



**REGULAR MEETING & WORK SESSION
OF THE CITY COUNCIL**

March 6, 2018

ADDISON TOWN HALL

**5300 BELT LINE RD., DALLAS, TX 75254
5:00 PM EXECUTIVE SESSION & WORK SESSION
7:30 PM REGULAR MEETING**

1. Closed (executive) session of the Addison City Council pursuant to:

Section 551.071, Tex. Gov. Code, to conduct a private consultation with its attorney on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551, Tex. Gov. Code, pertaining to:

- **Town of Addison v. Landmark Structures, L.P., Urban Green Energy, Freese and Nichols, Inc. v. SWG Energy, Inc. - Cause No. DC-15-07691 44th Judicial Court, Dallas County**
- **The ponds or lakes at Vitruvian Park located within the vicinity and east of the intersection of Vitruvian Way and Ponte Ave., and Farmers Branch Creek**
- **Budget Suites of America located at 15130 Marsh Lane, Addison, Texas, 75001**
- **Contract Dispute with Harris Corporation - Public Safety Radios**

Section 551.087, Texas Government Code, to discuss or deliberate regarding commercial or financial information that the City Council has received from a business prospect or business prospects that the City Council seeks to have locate, stay, or expand in or near the territory of the Town of Addison and with which the City Council is conducting economic development negotiations, and/or to deliberate the offer of a financial or other incentive to such business prospect or business prospects.

- **Project Skip**
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2. RECONVENE INTO REGULAR SESSION: In accordance with Texas Government Code, Chapter 551, the City Council will reconvene into Regular Session to consider action, if any, on matters discussed in Executive Session.

WORK SESSION

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3. Present and Discuss **Progress on the Town of Addison's Asset Management Plan.**
 4. Present and Discuss the **Midway Road Tree Assessment.**
 5. Present and Discuss the **Format for the Town Meeting on April 16, 2018.**
-

REGULAR MEETING

Pledge of Allegiance

Announcements and Acknowledgements regarding Town and Council Events and Activities

Discussion of Events/Meetings

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6. Public Comment.
The City Council invites citizens to address the City Council on any topic not on this agenda. Please fill out a **City Council Appearance Card** and submit it to a city staff member prior to Public Participation. Speakers are allowed **up to three (3) minutes per speaker** with **fifteen (15) total minutes** on items of interest or concern and not on items that are on the current agenda. In accordance with the Texas Open Meetings Act, the City Council cannot take action on items not listed on the agenda. The Council may choose to place the item on a future agenda.

Consent Agenda:

All items listed under the Consent Agenda are considered routine by the City Council and will be enacted by one motion with no individual consideration. If individual consideration of an item is requested, it will be pulled from the Consent Agenda and discussed separately.

7. Consider Action to Approve a **Resolution for Landscape Maintenance of Addison Circle District and Addison Circle Park to LawnScape of Dallas and Authorize the City Manager to Execute the Agreement** in an Amount not to Exceed \$117,540.

-
8. Consider Action to Approve an **Ordinance to Adopt a Tariff Authorizing an Annual Rate Review Mechanism (RRM) as a Substitution for the Annual Interim Rate Adjustment Process as Defined by Section 104.301 of the Texas Utilities Code As Negotiated Between Atmos Energy Corp Mid-Tex Division and the Steering Committee of Cities Serviced by Atmos Energy Corp., Mid-Tex Division.**

Regular Items

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9. Present and Discuss the **Planning and Zoning Commission Annual Report for 2017.**

-
10. Hold a Public Hearing, Present, Discuss, and Consider Action to Approve an **Ordinance Changing the Zoning on Property Located at 14555 Dallas Parkway, Which Property is Currently Zoned PD, Planned Development, Through Ordinances O16-028 and O17-05, by Approving a Special Use Permit for a Restaurant with the Sale of Alcoholic Beverages for On-Premise Consumption Only.** Case 1772-SUP/Ascension.

-
11. Present, Discuss, and Consider Action on a **Resolution for Appointments to the Economic Development Strategic Plan Special Project Committee.**

-
12. Present, Discuss and Consider Action on **Acceptance of the Fiscal Year 2017 Comprehensive Annual Financial Report (CAFR).**

Adjourn Meeting

NOTE: The City Council reserves the right to meet in Executive Session closed to the public at any time in the course of this meeting to discuss matters listed on the agenda, as authorized by the Texas Open Meetings Act, Texas Government Code, Chapter 551, including §551.071 (private consultation with the attorney for the City); §551.072 (purchase, exchange, lease or value of real property); §551.074 (personnel or to hear complaints against personnel); §551.076 (deployment, or specific occasions for implementation of security personnel or devices); and §551.087 (economic development negotiations). Any decision held on such matters will be taken or conducted in Open Session following the conclusion of the Executive Session.

Posted:

Christie Wilson, 03/01/2018, by 6:00 p.m.

**THE TOWN OF ADDISON IS ACCESSIBLE TO PERSONS WITH DISABILITIES. PLEASE
CALL (972) 450-7090 AT LEAST
48 HOURS IN ADVANCE IF YOU NEED ASSISTANCE.**

Work Session and Regular Meeting**Meeting Date:** 03/06/2018**Department:** Infrastructure- Development Services**Pillars:** Excellence in Asset Management**Milestones:** Create an Asset Management Plan

AGENDA CAPTION:Present and Discuss **Progress on the Town of Addison's Asset Management Plan.****BACKGROUND:**

On May 23, 2017, the Council approved a contract with Kayuga Solution, Inc., for the development of a comprehensive Asset Management Plan (AMP) for the Town of Addison. Since that time, Kayuga has been working with staff members from various departments to gather information related to the inventory and condition of the Town's buildings, parks, utilities, streets, and fleet.

Significant progress has been made on the development of the plan.

- **The Roadway management system:** All GIS data has been gathered and reviewed. The asset inventory and assessment is underway. The asset registry is in development and the replacement cost estimation has begun. The prioritization methodology is in development. This system is 80% complete. The data collection, assessment and processing is estimated to be complete by March 30 and will be included in the draft plan that is estimated to be complete by April 27.
- **The Park management system:** All parks have been inventoried and missing assets have been identified. The asset register has been developed along with the initial prioritization methodology. The initial Infrastructure Reinvestment Intelligence System (IRIS) model has been created. The management strategies have been approved by the department. Remaining to do is the landscape area data collection and assessment and the asset prioritization methodology verification. Once these are done, the Parks asset management plan will be written and submitted for review. This system is 90% complete. The data collection, assessment and processing is estimated to be complete by March 30 and will be included in the draft plan that is estimated to be complete by April 27.
- **The Fleet management system:** The asset register is complete and the initial asset cost estimate has been developed. The initial risk management strategies have been developed. Remaining to do is to verify the management strategies. The Fleet asset management plan will then be written and submitted for review. This system is 95% complete and will be included in the draft plan that is estimated to be complete by April 27.
- **The Building management system:** The building data collection and assessment is done. The asset register is complete and the initial asset cost estimation has been developed. Next will be the verification of the asset replacement cost estimation and the management strategies. The Building asset management plan will then be written and submitted for review. This system is 95% complete and will be included in the draft plan that is estimated to be complete by April 27.
- **The Water and Wastewater management system:** The inventory of all the assets is complete and the asset registry is complete. The gap in the GIS data has been identified and analyzed. The cleanup of the data is in progress. The remaining items are the asset

replacement cost estimation, the development of the management strategies, the risk assessment methodology development, and the life-cycle cost modeling. This system is 90% complete and will be included in the draft plan that is estimated to be complete by April 27.

