

STATISTICAL SECTION



Statistical Section

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

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF ABILENE, TEXAS

**Net Assets by Component
Last Five Fiscal Years
September 30, 2007
(accrual basis of accounting)**

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities					
Invested in capital assets, net of related debt	\$ 71,107,835	\$ 71,757,880	\$ 76,998,491	\$ 98,922,251	\$ 109,038,038
Restricted	9,998,935	10,457,602	11,044,012	14,123,533	11,202,731
Unrestricted	22,176,918	23,745,862	27,539,749	17,232,734	23,361,578
Total governmental activities net assets	\$ 103,283,688	\$ 105,961,344	\$ 115,582,252	\$ 130,278,518	\$ 143,602,347
Business-type activities					
Invested in capital assets, net of related debt	\$ 105,434,967	\$ 118,110,720	\$ 116,478,985	\$ 117,393,593	\$ 118,013,553
Restricted	17,415,353	12,385,692	14,649,737	6,312,174	6,541,309
Unrestricted	5,846,664	7,815,136	8,598,482	16,344,047	18,130,988
Total business-type activities net assets	\$ 128,696,984	\$ 138,311,548	\$ 139,727,204	\$ 140,049,814	\$ 142,685,850
Primary government					
Invested in capital assets, net of related debt	\$ 176,542,802	\$ 189,868,600	\$ 193,477,476	\$ 216,315,844	\$ 227,051,591
Restricted	27,414,288	22,843,294	25,693,749	20,435,707	17,744,040
Unrestricted	28,023,582	31,560,998	36,138,231	33,576,781	41,492,566
Total primary government net assets	\$ 231,980,672	\$ 244,272,892	\$ 255,309,456	\$ 270,328,332	\$ 286,288,197

Note: The City implemented GASB Statement No. 34 in fiscal year 2003. Until ten years of data are available, the City will report only the available years.

Source: City of Abilene Comprehensive Annual Financial Report for the respective fiscal year.

CITY OF ABILENE, TEXAS

**Changes in Net Assets
Last Five Fiscal Years *
September 30, 2007
(accrual basis of accounting)**

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
General government	\$ 5,708,078	\$ 3,833,452	\$ 2,510,775	\$ 2,829,544	\$ 2,681,690
Information technology	1,277,843				
Administrative services	1,550,419	1,963,652	2,557,126	2,192,180	2,183,977
Finance	3,840,200	5,162,022	5,023,426	6,421,259	6,717,915
Community development	2,475,358	2,037,331	4,215,829	4,618,597	4,404,784
Economic development	265,722	1,784,663	166,851	283,302	484,975
Public works	9,901,395	9,428,067	8,986,820	9,767,200	9,953,803
Police	15,458,619	16,352,893	16,588,835	17,037,793	18,620,187
Fire	11,335,416	11,680,845	12,092,259	12,845,938	13,894,982
Community services	13,387,530	13,848,999	13,058,118	13,211,477	14,079,138
Aviation		1,341,885	1,431,905	1,714,215	1,886,231
Other	302	34,676	(645)		
Interest and fees on long-term debt	2,208,927	2,017,628	2,096,164	2,659,287	3,168,571
Total governmental activities expenses	67,409,809	69,486,113	68,727,463	73,580,792	78,076,253
Business-type activities:					
Water and sewer	21,494,017	23,036,327	23,607,720	27,081,144	27,340,362
Solid waste services	7,472,733	7,863,557	8,023,119	8,313,568	8,694,116
Non-major funds	2,543,727	3,858,821	4,203,491	4,434,699	4,750,743
Total business-type activities expenses	31,510,477	34,758,705	35,834,330	39,829,411	40,785,221
Total primary government expenses	\$ 98,920,286	\$ 104,244,818	\$ 104,561,793	\$ 113,410,203	\$ 118,861,474
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 722,907	\$ 759,058	\$ 26,898	\$ 26,430	\$ 28,625
Finance	1,528,506	1,735,331	1,084,185	1,575,837	1,372,892
Community development	649,585	725,789	1,135,603	1,241,760	1,202,982
Public works	47,688	49,173	63,806	74,661	74,545
Police	753,253	622,223	763,160	730,412	766,114
Fire	147,452	118,385	98,771	194,557	160,406
Community services	1,373,484	1,474,101	1,291,927	1,374,981	1,442,822
Aviation		282,638	1,098,221	1,307,996	1,563,199
Operating grants and contributions	5,018,770	5,645,957	5,256,814	7,917,253	6,642,921
Capital grants and contributions	3,730,322	3,552,693	5,393,288	7,844,529	6,806,332
Total governmental activities program revenues	13,971,967	14,965,348	16,212,673	22,288,416	20,060,838
Business-type activities:					
Charges for services:					
Water and sewer	24,402,464	22,896,268	23,328,708	25,677,469	25,989,742
Solid waste services	8,920,746	9,407,551	10,284,898	10,852,888	10,947,800
Non-major funds	181,634	1,634,256	1,601,026	1,656,238	1,725,170
Operating grants and contributions	1,653,271	10,944,596	1,628,824	1,734,931	2,688,767
Capital grants and contributions	409,623	30,906	1,610,214	577,832	1,504,292
Total business-type activities program revenues	35,567,738	44,913,577	38,453,670	40,499,358	42,855,771
Total primary government program revenues	\$ 49,539,705	\$ 59,878,925	\$ 54,666,343	\$ 62,787,774	\$ 62,916,609
Net (Expense)/Revenue:					
Governmental activities	\$ (53,437,842)	\$ (54,520,765)	\$ (52,514,790)	\$ (51,292,376)	\$ (58,015,415)
Business-type activities	4,057,261	10,154,872	2,619,340	669,947	2,070,550
Total primary government net expense	\$ (49,380,581)	\$ (44,365,893)	\$ (49,895,450)	\$ (50,622,429)	\$ (55,944,865)

CITY OF ABILENE, TEXAS

**Changes in Net Assets
Last Five Fiscal Years *
September 30, 2007
(accrual basis of accounting)**

	Fiscal Year				
	2003	2004	2005	2006	2007
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	\$ 21,775,144	\$ 22,548,488	\$ 22,779,532	\$ 24,109,718	\$ 27,253,108
Sales and use taxes	21,317,801	22,051,120	23,875,053	26,075,396	27,634,654
Franchise taxes	5,518,842	5,733,128	5,778,142	6,234,020	6,127,252
Miscellaneous taxes	739,828	1,008,556	1,207,040	1,184,066	1,220,189
Investment income	458,942	326,917	730,945	1,752,670	2,860,813
Miscellaneous income	5,890,514	4,697,966	5,008,717	5,181,143	4,979,320
Gain (loss) on sale of capital assets			112,603		
Transfers	912,911	1,584,229	2,487,482	1,897,223	1,411,340
Total governmental activities	<u>56,613,982</u>	<u>57,950,404</u>	<u>61,979,514</u>	<u>66,434,236</u>	<u>71,486,676</u>
Business-type activities:					
Investment income	365,587	301,735	469,784	748,052	950,627
Miscellaneous income	524,047	728,707	802,714	909,735	1,026,199
Gain (loss) on sale of capital assets	31,117	13,479	11,300		
Transfers	(912,911)	(1,584,229)	(2,487,482)	(1,897,223)	(1,411,340)
Total business-type activities	<u>7,840</u>	<u>(540,308)</u>	<u>(1,203,684)</u>	<u>(239,436)</u>	<u>565,486</u>
Total primary government	<u>\$ 56,621,822</u>	<u>\$ 57,410,096</u>	<u>\$ 60,775,830</u>	<u>\$ 66,194,800</u>	<u>\$ 72,052,162</u>
Change in Net Assets					
Governmental activities	\$ 3,176,140	\$ 3,429,639	\$ 9,464,724	\$ 15,141,860	\$ 13,471,261
Business-type activities:	4,065,101	9,614,564	1,415,656	430,511	2,636,036
Total primary government	<u>\$ 7,241,241</u>	<u>\$ 13,044,203</u>	<u>\$ 10,880,380</u>	<u>\$ 15,572,371</u>	<u>\$ 16,107,297</u>

Note: The City implemented GASB Statement No. 34 in fiscal year 2003. Until ten years of data are available, the City will report only the available years.

Source: City of Abilene Comprehensive Annual Financial Report for the respective fiscal year.

CITY OF ABILENE, TEXAS

**Governmental Activities Tax Revenues By Source
Last Five Fiscal Years
September 30, 2007
(accrual basis of accounting)**

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Miscellaneous Tax	Total
2003	\$ 21,775,144	\$ 21,317,801	\$ 5,518,842	\$ 739,828	49,351,615
2004	22,548,488	22,051,120	5,733,128	1,008,556	51,341,292
2005	22,779,532	23,875,053	5,778,142	1,207,040	53,639,767
2006	24,109,718	26,075,396	6,234,020	1,184,066	57,603,200
2007	27,253,108	27,634,654	6,127,252	1,220,189	62,235,203

Note: The City implemented GASB Statement No. 34 in fiscal year 2003. Until ten years of data are available, the City will report only the available years.

Source: City of Abilene Comprehensive Annual Financial Report for the respective fiscal year.

CITY OF ABILENE, TEXAS

**Fund Balances of Governmental Funds
Last Ten Fiscal Years
September 30, 2007
(modified accrual basis of accounting)**

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
General fund				
Reserved	\$ 1,270,812	\$ 1,480,552	\$ 1,931,380	\$ 2,375,045
Unreserved	8,739,572	8,765,858	9,120,230	9,483,055
Total general fund	<u>\$ 10,010,384</u>	<u>\$ 10,246,410</u>	<u>\$ 11,051,610</u>	<u>\$ 11,858,100</u>
All other governmental funds				
Reserved	\$ 2,148,299	\$ 1,681,387	\$ 5,099,832	\$ 5,314,281
Unreserved, reported in:				
Special revenue funds	556,796	578,653	(60,234)	(220,220)
Debt service	176,008	485,290	307,451	258,551
Capital project funds	4,872,127	12,435,953	10,335,725	9,563,482
Total all other governmental funds	<u>\$ 7,753,230</u>	<u>\$ 15,181,283</u>	<u>\$ 15,682,774</u>	<u>\$ 14,916,094</u>

Source: City of Abilene Comprehensive Annual Financial Report for respective fiscal year.

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 1,612,328	\$ 1,287,882	\$ 1,127,569	\$ 1,418,836	\$ 2,223,916	\$ 3,556,277
<u>12,745,209</u>	<u>11,772,469</u>	<u>12,524,639</u>	<u>13,523,983</u>	<u>14,007,086</u>	<u>15,043,660</u>
<u>\$ 14,357,537</u>	<u>\$ 13,060,351</u>	<u>\$ 13,652,208</u>	<u>\$ 14,942,819</u>	<u>\$ 16,231,002</u>	<u>\$ 18,599,937</u>
\$ 5,702,768	\$ 5,671,352	\$ 5,540,034	\$ 13,528,925	\$ 19,376,250	\$ 11,833,501
18,583	1,394,585	372,430	774,004	664,882	1,428,758
214,000	141,565	256,269			
<u>13,437,069</u>	<u>9,857,370</u>	<u>7,335,666</u>	<u>3,252,718</u>	<u>7,078,774</u>	<u>20,741,411</u>
<u>\$ 19,372,420</u>	<u>\$ 17,064,872</u>	<u>\$ 13,504,399</u>	<u>\$ 17,555,647</u>	<u>\$ 27,119,906</u>	<u>\$ 34,003,670</u>

