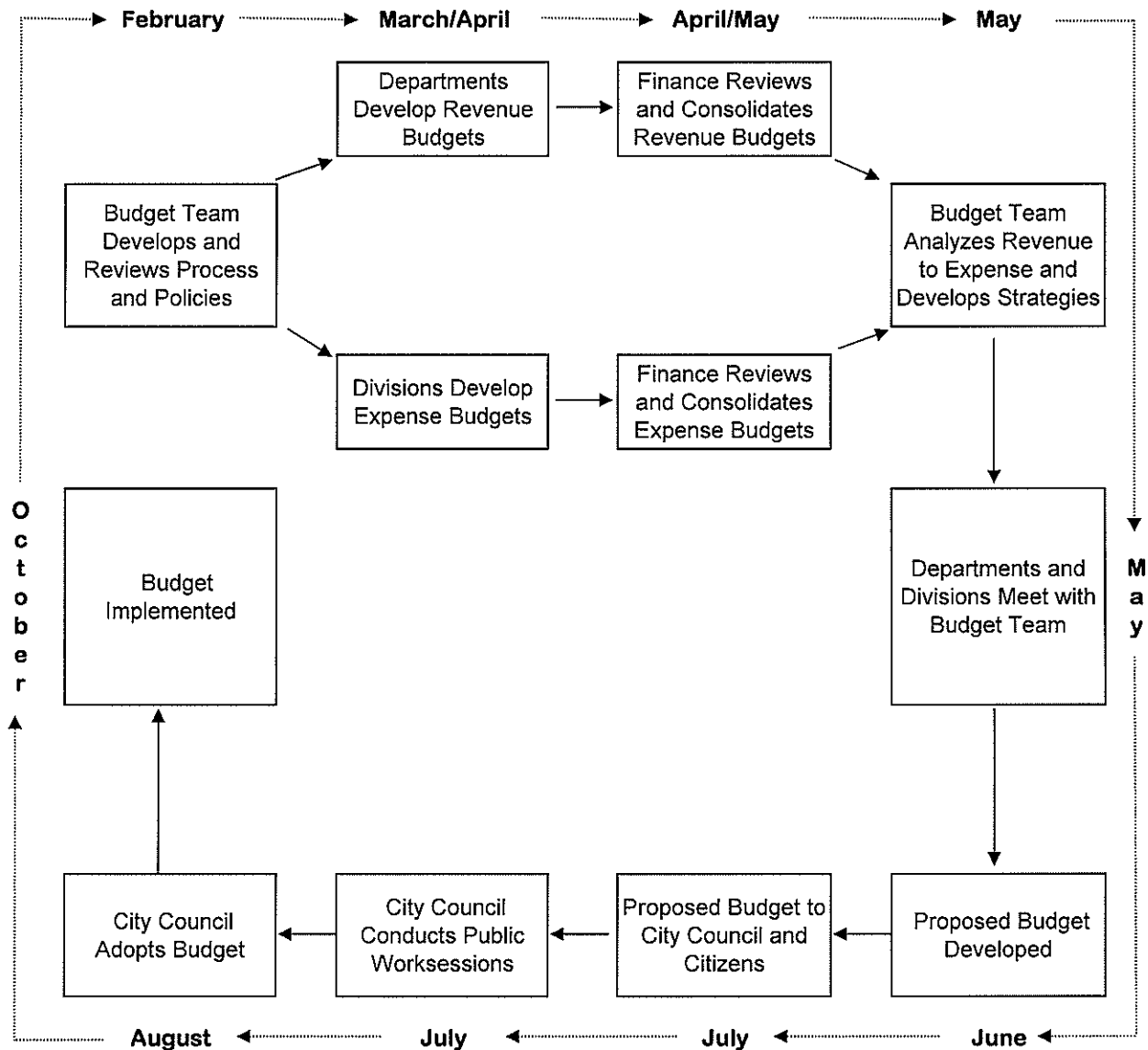
Factors to be considered in determining capital items are as follows:

1. The expected normal useful life is two years or more.
2. The item has a unit cost of \$5,000 or more. Unit cost should include any charges for freight or installation.
3. The item is not consumed, unduly altered, or materially reduced in value immediately by use.
4. The item belongs to one of the general classes of property, which are considered fixed assets under generally accepted accounting terms.
5. Items to be inventoried on a group or collective basis are to be determined on an "exception basis." That is, each group or collective unit will be separately considered and a decision made as to whether or not to maintain a central control record for that particular group or collective unit. *Examples of group or collective items are books, library periodicals, folding chairs, etc.*
6. New Construction – All furnishings for new facilities will be grouped in like categories and capitalized when the category aggregate is \$5,000 or more. Additionally, each category will be assigned a useful life for depreciation purposes. As an example, secretarial chairs, executive chairs, and public chairs will be grouped into the category of "chairs" and capitalized and depreciated if the category is \$5,000 or more.
7. The item is such that it is normally used in sets, or multiple units, which as a collective unit, has a total value in excess of that established as the minimum and which otherwise satisfy requirements of a fixed property.

Further, factors to be considered in determining items which should be excluded from capitalization are as follows:

1. Item is such that it required regular replacement because of rapid wear.
2. Item is such that one-time use of it will destroy the item for further usefulness.
3. Item has such a nominal value, and is readily available, so that inclusion under property control would result in administrative costs and inconvenience in excess of the value of the article.
4. Items which are installed or otherwise added to an existing fixed asset where such additions are required merely to return the item to a functioning product, e.g. engine overhauls, unstopped drains.

CITY OF ABILENE BUDGET PROCESS FROM START TO FINISH



THE BUDGET AND ACCOUNTING PROCESSES

The City of Abilene, Texas is a municipal corporation incorporated under Article XI, Section 5, of the Constitution of the State of Texas (Home Rule Amendment). The City operates under a Council-Manager form of government and provides such services as are authorized by its charter to advance the welfare, health, morals, comfort, safety, and convenience of the city and its inhabitants.

The City's major activities or functions include police and fire protection, solid waste collection, street and drainage, parks and libraries, public health and social services, planning and zoning, and general administrative services. In addition, the City owns and operates four major enterprise activities - the water and sewer utility system, the transit system, the solid waste services system, and the stormwater utility system. This budget includes the funds and account groups required to account for those activities, organizations and functions that are related to the City and are controlled by or dependent upon the City's governing body, the City Council.

The Budget Process

The City prepares its annual operating budget on a basis (Budget basis), which differs from generally accepted accounting principles (GAAP basis). The major difference between GAAP and Budget basis is that on a GAAP basis, encumbrances are recorded as a reservation of fund balance, as opposed to Budget basis, where encumbrances are equivalent of expenditures for the budget year.

The City of Abilene uses modified zero base budgeting to develop the annual operating budget. This approach requires City Departments to present a basic budget and supplements to the basic budget, which represent program additions or enhancements as presented in the Strategic Management Plan. The City Council adheres to the following procedures in establishing the budget:

1. Under the City Charter, the City Manager is responsible for preparing and recommending an operating budget for City Council consideration. The City Manager, working with staff in all Departments, reviews and evaluates all basic budget and supplemental requests to determine whether they address the Strategic Management Plan, fulfill City Council goals and objectives, improve management effectiveness, or increase productivity. The proposed budget, which the City Manager submits to the City Council, includes recommendations of the program of services, which the City should provide, and which can be financed by the City's projected revenue for the budget year. The Manager must submit a balanced budget, an annual financial plan in which expenses do not exceed revenues, for the next fiscal year not later than 30 days prior to the end of the current fiscal year.
2. The City Council considers the Manager's recommended budget in a series of work sessions and in public hearings at which citizen comment is invited. Citizens are encouraged to participate in the budget process. A copy of the proposed budget and the revised Budget are filed in the City Secretary's Office. Additional or supplemental information is available upon request.
3. The budget for the next fiscal year is legally enacted by the City Council through passage of an ordinance not later than the twenty-fifth day of the last month of the

current fiscal year. If the City Council does not enact the budget within this time period, then the budget as submitted by the City Manager becomes the legally authorized budget.

4. Expenditures may not legally exceed appropriations at the Fund/Department level for each legally adopted annual operating budget. The City Manager may, without Council approval, transfer appropriation balances from one expenditure account to another within a Department of the City. The City Council, however, must approve any transfer of unencumbered appropriation balances or portions thereof from one Department to another.

5. Annual budgets are legally adopted for all governmental funds. Budgets for the Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles. The budgets for the Capital Project Funds are legally adopted for specific projects using project length budgeting rather than on a fiscal year basis.

Formal budgetary integration is not employed for the proprietary funds. The City adopts an annual, informal budget as a financial plan for all proprietary funds.

The expendable trust fund includes non-budgeted financial activities, which are not subject to an appropriated budget and the appropriation process nor to any legally authorized non-appropriated budget review and approval process.

6. At the close of each fiscal year, any unencumbered appropriation balance lapse or revert to the undesignated fund balance. The unencumbered appropriation balance in the Capital Projects Funds does not lapse at year end.

The accounting and reporting policies of the City conform to generally accepted accounting principles ("GAAP") applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board ("GASB"), which includes all statements and interpretations of the National Council on Governmental Accounting unless modified by the GASB, and those principles prescribed by the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units. The following is a summary of the more significant policies and practices used by the City.

The Accounting Process

Basis of Presentation

The accounts of the City are organized and operated on the basis of funds or account groups, each of which is considered to be a separate fiscal and accounting entity. The operations of each fund are accounted for with a self-balancing set of accounts that comprise its assets, liabilities, fund balances or retained earnings, revenues and expenditures or expenses. The various funds are grouped by category and type. The City maintains the following fund classifications and account groups:

Governmental Funds

Governmental funds are used to account for the relatively liquid portion of the City's assets that are not accounted for through proprietary or fiduciary funds, the short-term

obligations pertaining thereto and the net balance of these financial resources available for subsequent appropriation and expenditure.

- **General Fund** - The General Fund is the general operating fund of the City. This fund is used to account for all financial resources except those required to be accounted for in another fund.
- **Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The following funds are included in Special Revenue Funds: Community Development, HOME, Library Grants, Miscellaneous Grants, Transportation Planning, Hotel/Motel Fund, and Health Services.
- **Debt Service Funds** - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The twenty-three Debt Service Funds are: 2006, 2007, 2008, 2009A General Obligation and 2007 Airport General Obligation; 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011 Certificates of Obligation; 2009, 2010, and 2011 General Obligation Refunding; 2002, 2004, 2006 Airport Revenue Certificates of Obligation; and 2005A Public Safety, 2008A Energy Conservation, and 2009A HRIS and Finance System Replacement Certificates of Obligation.
- **Capital Project Funds** - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). They are presented in a separate document and are project length budgets.

