

Town of Addison, Texas
Comprehensive Annual Financial Report

For the Year Ended September 30, 2017

City Council

Expiration of Term

Joe Chow, Mayor	May 2019
Ivan Hughes, Mayor Pro Tempore	May 2019
Jim Duffy, Deputy Mayor Pro Tempore	May 2018
Al Angell, Council Member	May 2018
Tom Braun, Council Member	May 2019
Paul Walden, Council Member	May 2018
Lori Ward, Council Member	May 2019

City Manager

Wesley S. Pierson

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**Prepared by the
Department of Finance**

Olivia Riley, CPA, CGMA, CFO
Amanda Turner, CPA, Controller
Charles Williams, Accounting Manager
Ashley Boatright, Accounting Supervisor
Lauren Arnold, Senior Accountant
Karen Hollingsworth, Senior Accountant
Terri Doby, Budget Manager



Town of Addison, Texas
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2017

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February 15, 2018

Honorable Mayor and Members of the City Council
Town of Addison, Texas

I am pleased to submit the Comprehensive Annual Financial Report of the Town of Addison, Texas for the fiscal year ended September 30, 2017. The purpose of the report is to provide the City Council, management, staff, the public, and other interested parties with detailed information reflecting the Town's financial condition.

THE REPORT

This report satisfies §103.001 of the Texas Local Government Code requiring annual audits of all municipalities and was conducted in accordance with Section 2.15 of the Charter of the Town of Addison. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. We believe the data is accurate in all material respects and is presented in a manner that fairly sets forth the financial position of the Town. We also believe all disclosures necessary to enable the reader to gain an understanding of the Town's financial affairs have been included. To provide a reasonable basis for making these representations, management of the Town of Addison has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of Addison's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the Town of Addison's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Comprehensive Annual Financial Report (CAFR) is organized into major *Introductory, Financial, and Statistical Sections*. The *Introductory Section* provides general information on the government's structure and personnel as well as information useful in assessing the government's financial condition.

The *Financial Section* contains the opinion of the Town's independent auditor. The Town of Addison's financial statements have been audited by **BKD, LLP**, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Addison for the fiscal year ended September 30, 2017 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Addison's financial statements for the fiscal year ended September 30, 2017 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Also included in the *Financial Section* is management's discussion and analysis (MD&A) that provides users of the basic financial statements a narrative introduction, overview, and analysis of those statements. The basic financial statements, including the accompanying notes, represent the core of the financial section. These financial statements present the financial condition of the Town of Addison as a single entity, as well as the individual funds that account for the Town's various governmental and business-type activities.

The report concludes with the *Statistical Section*, which, through the use of tables, presents comparative economic and financial data to give users of the report a perspective of the Town's performance over a number of years.

THE REPORTING ENTITY

The Town of Addison is located in the Dallas North Parkway area, which has been referred to as the "platinum corridor" of the Dallas Metroplex. The area, which developed rapidly over the past three decades, is home to affluent neighborhoods, hundreds of million-dollar companies, scores of quality restaurants, and two spacious malls. At 4.4 square miles, Addison is the smallest, yet most densely developed, of the various suburbs located in the area. Although it has just over 16,000 residents, the Town has developed into a cosmopolitan center which serves well over 125,000 business persons, shoppers, and visitors daily.



The Town was incorporated in 1953 and is operating under a Charter adopted in 1978 and last amended November 2010. Under the amended Charter, the Council is comprised of a mayor and six council members who enact local legislation, determine policies, and adopt the Town's budget. The mayor and council members are elected for two-year terms with the mayor and three council members being elected each odd-numbered year and the remaining three council members elected each even-numbered year. The City Manager is appointed by the City Council and is responsible to them for the proper administration of the affairs of the Town.

The Town provides a full range of municipal services including general government, public safety (police and fire), streets, parks and recreation, planning and zoning, code enforcement, stormwater and water and sewer utilities. Sanitation collection services are provided through private contractors; non-residential customers contract with the collection firm of their choice while single-family residential customers contract through the Town with sanitation fees added to their municipal utility bills.

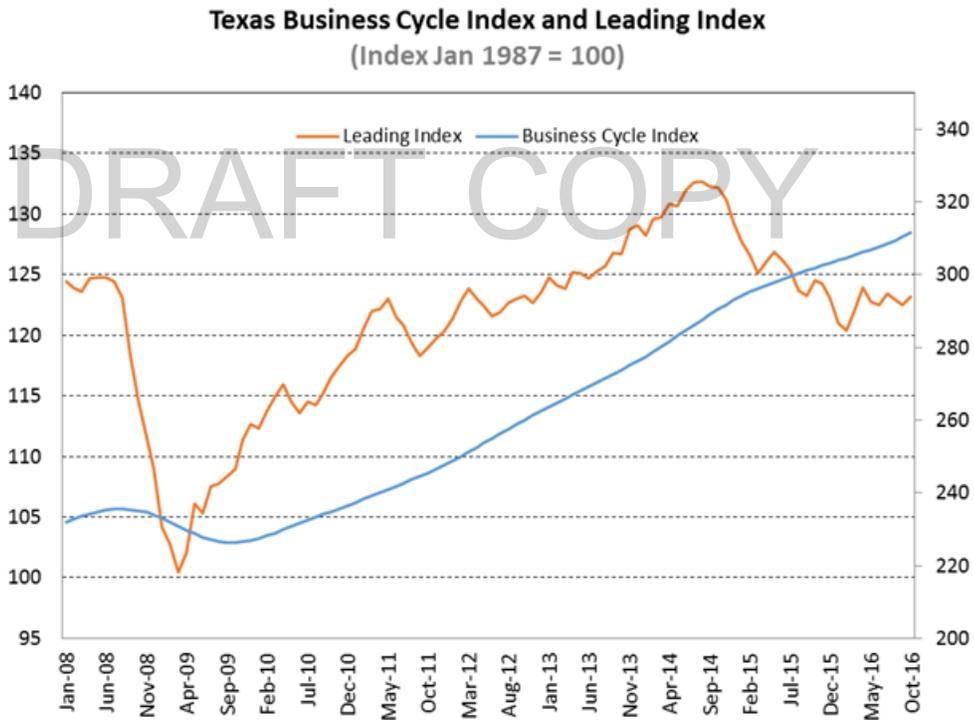
The annual budget of the Town of Addison serves as the foundation for the Town’s financial planning and control. The budget is prepared by the City Manager and adopted by the City Council in accordance with policies and procedures established by the Town Charter and council ordinances. The appropriated budget is prepared and presented by fund, department (e.g. police) or function (e.g. debt service), and major cost category (e.g. personal services). All expenses of the Town are made in accordance with the adopted annual budget. The department level is the legal level of control enacted by the Town Charter. Budgetary control is maintained at the individual expenditure account level by the review of all requisitions of estimated purchase amounts prior to the release of purchase orders to vendors. Transfers between expenditure accounts in one department may occur with the approval of the Chief Financial Officer. Transfers between operating departments may occur with the approval of the City Manager and Chief Financial Officer provided that a department's total budget is not changed by more than five percent. Transfers between funds or transfers between departments that change a department's total budget by more than five percent must be accomplished by budget amendment approved by the City Council. Budget amendments calling for new fund appropriations must also be approved by the City Council.

Budget-to-actual comparisons are provided in this report for each major fund for which an appropriated annual budget has been adopted. For the non-major governmental funds with appropriated annual budgets, this comparison is presented in the combining and individual fund financial statements section of this report.

FACTORS AFFECTING FINANCIAL CONDITION

Status of Local Economy

With its concentration of commercial and retail development, the Town of Addison’s economy is strongly influenced by the region’s economic climate. According to reports issued by the Federal Reserve Bank of Dallas, the Leading Index indicators are declining however the Business Cycle Index remains strong. This trend bodes well for the continued economic strength of the Town.



The United States unemployment rate continues to decline, with Texas faring better than the nation as a whole. Texas began fiscal year 2017 at 4.6% unemployment, reached as low as 3.5%, and ended the year at 4.0%, just below the U.S. rate of 4.7%.

Addison is densely developed with nearly 11 million square feet of office space distributed among 115 office buildings, much attention is given to the occupancy rates of buildings in Addison. At the end of September 2017, Addison's occupancy rate stood at 85.8 percent compared with the 86.4 percent recorded a year earlier. Addison's occupancy rate is 0.3 percent lower than the 86.1 percent average for all of the Dallas/Ft. Worth Area. (Source: CoStar Group)

The Town experienced a 6.5 percent increase in taxable property values for the 2017 certified levy compared to a 6.5 percent increase for the 2016 certified levy.

For the 2017 fiscal year, General Fund revenues of \$39.8 million represented an increase from \$34.2 million in fiscal year 2016. The property tax levy produced 37% of the total revenue available to the Town's General Fund for this year, while the sales tax revenue category produced 35%. The Town's sales tax receipts increased 9.4 percent from fiscal year 2016. General Fund expenditures and transfers for the 2017 fiscal year totaled \$36.3 million. The General Fund ending fund balance increased by \$3 million to \$16.4 million, with an ending fund balance of 50% of General Fund operating expenditures. The primary reason for the increase was due to an increased property tax levy.

Long-Term Financial Planning

Users of this document as well as others interested in the programs and services offered by the Town of Addison are encouraged to read the Town's 2016-17 Annual Budget. The document details the Town's long-term goals and financial policies, describes program accomplishments and initiatives, and outlines the Town's capital improvement program. The Town's Annual Budget also includes long-term financial plans for the major operating funds that forecast revenues and expenditures over a five-year horizon. The plans are driven by financial policies adopted by the City Council that are designed to protect the Town's financial integrity. The policies include establishing significant fund balances, or reserves, to protect the Town from the boom/bust economic cycle common to the state and the region. The budget document can be obtained from the Town of Addison's Financial and Strategic Services Department by calling (972) 450-7051. The Annual Budget can also be accessed through the department's web site at:

<http://addisontexas.net/index.php?section=finance-department> Addison-budget

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the Town of Addison, Texas for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2016. The *Certificate*, which is reproduced herein, is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a *Certificate of Achievement*, a government unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. The document must satisfy both generally accepted accounting principles and applicable legal requirements. A *Certificate of Achievement* is valid for a period of one year only. The Town of Addison has received a *Certificate* for the last 41 consecutive years. We believe our current report continues to conform to the *Certificate of Achievement* program requirements, and we are submitting it to GFOA for consideration.

In addition to the *Certificate*, the Town received GFOA's *Award for Distinguished Budget Presentation* for its fiscal year 2017 annual budget document. In order to qualify for the *Award*, the Town's budget document was judged to be proficient or exceptional in several categories including policy documentation, financial planning, and operations guide. The Town has received the *Award* for 30 consecutive years. Together, the *Award* and the *Certificate* are evidence of the Finance Department's dedication to producing documents that effectively communicate the Town's financial condition to elected officials, city administrators, and the general public.

I wish to thank all members of the Finance Department who assisted in preparing and assembling the information presented in this report. I also acknowledge our auditors, **BKD, LLP**, and the assistance they provided in meeting the deadlines established for publication of the document. I am grateful for the support provided by the City Council, and affirm our pledge to be a resource to help them achieve the goals they have established for the Addison community.

Respectfully submitted,

Wesley S. Pierson
City Manager

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

Town of Addison

Texas

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For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

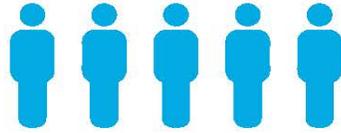
September 30, 2016

Christopher P. Morill

Executive Director/CEO



ADDISON CITIZENS



MAYOR & CITY COUNCIL

- City Attorney
- City Prosecutor
- City Judge
- City Secretary
- Board/Commissions

CITY MANAGER

- Fire
- Police
- Human Resources

DEPUTY CITY MANAGER

- Infrastructure & Development Services
- Airport
- Parks & Recreation
- Economic Development & Tourism
- Volunteer Services

DEPUTY CITY MANAGER

- Finance
- Municipal Court
- General Services & Events
- Marketing & Communication

EXECUTIVE DIRECTOR OF BUSINESS PERFORMANCE & INNOVATION

- Information Technology

STAFF ORGANIZATION

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**Town of Addison
LIST OF PRINCIPAL OFFICIALS
September 30, 2017**

Town Hall
(972) 450-7000
Fax (972) 450-7043

Elected Officials

Mayor	Joe Chow	(972) 450-7000
Mayor Pro Tempore	Ivan Hughes	(972) 450-7000
Deputy Mayor Pro Tempore	Jim Duffy	(972) 450-7000
Council Member	Al Angell	(972) 450-7000
Council Member	Tom Braun	(972) 450-7000
Council Member	Paul Walden	(972) 450-7000
Council Member	Lori Ward	(972) 450-7000

Town Management

City Manager	Wesley Pierson	(972) 450-7037
Deputy City Manager	Cheryl Delaney	(972) 450-7036
Deputy City Manager	Ashley Mitchell	(972) 450-7010
Interim City Secretary	Christie Wilson	(972) 450-7017
Director of Airport Administration	Joel Jenkinson	(972) 392-4855
Director of Economic Development & Tourism	Orlando Campos	(972) 450-7034
Chief Financial Officer	Olivia Riley	(972) 450-7050
Fire Chief	David Jones	(972) 450-7206
Director of General Services & Events	Mark Acevedo	(972) 450-2848
Director of Human Resources	Passion Hayes	(972) 450-2819
Director of Information Technology	Hamid Khaleghipour	(972) 450-2868
Director of Infrastructure and Development Svcs	Lisa Pyles	(972) 450-2878
Director of Parks and Recreation	Michael Kashuba	(972) 450-2831
Police Chief	Paul Spencer	(972) 450-7167
Director of Public Communications	Mary Rosenbleeth	(972) 450-7032



Independent Auditor's Report

The Honorable Mayor and
Members of the Town Council
Town of Addison, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Addison, Texas, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the North Dallas County Water Supply Corporation, a joint venture between the Town of Addison and the City of Farmers Branch, which statements reflect total net position of \$12,081,428 of which 55% (6,644,785) is recorded in the statement of net position and represents 5.8% of the business-type activities total assets. The financial statements of the North Dallas County Water Supply Corporation were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included as equity in joint venture, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Addison, Texas, as of September 30, 2017, and the respective changes in financial position and where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other post-employment benefits information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying combining and individual fund financial statements and schedules and introductory and statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Honorable Mayor and
Members of the Town Council
Town of Addison, Texas
Page 11

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

BKD, LLP

Dallas, Texas
February 15, 2018

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MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)

As management of the Town of Addison, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Town of Addison for the fiscal year ended September 30, 2017. Readers are encouraged to read this narrative in conjunction with the transmittal letter at the front of this report and the Town’s financial statements, which follow this section. **All amounts reported in this MD&A, unless otherwise indicated, are expressed in thousands of dollars (000's).**

Financial Highlights

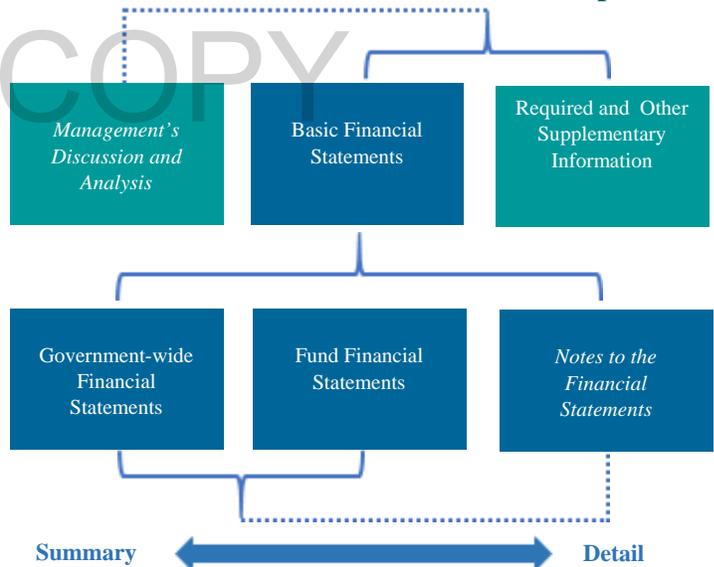
- The Town’s assets and deferred outflows exceeded its liabilities and deferred inflows of resources at the close of the 2017 fiscal year by \$247,410. This amount represents an increase over the previous year of \$25,643. The increase is primarily the result of payments of debt principal and prepaid expenses that will be recognized in future periods.
- As of September 30, 2017, the Town’s governmental funds reported combined ending fund balances of \$52,395, an increase of \$255. The majority of the increase is due to the net excess from proceeds received from the sale of property and additional capital project expenditures.
- At the end of the 2017 fiscal year, the fund balance for the General Fund was \$16,368, or 49.7 percent of total fund expenditures. Fund balance increased \$3,477 during the year.
- At year-end, the Town of Addison’s outstanding long-term liabilities totals \$106,748, a decrease of \$28,184 from the previous year, which is attributed to the decrease in net pension liability and the scheduled retirement of existing debt during the year.

Overview of Financial Statements

This annual report is comprised of four segments as dictated by generally accepted accounting principles (GAAP): *management’s discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and *other supplementary information*. The basic financial statements include two kinds of statements that present different views of the Town.

- The *government-wide financial statements* provide both long-term and short-term information about the Town’s overall financial status.
- The fund financial statements focus on individual parts of Addison’s government, reporting the Town’s operations in more detail than the government-wide statements.
 - The *governmental funds statements* explain how general government services such as public safety were financed in the short-term, as well as what remains for future spending.
 - *Proprietary fund statements* offer short-term and long-term financial information about the activities the government operates as business-like, such as the airport.

**Illustration A-1 Required Components of
Town of Addison’s Annual Financial Report**



The financial statements also include *notes*, which elaborate on some of the information in the financial statements, providing more detailed data. These financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Illustration A-1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included other information such as the Town’s statistical section, which, through the use of tables, presents comparative economic and financial data to give users of this report a perspective of the Town’s financial performance over a number of years.

Illustration A-2 summarizes the major features of the Town’s financial statements. The remainder of this overview section of the management’s discussion and analysis explains the structure and contents of each of the statements.

Illustration A-2			
Major Features of Town of Addison’s Government-wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire Town government	Activities of the Town that are not proprietary, such as police, fire, and parks	Activities the Town operates similar to a private-sector business: airport, water/sewer utility, and storm water
Required financial statements	<ul style="list-style-type: none"> * Statement of net position * Statement of activities 	<ul style="list-style-type: none"> * Balance Sheet * Statement of revenues, expenditures, and changes in fund balances * Budget and actual 	<ul style="list-style-type: none"> * Statement of net position * Statement of revenues, expenses, and changes in net position * Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, short-term and long-term
Type of inflow/outflow information	All Revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Addison's finances in a manner similar to a private-sector business. These statements can be located on pages 21-22 of this document.

- The *statement of net position* presents information on all of the Town's asset, liabilities, and deferred inflows and outflows, with the difference reported as *net position*. Over time, increases or decreases in net position **may** indicate the improvement or deterioration of the Town's financial position.
- The *statement of activities* presents information showing the Town's change in net position during the concluded fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The government-wide financial statements of the Town are divided into two categories:

- *Governmental activities* – These are functions such as fire, police, and other services that are principally supported by taxes and intergovernmental revenue.
- *Business-type activities* – These functions are intended to recover all or a significant portion of their costs through user fees and charges. The Town's airport, utility system and storm water system fall within this category.

Fund Financial Statements

A *fund* is a grouping of related accounts used to maintain control over resources which have been segregated for specific activities or objectives. The Town of Addison, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as *governmental activities*. However, unlike the government-wide financial statements, governmental fund financial statements focus on **short-term** inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements.

The focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the **long-term impact** of the government's **short-term financing** decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental *funds* and governmental *activities*.

The Town of Addison maintains 11 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all these funds, with the exception of the Economic Development Fund, Municipal Court Fund, Public Safety Fund, Advanced Funding Grant Fund, Reimbursement Grant Fund and PEG Fees Fund, which are considered non-major funds and are combined into a single, aggregated presentation. Individual fund data for each of these non-major funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for almost all its governmental funds. A budgetary comparison statement is provided for each fund to demonstrate compliance with this budget except for the Capital Projects and Reimbursement Grant Funds.

Proprietary Funds – Services for which the Town charges customers a fee are generally reported in the proprietary funds. Proprietary funds provide the same type of information as the government-wide statements, only in more detail. The Town of Addison maintains two different types of proprietary funds.

- *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its general aviation airport, storm water (drainage), and its utility (water and sewer) system.
- *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds to account for its fleet of vehicles and its technological information systems. Both of these services predominantly benefit governmental rather than business-type functions hence they have been included within *governmental activities* in the government-wide financial statements.

The proprietary fund financial statements provide separate information for Addison's airport, utility system, and storm drainage system, all of which are considered to be major funds of the Town of Addison. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-66 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Addison's funding of its obligations to provide pension benefits to Town employees through the Texas Municipal Retirement System(TMRS) and to provide other postemployment benefits to Town employees upon retirement.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented on pages 70-81.

Government-wide Financial Analysis

As of the close of the 2017 fiscal year, the Town's net position (assets and deferred outflows exceeding liabilities and deferred inflows) totaled \$247,410 (see Table A-1). Of this amount \$190,286, or 77 percent, represents the Town's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. The Town of Addison uses these capital assets to provide services to the community, these assets are not available for future spending. A portion of net position has been restricted for the Town's long-term general obligation debt (\$500), promotion of tourism and hotel industry (\$4,334) and other restrictions (\$509). The remaining amount of net position is labeled as unrestricted and totals \$51,781. This amount is available to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Addison is able to report positive balances in these three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

**Table A-1
Town of Addison's Net Position (000's)**

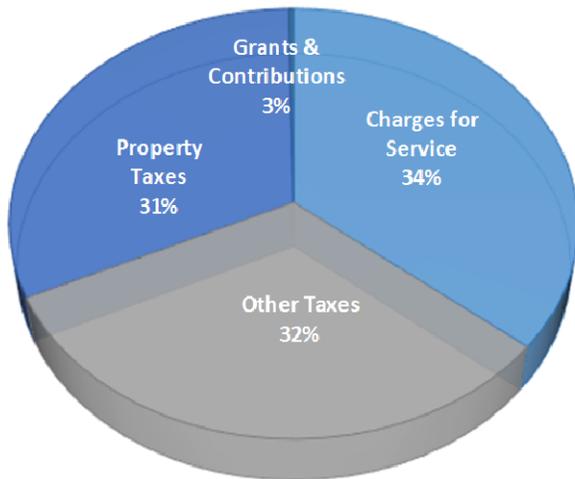
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets:						
Current and Other Assets	\$ 64,631	\$ 65,772	\$ 33,059	\$ 33,823	\$ 97,690	\$ 99,595
Capital Assets	174,367	172,235	80,557	83,263	254,924	255,498
Total Assets	238,998	238,007	113,616	117,086	352,614	355,093
Deferred Outflows of Resources:						
Deferred Charges	1,583	1,714	435	469	2,018	2,183
Def Outflows of Pensions-Contributions	1,539	1,376	97	85	1,636	1,461
Def Outflows of Pensions-Difference in Earnings	4,849	6,537	283	404	5,132	6,941
Def Outflows of Pensions-Assumption Changes	235	337	14	21	249	358
Total Deferred Outflows of Resources	8,206	9,964	829	979	9,035	10,943
Liabilities:						
Long-Term Liabilities Outstanding	82,270	107,613	24,478	27,318	106,748	134,931
Other Liabilities	4,140	4,628	2,332	3,204	6,472	7,832
Total Liabilities	86,410	112,241	26,810	30,522	113,220	142,763
Deferred Inflows of Resources:						
Deferred Inflows of Pensions	966	1,420	53	86	1,019	1,506
Total Deferred Inflows of Pensions	966	1,420	53	86	1,019	1,506
Net Position:						
Net Investment in Capital Assets	124,923	122,080	65,363	62,547	190,286	184,627
Restricted :						
Debt Service	500	661	-	-	500	661
Tourism/Hotel	4,334	3,870	-	-	4,334	3,870
Child Safety	87	98	-	-	87	98
Justice Administration	22	31	-	-	22	31
Court Technology	75	86	-	-	75	86
Building Security	54	64	-	-	54	64
Public Safety	33	34	-	-	33	34
Court Security	47	28	-	-	47	28
Other Purposes	191	327	-	-	191	327
Unrestricted	29,562	7,031	22,219	24,910	51,781	31,941
Total Net Position	\$ 159,828	\$ 134,310	\$ 87,582	\$ 87,457	\$ 247,410	\$ 221,767

As reflected in Table A-2, the Town's net position increased \$25,643 during the 2017 fiscal year.

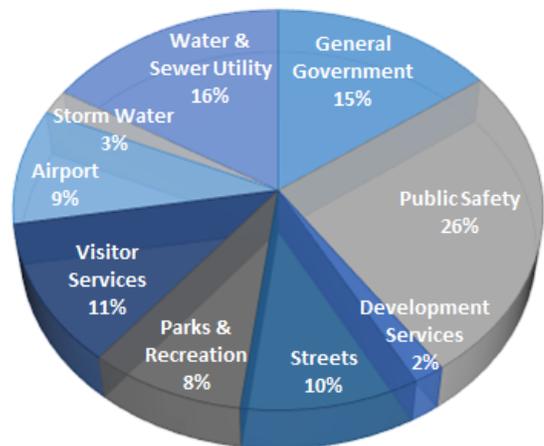
**Table A-2
Town of Addison's Changes in Net Position (000's)**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for Services	\$ 6,878	\$ 6,581	\$ 18,497	\$ 17,848	\$ 25,375	\$ 24,429
Capital Grants & Contributions	-	149	148	2,131	148	2,280
Operating Grants & Contributions	51	27	50	129	101	156
General Revenues:						
Property Taxes	23,572	22,593	-	-	23,572	22,593
Other Taxes	23,788	23,054	-	-	23,788	23,054
Other	4,211	898	228	288	4,439	1,186
Total Revenues	58,500	53,302	18,923	20,396	77,423	73,698
Expenses:						
General Government	7,184	10,015	-	-	7,184	10,015
Public Safety	7,022	17,529	-	-	7,022	17,529
Development Services	101	1,278	-	-	101	1,278
Streets	6,661	6,568	-	-	6,661	6,568
Parks & Recreation	4,260	5,796	-	-	4,260	5,796
Visitor Services	6,839	7,537	-	-	6,839	7,537
Interest and Fiscal Charges on Long-Term Debt	1,714	2,417	-	-	1,714	2,417
Airport	-	-	6,509	6,455	6,509	6,455
Storm water	-	-	1,408	2,092	1,408	2,092
Water & Sewer Utility	-	-	10,081	10,822	10,081	10,822
Total Expenses	33,781	51,140	17,998	19,369	51,779	70,509
Increase (decrease) in net position	24,718	2,162	925	1,027	25,643	3,189
Transfers	800	-	(800)	-	-	-
Change in Net Position	25,518	2,162	125	1,027	25,643	3,189
Net Position - Beginning	134,310	132,148	87,457	86,430	221,767	218,578
Net Position - Ending	\$ 159,828	\$ 134,310	\$ 87,582	\$ 87,457	\$ 247,410	\$ 221,767

**Illustration A-3
Total Sources of Revenue**



**Illustration A-4
Total Expenses by Activity**



Governmental Activities

Governmental activities increased the Town of Addison's net position by \$25,518 primarily due to a \$3.2 million sale of town property and a \$20.0 million decrease to pension expense as a result of a change in actuarial assumptions related to the treatment of Ad Hoc COLA which are no longer considered recurring for future pension obligations.