CITY OF ABILENE, TEXAS

**Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
September 30, 2007
(modified accrual basis of accounting)**

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Revenues				
Taxes	\$ 38,662,598	\$ 39,116,643	\$ 42,158,175	\$ 44,308,826
Licenses and permits	700,601	667,568	735,041	760,716
Fines and forfeitures				
Charges for services	9,877,385	10,163,048	10,338,936	11,388,181
Intergovernmental revenues	6,529,947	5,214,928	4,999,613	6,541,319
Assessments/passenger facility charge	6,680	140,413	155,648	168,712
Interest and miscellaneous	5,178,380	6,623,135	6,151,517	5,609,868
Total revenues	<u>60,955,591</u>	<u>61,925,735</u>	<u>64,538,930</u>	<u>68,777,622</u>
Expenditures				
General government	1,693,829	1,783,836	1,977,154	2,153,472
Information technology				
Administrative services	1,276,409	1,365,213	1,347,589	1,431,653
Finance	4,520,902	5,449,425	4,213,730	3,815,339
Community development	4,451,261 **	1,941,007	2,250,302	1,313,288
Economic development		1,242,769	1,122,146	2,429,321
Public works	12,673,494	12,073,160	13,025,289	13,580,973
Police	11,691,617	12,527,896	13,481,240	13,800,400
Fire	8,118,520	8,398,468	8,862,542	9,350,007
Aviation				
Community services	11,126,485	11,228,466	10,886,747	11,838,234
Other	33,286	218,389	147	(7,142)
Debt service				
Principal	2,236,738	1,985,000	2,690,000	3,055,000
Interest	1,677,174	1,084,486	1,580,317	1,778,124
Fees and other charges	60,329	62,781	74,673	87,919
Capital projects	5,046,853	4,028,402	7,246,543	8,998,014
Total expenditures	<u>64,606,897</u>	<u>63,389,298</u>	<u>68,758,419</u>	<u>73,624,602</u>
Excess (deficit) of revenues over expenditures	(3,651,306)	(1,463,563)	(4,219,489)	(4,846,980)
Other financing sources (uses)				
Issuance of debt	8,107,314	9,700,000	7,124,550	5,280,000
Payment to refund bond escrow agent	(4,405,000)			
Proceeds from sale of assets				
Transfers in	3,467,315	1,528,969	1,481,402	1,936,912
Transfers out	(3,574,125)	(2,101,327)	(2,141,379)	(2,330,122)
Total other financing sources (uses)	<u>3,595,504</u>	<u>9,127,642</u>	<u>6,464,573</u>	<u>4,886,790</u>
Net change in fund balances	<u>\$ (55,802)</u>	<u>\$ 7,664,079</u>	<u>\$ 2,245,084</u>	<u>\$ 39,810</u>
Debt service as a percentage of noncapital expenditures	7.1%	5.5%	7.5%	7.8%

* Charges for services and fines were combined on a single line on the 2002 report and previous reports.

** Expenditures for community and economic development were combined on a single line on the 1998 report and previous reports.

*** When GASB Statement No. 34 was implemented in 2003, the solid waste activities were moved to an enterprise fund.

	2002	2003	2004	2005	2006	2007
\$	46,739,247	\$ 49,210,362	\$ 51,354,336	\$ 53,683,492	\$ 57,472,023	\$ 62,149,888
	782,381	824,229	931,982	1,022,609	1,191,853	1,164,721
		900,684	960,548	1,089,035	1,633,937	1,950,682
	12,522,884 *	2,636,552 ***	2,757,043	3,131,035	3,365,268	3,631,596
	8,196,911	8,749,092	10,275,650	10,650,102	14,654,389	13,366,892
	133,774	178,248	282,638	298,397	357,772	406,596
	6,729,116	6,349,456	4,993,660	5,862,429	7,941,206	7,405,977
	<u>75,104,313</u>	<u>68,848,623</u>	<u>71,555,857</u>	<u>75,737,099</u>	<u>86,616,448</u>	<u>90,076,352</u>
	2,470,183	2,565,746	2,183,078	2,066,887	2,305,930	2,186,285
		1,238,702				
	1,457,160	1,609,972	1,882,815	1,881,172	2,044,135	2,190,062
	4,171,165	4,139,922	5,194,356	5,367,019	8,433,293	6,911,971
	3,180,564	2,468,154	2,052,100	4,221,387	4,607,585	4,338,601
	1,331,441	197,802	1,716,743	137,914	293,250	279,261
	14,393,107	8,115,995 ***	7,763,858	7,026,736	7,516,736	7,197,892
	15,499,067	15,392,836	16,298,332	16,484,683	18,801,405	19,084,209
	10,388,412	11,049,520	11,373,193	11,825,289	12,938,859	13,306,835
			1,305,653	1,387,926	1,477,357	1,590,166
	12,526,027	12,755,188	13,516,254	12,133,228	15,177,788	13,060,057
	222	302	34,676	(645)		
	3,460,000	3,615,000	8,062,958	5,471,193	5,967,379	6,470,508
	1,815,858	2,095,680	1,878,184	1,952,251	2,105,805	3,267,415
	96,476	113,247	149,293	111,806	111,772	135,627
	9,783,429	12,317,420	9,426,724	10,585,565	22,201,101	17,575,980
	<u>80,573,111</u>	<u>77,675,486</u>	<u>82,838,217</u>	<u>80,652,411</u>	<u>103,982,395</u>	<u>97,594,869</u>
	(5,468,798)	(8,826,863)	(11,282,360)	(4,915,312)	(17,365,947)	(7,518,517)
	9,074,000	4,229,000	12,255,000	9,544,483	25,793,967	16,575,000
					713,967	
	2,574,934	2,413,988	8,320,166	9,387,130	5,029,739	5,165,993
	(2,687,934)	(1,501,077)	(12,385,727)	(8,920,379)	(3,333,863)	(4,822,345)
	<u>8,961,000</u>	<u>5,141,911</u>	<u>8,189,439</u>	<u>10,011,234</u>	<u>28,203,810</u>	<u>16,918,648</u>
\$	<u>3,492,202</u>	<u>(3,684,952)</u>	<u>(3,092,921)</u>	<u>5,095,922</u>	<u>10,837,863</u>	<u>9,400,131</u>
	7.7%	8.9%	13.8%	10.8%	10.0%	12.3%

CITY OF ABILENE, TEXAS

**General Government Tax Revenues By Source
Last Ten Fiscal Years
September 30, 2007**

Fiscal Year	Property Tax	Sales and Use Tax	Franchise Tax	Miscellaneous Tax	Total
1998	\$ 14,655,580	\$ 18,935,923	\$ 4,609,033	\$ 462,062	\$ 38,662,598
1999	15,178,733	19,005,541	4,445,880	486,489	39,116,643
2000	16,762,123	20,217,430	4,645,621	533,001	42,158,175
2001	18,134,956	20,451,339	5,197,191	525,340	44,308,826
2002	19,920,319	20,869,433	5,253,670	695,825	46,739,247
2003	21,670,790	21,317,801	5,481,943	739,828	49,210,362
2004	22,561,533	22,051,120	5,733,128	1,008,555	51,354,336
2005	22,894,683	23,875,054	5,706,715	1,207,040	53,683,492
2006	24,125,906	26,075,396	6,086,655	1,184,066	57,472,023
2007	27,253,108	27,634,654	6,041,937	1,220,189	62,149,888

Source: City of Abilene Comprehensive Annual Financial Report for the respective fiscal year.

CITY OF ABILENE, TEXAS

**Taxable Sales by Category
Last Five Fiscal Years
September 30, 2007**

	Fiscal Year				
	2003	2004	2005	2006	2007 (1)
Agriculture, forestry, fishing	\$ 151,530	\$ 89,693	\$ 193,162	\$ 317,895	\$ 291,917
Mining	25,480,147	32,638,920	47,457,744	54,844,867	57,388,715
Construction	32,615,652	34,585,905	37,581,617	38,464,361	40,843,771
Manufacturing	33,100,837	36,751,437	47,997,676	45,758,955	45,161,832
Transportation, communications, utilities	67,705,481	51,923,433	40,981,282	43,181,685	43,262,739
Wholesale trade	60,868,560	69,849,121	93,743,015	129,086,277	146,719,496
Retail trade	889,797,463	933,196,810	974,740,814	1,041,949,916	1,101,593,914
Finance, Insurance, real estate	18,973,969	21,612,694	29,466,623	37,400,919	45,031,472
Services	73,832,836	78,409,772	80,358,613	89,638,752	89,449,478
Health Care, Social Assistance	3,714,301	5,379,046	4,550,760	4,325,154	8,701,524
Public Administration	9,010,091	9,539,729	10,372,189	11,082,091	11,189,976
Educational	3,293,312	3,304,358	3,108,347	2,877,387	2,745,782
Other	6,991,849	1,764,098	558,864	16,176	21,800
	<u>\$ 1,225,536,028</u>	<u>\$ 1,279,045,016</u>	<u>\$ 1,371,110,706</u>	<u>\$ 1,498,944,435</u>	<u>\$ 1,592,402,416</u>

Note: The City implemented GASB Statement No. 34 in fiscal year 2003. Until ten years of data are available, the City will report only the available years.

Source: State of Texas Comptroller of Public Accounts

(1) Estimate of yearly total based on 3 quarters of actual data

CITY OF ABILENE, TEXAS

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
September 30, 2007

<u>Roll</u>	<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Mineral Property</u>	<u>Less: Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>
1997	1998	\$	\$	\$	\$	\$ 2,712,351,205 *
1998	1999	2,904,265,911	647,483,959	2,199,619	745,778,246	2,808,171,243
1999	2000	3,037,130,814	715,171,038	2,273,354	774,748,215	2,979,826,991
2000	2001	3,188,452,355	730,556,822	3,501,229	818,178,466	3,104,331,940
2001	2002	3,358,471,257	750,750,514	4,920,552	839,200,368	3,274,941,955
2002	2003	3,476,958,401	690,905,537	4,885,436	860,346,423	3,312,402,951
2003	2004	3,585,235,387	715,127,583	5,499,030	857,863,711	3,447,998,289
2004	2005	3,681,794,260	702,186,407	6,506,243	903,764,015	3,486,722,895
2005	2006	5,667,538,811	749,824,121	8,129,226	2,734,199,124	3,691,293,034
2006	2007	5,976,605,563	803,570,428	10,301,470	2,780,082,052	4,010,395,409

Source: Taylor County Central Appraisal District

Note: Tax rates are per \$100 of assessed value

* Detailed information of the taxable assessed value for the 1997 tax roll is not available.

Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
0.5390 \$	2,717,704,046	99.80%
0.5390	2,810,210,967	99.93%
0.5621	2,979,078,080	100.03%
0.5809	3,104,426,497	100.00%
0.6085	3,288,597,395	99.58%
0.6405	3,318,843,838	99.81%
0.6355	3,434,596,454	100.39%
0.6355	3,493,537,481	99.80%
0.6355	3,692,783,320	100.04%
0.6678	4,014,286,613	100.10%

CITY OF ABILENE, TEXAS

Property Tax Rates Direct and Overlapping Governments
Last Ten Fiscal Years
September 30,2007

Fiscal Year	City of Abilene			Overlapping Rates		Total Direct and Overlapping Rates
	Operating	Debt Service	Total City	Taylor County	Abilene Independent School District	
1998	0.4320	0.1070	0.5390	0.4591	1.4850	2.4831
1999	0.4320	0.1070	0.5390	0.4835	1.6250	2.6475
2000	0.4381	0.1240	0.5621	0.4979	1.4879	2.5479
2001	0.4381	0.1428	0.5809	0.4916	1.5751	2.6476
2002	0.4613	0.1472	0.6085	0.5032	1.5751	2.6868
2003	0.4813	0.1592	0.6405	0.5247	1.5432	2.7084
2004	0.4803	0.1552	0.6355	0.5296	1.5375	2.7026
2005	0.4902	0.1453	0.6355	0.5359	1.6183	2.7897
2006	0.4902	0.1453	0.6355	0.5093	1.6171	2.7619
2007	0.4940	0.1738	0.6678	0.4980	1.4867	2.6525

Source: Taylor County Central Appraisal District

Notes:

- (1) The following overlapping governments' tax rates were not included because only a small portion of the citizens of Abilene are living within these governmental units:
 Wylie Independent School District
 Eula Independent School District
 Hawley Independent School District
 Clyde Independent School District
 Merkel Independent School District
 Jones County
- (2) Tax rates are per \$100 of assessed value

CITY OF ABILENE, TEXAS

Principal Property Taxpayers
September 30, 2007 and 1998

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
NC SCHI, Inc.	\$70,610,495	1	1.65%	\$78,855,744	1	2.80%
AEP Texas North Co.	64,496,888	2	1.51%	45,604,783	2	1.62%
MAI Investors Limited Ptshp.	43,000,000	3	1.01%			
Union Drilling Inc.	42,588,840	4	1.00%	42,267,996	3	1.50%
Southwestern Bell	33,518,950	5	0.79%	25,190,346	5	0.89%
Wal-Mart Stores East, Inc.	25,067,960	6	0.59%			
Southwest and Catclaw LLC	22,957,522	7	0.54%			
Cebridge Acquisition LP	20,717,844	8	0.49%			
Western AH 406 Ltd.	19,059,000	9	0.45%	14,378,035	8	0.51%
Hendrick Health System	16,621,824	10	0.42%	17,100,282	6	0.61%
Abilene Mall Limited Ptshp				27,850,000	4	0.99%
Bandag, Inc.				15,927,607	7	0.57%
Zoltek Properties, Inc.				11,624,123	9	0.41%
Musgrave Holdings Ltd.				11,487,469	10	0.41%
TOTAL	\$358,639,323		8.45%	\$290,286,385		10.31%