Proprietary Funds

Proprietary funds are those used to account for the City's ongoing organizations and activities, which are similar to those, found in the private sector. The measurement focus is upon capital maintenance and upon determination of net income, financial position and changes in financial position.

- **Enterprise Funds** - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. There are four major Enterprise Fund activities, which are the Water and Sewer Utility System, the Transit System, the Stormwater Utility System, and the Solid Waste Services System.
- **Internal Service Funds** - Internal Service Funds are used to account for the financing of goods or services provided by one Department or agency to other Departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis. Fleet Maintenance, Fleet Management, Self-Insurance, and Technology are the four Internal Service Funds.

Fiduciary Funds

- Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for other governmental units and/or other funds. Trust and Agency Funds include expendable trust and payroll agency funds.

Basis of Accounting

Basis of accounting refers to the time at which revenues and expenditures or expenses are recognized in the accounts and reported. Governmental funds, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets. Available means collectible within the current period or expected to be collected within 60 days after year end and be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include unmatured principal and interest on general long-term obligations which are recognized when due. This exception is in conformity with generally accepted accounting principles.

Property tax revenues and sales tax receipts are considered measurable and available when collected and recognized as revenue at that time. Licenses and permits, fines and forfeits, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded on the accrual basis in all funds.

Paving assessments are recorded as revenues in the fiscal period when the assessment becomes both measurable and available to finance expenditures of the fiscal period. Assessment revenues are considered measurable and available when collected by the City and recognized as revenue at that time. Payments for paving assessments received in advance of the levy are reflected as deferred revenue.

Intergovernmental revenues are recorded on a basis applicable to the legal and contractual requirements of the various individual grant programs.

All proprietary funds are accounted for using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recorded in the accounting period incurred, if measurable.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities since the commitments will be honored during the subsequent year. For budgetary purposes, encumbrances outstanding at year end and the related appropriation are carried forward to the new fiscal year. Encumbrances constitute the equivalent of expenditures for budgetary purposes.

PROPERTY TAXES

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City. As of October 1, 1981, the appraisal of property within the City was the responsibility of the Central Appraisal District of Taylor County. The Appraisal District is required under the Property Tax Code to assess all property within the Appraisal District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. Beginning January 1, 1984, all real property within the Appraisal District must be reappraised every four years; however, the City may, at its own expense, require more frequent reviews of appraised values.

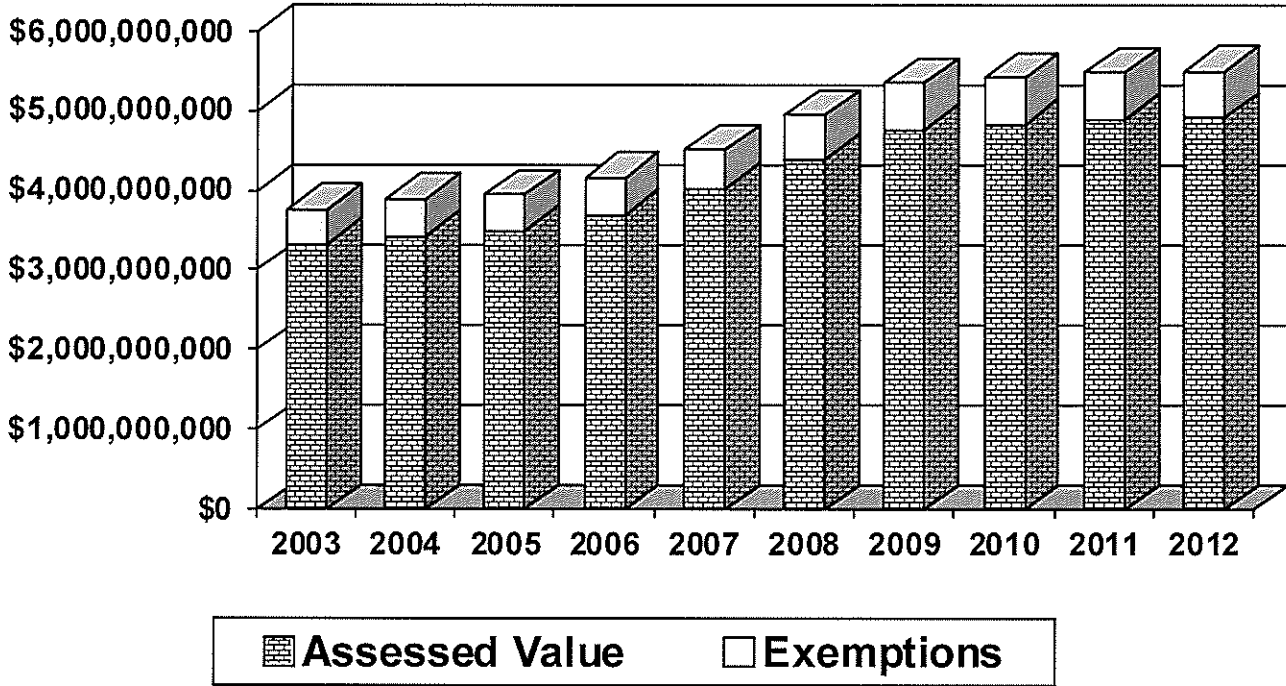
The Central Appraisal District of Taylor County has chosen to review the value of property every two years. The City may challenge appraised values established by the Appraisal District through various appeals and if necessary, legal action. Under this legislation, the City continues to set tax rates on City property. However, if the effective tax rate after adjustment for new construction, new annexation and debt service, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the effective tax rate of the previous year. This legislation also provides that, if mandated by the qualified voters in the City, the collection function must be placed with the Appraisal District. In October 1982, Central Appraisal District of Taylor County assumed the property tax billing and collection function for the City. Currently the fee is three tenths of one percent of total current taxes collected.

The City is permitted by Article II, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt consequently, no legal debt margin can be calculated. A practical limitation on taxes levied for debt service is \$1.50 per \$100 of assessed valuation as established by the Attorney General of the State of Texas. The tax rate to finance general governmental services other than payment of principal and interest on long-term debt is \$0.4837 per \$100. The tax rate to finance the payment of principal and interest on long-term debt is \$0.2095 per \$100. The City of Abilene's adopted rate of \$0.6932 per \$100 valuation falls well below this limit. Taxes are due by January 31 following the October 1 levy date.

Property tax revenues are recognized in the accounting period in which they become both measurable and available. Property tax revenues are considered measurable at the time of levy and are recognized as taxes receivable, net of an allowance for estimated uncollectible taxes, at that time. Property tax revenues are considered available if collected within 60 days subsequent to year end. However, the amount of taxes collected in the period 60 days subsequent to year end are considered immaterial and not recorded as current year revenue, therefore, they are reported as deferred revenues.

The City has adopted a policy to record all delinquent taxes in the General Fund at year end. The City's general obligation bonds require an annual tax levy sufficient to pay principal and interest on the bonds with full allowance being made for delinquent taxes. The bond ordinances require that the Debt Service Fund be funded from actual tax receipts as received. The later collection of delinquent taxes after the current year funding requirements have been satisfied will be in excess of the actual requirements for the payment of the bonds. Therefore, such delinquent taxes are deposited in the City's General Fund after the City has met the annual requirements for the payment of the bond.

TOTAL APPRAISED VALUATION 10 YEAR COMPARISON

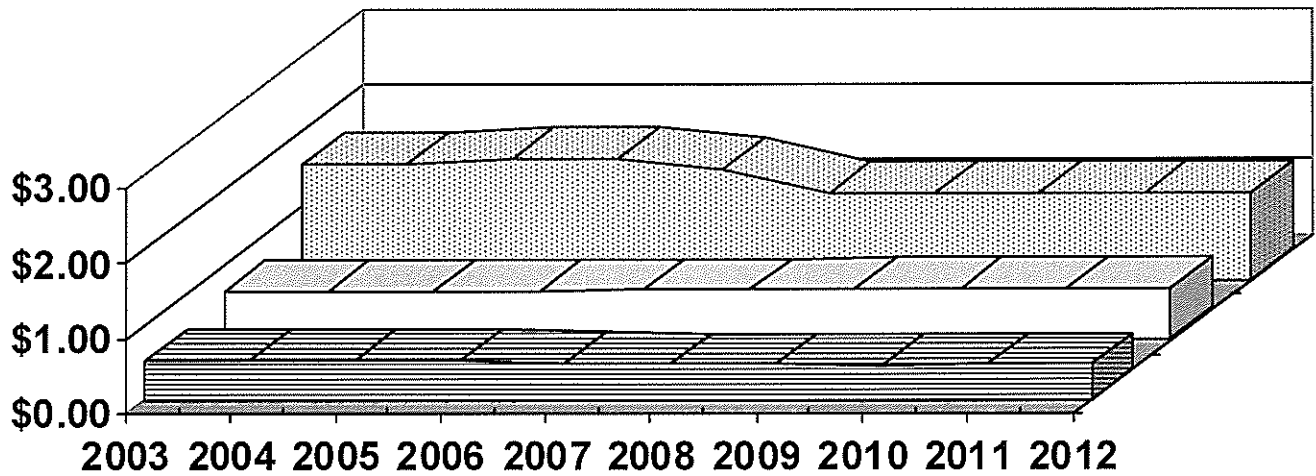


	ASSESSED VALUE	EXEMPTIONS	TOTAL VALUE	% EXEMPT
2003	\$3,333,792,363	\$425,306,601	\$3,759,098,964	11.3%
2004	3,434,596,454	446,391,531	3,880,987,985	11.5%
2005	3,493,644,031	452,991,660	3,946,635,691	11.5%
2006	3,692,783,320	464,799,959	4,157,583,279	11.2%
2007	4,014,286,613	495,000,539	4,509,287,152	11.0%
2008	4,390,840,430	549,597,711	4,940,438,141	11.0%
2009	4,771,712,106	568,801,011	5,340,513,117	10.7%
2010	4,826,926,151	589,602,770	5,416,528,921	10.9%
2011	4,884,747,549	591,426,830	5,476,174,379	10.8%
2012	4,908,145,123	594,259,723	5,502,404,846	10.8%

Discussion of the Graph

Exemptions for homeowners will decrease the total taxable or assessed value for FY 2012 by 10.8%. Four types of exemptions can be declared: homestead, over 65 years of age, agricultural use, and disabled. Each exemption is calculated within its own guidelines. Beginning in FY 2008, a tax cap on homesteads of persons over 65 years of age or those who are disabled was passed. Included in the Assessed Value is \$494,282,474 in frozen taxable value for this group.