Business-Type Activities

The Town's business-type activities experienced a \$125 increase in net position with the Airport Fund recording a decrease of \$920, while the Utility Fund posted an increase of \$292, and the Storm Water Fund an increase of \$754.

Financial Analysis of the Government Funds

Governmental funds – The focus of the Town of Addison's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending following the end of the fiscal year.

As of September 30, 2017, the Town's governmental funds reported combined ending fund balances of \$52,395, an increase of \$255 compared to balances a year earlier. Of the ending balance, \$15,879 or 30 percent is *unassigned* and is available to the Town for future spending. Most of the remaining fund balance is *restricted* for future capital projects (\$21,834), promotion of tourism and hotel industry (\$4,331), debt service (\$371) or *committed* for Economic Development (\$1,257) and Capital Projects (\$7,688). Components of the net increase of total fund balance are:

- In the General Fund, expenditures and transfers out totaled \$36,347 compared to revenues of \$36,612. Revenues increased \$2,454 from the previous year. The increase was mainly due to receiving higher ad valorem taxes as a result of higher appraised value of property in Addison. Expenditures increased \$1,128 from the 2016 fiscal year. This increase is primarily due to public safety (\$651) and general government expenditures (\$260).
- In the Hotel Fund, expenditures and transfers out to other funds totaled \$8,855 compared to revenues of \$9,307. Fund revenues decreased \$373 from the previous year, due to a decrease in non-property taxes. Expenditures increased \$518 from fiscal year 2016 due in large part to the change in reporting revenues and expenditures for special events as separate line items instead of revenues net of expenses, as previously reported.
- Capital project funds recorded a net decrease in fund balance of \$3,640, primarily due to ongoing expenditures for capital projects. Included in these funds is the Infrastructure Investment Fund with an ending fund balance of \$3,722 as of September 30, 2017. Other balances included are for capital projects funded with bond proceeds such as the 2012 and 2014 G.O. Bonds issued as well as savings from general operations transferred to the Self-Funded Project fund for future capital projected.

Proprietary funds - The Town of Addison's proprietary funds provide the same type of information found in the government-wide financial statements. Unrestricted net position of the Airport Fund at the end of the fiscal year amounted to \$5,115; the Utility Fund reported an unrestricted net position of \$12,664, while the Stormwater Fund reported an unrestricted net position of \$4,440.

General Fund Budgetary Highlights

Major differences between the original budget and the final amended budget are described below, **not expressed in thousands of dollars (000's)**:

- Other Financing Sources were amended to recognize increases in sale of city property by \$3,212,000 and an increase of \$1,297,000 in other financing uses for transfers out to self-funded capital projects. Other allocations for merit pay to various departments were made that did not result in a net change to appropriations.

The adjustments resulted in increasing budgeted revenue 9.0 percent and increasing expenditures by 3.5 percent. \$1,297,000 was transferred to the Self-Funded Project Fund for future capital needs.

The final actuals resulted in revenues of 2.6 percent higher than the revised budget, and expenditures 6.7 percent lower than the revised budget. The savings in expenditures resulted from lower than expected salary expenses due to vacancies, lower than expected expenses for the implementation of new software systems, and lower expenses than expected resulting from the outsourcing of public safety emergency communications.

Capital Asset and Debt Administration

Capital assets – As detailed in Table A-3 below, the Town of Addison's investment in capital assets for its governmental and business-type activities as of September 30, 2017, totals \$254,924 (net of accumulated depreciation). This amount represents a \$574 decrease from the previous year and is attributed to disposal of obsolete assets and depreciation of existing assets. Projects that are in progress include the Belt Line Road Utility Undergrounding, Pedestrian Connectivity, Midway Road Revitalization, and Addison Road Rehabilitation. More information related to the Town's capital assets can be found in Sections; I, D, 4 and III, D of the Notes to Financial Statements.

**Table A-3
Town of Addison's Capital Assets
(Net of Depreciation) (000's)**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 66,250	\$ 66,313	\$ 16,945	\$ 16,945	\$ 83,195	\$ 83,258
Intangible Assets	377	168	-	-	377	168
Buildings	8,902	9,419	8,008	8,222	16,910	17,641
Improvements other than Buildings	68,530	72,005	52,715	55,917	121,245	127,922
Machinery and Equipment	6,552	5,072	1,238	1,225	7,790	6,297
Construction in Progress	23,756	19,258	1,651	954	25,407	20,212
Total Capital Assets	\$ 174,367	\$ 172,235	\$ 80,557	\$ 83,263	\$ 254,924	\$ 255,498

Long-term debt – At the end of the 2017 fiscal year, the Town of Addison had total bonded debt outstanding of \$97,953 as detailed in Table A-4. The Town of Addison maintains an underlying bond rating of “AAA” from Standard & Poor’s and “Aa1” from Moody’s. Several of the Town’s outstanding debt issuances are insured. More information related to the Town’s long-term debt can be found in Section III, F of the Notes to Financial Statements.

**Table A-4
Town of Addison's Outstanding Debt (000's)**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	\$ 59,975	\$ 65,165	\$ 7,663	\$ 8,122	\$ 67,638	\$ 73,287
Certificates of Obligation	14,009	15,643	16,306	17,311	30,315	32,954
Total Debt Outstanding	\$ 73,984	\$ 80,808	\$ 23,969	\$ 25,433	\$ 97,953	\$ 106,241

Economic Factors and Next Year’s Budget and Rates

The development of the Town's budget is guided by several factors including the Town's strategic plan and prevailing economic conditions. The fiscal year 2018 budget plan adopted by the City Council adheres to the Town's financial policies and preserves the Town's strong financial position while providing excellent levels of service. The annual budget is adopted within context of five-year financial plans for the General, Hotel, Airport, and Utility funds. The long-term financial plans project major operating revenues and categories of expenses. Changes in fund balances are monitored to ensure that the Town is in compliance with adopted fund balance policy.

Major programs in the General Fund continue to focus on public safety, community development and parks to ensure the high quality of life enjoyed by Addison citizens and visitors.

Revenue assumptions in the General Fund are expected to take into consideration current economic indicators. Revenues, such as property tax revenue and sales tax revenue, are forecasted using both historical results and current trends. Certified taxable property values in Addison totaled \$4,450,533,504 for fiscal year 2018 which represented a 3.5 percent increase from the previous year. The property tax rate was decreased from \$0.560472 to \$0.550000 per \$100 appraised value. Of the 2018 budget tax rate, \$0.397000 was levied for operation/maintenance and \$0.1530000 for debt service.

Sales tax collections for the Town were conservatively budgeted from the amount collected in 2017. Sales tax collections were projected to remain the same in fiscal year 2018 compared to the 2017 budget.

Hotel occupancy tax collections were budgeted to decrease slightly by approximately 4.0% between fiscal year 2017 and fiscal year 2018.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town of Addison’s finances and to show the Town's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following:

Town of Addison
 Finance Department
 P.O. Box 9010
 Addison, TX 75001
 Telephone: (972) 450-7050
 Email: oriley@addisontx.gov

TOWN OF ADDISON
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and Investments	\$ 58,446,841	\$ 23,865,720	\$ 82,312,561
Receivables, Net of Allowances for Uncollectibles	4,906,551	2,485,513	7,392,064
Prepaid Items	488,111	63,139	551,250
Inventories, at Cost	39,550	-	39,550
Investment in Joint Venture	749,908	6,644,785	7,394,693
Capital Assets, Net of Accumulated Depreciation			
Land	66,249,935	16,945,437	83,195,372
Intangible Assets	377,379	-	377,379
Buildings	8,902,380	8,008,432	16,910,812
Improvements other than Buildings	68,529,874	52,715,106	121,244,980
Machinery and Equipment	6,551,649	1,237,610	7,789,259
Construction in Progress	23,755,983	1,650,555	25,406,538
Total Assets	<u>238,998,161</u>	<u>113,616,297</u>	<u>352,614,458</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refundings	1,582,902	435,836	2,018,738
Deferred Outflows on Pensions-Contributions	1,539,279	97,074	1,636,353
Deferred Outflows on Pensions-Difference in Earnings	4,848,936	282,941	5,131,877
Deferred Outflows on Pensions-Assumption Changes	234,582	13,723	248,305
Total Deferred Outflows of Resources	<u>8,205,699</u>	<u>829,574</u>	<u>9,035,273</u>
LIABILITIES			
Accounts Payable and Accrued Liabilities	4,138,005	855,989	4,993,994
Customer Deposits	2,169	1,475,993	1,478,162
Long-Term Liabilities			
Due within One Year	5,007,671	1,413,352	6,421,023
Due in More Than One Year	77,261,956	23,064,917	100,326,873
Total Liabilities	<u>86,409,801</u>	<u>26,810,251</u>	<u>113,220,052</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows on Pensions	966,458	53,007	1,019,465
Total Deferred Inflows of Resources	<u>966,458</u>	<u>53,007</u>	<u>1,019,465</u>
NET POSITION			
Net Investment in Capital Assets	124,922,785	65,363,662	190,286,447
Restricted for:			
Debt Service	500,094	-	500,094
Promotion of Tourism and Hotel Industry	4,334,037	-	4,334,037
Child Safety	86,906	-	86,906
Justice Administration	21,851	-	21,851
Court Technology	74,667	-	74,667
Building Security	53,584	-	53,584
Court Security	46,900	-	46,900
Public Safety	33,238	-	33,238
Other Purposes	191,575	-	191,575
Unrestricted	29,561,964	22,218,951	51,780,915
Total Net Position	<u>\$ 159,827,601</u>	<u>\$ 87,582,613</u>	<u>\$ 247,410,214</u>

See accompanying notes to basic financial statements

**TOWN OF ADDISON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Functions/Programs	Program Revenues				Net (Expense)/Revenue and Changes in Net Position Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 7,184,325	\$ 961,336	\$ -	\$ -	\$ (6,222,989)	\$ -	\$ (6,222,989)
Public Safety	7,021,636	947,071	9,497	-	(6,065,068)	-	(6,065,068)
Development Services	100,924	1,242,223	-	-	1,141,299	-	1,141,299
Streets	6,660,591	391,126	816	-	(6,268,649)	-	(6,268,649)
Parks and Recreation	4,259,992	86,595	40,750	-	(4,132,647)	-	(4,132,647)
Visitor Services	6,839,484	3,249,506	-	-	(3,589,978)	-	(3,589,978)
Interest on Long-Term Debt	1,713,819	-	-	-	(1,713,819)	-	(1,713,819)
Total Governmental Activities	33,780,771	6,877,857	51,063	-	(26,851,851)	-	(26,851,851)
Business-Type Activities:							
Airport	6,509,127	5,479,786	50,000	-	-	(979,341)	(979,341)
Utilities	10,081,401	10,983,136	-	85,362	-	987,097	987,097
Stormwater	1,408,133	2,034,484	-	62,796	-	689,147	689,147
Total Business-Type Activities	17,998,661	18,497,406	50,000	148,158	-	696,903	696,903
Total Primary Government	\$ 51,779,432	\$ 25,375,263	\$ 101,063	\$ 148,158	(26,851,851)	696,903	(26,154,948)

GENERAL REVENUES

Taxes							
Property Taxes, Levied for General Purposes				23,572,225	-		23,572,225
Sales Taxes				15,126,354	-		15,126,354
Franchise Taxes				2,664,422	-		2,664,422
Hotel/Motel Taxes				5,996,924	-		5,996,924
Interest on Investments				472,896	185,046		657,942
Miscellaneous				3,736,791	43,048		3,779,839
Transfers				800,000	(800,000)		-
Total General Revenues				52,369,612	(571,906)		51,797,706
Change in Net Position				25,517,761	124,997		25,642,758
NET POSITION, Beginning of Year				134,309,840	87,457,616		221,767,456
NET POSITION, End of Year				\$ 159,827,601	\$ 87,582,613		\$ 247,410,214

Town of Addison, Texas
Basic Financial Statements

Governmental Funds
Balance Sheet
September 30, 2017

	General Fund	Hotel	General Obligation Debt Service	Hotel Debt Service	Capital Project Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS:							
Cash and Investments	\$ 16,594,073	\$ 3,565,994	\$ 370,437	\$ 483,748	\$ 30,202,338	\$ 1,815,072	\$ 53,031,662
Receivables:							
Ad Valorem Taxes, Including Interest and Penalties, Net	247,743	-	142,084	-	3,170	15,933	408,930
Non-Property Taxes	2,435,472	566,956	-	-	-	-	3,002,428
Franchise Fees	299,391	-	-	-	-	-	299,391
Service Fees, Net	596,618	-	-	-	-	-	596,618
Ambulance, Net	397,233	-	-	-	-	-	397,233
Interest	35,870	6,981	558	8,309	48,608	12,131	112,457
Other	25,738	54,998	-	-	-	-	80,736
Prepaid Items	449,442	-	-	-	-	38,669	488,111
Inventories, At Cost	39,550	-	-	-	-	-	39,550
Total Assets	<u>\$ 21,121,130</u>	<u>\$ 4,194,929</u>	<u>\$ 513,079</u>	<u>\$ 492,057</u>	<u>\$ 30,254,116</u>	<u>\$ 1,881,805</u>	<u>\$ 58,457,116</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:							
Liabilities:							
Accounts Payable and Accrued Liabilities	\$ 2,481,668	\$ 310,729	\$ 468	\$ -	\$ 728,494	\$ 61,388	\$ 3,582,747
Intergovernmental Payable	5,340	-	-	-	-	-	5,340
Customer Deposits	2,169	-	-	-	-	-	2,169
Total Liabilities	<u>2,489,177</u>	<u>310,729</u>	<u>468</u>	<u>-</u>	<u>728,494</u>	<u>61,388</u>	<u>3,590,256</u>
Deferred Inflows of Resources:							
Unavailable Resources	<u>2,263,915</u>	<u>45,012</u>	<u>142,084</u>	<u>-</u>	<u>3,170</u>	<u>18,113</u>	<u>2,472,294</u>
Total Deferred Inflows of Resources	<u>2,263,915</u>	<u>45,012</u>	<u>142,084</u>	<u>-</u>	<u>3,170</u>	<u>18,113</u>	<u>2,472,294</u>
Fund Balances:							
Nonspendable							
Inventories	39,550	-	-	-	-	-	39,550
Prepaid Items	449,442	-	-	-	-	38,669	488,111
Restricted							
Debt Service	-	-	370,527	-	-	-	370,527
Promotion of Tourism and Hotel Industry	-	3,839,188	-	492,057	-	-	4,331,245
Capital Projects	-	-	-	-	21,834,283	-	21,834,283
Child Safety	-	-	-	-	-	86,906	86,906
Justice Administration	-	-	-	-	-	21,851	21,851
Court Technology	-	-	-	-	-	74,667	74,667
Building Security	-	-	-	-	-	53,584	53,584
Court Security	-	-	-	-	-	46,900	46,900
Public Safety	-	-	-	-	-	31,059	31,059
Other Purposes	-	-	-	-	-	191,575	191,575
Committed							
Capital Projects	-	-	-	-	7,688,169	-	7,688,169
Economic Development	-	-	-	-	-	1,257,093	1,257,093
Unassigned	<u>15,879,046</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,879,046</u>
Total Fund Balance	<u>16,368,038</u>	<u>3,839,188</u>	<u>370,527</u>	<u>492,057</u>	<u>29,522,452</u>	<u>1,802,304</u>	<u>52,394,566</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 21,121,130</u>	<u>\$ 4,194,929</u>	<u>\$ 513,079</u>	<u>\$ 492,057</u>	<u>\$ 30,254,116</u>	<u>\$ 1,881,805</u>	<u>\$ 58,457,116</u>

See accompanying notes to basic financial statements

Town of Addison, Texas
Basic Financial Statements

TOWN OF ADDISON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Total Fund Balances - Governmental Funds	\$	52,394,566
<p>The Town uses internal service funds to charge the costs of certain activities such as replacement of capital assets and information technology to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide statement of net position. The effect of this consolidation is to increase net position.</p>		
		11,365,501
<p>Capital assets used in governmental activities, including infrastructure and developer contributions, are not financial resources and therefore are not reported in fund financial statements. Capital assets of \$168,214,720, net of accumulated depreciation of \$121,438,124, exclusive of the capital assets of internal service funds with a net carrying value of \$6,152,480, included above, increased net position in the government-wide financial statements.</p>		
		168,214,720
<p>Investments in Joint Venture are not financial resources and are not reported in the fund financial statements. Investments in Joint Venture of \$749,908 increased net position in the government-wide financial statements.</p>		
		749,908
<p>Deferred losses on refundings of debt have been reflected net of amortization in the government-wide financial statements.</p>		
		1,582,902
<p>Bonds payable, contractual obligations, and related premium and discount amounts have not been included in the fund financial statements.</p>		
		(73,984,053)
<p>Accrued liabilities for compensated absences have not been reflected in the fund financial statements.</p>		
		(737,696)
<p>Net OPEB obligation is not reflected in the fund financial statements.</p>		
		(747,371)
<p>Deferred outflows on pension costs, net of amortization, are not reflected in fund financial statements.</p>		
		6,622,797
<p>Deferred inflows on pension costs, net of amortization, are not reflected in fund financial statements.</p>		
		(966,458)
<p>Net pension liability is not reflected in fund financial statements.</p>		
		(6,800,507)
<p>Interest payable on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements an interest expenditure is reported when due. The effect of recording accrued interest is to decrease net position.</p>		
		(339,002)
<p>Revenue from property taxes, sales taxes, franchise fees, court bonds, ambulance billing, and intergovernmental grants is a deferred inflow in the fund financial statements until it is considered available to finance current expenditures, but such revenues are recognized when assessed, net of an allowance for uncollectible accounts, in the government-wide statements.</p>		
		2,472,294
Net Position of Governmental Activities	\$	159,827,601

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 2017

	General Fund	Hotel	General Obligation Debt Service	Hotel Debt Service	Capital Project Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:							
Ad Valorem Taxes	\$ 14,742,517	\$ -	\$ 7,524,590	\$ -	\$ 260,037	\$ 994,498	\$ 23,521,642
Non-Property Taxes	15,262,324	5,954,704	-	-	-	-	21,217,028
Franchise Fees	2,601,529	-	-	-	-	62,893	2,664,422
Licenses and Permits	1,225,373	-	-	-	-	-	1,225,373
Intergovernmental	-	-	-	-	-	15,565	15,565
Service Fees	1,802,346	2,617,265	-	-	40,000	60,747	4,520,358
Fines and Forfeitures	426,144	-	-	-	-	22,334	448,478
Court Awards	-	-	-	-	-	20,256	20,256
Earnings on Investments	168,959	32,811	12,401	1,663	241,696	15,366	472,896
Rental Charges	77,330	627,371	-	-	-	-	704,701
Recycling Proceeds	3,258	-	-	-	-	-	3,258
Other	301,732	75,259	13,934	-	58	900	391,883
Total Revenues	<u>36,611,512</u>	<u>9,307,410</u>	<u>7,550,925</u>	<u>1,663</u>	<u>541,791</u>	<u>1,192,559</u>	<u>55,205,860</u>
EXPENDITURES:							
Current:							
General Government	7,854,030	-	3,734	-	-	199,868	8,057,632
Public Safety	16,927,651	-	-	-	-	17,476	16,945,127
Development Services	1,158,967	-	-	-	-	-	1,158,967
Streets	1,942,584	-	-	-	-	-	1,942,584
Parks and Recreation	5,020,975	-	-	-	-	-	5,020,975
Visitor Services	-	7,595,136	-	-	-	-	7,595,136
Municipal Court	-	-	-	-	-	66,616	66,616
Economic Development	-	-	-	-	-	1,747,749	1,747,749
Debt Service:							
Principal Retirement	-	-	4,938,331	680,000	-	-	5,618,331
Interest and Fiscal Charges	-	-	2,779,407	31,200	-	-	2,810,607
Capital Projects:							
Engineering and Contractual Services	-	-	-	-	416,179	-	416,179
Construction and Equipment	-	-	-	-	7,583,129	-	7,583,129
Total Expenditures	<u>32,904,207</u>	<u>7,595,136</u>	<u>7,721,472</u>	<u>711,200</u>	<u>7,999,308</u>	<u>2,031,709</u>	<u>58,963,032</u>
Excess/(Deficiency) of Revenues over Expenditures	3,707,305	1,712,274	(170,547)	(709,537)	(7,457,517)	(839,150)	(3,757,172)
OTHER FINANCING SOURCES/(USES):							
Transfers In	-	-	-	711,500	5,939,705	973,000	7,624,205
Transfers Out	(3,442,676)	(1,259,500)	-	-	(2,122,029)	-	(6,824,205)
Proceeds on Asset Sales	3,212,610	-	-	-	-	-	3,212,610
Total Other Financing Sources/(Uses)	<u>(230,066)</u>	<u>(1,259,500)</u>	<u>-</u>	<u>711,500</u>	<u>3,817,676</u>	<u>973,000</u>	<u>4,012,610</u>
Net Change in Fund Balance	3,477,239	452,774	(170,547)	1,963	(3,639,841)	133,850	255,438
Fund Balances at Beginning of Year	<u>12,890,799</u>	<u>3,386,414</u>	<u>541,074</u>	<u>490,094</u>	<u>33,162,293</u>	<u>1,668,454</u>	<u>52,139,128</u>
Fund Balances at End of Year	<u>\$ 16,368,038</u>	<u>\$ 3,839,188</u>	<u>\$ 370,527</u>	<u>\$ 492,057</u>	<u>\$ 29,522,452</u>	<u>\$ 1,802,304</u>	<u>\$ 52,394,566</u>

See accompanying notes to basic financial statements

Town of Addison, Texas
Basic Financial Statements

TOWN OF ADDISON
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Total Net Change in Fund Balances - Governmental Funds	\$	255,438
<p>The Town uses internal service funds to charge the costs of certain activities such as replacement of capital assets and information technology to appropriate functions in other funds. The revenues and expenses of the internal service funds are included in governmental activities in the government-wide statement of activities. The effect of this consolidation is to increase net position.</p>		
		149,951
<p>Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The effect of removing the capital outlays is to increase net position.</p>		
		8,157,801
<p>Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of recording the current year's depreciation is to decrease net position.</p>		
		(6,742,471)
<p>Losses on capital asset disposals are not recognized in fund financial statements.</p>		
		(409,414)
<p>The Town's share of net loss from Investment in Joint Venture is not reflected in fund financials.</p>		
		(34,376)
<p>The issuance of long term debt increases the current financial resources of governmental funds while the repayment of the principal of long term debt consumes the current financial resources of governmental funds, but both have no effect on net position. The amortization of prepaid insurance associated with the issuance of long-term debt, bond premiums, bond discounts, and deferred gain/loss on refunding of long term debts is reported in the statement of activities but does not require the use of current financial resources. Therefore the effect of the amortization of these various items are not reported in the statement of revenues, expenditures, and changes in fund balance. This amount represents the increase(decrease) in net position of the following:</p>		
Bond repayments		5,618,331
Amortization		1,074,219
		6,692,550
<p>The change in compensated absences liability is not shown in the fund financial statements. The net effect of the current year's decrease in liability is to increase net position.</p>		
		211,987
<p>The change in the net OPEB obligation is not shown in the fund financial statements. The effect of recording the increase in liability is to decrease net position.</p>		
		(261,218)
<p>Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements an interest expenditure is reported when due. The effect of recording the decrease in accrued interest is to increase net position.</p>		
		22,569
<p>Decrease in pension liability of \$18,568,805 and amortization of pension costs in the amount of (\$1,173,927) increase net position by reducing the pension expense in each function.</p>		
		17,394,878
<p>Revenue from property taxes, sales taxes, franchise fees, court bonds, ambulance billing, and intergovernmental grants not recognized in fund financial statements on the modified accrual basis is recognized on the accrual basis in the government-wide financial statements.</p>		
		80,066
Change in Net Position of Governmental Activities		\$ 25,517,761

See accompanying notes to basic financial statements

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended September 30, 2017

	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Ad Valorem Taxes:				
Current	\$ 14,826,545	\$ 14,826,545	\$ 14,702,022	\$ (124,523)
Delinquent	3,096	3,096	(4,428)	(7,524)
Penalties and Interest	15,483	15,483	44,923	29,440
Total Ad Valorem	<u>14,845,124</u>	<u>14,845,124</u>	<u>14,742,517</u>	<u>(102,607)</u>
Non-Property Taxes:				
	13,400,00			
Sales Tax	0	13,400,000	14,032,616	632,616
Alcoholic Beverage Tax	1,260,000	1,260,000	1,229,708	(30,292)
Total Non-Property Taxes	<u>14,660,000</u>	<u>14,660,000</u>	<u>15,262,324</u>	<u>602,324</u>
Total Taxes	<u>29,505,124</u>	<u>29,505,124</u>	<u>30,004,841</u>	<u>499,717</u>
Franchise Fees:				
Electric Franchise	1,575,000	1,575,000	1,536,852	(38,148)
Gas Franchise	217,400	217,400	203,779	(13,621)
Telephone Franchise	636,500	636,500	545,932	(90,568)
Cable Franchise	316,400	316,400	314,966	(1,434)
Street Rental Franchise	5,000	5,000	-	(5,000)
Total Franchise Fees	<u>2,750,300</u>	<u>2,750,300</u>	<u>2,601,529</u>	<u>(148,771)</u>
Licenses and Permits:				
Business Licenses and Permits	247,800	247,800	201,141	(46,659)
Building and Construction Permits	598,000	598,000	1,024,232	426,232
Total Licenses and Permits	<u>845,800</u>	<u>845,800</u>	<u>1,225,373</u>	<u>379,573</u>
Service Fees:				
General Government	500	500	152	(348)
Public Safety	785,200	785,200	975,871	190,671
Urban Development	3,000	3,000	2,950	(50)
Streets and Sanitation	400,600	400,600	390,710	(9,890)
Recreation	74,900	74,900	83,753	8,853
Interfund	348,900	348,900	348,910	10
Total Service Fees	<u>1,613,100</u>	<u>1,613,100</u>	<u>1,802,346</u>	<u>189,246</u>
Fines and Forfeitures	675,000	675,000	426,144	(248,856)
Earnings on Investments	70,000	70,000	168,959	98,959
Rental Charges	175,000	175,000	77,330	(97,670)
Recycling Proceeds	10,000	10,000	3,258	(6,742)
Other	55,000	55,000	301,732	246,732
Total Revenues	<u>\$ 35,699,324</u>	<u>\$ 35,699,324</u>	<u>\$ 36,611,512</u>	<u>\$ 912,188</u>