Source: Taylor County Central Appraisal District

CITY OF ABILENE, TEXAS

**Property Tax Levies and Collections
Last Ten Fiscal Years
September 30, 2007**

<u>Fiscal Year</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
1998	\$ 14,648,429	\$ 14,402,426	98.32%	\$ 228,210	\$ 14,630,636	99.88%
1999	15,218,486	14,889,942	97.84%	304,766	15,194,708	99.84%
2000	16,749,608	16,448,430	98.20%	267,673	16,716,103	99.80%
2001	18,033,066	17,606,551	97.63%	393,834	18,000,385	99.82%
2002	20,011,120	19,453,146	97.21%	513,850	19,966,996	99.78%
2003	21,257,197	20,713,939	97.44%	486,603	21,200,542	99.73%
2004	21,804,350	21,522,794	98.71%	221,304	21,744,098	99.72%
2005	22,201,431	21,886,814	98.58%	245,313	22,132,127	99.69%
2006	23,458,168	23,069,810	98.34%	211,680	23,281,490	99.25%
2007	26,781,425	26,245,769	98.00%	0	26,245,769	98.00%

Source: Taylor County Central Appraisal District



CITY OF ABILENE, TEXAS

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
September 30, 2007

Fiscal Year	Governmental Activities				Business-Type Activities	Total Primary Government
	General Obligation Bonds	Certificates of Obligation	Capital Leases	Notes Payable	Water Sewer Bonds	
1998	\$ 6,725,000	\$ 11,060,000		\$ 2,839,850	\$ 15,338,603	\$ 35,963,453
1999	11,715,000	13,860,000		2,885,000	14,056,814	42,516,814
2000	15,310,000	14,710,000		2,875,000	12,678,300	45,573,300
2001	16,780,000	15,430,000		2,910,000	72,196,581	107,316,581
2002	18,845,000	19,215,000		2,674,000	70,383,092	111,117,092
2003	17,265,000	20,255,000		3,828,000	68,952,475	110,300,475
2004	15,460,000	21,385,000	5,022,042	4,750,000	55,810,722	102,427,764
2005	13,970,000	24,295,000	6,195,849	6,584,000	59,892,586	110,937,435
2006	18,790,000	38,605,000	4,588,471	8,787,967	56,431,215	127,202,653
2007	25,270,000	44,650,000	2,932,962	8,022,967	53,030,708	133,906,637

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

¹See the Schedule of Demographic and Economic Statistics for personal income and population data.

<u>Percentage of Personal Income¹</u>		<u>Per Capita¹</u>
1.57%	\$	317
1.74%		369
2.17%		389
4.89%		919
3.90%		958
5.29%		950
4.49%		893
5.47%		952
5.90%		1,099
6.09%		1,155

CITY OF ABILENE, TEXAS

**Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
September 30, 2007**

Fiscal Year	General Bonded Debt	Less: Amounts Available in Debt Service Funds	Total	Percentage of Estimated Actual Taxable Value¹ of Property	Capita²
1998	\$ 17,785,000	\$ 176,008	\$ 17,608,992	0.65%	\$ 155
1999	25,575,000	485,290	25,089,710	0.89%	218
2000	30,020,000	307,451	29,712,549	1.00%	254
2001	32,210,000	258,551	31,951,449	1.03%	274
2002	38,060,000	214,000	37,846,000	1.15%	326
2003	37,520,000	141,565	37,378,435	1.13%	322
2004	36,845,000	256,271	36,588,729	1.07%	319
2005	38,265,000	288,484	37,976,516	1.09%	326
2006	57,395,000	396,656	56,998,344	1.54%	492
2007	69,920,000	532,945	69,387,055	1.73%	598

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

¹See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistics

CITY OF ABILENE, TEXAS

Direct and Overlapping Governmental Activities Debt
As of September 30, 2007

<u>Taxing Jurisdiction</u>	<u>2007 Total Net Taxable Assessed Valuation</u>	<u>Total Funded Debt As of 9/30/07</u>	<u>Estimated % Applicable</u>	<u>Overlapping Funded Debt As of 9/30/07</u>
City of Abilene	\$ 4,386,947,478	\$ 117,670,000	100.00%	\$ 117,670,000 ⁽¹⁾
Abilene Independent School District	3,537,815,017	67,893,988	95.67%	64,954,178
Taylor County	5,763,033,039	13,805,000	83.25%	11,492,663
Lytle Water District	27,467,882		100.00%	
Wylie Independent School District	1,084,257,733	7,315,792	70.72%	5,173,728
Jones County	507,698,996		9.28%	0
Clyde Independent School District	314,080,920	8,579,999	4.11%	352,638
Eula Independent School District	138,007,201	4,899,999	41.87%	2,051,630
Hawley Independent School District	66,180,744	7,899,998	2.60%	205,400
Merkel Independent School District	361,523,687	1,900,000	28.00%	532,000
Stamford Hospital District	218,059,510		22.74%	
Total Direct and Overlapping Funded Debt				\$ 202,432,236
 Ratio Direct and Overlapping Funded Debt to Taxable Assessed Valuation				 4.61%
Per Capita Direct and Overlapping Funded Debt				\$ 1,745
Per Capita Direct Debt				\$ 1,015

(1) Includes \$47,750,000 self-supporting Waterworks and Sewer System general obligation debt. If the City's General Purpose Funded Tax Debt of \$69,920,000 is included in the calculation in place of Total Funded Debt of \$117,670,000 the following results:

Total Direct and Overlapping G.O. Debt	\$ 154,682,236
Ratio of Direct and Overlapping G.O. Debt to Taxable Assessed Valuation	3.53%
Per Capita Direct and Overlapping G.O. Debt	\$ 1,334
Per Capita Direct Debt	\$ 553

Source: First Southwest Company

CITY OF ABILENE, TEXAS

**Legal Debt Margin Information
September 30, 2007**

The maximum tax rate permitted by the constitution of the State of Texas is \$2.50 per \$100 of assessed valuation. Consequently, no legal debt margin can be calculated. The state attorney general has traditionally allowed up to \$1.50 per \$100 valuation to be applied to debt service. The City levied a tax rate of \$0.1738 per \$100 valuation for fiscal year ended September 30, 2007.

CITY OF ABILENE, TEXAS

**Pledged-Revenue Coverage
Last Ten Fiscal Years
September 30, 2007**

Water & Sewer Revenue Bonds

Fiscal Year	Water & Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
1998	\$ 21,847,900	\$ 10,931,471	\$ 10,916,429	\$ 988,915	\$ 2,100,337	3.53
1999	21,364,007	11,934,156	9,429,851	1,281,789	1,120,776	3.92
2000	21,551,699	12,657,481	8,894,218	1,378,514	982,682	3.77
2001	23,570,862	13,848,254	9,722,608	1,481,719	1,104,460	3.76
2002	27,080,030	14,037,077	13,042,953	1,813,489	4,291,761	2.14
2003	25,203,212	15,505,174	9,698,038	5,085,130	2,944,563	1.21
2004	33,555,785 *	15,930,757	17,625,028	13,141,753 *	2,899,032	1.10
2005	24,202,907	16,896,759	7,306,148	3,178,462	2,532,487	1.28
2006	26,857,897	20,122,193	6,735,704	3,487,078	2,661,782	1.10
2007	27,649,759 **	20,223,541	7,426,218	3,478,120	2,464,985	1.25

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements. Water and sewer charges and other includes miscellaneous income and investment earnings. Operating expenses do not include interest, depreciation or amortization.

* The City received a \$10,000,000 grant from RUS that was used in refinancing the debt.

** The City received \$298,837 in grant revenue from the EPA that was used in financing a regional water supply study

CITY OF ABILENE, TEXAS

Demographic and Economic Statistics
Last Ten Fiscal Years
September 30, 2007

<u>Fiscal Year</u>	<u>Estimated Population</u>	<u>Personal Income (expressed in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollments</u>	<u>Unemployment Rate</u>
	(1)		(2)	(2)	(3)	(4)
1998	113,298	\$ 2,288,393	\$ 20,198	30.8	19,701	4.2%
1999	115,119	2,440,753	21,202	32.8	19,039	4.1%
2000	117,111	2,104,719	17,972	32.3	18,149	4.1%
2001	116,806	2,193,149	18,776	31.1	17,721	4.6%
2002	115,930	2,849,443	24,579	31.1	17,767	5.1%
2003	116,097	2,083,361	17,945	32.0	17,025	5.3%
2004	114,729	2,282,763	19,897	31.5	16,930	4.4%
2005	116,482	2,029,233	17,421	36.0	16,536	4.0%
2006	115,745	2,155,982	18,627	32.0	16,723	3.9%
2007	115,981	2,199,696	18,966	32.0	16,498	3.7%

Sources:

- (1) Texas State Data Center
- (2) Abilene Industrial Foundation
- (3) Abilene Independent School District
- (4) Texas Labor Market Review

CITY OF ABILENE, TEXAS

**Principal Employers
Fiscal Year End 2007 and 1998**

<u>Employer</u>	<u>2007</u>			<u>1998</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment¹</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment¹</u>
Dyess Air Force Base	6,682	1	8.47%	5,400	1	9.18%
Henrick Medical Center	2,761	2	3.50%	2,700	3	4.59%
Abilene Independent School District	2,698	3	3.42%	2,943	2	5.01%
Abilene State School	1,230	4	1.56%	1,382	4	2.35%
City of Abilene	1,197	5	1.52%	1,151	6	1.96%
Texas Department of Criminal Justice	1,163	6	1.47%	1,284	5	2.18%
Blue Cross Blue Shield	1,150	7	1.46%			
Abilene Christian University	850	8	1.08%	683	8	1.16%
Abilene Regional Medical Center	739	9	0.94%	750	7	1.28%
Taylor, County of	595	10	0.75%	595	9	1.01%
U.S. Postal Service			0.00%	572	10	0.97%
Total	19,065		24.16%	16,888		29.69%

¹ Source: Abilene Industrial Foundation

CITY OF ABILENE, TEXAS

**Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years**

Function	Budgeted Full-time Equivalent Employees as of September 30,									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government	36	35	51	39	19	41	16	17	17	18
Information Technology					23	22				
Administrative Services	65	61	59	55	53	53	33	33	33	36
Finance	48	48	33	34	34	34	79	80	87	91
Community Development	37	37	34	45	52	49	47	48	72	76
Economic Development	8	23	28	28	27	8	10	6	5	5
Public Works	190	176	175	176	176	172	172	176	171	171
Police	225	240	240	240	240	240	240	240	239	242
Fire	178	178	178	178	178	179	176	176	177	177
Aviation							21	22	19	19
Community Services	215	213	216	214	213	210	207	207	179	179
Water	148	148	148	145	143	143	142	142	142	141
Total	1,150	1,159	1,162	1,154	1,158	1,151	1,143	1,147	1,141	1,155

CITY OF ABILENE, TEXAS

**Operating Indicators by Function
Last Ten Fiscal Years
September 30, 2007**

Function	Fiscal Year				
	1998	1999	2000	2001	2002
Police					
Accidents	2,911	2,736	-	4,100	4,200
Traffic violations	3,864	5,004	-	5,000	4,600
Fire					
Emergency responses	10,507	9,972	10,702	10,467	10,541
Inspections	2,227	2,324	1,952	1,797	1,800
Streets					
Streets seal coated (sq. yds.)	496,093	629,178	1,230,324	434,481	308,700
Street & alley reconstruction (sq. yds.)	40,955	70,018	10,885	13,627	29,127
Public works					
Building permits issued	1,472	1,524	1,577	1,466	1,599
Solid waste services					
Residential refuse collected (cubic yds.)	141,079	142,564	142,564	131,000	131,000
Recyclables collected (tons)	-	-	-	-	-
Community services					
Zoo attendance	117,661	126,111	113,261	123,445	120,594
Structured recreation program participants	188,491	193,747	194,610	194,610	194,610
Library visitors	301,713	312,643	316,781	320,989	336,411
Civic center events	897	881	994	801	872
Water					
New taps	405	368	297	278	258
Active accounts	37,642	37,781	37,361	37,640	37,431
Average daily production (millions of gallons)	15.2	25.4	20.7	19.8	20.0
Wastewater					
Average daily sewage treatment (millions of gallons)	12.8	12.1	11.1	13.2	12.7
Transit					
Fixed route passengers carried	468,236	440,666	436,681	434,921	491,331
Van passengers carried	43,656	49,323	51,045	79,913	86,946

(1) 2007 actual numbers are not available. 2007 projected numbers are provided.