OVERLAPPING PROPERTY TAX RATES AT 100% 10 YEAR COMPARISON



County
 City
 School

	CITY	*AISD	COUNTY	TOTAL
2003	\$0.6405	\$1.5432	\$0.5247	\$2.7084
2004	0.6355	1.5375	0.5296	2.7026
2005	0.6355	1.6183	0.5359	2.7897
2006	0.6355	1.6171	0.5093	2.7617
2007	0.6678	1.4867	0.4980	2.6525
2008	0.6678	1.1691	0.4707	2.3076
2009	0.6854	1.1659	0.4682	2.3195
2010	0.6932	1.1659	0.4675	2.3266
2011	0.6932	1.1647	0.4722	2.3301
2012	0.6932	1.1599	0.4726	2.3257
		Wylie ISD		
2012	0.6932	1.1300	0.4726	2.2958

*Abilene Independent School District

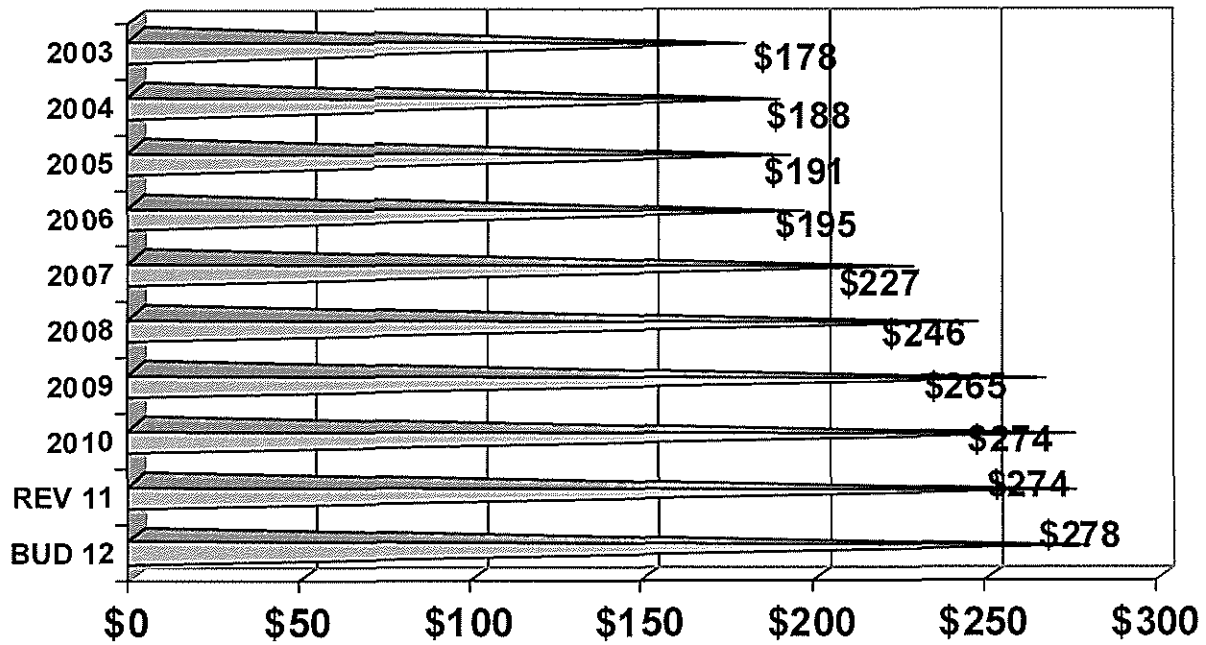
Discussion of the Graph

Property tax rates have increased/(decreased) from FY 2003 to FY 2012 by the following percentages:

City	8.23%
AISD	(24.84%)
County	(9.93%)
 Total Decrease	 (14.13%)

In contrast property valuations for the City have increased 47.2% since the 2003 roll. To maintain the same amount of tax revenue if values decline, the tax rate must increase and vice versa.

PROPERTY TAXES PER CAPITA 10 YEAR COMPARISON

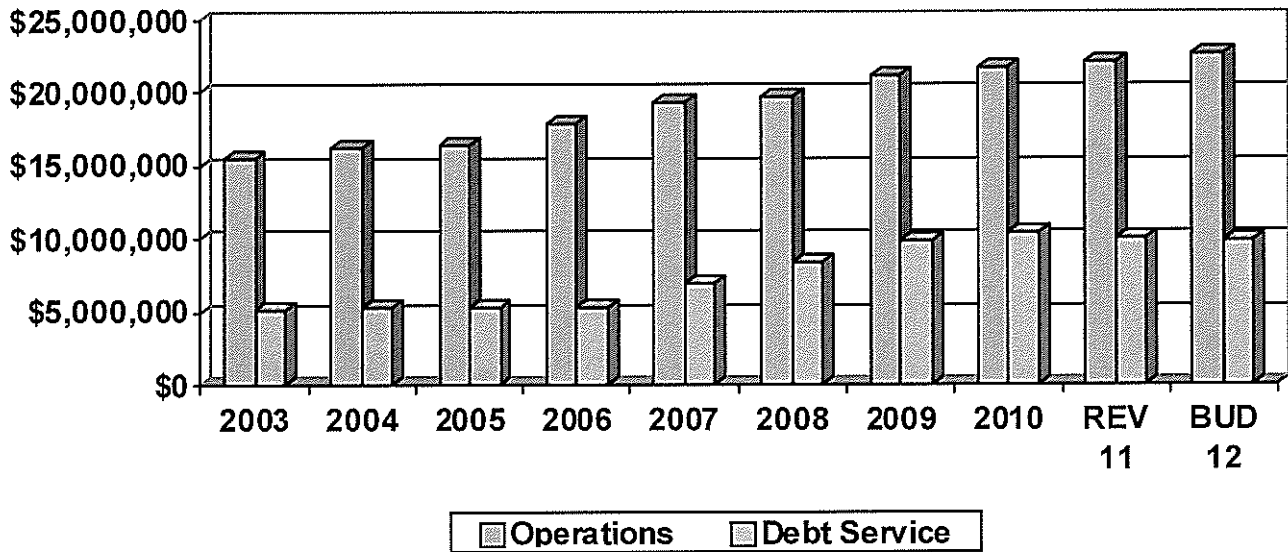


	POPULATION	PROPERTY TAXES
2003	116,097	\$20,679,190
2004	114,729	21,522,796
2005	114,454	21,821,935
2006	116,482	23,072,146
2007	115,745	26,247,667
2008	115,981	28,550,228
2009	117,028	31,015,400
2010	117,028	32,109,570
REV 11	117,179	32,165,080
BUD 12	117,063	32,529,780

Discussion of the Graph

Property tax per capita increased the last several years mainly due to debt issues authorized by the voters.

DISTRIBUTION OF TAXES 10 YEAR COMPARISON

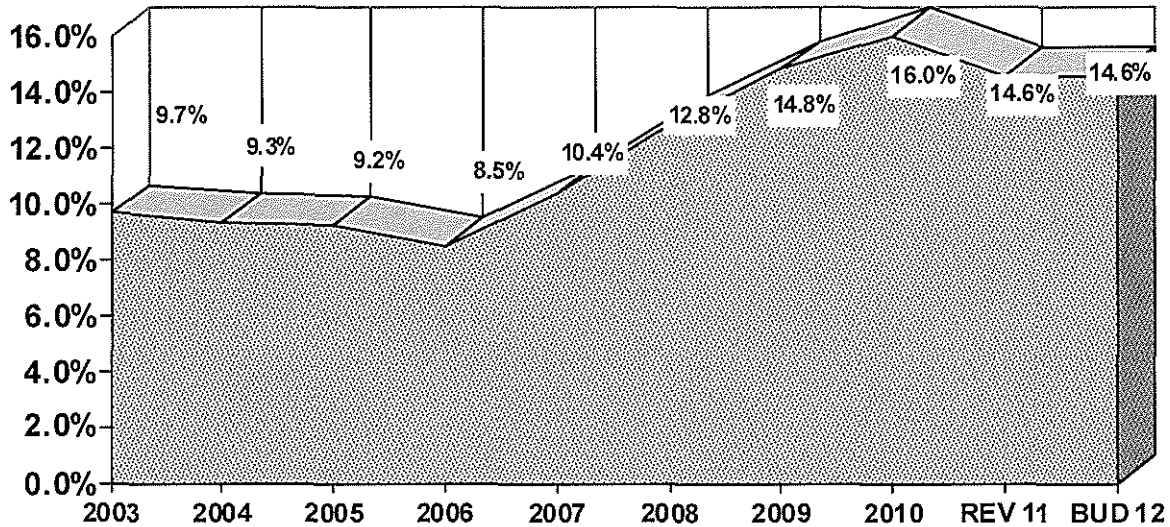


	OPERATIONS	DEBT SERVICE	TOTAL
2003	\$15,530,216	\$5,148,974	\$20,679,190
2004	16,266,520	5,256,276	21,522,796
2005	16,492,647	5,329,288	21,821,935
2006	17,797,488	5,274,658	23,072,146
2007	19,416,877	6,830,790	26,247,667
2008	19,769,740	8,361,870	28,131,610
2009	21,236,520	9,778,880	31,015,400
2010	21,738,330	10,371,240	32,109,570
REV 11	22,077,580	10,087,500	32,165,080
BUD 12	22,700,710	9,829,070	32,529,780

Discussion of the Graph

In FY 2003, operations accounted for 75.1% of the tax distribution while in FY 2012 it will account for 69.8%. It is the City's intent to issue Certificates of Obligation debt annually without increasing the tax rate for debt. General Obligation Bonds approved by the voters do require a tax rate increase.