See accompanying notes to basic financial statements

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended September 30, 2017

	Budget		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
General Government:				
City Secretary:				
Salaries and Fringe Benefits	\$ 95,959	\$ 99,001	\$ 94,845	\$ 4,156
Supplies	20,700	20,700	10,898	9,802
Contractual Services	84,500	84,500	24,887	59,613
Total City Secretary	<u>201,159</u>	<u>204,201</u>	<u>130,630</u>	<u>73,571</u>
City Manager's Office:				
Salaries and Fringe Benefits	839,624	871,835	811,511	60,324
Supplies	28,550	29,790	25,838	3,952
Maintenance and Materials	45,726	46,426	46,899	(473)
Contractual Services	112,050	110,110	136,790	(26,680)
Capital Replacement	18,221	18,221	18,221	-
Total City Manager's Office	<u>1,044,171</u>	<u>1,076,382</u>	<u>1,039,259</u>	<u>37,123</u>
Financial and Strategic Services:				
Salaries and Fringe Benefits	1,166,560	1,155,141	977,210	177,931
Supplies	44,410	44,410	37,356	7,054
Maintenance and Materials	32,193	32,193	50,930	(18,737)
Contractual Services	380,446	380,446	517,668	(137,222)
Capital Replacement	46,760	99,760	99,760	-
Total Financial and Strategic Services	<u>1,670,369</u>	<u>1,711,950</u>	<u>1,682,924</u>	<u>29,026</u>
General Services:				
Salaries and Fringe Benefits	416,219	435,420	437,102	(1,682)
Supplies	26,200	26,200	22,515	3,685
Maintenance and Materials	244,350	244,350	158,295	86,055
Contractual Services	96,746	96,746	83,095	13,651
Capital Replacement	28,620	28,620	28,620	-
Capital Outlay	-	-	58,708	(58,708)
Total General Services	<u>812,135</u>	<u>831,336</u>	<u>788,335</u>	<u>43,001</u>
Municipal Court:				
Salaries and Fringe Benefits	473,578	512,880	476,262	36,618
Supplies	12,600	12,600	15,480	(2,880)
Maintenance and Materials	37,000	37,000	34,941	2,059
Contractual Services	65,626	95,626	78,876	16,750
Capital Replacement	25,622	25,622	25,622	-
Total Municipal Court	<u>614,426</u>	<u>683,728</u>	<u>631,181</u>	<u>52,547</u>
Human Resources:				
MC Capital Outlay	500	500	-	500
Salaries and Fringe Benefits	387,701	438,249	421,891	16,358
Supplies	15,300	15,300	6,585	8,715
Maintenance and Materials	300	300	270	30
Contractual Services	197,640	197,640	184,272	13,368
Capital Replacement	12,648	12,648	12,648	-
Total Human Resources	<u>614,089</u>	<u>664,637</u>	<u>625,666</u>	<u>38,971</u>

See accompanying notes to basic financial statements

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended September 30, 2017

	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED)				
Information Technology:				
Salaries and Fringe Benefits	\$ 961,286	\$ 1,010,806	\$ 1,022,119	\$ (11,313)
Supplies	58,400	58,400	49,357	9,043
Maintenance and Materials	712,629	712,629	534,434	178,195
Contractual Services	156,400	156,400	92,412	63,988
Capital Replacement	20,550	20,550	20,550	-
Capital Outlay	-	-	77,743	(77,743)
Total Information Technology	<u>1,909,265</u>	<u>1,958,785</u>	<u>1,796,615</u>	<u>162,170</u>
Combined Services:				
Salaries and Fringe Benefits	1,066,402	225,057	49,975	175,082
Supplies	62,000	62,000	24,563	37,437
Contractual Services	1,283,886	953,886	792,059	161,827
Total Combined Services	<u>2,412,288</u>	<u>1,240,943</u>	<u>866,597</u>	<u>374,346</u>
City Council Special Projects:				
Salaries and Fringe Benefits	28,894	28,894	28,968	(74)
Supplies	31,500	31,500	20,601	10,899
Contractual Services	247,530	247,530	240,359	7,171
Capital Replacement	2,895	2,895	2,895	-
Total City Council Special Projects	<u>310,819</u>	<u>310,819</u>	<u>292,823</u>	<u>17,996</u>
Total General Government	<u>9,588,721</u>	<u>8,682,781</u>	<u>7,854,030</u>	<u>828,751</u>
Public Safety:				
Police:				
Salaries and Fringe Benefits	6,964,080	6,726,646	6,695,298	31,348
Supplies	309,286	284,886	277,767	7,119
Maintenance and Materials	277,902	267,902	226,301	41,601
Contractual Services	497,322	970,784	599,627	371,157
Capital Replacement	592,414	592,414	592,414	-
Capital Outlay	-	-	19,175	(19,175)
Total Police	<u>8,641,004</u>	<u>8,842,632</u>	<u>8,410,582</u>	<u>432,050</u>
Emergency Communications:				
Maintenance and Materials	-	-	33,166	(33,166)
Contractual Services	1,410,505	1,410,505	1,307,501	103,004
Total Emergency Communications	<u>1,410,505</u>	<u>1,410,505</u>	<u>1,340,667</u>	<u>69,838</u>
Fire:				
Salaries and Fringe Benefits	5,764,700	5,952,133	5,979,643	(27,510)
Supplies	279,600	279,600	254,337	25,263
Maintenance and Materials	309,621	309,621	277,019	32,602
Contractual Services	329,020	329,020	295,478	33,542
Capital Replacement	364,534	364,534	364,534	-
Capital Outlay	-	-	5,391	(5,391)
Total Fire	<u>7,047,475</u>	<u>7,234,908</u>	<u>7,176,402</u>	<u>58,506</u>
Total Public Safety	<u>17,098,984</u>	<u>17,488,045</u>	<u>16,927,651</u>	<u>560,394</u>

See accompanying notes to basic financial statements

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended September 30, 2017

	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED)				
Development Services:				
Development Services:				
Salaries and Fringe Benefits	\$ 987,745	\$ 1,055,594	\$ 942,226	\$ 113,368
Supplies	63,100	63,100	27,330	35,770
Maintenance and Materials	10,200	14,200	12,063	2,137
Contractual Services	281,489	281,489	132,745	148,744
Capital Replacement	44,233	44,233	44,233	-
Capital Outlay	-	-	370	(370)
Total Development Services	<u>1,386,767</u>	<u>1,458,616</u>	<u>1,158,967</u>	<u>299,649</u>
Streets:				
Streets:				
Salaries and Fringe Benefits	373,681	436,087	382,488	53,599
Supplies	35,050	35,050	38,869	(3,819)
Maintenance and Materials	781,150	751,150	555,833	195,317
Contractual Services	494,519	824,519	758,639	65,880
Capital Replacement	63,727	63,727	63,727	-
Capital Outlay	-	-	143,028	(143,028)
Total Streets	<u>1,748,127</u>	<u>2,110,533</u>	<u>1,942,584</u>	<u>167,949</u>
Parks and Recreation:				
Parks:				
Salaries and Fringe Benefits	1,644,724	1,678,682	1,443,894	234,788
Supplies	215,884	215,884	217,499	(1,615)
Maintenance and Materials	816,950	816,950	699,685	117,265
Contractual Services	981,715	981,715	841,333	140,382
Capital Replacement	70,317	70,317	69,845	472
Capital Outlay	-	14,781	34,813	(20,032)
Total Parks	<u>3,729,590</u>	<u>3,778,329</u>	<u>3,307,069</u>	<u>471,260</u>
Recreation:				
Salaries and Fringe Benefits	849,316	883,201	842,771	40,430
Supplies	182,258	157,258	144,157	13,101
Maintenance and Materials	240,310	243,310	269,264	(25,954)
Contractual Services	398,447	420,447	400,993	19,454
Capital Replacement	56,721	56,721	56,721	-
Total Recreation	<u>1,727,052</u>	<u>1,760,937</u>	<u>1,713,906</u>	<u>47,031</u>
Total Parks and Recreation	<u>5,456,642</u>	<u>5,539,266</u>	<u>5,020,975</u>	<u>518,291</u>
Total Expenditures	<u>35,279,241</u>	<u>35,279,241</u>	<u>32,904,207</u>	<u>2,375,034</u>
Excess (deficiency) of revenues over expenditures	<u>420,083</u>	<u>420,083</u>	<u>3,707,305</u>	<u>3,287,222</u>
OTHER FINANCING SOURCES/(USES):				
Transfers Out	(2,145,676)	(3,442,676)	(3,442,676)	-
Proceeds on Asset Sales	5,000	3,217,000	3,212,610	(4,390)
Total Other Financing Sources/(Uses)	<u>(2,140,676)</u>	<u>(225,676)</u>	<u>(230,066)</u>	<u>(4,390)</u>
Net Change in Fund Balance	(1,720,593)	194,407	3,477,239	3,282,832
Fund Balances at Beginning of Year	12,890,799	12,890,799	12,890,799	-
Fund Balances at End of Year	<u>\$ 11,170,206</u>	<u>\$ 13,085,206</u>	<u>\$ 16,368,038</u>	<u>\$ 3,282,832</u>

See accompanying notes to basic financial statements

Hotel Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2017

	2017			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Hotel/Motel Occupancy Taxes	\$ 6,000,000	\$ 6,000,000	\$ 5,954,704	\$ (45,296)
Proceeds from Special Events	2,691,200	2,691,200	2,617,265	(73,935)
Earnings on Investments	17,000	17,000	32,811	15,811
Rental Charges	699,240	699,240	627,371	(71,869)
Other	90,000	90,000	75,259	(14,741)
Total Revenues	<u>9,497,440</u>	<u>9,497,440</u>	<u>9,307,410</u>	<u>(190,030)</u>
EXPENDITURES:				
Conference Centre	1,449,405	1,463,705	1,211,294	252,411
Marketing	1,091,774	1,096,074	964,987	131,087
Special Events	4,155,275	4,261,575	4,491,070	(229,495)
Performing Arts	847,003	842,303	821,617	20,686
General Hotel Operations	262,116	241,916	106,168	135,748
Total Expenditures	<u>7,805,573</u>	<u>7,905,573</u>	<u>7,595,136</u>	<u>310,437</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>1,691,867</u>	<u>1,591,867</u>	<u>1,712,274</u>	<u>120,407</u>
OTHER FINANCING SOURCES/(USES):				
Transfer to Debt Service Fund	(1,259,500)	(1,259,500)	(1,259,500)	-
Net Change in Fund Balance	432,367	332,367	452,774	120,407
Fund Balances at Beginning of Year	<u>3,386,414</u>	<u>3,386,414</u>	<u>3,386,414</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 3,818,781</u>	<u>\$ 3,718,781</u>	<u>\$ 3,839,188</u>	<u>\$ 120,407</u>

**Proprietary Funds
Statement of Net Position
September 30, 2017**

	Business Type Activities - Enterprise Funds				Governmental Activities
	Airport	Utility	Stormwater	Total	Internal Service
ASSETS:					
Current Assets:					
Cash and Investments	\$ 5,642,715	\$ 9,825,377	\$ 8,397,628	\$ 23,865,720	\$ 5,415,179
Interest Receivable	9,448	9,943	6,708	26,099	8,758
Accounts Receivable, Net	165,028	1,983,808	310,578	2,459,414	-
Prepaid Items	63,139	-	-	63,139	-
Total Current Assets	5,880,330	11,819,128	8,714,914	26,414,372	5,423,937
Non-Current Assets:					
Capital Assets:					
Land	15,633,373	1,312,064	-	16,945,437	-
Construction in Progress	75,164	359,289	1,216,102	1,650,555	1,374,182
Buildings	2,600,302	8,069,661	-	10,669,963	-
Improvements other than Buildings	56,201,791	46,542,890	203,647	102,948,328	-
Machinery and Equipment	1,566,826	2,342,969	-	3,909,795	14,857,362
Accumulated Depreciation	(27,047,926)	(28,503,694)	(15,318)	(55,566,938)	(10,079,064)
Total Capital Assets, Net of Accumulated Depreciation	49,029,530	30,123,179	1,404,431	80,557,140	6,152,480
Investment in Joint Venture	-	6,644,785	-	6,644,785	-
Total Assets	54,909,860	48,587,092	10,119,345	113,616,297	11,576,417
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred Charges on Refundings	14,428	421,408	-	435,836	-
Deferred Outflows on Pensions-Contributions	-	97,074	-	97,074	-
Deferred Outflows on Pensions-Difference in Earnings	-	282,941	-	282,941	-
Deferred Outflows on Pensions-Assumption Changes	-	13,723	-	13,723	-
Total Deferred Outflows of Resources	14,428	815,146	-	829,574	-
LIABILITIES:					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	247,802	410,265	87,606	745,673	210,916
Accrued Interest Payable	15,521	60,422	33,315	109,258	-
Current Compensated Absences Payable	-	1,058	-	1,058	-
Current Maturities of Long-Term Debt	532,500	600,852	280,000	1,413,352	-
Customer Deposits	497,860	978,133	-	1,475,993	-
Total Current Liabilities	1,293,683	2,050,730	400,921	3,745,334	210,916
Non-Current Liabilities:					
Long-Term Debt, Net of Current Portion	3,412,484	13,462,010	6,190,423	23,064,917	-
Total Liabilities	4,706,167	15,512,740	6,591,344	26,810,251	210,916
DEFERRED INFLOWS OF RESOURCES:					
Deferred Inflows on Pensions	-	53,007	-	53,007	-
NET POSITION:					
Net Investment in Capital Assets	45,103,027	21,172,371	(911,736)	65,363,662	6,152,480
Unrestricted	5,115,094	12,664,120	4,439,737	22,218,951	5,213,021
Total Net Position	\$ 50,218,121	\$ 33,836,491	\$ 3,528,001	\$ 87,582,613	\$ 11,365,501

Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
Year ended September 30, 2017

	Business Type Activities - Enterprise Funds				Governmental Activities
	Airport	Utility	Stormwater	Total	Internal Service
OPERATING REVENUES:					
Water	\$ -	\$ 6,261,005	\$ -	\$ 6,261,005	\$ -
Sewer	-	4,595,090	-	4,595,090	-
Drainage	-	-	2,034,101	2,034,101	-
Penalties	-	73,283	-	73,283	-
Water and Sewer Taps and Other Fees	-	53,758	383	54,141	-
Fuel Flowage Fees	924,328	-	-	924,328	-
Customs Agent Fees	131,689	-	-	131,689	-
Rental Charges	4,369,905	-	-	4,369,905	-
Other Income	98,014	4,680	-	102,694	-
Department Contributions	-	-	-	-	1,612,171
Total Operating Revenues	5,523,936	10,987,816	2,034,484	18,546,236	1,612,171
OPERATING EXPENSES:					
Salaries and Fringe Benefits	353,000	271,282	115,162	739,444	-
Supplies	41,859	126,574	4,449	172,882	408,664
Maintenance and Materials	2,955,653	371,325	123,753	3,450,731	11,424
Contractual Services	679,118	1,260,201	913,467	2,852,786	91,588
Water Purchases	-	3,469,557	-	3,469,557	-
Wastewater Purchases	-	2,627,932	-	2,627,932	-
Total Operating Expenses (Excluding Depreciation)	4,029,630	8,126,871	1,156,831	13,313,332	511,676
Depreciation	2,359,167	1,380,463	8,964	3,748,594	975,881
Total Operating Expenses	6,388,797	9,507,334	1,165,795	17,061,926	1,487,557
OPERATING INCOME/(LOSS)	(864,861)	1,480,482	868,689	1,484,310	124,614
NON-OPERATING REVENUES/(EXPENSES):					
Investment Income/(Expense)	37,813	82,848	64,385	185,046	33,872
Sale of Assets	27,094	17,124	-	44,218	(8,535)
Gain/(Loss) on Joint Venture	-	(82,896)	-	(82,896)	-
Interest Expense and Fiscal Charges	(120,330)	(491,171)	(242,338)	(853,839)	-
Total Non-Operating Revenues/(Expenses)	(55,423)	(474,095)	(177,953)	(707,471)	25,337
NET INCOME/(LOSS) BEFORE TRANSFERS AND CAPITAL GRANTS AND CONTRIBUTIONS					
	(920,284)	1,006,387	690,736	776,839	149,951
Capital Grants and Contributions	-	85,362	62,796	148,158	-
Transfers Out	-	(800,000)	-	(800,000)	-
CHANGE IN NET POSITION	(920,284)	291,749	753,532	124,997	149,951
Net Position at Beginning of Year	51,138,405	33,544,742	2,774,469	87,457,616	11,215,550
Net Position at End of Year	\$ 50,218,121	\$ 33,836,491	\$ 3,528,001	\$ 87,582,613	\$ 11,365,501

Town of Addison, Texas
Basic Financial Statements

Proprietary Funds
Statement of Cash Flows
Year Ended September 30, 2017

	Business-Type Activities - Enterprise Funds				Governmental
	Airport	Utility	Stormwater	Total	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received from Customers	\$ 5,748,647	\$ 11,055,285	\$ 2,010,255	\$ 18,814,187	\$ 1,612,171
Payments to Suppliers	(3,824,398)	(8,071,910)	(1,780,044)	(13,676,352)	(327,581)
Payments to Employees for Services	(353,000)	(1,526,969)	(115,162)	(1,995,131)	-
<i>Net Cash Provided/(Used) by Operating Activities</i>	<u>1,571,249</u>	<u>1,456,406</u>	<u>115,049</u>	<u>3,142,704</u>	<u>1,284,590</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers to Other Funds	-	(800,000)	-	(800,000)	-
<i>Net Cash Provided/(Used) by Noncapital and Related Financing Activities</i>	<u>-</u>	<u>(800,000)</u>	<u>-</u>	<u>(800,000)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and Construction of Capital Assets	(278,663)	(277,025)	(500,756)	(1,056,444)	(2,173,558)
Principal Paid on Long-Term Debt	(517,292)	(576,669)	(275,000)	(1,368,961)	-
Interest and Fiscal Charges Paid on Long-Term Debt	(127,515)	(576,951)	(274,161)	(978,627)	-
Proceeds from Sale of Capital Assets	27,094	42,090	-	69,184	74,956
<i>Net Cash Provided/(Used) by Capital and Related Financing Activities</i>	<u>(896,376)</u>	<u>(1,388,555)</u>	<u>(1,049,917)</u>	<u>(3,334,848)</u>	<u>(2,098,602)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on Cash and Investments	33,038	83,803	67,242	184,083	31,303
<i>Net Cash Provided/(Used) by Investing Activities</i>	<u>33,038</u>	<u>83,803</u>	<u>67,242</u>	<u>184,083</u>	<u>31,303</u>
<i>Net Increase/(Decrease) in Cash and Cash Equivalents</i>	707,911	(648,346)	(867,626)	(808,061)	(782,709)
Cash and Cash Equivalents, October 1	4,934,804	10,473,723	9,265,254	24,673,781	6,197,888
Cash and Cash Equivalents, September 30	<u>\$ 5,642,715</u>	<u>\$ 9,825,377</u>	<u>\$ 8,397,628</u>	<u>\$ 23,865,720</u>	<u>\$ 5,415,179</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:					
Operating Income/(Loss)	\$ (864,861)	\$ 1,480,482	\$ 868,689	\$ 1,484,310	\$ 124,614
Adjustments to Reconcile Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities:					
Depreciation	2,359,167	1,380,463	8,964	3,748,594	975,881
Change in Assets and Liabilities:					
(Increase)/Decrease in Accounts Receivables	(74,581)	152,327	(24,229)	53,517	-
Increase/(Decrease) in Prepaid Items	(63,139)	-	-	(63,139)	-
Increase/(Decrease) in Accounts Payable	(84,629)	(1,588,929)	(738,375)	(2,411,933)	184,095
Increase/(Decrease) in Customer Deposits	299,292	32,063	-	331,355	-
<i>Net Cash Provided/(Used) by Operating Activities</i>	<u>\$ 1,571,249</u>	<u>\$ 1,456,406</u>	<u>\$ 115,049</u>	<u>\$ 3,142,704</u>	<u>\$ 1,284,590</u>
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital Grants and Contributions	\$ -	\$ 85,362	\$ 62,796	\$ 148,158	\$ -
Capital Assets in Accounts Payable	-	(43,810)	(114,963)	(158,773)	(11,490)
Gain/(Loss) of Joint Venture	-	(82,896)	-	(82,896)	-
<i>Net Non-Cash Items from Capital and Related Financing Activities</i>	<u>\$ -</u>	<u>\$ (41,344)</u>	<u>\$ (52,167)</u>	<u>\$ (93,511)</u>	<u>\$ (11,490)</u>

See accompanying notes to basic financial statements



NOTES TO FINANCIAL STATEMENTS
September 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Town of Addison, Texas (Town), relating to the funds included in the accompanying financial statements, conform to the generally accepted accounting principles applicable to state and local governments. The following represent the more significant accounting and reporting policies and practices used by the Town.

A. Reporting Entity

The Town is a municipal corporation incorporated on June 15, 1953, under the Constitution of the State of Texas (Home Rule Amendment). The Town's charter was last amended in November 2010. The Town operates as a Council-Manager form of government and provides such services as are authorized by its charter to advance the welfare, health, comfort, safety, and convenience of the Town and its inhabitants.

The Town is a financial reporting entity as defined by GASB Statement No. 14, "*The Financial Reporting Entity*," as amended by GASB Statement No. 61 "*The Financial Reporting Entity: Omnibus: an amendment of GASB Standards No. 14 and No. 34.*" As required by generally accepted accounting principles (GAAP), the Town's financial statements include all required activities relating to the Town and its operations. In accordance with the standards, the Town does not have component units requiring inclusion.

B. Basic Financial Statements

The basic financial statements include both government-wide financial statements (based on the Town as a whole) and fund financial statements. Both sets of financial statements classify activities as either governmental activities, which are supported by taxes and intergovernmental revenues, or business-type activities, which rely on fees and charges for support.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are clearly identifiable with a specific function. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. "Measurement focus" refers to what is being measured, and "basis of accounting" refers to the timing of revenue and expenditure recognition in financial statements. The government-wide financial statements and the proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are reported when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year in which they are levied.

The governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

NOTES TO FINANCIAL STATEMENTS
September 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Town considers all revenues available if they are collected within thirty (30) days after year-end. Expenditures are recognized when the related fund liability is incurred, if measurable, except for principal and interest on general long-term debt, which are recorded when due, and compensated absences, which are recorded when payable from currently available financial resources.

Ad Valorem (property), sales, and hotel taxes, as well as franchise fees, recorded in the General Fund and Ad Valorem tax revenues recorded in the Economic Development Fund, General Obligation Debt Service Fund and Capital Project Fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services (except ambulance services), fines and forfeitures (except court warrants), and miscellaneous revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Ambulance services, court warrants and investment earnings are recorded as earned since they are measurable and available.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's airport and utility functions and various other functions of the Town, and charges of the internal service funds to the Airport and Utility funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating expenses of the Town's enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Town reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund. Revenues which are not allocated by law or contractual agreement to other funds are accounted for in this fund.

Hotel Fund – The Hotel Fund is used to account for tax revenues received from local hotels. Expenditures must fall within the guidelines set forth in the Texas Hotel Occupancy Tax Act (Article 1269: Vernon's Texas Civil Statutes).

General Obligation Debt Service Fund – The General Obligation Debt Service Fund accounts for the accumulation of resources to be used for the payment of principal and interest on the general obligation bonded debt of the Town.

Hotel Debt Service Fund – The Hotel Debt Service Fund accounts for the accumulation of resources to be used for the payment of principal and interest on the hotel fund supported portion of the 2011 GO Refunding Bonds.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources related to the acquisition, construction, or improvements of major capital assets.

NOTES TO FINANCIAL STATEMENTS
September 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, the Town reports the following non-major governmental funds:

Municipal Court Fund – The Municipal Court Fund accounts for the Town’s court building security and technology fees that are generated from court citation fines. According to state law, the revenue generated from these fees may only be spent on the municipal court function.

Public Safety Fund – The Public Safety Fund accounts for awards of monies or property by the courts relating to cases that involve the Addison Police Department.

Advanced Funding Grant Fund – The Advanced Funding Grant Fund accounts for grant monies that are received prior to the related expenditure, and therefore the fund may carry a balance from year to year if the Town does not expend the monies within the fiscal year.

Economic Development Fund – The Economic Development Fund accumulates resources to support efforts that attract commercial enterprises to Addison and encourage existing businesses to remain in Addison.

Reimbursement Grant Fund – The Reimbursement Grant Fund accounts for expenditures for which the Town expects to be reimbursed. For any reimbursements not received prior to the fiscal year end, the Town will record a receivable. Amounts not received within 30 days of the fiscal year end are reported as deferred revenue.

PEG Fees Fund - The PEG Fees Fund was created to collect state restricted public, educational, and government access channels, or PEG, fees and account for their use.

The Town reports the following major proprietary funds:

Airport Fund – The Airport Fund accounts for all revenue generated by the Town’s general aviation airport. The Town is required to spend this revenue on airport functions. The airport’s operating, maintenance, and capital expenses are supported solely by airport income.

Utility Fund – The Utility Fund provides water and sewer services to the residents and businesses of the Town. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing.

Stormwater Fund - The Town's Stormwater Fund accounts for maintenance and improvements to Town stormwater infrastructure. It is financed and operated in a manner similar to private business enterprises, where costs of providing the services to the public are financed primarily through user charges. All operating, maintenance, and capital expenses are supported solely by the approved user fees.

Additionally, the Town reports the following internal service funds:

Capital Replacement Fund – The Capital Replacement Fund is used to accumulate sufficient resources to replace existing capital equipment that have reached or exceeded their useful lives. Resources are acquired through charges to operating departments in the funds. The charges are calculated using a straight-line amortization of each piece of equipment based upon the item’s expected life. The funds are used to finance replacement equipment when needed.

Information Technology Replacement Fund – The Information Technology Replacement Fund is used to accumulate sufficient resources to replace existing information technology systems. Resources are acquired through charges to operating departments in the funds. The charges are calculated using a straight-line amortization of each component of a system based upon the component’s expected life. The funds are used to finance replacement equipment when needed.

NOTES TO FINANCIAL STATEMENTS
September 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position or Equity

1) Cash and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. To maximize investment opportunities, all funds participate in a pooling of cash and investments.

Statutes authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities; obligations of the State of Texas and related agencies; obligations of state, agencies, counties, cities and other political subdivisions of any state rated A or above by Standard & Poor's Corporation or Moody's Investors Service; certificates of deposit issued by state or national banks and savings banks domiciled in Texas; fully collateralized direct repurchase agreements; prime domestic banker's acceptances (BA's); commercial paper with a stated maturity of 180 days or less and a rating of not less than A-1+ or its equivalent; and state or local government investment pools.

Investments in debt securities and money market mutual funds for the Town are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Town considers quoted market price at September 30, 2017 to be the fair value of investments. Investments in nonnegotiable certificates of deposit are carried at cost. The government investment pools, TexPool and TexSTAR, operate in accordance with state laws and regulations. Investments in external pools are carried at either net asset value or amortized cost, as determined by each pool's individual investment valuation method and whether there is a readily determinable fair value of the pool as of the Town's fiscal year end. In instances where pools transact at amortized cost, such as TexPool, no readily determinable fair value is deemed available.

2) Receivables and Payables

All receivables for the Town are reported net of an allowance for uncollectibles. The allowances are based on historical collections data and evaluated periodically.