• Beginning in 2005, the residential refuse collected is calculated in tons.

** Beginning in 2005, the City began phasing out seal coat and replacing with partial rehabilitation.

Sources: Various government departments.

2003	2004	2005	2006	2007
				(I)
4,200	4,200	4,200	4,200	4,100
3,977	3,977	3,977	3,977	4,500
11,587	12,021	12,565	13,375	13,500
1,800	1,752	2,267	1,097	500
217,357	242,590	3,048 **	3,048	-0-
10,232	49,352	23,323	23,323	12,000
1,514	1,509	1,420	1,507	1,407
128,850	140,340	50,510 *	50,510	49,000
2,500	7,730	7,740	7,740	8,500
117,900	114,119	114,328	121,672	125,000
197,430	192,980	196,417	198,773	200,000
357,576	343,387	363,870	353,507	350,000
694	710	678	745	670
305	377	356	450	430
37,900	37,800	37,938	38,208	38,538
19.8	19.3	19.9	22.7	18.8
12.7	13.0	13.5	12.8	13.5
482,785	464,275	497,574	506,631	513,500
88,778	98,220	91,448	92,193	104,300

CITY OF ABILENE, TEXAS

**Capital Asset Statistics by Function
Last Ten Fiscal Years
September 30, 2007**

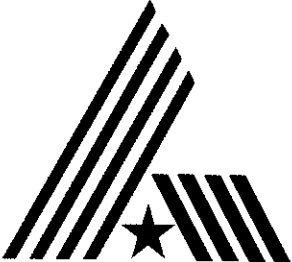
Function	Fiscal Year					
	1998	1999	2000	2001	2002	2003
Public Safety:						
Police:						
Stations	1	1	1	1	1	1
Fire:						
Stations	8	8	8	8	8	8
Fire hydrants	2,764	2,805	2,814	2,844	2,875	2,894
Streets:						
Paved lane miles	510	510	510	510	506	505
Unpaved - standard lane miles	23	23	23	23	23	23
Community services:						
Parks acres developed	998	1,004	1,004	1,004	1,004	1,004
Parks acres undeveloped	1,483	1,477	1,477	1,477	1,477	1,477
City parks	29	31	31	31	30	30
Recreation centers	5	5	5	5	6	6
Libraries	2	2	2	2	2	2
Water						
Water mains (miles)	752	756	759	762	764	864
Peak daily capacity (millions of gallons)	47.0	40.8	33.3	34.7	29.3	35.3
Sewer						
Sewer mains (miles)	569	572	576	576	581	632
Effluent mains (miles)					20	27

* Beginning in 2005, the tracking method changed from linear miles to standard lane miles.

Sources: Various city departments.

2004	2005	2006	2007
1	1	1	1
8	8	8	8
2,911	2,962	3,019	3,063
505	1,550 *	1,567	1,618
23	21.8	20	23
1,004	1,004	1,004	1,004
1,477	1,477	1,477	1,477
30	30	30	30
6	6	6	6
2	2	2	2
864	882	900	917
35.3	32.1	37.7	29.5
632	647	655	656
27	27	22	36

SEC REPORTING REQUIREMENTS



CITY OF ABILENE

CITY OF ABILENE, TEXAS

Table 1 - Valuation, Exemptions and General Obligation Debt

2007 Market Valuation Established by Central Appraisal District of Taylor County (excluding totally exempt property, abated values and values in the Tax Increment Financing Zone)		\$4,940,438,141
Less Exemptions/Reductions at 100% Market Value:		
Residential Homestead Exemptions (Local Option)	\$318,815,952	
Residential Homestead Exemptions (Over 65 and Disabled)	120,358,183	
Residential Homestead value lost on 10% cap	41,550,429	
Agriculture/Open -Space Land Use Reductions	43,132,538	
Disabled Veterans Exemptions	16,311,786	
Property Redevelopment & Tax Abatement value lost	4,538,827	
Historic Tax Exemptions	4,390,375	
Prorated Exempt Property	<u>499,621</u>	<u>549,597,711</u>
2007 Taxable Assessed Valuation		\$4,390,840,430
City Funded Debt Payable from Ad Valorem Taxes (1)		
General Obligation Debt (as of 09-30-07)		\$117,670,000
Less: Self-Supporting Debt		
Waterworks and Sewer System General Obligation Debt		<u>47,750,000</u>
General Purpose Funded Debt Payable from Ad Valorem Taxes		\$69,920,000
Interest and Sinking Fund as of 09/30/07		\$532,945
Ratio Funded Debt to Taxable Assessed Valuation		2.68%
Ratio General Purpose Funded Debt to Taxable Assessed Valuation		1.59%

2008 Estimated Population - 115,981
Per Capita 2007 Taxable Assessed Valuation - \$ 34,682
Per Capita Funded Debt Payable from Ad Valorem Taxes - \$ 1,017
Per Capita General Purpose Funded Debt Payable from Ad Valorem Taxes - \$ 604

(1) Includes \$560,000 financed by Passenger Facility Charge (PFC)

CITY OF ABILENE, TEXAS

Table 2 - Taxable Assessed Valuations by Category

Category	Taxable Appraised Value for fiscal Year September 30,					
	2008		2007		2006	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$2,604,100,150	52.71%	\$2,346,179,228	52.03%	\$2,170,998,296	52.22%
Real, Residential, Multi-Family	234,532,765	4.75%	226,794,961	5.03%	204,111,309	4.91%
Real, Vacant Lots/Tracts	89,289,120	1.81%	73,382,410	1.63%	67,887,025	1.63%
Real, Acreage (Land Only)	52,956,558	1.07%	49,401,628	1.10%	49,133,718	1.18%
Real, Farm and Ranch Improvements	22,747,551	0.46%	20,801,737	0.46%	19,493,025	0.47%
Real, Commercial and Industrial	1,003,980,011	20.32%	958,737,963	21.26%	866,656,440	20.85%
Real, Oil, Gas and Other Minerals	12,868,074	0.26%	10,280,587	0.23%	8,115,588	0.20%
Real and Tangible Personal, Utilities	141,553,932	2.87%	153,400,847	3.40%	149,575,218	3.60%
Tangible Personal, Commercial and Industrial	726,316,073	14.70%	619,821,575	13.75%	563,405,948	13.55%
Tangible Personal, Other	12,181,804	0.25%	13,788,948	0.31%	20,436,882	0.49%
Real Property, Inventory (1)	2,854,822	0.06%	1,869,774	0.04%	1,967,918	0.05%
Special Inventory	37,057,281	0.75%	34,827,494	0.77%	35,801,912	0.86%
Total Appraised Value Before Exemptions	\$4,940,438,141	100.00%	\$4,509,287,152	100.00%	\$4,157,583,279	100.00%
Less: Total Exemptions/Reductions	(549,597,711)		(495,000,539)		(464,799,959)	
Taxable Assessed Value at 10/01	\$4,390,840,430		\$4,014,286,613		\$3,692,783,320	
Adjustments for Errors and Corrections to Roll	(3,892,952)		(3,891,204)		(1,490,286)	
Taxable Assessed Value at 09/30	\$4,386,947,478		\$4,010,395,409		\$3,691,293,034	

Category	Taxable Appraised Value for fiscal Year September 30,					
	2005		2004		2003	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$2,074,733,311	52.57%	\$2,010,634,895	51.81%	\$1,932,534,038	51.41%
Real, Residential, Multi-Family	191,262,249	4.85%	186,856,010	4.81%	181,148,104	4.82%
Real, Vacant Lots/Tracts	64,079,567	1.62%	64,090,506	1.65%	62,355,388	1.66%
Real, Acreage (Land Only)	48,259,112	1.22%	49,245,871	1.27%	47,806,628	1.27%
Real, Farm and Ranch Improvements	19,492,761	0.49%	20,607,610	0.53%	15,180,440	0.40%
Real, Commercial and Industrial	816,094,351	20.68%	801,287,488	20.65%	796,463,057	21.19%
Real, Oil, Gas and Other Minerals	6,494,596	0.16%	5,487,813	0.14%	4,878,021	0.13%
Real and Tangible Personal, Utilities	151,400,877	3.84%	152,404,601	3.93%	138,368,464	3.68%
Tangible Personal, Commercial and Industrial	516,225,497	13.08%	528,236,811	13.61%	523,474,161	13.93%
Tangible Personal, Other	19,537,815	0.50%	22,775,745	0.59%	20,275,934	0.54%
Real Property, Inventory (1)	3,307,147	0.08%	2,898,327	0.07%	2,765,353	0.07%
Total Appraised Value Before Exemptions	35,748,408	0.91%	36,462,308	0.94%	33,849,376	0.90%
Less: Total Exemptions/Reductions	\$3,946,635,691	100.00%	\$3,880,987,985	100.00%	\$3,759,098,964	100.00%
Taxable Assessed Value at 10/01	(452,991,660)		(446,391,531)		(425,306,601)	
Adjustments for Errors and Corrections to Roll	\$3,493,644,031		\$3,434,596,454		\$3,333,792,363	
Taxable Assessed Value at 09/30	(6,921,136)		13,401,835		(21,389,412)	
	\$3,486,722,895		\$3,447,998,289		\$3,312,402,951	

(1) Real inventory properties in the hands of developers or builders; each group of properties in this category is appraised on the basis of its value as a whole as a sale to another developer or builder.

NOTE: Valuations shown are certified taxable assessed values reported by the Central Appraisal District of Taylor County to the State Controller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records

CITY OF ABILENE, TEXAS

Table 3A - Valuation and General Obligation Debt History

Fiscal Year Ended 9-30	Estimated Population (1)	Taxable Assessed Valuation (2)	Taxable Assessed Valuation Per Capita	General Obligation Tax Debt Outstanding at End of Year (3)	Ratio General Obligation Tax Debt to Taxable Assessed Valuation	General Obligation Tax Debt Per Capita
2004	114,729	3,434,596,454	29,937	85,370,000	2.49%	744
2005	114,454	3,493,644,031	30,524	92,040,000	2.63%	804
2006	116,482	3,692,783,320	31,703	108,160,000	2.93%	929
2007	115,745	4,014,286,613	34,682	117,670,000	2.93%	1,017
2008	115,981	4,390,840,430	37,858	108,845,000 (4)	2.48%	938 (4)

(1) Source: City of Abilene Development Department

(2) As reported by the Central Appraisal District of Taylor County on City's annual Reports of Property Value to the State Comptroller of Public Accounts; subject to change during the ensuing year.

(3) Includes self-supporting debt (see "Table 3B - Self-Supporting General Obligation Debt").

(4) Projected

Table 3-B - Self-Supporting General Obligation Debt

Fiscal Year Ended 9-30	Total Funded Tax Debt Outstanding at End of Year	Less: Self-Supporting Waterworks and Sewer System General Obligation Debt	General Purpose Funded Tax Debt
2004	85,370,000	48,525,000	36,845,000
2005	92,040,000	53,775,000	38,265,000
2006	108,160,000	50,765,000	57,395,000
2007	117,670,000	47,750,000	69,920,000
2008	108,845,000 (1)	44,740,000 (1)	64,105,000 (1)

(1) Projected

CITY OF ABILENE, TEXAS

Table 4 - Tax Rate, Levy and Collection History

<u>Fiscal Year Ended 9-30</u>	<u>Tax Rate</u>	<u>General Fund</u>	<u>Interest and Sinking Fund</u>	<u>Adjusted Tax Levy</u>	<u>% Current Collections</u>	<u>% Total Collections</u>
2003	0.6405	0.4813	0.1592	21,253,413	97.20%	99.09%
2004	0.6355	0.4803	0.1552	21,889,518	98.32%	98.93%
2005	0.6355	0.4803	0.1552	22,136,558	98.58%	98.56%
2006	0.6355	0.4902	0.1453	23,457,787	98.34%	98.63%
2007	0.6678	0.4940	0.1738	25,929,780	98.00%	98.40%
2008	0.6678	0.4683	0.1985	28,131,610	98.00% (1)	98.00% (1)

(1) Projected

Table 5 - Ten Largest Taxpayers

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Fiscal Year 2006 Assessed Value</u>	<u>Percentage of Total Assessed Valuation</u>
1. NC SCH1, Inc.	Abilene Regional Medical Center - Private Hospital	\$70,610,495	1.65%
2. AEP Texas North Co.	Electric Transmission & Distribution	64,496,888	1.51%
3. MA1 Investors Limited Partnership	Mall of Abilene	43,000,000	1.01%
4. Union Drilling Inc.	Natural Gas Drilling Services	42,588,840	1.00%
5. Southwestern Bell Telephone	Public Telephone Provider	33,518,950	0.79%
6. Wal-Mart Stores East, Inc.	Discount Store	25,067,960	0.59%
7. Southwest and Catclaw LLC	Shops at Abilene	22,957,522	0.54%
8. Cebridge Acquisition LP	Telecommunications Provider	20,717,844	0.49%
9. Western AH 406 Ltd.	Quail Hollow Apartme	19,059,000	0.45%
10. Hendrick Health System	Non-Profit Hospital	16,621,824	0.42%
TOTAL		\$358,639,323	8.45%

CITY OF ABILENE, TEXAS

GENERAL OBLIGATION DEBT LIMITATION

No general obligation debt limitation is imposed on the City under current State law or the City's Home Rule Charter.