Town Staff and Kayuga Solutions will provide an update on the progress to date, discuss what is currently underway, and what is remaining to do. Also, they will preview the Infrastructure Reinvestment Information System (IRIS) that will be provided as a part of the Asset Management Plan.

RECOMMENDATION:

Information only, no action required.

Attachments

Presentation - Asset Management Plan Update

Town of Addison Infrastructure Asset Management Story

Asset Management Project: Progress Update

March 6, 2018



Order of Presentation

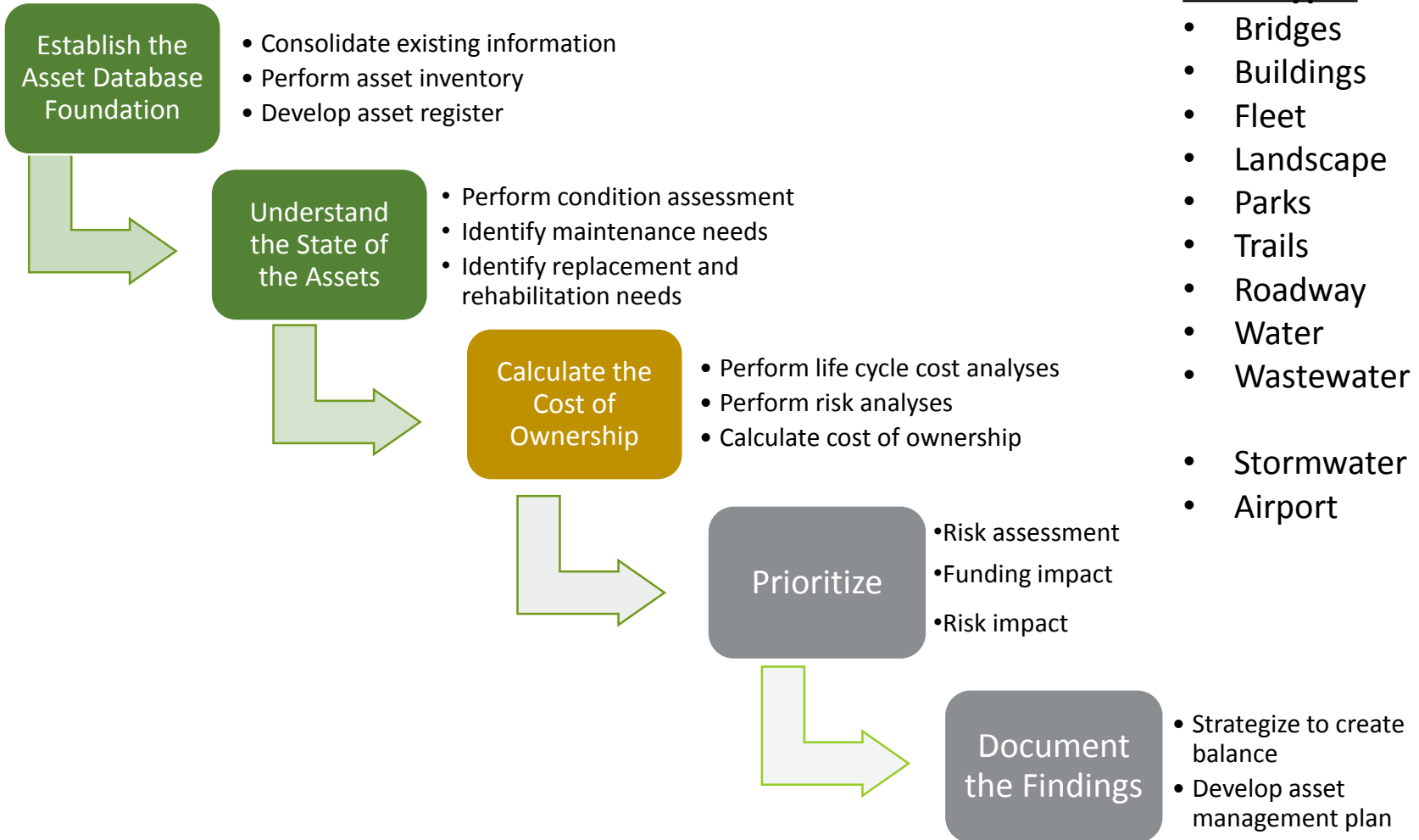
- Asset Management Objectives
- Project Approach
 - Data Collection Methodology
 - Asset Management Analytics
 - Level of Service Consideration in AMP
 - Asset Management Tool Demo
- Project Outcome / Deliverable
 - IRIS
 - Asset Management Plans
- Q&A

Project Objectives

- Consolidate asset knowledge
- Develop an asset database foundation
- Understand current state and future asset needs
- Assess risk and prioritize needs based on risk
- Develop strategy to balance cost, service, and risk
- Transition from reactive to proactive state of practice
- Provide a logical, transparent, and defensible decision-making platform

Tell a Good Asset Management Story!