The Town's property tax lien is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the Town. Values are assessed at 100% of the estimated market value. Taxes are due by January 31 following the October 1 levy date and are considered delinquent after January 31 of each year. Taxes unpaid as of February 1 are subject to penalty and interest as the City Council provides by ordinance.

3) Inventories and Prepaid Items

In accordance with the consumption method of accounting, both inventories and prepaid items are recorded as expenditures when consumed rather than when purchased.

Inventories are stated at cost. Cost is determined for inventories of supplies and fuel using the moving-average method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid in the government-wide and fund financial statements. The prepaid items of the Town consist primarily of prepaid software maintenance agreements, the quarterly payment to support the operations of our joint venture North Texas Emergency Communications Center, Inc. (NTECC), and postage.

NOTES TO FINANCIAL STATEMENTS
September 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4) Capital Assets

Capital assets include land, buildings, equipment, and improvements. Improvements include upgrading facilities other than buildings such as streets or sewers and infrastructure, including pavement, storm sewers, and right-of-way contributed by developers. Capital expenditures are defined as purchases that meet specific guidelines as listed below:

- Expected useful life must be three years or more for equipment and ten years or more for improvements.
- Original unit cost of the equipment should be \$5,000 or greater and includes all costs enabling the item into operation, such as freight, installation, and accessories; capital improvements should be \$25,000 or greater.
- The item should not be consumed, unduly altered, or materially reduced in value immediately by use.

The Land and Improvements other than Buildings categories associated with governmental activities include amounts for infrastructure. Related accumulated depreciation of Improvements other than Buildings includes amounts associated with infrastructure. Subsequently, infrastructure is tracked and reported as a separate component of general capital assets associated with governmental activities.

The internal service funds may record assets that have an original cost of \$5,000 or less if assets are considered part of an overall system. Individual items may be retired and replaced as parts of the larger system.

Contributed assets are recorded at acquisition value as of the date donated. Depreciation of property, plant, and equipment by major classes is provided by the straight-line method based on the following estimated useful lives by major class of depreciable capital assets:

Buildings.....	50 years
Improvements other than Buildings.....	20-50 years
Equipment.....	3-50 years

Depreciation of current year additions and retirements is computed at one-half the straight-line rate.

5) Compensated Absences

Vacation, holiday, and sick pay costs are charged to operations when taken by the employees of the Town. In the event of termination, an employee is reimbursed for all accumulated vacation and holiday days not exceeding two years' accumulation. The amounts of such liabilities have been provided for in the government-wide financial statements. No reimbursements upon termination are made for accumulated sick leave; accordingly, no liability for unused sick leave has been provided. The liability is computed based on the reimbursable hours at the employees' rate of pay as of September 30, 2017. The Town's liability for compensated absences decreased \$217,903 for a total liability of \$800,753.

6) Grants and Contributions

Included in capital grants and contributions in the government-wide financial statements is developer donations of \$85,362 for Utilities and \$62,796 for Stormwater. Operating grants included \$51,063 of funding for general government initiatives, \$816 for public safety, and \$50,000 for Airport operations.

NOTES TO FINANCIAL STATEMENTS
September 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has the following items that qualify for reporting in this category.

- Deferred charges on refundings – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension plan investments – This difference is deferred and amortized over a closed five year period.
- Changes in pension assumptions - These changes are deferred and recognized over the estimated average remaining service lives of all employees that are provided with pensions through the pension plan (active and inactive employees) determined as of the measurement period.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two types of items that qualify for reporting in this category. The difference in expected and actual pension experience is deferred and recognized over the estimated average remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined as of the measurement period. In the governmental funds, unavailable resources are revenues that are earned and measurable but not yet available, and are reported as deferred inflows of resources. In the full accrual government-wide statements, the unavailable resources are recognized as revenue and not deferred.

8) Fund Equity

The Town reports governmental fund balances per GASB 54 definitions as follows:

Nonspendable – Amounts that are not in spendable form or are required to be maintained intact, such as inventory or prepaid amounts or that are legally or contractually required to remain intact.

Restricted – Amounts that can be spent only for specific purposes stipulated by external parties, such as grants, court technology fees, and court building security fees or that are imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts whose use is constrained by specific limitations that the Town imposes itself, as determined through an ordinance passed by the Town Council. Once adopted, the limitation imposed by the ordinance remains in place until another ordinance removes or revises the limitation.

Assigned – Amounts intended to be used for specific purposes. Intent may be expressed by the governing body or by an official or body to which the governing body delegates the authority. The City Council has delegated the CFO or his designee as the official authorized to assign fund balance for a specific purpose as approved by the fund balance policy.

NOTES TO FINANCIAL STATEMENTS
September 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unassigned – Amounts not contained in other classifications that can be used for any purpose

Governmental fund balances classified as restricted are balances with constraints placed on the use of resources by creditors, grantors, contributors or laws or regulations of other governments. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution. Assigned fund balances are constrained by intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by Town management based on Council direction.

The Town will utilize funds for expenditures from the most restrictive fund balance first when more than one fund balance classification is available.

9) Minimum Fund Balance Policy

It is the desire of the Town to maintain adequate fund balances to maintain liquidity and in anticipation of economic downturns or natural disasters. The City Council has adopted a financial standard to maintain a General Fund minimum fund balance of 30 percent of budgeted expenditures, and a minimum fund balance of 25 percent of budgeted expenditures for all other operating funds.

10) Net Position

Net Position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets net of accumulated depreciation and the outstanding balances of any borrowing spent for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Budget Policy – The City Council follows these procedures in establishing the budget reflected in the financial statements:

- 1) Prior to August 1 each year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means to finance them.
- 2) Public hearings are conducted where all interested persons' comments concerning the budget are heard.
- 3) The budget is legally enacted by the City Council through passage of an ordinance prior to the beginning of the fiscal year.
- 4) The department level is the legal level of control enacted by the Town Charter. The Town has also adopted a budget amendment policy delineating responsibility and authority for the amendment process. Transfers between expenditure accounts in one department may occur with the approval of the Chief Financial Officer. Transfers between operating departments may occur with the approval of the City Manager and Chief Financial Officer provided a department's total budget is not changed by more than five percent. Transfers between funds or transfers between departments that change a department's total budget by more than five percent must be accomplished by budget amendment approved by the City Council. Budget amendments calling for new fund appropriations must also be approved by the City Council.

NOTES TO FINANCIAL STATEMENTS
September 30, 2017

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Budgetary control is maintained at the individual expenditure account level by the review of all requisitions of estimated purchase amounts prior to the release of purchase orders to vendors.

- 5) Budgets for the General, Special Revenue, and Debt Service funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). However, the Reimbursement Grant Fund does not have an adopted budget due to the uncertainty of revenues and expenditures, so no comparison of budget to actual is presented in the financial statements. Budgets for the Capital Project funds are normally established pursuant to the terms of the related bond indentures, that is, project basis. Accordingly, no comparison of budget to actual is presented in the financial statements.

Budget Data – The budget amounts presented in the statements reflect original and amended budget amounts. The FY2017 budget was amended once, and the amendment was approved by City Council on September 28, 2017. The amendment recognized revenue from the sale of city property and allocated it to pay for a dome park and renovations and repairs to the Addison Athletic Club. Also included in the amendment was the reallocation of a pool of funds in each fund to the departments to fund merit pay increases.

Excess of Expenditures over Appropriations – For the year ended September 30, 2017, no expenditures in the General Fund departments exceeded appropriations.

Encumbrance accounting is employed in governmental funds, but all encumbrances are liquidated at year-end. No encumbrances roll forward to the next fiscal year or affect following year budgets.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town has six bank accounts: the Operating Account, Controlled Disbursement Account, Payroll Account, ACH/Wire Account, Benefits Account, and the Addison Airport Account. The Controlled Disbursements and Payroll accounts are zero-balance accounts. The ACH/Wire Account is used for all receipts and expenditures made by ACH or wire transfer. The Town uses the Operating Account as an operating pool available for all funds. Each fund type's portion of this pool is reported as "Cash and Investments." The other demand accounts are reported in the same manner. The Addison Airport account is a checking account used by the management companies at the Airport to cover operational expenses.

The investment policies of the Town are governed by state statutes and an Investment Policy Ordinance adopted by the City Council. Major provisions of the Town's investment policy include: responsibility for investments, authorized investments, bank and security dealer selection and qualifying procedures, safekeeping and custodial procedures, statement of investment objectives, and investment reporting procedures.

Cash

State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies or instrumentalities that have a market value of not less than the principal amount of the deposits. The Town's deposits were fully insured or collateralized as required by the state statutes at September 30, 2017. Included in Cash and Investments is \$6,525 of petty cash. At year-end, the carrying amount of the Town's deposits was a debit balance of \$18,387,596. The respective bank balance totaled \$21,353,128. In addition, collateral with a market value of \$23,807,810 and an unused letter of credit in the amount of \$10,212,603 were held by the pledging financial institution's account at the Federal Reserve Bank in the Town's name.

In order to maximize interest earnings, the Town utilizes a controlled disbursement account that allows the Town to deposit only as much money needed to fund checks presented for payment each day. The amount required is withdrawn from the operating pool.

NOTES TO FINANCIAL STATEMENTS
 September 30, 2017

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

External Investment Pools

The Town's pool investments as of September 30, 2017 were invested in TexPool and TexSTAR (Texas Short Term Asset Reserve program).

Federated Investors is the full service provider for the TexPool program. As the provider, the responsibilities include managing the assets, providing participant services, and arranging for all custody and other functions in support of the operations under a contract with the State Comptroller of Public Accounts. JPMorgan Fleming Asset Management, Inc. (JPMFAM) and First Southwest Asset Management, Inc. (FSAM) serve as co-administrators for TexSTAR under an agreement with the TexSTAR board of directors. JPMFAM provides investment management, fund accounting, transfer agency and services. The assets are safe kept in a separate custodial account at the Federal Reserve Bank in the name of TexSTAR and FSAM provides administrative, marketing and participant services.

TexPool and TexSTAR are not registered with the Securities and Exchange Commission (SEC) as investment companies. TexPool and TexSTAR are investment pools that have been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code.

The government investment pool, TexPool, is carried at amortized cost. TexSTAR is carried at net asset value.

Investments

As of September 30, 2017, the Town held the following investments:

	Carrying Value	Average Maturity (Days)
Certificates of Deposit	\$ 10,056,272	576
Commercial Paper	9,957,229	117
Agency Securities	38,967,484	182
<i>Total Investment in Securities</i>	<u>58,980,985</u>	<u>292</u>
TexStar	10,337,183	28
TexPool	4,656,539	37
<i>Total Investment in Pools</i>	<u>14,993,722</u>	<u>33</u>
<i>Total Investments</i>	<u>\$ 73,974,707</u>	189

In accordance with GASB Statement No. 72, "Fair Value Measurement and Application," the Town records investments at fair value. However, for participating interest-earning investment contracts with maturities of one year or less at time of purchase, the Town reports these investments at amortized cost. The carrying value of the Town's investments at September 30, 2017 was \$73,974,707, of which \$14,993,722 had maturities of less than one year at time of purchase. Investments in debt securities are carried at fair value. Fair value for debt securities is determined using a multi-dimensional relational model using standard inputs including TRACE reported trades. Investments in nonnegotiable certificates of deposits are carried at cost.

NOTES TO FINANCIAL STATEMENTS
September 30, 2017

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

Interest Rate Risk – In accordance with its investment policy, the Town manages its exposure to declines in fair market values by limiting the weighted average days to maturity of its investment portfolio to 18 months (540 days). This means investing operating funds primarily in short-term securities, money market mutual funds or similar investment pools.

Credit Risk – The reported investments meet the criteria specified in the Town's investment policy related to the specific types of instruments presented.

1. Debt obligations with a maturity not to exceed five years from the date of purchase issued by, guaranteed by, or for which the credit of any of the following Federal Agencies and Instrumentalities is pledged for payment: Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), and Federal Home Loan Mortgage Corporation (FHLMC). The Town's investments in bonds of U.S. Agencies were rated Aaa by Moody's Investors Service and AAA by Standard and Poor's. Mortgage-backed securities may be held as collateral although principal-only and interest-only mortgage-backed securities as well as all types of collateralized mortgage obligations (CMO) and real estate mortgage investment conduits (REMICs) are expressly prohibited.
2. Time Certificates of Deposit with a maturity not to exceed three years from the date of purchase, insured by the Federal Deposit Insurance Corporation (FDIC) or its successor, in depository institutions that have a main office or a branch in the state of Texas which have been approved by the Town in accordance with its Investment Policy. In addition, separate CDs issued by depositories wherever located, bundled together into a single investment with the full amount of principal and interest of each CD federally insured may be purchased through a selected depository institution with its main office or branch office in Texas. This depository shall act as the custodian for the various certificates on behalf of the Town.
3. Prime commercial paper with an original maturity of one hundred eighty days or less which at the time of purchase, is rated at least A-1 by Standard and Poor's, P-1 by Moodys or F1 by Fitch.
 - At the time of the purchase, the commercial paper must be rated by at least two of the above stated ratings agencies at the above stated minimum credit rating.
 - If more than two of the above rated agencies rates an issuer, all the rating agencies must rate the issuer in accordance with the above stated minimum credit criteria.
 - If the commercial paper issuer has senior debt* outstanding, the senior debt must be rated by each service that publishes a rating of the issue at least: A-1 by Moodys, A+ by Standard and Poor's, and A+ by Fitch. (*Senior Debt is defined as the most senior secured or unsecured debt of an issuer with an original maturity exceeding one year).
 - If the commercial paper issuer is given a "plus (+) rating," the maximum maturity of 270 days or less will be allowed.
4. State and Local Investment Pools organized under the Interlocal Cooperation Act that meet the requirements of Chapter 2256 Texas Government Code and have been specifically approved by the CFO and authorized by the City Council. TexPool and TexSTAR are both currently rated AAA by Standard and Poor's.

Concentration of Credit Risk – It is the Town's policy to avoid a concentration of assets in a specific maturity, a specific issue, or a specific class of securities. The applicable limits on the Town's current investments are Instrumentality Securities (70%) of which the Town's portfolio is currently at 53%, Certificates of Deposit (50%) of which the Town's portfolio is currently at 14%, Commercial Paper (30%) of which the Town's portfolio is currently at 13%, and Local Government Investment Pools (40%) of which the Town's portfolio is currently at 20%. At September 30, 2017, 5% of the Town's total investments were in Toyota Motor Corporation Commercial Paper (7%), valued at \$4,976,955.

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2017

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair hierarchy in which the fair value measurements fall at September 30, 2017:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Observable Inputs (Level 3)
Investments by fair value level				
Commercial Paper	\$ 9,957,229	\$ -	\$ 9,957,229	\$ -
U.S. Agency Securities	38,967,484	-	38,967,484	-
<i>Total Investment by fair value level</i>	<u>48,924,713</u>	<u>\$ -</u>	<u>\$ 48,924,713</u>	<u>\$ -</u>
Investments measured at net asset value - TexSTAR	10,337,183			
Investments measured at amortized cost - TexPool	4,656,539			
Non-negotiable certificates of deposit	<u>10,056,272</u>			
<i>Total Investments</i>	<u>\$ 73,974,707</u>			

Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above approximate net asset value for all related external investment pool balances.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. At September 30, 2017, no investments are held by the Town meeting the Level 3 hierarchy classification.

NOTES TO FINANCIAL STATEMENTS
September 30, 2017

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

Investment in State Investment Pools

During the year, the Town invested in multiple public fund investment pools, including TexSTAR and TexPool. The fair value of the position of TexSTAR is measured at net asset value, and the fair value of the position of TexPool is measured at amortized cost. Each pool's governing body is comprised of individuals who are employees, officers, or elected officials of participants in the funds or who do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pools are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. Pools offer same day access to investment funds.

B. Ad Valorem (Property) Taxes

Property taxes attach as an enforceable lien on property as of January 1. The Town's property tax is levied on the assessed value listed as of the prior January 1 for all real and business personal property located in the Town. Assessed values are established by Dallas Central Appraisal District at 100% of the estimated market value and certified by the Appraisal Review Board. The assessed taxable value for the roll of January 1, 2016, upon which the fiscal year 2017 levy is based, was \$4,302,982,597.

The Town is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The tax rate for the year ended September 30, 2017 was \$.5605 per \$100, of which \$.3812 was allocated for general government and \$.1793 was allocated for the payment of principal and interest on general obligation and certificates of obligation long-term debt.

Taxes are due by January 31 following the October 1 levy date and are considered delinquent after January 31 of each year. Taxes unpaid as of February 1 are subject to penalty and interest as the City Council provides by ordinance. Current tax collections for the year ended September 30, 2017, were 97.03% of the original tax levy. In Texas, countywide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years; however, the Town may at its own expense require annual reviews of appraised values. The Town may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this arrangement, the Town continues to set tax rates on Town property.

However, if the effective tax rate, excluding tax rates for retirement of bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the Town may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year. This legislation also provides that, if approved by the qualified voters in the Town, both the appraisal and collection functions may be placed with the appraisal district.

In the governmental funds financial statements, taxes are recognized as revenue beginning on the date of levy when they become available. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay current liabilities. Taxes not expected to be collected within thirty (30) days of the fiscal year ending are recorded as deferred inflows of resources and recognized as they become available. Taxes collected prior to the levy date to which they apply are recorded as unearned revenues and recognized as revenue of the period to which they apply.

An allowance for uncollectible taxes is provided based on an analysis of historical trends. The allowance for uncollectible taxes at September 30, 2017, was \$99,290.

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2017

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Receivables

As of September 30, 2017, receivables for the Town's individual major governmental funds, non-major governmental funds, and internal service funds in the aggregate, including the applicable allowance for uncollectible accounts, are as follows:

	General	Hotel	Debt Service	Hotel Debt Service	Capital Projects	Non-Major Funds	Internal Service Funds	Total
Taxes:								
Ad Valorem	\$ 307,552	\$ -	\$ 178,495	\$ -	\$ 3,550	\$ 18,623	\$ -	\$ 508,220
Non-Property	2,435,472	566,956	-	-	-	-	-	3,002,428
Franchise Fees	299,391	-	-	-	-	-	-	299,391
Service Fees	937,172	-	-	-	-	-	-	937,172
Ambulance	806,739	-	-	-	-	-	-	806,739
Interest	35,870	6,981	558	8,309	48,608	12,131	8,758	121,215
Other	25,738	54,998	-	-	-	-	-	80,736
Gross Receivables	\$ 4,847,934	\$ 628,935	\$ 179,053	\$ 8,309	\$ 52,158	\$ 30,754	\$ 8,758	\$ 5,755,901
Less: Allowance for Uncollectibles	809,869	-	36,411	-	380	2,690	-	849,350
Net Receivables	\$ 4,038,065	\$ 628,935	\$ 142,642	\$ 8,309	\$ 51,778	\$ 28,064	\$ 8,758	\$ 4,906,551

The above allowance for uncollectible accounts represents reserves for ambulance (\$409,506), court warrants (\$340,554), and property taxes (\$99,290).

In the proprietary funds at September 30, 2017 the Airport fund has a \$50,000 operating grant receivable and \$115,028 rent receivable with no associated allowance accounts. The Utility fund has \$1,994,909 in water and sewer sales receivable, net of an allowance of \$11,101. The stormwater fund has stormwater fees receivable of \$313,264 net of an allowance of \$2,686.

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Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2017

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets

Capital Asset activity for the year ended September 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, not Depreciable:					
Land	\$ 66,312,844	\$ -	\$ (63,560)	\$ 651	\$ 66,249,935
Intangible Assets	168,177	-	-	209,202	377,379
Construction in Progress	19,258,386	7,774,524	(339,261)	(2,937,666)	23,755,983
<i>Total Capital Assets, not Depreciable</i>	<u>85,739,407</u>	<u>7,774,524</u>	<u>(402,821)</u>	<u>(2,727,813)</u>	<u>90,383,297</u>
Capital Assets, Depreciable:					
Buildings	22,026,374	58,400	-	-	22,084,774
Improvements other than Buildings	171,504,087	-	-	2,430,643	173,934,730
Machinery and Equipment	19,681,240	2,510,626	(3,007,450)	297,170	19,481,586
<i>Total Capital Assets, Depreciable</i>	<u>213,211,701</u>	<u>2,569,026</u>	<u>(3,007,450)</u>	<u>2,727,813</u>	<u>215,501,090</u>
Less Accumulated Depreciation for:					
Buildings	(12,607,466)	(574,928)	-	-	(13,182,394)
Improvements other than Buildings	(99,499,259)	(5,905,597)	-	-	(105,404,856)
Machinery and Equipment	(14,609,475)	(1,237,827)	2,917,365	-	(12,929,937)
<i>Total Accumulated Depreciation</i>	<u>(126,716,200)</u>	<u>(7,718,352)</u>	<u>2,917,365</u>	<u>-</u>	<u>(131,517,187)</u>
<i>Total Capital Assets, Depreciable, net</i>	<u>86,495,501</u>	<u>(5,149,326)</u>	<u>(90,085)</u>	<u>2,727,813</u>	<u>83,983,903</u>
<i>Governmental Activities Capital Assets, net</i>	<u>\$ 172,234,908</u>	<u>\$ 2,625,198</u>	<u>\$ (492,906)</u>	<u>\$ -</u>	<u>\$ 174,367,200</u>
Business-type Activities:					
Capital Assets, not Depreciable:					
Land	\$ 16,945,437	\$ -	\$ -	\$ -	\$ 16,945,437
Construction in Progress	953,742	696,813	-	-	1,650,555
<i>Total Capital Assets, not Depreciable</i>	<u>17,899,179</u>	<u>696,813</u>	<u>-</u>	<u>-</u>	<u>18,595,992</u>
Capital Assets, Depreciable:					
Buildings	10,669,963	-	-	-	10,669,963
Improvements other than Buildings	102,796,320	152,008	-	-	102,948,328
Machinery and Equipment	4,163,313	218,799	(472,317)	-	3,909,795
<i>Total Capital Assets, Depreciable</i>	<u>117,629,596</u>	<u>370,807</u>	<u>(472,317)</u>	<u>-</u>	<u>117,528,086</u>
Less Accumulated Depreciation for:					
Buildings	(2,448,125)	(213,406)	-	-	(2,661,531)
Improvements other than Buildings	(46,878,969)	(3,354,253)	-	-	(50,233,222)
Machinery and Equipment	(2,938,602)	(180,935)	447,352	-	(2,672,185)
<i>Total Accumulated Depreciation</i>	<u>(52,265,696)</u>	<u>(3,748,594)</u>	<u>447,352</u>	<u>-</u>	<u>(55,566,938)</u>
<i>Total Capital Assets, Depreciable, net</i>	<u>65,363,900</u>	<u>(3,377,787)</u>	<u>(24,965)</u>	<u>-</u>	<u>61,961,148</u>
<i>Business-type Activities Capital Assets, net</i>	<u>\$ 83,263,079</u>	<u>\$ (2,680,974)</u>	<u>\$ (24,965)</u>	<u>\$ -</u>	<u>\$ 80,557,140</u>

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2017

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

Depreciation expense was charged to departments of the Town as follows:

	Governmental Activities	Business-type Activities
General Government	\$ 317,702	\$ -
Public Safety	155,951	-
Development Services	1,222	-
Streets	4,852,501	-
Parks and Recreation	865,874	-
Visitor Services	549,222	-
IT Replacement	283,108	-
Capital Replacement	692,772	-
Airport Fund		2,359,167
Utility Fund		1,380,463
Stormwater Fund		8,964
	<u>\$ 7,718,352</u>	<u>\$ 3,748,594</u>

The following tabulation presents the estimated significant commitments under unfinished capital construction and equipment contracts that are fully funded as of September 30, 2017:

Project	Estimated Commitments	Less Expenditures to Date	Total Commitment Remaining
<u>Governmental Activities</u>			
Belt Line Road Underground Utilities	\$ 20,830,000	\$ 15,307,558	\$ 5,522,442
Pedestrian Connectivity Improvements	3,658,253	3,153,121	505,132
Vitruvian Public Infrastructure	10,021,107	5,036,136	4,984,971
Public Safety Radio Replacement and RMS	3,454,173	2,606,809	847,364
Midway Road Rehabilitation	3,000,000	1,184,298	1,815,702
	<u>\$ 40,963,533</u>	<u>\$ 27,287,922</u>	<u>\$ 13,675,611</u>
<u>Business-type Activities</u>			
Sherlock Basin Improvements	\$ 1,200,000	\$ -	\$ 1,200,000
Water Line Replacements	1,100,000	75,860	1,024,140
Surveyor Ground Storage Tank	2,315,000	151,415	2,163,585
	<u>\$ 4,615,000</u>	<u>\$ 227,275</u>	<u>\$ 4,387,725</u>

NOTES TO FINANCIAL STATEMENTS
 September 30, 2017

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Interlocal Sanitary Sewer Interceptor Agreement

The Town is party to an Interlocal agreement, which established a non-profit water supply corporation (North Dallas County Water Supply Corporation) for the purpose of constructing, maintaining, and operating a joint sanitary sewer interceptor with the City of Farmers Branch. The non-profit water supply corporation is governed by a six-member board composed of three appointees from each entity. The Town was obligated for construction costs of the project in proportion to its percentage of allocated flows for each specific portion of the project as set forth in the agreement. The Town is also obligated to pay 55% of all general overhead costs. Operating and maintenance costs since the project became operational shall be paid in accordance with respective percentages of allocated flows as set forth in the agreement.

The Town's net investment and its share of general overhead expenses are reported in the Town's Utility Fund (an enterprise fund). The Town's equity interest in the North Dallas County Water Supply Corporation of \$6,644,785, net of related debt, is included in Unrestricted Net Position. This joint venture provides audited financial statements bi-annually. The next audit report will be available for the year ended September 30, 2017. Complete financial statements for the North Dallas County Water Supply Corporation can be obtained from Charles Cox, Secretary/Treasurer, North Dallas County Water Supply Corporation, 13000 William Dodson Parkway, Farmers Branch, Texas.