Table 6 - Tax Adequacy

Maximum Principal and Interest Requirements, General Purpose General Obligation Debt, 2007	\$6,840,699
\$0.1705 Tax Rate at 97% Collection Produces	\$7,479,745

Table 7 - Estimated Overlapping Debt

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas and from information furnished by the Central Appraisal District of Taylor County and the Jones County and Callahan County appraisal Districts. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

<u>Taxing Jurisdiction</u>	<u>FY 2007 Total Taxable Assessed Value</u>	<u>FY 2007 Tax Rate</u>	<u>Total Funded Debt As of 9/30/06</u>	<u>Estimated % Applicable</u>	<u>Overlapping Funded Debt As of 9/30/06</u>	<u>Authorized But Unissued Debt As Of 9/30/2006</u>
City of Abilene	\$4,386,947,478	\$0.6678	\$117,670,000	100.00%	\$117,670,000 (1)	\$24,120,000
Abilene Independent School District	3,537,815,017	1.1691	67,893,988	95.67%	\$64,954,178	0
Taylor County	5,763,033,039	0.4707	13,805,000	83.25%	\$11,492,663	0
Lyle Water District	27,467,882	0.5638	0	100.00%	\$0	0
Wylie Independent School District	1,084,257,733	1.0900	7,315,792	70.72%	\$5,173,728	0
Jones County	507,698,996	0.6157	0	9.28%	\$0	0
Clyde Consolidated Independent School District	314,080,920	1.1180	8,579,999	4.11%	\$352,638	0
Eula Independent School District	138,007,201	1.5931	4,899,999	41.87%	\$2,051,630	0
Hawley Independent School District	71,190,359	1.2900	7,899,998	2.60%	\$205,400	0
Merkel Independent School District	361,523,687	1.0617	1,900,000	28.00%	\$532,000	0
Stamford Hospital District	218,059,510	0.3334	0	22.74%	\$0	0
Total Direct and Overlapping Funded Debt					\$202,432,236	
Ratio of Direct and Overlapping Funded Debt to Taxable Assessed Valuation					4.61%	
Per Capita Direct and Overlapping Funded Debt					\$1,745.39	
Per Capita Direct Debt					\$1,014.56	
 (1) Includes \$47,750,000 self-supporting Waterworks and Sewer System general obligation debt. If the City's General Purpose Funded Tax Debt of \$69,920,000 is included in the calculation in place of Total Funded Debt of \$117,670,000 the following results:						
Total Direct and Overlapping G.O. Debt					\$154,682,236	
Ratio of Direct and Overlapping G.O. Debt to Taxable Assessed Valuation					3.53%	
Per Capita Direct and Overlapping Funded Debt					\$1,333.69	
Per Capita Direct Debt					\$552.72	

CITY OF ABILENE, TEXAS

Table 8 - General Obligation Debt Service Requirements

Fiscal Year Ending 9-30	Principal	Interest	Total	Less: Waterworks & Sewer Sys. General Obligation Debt	General Funded Tax Debt	% of Principal Retired
2008	\$8,825,000	\$5,093,432	\$13,918,432	\$5,062,485	\$8,855,947	7.50%
2009	8,725,000	4,684,348	13,409,348	4,945,914	8,463,434	
2010	8,600,000	4,314,604	12,914,604	4,830,971	8,083,633	
2011	8,480,000	3,946,147	12,426,147	4,713,461	7,712,686	
2012	8,355,000	3,578,991	11,933,991	4,593,288	7,340,703	
2013	8,220,000	3,213,898	11,433,898	4,474,808	6,959,090	43.52%
2014	8,085,000	2,848,716	10,933,716	4,340,858	6,592,858	
2015	7,850,000	2,489,963	10,339,963	4,213,620	6,126,343	
2016	7,740,000	2,139,949	9,879,949	4,084,919	5,795,030	
2017	7,635,000	1,793,832	9,428,832	3,948,593	5,480,239	70.12%
2018	7,315,000	1,457,418	8,772,418	3,815,643	4,956,775	
2019	6,465,000	1,144,649	7,609,649	3,006,748	4,602,901	
2020	5,105,000	875,658	5,980,658	2,902,006	3,078,652	
2021	4,050,000	656,610	4,706,610	2,321,513	2,385,097	89.62%
2022	1,800,000	516,283	2,316,283	539,013	1,777,270	
2023	890,000	453,765	1,343,765	534,675	809,090	
2024	905,000	412,570	1,317,570	539,888	777,682	
2025	915,000	370,581	1,285,581	539,538	746,043	
2026	925,000	327,937	1,252,937	538,738	714,199	
2027	635,000	291,575	926,575	537,488	389,087	
2028	270,000	270,675	540,675	540,675	0	
2029	280,000	258,300	538,300	538,300	0	
2030	295,000	245,363	540,363	540,363	0	95.49%
2031	305,000	231,863	536,863	536,863	0	
2032	325,000	217,688	542,688	542,688	0	
2033	335,000	202,838	537,838	537,838	0	
2034	350,000	187,425	537,425	537,425	0	
2035	370,000	171,225	541,225	541,225	0	
2036	385,000	154,238	539,238	539,238	0	97.25%
2037	405,000	136,463	541,463	541,463	0	
2038	420,000	117,900	537,900	537,900	0	
2039	440,000	98,550	538,550	538,550	0	
2040	465,000	78,188	543,188	543,188	0	
2041	480,000	56,925	536,925	536,925	0	
2042	500,000	34,875	534,875	534,875	0	
2043	525,000	11,813	536,813	536,813	0	100.00%
	<u>\$117,670,000</u>	<u>\$43,085,255</u>	<u>\$160,755,255</u>	<u>\$69,108,496</u>	<u>\$91,646,759</u>	

Table 9 - Interest and Sinking Fund Budget Projection

General Obligation Debt Service Requirements, Fiscal Year Ending 9-30-08		\$8,855,947
Interest and Sinking Fund, 9-30-07	\$532,945	
2008 Interest and Sinking Fund Taxes (as budgeted)	8,361,870	
Airport Passenger Facility Charge Transfer	577,370	
Estimated Investment Income	<u>82,750</u>	<u>9,554,935</u>
Estimated Balance, 9-30-08		<u>\$698,988</u>

CITY OF ABILENE, TEXAS

Table 10 - Computation of Self-Supporting Debt

Gross Income, Waterworks and Sewer System, Fiscal Year Ended 9-30-07	\$27,649,759
Less: Net Operating Expenses, Waterworks and Sewer System, Fiscal Year Ended 9-30-07	<u>20,852,604</u>
Available for Debt Service, Waterworks and Sewer System, Fiscal Year Ended 9-30-07	\$6,797,155
Waterworks and Sewer System General Obligation Requirements, Fiscal Year Ended 9-30-08	\$5,062,482
Percentage of Waterworks and Sewer System General Obligation Self-Supporting	134.27%

The above table is prepared under GAAP Basis not as required by contractual agreements.

Table 11 - Authorized But Unissued General Obligation Bonds

The City has \$300,000 general obligation bonds authorized December 18, 1979, for sanitary landfill purposes; the City has no plans to issue these bonds as the landfill has been privatized and operates as a regional landfill.

CITY OF ABILENE, TEXAS

Table 12 - Other Obligations

Capital Lease Agreements

On October 3, 2003, the City entered into a lease purchase agreement with Banc of America Leasing & Capital, LLC for motor vehicle and other fleet type equipment. The lease purchase agreement is in the amount of \$2,500,000 with a maturity of 5 years at an interest rate of 2.6875%. The equipment will be used as security to the agreement. On November 19, 2003, the City entered into an additional lease purchase agreement in the amount of \$1,000,000 for equipment paid for prior to October 8, 2003. This agreement also has a 5-year maturity with an interest rate of 2.7850%. On July 7, 2004, the City entered into an additional lease purchase agreement in the amount of \$2,180,000 with a maturity of 5 years at an interest rate of 3.1815%. On February 7, 2005, the City entered into an additional lease purchase agreement in the amount of \$2,540,000 with a maturity of 5 years at an interest rate of 3.09%.

<u>Lease Date</u>	<u>Addition</u>	<u>Retirement</u>	<u>Balance at 09/30/07</u>
October 8,2003	\$2,500,000	\$1,929,504	\$570,496
November 19, 2003	1,000,000	754,076	245,924
July 7, 2004	2,180,000	1,340,191	839,809
February 7, 2005	2,540,000	1,263,269	1,276,731
TOTAL	\$8,220,000	\$5,287,040	\$2,932,960

Community Development Block Grant Program Notes ("Notes")

On February 4, 1994, the City entered into a note agreement with the Department of Housing and Urban Development for loan guarantee assistance under Section 108 of the Housing and Community Act of 1974, as amended, in the amount of \$1,865,000. The note was issued to implement a program for the acquisition, construction and improvement or rehabilitation of privately-owned buildings and other improvements in an approved community development program. Under the terms of these notes, the City will make annual principal payments on August 1 of each year beginning August 1, 1996; final payment is due August 1, 2013. Interest payments are due semiannually at rates from 5.04% - 7.18%. A second note with the Department of Housing and Urban Development for loan guarantee was obtained during 1998. The note bears interest rates between 6 and 6.6%. The debt will be repaid from rentals on the properties refurbished.

The Notes are liabilities of the City's Community Development Block Grant Program; debt service on the Notes is paid from Community Development Block Grants received from the U.S. Department of Housing and Urban Development and from rentals.

The following represents the future maturities of these notes:

<u>Fiscal Year Ending 9-30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2008	195,000	86,224	281,224
2009	205,000	77,640	282,640
2010	215,000	68,097	283,097
2011	225,000	57,646	282,646
2012	240,000	46,194	286,194
2013	255,000	33,570	288,570
2014	95,000	19,829	114,829
2015	100,000	13,739	113,739
2016	110,000	7,249	117,249
	\$1,640,000	\$410,187	\$2,050,187

CITY OF ABILENE, TEXAS

Table 13 - General Fund Revenues and Expenditures History

	Fiscal Year Ended September 30,				
	2007	2006	2005	2004	2003
Revenues:					
General Property Taxes	\$ 19,747,087	\$ 18,146,091	\$ 16,882,832	\$ 16,758,190	\$ 15,912,905
Sales Taxes	25,024,647	23,546,861	21,562,384	20,138,767	19,575,663
Selective Sales and Use (4)	242,870	2,205,641	2,007,912	1,757,604	1,633,950
Gross Receipts Tax	6,031,239	6,069,668	5,731,691	5,741,125	5,501,498
Other Taxes	1,473,518	1,400,175	1,454,952	1,260,923	947,250
Licenses and Permits	1,167,018	1,184,906	1,018,336	767,769	784,549
State, County and Federal Funds	192,965	238,295	294,495	217,879	193,336
Charges for Services	3,062,111	2,909,804	2,738,172	2,301,631	2,259,551
Interest and Miscellaneous	7,502,300	6,700,423	5,701,707	5,201,824	5,558,863
Total Revenues	<u>\$64,443,755</u>	<u>\$62,401,864</u>	<u>\$57,392,481</u>	<u>\$54,145,712</u>	<u>\$52,367,565</u>
Expenditures:					
General Government	\$1,948,193	\$1,869,979	\$1,761,845	\$1,692,917	\$1,457,256
Information Technology (1)		-	-	-	1,190,690
Administrative Services	2,175,004	2,074,887	1,900,885	1,878,039	1,600,406
Finance	5,504,908	6,148,093	5,324,624	5,125,641	4,116,684
Community Dev. (2)	2,867,672	2,720,814	2,668,347	1,306,358	1,375,511
* Economic & Community Dev. (3)		-	-	-	-
Public Works	7,583,370	7,585,256	6,922,214	6,674,357	7,215,390
Police	18,001,643	16,825,872	16,227,409	15,887,600	15,080,191
Fire	13,310,668	12,424,601	11,675,477	11,408,999	10,913,858
Aviation	1,538,940	1,463,238	1,411,604	1,274,738	1,165,168
Community Services	9,336,961	9,087,591	8,748,276	8,497,599	8,926,348
Non-Departmental		-	-	-	-
Total Expenditures	<u>\$62,267,359</u>	<u>\$60,200,331</u>	<u>\$56,640,681</u>	<u>\$53,746,248</u>	<u>\$53,041,502</u>
Excess (Deficit) of Revenue over Expenditures	\$2,176,396	\$2,201,533	\$751,800	\$399,464	(\$673,937)
Undesignated Fund Balance at Beginning of Year	12,196,836	12,098,983	11,039,639	10,469,239	10,881,209
Net Additions (Deductions) for Encumbrances, Reservations, and Other Adjustments	<u>(1,425,072)</u>	<u>(2,103,680)</u>	<u>307,544</u>	<u>170,936</u>	<u>261,967</u>
Undesignated Fund Balance at End of Year	<u>\$12,948,160</u>	<u>\$12,196,836</u>	<u>\$12,098,983</u>	<u>\$11,039,639</u>	<u>\$10,469,239</u>

(1) Moved into Administrative Services

(2) Moved Animal Control & Environmental Health From the Health Fund.