RATIO OF DEBT TO GENERAL EXPENDITURES 10 YEAR COMPARISON

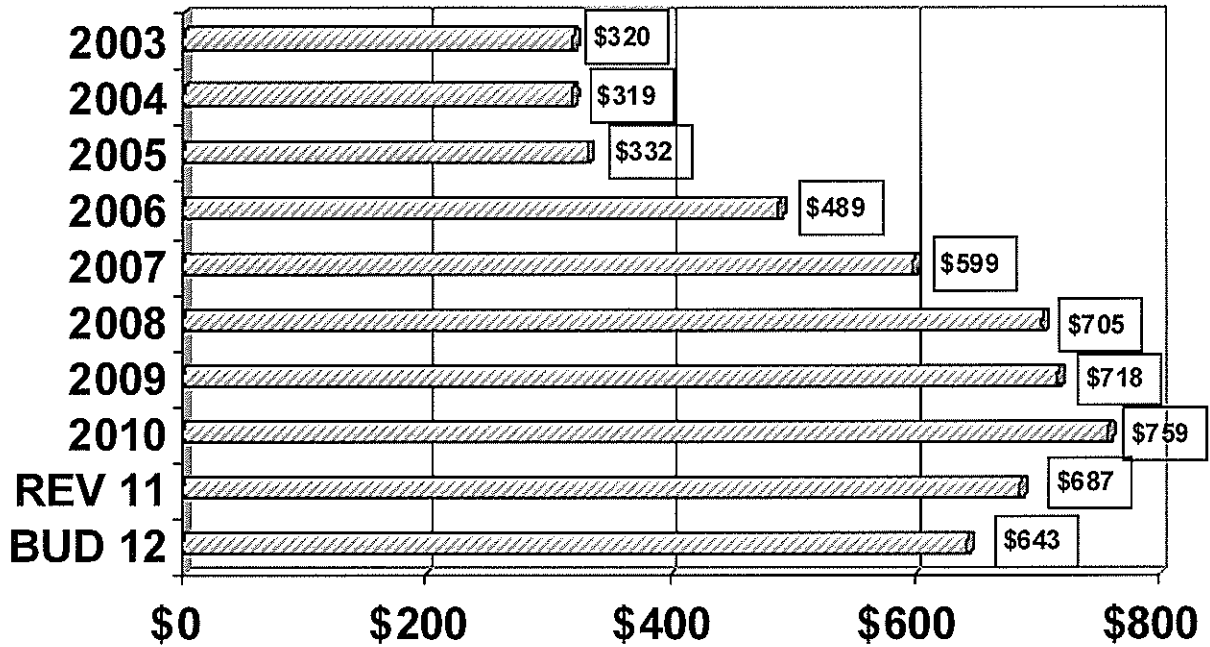


	PRINCIPAL	INTEREST	BONDED DEBT SRV.	GEN. EXP./ TRANSFERS
2003	\$3,340,000	\$1,929,895	\$5,269,895	\$54,334,046
2004	3,605,000	1,607,639	5,212,639	55,839,517
2005	3,730,000	1,612,194	5,342,194	58,214,641
2006	3,650,000	1,654,373	5,304,373	62,506,527
2007	4,050,000	2,790,697	6,840,697	65,553,887
2008	5,820,000	3,091,230	8,911,230	69,406,930
2009	6,660,000	3,685,370	10,345,370	69,918,040
2010	7,250,000	3,645,630	10,895,630	67,911,830
REV 11	7,260,000	3,214,270	10,474,270	71,722,150
BUD 12	7,125,000	3,354,680	10,479,680	71,577,560

Discussion of the Graph

The ratio of debt to operating expenditures is an important measure; the higher it goes, the less flexibility the City retains to adjust spending decisions in response to changing economic conditions. While there is not a specific level established, Abilene debt level is considered low. These legal commitments cannot be proportionately reduced when the City is forced to reduce service levels. The above graph does not include the Ivie Waterworks and Sewer System General Obligation Debt as this debt is to be paid from the revenues of the water and sewer system.

NET DEBT PER CAPITA 10 YEAR COMPARISON

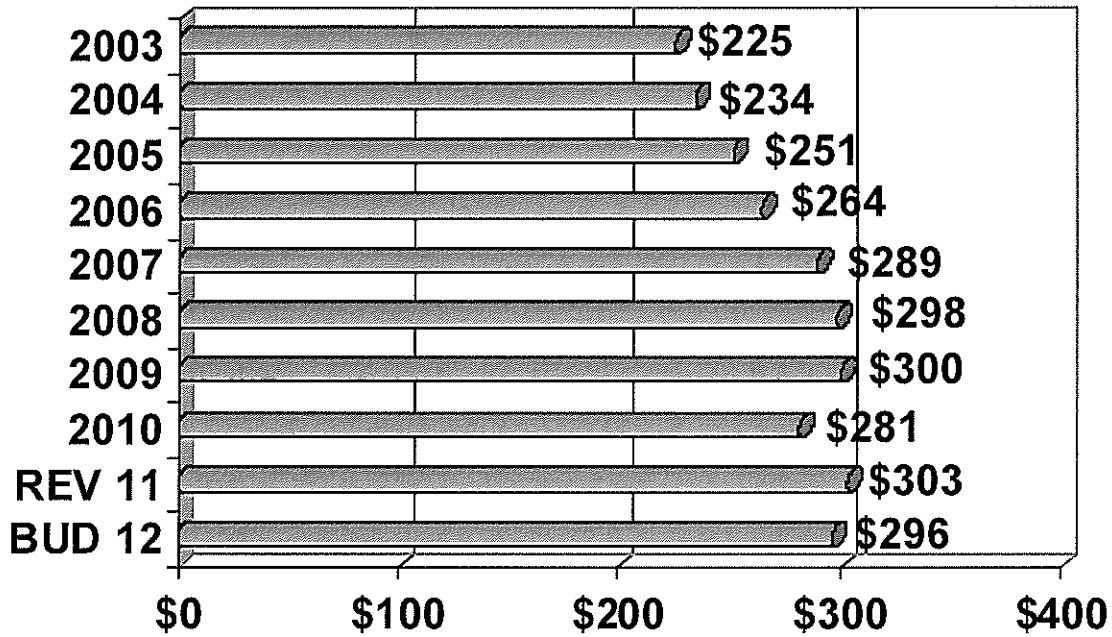


	POPULATION	NET GENERAL PURPOSE DEBT OUTSTANDING
2003	116,097	\$37,378,435
2004	114,729	36,621,769
2005	114,454	37,976,516
2006	116,482	57,002,045
2007	115,745	69,392,314
2008	115,981	81,755,000
2009	117,028	84,055,000
2010	117,028	88,910,000
REV 11	117,179	80,465,134
BUD 12	117,063	75,221,402

Discussion of the Graph

Direct debt per capita is primarily impacted by debt issuance as demonstrated in this graph along with changes in population. The City of Abilene sold bonds in FY's 1993, 1999, 2000, 2001, 2002, 2006, 2007, 2008, and 2009. The City of Abilene sold certificates of obligation in FY 1992 – FY 2011. The above graph includes both general obligation bonds and certificates of obligation reduced by fund balance available. This graph does not include the Ivie Waterworks and Sewer System Debt.

SALES TAX PER CAPITA 10 YEAR COMPARISON

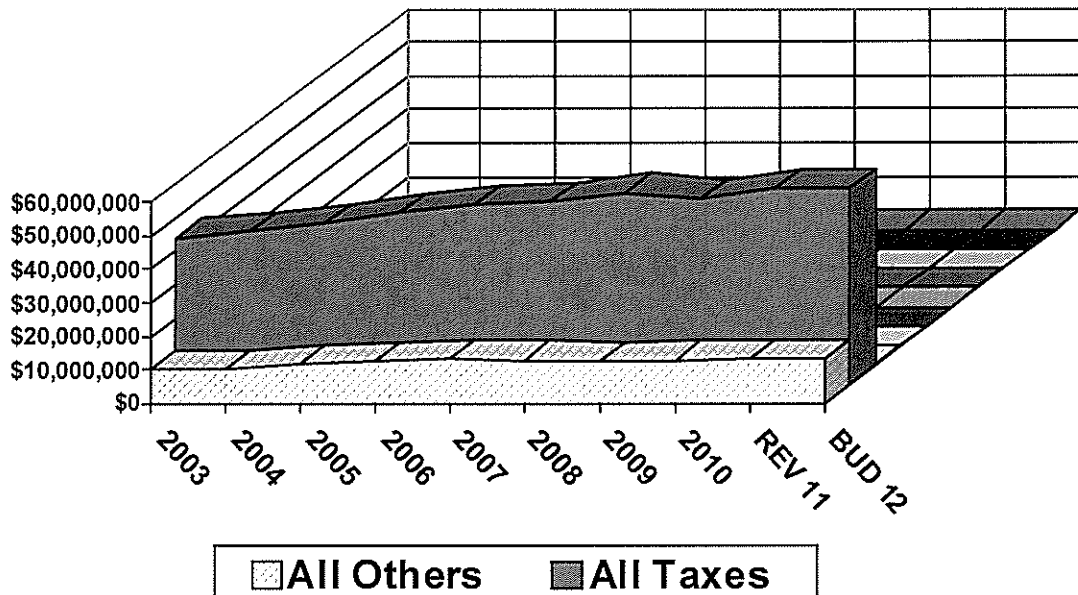


	Population	Sales Tax General Fund 1½%	100% Equivalent Property Tax Rate	Sales Tax Economic Development ½%	100% Equivalent Property Tax Rate	Total Sales Tax	100% Equivalent Property Tax Rate
2003	116,097	\$19,575,663	\$.5910	\$6,564,643	\$.1982	\$26,140,306	\$.7892
2004	114,729	20,138,767	.5841	6,712,922	.1947	26,851,689	.7788
2005	114,454	21,562,384	.6172	7,187,462	.2057	28,749,846	.8229
2006	116,482	23,546,861	.6379	7,848,954	.2126	31,395,815	.8505
2007	115,745	25,024,647	.6234	8,388,606	.2090	33,413,253	.8324
2008	115,981	25,924,328	.5904	8,641,443	.1968	34,565,771	.7872
2009	117,028	26,313,200	.5514	8,849,030	.1854	35,162,230	.7369
2010	117,028	24,672,000	.5111	8,224,000	.1703	32,896,000	.6815
REV 11	117,179	26,618,610	.5449	8,872,870	.1816	35,491,480	.7265
BUD 12	117,063	25,995,370	.5296	8,665,120	.1765	34,660,490	.7061

Discussion of the Graph

The City of Abilene receives 1% of the total sales tax revenue paid to the Texas Comptroller for the sale of all taxable goods and services within the City limits. In addition, there is an additional ½% imposed for economic development and an additional ½% for property tax reduction.