F. Long-Term Debt

The long-term debt of the Town consisted of the following as of September 30, 2017:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Combination Tax and Revenue Certificates of Obligation Series of 2008		
A series of 6,900 bonds at \$5,000 each dated May 1, 2008. The bonds were issued for the purpose of constructing improvements to (i) water, sewer, drainage, parks and streets including sidewalks, street lighting, landscaping, extensions and relocations, and acquisition of land and rights-of-way; (ii) acquisition and construction of a water tower; (iii) acquisition of land for street and other municipal purposes (collectively with items (i) and (ii)); and (iv) payment of professional services of attorneys, financial advisors and other professionals in connection with the issuance of the certificates. The bonds originally matured serially through 2033 with interest rates ranging from 4% to 5%. The bonds were callable at par value plus accrued interest on or after February 15, 2018 in whole or in part in principal amounts of \$5,000. These bonds were partially refunded in May 2016 and mature serially through 2018. Bonds and interest are payable from a combination of Ad Valorem taxes and a limited pledge (not to exceed \$1,000) of surplus net revenues of the Town's Utility Fund.	\$ 1,004,148	\$ 310,852
Ratings: Moody's "Aa1"; Standard & Poor's "AAA"		

NOTES TO FINANCIAL STATEMENTS
 September 30, 2017

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
General Obligation Refunding Bonds Series of 2011		
A series of 1,778 bonds at \$5,000 each dated October 25, 2011. The bonds were issued to refund a portion of the Town's outstanding General Obligation Refunding Bonds, Series 2001, General Obligation Refund and Improvement Bonds, Series 2002 and Combination Tax and Revenue Certificates of Obligation, Series 2003; for interest savings, and costs of issuance associated with the sale of the bonds. The bonds mature serially through 2033 with interest rates ranging from 2.0% to 3.0%. The bonds are not callable. Bonds and interest are payable from a combination of Ad Valorem taxes and hotel occupancy taxes.		
Ratings: Moody's "Aa1"; Standard & Poor's "AAA"	\$ 700,000	\$ -
Combination Tax and Revenue Certificates of Obligation Series of 2012		
A series of 2,967 bonds at \$5,000 each dated August 15, 2012. The bonds were issued for the purpose of (i) acquiring and installing radio and telecommunication equipment for Town public safety operations, (ii) designing, acquiring, improving, constructing, and renovating water, wastewater and street infrastructure improvements, including drainage infrastructure, within the Vitruvian Park area of the Town; and (iii) paying professional services of attorneys, financial advisors and other professionals in connection with the Project and the issuance of the certificates. The bonds mature serially through 2032 with interest rates ranging from 1.5% to 4%. The bonds are callable at par value plus accrued interest on or after February 15, 2022 in whole or in part in principal amounts of \$5,000. Bonds and interest are payable from a combination of Ad Valorem taxes and a limited pledge (not to exceed \$1,000) of surplus net revenues of the Town's Utility Fund.		
Ratings: Moody's "Aa1"; Standard & Poor's "AAA"	\$ 13,095,000	\$ -

NOTES TO FINANCIAL STATEMENTS
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III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
General Obligation Refunding and Improvement Bonds Series of 2012		
A series of 4,518 bonds at \$5,000 each dated August 15, 2012. The bonds were issued to fund various public improvement projects up to \$19,830,000 to include construction, engineering, and other professional services; refund the Town's outstanding General Obligation Bonds, Series 2004, and General Obligation Refunding and Improvement Bonds, Series 2005; and pay the costs of issuance associated with the sale of the bonds. The bonds mature serially through 2032 with interest rates ranging from 2% to 5%. The bonds are callable at par plus accrued interest on or after February 15, 2022 in whole or in part in principal amounts of \$5,000. Bonds and interest are payable from Ad Valorem taxes.		
Ratings: Moody's "Aa1"; Standard & Poor's "AAA"; AMBAC Insured	\$ 17,720,000	\$ -
General Obligation Bonds, Tax-Exempt Series of 2013		
A series of 933 bonds at \$5,000 each dated July 15, 2013. The bonds were issued to provide funds to (i) engineer, construct, improve, repair, develop, extend and expand streets, thoroughfares, bridges, interchanges, intersections, grade separations, sidewalks and other public ways of the Town, including related streetscape improvements, public utility improvements, storm drainage facilities and improvements, signalization and other traffic controls, street lighting and the acquisition of land therefore; (ii) acquire and improve land and interest in land to provide improvements, additions and access to the Addison Municipal Airport, and (iii) pay the costs of issuing the Tax-Exempt Bonds. The bonds mature serially through 2033 with interest rates ranging from 2% to 5%. The bonds are callable at par plus accrued interest on or after February 15, 2023 in whole or in part in principal amounts of \$5,000.		
Ratings: Moody's "Aa1"; Standard & Poor's "AAA"	\$ 4,030,000	\$ -
General Obligation Bonds Series 2013A (AMT)		
A series of 375 bonds at \$5,000 each dated July 15, 2013. The bonds were issued to provide funds to: (i) acquire and improve of land and interests in land to provide improvements, additions and access to the Addison Municipal Airport, and (ii) pay the costs of issuing the AMT bonds. The bonds mature serially through 2018 with interest rates ranging from 2% to 2.25%. The bonds are not callable.		
Ratings: Moody's "Aa1"; Standard & Poor's "AAA"	\$ 1,605,000	\$ -

NOTES TO FINANCIAL STATEMENTS
 September 30, 2017

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
General Obligation Bonds		
Taxable Series of 2013B		
<p>A series of 250 bonds at \$5,000 each dated July 15, 2013. The bonds, used together with other available Town funds, were issued to provide funds to: (i) acquire and improve land and interests in land to provide improvements, additions and access to the Addison Municipal Airport, and (ii) pay the costs of issuing the Taxable Bonds. The bonds mature serially through 2033 with interest rates ranging from 3.75% to 5%. The bonds are callable at par plus accrued interest on or after February 15, 2023 in whole or in part in principal amounts of \$5,000.</p>		
	\$ 1,080,000	\$ -
Ratings: Moody's "Aa1"; Standard & Poor's "AAA"		
Combination Tax and Revenue Certificates of Obligation		
Series of 2013		
<p>A series of 2,037 bonds at \$5,000 each dated July 15, 2013. The Certificates were issued for (i) (a) designing, acquiring, improving, constructing and renovating facilities and infrastructure at the Addison Municipal Airport and the acquisition and improvement of land and interests in land to provide improvements, additions and access to the airport, (b) designing, acquiring, improving, constructing, and renovating City drainage and stormwater infrastructure and facilities ((a) and (b) together, the "Project") and (ii) paying professional services of attorneys, financial advisors and other professionals in connection with the Project and the issuance of the Certificates. The bonds mature serially through 2033 with interest rates ranging from 2% to 5%. The bonds are callable at par plus accrued interest on or after February 15, 2023 in whole or in part in principal amounts of \$5,000.</p>		
	\$ -	\$ 8,720,000
Ratings: Moody's "Aa1"; Standard & Poor's "AAA"		
General Obligation Bonds, Tax-Exempt		
Series 2014		
<p>A series of 2,400 bonds at \$5,000 each dated February 15, 2014. The bonds were issued to provide funds for: (i) engineering, constructing, reconstructing, improving, repairing, developing, extending and expanding streets, thoroughfares, bridges, interchanges, intersections, grade separations, sidewalks and other public ways of the Town, including related streetscape improvements, public utility improvements, storm drainage facilities and improvements, signalization and other traffic controls, street lighting, and the acquisition of land therefor; relocating utilities currently located in or adjacent to the Belt Line Road right-of-way and acquiring, constructing, and developing Belt Line Road roadway and streetscape improvements and the acquisition of land therefor; and (iii) for the payment of the costs of issuing the Tax-Exempt Bonds. The bonds mature serially through 2032 with interest rates ranging from 3% to 3.625%. The bonds are callable at par plus accrued interest on or after February 15, 2024 in whole or in part in principal amounts of \$5,000.</p>		
	\$ 11,255,000	\$ -
Ratings: Moody's "Aa1"; Standard & Poor's "AAA"		

Town of Addison, Texas
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NOTES TO FINANCIAL STATEMENTS
September 30, 2017

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

	Governmental Activities	Business-type Activities
Certificates of Obligation Series 2014		
A series of 1,513 bonds at \$5,000 each dated February 15, 2014. The Certificates were issued for (i) designing, constructing, installing, acquiring and equipping additions, extensions and improvements to the Town's water and wastewater system, and the acquisition of land and interests in land for such projects, (the "Project") and (ii) paying professional services of attorneys, financial advisors and other professionals in connection with the Project and the issuance of the Certificates. The bonds mature serially through 2034 with interest rates ranging from 1% to 4%. The bonds are callable at par plus accrued interest on or after February 15, 2024 in whole or in part in principal amounts of \$5,000. Ratings: Moody's "Aa1"; Standard & Poor's "AAA"	\$ -	\$ 6,910,000
General Obligation Refunding Bonds Series 2014 (AMT)		
A series of 429 bonds at \$5,000 each dated February 15, 2014. The bonds were issued to: (i) refund a portion of the Town's outstanding Combination Tax and Revenue Certificates of Obligation, Series 2004 for debt service savings, and (ii) to pay the costs of issuing the AMT Bonds. The bonds mature serially through 2020 with interest rates ranging from 1% to 2%. The bonds are not callable. Ratings: Moody's "Aa1"; Standard & Poor's "AAA"	\$ -	\$ 1,110,000
General Obligation Refunding Bonds Series 2016		
A series of 4,712 bonds at \$5,000 each dated May 13, 2016. The bonds were issued to refund a portion of the Town's outstanding debt for debt service savings and to pay the costs associated with the issuance of the bonds. The bonds mature serially through 2033 with interest rates ranging from 3% to 5%. The bonds are callable at par plus accrued interest on or after February 15, 2026 in whole or in part in principal amounts of \$5,000. Ratings: Moody's "Aa1"; Standard & Poor's "AAA"	\$ 7,990,000	\$ 5,570,000
TOTAL LONG-TERM DEBT OUTSTANDING	\$ 68,479,148	\$ 22,620,852

Town of Addison, Texas
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NOTES TO FINANCIAL STATEMENTS
September 30, 2017

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

Changes in Long-Term Liabilities

A summary of long-term liability activity for the year ended September 30, 2017 was as follows (in thousands of dollars):

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 58,360	\$ -	\$ (3,980)	\$ 54,380	\$ 3,205
Premium on General Obligation Bonds	6,854	-	(1,213)	5,641	-
Discount on General Obligation Bonds	(49)	-	3	(46)	-
Certificates of Obligation	15,738	-	(1,638)	14,100	1,704
Premium on Certificates of Obligation	-	-	-	-	-
Discount on Certificates of Obligation	(95)	-	5	(90)	-
Net Pension Liability	25,370	-	(18,570)	6,800	-
Compensated Absences	949	744	(955)	738	99
Net OPEB Obligation	486	388	(127)	747	-
Long-Term Liabilities – Governmental Activities	\$ 107,613	\$ 1,132	\$ (26,475)	\$ 82,270	\$ 5,008
Business-type Activities:					
General Obligation Refunding Bonds	\$ 7,030	\$ -	\$ (350)	\$ 6,680	\$ 360
<i>(Payable from airport and utility system revenues)</i>					
Premium on General Obligation Refunding Bonds	1,092	-	(109)	983	-
Combination Tax and Revenue Certificates of Obligation	2,600	-	(110)	2,490	110
<i>(Payable from airport revenues)</i>					
Premium on Combination Tax and Revenue C.O.	108	-	(12)	96	-
Combination Tax and Revenue Certificates of Obligation	7,797	-	(577)	7,220	601
<i>(Payable from utility system revenues)</i>					
Premium on Combination Tax and Revenue C.O.	30	-	(2)	28	-
Combination Tax and Revenue Certificates of Obligation	6,505	-	(275)	6,230	280
<i>(Payable from storm water system revenues)</i>					
Premium on Combination Tax and Revenue C.O.	271	-	(31)	240	-
Note Payable	303	-	(58)	245	61
Net Pension Liability	1,513	-	(1,333)	180	-
Compensated Absences	69	51	(57)	63	1
Net OPEB Obligation	-	23	-	23	-
Long-Term Liabilities – Business-type Activities	\$ 27,318	\$ 74	\$ (2,914)	\$ 24,478	\$ 1,413

The Town intends to retire all of its general obligation bonds (other than those recorded in the enterprise funds), plus interest, from future Ad Valorem tax levies, interest income, and transfers from other funds. The Town is required by ordinance to create from such tax revenues a sinking fund sufficient to pay the current interest due thereon and each installment of principal as it becomes due. There is \$370,437 available in the General Obligation Debt Service Fund to service the general obligation bonds.

Proprietary fund-type debt is to be repaid from net revenues of the enterprise funds and is, accordingly, recorded as enterprise fund debt. The Note Payable referenced above in the Business-type Activities was created in July 2015 as part of a ground lease early termination agreement at the Addison Airport. The Town of Addison will pay \$375,000 in 72 equal payments of \$5,208 each month, accruing no interest, beginning August 1, 2015. This creates a remaining annual principal only payment of \$62,500 for years 2017 through 2019 and an annual payment of \$54,000 in 2020.

There are a number of limitations and restrictions contained in the various general obligations, certificates of obligation, and revenue bond indentures. The Town is in compliance with all significant limitations and restrictions at September 30, 2017.

For the governmental activities, compensated absences are generally liquidated in the General Fund, Economic Development Fund and Hotel Fund. The net OPEB obligation is generally liquidated in the General Fund.

Town of Addison, Texas
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NOTES TO FINANCIAL STATEMENTS
September 30, 2017

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

The debt service requirements on the aforementioned bonded debt are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
General Obligation Bonds:				
2018	\$ 3,205,000	\$ 2,224,176	\$ 360,000	\$ 267,300
2019	3,570,000	2,102,442	665,000	257,850
2020	2,705,000	1,986,748	690,000	240,650
2021	2,820,000	1,880,507	320,000	224,250
2022	2,865,000	1,767,492	340,000	211,050
2023-2027	16,395,000	6,858,269	1,920,000	827,750
2028-2032	19,105,000	2,850,992	1,955,000	350,375
2033-2037	3,715,000	114,251	430,000	10,750
	<u>\$ 54,380,000</u>	<u>\$ 19,784,877</u>	<u>\$ 6,680,000</u>	<u>\$ 2,389,975</u>
Certificates of Obligation:				
2018	\$ 1,704,148	\$ 403,195	\$ 990,852	\$ 592,575
2019	710,000	369,013	705,000	572,320
2020	720,000	354,713	730,000	554,620
2021	735,000	340,163	755,000	531,770
2022	755,000	321,488	790,000	504,195
2023-2027	4,205,000	1,180,663	4,520,000	1,999,216
2028-2032	2,425,000	662,613	5,625,000	964,338
2033-2037	2,845,000	245,266	1,825,000	59,906
	<u>\$ 14,099,148</u>	<u>\$ 3,877,114</u>	<u>\$ 15,940,852</u>	<u>\$ 5,778,940</u>

At September 30, 2017, the Town had \$26,000,000 authorized but unissued general obligation bonds.

G. Interfund Transfers

Transfers between funds during the year ended September 30, 2017 were comprised of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Purpose of Transfer</u>
General Fund	\$ -	\$ 3,017,676	For capital projects
General Fund	-	425,000	For economic development
Utility Fund	-	800,000	For capital projects
Capital Project Fund	3,017,676	-	For capital projects
Economic Development Fund	425,000	-	For economic development
Economic Development Fund	548,000	-	For economic development
Capital Project Fund	800,000	-	For capital projects
Hotel Fund	-	548,000	For economic development
Hotel Fund	-	711,500	For payment of debt service
Hotel Debt Service Fund	711,500	-	For payment of debt service
<i>Total Transfers</i>	<u>\$ 5,502,176</u>	<u>\$ 5,502,176</u>	

NOTES TO FINANCIAL STATEMENTS
September 30, 2017

IV. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2017, the Town maintained workers compensation, general liability and property coverage through the Texas Municipal League Intergovernmental Risk Pool (TMLIRP). The Town pays an annual premium to TMLIRP for such coverage. TMLIRP purchases reinsurance and the Town does not retain risks of loss exceeding deductibles. The Town's general liability coverage is \$5,000,000 and \$10,000,000 in the aggregate. Settled claims have not exceeded insurance coverage in each of the past four years.

Prior to the 2001 fiscal year, the Town participated in a retained-risk program with TMLIRP under which the Town assumed the risk of paying for all individual claims with a specific stop-loss of \$175,000 and an annual aggregate stop-loss of \$525,000. Outstanding claims associated with the risk retention program are accounted for in the General Fund and are recorded as Accounts Payable.

For the period of October 2016 to September 2017, the Town offered health benefits through one of two plans operated by Blue Cross Blue Shield. Employees were able to choose either an HMO (health maintenance organization) plan or a PPO (preferred provider organization) plan. The Town also offers a dental plan through Delta Dental. The HMO, PPO, and dental plans are funded by joint contributions from the employees and the Town and are accounted for in the respective operating funds.

Blue Cross and Delta Dental plans are fully insured contracts. Monthly premiums paid to Blue Cross and Delta Dental were based upon fixed employee and dependent rates that are established each year.

B. Employee's Retirement System

1) Pension Plan

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, Town specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the Town's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the Town's Total Pension Liability is obtained from TMRS through a report prepared for the Town by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

Plan Description

The Town provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 860 administered by TMRS, an agent multiple-employer public employee retirement system. Each of the municipalities has an annual individual actuarial valuation performed. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code.

NOTES TO FINANCIAL STATEMENTS
September 30, 2017

IV. OTHER INFORMATION (CONTINUED)

TMRS issues a publicly available Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153. The report is also available on the System's web site at: <http://www.tmrs.com/publications.php>.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS.

Benefits depend upon the sum of the employee's contributions to the plan and the Town-financed monetary credits, with interest. At the date the plan began, the Town granted monetary credits for services rendered before the plan began based on an amount equal to two times what would have been contributed by the employee plus interest. Monetary credits for service since the plan began are 200 percent of the employee's accumulated contributions. Beginning in 1994, the Town adopted an annually repeating type of monetary credit referred to as an updated service credit which when added to the employee's accumulated contributions and the monetary credits for service since the plan began would be the total monetary credits and employee contributions accumulated with interest, if the current employee contribution rate and Town matching percent had always been in existence. The calculation included a three year exponential average of the actual salaries paid during the prior fiscal years.

At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits plus interest were used to purchase an annuity. Also in 1994, the Town adopted annually repeating annuity increases for its retirees equal to 70% of the change in the consumer price index.

The plan provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. Members can retire at certain ages, based on the years of service with the Town. The service retirement eligibilities for the Town are: 5 years/age 60, 20 years/any age. Plan provisions for the Town are as follows:

Deposit Rate:	7%
Matching Ratio (Town to Employee):	2 to 1
A member is vested after:	5 years

Employees Covered by Benefit Terms.

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	191
Inactive employees entitled to but not yet receiving benefits	218
Active employees	<u>246</u>
Total	<u>655</u>

NOTES TO FINANCIAL STATEMENTS
September 30, 2017

IV. OTHER INFORMATION (CONTINUED)

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the Town matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the Town. Under the state law governing TMRS, the contribution rate for the Town is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Since the Town needs to know its contribution rates in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

Employees for the Town were required to contribute 7% of their annual gross earnings during the fiscal year. The Town elected to contribute at the full rates for calendar year 2017 of 10.44%. Accordingly, contributions to TMRS for the year ended September 30, 2017 were \$1,893,931 and were equal to the required contribution.

Net Pension Liability

The Town's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75%, net of pension plan investment expense including inflation.

Salary increases were based on service-related tables. Mortality rates for active members and retirees were multiplied by 109% for males and by 103% for females. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. This experience study was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first adopted in 2015 and used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

NOTES TO FINANCIAL STATEMENTS
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IV. OTHER INFORMATION (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Location</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	<u>100.0%</u>	

Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.75%. A single discount rate of 6.75% was used to measure the total pension liability as of December 31, 2016. This single discount rate was based on the expected rate of return on pension plan investments of 6.75%. Based on the stated assumptions and the projection of cash flows, the Town's fiduciary net position and future contributions were sufficient to finance the future benefit payments of the current plan members for all projection years. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for the Town. The projection of cash flows used to determine the single discount rate for the Town assumed that the funding policy adopted by the TMRS Board will remain in effect for all future years. Under this funding policy, the Town will finance the unfunded actuarial accrued liability over the years remaining for the closed period existing for each base in addition to the employer portion of all future benefit accruals (i.e. the employer normal cost).

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NOTES TO FINANCIAL STATEMENTS
September 30, 2017

IV. OTHER INFORMATION (CONTINUED)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 9/30/2016	\$ 136,067,935	\$ 109,184,735	\$ 26,883,200
Changes for the year:			
Service cost	2,740,122	-	2,740,122
Interest	7,721,380	-	7,721,380
Changes of benefit terms	(20,027,692)	-	(20,027,692)
Difference between expected and actual experience	(37,547)	-	(37,547)
Changes of assumptions	-	-	-
Contributions - employer	-	1,743,443	(1,743,443)
Contributions - employee	-	1,266,899	(1,266,899)
Net investment income	-	7,376,667	(7,376,667)
Benefit payments, including refunds of employee contributions	(6,038,979)	(6,038,979)	-
Administrative expense	-	(83,336)	83,336
Other	-	(4,490)	4,490
Net changes	(15,642,716)	4,260,204	(19,902,920)
Balance at 9/30/2017	<u>\$ 120,425,219</u>	<u>\$ 113,444,939</u>	<u>\$ 6,980,280</u>

The Net Pension Liability change from 2016 of \$26,883,200 to 2017 of \$6,980,280 is due to a change in an actuarial assumption related to the treatment of Ad Hoc COLA awarded by Council in prior years. For GASB 68 compliance, actuarials are expected to consider Ad Hoc COLA's impact on future pension obligations to retirees, if certain criteria are met. In 2016, the Town met the criteria to consider previous Ad Hoc COLAs as substantively recurring for future years. This resulted in the \$26,883,200 potential liability for pension expense. However, in 2017 the Town did not meet the criteria to include Ad Hoc COLAs as recurring so the potential liability was reduced by \$20,027,692, which along with other changes as shown above, led to a liability reduction of \$19,902,920 to a current balance of \$6,980,280. For GASB compliance this difference of \$19,902,920 is considered an adjustment to prior pension expense.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Town, calculated using the discount rate of 6.75% as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Town's net pension liability(asset)	\$ 22,524,156	\$ 6,980,280	\$ (5,878,857)

Town of Addison, Texas
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IV. OTHER INFORMATION (CONTINUED)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tMrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2017, the Town recognized pension expense of \$3,276,973. At September 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected & actual economic experience	\$ -	\$ (1,019,465)
Contributions subsequent to the measurement date	1,636,353	
Change of assumptions	248,305	-
Difference between projected and actual investment earnings	5,131,877	-
Total	<u>\$ (7,016,535)</u>	<u>\$ (1,019,465)</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$1,636,353 will be recognized as a reduction of the net pension liability for the year September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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<u>Year ended Sept 30</u>	<u>Net deferred outflows (inflows) of resources</u>
2018	\$ 1,388,725
2019	1,506,817
2020	1,468,981
2021	<u>(3,716)</u>
Total	<u>\$ 4,360,717</u>

Allocation of Pension Items

The City allocates pension items between governmental activities and business-type activities on the basis of employee payroll.

NOTES TO FINANCIAL STATEMENTS
 September 30, 2017

IV. OTHER INFORMATION (CONTINUED)

2) Postemployment Benefits

Plan Description

In addition to the pension benefits described above, as required by state law and defined by Town Policy, the Town makes available health care benefits to all employees who retire from the Town and who are receiving benefits from a Town-sponsored retirement program (Texas Municipal Retirement System and/or a Section 457 Deferred Compensation Plan) through a single-employer defined benefit healthcare plan. This healthcare plan provides lifetime insurance, or until age 65 if eligible for Medicare, to eligible retirees, their spouses and dependents through the Town’s group health insurance plan, which covers both active and retired members.

Current retirees in the health plan and active employees with 20 years or more of service or at age 60 or more with five years or more of service at retirement are eligible to remain in the health plan at the total blended contribution rate for active and retiree participants. Since an irrevocable trust has not been established, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report. Benefit provisions for retirees are not mandated by any form of employment agreement. The continued provision of these benefits is based entirely on the discretion of the Town of Addison City Council.

Funding Policy

Before age 65, the Town will pay a \$150 monthly stipend toward the retiree’s healthcare premium if the retiring employee meets the eligibility criteria at the time of termination and elects coverage in the health plan. For members who retire after 65 or were eligible for the \$150 stipend before age 65, the Town will pay a \$75 monthly stipend directly to the retiree. Current retirees contribute to the health plan the total blended premium for active and retired participants, less the \$150 stipend provided by the Town. The Town contribution to the health plan consists of total premiums in excess of retiree contributions.

Retirees receiving medical benefits during fiscal year 2017 contribute \$499 to \$1,600 per month depending on coverage levels selected. In fiscal year 2017, total retiree contributions were \$122,754.

Annual OPEB Cost and Net OPEB Obligation

The Town’s annual other postemployment benefit (OPEB) cost (expense) for the health plan is calculated based on the annual required contribution (ARC) of the Town, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The Town of Addison utilized the actuarial services of Gabriel, Roeder, Smith & Company (GRS), a company who has been providing actuarial consulting services since 1938, under the shared services arrangement provided by GRS and North Central Texas Council of Governments. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the Town’s annual OPEB cost for the year, the amount actually contributed to the plan, and the net OPEB obligation for 2017.

Annual Required Contribution	\$ 410,841
Interest on OPEB Obligation	26,484
Adjustment to ARC	<u>(25,800)</u>
Annual OPEB Cost (Expense)	411,525
Contributions Made	<u>(127,439)</u>
Change in OPEB Obligation	284,086
Net OPEB Obligation (Asset) – Beginning of Year	<u>486,154</u>
	<u>\$ 770,240</u>

NOTES TO FINANCIAL STATEMENTS
 September 30, 2017

IV. OTHER INFORMATION (CONTINUED)

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ending September 30, 2017 and the preceding two fiscal years were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Costs</u>	<u>Actual Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	201,225	164,742	81.9%	465,473
2016	207,455	186,774	90.0%	486,154
2017	235,574	127,439	54.1%	770,240

Funded Status and Funding Progress

As of December 31, 2016, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$2,827,548, none of which is funded. The covered payroll (annual payroll of active employees covered by the plan) was \$18,098,559, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 15.62%. Of the total actuarial accrued liability, \$2,132,1088 or 75% comprises the implied subsidy of health care for current retirees and active employees upon retirement. As noted previously, qualified retirees pay the blended cost of their health coverage, less the \$150 monthly stipend. However, GASB 45 requires governments to report the “implicit rate subsidy” that is provided to retirees who remain with the health plan provided to employees. It is assumed by actuaries that the cost of health care increases with the age of the covered employee or retiree. Since the Town’s health plan includes a blended rate that is the same for active employees and retirees, actuaries must estimate the amount the Town is subsidizing for retirees to pay the blended health plan premiums.

For example, the actuarial estimated monthly cost for a 40 year old male employee’s health care benefit is \$491.92. The estimate for a male employee or retiree who is 60 years old is \$1,355.22. The difference in these costs not covered by the health plan premium is considered to be the “implicit rate subsidy.”

Actuarial values of the program involve estimates of the value of reported amounts and assumptions of the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the trend of healthcare costs. Amounts determined regarding the funded status of the program and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The analysis of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. As the Town chose to not establish an irrevocable trust, plan assets will always be reported under GASB Statement 45 as zero. Because the majority of the actuarial accrued liability is the “implicit rate subsidy” of retiree blended health plan premiums, the Town believes that its actual health plan postemployment benefit will not significantly grow over time and will continue to fund these benefits on a pay-as-you-go method. Changes to how future healthcare benefits are funded on a national basis may cause the Town to reexamine this funding method.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTES TO FINANCIAL STATEMENTS
September 30, 2017

IV. OTHER INFORMATION (CONTINUED)

In the December 31, 2016 actuarial valuation, the most recent valuation, the Projected Unit Credit Cost Method was used. The actuarial assumptions include a 4.0% investment rate of return (compounded annually, net after investment expenses) and an annual healthcare cost trend of 7.0%, reduced by decrements to an ultimate rate of 4.0% after 9 years. Both rates include a 2.5% inflation assumption. The Town's unfunded actuarial accrued liability is being amortized as a level percent of active member payroll over an open period. The remaining amortization period at December 31, 2016 was 30 years.