Work Process

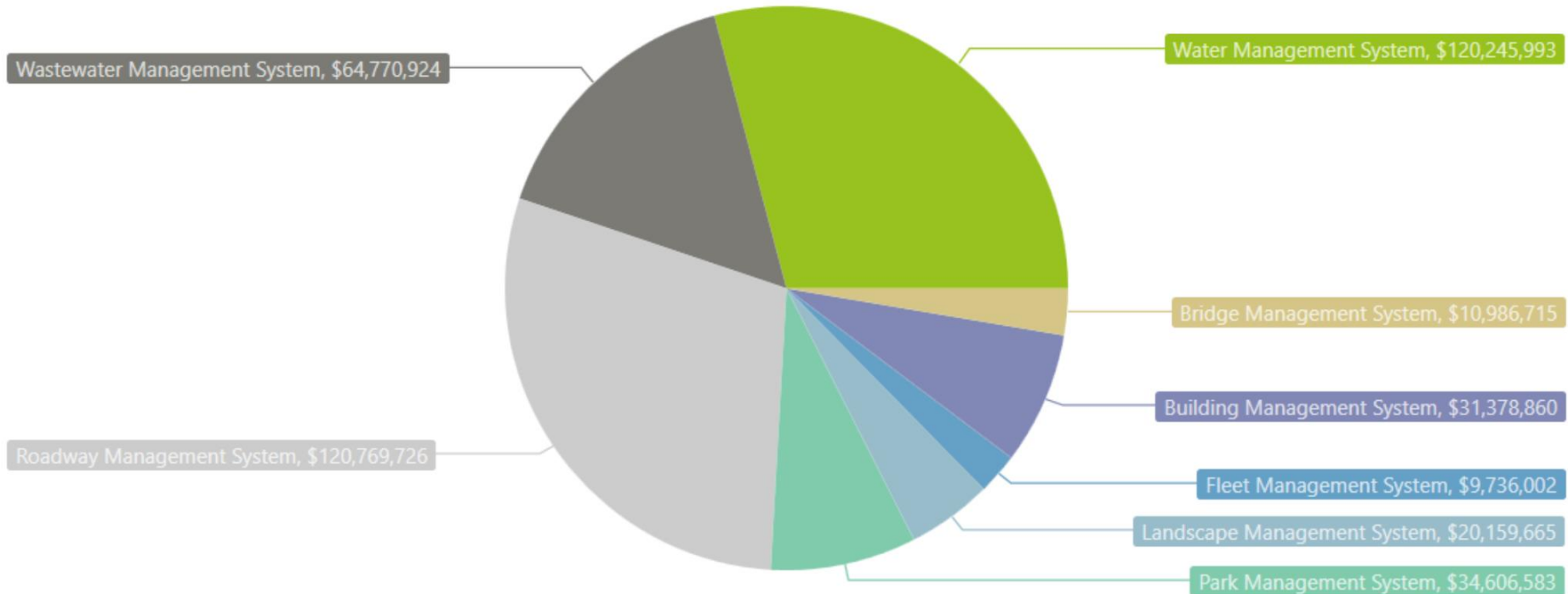


Big Data is Coming!

- Building the asset data foundation
 - To date: 37,529 assets
 - Bridges – 419 assets
 - Buildings – 7,379 assets
 - Fleet – 182 assets
 - Landscape – 2,421 assets
 - Park – 3,993 assets
 - Roadway – 7,488 assets
 - Wastewater – 3,518 assets
 - Water – 12,129 assets
 - Next Phase
 - Storm drains
 - Airport
 - CMMS

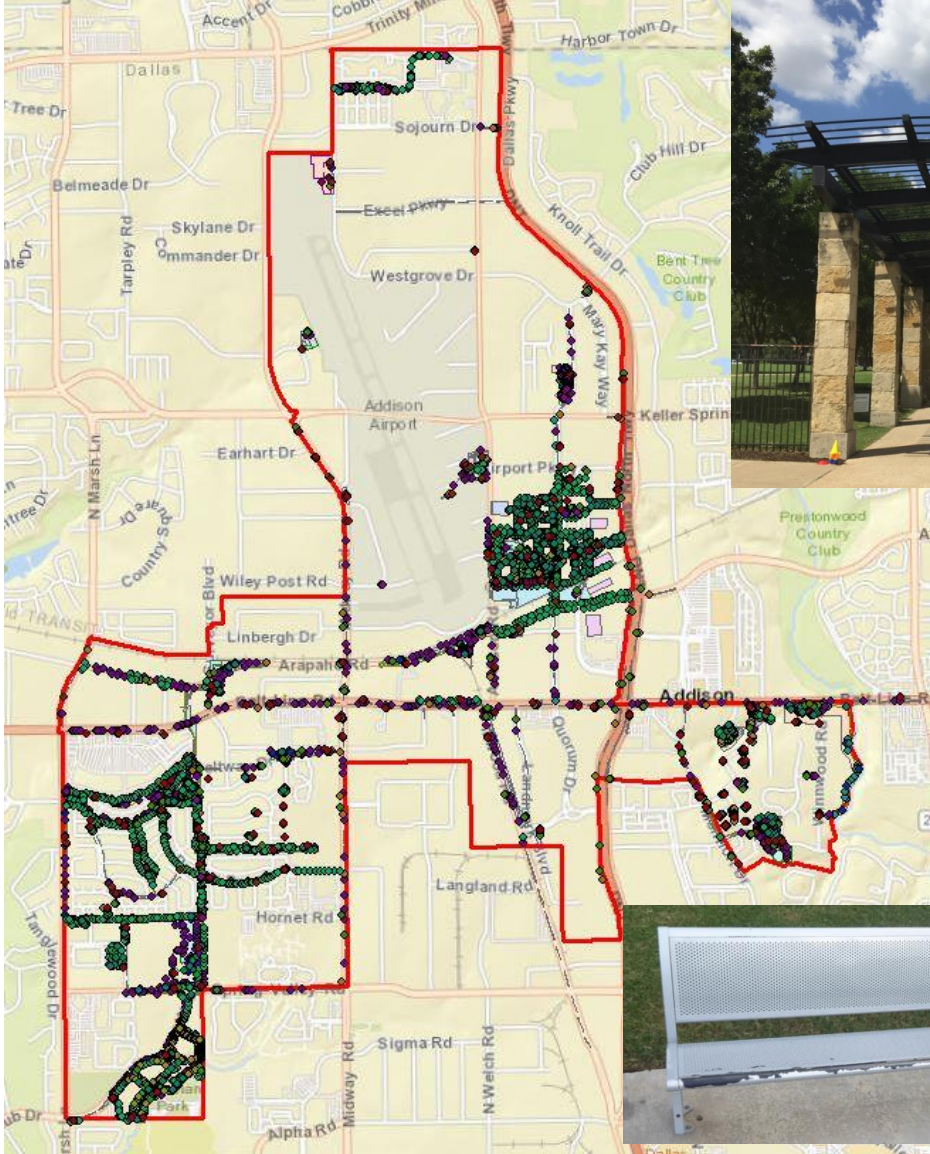
Summation of Replacement Costs

- 37,529 assets → ~\$450 million



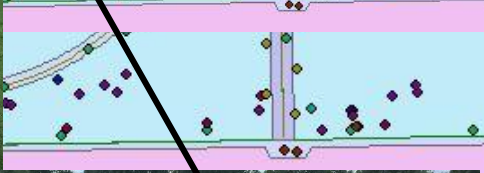
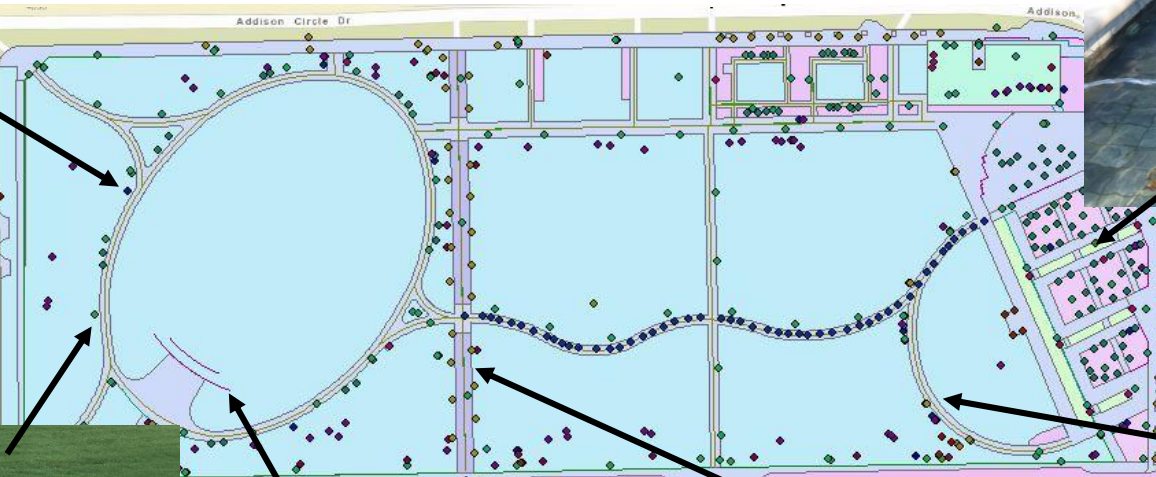
Park Assets