GENERAL FUND REVENUE 10 YEAR COMPARISON



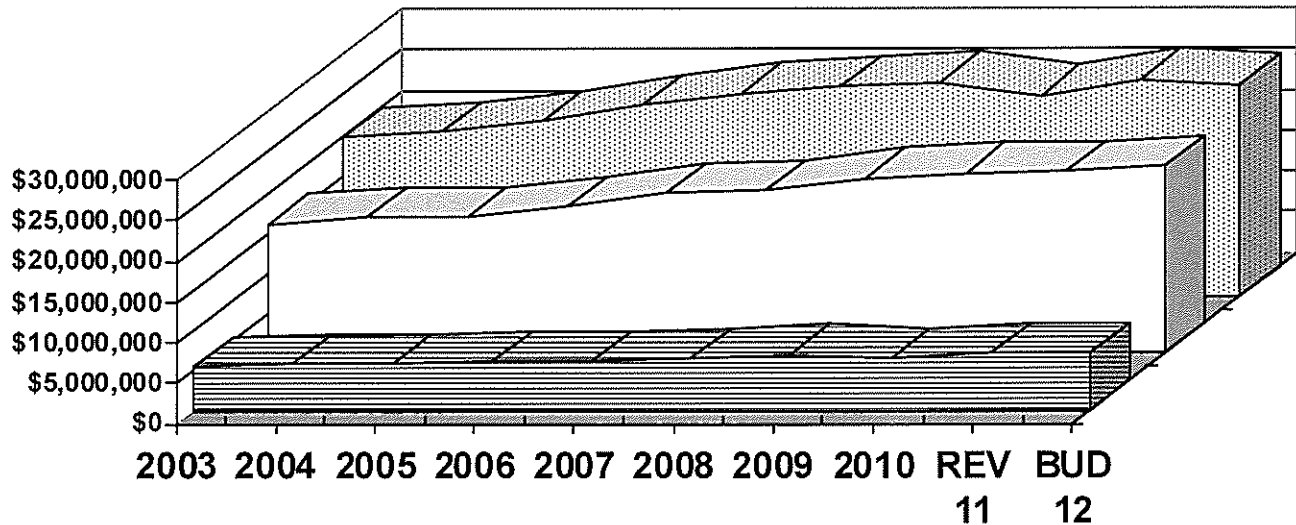
	TAXES/ FRANCHISE/ ACCESS	ALL OTHER	TOTAL
2003	\$43,571,266	\$10,220,074	\$53,791,340
2004	45,656,608	10,188,834	55,845,442
2005	47,639,771	11,625,836	59,265,607
2006	51,368,436	12,723,219	64,091,655
2007	53,287,910	13,310,627	66,598,537
2008	54,413,410	13,044,280	67,457,690
2009	57,104,930	12,819,230	69,924,160
2010	55,318,180	12,933,630	68,251,810
REV 11	58,352,930	13,375,200	71,728,130
BUD 12	58,214,880	13,339,850	71,554,730

Discussion of the Graph

Between FY 2003 and FY 2012, General Fund revenue has increased 33.0% or an average of 3.7% a year. Since FY 2003, sales tax revenues have increased 32.8%, property tax revenues have increased 44.5%, and franchise/access fees have increased 26.1%.

Taxes are a composite of property taxes, sales tax, franchise/access fees, selective sales and use, and payment in lieu of taxes.

PROPERTY, SALES & FRANCHISE REVENUE GENERAL FUND; 10 YEAR COMPARISON



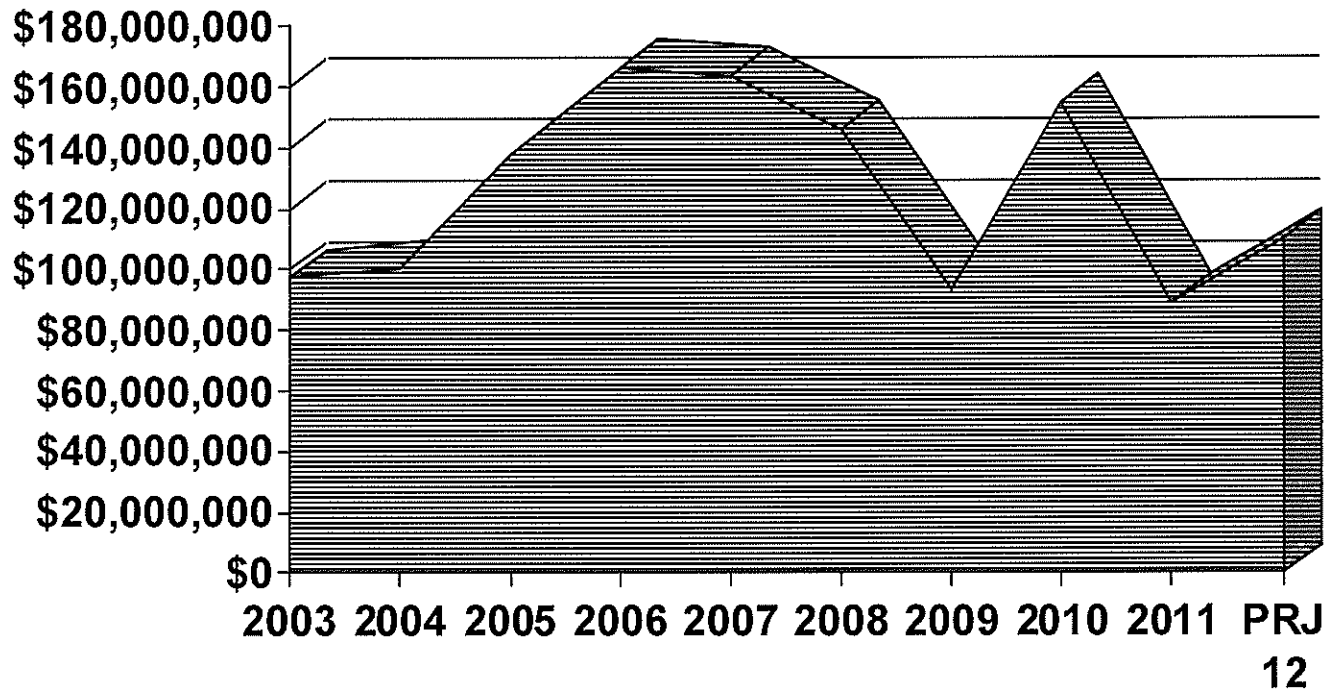
Franchise/Access Fees
 Property Tax
 Sales Tax

	PROPERTY	SALES	FRANCHISE/ ACCESS
2003	\$15,912,905	\$19,575,663	\$5,501,498
2004	16,758,190	20,138,767	5,741,124
2005	16,882,832	21,562,384	5,731,691
2006	18,146,091	23,546,861	6,069,668
2007	19,747,087	25,024,647	6,031,239
2008	20,119,740	25,775,380	6,310,610
2009	21,536,520	26,313,200	6,840,080
2010	22,138,330	24,672,000	6,310,530
REV 11	22,377,580	26,618,610	7,029,850
BUD 12	23,000,710	25,995,370	6,937,830

Discussion of the Graph

The General Fund is most dependent on these three revenue sources. The sales tax is a good indicator of economic trends. It has decreased from 36.4% of revenue in FY 2003 to 36.3% in FY 2012. Property taxes lag at least one year behind other indicators. It has risen from 29.6% of revenue in FY 2003 to 32.1% in FY 2012. Franchise/Access fees have decreased as a percentage of revenue from 10.2% in FY 2003 to 9.7% in FY 2012.

BUILDING PERMIT VALUES 10 YEAR COMPARISON

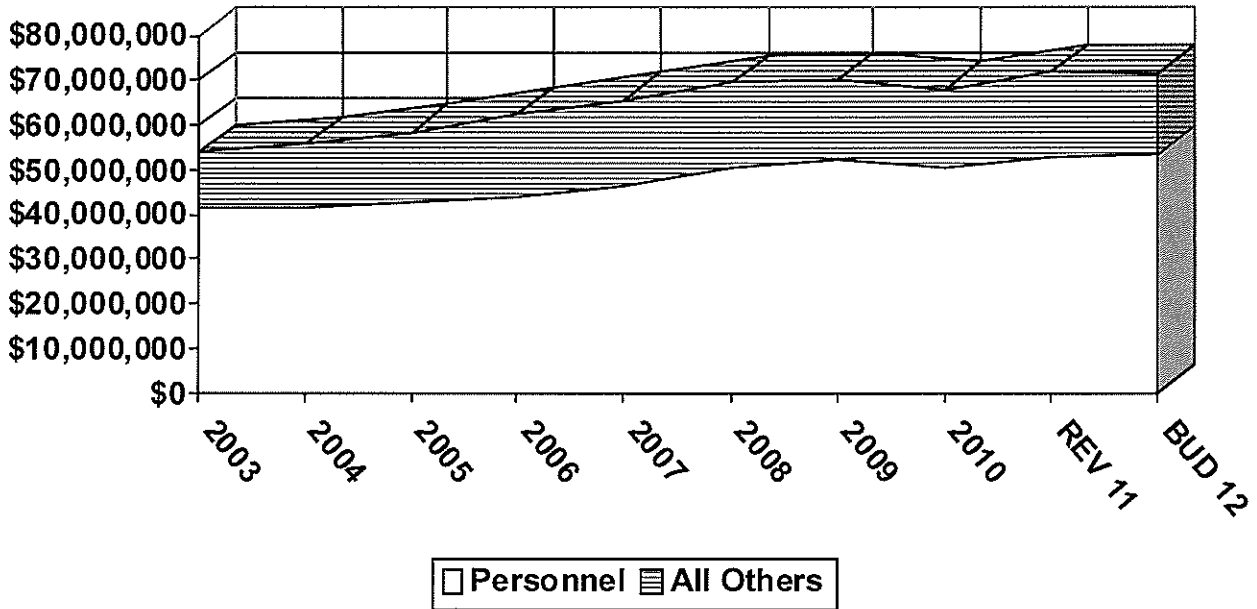


2003	\$97,363,186
2004	100,277,345
2005	138,016,960
2006	166,123,570
2007	163,486,926
2008	146,242,349
2009	93,644,559
2010	154,960,832
2011	88,941,485
PRJ 12	110,000,000

Discussion of the Graph

The number of building permits from FY2003 to FY2011 has remained steady. The valuation total for FY10 reflects the Hendrick Medical Center Project, which had a valuation of \$47,000,000. Major projects in FY 2011 included: Texas Health Care Linen; addition to Cisco College; interior alteration to Abilene Christian University Library; alteration to Jefferson Middle School; interior alteration for HEB Grocery; Natural Grocer's Store; library and classroom addition for Bowie Elementary; Martinez Elementary School; Noah Project Facility; interior alteration to Walmart; and Walgreen's Store.