C. Contingencies

The Town is party to various legal actions arising in the ordinary course of business, none of which is believed by the Town's management to have a material impact on the financial condition of the Town. Accordingly, no provision for losses has been recorded in the accompanying financial statements for such contingencies.

D. Keller Springs Tollway

In 1999, the North Texas Tollway Authority (Authority) completed a toll tunnel that connects Midway Road and the North Dallas Tollway. The project benefits the Town by diverting traffic from Belt Line Road, which is at capacity. The project's cost was approximately \$25 million which will be funded by revenue bonds issued by the Authority. Through an agreement with the Authority, the Town has pledged to be a guarantor of the debt service associated with approximately \$2.5 million of the revenue bonds in the event the authority defaults on the bonds. Because the Authority is an extremely viable state agency, the likelihood of a default is negligible.

E. Tax Incentive Rebates

The Town of Addison has two active Commercial Development and Job Related Incentive Rebates that develop or redevelop a particular property attracting businesses that generate incremental tax revenues. In addition to GASB 77, the agreements are subject to Chapter 380 of the Texas Local Government Code that promotes local economic development, commercial activity and business stimulation. City Council approves the agreements via resolution. As part of the agreements, the Town agrees to rebate a portion of the ad valorem or sales tax after confirmation of payment. If the businesses do not meet the obligations as set forth in the agreements in a particular year, the businesses forego the rebates in that year.

The agreement with one entity, executed March 4, 2016, provides a rebate for 50% of business personal property (ad valorem) tax for ten years and a total amount of \$50,000 for waiver of permit fees. The amount forgone on this contract in the year ended September 30, 2017 was \$34,042, and no payments have been made.

The agreement with the other entity provides a rebate for 75% of sales tax over a threshold amount, of which the calculation is outlined in the contract. The Town has paid \$318,650 during the fiscal year ended September 30, 2017. Also, the contract allows for the Town of Addison to commission an independent traffic study regarding an area specified in the contract, and if warranted, the Town will pay for capital expenses related to potential signalization or other needed improvements in the specified area. No traffic study has been warranted or commissioned as of September 30, 2017. Also, the contract requires a tree mitigation amount of \$424,385 to be paid in five installments starting the 10th anniversary of the contract execution date, which was in August 2012.

NOTES TO FINANCIAL STATEMENTS
September 30, 2017

IV. OTHER INFORMATION (CONTINUED)

F. New Accounting Pronouncements

The Town has adopted and implemented the following statements which became effective for the fiscal year 2017.

Statement No. 77, "Tax Abatement Disclosures" – This statement requires governments that enter into tax abatement agreements to provide certain disclosures regarding these commitments.

Statement No. 82, "Pension Issues, an amendment of GASB Statements No. 67, No. 68 and No. 73" - This statement clarifies that a "deviation," as defined by the Actuarial Standards of Practice, issued by the Actuarial Standards Board, is not considered to be in conformity with the requirements of GASB Statements No. 67, No. 68 and No. 73 for the selection of assumptions used to measure the total pension liability and related measures. Additionally, this statement requires member contributions paid by the employer, to be excluded from employer contributions and from corresponding pension related deferred resources.

The GASB has issued the following statement which will become effective in a future year.

Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" – This statement changes the focus of accounting for postemployment benefits other than pensions from whether they are responsible for funding the benefits over time to a point-in-time liability that is reflected on the employer's financial statements for any actuarially unfunded portion of benefits earned to date. This statement will become effective for the Town in fiscal year 2018.

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Required Supplementary Information

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Town of Addison, Texas
Required Supplementary Information

REQUIRED SUPPLEMENTARY INFORMATION
Texas Municipal Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited)
Last Three Fiscal Years (Previous years are not available)

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016
Total pension liability:			
Service cost	\$ 2,819,937	\$ 3,120,695	\$ 2,740,122
Interest (on the Total Pension Liability)	8,660,470	9,031,058	7,721,380
Changes in benefit terms	-	-	(20,027,692)
Difference between expected and actual experience	(987,858)	(1,253,581)	(37,547)
Change in assumptions	-	467,077	-
Benefit payments, including refunds of employee contributions	(5,193,445)	(5,504,175)	(6,038,979)
Net change in total pension liability	5,299,104	5,861,074	(15,642,716)
Total pension liability - beginning	124,907,757	130,206,861	136,067,935
Total pension liability - ending (a)	130,206,861	136,067,935	120,425,219
Plan fiduciary net position:			
Contributions - employer	1,789,255	1,824,122	1,743,443
Contributions - employee	1,224,976	1,257,382	1,266,899
Net investment income	6,157,338	164,587	7,376,667
Benefit payments, including refunds of employee contributions	(5,193,445)	(5,504,175)	(6,038,979)
Administrative expense	(64,289)	(100,255)	(83,336)
Other	(5,286)	(4,952)	(4,490)
Net change in plan fiduciary net position	3,908,549	(2,363,291)	4,260,204
Plan fiduciary net position - beginning	107,639,477	111,548,026	109,184,735
Plan fiduciary net position - ending (b)	111,548,026	109,184,735	113,444,939
Net pension liability - ending (a) - (b)	\$ 18,658,835	\$ 26,883,200	\$ 6,980,280
Plan fiduciary net position as a percentage of total pension liability	85.67%	80.24%	94.20%
Covered payroll	\$ 17,479,153	\$ 17,945,341	18,098,559
Net pension liability as a percentage of covered payroll	106.75%	149.81%	38.57%

Changes in assumptions: In the 2015 valuation the investment rate of return decreased from 7.0% to 6.75%; the inflation rate was lowered from 3.0% to 2.5%; the experience study for retirement age was updated.

The information in this schedule has been determined as of the measurement date (December 31) of the Town's net pension liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 68, only periods of which such information is available are presented.

Town of Addison, Texas
Required Supplementary Information

REQUIRED SUPPLEMENTARY INFORMATION

Texas Municipal Retirement System
Schedule of Contributions (Unaudited)
September 30, 2017

Fiscal Year	(1) Actuarially Determined Contribution	(2) Contribution in Relation to the Actuarially Determined Contribution	(3) = (2) - (1) Contribution Excess (Deficiency)	(4) Covered Payroll	(5) = (1) / (4) Actuarially Determined Contributions as a Percentage of Covered Payroll	(6) = (2) / (4) Contributions as a Percentage of covered Payroll
2015	1,874,383	1,874,383	-	18,804,927	9.97%	9.97%
2016	1,786,827	1,786,827	-	18,465,892	9.68%	9.68%
2017	1,893,931	1,893,931	-	18,796,558	10.08%	10.08%

Notes to Schedule:

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumption Used to Determine Contribution Rate for 2017:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 years
Asset Valuation Method	10 year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014 RP2000 Combined
Mortality	Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes: There were no benefit changes during the year.

The information in this schedule has been determined as of the Town's fiscal year-end and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 68, only periods for which such information is available are presented.

Town of Addison, Texas
Required Supplementary Information

REQUIRED SUPPLEMENTARY INFORMATION
 Retiree Health Plan
 Analysis of Funding Progress (Unaudited)
 September 30, 2017

		(1)	(2)		(3) = (2) - (1)	(4)	(5) = (3)/(4)
Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded Actuarial Accrued Liability (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
2011	12/31/10	-	1,968,533	-	1,968,533	15,557,784	12.65%
2013	12/31/12	-	2,003,539	-	2,003,539	15,598,079	12.84%
2015	12/31/14	-	2,137,029	-	2,137,029	16,603,192	12.87%
2017	12/31/16	-	2,827,548	-	2,827,548	17,945,341	15.76%

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DEBT SERVICE FUNDS

The **General Obligation Debt Service Fund** accounts for the accumulation of resources to be used for payment of principal and interest on the general obligation bonded debt of the Town.

The **Hotel Debt Service Fund** accounts for the accumulation of resources to be used for the payment of principal and interest on the Hotel Occupancy Tax Revenue Bonds.

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Town of Addison, Texas
Major Governmental Funds - General Obligation Debt Service

General Obligation Debt Service
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2017

	2017			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Current Property Taxes	\$ 7,713,438	\$ 7,713,438	\$ 7,502,679	\$ (210,759)
Delinquent Property Taxes	1,643	1,643	(1,822)	(3,465)
Penalties and Interest	8,213	8,213	23,733	15,520
Earnings on Investments	9,400	9,400	12,401	3,001
Other	-	-	13,934	13,934
Total Revenues	<u>7,732,694</u>	<u>7,732,694</u>	<u>7,550,925</u>	<u>(181,769)</u>
EXPENDITURES:				
Contractual Services	2,000	2,000	3,734	(1,734)
Principal Retirement	4,938,331	4,938,331	4,938,331	-
Interest and Fiscal Charges	2,773,107	2,773,107	2,779,407	(6,300)
Total Expenditures	<u>7,713,438</u>	<u>7,713,438</u>	<u>7,721,472</u>	<u>(8,034)</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>19,256</u>	<u>19,256</u>	<u>(170,547)</u>	<u>(189,803)</u>
OTHER FINANCING SOURCES/(USES):				
Transfers Out	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>	<u>300,000</u>
Net Change in Fund Balance	(280,744)	(280,744)	(170,547)	110,197
Fund Balances at Beginning of Year	541,074	541,074	541,074	-
Fund Balances at End of Year	<u>\$ 260,330</u>	<u>\$ 260,330</u>	<u>\$ 370,527</u>	<u>\$ 110,197</u>

Town of Addison, Texas
Major Governmental Funds - Hotel Debt Service

Hotel Debt Service
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2017

	2017			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Earnings on Investments	\$ 2,600	\$ 2,600	\$ 1,663	\$ (937)
Total Revenues	<u>2,600</u>	<u>2,600</u>	<u>1,663</u>	<u>(937)</u>
EXPENDITURES:				
Principal Retirement	680,000	680,000	680,000	-
Interest and Fiscal Charges	31,500	31,500	31,200	300
Total Expenditures	<u>711,500</u>	<u>711,500</u>	<u>711,200</u>	<u>300</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>(708,900)</u>	<u>(708,900)</u>	<u>(709,537)</u>	<u>(637)</u>
OTHER FINANCING SOURCES/(USES):				
Transfers In	711,500	711,500	711,500	-
Net Change in Fund Balance	2,600	2,600	1,963	(637)
Fund Balances at Beginning of Year	490,094	490,094	490,094	-
Fund Balances at End of Year	<u>\$ 492,694</u>	<u>\$ 492,694</u>	<u>\$ 492,057</u>	<u>\$ (637)</u>

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NON-MAJOR GOVERNMENTAL FUNDS

The **Municipal Court Fund** accounts for the Town's court building security and technology fees that are generated from court citation fines. According to state law, the revenue generated from these fees may only be spent on the municipal court.

The **Public Safety Fund** accounts for awards of monies or property by the courts relating to cases that involve the Addison Police Department. In prior years, this fund was classified as an expendable trust fund.

The **Advanced Funding Grant Fund** was created during fiscal year 2010. The fund accounts for grant monies that are received prior to the related expenditure, and therefore, the fund may carry a balance from year to year if the Town does not expend the monies within the fiscal year.

The **Economic Development Fund** accumulates resources to support efforts that attract commercial enterprises to Addison and encourage existing businesses to remain in Addison.

The **Reimbursement Grant Fund** accounts for expenditures for which the Town expects to be reimbursed.

The **PEG Fees Fund** accounts for state restricted fees collected and the expenditures using these monies.



Town of Addison, Texas
 Non-Major Governmental Funds

Non-Major Governmental Funds
 Combining Balance Sheet
 September 30, 2017

	Municipal Court Fund	Public Safety Fund	Advanced Funding Grant Fund	Economic Development Fund	Reimbursement Grant Fund	PEG Fees Fund	Total Nonmajor Governmental Funds
ASSETS:							
Cash and Investments	\$ 263,499	\$ 48,996	\$ 27,926	\$ 1,280,330	\$ 3,077	\$ 191,244	\$ 1,815,072
Receivables:							
Ad Valorem Taxes, Including Interest and Penalties, Net	-	-	-	15,933	-	-	15,933
Interest	9,588	83	50	2,073	6	331	12,131
Prepaid Items	-	-	-	38,669	-	-	38,669
Total Assets	<u>\$ 273,087</u>	<u>\$ 49,079</u>	<u>\$ 27,976</u>	<u>\$ 1,337,005</u>	<u>\$ 3,083</u>	<u>\$ 191,575</u>	<u>\$ 1,881,805</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:							
Liabilities:							
Accounts Payable and Accrued Liabilities	\$ 36,079	\$ -	\$ -	\$ 25,309	\$ -	\$ -	\$ 61,388
Total Liabilities	<u>36,079</u>	<u>-</u>	<u>-</u>	<u>25,309</u>	<u>-</u>	<u>-</u>	<u>61,388</u>
Deferred Inflows of Resources:							
Unavailable Resources	-	2,179	-	15,934	-	-	18,113
Total Deferred Inflows of Resources	<u>-</u>	<u>2,179</u>	<u>-</u>	<u>15,934</u>	<u>-</u>	<u>-</u>	<u>18,113</u>
Fund Balances:							
Nonspendable							
Prepaid Items	-	-	-	38,669	-	-	38,669
Restricted							
Child Safety	86,906	-	-	-	-	-	86,906
Justice Administration	21,851	-	-	-	-	-	21,851
Court Technology	74,667	-	-	-	-	-	74,667
Building Security	53,584	-	-	-	-	-	53,584
Court Security	-	46,900	-	-	-	-	46,900
Public Safety	-	-	27,976	-	3,083	-	31,059
Other Purposes	-	-	-	-	-	191,575	191,575
Committed:							
Economic Development	-	-	-	1,257,093	-	-	1,257,093
Total Fund Balance	<u>237,008</u>	<u>46,900</u>	<u>27,976</u>	<u>1,295,762</u>	<u>3,083</u>	<u>191,575</u>	<u>1,802,304</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 273,087</u>	<u>\$ 49,079</u>	<u>\$ 27,976</u>	<u>\$ 1,337,005</u>	<u>\$ 3,083</u>	<u>\$ 191,575</u>	<u>\$ 1,881,805</u>

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Town of Addison, Texas
 Non-Major Governmental Funds

Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 2017

	Municipal Court Fund	Public Safety Fund	Advanced Funding Grant Fund	Economic Development Fund	Reimbursement Grant Fund	PEG Fees Fund	Total Nonmajor Governmental Funds
REVENUES:							
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ 994,498	\$ -	\$ -	\$ 994,498
Franchise Fees	-	-	-	-	-	62,893	62,893
Intergovernmental	-	-	8,274	-	7,291	-	15,565
Service Fees	-	-	-	60,747	-	-	60,747
Fines and Forfeitures	21,834	500	-	-	-	-	22,334
Court Awards	-	20,256	-	-	-	-	20,256
Earnings on Investments	2,496	261	208	10,852	(1)	1,550	15,366
Other	-	-	-	900	-	-	900
Total Revenues	<u>24,330</u>	<u>21,017</u>	<u>8,482</u>	<u>1,066,997</u>	<u>7,290</u>	<u>64,443</u>	<u>1,192,559</u>
EXPENDITURES:							
General Government	-	-	-	-	-	199,868	199,868
Public Safety	-	2,242	8,759	-	6,475	-	17,476
Municipal Court	66,616	-	-	-	-	-	66,616
Economic Development	-	-	-	1,747,749	-	-	1,747,749
Total Expenditures	<u>66,616</u>	<u>2,242</u>	<u>8,759</u>	<u>1,747,749</u>	<u>6,475</u>	<u>199,868</u>	<u>2,031,709</u>
Excess/(Deficiency) of Revenues over Expenditures	(42,286)	18,775	(277)	(680,752)	815	(135,425)	(839,150)
OTHER FINANCING SOURCES/(USES):							
Transfers In	-	-	-	973,000	-	-	973,000
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>973,000</u>	<u>-</u>	<u>-</u>	<u>973,000</u>
Net Change in Fund Balance	(42,286)	18,775	(277)	292,248	815	(135,425)	133,850
Fund Balances at Beginning of Year	<u>279,294</u>	<u>28,125</u>	<u>28,253</u>	<u>1,003,514</u>	<u>2,268</u>	<u>327,000</u>	<u>1,668,454</u>
Fund Balances at End of Year	<u>\$ 237,008</u>	<u>\$ 46,900</u>	<u>\$ 27,976</u>	<u>\$ 1,295,762</u>	<u>\$ 3,083</u>	<u>\$ 191,575</u>	<u>\$ 1,802,304</u>

Town of Addison, Texas
Non-Major Governmental Funds

Municipal Court Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2017

	2017			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Court Awards	\$ 10,610	\$ 10,610	\$ 5,041	\$ (5,569)
Building Security Fees	13,000	13,000	7,198	(5,802)
Court Technology Fees	14,000	14,000	9,595	(4,405)
Earnings on Investments	1,700	1,700	2,496	796
Total Revenues	<u>39,310</u>	<u>39,310</u>	<u>24,330</u>	<u>(14,980)</u>
EXPENDITURES:				
Salaries and Fringe Benefits	31,557	31,557	15,967	15,590
Supplies	31,180	38,180	21,796	16,384
Maintenance and Materials	24,990	27,990	-	27,990
Contractual Services	89,850	79,850	28,853	50,997
Capital Outlay	35,120	35,120	-	35,120
Total Expenditures	<u>212,697</u>	<u>212,697</u>	<u>66,616</u>	<u>146,081</u>
Net Change in Fund Balance	(173,387)	(173,387)	(42,286)	131,101
Fund Balance at Beginning of Year	<u>279,294</u>	<u>279,294</u>	<u>279,294</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 105,907</u>	<u>\$ 105,907</u>	<u>\$ 237,008</u>	<u>\$ 131,101</u>

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Town of Addison, Texas
Non-Major Governmental Funds

Public Safety Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2017

	2017			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Court Awards	\$ -	\$ -	\$ 20,756	\$ 20,756
Earnings on Investments	200	200	261	61
Total Revenues	<u>200</u>	<u>200</u>	<u>21,017</u>	<u>20,817</u>
EXPENDITURES:				
General Government				
Public Safety				
Supplies	19,385	19,385	365	19,020
Contractual Services	-	-	1,877	(1,877)
Total Expenditures	<u>19,385</u>	<u>19,385</u>	<u>2,242</u>	<u>17,143</u>
Net Change in Fund Balance	(19,185)	(19,185)	18,775	37,960
Fund Balance at Beginning of Year	<u>28,125</u>	<u>28,125</u>	<u>28,125</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 8,940</u>	<u>\$ 8,940</u>	<u>\$ 46,900</u>	<u>\$ 37,960</u>

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Town of Addison, Texas
Non-Major Governmental Funds

Advanced Funding Grant Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2017

	2017			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 15,901	\$ 15,901	\$ 8,274	\$ (7,627)
Earnings on Investments	200	200	208	8
Total Revenues	<u>16,101</u>	<u>16,101</u>	<u>8,482</u>	<u>(7,619)</u>
EXPENDITURES:				
Supplies	500	500	-	500
Contractual Services	34,375	34,375	8,759	25,616
Total Expenditures	<u>34,875</u>	<u>34,875</u>	<u>8,759</u>	<u>26,116</u>
Net Change in Fund Balance	(18,774)	(18,774)	(277)	18,497
Fund Balance at Beginning of Year	<u>28,253</u>	<u>28,253</u>	<u>28,253</u>	-
Fund Balance at End of Year	<u>\$ 9,479</u>	<u>\$ 9,479</u>	<u>\$ 27,976</u>	<u>\$ 18,497</u>

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Town of Addison, Texas
Non-Major Governmental Funds

Economic Development Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2017

	2017			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Ad Valorem Taxes	\$ 1,001,252	\$ 1,001,252	\$ 994,498	\$ (6,754)
Service Fees	67,000	67,000	60,747	(6,253)
Earnings on Investments	6,100	6,100	10,852	4,752
Other	-	-	900	900
Total Revenues	<u>1,074,352</u>	<u>1,074,352</u>	<u>1,066,997</u>	<u>(7,355)</u>
EXPENDITURES:				
Salaries and Fringe Benefits	393,206	393,206	409,191	(15,985)
Supplies	32,450	34,450	27,319	7,131
Maintenance and Materials	57,362	32,442	18,187	14,255
Contractual Services	1,523,745	1,536,665	1,270,046	266,619
Capital Replacement	23,006	23,006	23,006	-
Economic Development Capital Outlay	-	10,000	-	10,000
Total Expenditures	<u>2,029,769</u>	<u>2,029,769</u>	<u>1,747,749</u>	<u>282,020</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(955,417)</u>	<u>(955,417)</u>	<u>(680,752)</u>	<u>274,665</u>
Other financing sources (uses)				
Transfers In	973,000	973,000	973,000	-
Total other financing sources (uses)	<u>973,000</u>	<u>973,000</u>	<u>973,000</u>	<u>-</u>
Net Change in Fund Balance	17,583	17,583	292,248	274,665
Fund Balance at Beginning of Year	<u>1,003,514</u>	<u>1,003,514</u>	<u>1,003,514</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 1,021,097</u>	<u>\$ 1,021,097</u>	<u>\$ 1,295,762</u>	<u>\$ 274,665</u>

Town of Addison, Texas
Non-Major Governmental Funds

PEG Fees Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2017

	2017			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Franchise Fees	\$ 72,000	\$ 72,000	\$ 62,893	\$ (9,107)
Earnings on Investments	50	50	1,550	1,500
Total Revenues	<u>72,050</u>	<u>72,050</u>	<u>64,443</u>	<u>(7,607)</u>
EXPENDITURES:				
General Government Capital Outlay	<u>200,000</u>	<u>200,000</u>	<u>199,868</u>	<u>132</u>
Total Expenditures	<u>200,000</u>	<u>200,000</u>	<u>199,868</u>	<u>132</u>
Net Change in Fund Balance	(127,950)	(127,950)	(135,425)	(7,475)
Fund Balance at Beginning of Year	<u>327,000</u>	<u>327,000</u>	<u>327,000</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 199,050</u>	<u>\$ 199,050</u>	<u>\$ 191,575</u>	<u>\$ (7,475)</u>

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PROPRIETARY FUNDS

Internal Service Funds:

Internal Service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units on a cost reimbursement basis.

The **Capital Replacement Fund** is used to account for financial resources set aside annually to replace equipment as its useful life is consumed.

The **Information Technology Replacement Fund** is used to account for financial resources set aside annually to replace technology as its useful life is consumed.

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Town of Addison, Texas
Proprietary Funds - Internal Service Funds

Internal Service Funds
Combining Statement of Net Position
September 30, 2017

	<u>Capital Replacement</u>	<u>Information Technology Replacement</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and Investments	\$ 2,616,286	\$ 2,798,893	\$ 5,415,179
Interest Receivable	4,177	4,581	8,758
Total Current Assets	<u>2,620,463</u>	<u>2,803,474</u>	<u>5,423,937</u>
Non-Current Assets:			
Capital Assets:			
Construction in Progress	-	1,374,182	1,374,182
Machinery and Equipment	9,577,954	5,279,408	14,857,362
Accumulated Depreciation	<u>(5,679,012)</u>	<u>(4,400,052)</u>	<u>(10,079,064)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>3,898,942</u>	<u>2,253,538</u>	<u>6,152,480</u>
Total Assets	<u>6,519,405</u>	<u>5,057,012</u>	<u>11,576,417</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	<u>932</u>	<u>209,984</u>	<u>210,916</u>
NET POSITION:			
Net Investment in Capital Assets	3,898,942	2,253,538	6,152,480
Unrestricted	<u>2,619,531</u>	<u>2,593,490</u>	<u>5,213,021</u>
Total Net Position	<u>\$ 6,518,473</u>	<u>\$ 4,847,028</u>	<u>\$ 11,365,501</u>

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Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Year ended September 30, 2017

	<u>Capital Replacement</u>	<u>Information Technology Replacement</u>	<u>Total Internal Service Funds</u>
OPERATING REVENUES:			
Department Contributions	\$ 796,500	\$ 815,671	\$ 1,612,171
Total Operating Revenues	<u>796,500</u>	<u>815,671</u>	<u>1,612,171</u>
OPERATING EXPENSES:			
Supplies	-	408,664	408,664
Maintenance and Materials	11,424	-	11,424
Contractual Services	4,303	87,285	91,588
Total Operating Expenses (Excluding Depreciation)	<u>15,727</u>	<u>495,949</u>	<u>511,676</u>
Depreciation	692,772	283,109	975,881
Total Operating Expenses	<u>708,499</u>	<u>779,058</u>	<u>1,487,557</u>
OPERATING INCOME	<u>88,001</u>	<u>36,613</u>	<u>124,614</u>
NON-OPERATING REVENUES/(EXPENSES):			
Investment Income/(Expense)	27,313	6,559	33,872
Sale of Assets	74,956	(83,491)	(8,535)
Total Non-Operating Revenues/(Expenses)	<u>102,269</u>	<u>(76,932)</u>	<u>25,337</u>
CHANGE IN NET POSITION	190,270	(40,319)	149,951
Net Position at Beginning of Year	<u>6,328,203</u>	<u>4,887,347</u>	<u>11,215,550</u>
Net Position at End of Year	<u>\$ 6,518,473</u>	<u>\$ 4,847,028</u>	<u>\$ 11,365,501</u>

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Town of Addison, Texas
Proprietary Funds - Internal Service Funds

**Internal Service Funds
Combining Statement of Cash Flows
Year Ended September 30, 2017**

	Capital Replacement	Information Technology Replacement	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Department Contributions	\$ 796,500	\$ 815,671	\$ 1,612,171
Payments to Suppliers	(15,882)	(311,699)	(327,581)
<i>Net Cash Provided/(Used) by Operating Activities</i>	780,618	503,972	1,284,590
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and Construction of Capital Assets	(1,812,020)	(361,538)	(2,173,558)
Proceeds from Sale of Capital Assets	74,956	-	74,956
<i>Net Cash Provided/(Used) by Capital and Related Financing Activities</i>	(1,737,064)	(361,538)	(2,098,602)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on Cash and Investments	26,709	4,594	31,303
<i>Net Cash Provided/(Used) by Investing Activities</i>	26,709	4,594	31,303
<i>Net Increase/(Decrease) in Cash and Cash Equivalents</i>	(929,737)	147,028	(782,709)
Cash and Cash Equivalents, October 1	3,546,023	2,651,865	6,197,888
Cash and Cash Equivalents, September 30	\$ 2,616,286	\$ 2,798,893	\$ 5,415,179
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:			
Operating Income/(Loss)	\$ 88,001	\$ 36,613	\$ 124,614
Adjustments to Reconcile Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities:			
Depreciation	692,772	283,109	975,881
Change in Assets and Liabilities:			
Increase/(Decrease) in Accounts Payable	(155)	184,250	184,095
Net Cash Provided/(Used) by Operating Activities	\$ 780,618	\$ 503,972	\$ 1,284,590
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital Assets in Accounts Payable	\$ -	\$ (11,490)	\$ (11,490)
<i>Net Non-Cash Items from Capital and Related Financing Activities</i>	\$ -	\$ (11,490)	\$ (11,490)



STATISTICAL SECTION

(Unaudited)

The Statistical Section presents detailed information to assist in understanding the information in the financial statements, note disclosures, and required supplementary information. It includes five categories of information:

Financial Trends (tables 1-7) – contain trend information to help the reader understand how the government’s financial position has changed over time.