- 3,993 assets



Addison Circle Park Assets

- 688 assets → \$5.5 million



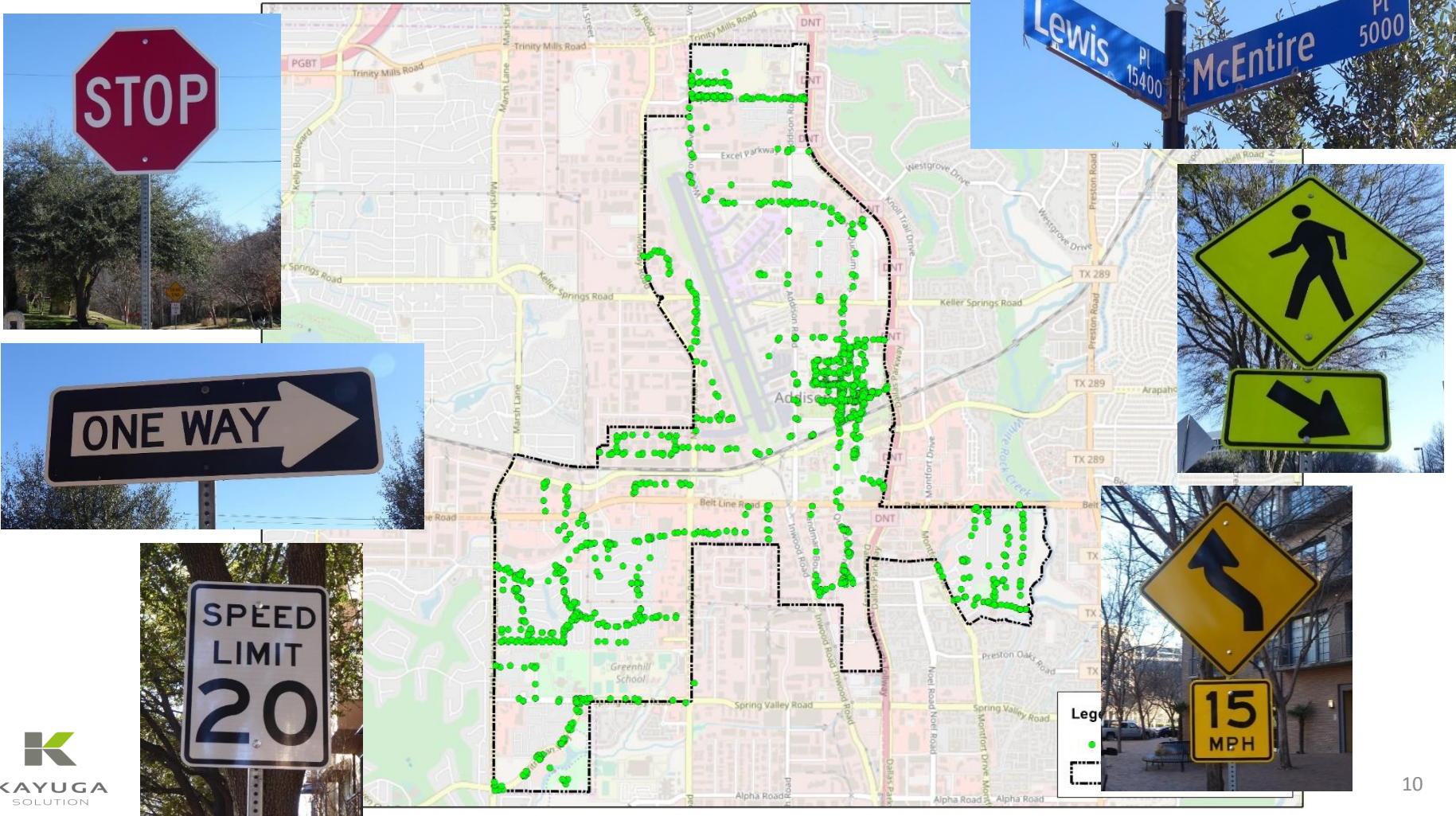
Park Asset Inventory

- 3,993 park assets

| Park | Assets | Park | Assets |
|------------------|--------|------------------------|--------|
| Addison Circle | 688 | North Addison | 144 |
| Addison Town | 109 | Parkview | 95 |
| Arapaho | 140 | Quorum | 197 |
| Beckert | 133 | Redding Trail | 565 |
| Beltway Sam's | 42 | Redding Trail Dog Park | 99 |
| Blueprint | 77 | Spruill | 168 |
| Bosque | 126 | Vitruvian | 553 |
| Celestial | 161 | White Rock Creek Trail | 100 |
| Community Garden | 85 | Winnwood | 100 |
| Les Lac Linear | 411 | | |

Signage

- To date: 1,763 signs



Celestial Pump Station Pump Assembly



Suction Isolation Valve (In Vault)