(3) Removed from the General Fund and placed in its own fund.

(4) Hotel/Motel Tax removed from the General Fund and placed in its own fund.

CITY OF ABILENE, TEXAS

Table 14 - Municipal Sales Tax History

The City has adopted the Municipal Sales and Use Tax Act, VATCS, Tax Code, Chapter 321, which grants the City the power to impose and leve a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of Debt. Collections and enforcement's are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. On August 12, 1989, the voters of the City approved the imposition of an additional sales and use tax of one-half of one percent (1/2% of 1%) for economic development and an additional one-half of one percent (1/2 of 1%) for property tax reduction. Collection for the additional tax went into effect on January 1, 1990. The sales tax for economic development is collected solely for the benefit of the Development Corporation of Abilene, Inc., and may be pledged to secure payments of sales tax revenue bonds if issued by the Corporation in the future.

Fiscal Year Ended 9-30	Total Collected(1)	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Levy	Per Capita (2)
2003	19,575,663	92.11%	0.5898	171
2004	20,138,767	92.27%	0.5841	176
2005	21,562,384	97.41%	0.6172	185
2006	22,715,630	111.16%	0.7060	195
2007	25,024,647	96.51%	0.6234	216

- (1) Excludes collections of a 1/2 of 1% sales and use tax for economic development
 (2) See "Estimated Population" under "Table 3 - Valuation and General Obligation Debt History".

Table 15 - Current Investments

The City has not engaged in repurchase or reverse repurchase agreements and has never leveraged the portfolio.

As of January 31, 2008, the City's investable funds were invested in the following categories:

Investment Type	Percent of Total Investments to Book Value	Book Value	Fair Market Value	Maturity Range
Core Portfolio:				
Federal Agency Instruments	1.16%	\$1,300,000	\$1,301,532	To 02/08
	1.16%	\$1,300,000	\$1,301,532	
Emergency/Liquidity Portfolio:				
TexPool	51.34%	\$57,477,880	\$57,477,880	Same Day
TexStar	35.40%	39,624,229	39,624,229	Same Day
JP Morgan Chase High Balance Savings	8.93%	10,000,000	10,000,000	Same Day
Federal Agency Instruments	3.17%	3,543,113	3,550,256	05/13
	98.84%	\$110,645,222	\$110,652,365	
Discretionary Portfolio:				
	100.00%	\$111,945,222	\$111,953,897	

As of such date the weighted average life of the total portfolio was .129 years; weighted average yields were:

TexPool	4.323%
TexStar	4.203%
JP Morgan Chase High Balance Savings	4.100%
U.S. Treasury and Federal Agency Instruments	4.788%

The market value of the total investment portfolio on January 31, 2008, was approximately 100.008% of book value.

CITY OF ABILENE, TEXAS

TABLE 16 - PASSENGER ENPLANEMENTS ON SCHEDULED AIRLINE FLIGHTS

Calendar Year	American Eagle	Other Airlines	Total
2003	48,711	3,315	52,026
2004	57,299	14,800	72,099
2005	65,922	16,217	82,139
2006	73,613	21,746	95,359
2007	78,003	17,810	95,813

TABLE 17 - AIRPORT CONDENSED STATEMENT OF OPERATION ⁽¹⁾

	Fiscal Year Ended September 30,				
	2007	2006	2005	2004	2003
REVENUE					
Operating Revenue	\$1,098,339	\$998,635	\$859,278	\$728,439	\$578,820
Non-Operating Revenues	230,725	251,120	230,109	259,891	174,081
Gross Revenues	<u>\$1,329,064</u>	<u>\$1,249,755</u>	<u>\$1,089,387</u>	<u>\$988,330</u>	<u>\$752,902</u>
EXPENSES					
Operating Expense ⁽²⁾	<u>\$1,538,940</u>	<u>\$1,463,238</u>	<u>\$1,411,604</u>	<u>\$1,274,738</u>	<u>\$1,165,168</u>
NET REVENUE	<u>(\$209,876)</u>	<u>(\$213,483)</u>	<u>(\$322,217)</u>	<u>(\$286,408)</u>	<u>(\$412,266)</u>
PFC Revenue ⁽³⁾	\$401,176	\$355,978	\$297,884	\$279,966	\$172,077
Debt Service Payment ⁽⁴⁾	\$109,340	\$113,840	\$116,280	\$120,480	\$124,480

(1) The Airport is not accounted for as an Enterprise Fund, but is accounted for in the General Fund

(2) Excludes capital expenditures

(3) PFC Revenue is not included in gross revenue

(4) FAA approved principal and interest payment on Airport Certificate of Obligation, Series 1999

CITY OF ABILENE, TEXAS

TABLE 16 - MONTHLY WATER RATES

Water rates were increased effective December 1, 2006:

	Previous Rates <u>(effective 4-1-04)</u>	Present Rates <u>(effective 12-1-06)</u>
<u>Residential ⁽¹⁾</u>		
Customer Service Charge	Based on Meter Size ⁽²⁾	Based on Meter Size ⁽²⁾
Volume Charge:		
First 6,000 gallons	\$1.14 per 1,000 gals.	\$1.45 per 1,000 gals.
7,000 - 15,000 gallons	1.52 per 1,000 gals.	1.90 per 1,000 gals.
Over 15,000 gallons	2.11 per 1,000 gals.	2.64 per 1,000 gals.
Plus O.H. Ivie charge	\$0.60 per 1,000 gals.	\$0.60 per 1,000 gals.
<u>Commercial ⁽¹⁾</u>		
Customer Service Charge	Based on Meter Size ⁽²⁾	Based on Meter Size ⁽²⁾
Volume Charge:		
First 6,000 gallons	\$1.14 per 1,000 gals.	\$1.37 per 1,000 gals.
Over 6,000 gallons	1.52 per 1,000 gals.	1.82 per 1,000 gals.
Plus O.H. Ivie charge	\$0.60 per 1,000 gals.	\$0.60 per 1,000 gals.
<u>Industrial</u>		
Customer Service Charge	Based on Meter Size ⁽²⁾	Based on Meter Size ⁽²⁾
Volume Charge:		
All Consumption	\$1.32 per 1,000 gals.	\$1.58 per 1,000 gals.
Plus O.H. Ivie charge	\$0.60 per 1,000 gals.	\$0.60 per 1,000 gals.
<u>Yard Meter and Construction Water</u>		
Volume Charge:		
All Consumption	\$2.11 per 1,000 gals.	\$2.64 per 1,000 gals.
Plus O.H. Ivie charge	\$0.60 per 1,000 gals.	\$0.60 per 1,000 gals.
<u>Special Treated Water Customers (Contract Customers)</u>		
Volume Charge:		
All Consumption	\$1.52 per 1,000 gals.	\$2.64 per 1,000 gals.
Plus O.H. Ivie charge	\$0.60 per 1,000 gals.	\$0.60 per 1,000 gals.

(1) Residential category applies to all domestic housing of three units or less. Commercial category applies to business operations including residential housing with four units or more. For all categories "Outside City Limits" rates are double the above rates for water consumption.

(2) Customer Service Charges:

		Monthly <u>Charge</u>		Monthly <u>Charge</u>
<u>Meter Size</u>			<u>Meter Size</u>	
5/8" or 3/4"	\$	8.00	4 inch	\$ 82.00
1 inch		11.00	6 inch	134.00
1 1/2 inch		19.00	8 inch	223.00
2 inch		33.00	10 inch	267.00
3 inch		62.00	12 inch	504.00

CITY OF ABILENE, TEXAS

TABLE 17 - HISTORICAL WATER CONSUMPTION

Fiscal Year Ending <u>09/30</u>	Annual Treated Water Consumption <u>(Thousand Gallons)</u>	Daily Average <u>(Thousand Gallons)</u>	Peak Day <u>(Thousand Gallons)</u>
2001	7,214,646	19,766	35,593
2002	6,968,437	19,100	29,300
2003	7,206,841	19,745	35,277
2004	6,822,260	18,691	28,906
2005	7,044,742	19,301	32,465
2006	8,024,187	21,984	37,705
2007	6,974,627	19,109	29,489

TABLE 18 - TOP TEN TREATED WATER CUSTOMERS ⁽¹⁾

Customer	<u>Fiscal Year Ended September 30, 2007</u>	
	Annual Consumption <u>(Thousand Gallons)</u>	<u>Billings</u>
TDCJID ⁽²⁾	209,045	\$ 372,248
Dyess AFB	176,959	271,983
Potosi WSC	1,660,285	275,370
Steamboat Mt WSC	117,855	202,252
City of Merkel	116,811	201,215
Coca-Cola	108,320	166,082
Hawley WSC	87,172	149,924
Abtex Beverages	70,147	140,794
Sun WSC	66,640	114,431
Hamby WSC	55,802	96,117
	<u>2,669,036</u>	<u>\$ 2,362,664</u>

(1) Excludes City of Abilene treated water consumption which is metered and billed to General Fund supported activities

(2) Texas Department of Criminal Justice prison system facilities.

TABLE 19 - SPECIAL TREATED WATER CUSTOMERS ("CONTRACT CUSTOMERS")

Customer	<u>Fiscal Year Ended September 30, 2007</u>	
	Annual Water Consumption <u>(Thousand Gallons)</u>	<u>Billings</u>
Dyess AFB	176,959	\$ 428,241
Potosi Water Supply Corporation	161,536	390,917
Steamboat Mountain Water Supply Corporation	160,989	389,593
Merkel	115,522	279,563
Hawley Water Supply Corporation	93,197	225,537
Sun Water Supply Corporation	66,905	161,910
Hamby Water Supply Corporation	55,162	133,492
Tye	51,677	125,058
View-Caps Water Supply Corporation	51,026	123,483
Eula Water Supply Corporation	30,205	73,096
Baird	22,289	53,939
Blair Water Supply Corporation	17,198	41,619
Clyde	16,996	41,130
	<u>1,019,661</u>	<u>\$ 2,467,578</u>

Note: The City will treat raw water from a non-city source for the City of Hamlin when Hamlin's treated water transmission system from Abilene to Hamlin, now in preliminary planning and design, is completed.

CITY OF ABILENE, TEXAS

AVERAGE MONTHLY CONSUMPTION

For Fiscal Year Ended September 30, 2007, average monthly residential consumption was 5,330 gallons, average monthly commercial consumption was 26,769 gallons, and average monthly industrial/institutional consumption was 123,276 gallons.

THE SEWER SYSTEM

The sewer collections system covers essentially all of the City except some recently annexed areas. The System operates as a gravity flow system by 7 sewage lift stations. Sewage flows through 4 - 36" outfall lines, to a main pump station which pumps to the wastewater reclamation plant 4.8 miles northeast of the City.