Revenue Capacity (tables 8-10) – contain information to help the reader assess the government’s ability to generate its own revenues.

Debt Capacity (tables 11-15) – present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.

Demographic and Economic Information (tables 16-18) – offer demographic and economic indicators to help the reader understand the socioeconomic environment within which the government’s financial activities take place.

Operating Information (tables 19-21) – contain employee and capital asset data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.



**Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Net Investment in Capital Assets	\$ 117,389,355	\$ 120,308,696	\$ 123,041,354	\$ 129,261,976	\$ 129,471,095	\$ 135,260,723	\$ 120,034,622	\$ 121,444,364	\$ 122,079,968	\$ 124,922,785
Restricted for:										
Debt Service	781,304	918,483	-	1,007,330	1,698,555	904,422	606,471	555,279	660,955	500,094
Promotion of Tourism and Hotel Industry	-	-	-	-	1,993,040	1,942,378	1,682,165	2,529,271	3,869,581	4,334,037
Child Safety	-	-	-	-	30,635	30,635	101,664	190,635	98,540	86,906
Justice Administration	-	-	-	-	93,472	93,472	31,898	63,638	30,952	21,851
Court Technology	-	-	-	-	77,179	74,895	79,591	91,942	86,147	74,667
Building Security	-	-	-	-	66,716	64,742	65,782	176,512	63,655	53,584
Court Security	-	-	-	-	-	-	19,185	19,190	28,125	46,900
Public Safety	-	-	-	-	-	-	-	-	-	33,238
Other purposes	-	-	-	-	32,449	22,235	-	25,484	33,694	191,575
Unrestricted	26,591,388	24,442,088	23,381,754	21,729,168	20,945,903	13,969,454	25,658,883	7,051,958	7,031,223	29,561,964
Total Net Position - Governmental Activities	\$ 144,762,047	\$ 145,669,267	\$ 146,423,108	\$ 151,998,474	\$ 154,409,044	\$ 152,362,956	\$ 148,280,261	\$ 132,148,273	\$ 133,982,840	\$ 159,827,601
Business-type Activities										
Net Investment in Capital Assets	\$ 31,595,371	\$ 34,327,264	\$ 36,299,788	\$ 51,113,892	\$ 49,639,925	\$ 57,425,620	\$ 69,948,582	\$ 63,308,088	\$ 62,547,252	\$ 65,363,662
Unrestricted	13,568,364	13,195,545	12,740,025	9,834,613	14,194,945	17,372,627	16,460,850	23,121,874	24,910,364	22,218,951
	\$ 45,163,735	\$ 47,522,809	\$ 49,039,813	\$ 60,948,505	\$ 63,834,870	\$ 74,798,247	\$ 86,409,432	\$ 86,429,962	\$ 87,457,616	\$ 87,582,613
Primary Government										
Net Investment in Capital Assets	\$ 148,984,726	\$ 154,635,960	\$ 159,341,142	\$ 180,375,868	\$ 179,111,020	\$ 192,686,343	\$ 189,983,204	\$ 184,752,452	\$ 184,627,220	\$ 190,286,447
Restricted for:										
Debt Service	781,304	918,483	-	1,007,330	1,698,555	904,422	606,471	555,279	660,955	500,094
Promotion of Tourism and Hotel Industry	-	-	-	-	1,993,040	1,942,378	1,682,165	2,529,271	3,869,581	4,334,037
Child Safety	-	-	-	-	30,635	30,635	101,664	190,635	98,540	86,906
Justice Administration	-	-	-	-	93,472	93,472	31,898	63,638	30,952	21,851
Court Technology	-	-	-	-	77,179	74,895	79,591	91,942	86,147	74,667
Building Security	-	-	-	-	66,716	64,742	65,782	176,512	63,655	53,584
Court Security	-	-	-	-	-	-	19,185	19,190	28,125	46,900
Public Safety	-	-	-	-	-	-	-	-	-	33,238
Other Purposes	-	-	-	-	32,449	22,235	-	25,484	33,694	191,575
Unrestricted	40,159,752	37,637,633	36,121,779	31,563,781	35,140,848	31,342,081	42,119,733	30,173,832	31,941,587	51,780,915
Total Net Position - Primary Government	\$ 189,925,782	\$ 193,192,076	\$ 195,462,921	\$ 212,946,979	\$ 218,243,914	\$ 227,161,203	\$ 234,689,693	\$ 218,578,235	\$ 221,440,456	\$ 247,410,214

SOURCE: Town of Addison Comprehensive Annual Financial Reports

Note: 2015 and prior Public Safety included in Other Purposes. Starting in 2016, Public Safety is separate from Other Purposes.

**Town of Addison, Texas
Statistical Section**

**Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)**

	2008	2009	2010	2011
Expenses				
Governmental Activities:				
General Government	\$ 6,405,494	\$ 6,527,735	\$ 6,876,385	\$ 6,709,095
Public Safety	13,994,387	14,743,542	14,550,333	14,914,759
Development Services	940,555	856,793	938,059	866,023
Streets	5,269,124	4,998,440	5,277,938	4,913,524
Parks and Recreation	4,759,378	5,119,320	4,502,295	4,742,946
Visitor Services	6,928,724	6,687,392	6,027,442	6,431,136
Interest on Long-Term Debt	2,127,985	2,420,908	2,423,732	2,261,571
Total Governmental Activities	40,425,647	41,354,130	40,596,184	40,839,054
Business-type Activities:				
Airport	4,198,855	4,289,852	4,181,256	4,387,384
Utilities	8,782,702	8,539,106	8,529,681	8,633,217
Storm Water	-	-	-	-
Total Business-type Activities	12,981,557	12,828,958	12,710,937	13,020,601
Total Expenses - Primary Government	\$ 53,407,204	\$ 54,183,088	\$ 53,307,121	\$ 53,859,655
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	\$ 186,920	\$ 203,258	\$ 266,954	\$ 143,529
Public Safety	2,203,371	2,318,099	2,094,280	1,899,711
Development Services	798,006	429,681	835,808	1,213,741
Streets	333,645	350,587	332,330	2,299,731
Parks and Recreation	133,022	105,705	108,113	107,387
Visitor Services	2,149,274	1,829,964	2,183,247	2,007,821
Operating Grants and Contributions	561,992	2,044,979	2,300,290	223,792
Capital Grants and Contributions	-	-	1,348,141	3,429,804
Total Governmental Activities	6,366,230	7,282,273	7,399,163	11,325,516
Business-type Activities:				
Charges for Services:				
Airport	4,061,347	3,989,304	4,289,225	4,526,593
Utilities	8,903,506	9,188,791	8,806,069	10,740,568
Storm Water	-	-	-	-
Operating Grants and Contributions	301,676	1,786,297	-	-
Capital Grants and Contributions	-	-	1,102,850	9,668,165
Total Business-type Activities	13,266,529	14,964,392	14,198,144	24,935,326
Total Program Revenues - Primary Government	\$ 19,632,759	\$ 22,246,665	\$ 21,597,307	\$ 36,260,842
Net (Expense)/Revenue				
Governmental Activities	\$ (34,059,417)	\$ (34,071,857)	\$ (33,197,021)	\$ (29,513,538)
Business-Type Activities	284,972	2,135,434	1,487,207	11,914,725
Total Net Expense - Primary Government	\$ (33,774,445)	\$ (31,936,423)	\$ (31,709,814)	\$ (17,598,813)
General Revenues				
Taxes:				
Property Taxes, Levied for General Purposes	\$ 14,310,671	\$ 15,711,056	\$ 15,900,631	\$ 15,772,858
Sales Taxes	11,619,637	10,838,895	9,987,439	10,604,803
Franchise Taxes	2,555,927	2,761,511	2,578,154	2,792,601
Hotel/Motel Taxes	5,204,247	3,958,238	3,666,781	4,000,786
Interest on Investments	1,504,162	1,383,743	339,986	148,966
Miscellaneous	509,092	325,634	2,474,485	772,276
Transfer	-	-	-	-
Total General Revenues	35,703,736	34,979,077	34,947,476	34,092,290
Business-type Activities				
Interest on Investments	260,533	214,492	11,065	(16,178)
Miscellaneous	16,337	9,148	18,732	10,145
Transfer	-	-	-	-
Total Business-type Activities	276,870	223,640	29,797	(6,033)
Change in Net Position				
Governmental Activities	1,644,319	907,220	1,750,455	4,578,752
Business-type Activities	561,842	2,359,074	1,517,004	11,908,692
Total Change in Net Position - Primary Government	\$ 2,206,161	\$ 3,266,294	\$ 3,267,459	\$ 16,487,444

SOURCE: Town of Addison Comprehensive Annual Financial Reports

Table 2

	2012	2013	2014	2015	2016	2017
\$	6,485,716	\$ 7,021,312	\$ 7,938,875	\$ 8,730,944	\$ 10,015,214	\$ 7,184,325
	15,130,157	15,229,474	15,765,099	16,820,899	17,528,619	7,021,636
	879,253	925,830	932,247	1,032,105	1,278,232	100,924
	5,028,071	8,387,857	6,450,628	8,105,373	6,567,732	6,660,591
	4,963,327	5,062,784	5,597,254	5,517,049	5,796,136	4,259,992
	6,852,198	7,239,033	7,358,141	6,106,103	7,537,477	6,839,484
	2,548,945	3,054,940	3,037,574	3,018,672	2,417,435	1,713,819
	<u>41,887,667</u>	<u>46,921,230</u>	<u>47,079,818</u>	<u>49,331,145</u>	<u>51,140,845</u>	<u>33,780,771</u>
	4,526,398	5,188,321	6,027,300	5,893,611	6,454,693	6,509,127
	9,178,844	9,459,791	10,317,160	10,748,886	10,821,202	10,081,401
	-	234,257	768,016	848,354	2,092,187	1,408,133
	<u>13,705,242</u>	<u>14,882,369</u>	<u>17,112,476</u>	<u>17,490,851</u>	<u>19,368,082</u>	<u>17,998,661</u>
\$	<u>55,592,909</u>	<u>61,803,599</u>	<u>64,192,294</u>	<u>66,821,996</u>	<u>70,508,927</u>	<u>51,779,432</u>
\$	208,734	\$ 225,731	\$ 235,233	\$ 688,005	\$ 753,062	\$ 961,336
	2,225,165	1,611,320	1,506,770	945,217	1,070,517	947,071
	956,089	888,908	904,895	1,015,053	774,364	1,242,223
	378,982	384,303	390,453	400,561	375,564	391,126
	114,164	114,866	102,288	82,681	74,719	86,595
	2,429,686	2,379,812	2,195,803	1,890,522	3,532,634	3,249,506
	164,749	73,578	19,093	25,806	27,472	51,063
	568,285	-	-	158,253	148,518	-
	<u>7,045,854</u>	<u>5,678,518</u>	<u>5,354,535</u>	<u>5,206,098</u>	<u>6,756,850</u>	<u>6,928,920</u>
	4,255,547	4,505,430	4,857,759	5,138,479	5,387,660	5,479,786
	11,128,700	10,802,692	9,953,099	9,877,262	10,576,707	10,983,136
	-	1,307,573	1,640,615	1,726,526	1,883,841	2,034,484
	-	-	-	-	129,093	50,000
	1,258,798	9,331,840	7,660,647	1,025,835	2,130,601	148,158
	<u>16,643,045</u>	<u>25,947,535</u>	<u>24,112,120</u>	<u>17,768,102</u>	<u>20,107,902</u>	<u>18,695,564</u>
\$	<u>23,688,899</u>	<u>31,626,053</u>	<u>29,466,655</u>	<u>22,974,200</u>	<u>26,864,752</u>	<u>25,624,484</u>
\$	(34,841,813)	\$ (41,242,712)	\$ (41,725,283)	\$ (44,125,047)	\$ (44,383,995)	\$ (26,851,851)
	2,937,803	11,065,166	6,999,644	277,251	739,820	696,903
\$	<u>(31,904,010)</u>	<u>(30,177,546)</u>	<u>(34,725,639)</u>	<u>(43,847,796)</u>	<u>(43,644,175)</u>	<u>(26,154,948)</u>
\$	17,400,696	\$ 17,975,149	\$ 19,484,538	\$ 20,385,225	\$ 22,593,188	\$ 23,572,225
	11,988,116	13,029,712	14,222,194	14,104,584	13,847,507	15,126,354
	2,699,520	3,021,899	2,806,656	2,828,420	3,074,519	2,664,422
	4,295,149	4,575,083	5,011,671	5,510,406	6,132,432	5,996,924
	99,065	133,140	130,419	181,811	316,288	472,896
	769,837	461,641	613,432	590,619	581,628	3,736,791
	-	-	(4,626,322)	-	-	800,000
	<u>37,252,383</u>	<u>39,196,624</u>	<u>37,642,588</u>	<u>43,601,065</u>	<u>46,545,562</u>	<u>52,369,612</u>
	(51,843)	(71,264)	(22,013)	100,928	151,937	185,046
	405	(30,525)	7,232	512,888	135,897	43,048
	-	-	4,626,322	-	-	(800,000)
	<u>(51,438)</u>	<u>(101,789)</u>	<u>4,611,541</u>	<u>613,816</u>	<u>287,834</u>	<u>(571,906)</u>
	2,410,570	(2,046,088)	(4,082,695)	(523,982)	2,161,567	25,517,761
	2,886,365	10,963,377	11,611,185	891,067	1,027,654	124,997
\$	<u>5,296,935</u>	<u>8,917,289</u>	<u>7,528,490</u>	<u>367,085</u>	<u>3,189,221</u>	<u>25,642,758</u>

Town of Addison, Texas
Statistical Section

Table 3

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 358,337	\$ 420,883	\$ 188,035	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable:										
Inventories	-	-	-	87,835	114,733	44,486	66,933	63,176	41,001	39,550
Prepaid Items	-	-	-	67,135	57,054	291,424	272,713	267,357	84,681	449,442
Assigned for Other Purposes	-	-	-	61,193	23,061	-	-	-	-	-
Unassigned	11,337,593	10,231,859	10,668,716	10,150,531	12,178,216	13,643,488	15,166,365	11,271,328	12,765,117	15,879,046
Total General Fund	11,695,930	10,652,742	10,856,751	10,366,694	12,373,064	13,979,398	15,506,011	11,601,861	12,890,799	16,368,038
All Other Governmental Funds										
Reserved	1,548,218	1,309,497	1,302,623	-	-	-	-	-	-	-
Unreserved, Reported in:										
Special Revenue Funds	229,327	16,573	51,469	-	-	-	-	-	-	-
Capital Project Funds	33,491,143	29,190,201	20,334,339	-	-	-	-	-	-	-
Debt Service Funds	890,310	902,577	863,925	-	-	-	-	-	-	-
Hotel Fund	5,715,693	4,635,799	4,423,339	-	-	-	-	-	-	-
Nonspendable:										
Prepaid Items	-	-	-	-	36,974	-	-	-	50,836	38,669
Restricted for:										
Debt Service	-	-	-	1,945,104	1,840,901	1,234,727	1,020,159	831,366	541,074	370,527
Promotion of Tourism & Hotel Industry	-	-	-	-	1,993,040	1,942,378	1,682,165	2,529,271	3,861,008	4,331,245
Capital Projects	-	-	-	9,851,762	39,654,624	41,716,425	45,239,484	40,901,630	33,162,293	21,834,283
Child Safety	-	-	-	-	-	93,472	101,664	88,479	98,540	86,906
Justice Administration	-	-	-	-	-	30,635	31,898	28,893	30,952	21,851
Court Technology	-	-	-	83,827	201,286	74,895	79,591	77,831	86,147	74,667
Building Security	-	-	-	72,462	66,716	64,742	65,782	63,789	63,655	53,584
Court Security	-	-	-	-	-	-	19,185	19,190	28,125	46,900
Public Safety	-	-	-	-	-	-	-	-	30,521	31,059
Other Purposes	-	-	-	45,500	36,793	22,235	-	25,484	327,000	191,575
Committed for:										
Capital Projects	-	-	-	-	-	-	-	-	-	7,688,169
Economic Development	-	-	-	358,676	516,823	664,401	477,233	752,819	968,178	1,257,093
Assigned for:										
Other Purposes	-	-	-	27,603	-	-	-	-	-	-
Unassigned	-	-	-	115,223	(3,883)	(6,364)	3,115	-	-	-
Total All Other Governmental Funds	41,874,691	36,054,647	26,975,695	12,500,157	44,343,274	45,837,546	48,720,276	45,318,752	39,248,329	36,026,528
Total Governmental Funds	\$ 53,570,621	\$ 46,707,389	\$ 37,832,446	\$ 22,866,851	\$ 56,716,338	\$ 59,816,944	\$ 64,226,287	\$ 56,920,613	\$ 52,139,128	\$ 52,394,566

SOURCE: Town of Addison Comprehensive Annual Financial Reports

Notes: The Town implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011.

2015 and prior Public Safety included in Other Purposes. Starting in 2016, Public Safety is separate from Other Purposes.



**Town of Addison, Texas
Statistical Section**

**Changes in Fund Balances,
Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)**

	2008	2009	2010	2011
REVENUES:				
Ad Valorem Taxes	\$ 14,367,964	\$ 15,636,534	\$ 15,900,747	\$ 15,803,400
Non-Property Taxes	16,841,525	14,478,768	13,744,620	14,564,185
Franchise Fees	2,555,927	2,761,511	2,578,154	2,760,188
Licenses and Permits	798,006	429,681	833,178	1,210,058
Intergovernmental	561,992	257,429	1,323,831	3,543,357
Service Fees	2,944,353	2,696,581	3,135,434	2,840,317
Fines and Forfeitures	1,297,064	1,322,196	1,215,414	1,104,477
Earnings on Investments	1,291,081	1,234,816	298,634	122,128
Contributions	-	-	-	-
Rental Charges	744,496	670,546	700,207	733,957
Recycling Proceeds	41,567	18,570	21,126	22,608
Other	333,101	90,574	2,277,342	531,149
<i>Total Revenues</i>	<u>41,777,076</u>	<u>39,597,206</u>	<u>42,028,687</u>	<u>43,235,824</u>
EXPENDITURES:				
Current:				
General Government	6,412,823	6,357,501	6,323,891	6,353,784
Public Safety	14,193,406	14,374,702	13,812,617	14,857,023
Development Services	884,770	864,234	887,132	885,218
Streets	1,805,175	2,356,219	1,672,375	1,612,011
Parks and Recreation	4,108,418	4,072,051	3,698,831	4,061,666
Visitor Services	6,512,965	6,216,141	5,445,391	7,655,939
Municipal Court	-	-	-	-
Economic Development	-	-	-	342,200
Debt Service:				
Principal Retirement	3,919,769	4,115,100	4,369,520	3,873,610
Interest and Fiscal Charges	1,624,105	2,808,332	2,444,875	2,284,774
Debt Issuance Costs	-	-	-	-
Capital Projects:				
Salaries and Fringe Benefits	36,908	4,325	-	-
Supplies	-	2,878	937	-
Maintenance and Materials	-	41,480	231,367	9,870
Contractual Services	-	-	-	-
Other	-	-	-	-
Engineering and Contractual Services	745,837	1,591,103	2,585,480	1,846,919
Construction and Equipment	2,232,634	3,573,333	9,431,214	14,375,210
<i>Total Expenditures</i>	<u>42,476,810</u>	<u>46,377,399</u>	<u>50,903,630</u>	<u>58,158,224</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>(699,734)</u>	<u>(6,780,193)</u>	<u>(8,874,943)</u>	<u>(14,922,400)</u>
OTHER FINANCING SOURCES/(USES):				
Proceeds from Refunding Bonds Issued	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-
Issuance of Debt	28,222,000	-	-	-
Discount on issuance of bonds	-	-	-	-
Bond Issuance Costs	-	-	-	-
Premium on Issuance of Bonds	27,833	-	-	-
Transfers In	700,000	896,489	2,133,827	1,384,156
Transfers Out	(700,000)	(979,528)	(2,133,827)	(1,384,156)
Proceeds on Asset Sales	-	-	-	-
<i>Total Other Financing Sources/(Uses)</i>	<u>28,249,833</u>	<u>(83,039)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 27,550,099</u>	<u>\$ (6,863,232)</u>	<u>\$ (8,874,943)</u>	<u>\$ (14,922,400)</u>
Debt Service as a Percentage of Non-Capital Expenditures	14.14%	17.51%	17.63%	15.40%

SOURCE: Town of Addison Comprehensive Annual Financial Reports

Table 4

	2012	2013	2014	2015	2016	2017
\$	17,471,642	\$ 18,047,998	\$ 19,274,720	\$ 20,560,124	\$ 22,559,004	\$ 23,521,642
	16,183,779	17,604,795	19,444,668	19,728,511	20,181,697	21,217,028
	2,727,370	2,695,073	2,818,869	2,828,420	3,074,519	2,664,422
	953,709	886,423	901,645	1,011,223	768,964	1,225,373
	2,676,792	73,578	19,093	180,612	160,619	15,565
	3,104,592	2,939,606	2,758,458	2,543,707	4,463,789	4,520,358
	1,208,773	1,082,115	988,574	764,144	603,282	468,734
	75,972	122,169	143,299	277,680	372,088	472,896
	-	-	-	-	-	-
	931,619	1,119,737	1,119,551	1,201,389	949,956	704,701
	26,414	25,539	13,295	10,403	2,426	3,258
	483,009	105,803	206,157	199,880	377,608	391,883
	<u>45,843,671</u>	<u>44,702,836</u>	<u>47,688,329</u>	<u>49,306,093</u>	<u>53,513,952</u>	<u>55,205,860</u>
	6,135,191	6,371,055	6,646,587	7,657,465	7,598,584	8,057,632
	15,075,757	14,945,841	15,876,424	16,699,726	16,301,539	16,945,127
	886,705	927,684	962,584	1,090,973	1,207,871	1,158,967
	1,612,699	1,750,500	1,727,403	1,803,139	1,791,257	1,942,584
	4,269,381	4,316,689	4,874,394	4,755,341	4,912,455	5,020,975
	6,171,479	7,116,334	6,730,501	5,454,910	7,077,371	7,595,136
	54,370	53,112	30,878	60,426	17,610	66,616
	469,679	624,014	1,029,585	1,281,649	1,349,920	1,747,749
	4,738,040	4,701,161	5,086,153	5,473,152	5,800,151	5,618,331
	1,918,640	2,747,654	3,110,704	3,417,820	3,089,643	2,810,607
	141,666	-	-	-	-	-
	-	-	-	-	-	-
	17,635	80,660	-	-	-	-
	-	3,946	12,459	-	-	-
	-	49	-	-	-	-
	-	138,236	-	-	-	-
	796,958	2,165,012	422,982	5,076,254	62,647	416,179
	<u>3,038,501</u>	<u>3,742,776</u>	<u>8,241,546</u>	<u>3,840,912</u>	<u>9,086,389</u>	<u>7,583,129</u>
	<u>45,326,701</u>	<u>49,684,723</u>	<u>54,752,200</u>	<u>56,611,767</u>	<u>58,295,437</u>	<u>58,963,032</u>
	516,970	(4,981,887)	(7,063,871)	(7,305,674)	(4,781,485)	(3,757,172)
	46,315,000	-	-	-	-	-
	(14,834,842)	-	-	-	-	-
	-	7,790,000	12,000,000	-	-	-
	(632,482)	-	-	-	-	-
	-	-	-	-	-	-
	4,133,956	292,493	97,299	-	-	-
	1,258,263	578,501	570,000	5,226,082	2,349,124	7,624,205
	(3,074,679)	(578,501)	(570,000)	(5,226,082)	(2,349,124)	(6,824,205)
	-	-	-	-	-	3,212,610
	<u>33,165,216</u>	<u>8,082,493</u>	<u>12,097,299</u>	<u>-</u>	<u>-</u>	<u>4,012,610</u>
\$	<u>33,682,186</u>	<u>3,100,606</u>	<u>5,033,428</u>	<u>(7,305,674)</u>	<u>(4,781,485)</u>	<u>255,438</u>
	16.32%	17.27%	16.11%	18.38%	18.07%	16.41%

**GENERAL GOVERNMENTAL REVENUES
BY SELECTED SOURCES**
Last Ten Fiscal Years

Fiscal Year	Taxes	Franchise Fees	Licenses and Permits	Inter-governmental	Service Fees	Fines and Forfeitures	Interest	Rental Charges	Other (1)	Total
2008	\$ 31,209,489	\$ 2,555,927	\$ 798,006	\$ 561,992	\$ 2,944,353	\$ 1,297,064	\$ 1,291,081	\$ 744,496	\$ 41,567	\$ 41,443,975
2009	30,115,302	2,761,511	429,681	257,429	2,696,581	1,322,196	1,234,816	670,546	18,570	39,506,632
2010	29,645,367	2,578,154	833,178	1,323,831	3,135,434	1,215,414	298,634	700,207	21,126	39,751,345
2011	30,367,585	2,760,188	1,210,058	3,543,357	2,840,317	1,104,477	122,128	733,957	22,608	42,704,675
2012	33,655,421	2,727,370	953,709	2,676,792	3,104,592	1,208,773	75,972	931,619	26,414	45,360,662
2013	35,652,793	2,695,073	886,423	73,578	2,939,606	1,082,115	122,169	1,119,737	25,539	44,597,033
2014	38,719,388	2,818,869	901,645	19,093	2,758,458	988,574	143,299	1,119,551	13,295	47,482,172
2015	40,288,635	2,828,420	1,011,223	180,612	2,543,707	764,144	277,680	1,201,389	10,403	49,106,213
2016	42,740,701	3,074,519	768,964	160,619	4,463,789	603,282	372,088	949,956	2,426	53,136,344
2017	44,738,670	2,664,422	1,225,373	15,565	4,520,358	468,734	472,896	704,701	3,258	54,813,977

Table includes General, Special Revenue, Capital Project, and Debt Service Funds

Notes: (1) Includes recycling fees and contributions.