Pump #3



Motor #3



Vibration Switch



Discharge Air Release Valve



Discharge Air Release Isolation Valve



Discharge Air Release Check Valve



Motorized Discharge Isolation Valve

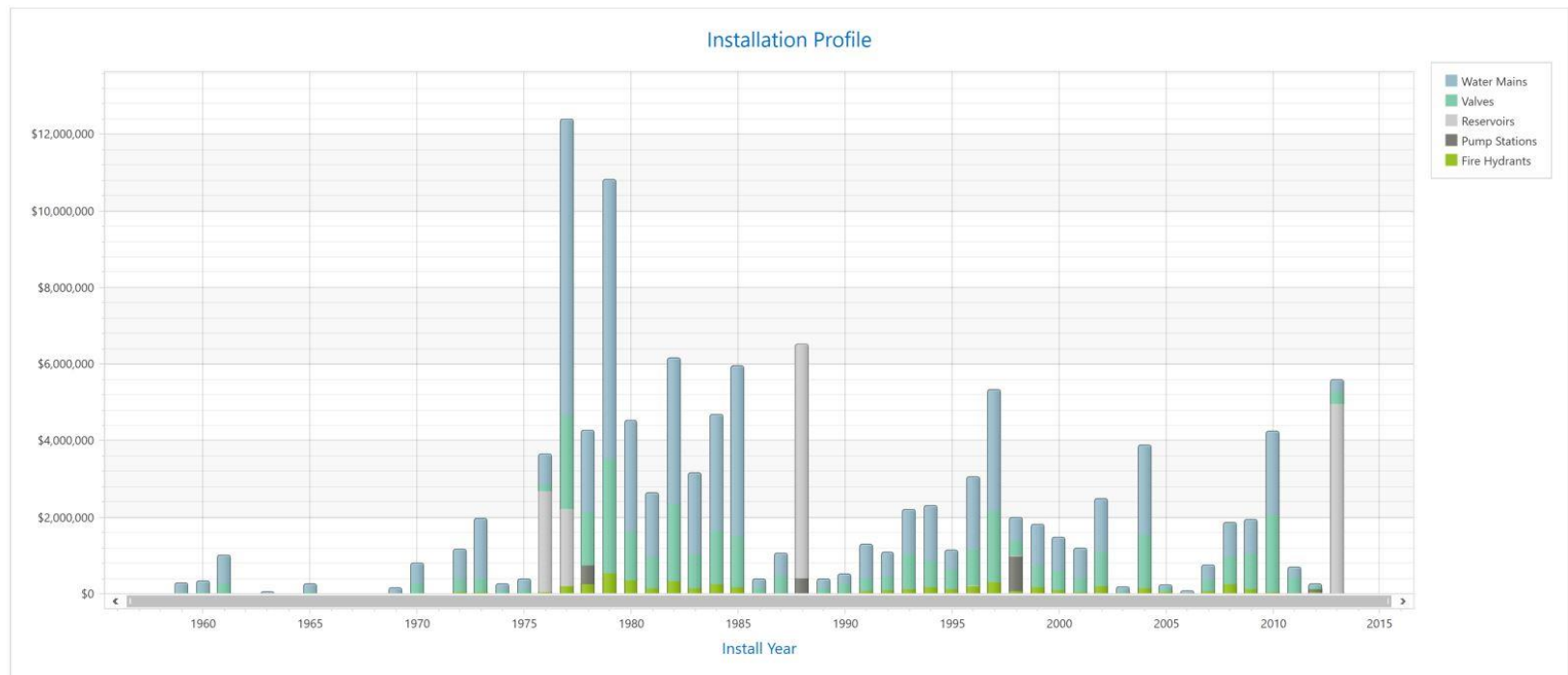


Motorized Discharge Isolation Valve Actuator

But Assets are Aging

- We have assets that are over 50 years old
- We have assets in that are in need of replacement

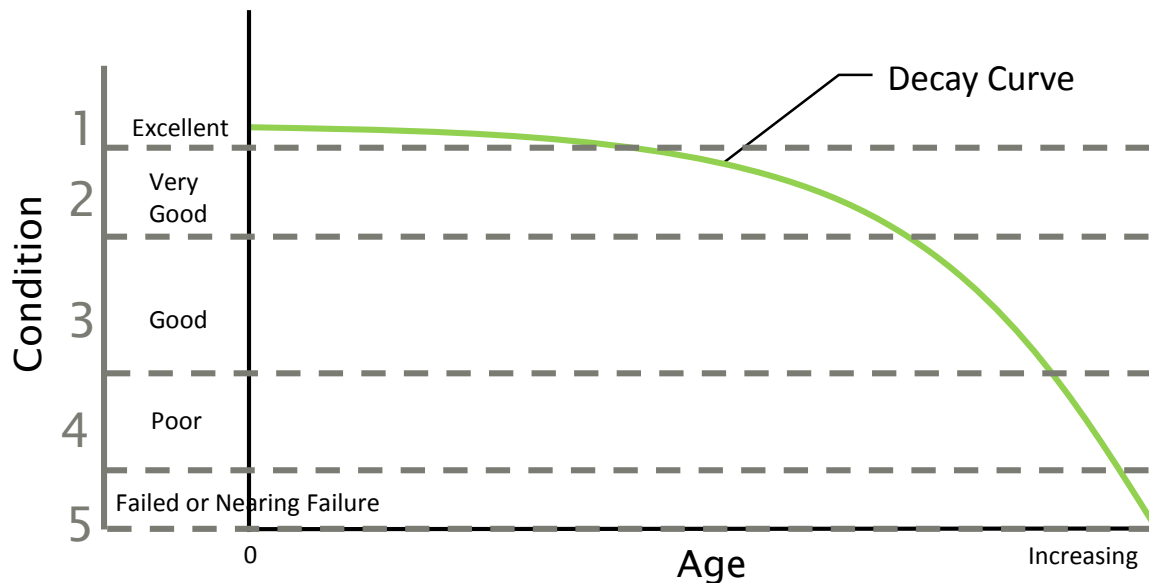
Water Management System



Using Condition as Indicator for Replacement Timing



| Scale | Description |
|-------|---|
| 1 | New or nearly new condition |
| 2 | Very good condition or better than expected |
| 3 | Good or as expected condition |
| 4 | Poor or recommended replacement within 2 years |
| 5 | Failed or nearing failure, need immediate attention |