WASTEWATER RECLAMATION PLANT

The plant has a permitted 22.0 mgd capacity and provides primary and secondary treatment. Final effluent is discharged to either the Clear Fork of the Brazos River (by State permit), is used for irrigation on City farm land and/or adjoining private farm land or in a reclaimed water project completed in September, 2000, which provides up to 4.0 mgd for irrigation needs within the city limits of Abilene.

TABLE 20 - MONTHLY SEWER RATES (EFFECTIVE DECEMBER 1, 2006)

<u>Residential</u>		
Customer Service Charge		\$8.30 (minimum)
Volume Charge (Water Consumption)		
First 10,000 gallons		\$0.90 per 1,000 gallons
Over 10,000 gallons		No Charge
<u>Commercial</u>		
Customer Service Charge		\$8.30 (minimum)
Volume Charge (Water Consumption)		\$0.90 per 1,000 gallons
<u>Industrial</u>		
Volume Charge (Water Consumption), All Use		\$0.90 per 1,000 gallons
Plus: Surcharge Rate if effective (based on type and strength of sewage):		
	B.O.D.	\$0.091/lb
	T.S.S	0.067/lb
	F.O.G.	0.051/lb

TABLE 21 - DAILY AVERAGE SEWAGE FLOWS

Calendar Year	Million Gallon Per Day
2001	13.162
2002	12.973
2003	12.919
2004	13.912
2005	12.049
2006	11.448
2007	12.835

CITY OF ABILENE, TEXAS

Table 22 - TOP TEN SEWER CUSTOMERS

	Fiscal Year Ended September 30, 2007			Volume (Thousand Gallons)
	Billings		Total Billing	
	Wastewater Charge	Surcharge		
TDCJID (1)	\$ 165,785			186,782
Dyess Air Force Base	94,317			106,173
Hendrick Medical Center	29,112			32,622
Abilene I.S.D.	21,493			18,592
Abilene Christian University	20,194			21,846
Coca Cola	19,269			21,664
Abilene State School	17,766			19,730
Hardin-Simmons University	16,761			18,522
Abilene Zoo	14,655			16,274
Abtex Beverage	12,553			13,948

(1) Texas Department of Criminal Justice prison system facilities

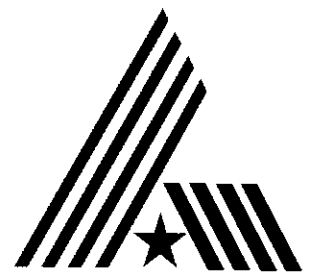
Table 23 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30, 2007				
	2007	2006	2005	2004	2003
Revenue					
Water Service	\$18,293,966	\$18,293,449	\$16,325,209	\$15,998,938	\$17,297,279
Sewer Service	7,055,850	6,751,876	6,417,320	6,321,375	6,563,609
Other Operating Revenues	740,500	696,528	831,655	823,791	873,505
Non-Operating Income	1,333,542	891,410	628,723	10,413,660	499,936
Gross Revenues	<u>\$27,423,858</u>	<u>\$26,633,263</u>	<u>\$24,202,907</u>	<u>\$33,557,764</u>	<u>\$25,234,329</u>
Operating Expenses ⁽¹⁾					
Personal Services	\$5,488,859	\$5,377,865	\$5,410,946	\$5,298,957	\$5,438,261
Supplies	1,295,110	1,415,059	841,420	741,997	742,609
Maintenance	1,237,080	1,400,063	1,155,824	934,766	913,187
Other Services and Charges	18,071,309	18,039,298	13,678,280	13,337,015	13,664,740
Total Operating Expense	<u>\$26,092,358</u>	<u>\$26,232,285</u>	<u>\$21,086,470</u>	<u>\$20,312,735</u>	<u>\$20,758,797</u>
Net Revenue	<u>\$ 1,331,500</u>	<u>\$ 400,978</u>	<u>\$ 3,116,437</u>	<u>\$ 13,245,029</u>	<u>\$ 4,475,532</u>
Water Customers	38,538	37,900	38,230	37,907	38,953
Sewer Customers	35,989	35,300	35,597	35,492	35,422

(1) Operating Expenses: excludes depreciation; includes all payments to the West Central Texas Municipal Water District and the Colorado River Municipal Water District.

Note: The City has no outstanding or authorized Waterworks and Sewer System Revenue Bonds, however, there will be general obligation debt outstanding (the 2001A and 2001B Certificates issued for Waterworks and Sewer Systems purposes on which annual debt services is to be provided from revenues of the System (see "Table 10 - Computation of Self-Supporting Debt"). It is the City's policy and intention to maintain rates and charges for water and sewer service that will provide Net Revenues of the system that will fully provide for debt service on general obligation debt issued for Waterworks and Sewer System purposes over the life of the Waterworks and Sewer System general obligation debt and any additional Waterworks and Sewer general obligation debt issued in the future. Monthly Water Rates were increased effective May 1, 2001 in implementation of this policy (see "The Waterworks and Sewer System: and "Table 16 - Monthly Water Rates", above).

FEDERAL/STATE FINANCIAL ASSISTANCE



CITY OF ABILENE



Davis, Kinard & Co., P.C.
Certified Public Accountants

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**The Honorable Mayor
Members of the City Council
City of Abilene, Texas:**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Abilene, Texas as of and for the year ended September 30, 2007, which collectively comprise the City of Abilene, Texas' basic financial statements and have issued our report thereon dated March 5, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the City of Abilene, Texas's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Abilene, Texas's financial statements that is more than inconsequential will not be prevented or detected by the City of Abilene, Texas's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs (Findings 2007-I) to be a significant deficiency in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Abilene, Texas's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We do not consider the significant deficiency described above to be a material weakness.

Compliance and Other Matters

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

The City of Abilene, Texas's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Abilene, Texas's response and, accordingly, we express no opinion on it.

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

Davis, Kinard & Co, P.C.

DAVIS, KINARD & CO., P.C.

Abilene, Texas,
March 5, 2008.



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Certified Public Accountants

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133 AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR**

The Honorable Mayor
Members of the City Council
City of Abilene, Texas:

Compliance

We have audited the compliance of the City of Abilene, Texas with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal and state programs for the year ended September 30, 2007. The City of Abilene, Texas' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the City of Abilene, Texas' management. Our responsibility is to express an opinion on the City of Abilene, Texas' compliance based on our audit.

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

In our opinion, the City of Abilene, Texas complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended September 30, 2007. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as Finding 2007-2.

Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2007-3 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control. We do not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

The City of Abilene, Texas's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Abilene, Texas's response and, accordingly, we express no opinion on it.

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

Davis, Kinard & Co., P.C.

DAVIS, KINARD & CO., P.C.

Abilene, Texas,
March 5, 2008.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended September 30, 2007

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Current Year GAAP Basis Grant Expenditures</u>	<u>Pass-Through To Subrecipients</u>
Federal Assistance:				
<u>Department of Housing and Urban Development:</u>				
Direct Programs:				
Community Planning and Development:				
Community Development Block Grant	14.218	B-06-MC-48-0001	\$ 1,393,217	\$ 22,820
Home Investment Partnership Program	14.239	M-06-MC-48-0210	586,967	
ED1 Grant	14.251	E-95-ED-48-0064	60,531	
			<u>2,040,715</u>	<u>22,820</u>
Total Department of Housing and Urban Development				
<u>Department of Transportation:</u>				
Direct Programs:				
Federal Transit Administration:				
Federal Transit - Formula Grants				
Capital Assistance	20.507	TX-03-0246	983,990	
Capital Assistance	20.507	TX-03-0263	115,999	
Capital Assistance	20.507	TX-03-0278	120,243	
Operating Assistance	20.507	TX-37-4029	99,911	
Operating Assistance	20.507	TX-37-4034	35,306	
Capital Assistance	20.507	TX-90-0619	88,000	
Planning Assistance	20.507	TX-90-2619	643	
Capital Assistance	20.507	TX-90-0647	5,838	
Planning Assistance	20.507	TX-90-2647	10,666	
Operating Assistance	20.507	TX-90-4647	196,162	
ADA Assistance	20.507	TX-90-8647	25,384	
Capital Assistance	20.507	TX-90-0726	83,480	
ADA Assistance	20.507	TX-90-8731	11,463	
Planning Assistance	20.507	TX-90-2731	4,926	
Capital Assistance	20.507	TX-90-0751	106,742	
Planning Assistance	20.507	TX-90-2751	66,047	
Operating Assistance	20.507	TX-90-4751	860,082	
ADA Assistance	20.507	TX-90-8751	121,032	
			<u>2,935,914</u>	
Federal Aviation Administration:				
Airport Improvement Program				
Abilene Municipal Airport	20.106	3-48-0002-26	750,998	
Abilene Municipal Airport	20.106	3-48-0002-27	284,512	
Abilene Municipal Airport	20.106	3-48-0002-28	46,209	
Abilene Municipal Airport	20.106	3-48-0002-29	2,316,537	
Abilene Municipal Airport	20.106	3-48-0002-30	1,607,839	
Abilene Municipal Airport	20.106	3-48-0002-31	1,403,557	
Abilene Municipal Airport	20.106	3-48-0002-32	334,451	
Abilene Municipal Airport	20.106	3-48-0002-33	1,697	
			<u>6,745,800</u>	
Office of the Secretary:				
Passed Through Texas Department of Transportation:				
Federal Transit - Formula Grants				
Public Transportation Fund	20.507	517-08-F7099	39,468	
Public Transportation Fund	20.507	517-08-F7041	399,544	
			<u>439,012</u>	
NHTSA - State and Community Highway Safety				
Selective Traffic Enforcement Project	20.600	587-XX-F6117	9,165	
FHWA - Highway Planning and Construction				
Abilene Urban Transportation Study	20.205	50-7XXF0013	158,628	
			<u>10,288,519</u>	
Total Department of Transportation				

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended September 30, 2007

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Current Year GAAP Basis Grant Expenditures</u>	<u>Pass-Through To Subrecipients</u>
Federal Assistance: (continued)				
<u>Department of Agriculture:</u>				
Passed Through Department of State Health Services:				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	7560004404B-2007-01	\$ 561,945	\$
Total Department of Agriculture			561,945	
<u>Department of Homeland Security:</u>				
Passed Through Governor's Division of Emergency Management:				
Homeland Security Grant Program:				
Emergency Management Performance Grant '06-07	97.042	07TX-EMPG-0841	54,229	
Citizens Corps Program	97.053	2005-CCP-1000	15,500	
State Homeland Security Program	97.073	2005-SHSP-1000	15,888	
State Homeland Security Program	97.073	2006-SHSP-1000	30,100	
Law Enforcement Terrorism Prevention Progr:	97.074	2005-LETPP-1000	93,882	
Law Enforcement Terrorism Prevention Progr:	97.074	2006-LETPP-1000	78,020	
Total Department of Homeland Security			287,619	
<u>US Environmental Protection Agency</u>				
Direct Program:				
Regional Water Supply Study	66.606	XP-96609301-0	298,837	
Total US Environmental Protection Agency			298,837	
<u>Institute of Museum and Library Services</u>				
State Library Program:				
Passed Through Texas State Library;				
Special Project-TANG '06-07	45.310	476-07011	67,323	
Special Project-TANG '07-08	45.310	476-08011	4,312	
Public Library Systems '06-07	45.310	470-07001	216,487	
Public Library Systems '07-08	45.310	470-08001	98,574	
Passed Through Interlibrary Cooperation:				
InterLibrary Loan '06-07	45.310	771-07037	83,868	
InterLibrary Loan '07-08	45.310	771-08001	9,295	
Total Institute of Museum and Library Services			479,859	
<u>Department of the Interior</u>				
Direct Programs:				
National Park Service:				
Preserve America Grant	15.904	48-06-PA-2034	61,513	
Total Department of the Interior			61,513	
<u>Department of Health and Human Services:</u>				
Direct Program:				
Health Resources and Services Administration:				
Health Care and Other Facilities Grant	93.887	2C76HF01348-02-00	232,486	
			232,486	

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 Year Ended September 30, 2007