GENERAL FUND EXPENDITURES 10 YEAR COMPARISON

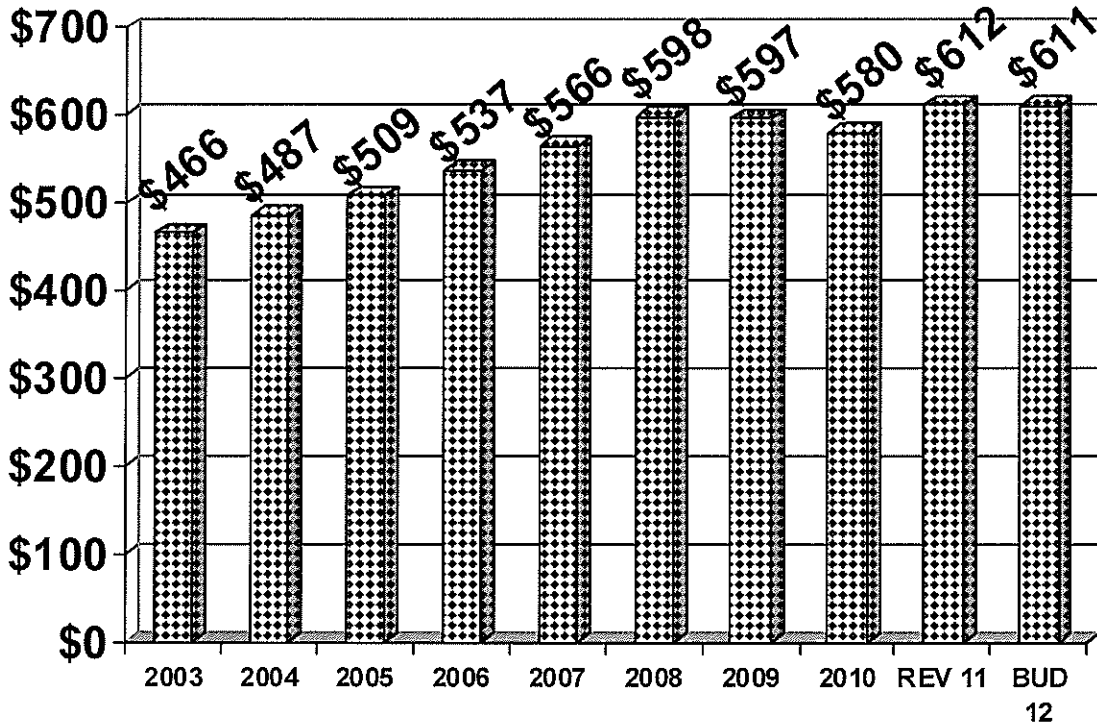


	PERSONNEL	OTHER	TOTAL
2003	\$41,289,330	\$12,864,716	\$54,154,046
2004	41,447,206	14,392,311	55,839,517
2005	42,838,746	15,375,895	58,214,641
2006	44,143,383	18,363,144	62,506,527
2007	46,558,949	18,994,938	65,553,887
2008	50,380,580	19,026,350	69,406,930
2009	52,025,630	17,892,410	69,918,040
2010	50,840,350	17,071,480	67,911,830
REV 11	53,139,710	18,582,440	71,722,150
BUD 12	53,726,350	17,851,210	71,577,560

Discussion of the Graph

The major changes as shown in the graph are consistent with revenue changes discussed in a previous graph. Total expenditures have increased 32.2% between FY 2003 and FY 2012, and personnel expenditures have increased 30.1% between FY 2003 and FY 2012. The City experienced a 27th pay period in FY 2008, which accounted for the large increase in personnel costs. The City set aside in the fund balance the amount to cover this for the last eleven years.

GENERAL FUND EXPENDITURES PER CAPITA 10 YEAR COMPARISON



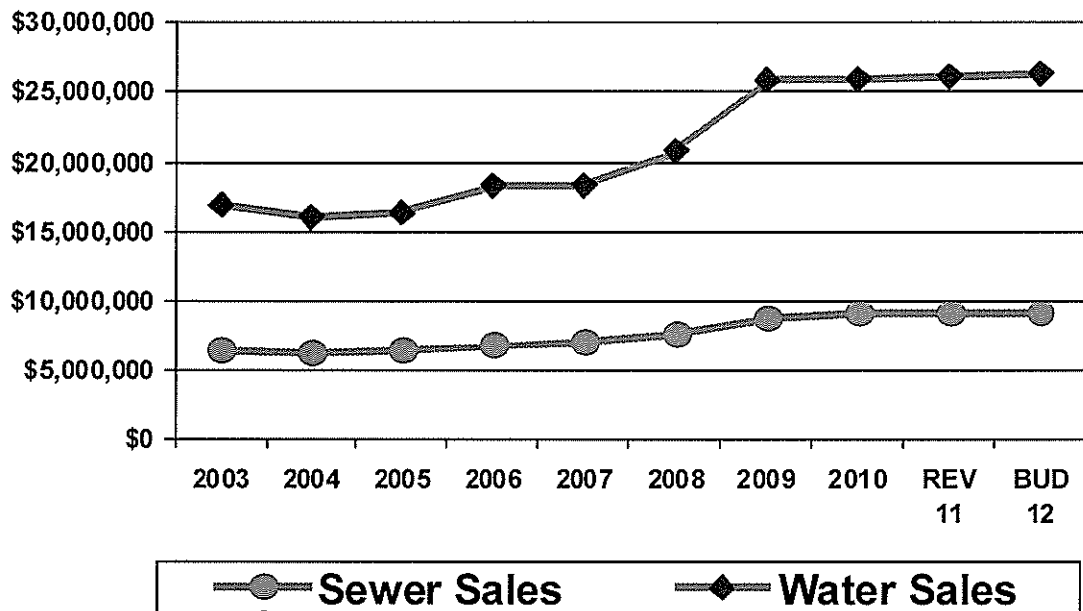
	POPULATION	EXPENDITURES
2003	116,097	\$54,154,046
2004	114,729	55,839,517
2005	114,454	58,214,641
2006	116,482	62,506,527
2007	115,745	65,553,887
2008	115,981	69,358,301
2009	117,028	69,918,040
2010	117,028	67,911,830
REV 11	117,179	71,722,150
BUD 12	117,063	71,577,560

Discussion of the Graph

Expenditures have increased an average of only 3.6% a year.

The majority of the increases have been in personnel costs, which include mandatory increases in social security taxes, worker's compensation, health benefits, and retirement.

WATER & SEWER SALES REVENUE 10 YEAR COMPARISON

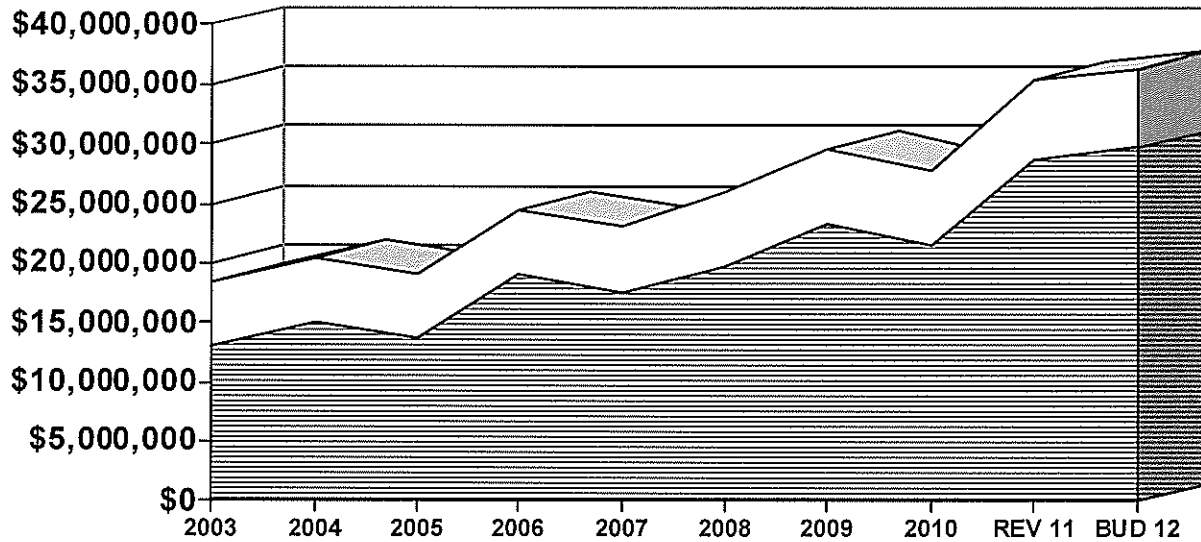


	WATER	SEWER
2003	\$16,894,788	\$6,547,975
2004	15,998,938	6,321,375
2005	16,325,209	6,417,320
2006	18,293,449	6,751,876
2007	18,293,966	7,055,852
2008	20,859,528	7,631,631
2009	25,867,000	8,770,000
2010	25,936,500	9,106,000
REV 11	26,178,500	9,072,000
BUD 12	26,367,500	9,106,000

Discussion of the Graph

Water revenue has increased significantly over the past 10 years. The water rates were increased in FY 2007 to fund the Capital Improvements Program (CIP) and address the annual maintenance and operations (M & O) of the Water Department. The water and sewer rates were increased in FY 2009 that will result in approximately \$6.15 million additional revenue. Ivie pipeline principal debt is approximately \$3,800,000 for FY 2012. Other major capital projects including water distribution and production and sewage treatment work are being financed internally from water and sewer revenue. Some projects must be completed in order to comply with current law or other mandates.

WATER FUND EXPENDITURES 10 YEAR COMPARISON



OTHER
 PERSONNEL

	PERSONNEL	OTHER	TOTAL
2003	\$5,438,602	\$12,999,848	\$18,438,450
2004	5,298,958	15,079,072	20,378,030
2005	5,390,867	13,676,290	19,067,157
2006	5,376,259	19,070,125	24,446,384
2007	5,488,858	17,611,568	23,100,426
2008	6,188,880	19,707,450	25,896,330
2009	6,267,540	23,332,930	29,600,470
2010	6,220,340	21,505,510	27,725,850
REV 11	6,690,260	28,784,260	35,474,520
BUD 12	6,612,920	29,692,250	36,305,170

Discussion of the Graph

Personnel costs in the Water Utility Fund have grown gradually over the past 10 years due to pay increases and growth in health insurance, worker's compensation, etc. Personnel costs for 2012 are expected to decrease slightly due to the loss of 2 authorized positions. Other expenses have increased over the last few years as the result of increased professional and contractual services undertaken for various water studies.