Signs in Poor Condition

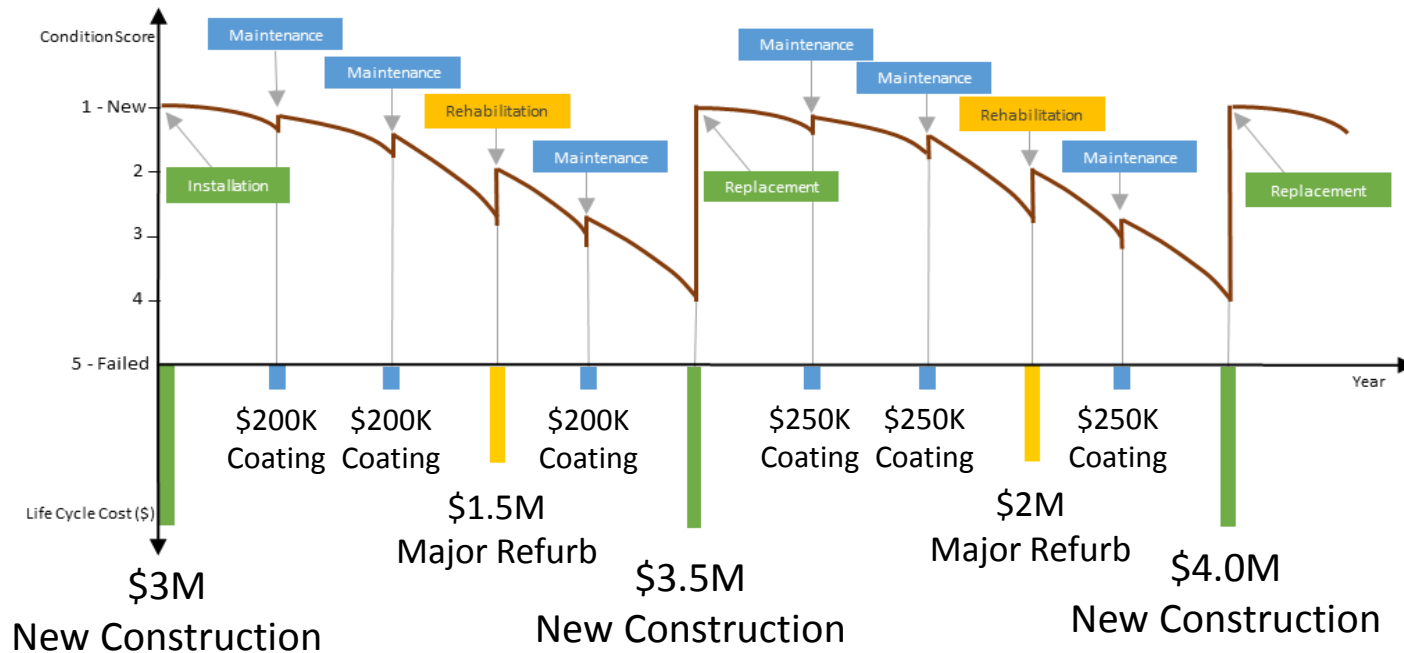


Poor Condition Assets - Buildings



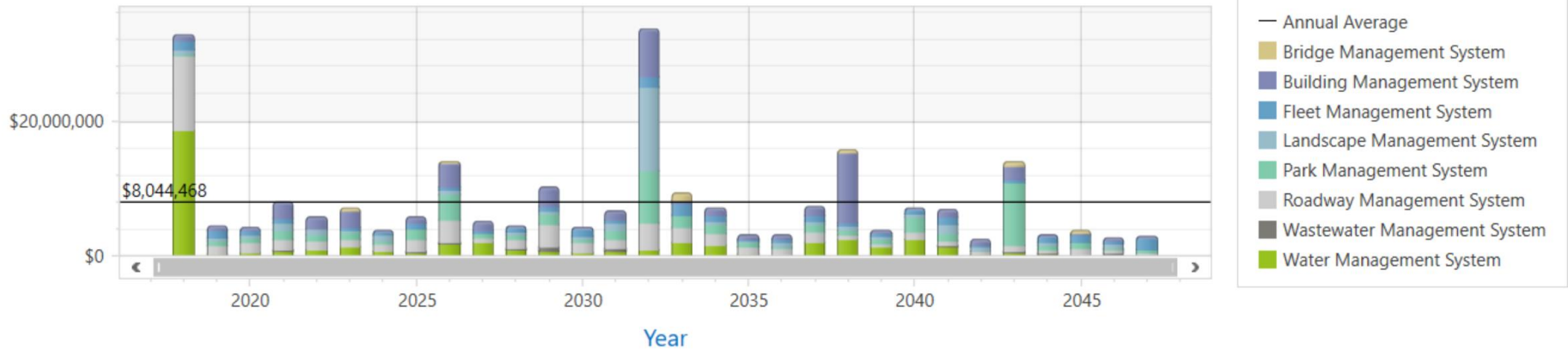
Calculating the Cost of Ownership

- Water Tower Life Cycle Cost Example

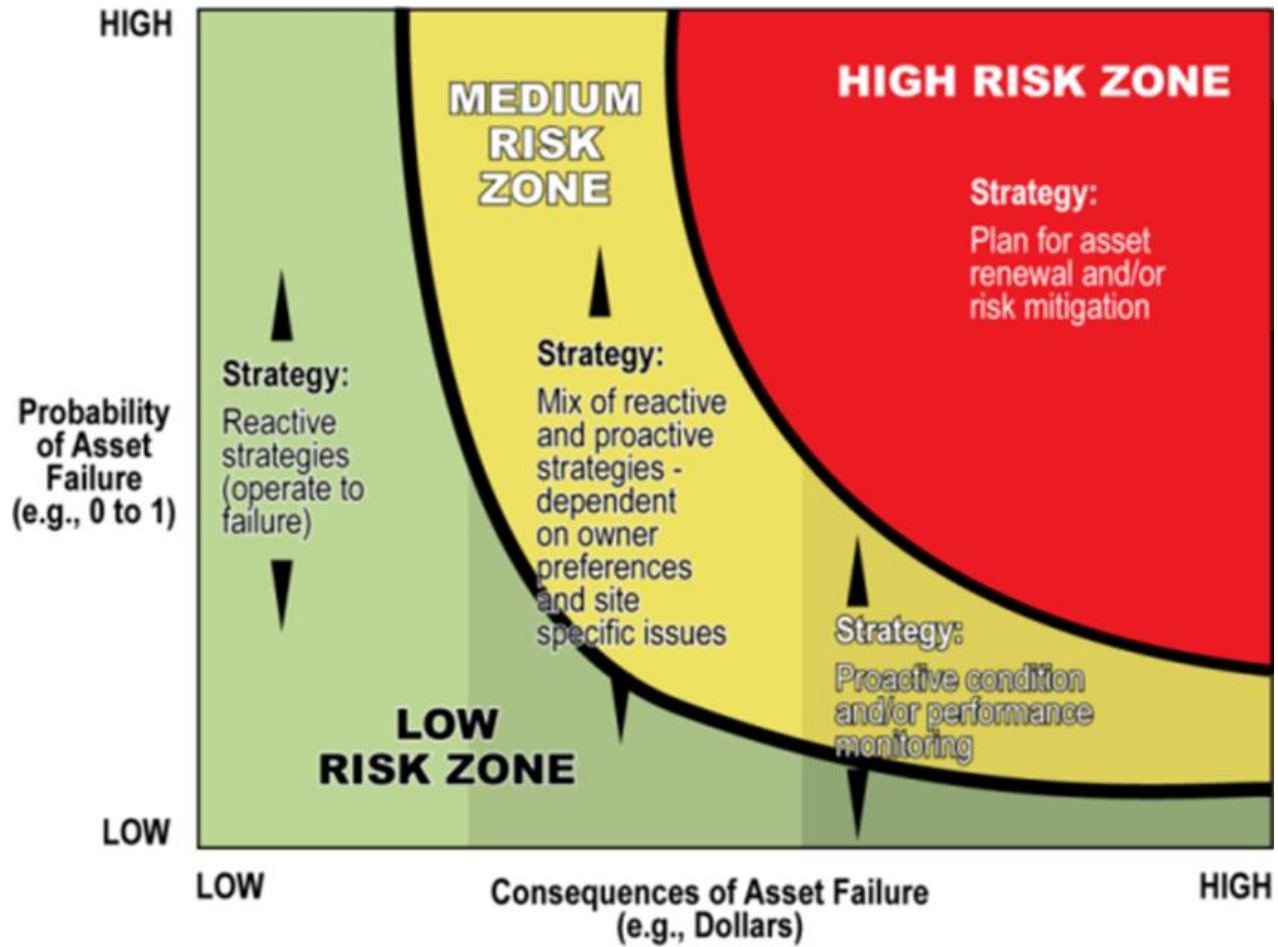


Future Needs

Replacement & Rehabilitation (R&R)