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Current Year GAAP Basis Grant Expenditures</u>	<u>Pass-Through To Subrecipients</u>
Federal Assistance: (continued)				
<u>Department of Health and Human Services: (continued)</u>				
Passed Through Department of State Health Services:				
CDC - Centers for Disease Control and Prevention				
Investigations and Technical Assistance:				
OPHP - Bioterrorism '06	93.283	7560004404-2006-05	\$ 246,213	\$
OPHP - Bioterrorism '08	93.283	7560004404-2008-05	8,310	
			<u>254,523</u>	
Passed Through Department of State Health Services:				
ACF - Refugee and Entrant Assistance - State Admn Programs:				
Refugee Health Screening Program '06	93.566	7560004404-2006-06	3,231	
Refugee Health Screening Program '07	93.566	7560004404-2007-06	127,552	
			<u>130,783</u>	
Passed Through Department of State Health Services:				
DSHS - Immunization - State Admn Program				
Immunization '07	93.268	7560004404-2007-04	60,733	
Immunization '08	93.268	7560004404-2008-04	2,858	
			<u>63,591</u>	
Passed Through Department of State Health Services:				
DSHS - RLSS/LPHS - State Admn Program				
RLSS/LPHS '07	93.991	2007-024515-001	37,677	
RLSS/LPHS '08	93.991	2008-024515-001	3,912	
			<u>41,589</u>	
Passed Through West Central Texas Council				
of Governments:				
Administration on Aging:				
Nutrition Service Incentive Program	93.053	C1&2-2005-007-04	21,539	
Special Programs for the Aging - Title III, Part C-Nutrition Services				
Congregate Meals	93.045	C1&2-2004-007-04	92,728	
Home Delivered Meals	93.045	C1&2-2004-007-04	9,671	
			<u>102,399</u>	
			<u>846,910</u>	
Total Department of Health and Human Services				
<u>Department of Justice:</u>				
Office of Juvenile Justice and Delinquency Prevention:				
National Childrens Alliance	16.543	189-PS06	6,706	
National Childrens Alliance	16.543	ABIL-TX-PS07	4,674	
			<u>11,380</u>	
Direct Program:				
Office of Justice Programs:				
Bulletproof Vest Partnership Program	16.607	2006-TX-19	4,959	
			<u>4,959</u>	
Office of Community Oriented Policing Services:				
COPS Technology Grant	16.710	2004-CK-WX-0254	1,063,871	
			<u>1,063,871</u>	
Bureau of Justice Assistance:				
Edward Bryne Justice Assistance Grant	16.738	2005-DJ-BX-1255	15,099	2,781
Edward Bryne Justice Assistance Grant	16.738	2006-DJ-BX-0359	15,740	15,041
			<u>30,839</u>	<u>17,822</u>
Total Department of Justice				
			<u>1,111,049</u>	<u>17,822</u>
Total Federal Awards				
			<u>15,976,966</u>	<u>40,642</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended September 30, 2007

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Current Year GAAP Basis Grant Expenditures</u>	<u>Pass-Through To Subrecipients</u>
State Assistance:				
<u>Texas Comptroller of Public Accounts:</u>				
Law Enforcement Officer Standards and Education	N/A	17560004404-023	\$ 390	\$
Law Enforcement Officer Standards and Education	N/A	17560004404-025	17,321	
Law Enforcement Officer Standards and Education	N/A	17560004404-026	882	
Law Enforcement Officer Standards and Education	N/A	17560004404-027	189	
			<u>18,782</u>	<u></u>
<u>Texas State Library and Archives Commission:</u>				
Public Library Services:				
Lone Star Grant	N/A	442-07002	11,360	
Humanities Texas	N/A	2007-3406	865	
Gates "Staying Connected"	N/A	431-07001	5,290	
Public Library Systems '06-07	N/A	470-07001	54,122	
Public Library Systems '07-08	N/A	470-08001	24,644	
			<u>96,281</u>	<u></u>
<u>Department of State Health Services:</u>				
Primary Care '07	N/A	7560004404-2007-	215,056	
Primary Care '08	N/A	7560004404-2008-02	6,202	
Immunization Program '07	N/A	7560004404-2007-01	87,396	
Immunization Program '08	N/A	7560004404-2008-01	4,112	
Local Public Health Service '07	N/A	7560004404-2007-01	110,670	
Local Public Health Service '08	N/A	7560004404-2008-01	11,492	
			<u>434,928</u>	<u></u>
<u>Children's Advocacy Centers of Texas:</u>				
Passed Through Abilene/Taylor County Child Advocacy Center:				
Childs Advocacy Center '07	N/A	2007-29	38,579	
Childs Advocacy Center '08	N/A	2008-29	3,587	
			<u>42,166</u>	<u></u>
<u>Texas Commission on Environmental Quality</u>				
Passed Through West Central Texas Council of Governments:				
Environmental Officer	N/A	07-07-G01	32,606	
			<u>32,606</u>	<u></u>
Total State Awards			<u>624,763</u>	<u></u>
Total Federal and State Awards			<u>\$ 16,601,729</u>	<u>\$ 40,642</u>

CITY OF ABILENE, TEXAS

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AND STATE AWARDS

For the Year Ended September 30, 2007

NOTE 1: SUMMARY OF ACCOUNTING POLICIES

The City utilizes the General Fund, Special Revenue Funds, Capital Projects Funds, and Enterprise Funds to account and report for federal and state awards. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

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

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. Fund equity (i.e., net assets) is segregated into restricted and unrestricted net asset components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net assets.

Governmental funds in the fund financial statements are accounted for using the modified accrual basis of accounting. Expenditures are recognized when the related fund liability is incurred. Grant revenues in the special revenue funds are recognized at the time expenditures are incurred in a particular grant, in an amount proportionate to the percentage of federal participation in the expenditures incurred. Cash received from the grantor agencies is treated as deferred revenue until the time it is "earned" or "applied" as revenue. Revenues in the general fund are recognized at the time they become available and measurable.

Proprietary fund revenues and expenses are recognized on the accrual basis. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred, if measurable. The City applies only those Financial Accounting Standards Board (FASB) pronouncements issued prior to November 30, 1989 in the accounting and reporting of its proprietary funds.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and accordingly, when such funds are received; they are recorded as deferred revenues until earned. Indirect costs of the grants are recorded as grant expenditures in the schedule of expenditures of federal and state awards. Grant expenditures are reduced by program income. The Community Development Block Grant expenditures are reduced by \$6,225 of program income, and the Home Investment Partnership grant expenditures are reduced by \$7,799 of program income.

The period of availability for federal grant funds, for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, is in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Supplement.

Amounts reported in the schedule of expenditures of federal and state awards may not agree with the amounts reported in the related federal financial reports filed with grantor agencies because of accruals which would be included in the next report filed with the agencies.

CITY OF ABILENE, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2007

A. Summary of Auditor's Results

Type of Report on Financial Statements	Unqualified Opinion
Significant Deficiencies	Yes- See Finding 2007-1 and 2007-3
Material Weaknesses Involving Significant Deficiencies	None
Noncompliance Material to the Financial Statements	None
Type of Report on Compliance with Major Programs	Unqualified Opinion
Findings and Questioned Costs for Federal or State Awards As Defined in Section .510(a), OMB Circular A-133 or the State of Texas Single Audit Circular	Yes- See Finding 2007-2
Dollar Threshold Considered Between Type A and Type B Federal and State programs, respectively	\$479,160 and \$300,000
Low Risk Auditee Statements	The City was classified as a low-risk auditee in the context of OMB Circular A-133
<u>Major Federal Programs:</u>	
Grantor Agency:	Department of Housing and Urban Development
Program:	Community Development Block Grant
Grant No.	B-06-MC-48-0001
CFDA No.	14.218
Grantor Agency:	Department of Transportation
Program:	Federal Transit Administration
Grant No.	Formula Grants
CFDA No.	TX-03-0246, 0263, 0278, TX-37-4029, 4034, TX-90-0619, 2619, 0647, 2647, 4647, 8647, 0726, 8731, 2731, 0751, 2751, 4751, 8751 20.507
Grantor Agency:	US Environmental Protection Agency
Program:	Regional Water Supply Study
Grant No.	XP-96609301-0
CFDA No.	66.606
Grantor Agency:	Department of Health and Human Services
Pass through Agency:	Department of State Health Services: CDC- Centers for Disease Control and Prevention
Program:	OPHP-Bioterrorism '06 and '08
Grant No.	7560004404-2006-05, 7560004404-2008-05
CFDA No.	93.283
<u>Major State Programs:</u>	
Grantor Agency:	Department of State Health Services
Program:	Primary Care '07 and '08, Immunization Program '07 and '08, Local Public Health Service '07 and '08
Grant No.	7560004404-2007, 2008-02, 2007-01, 2008-01

CITY OF ABILENE, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - continued

Year Ended September 30, 2007

B. Findings Required to be Reported in Accordance with *Government Auditing Standards*

2007-1 Parts Inventory

Condition: Based on internal control reviews and inquiries, the City of Abilene, Texas' internal controls over parts inventories are not sufficient to prevent or detect a misstatement in the inventory amounts reported to the accounting department.

Criteria: Inventory and supplies should be reasonably safeguarded to protect them from loss. Procedures should be in place to monitor and control inventories that would prevent employees from taking inventory without any receipts or other tracking devices.

Effect: During our observation of physical inventory, we noted that much of the City's inventory is stored in warehouses left unlocked and unguarded during the day. As a result, theft of parts inventory could occur without being detected.

Recommendation: We recommend that doors to warehouses be kept locked, and that specified employees be assigned responsibility for seeing that entry is not gained or inventory removed from the warehouse without proper authorization such as a signed pass, requisition, or work order. Electronic surveillance devices that can be used include video cameras to be monitored by a guard at a remote control station, electronic key pads, or access cards keyed to scanners on warehouse doors.

Management's Response: There are discrepancies between the Fleet Management software and the physical operation of stocking and dispensing parts. The software needs to be replaced and will be when we look at the Financial/HR system. Currently when parts personnel are away from the Parts Room, mechanics are allowed to retrieve the part necessary for them to complete the repair on the unit rather than delaying getting the unit back in service. To add personnel to monitor and reconcile the physical count versus the \$5,000 annual shrinkage would not be cost effective. An option of outsourcing the parts operation to an outside parts vendor who could run the parts operation on-site is currently being evaluated.

C. Findings and Questioned Costs for Federal Awards Required to be Reported Under OMB Circular A-133

**Finding #2007-2 Transit Department- Compliance
CFDA 20.507 Federal Transit Administration: Federal Transit- Formula Grants**

Condition: Single audit procedures revealed that the required regulatory financial reporting to FTA was not being performed on a timely basis. Transit Department personnel could not provide documentation that the Financial Status Reports (FSRs) had been filed for the fiscal year ending 9/30/2007.

Criteria: The Federal Transit Administration requires that FSRs be submitted for each calendar quarter, normally due within 30 days after quarter end.

Effect: Transit Department is not in compliance with the reporting compliance requirements of the Transit grants.

Recommendation: We recommend that procedures be put into place to ensure that all reports required for compliance with grantor agencies are completed and filed in a timely manner.

Management's Response: The management and staff of McDonald Transit were not filing the required quarterly Financial Status Reports (FSRs). Finance staff has taken over this reporting requirement.

CITY OF ABILENE, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - continued

Year Ended September 30, 2007

C. Findings and Questioned Costs for Federal Awards Required to be Reported Under OMB Circular A-133 (cont'd)

**Finding #2007-3 Transit Department – Internal Control over Compliance
CFDA 20.507 Federal Transit Administration: Federal Transit- Formula Grants**

Condition: Based on compliance testing and inquiry of various City personnel, the City of Abilene, Texas' internal controls over compliance requirements for the Transit Grants do not appear adequate to prevent or detect noncompliance with grant compliance requirements on a timely basis.

Criteria: The City should have internal controls over compliance requirements in order to prevent or detect noncompliance with grant compliance requirements on a timely basis.

Effect: The City does not have controls in place to ensure compliance with reporting requirements of the Transit grants.

Recommendation: We recommend that the City design, and put into place, controls over reporting compliance requirements to ensure compliance requirements will be met. We recommend that personnel responsible for grant compliance requirements obtain proper training in this area. The importance of complying with and understanding the compliance requirements for all grants should be emphasized to personnel responsible for grant compliance. We further recommend that a periodic monitoring review of compliance for decentralized grants be conducted by Finance personnel.

Management's Response: The management and staff of McDonald Transit will take advantage of the Federal Transit Administration (FTA) sponsored grant training. Finance personnel will perform periodic review, as well as training, for additional personnel on procedures and compliance requirements. Finance Department personnel have also assumed responsibility for filing the federal reimbursements for the Transit grants.

CITY OF ABILENE, TEXAS

RESOLUTION OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2007

N/A – There were no prior year findings relative to federal awards.