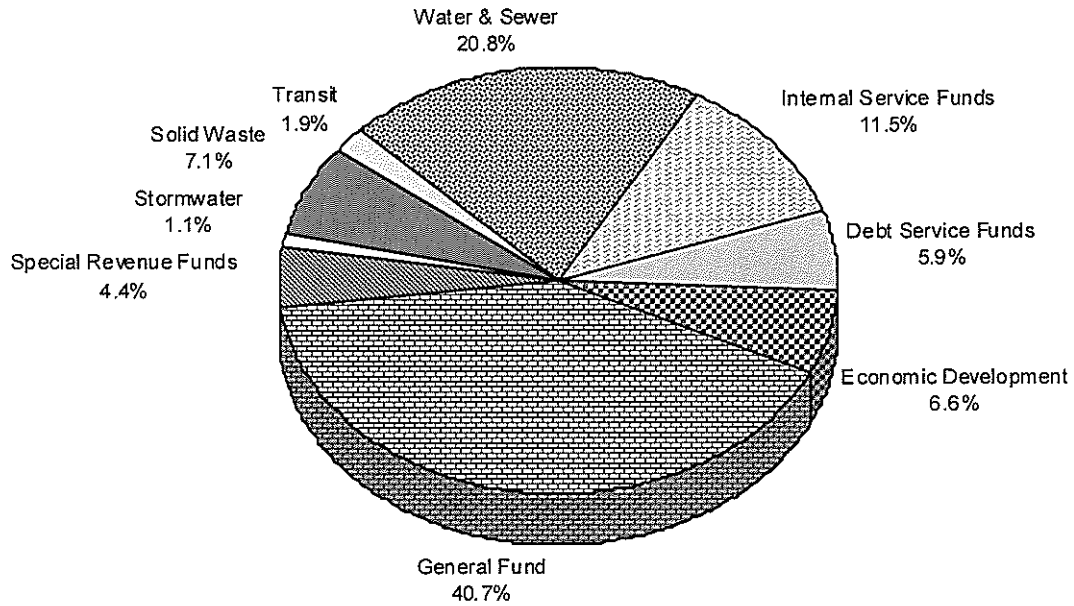


FINANCIAL SUMMARIES



REVENUE SOURCES

FY 2011-12



General Fund	\$71,554,730
Special Revenue Funds	7,762,822
Debt Service Funds	10,424,990
Water & Sewer	41,546,740
Transit	3,255,500
Solid Waste Services	12,543,000
Stormwater	1,866,460
Internal Service Funds	20,235,711
Economic Development	11,534,640
Intergovernmental Transfers	<u>(25,986,601)</u>
	\$154,737,992

Budgetary Funds

Governmental Activities

- **General Fund**
- **Special Revenue Funds**
 - Community Development
 - Library Grants
 - Health Services
 - HOME
 - Seized Funds
 - Transportation Planning Grant
 - Hotel/Motel Fund
- **General Debt Service Funds**

Business-Type Activities

- **Enterprise Funds**
 - Water and Sewer
 - Operating
 - Debt Service
 - Transit
 - Solid Waste
 - Stormwater
- **Internal Service Funds**
 - Fleet Maintenance
 - Fleet Replacement
 - Self-Insurance
 - Technology

Fiduciary Funds

- Development Corporation of Abilene

CITY OF ABILENE, TEXAS

BUDGET SUMMARY BY FUND TYPE
2011-2012 BUDGET

	<u>Beginning Balance</u>	<u>Revenues & Transfers In</u>	<u>Appropriations & Transfers Out</u>	<u>Ending Balance</u>	<u>% Change</u>
General Fund	\$17,787,888	\$71,554,730	\$71,577,560	\$17,765,058	-0.1%
Special Revenue Funds	294,162	7,762,822	7,823,111	233,873	-20.5% ¹
Debt Service Funds	791,138	10,424,990	10,652,530	563,598	-28.8% ²
Enterprise Funds	29,868,271	59,211,700	58,889,855	30,190,116	1.1% ³
Internal Service Funds	9,711,243	20,235,711	19,735,061	10,211,893	5.2% ⁴
Fiduciary Funds	12,969,226	11,534,640	2,968,150	21,535,716	66.1% ⁵
Intergovernmental Transfers	<u>0</u>	<u>(25,986,601)</u>	<u>(25,986,601)</u>	<u>0</u>	
TOTAL	<u>\$71,421,928</u>	<u>\$154,737,992</u>	<u>\$145,659,666</u>	<u>\$80,500,254</u>	12.7%

¹ The change in fund balance is due to decreased funding by the general fund to the health fund. Program costs in excess of Federal/State assistance and charges for services are funded by the General Fund.

² The Debt Service Fund balance has decreased due to an increase use of existing fund balance to help cover debt service requirement.

³ Increase in the Enterprise Fund reflects the ongoing effects of previous year's increase in water and sewer rates.

⁴ Increase in Internal Service Funds is due to lower anticipated fleet replacements during 2012.

⁵ Increase in the Fiduciary Funds reflects the estimated sales tax revenue expected for the upcoming year, but does not reflect the expenditure development projects (expenditures) for 2012. These projects will not be designated until midway through 2012.

MAJOR REVENUES AND EXPENDITURES

	General Fund	Special Revenue Funds A	Debt Service Funds	Internal Service Funds B	Water & Sewer Fund C	Stormwater Fund	Solid Waste Fund	Transit Fund	Fiduciary Funds	Transfers	TOTAL
REVENUE											
Taxes / Franchises	\$58,214,880	\$2,200,000	\$9,829,070						\$9,829,070	(\$770,000)	\$79,303,020
License / Permits	1,105,540	6,480									1,112,020
Federal / State Assist.	197,520	4,124,586			\$1,000			\$2,374,190	300,000		6,997,296
Charges For Services	3,252,210	456,870		\$1,905,000	35,693,500	\$1,864,960	\$12,538,000	429,000			56,139,540
Fines	1,768,000				358,500						2,126,500
Intergovernmental Transfers:	2,012,180	612,100	588,770	17,049,461	5,009,760			411,210		(\$25,216,601)	466,880
Misc. Revenue	5,004,400	362,786	7,150	1,281,250	483,980	1,500	5,000	41,100	1,405,570		8,592,736
TOTAL REVENUE	\$71,554,730	\$7,762,822	\$10,424,990	\$20,235,711	\$41,546,740	\$1,866,460	\$12,543,000	\$3,255,500	\$11,534,640	(\$25,986,601)	\$154,737,992
EXPENDITURES											
Personnel Services	\$53,726,350	\$2,771,099		\$1,705,640	\$6,612,920	\$878,120	\$2,409,150		\$408,030		\$68,511,309
Supplies	2,511,610	380,470		5,342,380	2,201,350	46,220	61,400	\$570,600	14,600		11,128,630
Maintenance	2,076,370	57,405		1,450,949	1,987,810	41,070	194,560	30,690	220,200		6,059,054
Other Services & Charges	13,254,100	3,722,357	\$172,850	9,398,662	22,682,065	1,003,490	9,328,030	2,504,210	2,075,320	(\$25,986,601)	38,154,483
Capital Expenditures	9,130	40,000		1,837,430	2,009,000		250,000	150,000	250,000		4,545,560
Principal & Interest		851,780	10,479,680		5,825,260		103,910				17,260,630
TOTAL EXPENDITURES	\$71,577,560	\$7,823,111	\$10,652,530	\$19,735,061	\$41,318,405	\$1,968,900	\$12,347,050	\$3,255,500	\$2,968,150	(\$25,986,601)	\$145,659,666
NET CHANGE IN FUND BALANCE											
	(\$22,830)	(\$60,289)	(\$227,540)	\$500,650	\$228,335	(\$102,440)	\$195,950	\$0	\$8,566,490	\$0	\$9,078,326
BEGINNING BALANCE	\$17,787,888	\$294,162	\$791,138	\$9,711,243	\$28,074,387	\$213,020	\$1,315,141	\$265,723	\$12,969,226		\$71,421,928
ENDING BALANCE	\$17,765,058	\$233,873	\$563,598	\$10,211,893	\$28,302,722	\$110,580	\$1,511,091	\$265,723	\$21,535,716	\$0	\$80,500,254

A Includes the Community Development Block Grant Fund, Home Investment Partnerships Program, Library Grant Fund, Health Services Fund, Transportation Planning Fund, Seized Funds, and Hotel/Mc

B Includes the Fleet Maintenance Fund, Fleet Replacement Fund, Central Warehouse Fund, Self-Insurance Fund, and Technology Fund

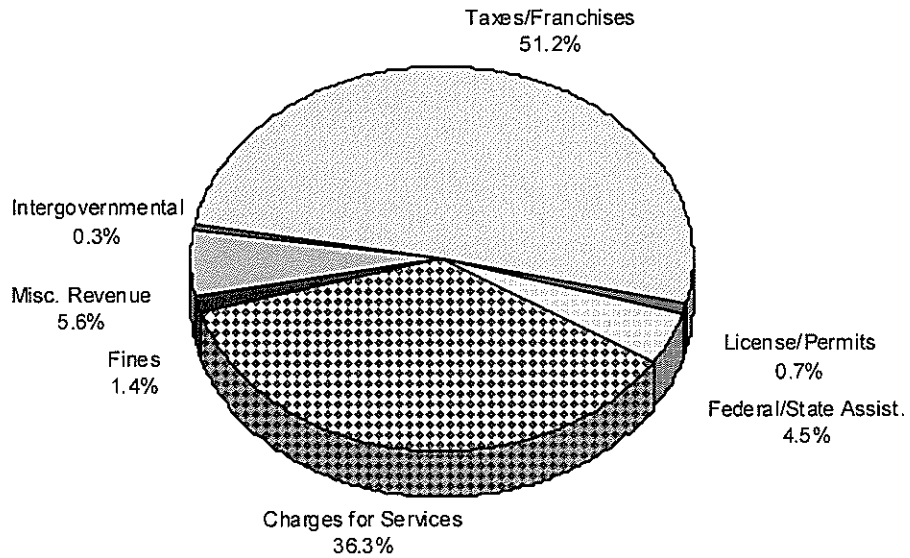
C Includes the Water and Sewer Operating Fund and Water and Sewer Debt Service Fund