**GENERAL GOVERNMENTAL EXPENDITURES
BY FUNCTION**
Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Development Services	Streets	Parks and Recreation (1)	Visitor Services (2)	Economic Development	Debt Service	Total
2008	\$ 6,412,823	\$ 14,193,406	\$ 884,770	\$ 1,805,175	\$ 4,108,418	\$ 6,512,965	\$ -	\$ 5,543,874	\$ 39,461,431
2009	6,357,501	14,374,702	864,234	2,356,219	4,072,051	6,216,141	-	6,923,432	41,164,280
2010	6,323,891	13,812,617	887,132	1,672,375	3,698,831	5,445,391	-	6,814,395	38,654,632
2011	6,353,784	14,857,023	885,218	1,612,011	4,061,666	7,655,939	342,200	6,158,384	41,926,225
2012	6,135,191	15,130,127	886,705	1,612,699	4,269,381	6,171,479	469,679	6,798,346	41,473,607
2013	6,371,055	14,998,953	927,684	1,750,500	4,316,689	7,116,334	624,014	7,448,815	43,554,044
2014	6,646,587	15,907,302	962,584	1,727,403	4,874,394	6,730,501	1,029,585	8,196,857	46,075,213
2015	7,657,465	16,760,152	1,090,973	1,803,139	4,755,341	5,454,910	1,281,649	8,890,972	47,694,601
2016	7,598,584	16,319,149	1,207,871	1,791,257	4,912,455	7,077,371	1,349,920	8,889,794	49,146,401
2017	8,057,632	17,011,742	1,158,967	1,942,584	5,020,975	7,595,136	1,747,750	8,428,938	50,963,724

Table includes General, Special Revenue, and Debt Service funds.

Notes:

(1) The Arbor Fund was created in fiscal year 1996 to account for the activities of the Addison Parks Foundation, a Texas non-profit corporation, and is included in the Parks and Recreation category through fiscal year 2009. As of October 1, 2009, the bylaws of the foundation were amended to remove the direct involvement of the Town in the foundation's affairs.

(2) Hotel Fund.

SUMMARY OF TAX REVENUES AND FRANCHISE FEES
Last Ten Fiscal Years

Fiscal Year	Property Taxes (1)	1% Town Sales Tax	Mixed Beverage Taxes	Franchise Fees	Hotel Occupancy Tax	Total
2008	\$ 14,367,964	\$ 10,649,989	\$ 987,289	\$ 2,555,927	\$ 5,204,247	\$ 33,765,416
2009	15,636,534	9,584,496	936,034	2,761,511	3,958,238	32,876,813
2010	15,900,747	9,155,849	921,990	2,578,154	3,666,781	32,223,521
2011	15,803,400	9,632,640	930,759	2,760,188	4,000,786	33,127,773
2012	17,471,642	11,089,866	798,764	2,727,370	4,295,149	36,382,791
2013	18,047,998	12,217,439	812,273	2,695,073	4,575,083	38,347,866
2014	19,274,720	13,440,938	994,609	2,818,869	5,009,121	41,538,257
2015	20,560,124	13,038,912	1,176,643	2,828,420	5,512,956	43,117,055
2016	22,559,004	12,831,723	1,211,761	3,074,519	6,138,213	45,815,220
2017	23,521,642	14,032,616	1,229,708	2,664,422	5,954,703	47,403,091

Table includes General, Special Revenue, Capital Project, and Debt Service funds.

Notes:

(1) Includes penalty and interest.

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**ASSESSED AND ESTIMATED
MARKET VALUE OF TAXABLE PROPERTY**
Last Ten Fiscal Years

Fiscal Year	Actual Levy Year	Real Property Assessed Value ⁽¹⁾	Personal Property Assessed Value	Less Tax-Exempt Property Assessed Value	Total Taxable Value	Total Direct Tax Rate ⁽²⁾
2008	2007	\$ 3,133,172,520	\$ 654,923,060	\$ (306,253,403)	\$ 3,481,842,177	0.4337
2009	2008	3,316,069,140	759,489,460	(350,731,677)	3,724,826,923	0.4535
2010	2009	3,095,240,320	633,330,780	(417,521,300)	3,311,049,800	0.4960
2011	2010	2,872,659,100	601,788,640	(415,674,023)	3,058,773,717	0.5300
2012	2011	2,864,186,430	586,674,080	(422,817,942)	3,028,042,568	0.5800
2013	2012	2,955,211,640	580,038,950	(400,355,712)	3,134,894,878	0.5800
2014	2013	3,270,235,970	621,418,790	(401,647,062)	3,490,007,698	0.5718
2015	2014	3,538,702,310	685,963,840	(419,085,309)	3,805,580,841	0.5618
2016	2015	3,742,314,940	722,808,570	(428,399,743)	4,036,723,767	0.5792
2017	2016	3,996,508,870	757,661,770	(453,899,085)	4,300,271,555	0.5605

SOURCE: Dallas Central Appraisal District

Notes:

(1) Assessed value is 100% of estimated market value.

(2) Per \$100 of valuation.

**DIRECT AND OVERLAPPING PROPERTY TAX RATES
(PER \$100 OF ASSESSED VALUE)
Last Ten Fiscal Years**

Fiscal Year	City Direct Rates ⁽¹⁾			Overlapping Rates ⁽²⁾					
	Operating General Rates	General Obligation Debt Service	Total Direct Ad Valorem Rate	Dallas County	Community College District	Dallas ISD	Carrollton/Farmers Branch ISD	Dallas County Hospital District	Total Ad Valorem Rate
2008	0.2990	0.1347	0.4337	0.2328	0.0804	1.1996	1.3670	0.2540	2.2006
2009	0.2828	0.1707	0.4535	0.2330	0.0894	1.1834	1.3623	0.2540	2.2133
2010	0.3360	0.1600	0.4960	0.2333	0.0949	1.2713	1.3422	0.2740	2.3696
2011	0.3479	0.1821	0.5300	0.2531	0.0992	1.2378	1.3469	0.2710	2.3911
2012	0.3819	0.1981	0.5800	0.2531	0.0997	1.2903	1.3568	0.2710	2.4941
2013	0.3593	0.2207	0.5800	0.2530	0.1194	1.2903	1.3306	0.2710	2.5138
2014	0.3588	0.2130	0.5718	0.2531	0.1247	1.2820	1.3235	0.2760	2.5076
2015	0.3437	0.2181	0.5618	0.2531	0.1248	1.2820	1.3033	0.2860	2.5077
2016	0.3767	0.2024	0.5792	0.2531	0.1237	1.2821	1.2817	0.2860	2.5240
2017	0.3812	0.1793	0.5605	0.2524	0.1229	1.2821	1.3917	0.2794	2.4973

SOURCE: Dallas County Tax Office

Notes:

⁽¹⁾ The Town's operating tax rate may be increased only by a majority vote of the City Council up to the limit prescribed by State law, after which the Town's residents may petition for a vote. Rates for debt service are set based on each year's requirements.

⁽²⁾ Overlapping rates are those of local and county governments that apply to property owners within the Town of Addison. The Carrollton/Farmers Branch ISD tax rate is excluded from the total Ad Valorem rate because most of the property owners in Addison are within the Dallas ISD geographic boundaries.

PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years

Fiscal Year	Actual Levy Year	Taxes Levied for the Fiscal Year	Collections Within the Fiscal Year of the Levy		Collections in Subsequent Years ⁽¹⁾	Total Collections to Date	
			Current Tax Collections	Percentage of Levy		Total Tax Collections	Percentage of Levy
2008	2007	\$ 15,100,750	\$ 14,284,974	94.6%	\$ 14,221	\$ 14,299,195	94.7%
2009	2008	16,892,090	15,628,630	92.5%	(25,508)	15,603,122	92.4%
2010	2009	16,475,365	15,867,761	96.3%	3,531	15,871,292	96.3%
2011	2010	16,249,988	15,678,212	96.5%	52,882	15,731,094	96.8%
2012	2011	17,612,952	17,280,758	98.1%	119,185	17,399,943	98.8%
2013	2012	18,227,706	17,940,483	98.4%	32,002	17,972,485	98.6%
2014	2013	20,000,565	19,246,998	96.2%	(11,276)	19,235,722	96.2%
2015	2014	21,430,622	20,641,789	96.3%	(125,202)	20,516,587	95.7%
2016	2015	23,445,994	22,584,093	96.3%	(77,086)	22,507,007	96.0%
2017	2016	24,175,503	23,458,172	97.0%	95,968	23,554,140	97.4%

SOURCE: Dallas County Tax Office

Notes:

⁽¹⁾ Negative amounts represent refunds of taxes to property owners who appealed their values for the current year (or previous years) to the Dallas Central Appraisal District and received lower valuations as a result of the appeal.

RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Personal Income (%)	Per Capita
	General Obligation Bonds	Certificates of Obligation	General Obligation Bonds	Certificates of Obligation			
2008	\$ 30,050,000	\$ 34,327,000	\$ 12,060,450	\$ 10,003,000	\$ 86,440,450	12.91	\$ 5,668.23
2009	26,495,000	33,766,900	9,940,301	9,748,100	79,950,301	13.79	5,966.44
2010	22,775,000	33,117,380	7,740,152	9,467,620	73,100,152	13.09	5,598.97
2011	19,575,000	32,443,770	5,245,003	9,176,230	66,440,003	11.14	5,087.29
2012	40,587,307	40,779,773	2,656,792	10,580,639	94,604,511	15.50	6,915.53
2013	44,865,727	39,564,153	-	20,668,963	105,098,843	16.11	7,593.85
2014	52,868,244	38,578,326	2,145,000	25,322,281	118,913,851	15.71	7,833.59
2015	48,157,452	37,513,716	1,805,000	24,545,293	112,021,461	14.93	7,213.23
2016	65,165,138	15,642,986	8,122,465	17,312,599	106,243,188	14.10	6,810.46
2017	59,974,766	14,009,287	7,663,243	16,305,591	97,952,887	12.89	6,227.14

SOURCE: Town of Addison Comprehensive Annual Financial Reports.
See Table 16 for personal income and population data.

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RATIO OF GENERAL BONDED DEBT OUTSTANDING
 Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds ⁽¹⁾	Certificates of Obligation ⁽¹⁾	Less: Amounts Available in Debt Service Fund ⁽²⁾	Total Outstanding Debt	Percentage of Actual Taxable Value (%)	Per Capita
2008	\$ 42,110,450	\$ 44,330,000	\$ 1,360,440	\$ 85,080,010	2.48	\$ 5,668.23
2009	36,435,301	43,515,000	1,082,061	78,868,240	2.15	5,966.44
2010	30,515,152	42,585,000	1,126,069	71,974,083	2.21	5,598.97
2011	24,820,003	41,620,000	1,127,831	65,312,172	2.11	4,938.35
2012	43,244,099	51,360,412	1,079,254	93,525,257	3.06	6,780.97
2013	44,865,727	60,233,116	1,234,727	103,864,116	3.31	7,504.63
2014	55,013,244	63,900,607	1,020,159	117,893,692	3.38	7,766.38
2015	49,962,452	62,059,009	831,367	111,190,094	2.92	7,159.70
2016	73,287,603	32,955,585	541,075	105,702,113	2.62	6,775.78
2017	67,638,009	30,314,878	370,527	97,582,360	2.27	6,203.58

NOTES: (1) The schedule of general bonded debt includes general obligation debt of both governmental activities and business-type activities.

(2) This is the amount restricted for debt service principal payments at the fund level.

SOURCE: Town of Addison Comprehensive Annual Financial Reports
 See Table 8 for taxable values and Table 16 for population data.

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DIRECT AND OVERLAPPING DEBT
 Year Ended September 30, 2017

Taxing Jurisdiction	G.O. Bonded Debt	Percent Applicable ⁽¹⁾	Estimated Share of Overlapping Debt
Carrollton-Farmers Branch ISD	\$ 211,775,000	1.30%	\$ 2,753,075
Dallas County	199,545,000	2.22%	4,429,899
Dallas County Community College District	263,140,000	2.22%	5,841,708
Dallas County Hospital District	703,770,000	2.22%	15,623,694
Dallas County Schools	40,330,000	2.22%	895,326
Dallas ISD	2,923,745,000	2.92%	85,373,354
Total Overlapping Debt			114,917,056
Town of Addison (Direct Debt)	\$ 91,100,000 ⁽²⁾	100%	91,100,000
Total Direct and Overlapping Debt			<u>\$ 206,017,056</u>
Ratio of Overlapping G.O. Debt to 2014 Taxable Assessed Valuation			4.79%
Per Capita Overlapping G.O. Debt			\$ 13,097

SOURCE: Municipal Advisory Council of Texas
 See Table 8 for taxable values and Table 16 for population data.

Notes:

- (1) The percentage of overlapping debt is estimated using taxable assessed property values. Applicable percentages were estimated by determining the assessed valuation of taxable property within both the overlapping taxing body and the Town's boundaries and dividing that shared value by the total taxable assessed value within the overlapping taxing body.
- (2) Total general obligation (G.O.) bonded debt shown for the Town of Addison excludes self-supporting debt and amount available for repayment in the Debt Service funds.

**SCHEDULE OF REVENUE BOND COVERAGE
 WATER AND SEWER FUND
 Last Ten Fiscal Years**

Fiscal Year	Net Revenue Available for Debt Service			Debt Service Requirements ⁽²⁾			Revenue Bond Coverage ⁽³⁾
	Gross Revenue	Expense ⁽¹⁾	Net Revenue	Principal	Interest	Total	
2008	\$ 9,086,984	\$ 6,970,850	\$ 2,116,134	\$ -	\$ -	-	N/A
2009	9,362,976	7,105,167	2,257,809	-	-	-	N/A
2010	8,803,804	6,811,662	1,992,142	-	-	-	N/A
2011	10,726,977	7,024,544	3,702,433	-	-	-	N/A
2012	11,068,924	7,529,490	3,539,434	-	-	-	N/A
2013	10,743,714	8,052,963	2,690,751	-	-	-	N/A
2014	9,894,247	8,449,185	1,445,062	-	-	-	N/A
2015	10,241,191	9,017,932	1,223,259	-	-	-	N/A
2016	10,688,878	9,116,360	1,572,518	-	-	-	N/A
2017	11,087,788	8,988,724	2,099,064	-	-	-	N/A

Notes:

(1) Includes "operating expenses excluding depreciation" and "non-operating expenses excluding interest expense".

(2) Includes principal and interest of revenue bonds only. It does not include the general obligation bonds reported in the enterprise fund.

(3) Revenue bond coverage is equal to net revenue available for debt service divided by total principal and interest.

Revenue bonds were retired in fiscal year 2002. Current year debt associated with the Town's Utility (Water and Sewer) Fund is limited to general obligation bonds and certificates of obligation. This debt is secured by the Town's property taxes but is supported by Utility Fund revenues.

**SCHEDULE OF COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION COVERAGE
 HOTEL FUND
 Last Ten Fiscal Years**

Fiscal Year	Net Revenue Available for Debt Service			Debt Service Requirements			Bond Coverage ⁽²⁾
	Gross Revenue	Expenditure ⁽¹⁾	Net Revenue	Principal	Interest	Total	
2008	\$ 7,546,348	\$ 1,077,436	\$ 6,468,912	\$ 500,000	212,012	\$ 712,012	9.1
2009	5,887,509	973,467	4,914,042	515,000	196,788	711,788	6.9
2010	5,900,022	963,908	4,936,114	535,000	181,037	716,037	6.9
2011	6,026,377	1,007,162	5,019,215	555,000	164,988	719,988	7.0
2012	6,740,112	1,080,980	5,659,132	620,000	108,143	728,143	7.8
2013	6,970,189	1,626,644	5,343,545	600,000	104,623	704,623	7.6
2014	7,181,306	1,063,116	6,118,190	625,000	86,650	711,650	8.6
2015	7,512,047	959,140	6,552,907	640,000	70,800	710,800	9.2
2016	9,680,180	1,156,760	8,523,420	660,001	52,050	712,051	12.0
2017	9,307,410	1,211,193	8,096,217	680,000	31,200	711,200	11.4

Notes:

⁽¹⁾ Combination Tax and Revenue Certificates of Obligation bond covenants require only Conference Centre expenditures be considered when calculating bond coverage.

⁽²⁾ Bond coverage is equal to net revenue available for debt service divided by total principal and interest.

**DEMOGRAPHIC AND ECONOMIC STATISTICS
 AS OF SEPTEMBER 30
 Last Ten Fiscal Years**

Fiscal Year	Estimated Population ⁽¹⁾	Assessed Valuations ⁽²⁾	Personal Income (Thousands)	Per Capita Personal Income ⁽³⁾	Labor Force ⁽⁴⁾	Unemployment Rate ⁽⁴⁾
2008	15,250	\$ 3,481,842,177	\$ 669,683	43,914	2,084,562	5.3%
2009	13,400	3,724,826,923	579,743	43,264	2,115,943	8.5%
2010	13,056	3,311,049,800	558,248	42,758	2,205,675	7.9%
2011	13,060	3,058,773,717	596,254	45,655	2,249,760	7.6%
2012	13,680	3,028,042,568	610,333	44,615	2,273,350	6.4%
2013	13,840	3,134,894,878	652,418	47,140	2,325,125	5.9%
2014	15,180	3,490,007,698	756,981	49,867	2,361,123	4.8%
2015	15,530	3,805,580,841	750,379	48,318	2,411,843	3.9%
2016	15,600	4,036,723,767	753,761	48,318	2,519,036	3.9%
2017	15,730	4,300,271,555	760,042	48,318	2,556,491	3.3%

SOURCES:

(1) North Central Texas Council of Governments estimates

(2) Dallas Central Appraisal District

(3) United States Census American Community Survey; figures are based on the most current data available.

(4) Texas Workforce Commission - Effective January 2005, data for cities of less than 25,000 was no longer provided. The information presented represents the Dallas, Plano, Irving Metro Area.

PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

Name of Taxpayer	Nature of Property	2017			2008		
		Taxable Assessed Valuation	Rank	Percent of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percent of Total Taxable Assessed Valuation
FPG Colonnade LP	Land, Office Buildings	\$ 201,039,500	1	4.68%			
Post Properties Inc	Mixed Development	166,013,460	2	3.86%			
COP Spectrum Center LLC	Office Buildings	89,520,000	3	2.08%			
5100 Belt Line Investors LLC	Insurance	89,260,140	4	2.08%			
Gaedeke Holdings IX LLC	Office Buildings	80,665,540	5	1.88%			
Real Pink Limited	Office Buildings	77,663,310	6	1.81%			
Fiori LLC	Land, Hotel	77,600,000	7	1.80%			
DCO Realty Inc	Land, Office Buildings	62,477,920	8	1.45%			
MHSS-Addison LP	Land, Office Buildings	59,220,630	9	1.38%			
SAYOYE2 LLC	Apartments	<u>57,255,000</u>	10	<u>1.33%</u>			
Colonnade Realty Holdings	Land, Office Buildings				\$ 170,108,410	1	4.89%
Post Addison Circle	Mixed Development				130,000,000	2	3.73%
Spectrum Center Partners	Office Buildings				78,844,500	3	2.26%
DCO Greenhaven/Clipper							
Pointe	Apartments				72,183,390	4	2.07%
Richmond Properties Ltd	Land, Office Buildings				71,310,040	5	2.05%
G&I V VOP LP	Land, Office Buildings				70,700,000	6	2.03%
Equastone North Dallas / Aberdeen	Mixed Development				69,558,130	7	2.00%
KBS Millennium LLC	Office Buildings				69,278,450	8	1.99%
MBNA Texas Properties	Land, Office Buildings				66,677,640	9	1.92%
Registry Hotel Corp	Land, Hotel				<u>56,655,050</u>	10	<u>1.63%</u>
		<u>\$ 60,715,500</u>		<u>2.34%</u>	<u>\$855,315,610</u>		<u>24.57%</u>

SOURCE: Dallas County Tax Office (2017); Town of Addison CAFR (2008)

MAJOR EMPLOYERS
 Current Year and Nine Years Ago

Company	Type of Business	2017		2008	
		Estimated Number of Employees	Percent of Total Employees	Estimated Number of Employees	Percent of Total Employees
Mary Kay Cosmetics	Cosmetics	3,001	4.51%	1,300	2.85%
Bank of America	Finance	1,200	1.80%	837	1.83%
Mattress Giant Corporate Headquarters	Retail Trade	700	1.05%	N/A	N/A
Regus Group PLC	Real Estate	590	0.89%	N/A	N/A
Barrett Daffin Frappier Turner & Engel, LLP	Attorney Firm	550	0.83%	N/A	N/A
Expense Reduction Analysts	Consulting Service	501	0.75%	N/A	N/A
Intercontinental Hotel Dallas	Hospitality	450	0.68%	370	0.81%
National Bankruptcy Services	Bankruptcy Service	450	0.68%	N/A	N/A
Zurich American Insurance Co.	Insurance	400	0.60%	N/A	N/A
Greenhill School	Elementary & High School	370	0.56%	250	0.55%
Barrett Burke Wilson & Castle	Attorney Firm	N/A	N/A	580	1.27%
Concentra, Inc	Medical	N/A	N/A	400	0.88%
Pizza Hut Corporate Offices	Food Specialties	N/A	N/A	748	1.64%
The Staubach Company	Real Estate	N/A	N/A	500	1.10%
Town of Addison	Municipal Government	N/A	N/A	263	0.59%
United Surgical Partners	Medical	N/A	N/A	275	0.60%

SOURCE: North Central Texas Council of Governments (2017); Town of Addison CAFR (2008)

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**BUDGETED FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY
 FUNCTION/PROGRAM
 Last Ten Fiscal Years**

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
City Manager's Office	8.5	8.5	8.5	8.0	7.5	6.0	7.0	8.0	7.5	6.5
Financial and Strategic Services	10.0	10.0	9.0	8.0	8.0	8.0	7.5	9.7	13.0	13.0
Municipal Court	4.7	5.7	5.7	5.4	5.4	5.4	5.7	5.7	5.8	5.8
General Services	10.0	10.0	10.0	9.0	8.0	5.0	5.0	5.0	5.0	4.8
Human Resources	4.7	5.2	5.2	4.2	5.2	4.2	4.2	3.5	4.0	4.0
Information Technology	6.0	6.0	6.0	6.0	6.0	7.0	7.0	7.0	7.0	7.0
Total General Government	43.9	45.4	44.4	40.6	40.1	35.6	36.4	38.9	42.3	41.1
Public Safety										
Police	69.3	70.3	73.3	72.3	73.8	73.8	75.3	79.8	79.8	71.0
Emergency Communications	12.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5	14.5	-
Fire	55.0	55.0	54.0	53.0	52.0	52.0	55.3	55.3	55.3	56.0
Total Public Safety	136.8	138.8	140.8	138.8	139.3	139.3	144.1	148.6	149.6	127.0
Development Services	7.0	7.0	7.0	7.0	7.2	7.2	7.2	7.2	7.2	11.0
Economic Development	-	-	-	-	1.0	2.0	3.0	4.0	4.0	4.0
Public Works										
Streets	7.0	7.0	7.0	7.0	5.0	5.0	5.0	5.4	5.4	6.4
Stormwater							1.4	1.7	1.7	2.0
Utilities	17.0	18.0	17.0	17.0	16.0	18.0	18.3	16.6	17.6	19.2
Total Public Works	24.0	25.0	24.0	24.0	21.0	23.0	24.7	23.7	24.7	27.6
Parks and Recreation										
Parks	20.0	21.0	20.0	20.0	20.0	21.0	21.0	21.0	22.0	22.0
Recreation	15.2	15.6	15.6	15.6	14.6	14.6	14.6	15.1	15.1	15.7
Total Parks and Recreation	35.2	36.6	35.6	35.6	34.6	35.6	35.6	36.1	37.1	37.7
Visitor Services										
Visitor Services	2.5	2.5	2.5	3.0	3.0	3.0	3.0	-	-	-
Conference Centre	7.5	7.5	7.5	7.5	8.0	7.0	8.7	8.5	9.5	9.5
Special Events	4.0	4.0	4.0	3.0	3.0	3.5	4.0	4.3	4.3	4.2
Marketing	-	-	-	-	1.0	1.0	1.0	1.0	1.0	2.0
General Hotel Operations	-	-	-	-	-	-	-	1.0	1.0	1.0
Performing Arts	-	-	-	-	-	-	-	-	-	-
Total Visitor Services	14.0	14.0	14.0	13.5	15.0	14.5	16.7	14.8	15.8	16.7
Airport Fund	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.4
TOTAL	262.9	268.8	267.8	261.5	261.2	260.2	270.7	276.3	283.7	268.5

SOURCE: Town of Addison Finance Department

OPERATING INDICATORS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Crimes Against Property	954	1,100	968	1,056	933	942	768	728	835	804
Crimes Against Persons	390	452	381	388	435	393	358	55	97	106
Arrests	2,844	3,220	2,775	2,876	2,924	2,548	2,006	1,712	1,679	1,702
Calls for Service	17,365	16,109	15,453	17,989	17,390	16,463	16,624	17,181	20,700	17,163
Fire										
Number of Fires	38	50	44	51	45	61	63	51	39	23
Dollar Loss	\$ 234,375	\$ 396,100	\$ 2,212,000	\$ 3,027,173	\$ 2,484,545	\$ 1,166,345	\$ 1,268,010	\$ 608,900	\$ 686,920	\$ 1,394,390
Calls for Service - Fire	1,033	893	834	866	837	896	989	996	865	652
Calls for Service - EMS	1,507	1,422	1,518	1,463	1,676	1,696	1,598	1,730	1,765	1,683
Streets										
Tons of Recycling Collected	354	343	328	330	334	360	387	323	390	419
Parks										
Acres Maintained	137	138	139	163	163	163	163	163	163	163
Recreation										
Recreation Event Participants	13,002	13,184	14,947	14,874	22,496	22,632	21,392	21,392	22,462	26,401
Number of Users	126,214	126,123	125,339	123,794	131,730	128,722	122,656	122,656	120,149	126,287
Active Athletic Club Members	3,395	3,222	3,300	3,428	3,637	3,669	3,942	3,942	3,631	3,815
Utilities										
Water Usage - Peak (1)	8,421	8,748	8,895	9,402	8,871	8,979	10,042	11,093	8,846	7,652
Water Usage - Average (1)	4,847	4,627	4,334	5,014	5,021	4,829	4,577	4,682	4,628	4,672
Service Line Breaks	13	11	11	7	10	11	16	8	4	10
Water Main Breaks	7	1	1	1	2	5	7	4	2	7

SOURCE: Town of Addison Department Data

Notes:

(1) In thousands of gallons

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CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Public Safety</u>										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	2	2	2	2	2	2	2	2	2	2
<u>Public Works</u>										
Streets - Paved (miles)	41	41	41	41	41	41	41	41	43	43
Lane Miles	126	126	164	164	164	164	164	164	167	167
Traffic Signals	34	34	36	36	36	36	36	36	36	36
<u>Parks and Recreation</u> ⁽¹⁾										
Acres Maintained	136	138	139	163	163	163	163	163	163	163
Parks	12	13	13	15	15	15	15	15	14	14
Playgrounds	3	3	3	5	5	5	5	5	3	3
Soccer/Football Fields	-	-	-	1	1	1	1	1	-	-
Community Centers	1	1	1	1	1	1	1	1	1	1
<u>Water</u>										
Water Mains (Miles)	99	101	96	80	80	80	80	80	80	96
Fire Hydrants	1,175	1,200	1,013	1,052	1,052	1,038	1,038	1,038	1,052	1,052
<u>Wastewater</u>										
Miles of Sanitary Sewers	88	90	82	66	66	66	66	66	66	75
Miles of Storm Sewers	22	22	22	57	57	60	60	60	76	76

SOURCE: Town of Addison Department Data

Notes:

- (1) In 2008, the joint use agreement between the Town of Addison and Trinity Christian Academy terminated. The agreement had allowed the Town use of the Trinity Christian Academy facilities in exchange for sharing the maintenance of these facilities.