Use the Concept of Risk to Prioritize



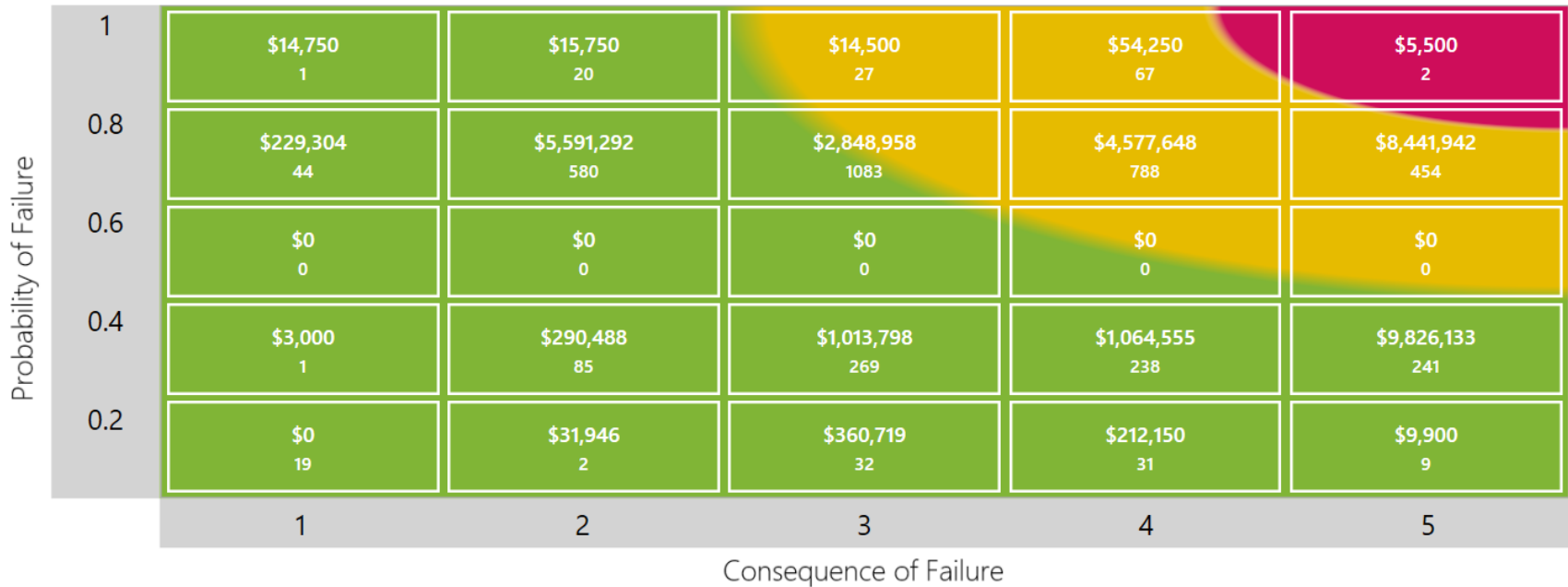
Park/Trail Criticality

| Park Name | Usage |
|------------------------------|--------|
| Addison Circle Park | High |
| Spruill Park | High |
| Vitruvian Park | High |
| Beckert Park | High |
| Blueprints at Addison Circle | High |
| Bosque Park | Medium |
| Celestial Park | Medium |
| Les Lacs Linear Park | Medium |
| Parkview Park | Medium |
| Quorum Park | Medium |
| Winnwood Park | Medium |
| Redding Trail | Medium |
| Addison Town Park | Low |
| Arapaho Park | Low |
| North Addison Park | Low |
| Beltway Sam's Park | Low |
| Community Garden | Low |
| Redding Trail Dog Park | Low |
| White Rock Creek Trail | Low |

Asset Level Criticality

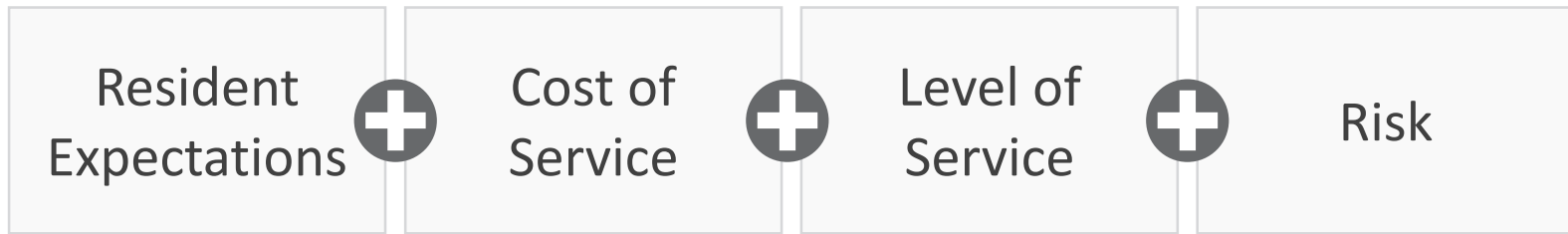
| Criticality – 5 | Criticality - 4 | Criticality - 3 | Criticality - 2 | Criticality - 1 |
|---|--|--|---|---|
| Critical | ←—————→ | | | Non-Essential |
| <ul style="list-style-type: none"> • Play Structure • Playground Surfacing • Walkway • Handrail • Etc. | <ul style="list-style-type: none"> • Irrigation Controller • Shelters • Stairways • Lighting • Etc. | <ul style="list-style-type: none"> • Bench • Drinking Fountain • Picnic Table • Etc. | <ul style="list-style-type: none"> • Fencing • Bike Rack • Trash Bin • Etc. | <ul style="list-style-type: none"> • Information Board • Etc. |