ALL FUNDS
SUMMARY OF REVENUES & EXPENDITURES
2011-2012 BUDGET

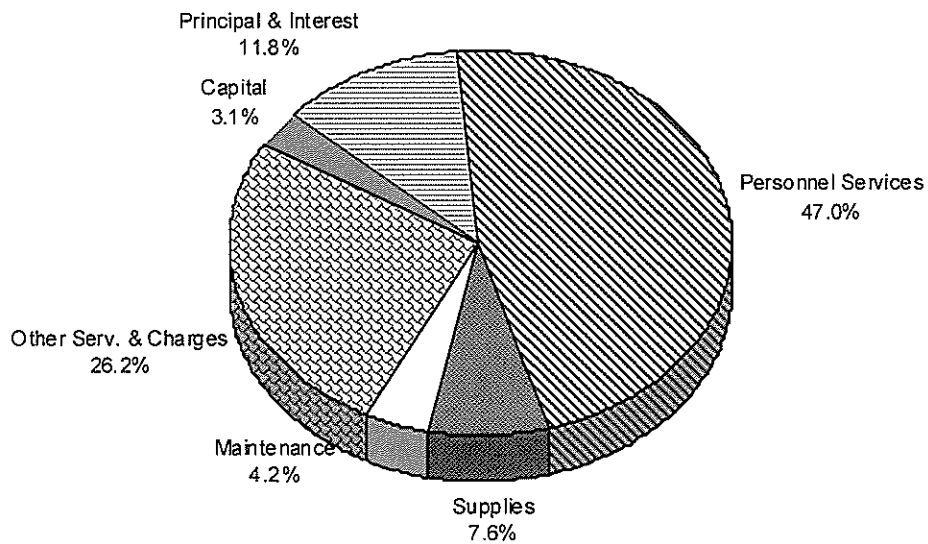
	APPROVED 2009-2010	APPROVED 2010-2011	APPROVED 2011-2012
Beginning Balance 1	\$48,017,284	\$54,088,172	\$71,421,928
<u>REVENUE</u>			
Taxes / Franchises	\$79,729,666	\$76,412,810	\$79,303,020
License / Permits	1,153,480	1,137,350	1,112,020
Federal / State Assist.	6,708,988	7,751,192	6,997,296
Charges For Services	57,012,400	56,119,370	56,139,540
Fines	1,873,000	2,076,500	2,126,500
Intergovernmental Transfers			466,880
Misc. Revenue	<u>9,539,162</u>	<u>8,244,410</u>	<u>8,592,736</u>
Total Revenue	<u>\$156,016,696</u>	<u>\$151,741,632</u>	<u>\$154,737,992</u>
Total Resources	<u>\$204,033,980</u>	<u>\$205,829,804</u>	<u>\$226,159,920</u>
<u>EXPENDITURES</u>			
Personnel Services	\$67,602,270	\$67,384,153	\$68,511,309
Supplies	8,544,260	9,585,275	11,128,630
Maintenance	5,211,490	5,462,645	6,059,054
Other Services and Charges	42,563,066	39,933,819	38,154,483
Capital Expenditures	6,365,010	3,390,190	4,545,560
Principal and Interest	<u>16,115,910</u>	<u>16,666,440</u>	<u>17,260,630</u>
Total Expenditures	<u>\$146,402,006</u>	<u>\$142,422,522</u>	<u>\$145,659,666</u>
Ending Balance 1	<u><u>\$57,631,974</u></u>	<u><u>\$63,407,282</u></u>	<u><u>\$80,500,254</u></u>

1 Increase in fund balance since 2009-2010 beginning balance is primarily due to an increase General Fund of \$2,386,626, Water & Sewer Funds of \$12,370,891 and Fiduciary Funds

BUDGET SUMMARY – REVENUE BY CATEGORY FY 2011-12



BUDGET SUMMARY – EXPENDITURES BY CATEGORY FY 2011-12



DETAIL OF INTERGOVERNMENTAL TRANSFERS
2011 - 2012

TO GENERAL FUND FROM:	
Solid Waste Fund	\$2,000,000
Hotel/Motel Tax Fund	770,000
TO SPECIAL REVENUE FUNDS FROM:	
General Fund - Health Fund	612,100
TO DEBT SERVICE FUNDS FROM:	
Airport Improvement Fund	90,790
Solid Waste Fund	43,280
TO ENTERPRISE FUNDS FROM:	
General Fund - Transit Fund	411,210
Water & Sewer Fund - Water & Sewer	
Debt Service Fund	5,009,760
TO TECHNOLOGY FUND FROM:	
All Funds	1,679,051
TO FLEET MAINTENANCE FUND FROM:	
All Funds	5,966,050
TO FLEET REPLACEMENT FUND FROM:	
All Funds	3,228,400
TO WAREHOUSE FUND FROM:	
All funds	500,000
TO SELF INSURANCE FUND:	
All Funds	<u>5,675,960</u>
GRAND TOTAL	<u><u>\$25,986,601</u></u>

CITY OF ABILENE, TEXAS

GENERAL FUND
SUMMARY OF REVENUES & EXPENDITURES
 2011-2012 BUDGET

	ACTUAL 2009-2010	APPROVED 2010-2011	REVISED 2010-2011	APPROVED 2011-2012
Beginning Balance	\$14,353,167	\$17,023,310	\$17,151,908	\$17,787,888
Balance Forward 27th pay period	\$430,000		\$630,000	
REVENUE				
Current Revenue	\$67,972,256	\$67,302,260	\$69,692,310	\$69,554,730
Operating Transfers In	1,400,000	2,000,000	2,035,820	2,000,000
Total Current Revenue & Transfers In	\$69,372,256	\$69,302,260	\$71,728,130	\$71,554,730
Total Resources	\$84,155,423	\$86,325,570	\$89,510,038	\$89,342,618
EXPENDITURES				
Personnel Services	\$51,327,137	\$52,548,700	\$53,139,710	\$53,726,350
Supplies	1,768,979	2,267,940	2,410,350	2,511,610
Maintenance	1,589,020	1,768,900	1,882,820	2,076,370
Other Services and Charges	10,015,381	12,042,560	11,975,230	12,082,760
Capital Expenditures	1,698	0	100,610	9,130
Operating Transfers	1,671,300	892,310	2,213,430	1,171,340
Total Expenditures	\$66,373,515	\$69,520,410	\$71,722,150	\$71,577,560
Total Financing Uses	\$66,373,515	\$69,520,410	\$71,722,150	\$71,577,560
Ending Balance	\$17,781,908	\$16,805,160	\$17,787,888	\$17,765,058

CITY OF ABILENE, TEXAS

**GENERAL FUND
SUMMARY OF REVENUES
2011-2012 BUDGET**

	<u>ACTUAL 2009-2010</u>	<u>APPROVED 2010-2011</u>	<u>REVISED 2010-2011</u>	<u>APPROVED 2011-2012</u>
<u>TAXES AND FRANCHISE FEES</u>				
General Property Taxes--				
Current	\$22,032,612	\$22,077,580	\$22,077,580	\$22,700,710
Delinquent	468,699	300,000	300,000	300,000
General Sales & Use Taxes	24,938,245	24,672,000	26,618,610	25,995,370
Selective Sales & Use Taxes	246,768	240,000	240,000	240,000
Franchise/Access Fees	6,446,467	6,814,840	7,029,850	6,937,830
Other Taxes	1,828,815	1,761,890	1,851,890	1,805,970
Penalties, Interest & Cost	330,283	235,000	235,000	235,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Tax and Franchise Receipts	\$56,291,889	\$56,101,310	\$58,352,930	\$58,214,880
<u>LICENSES AND PERMITS</u>				
Licenses & Permits	<u>1,227,800</u>	<u>1,130,870</u>	<u>1,143,550</u>	<u>1,105,540</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Licenses & Permits	\$1,227,800	\$1,130,870	\$1,143,550	\$1,105,540
<u>INTERGOVERNMENTAL REVENUE</u>				
Federal Grants	\$76,041	\$62,520	\$60,520	\$62,520
State Grants and Programs	145,634	135,000	125,000	135,000
County and Other Programs	<u>2,372</u>	<u>2,180</u>	<u>12,180</u>	<u>12,180</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Intergovernmental Revenue	\$224,047	\$199,700	\$197,700	\$209,700
<u>CHARGES FOR SERVICES</u>				
General Government	\$1,290	\$800	\$900	\$1,200
Finance	22,087	26,000	26,200	26,200
Planning and Development Services	243,785	300,450	280,150	307,860
Public Works	107,482	83,800	72,780	73,500
Public Safety:				
Special Police Services	464,287	494,900	463,540	489,160
Property Disposal	271,768	250,000	250,000	250,000
Other Revenue	143,456	152,510	135,320	132,700
Aviation:				
Parking	468,071	460,000	460,000	460,000
Commissions	373,724	380,200	380,200	392,200
Other Revenue	290,337	249,500	304,910	239,690
Community Services:				
Recreational Programs	386,952	361,000	365,660	366,200
Cemetery	103,525	123,350	108,500	108,400
Civic Center Rental	362,738	370,000	380,000	380,000
Other Revenue	61,269	66,700	25,100	25,100
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Charges for Services	\$3,300,771	\$3,319,210	\$3,253,260	\$3,252,210

CITY OF ABILENE, TEXAS

**GENERAL FUND
SUMMARY OF REVENUES
2011-2012 BUDGET**

	<u>ACTUAL 2009-2010</u>	<u>APPROVED 2010-2011</u>	<u>REVISED 2010-2011</u>	<u>APPROVED 2011-2012</u>
<u>FINES AND FORFEITS</u>				
Municipal Court Fines	\$1,694,152	\$1,650,000	\$1,700,000	\$1,700,000
Library Fines	60,039	68,000	68,000	68,000
Total Fines and Forfeits	<u>\$1,754,191</u>	<u>\$1,718,000</u>	<u>\$1,768,000</u>	<u>\$1,768,000</u>
<u>MISCELLANEOUS REVENUE</u>				
Interest Earnings	\$81,166	\$60,000	\$95,850	\$95,000
Rents & Royalties	450,894	557,130	567,900	580,150
Recoveries of Expenditures	4,213,664	3,978,120	4,070,110	4,118,030
Contributions & Donations	86,454	101,500	102,030	99,250
Other Revenue	341,380	136,420	140,980	111,970
Total Miscellaneous Revenue	<u>\$5,173,558</u>	<u>\$4,833,170</u>	<u>\$4,976,870</u>	<u>\$5,004,400</u>
Total Current Revenue	<u>\$67,972,256</u>	<u>\$67,302,260</u>	<u>\$69,692,310</u>	<u>\$69,554,730</u>
Operating Transfers In	<u>\$1,400,000</u>	<u>\$2,000,000</u>	<u>\$2,035,820</u>	<u>\$2,000,000</u>
Total Current Revenue & Transfers In	<u><u>\$69,372,256</u></u>	<u><u>\$69,302,260</u></u>	<u><u>\$71,728,130</u></u>	<u><u>\$71,554,730</u></u>