Park Management System Risk Profile

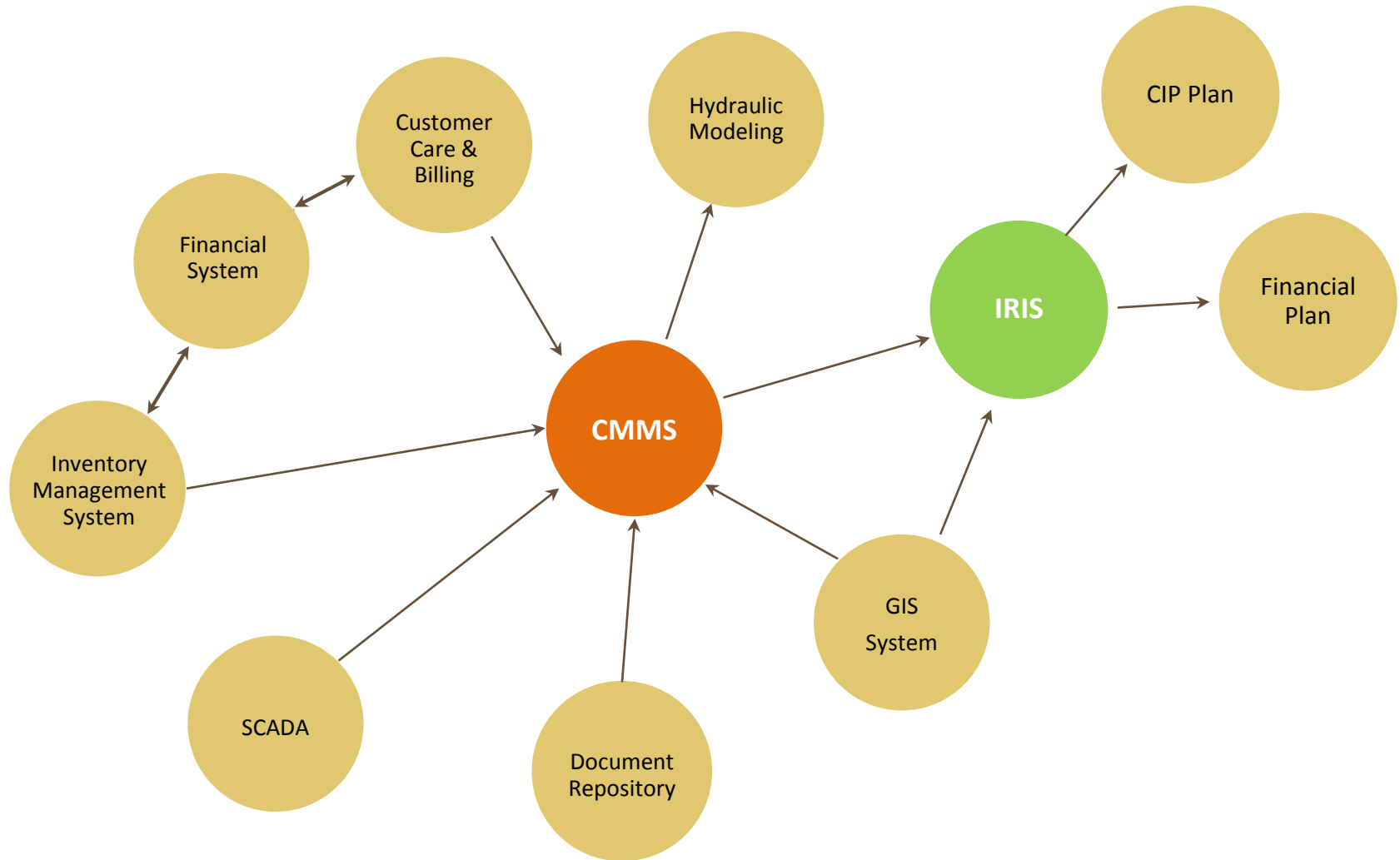


Level of Service vs. Asset Management Plan

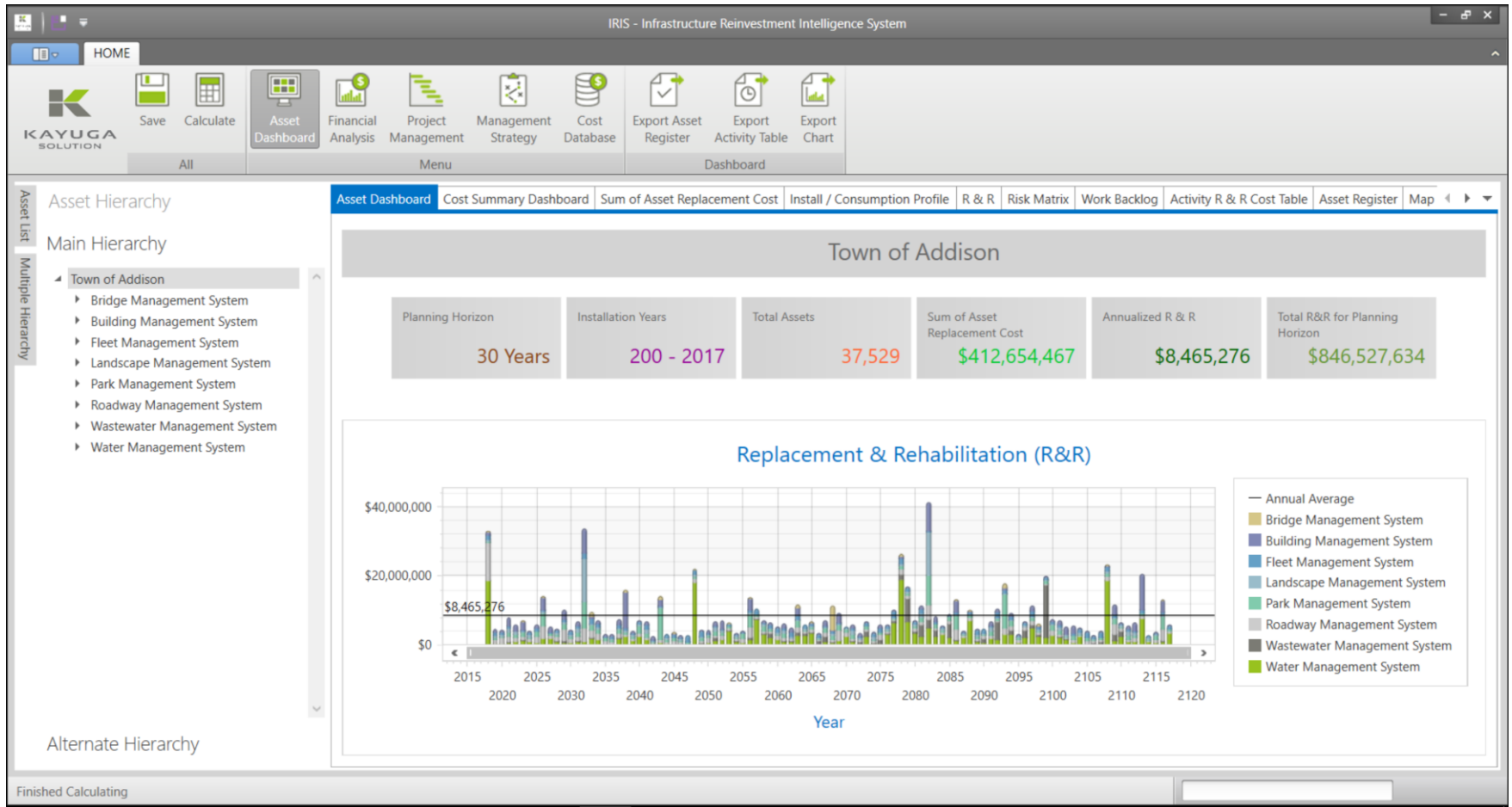
- Achieving balance



Asset Management Information System



IRIS Demonstration



Thank you!

Work Session and Regular Meeting**Meeting Date:** 03/06/2018**Department:** Parks & Recreation

AGENDA CAPTION:Present and Discuss the **Midway Road Tree Assessment.****BACKGROUND:**

In 2012, Addison voters approved \$16 million in General Obligation bonds for the revitalization of Midway Road from Spring Valley Road to Keller Springs Road. The roadway is failing due to age, heavy truck traffic, and a sub-grade soil issues.

Design for the project began in October 2014. The original project scope included a concrete roadway reconstruction, median reconstruction, Americans with Disabilities Act (ADA) compliance improvements, and an Oncor lighting package. As design progressed, the replacement of the water, sanitary sewer, and stormwater lines was added to the scope due to the age of the utility lines and the likely need for replacement in the near future. Preliminary cost estimates for the project are \$38 million (in 2016 dollars). Design has been placed on hold pending the outcome of a discussion concerning funding for the project.

While the design was on hold, the Town adopted a new Master Transportation Plan (MTP). The MTP updated the requirements for the width of streets, as well as the width and location of the pedestrian amenities along those streets. The plan also identified Midway Road as a corridor for an off-street trail.

Staff and Council met on-site along Midway Road on November 3, 2017. The purpose of this meeting and site visit was to provide Council a better understanding of the overall project and to discuss the impact of implementing the MTP improvements. The site visit started in the parking lot adjacent to the Office in the Park development, then traveled south to the Crowne Plaza area, then north to the Wheeler Bridge. Following this site visit, staff commissioned a consulting arborist to study the Midway Road trees. Staff and the consulting arborist will present the findings from the study.

RECOMMENDATION:

Staff requests direction from Council.

Attachments**Presentation - Midway Road Tree Assessment**

Midway Road Trees

Council Work Session

March 6, 2018



ADDISON

- On November 3, 2017, Staff and Council walked Midway Road to look at the impacts of the Master Transportation Plan on the corridor.
- During the site visit, Council requested more information on the Master Transportation Plan's impact on the existing trees.
- Staff hired a consulting arborist to study the current health and structure of the existing trees.

Midway Road Tree Study

- Trees were inspected to determine:
 - Species
 - Size
 - Location
 - Overall Health
 - Overall Structure
 - Remaining Life Expectancy
 - Feasibility of Transplantation

- For trees more than 8' from existing curb, a suggested critical-root-zone (CRZ) radius and prognosis for survival has been added.

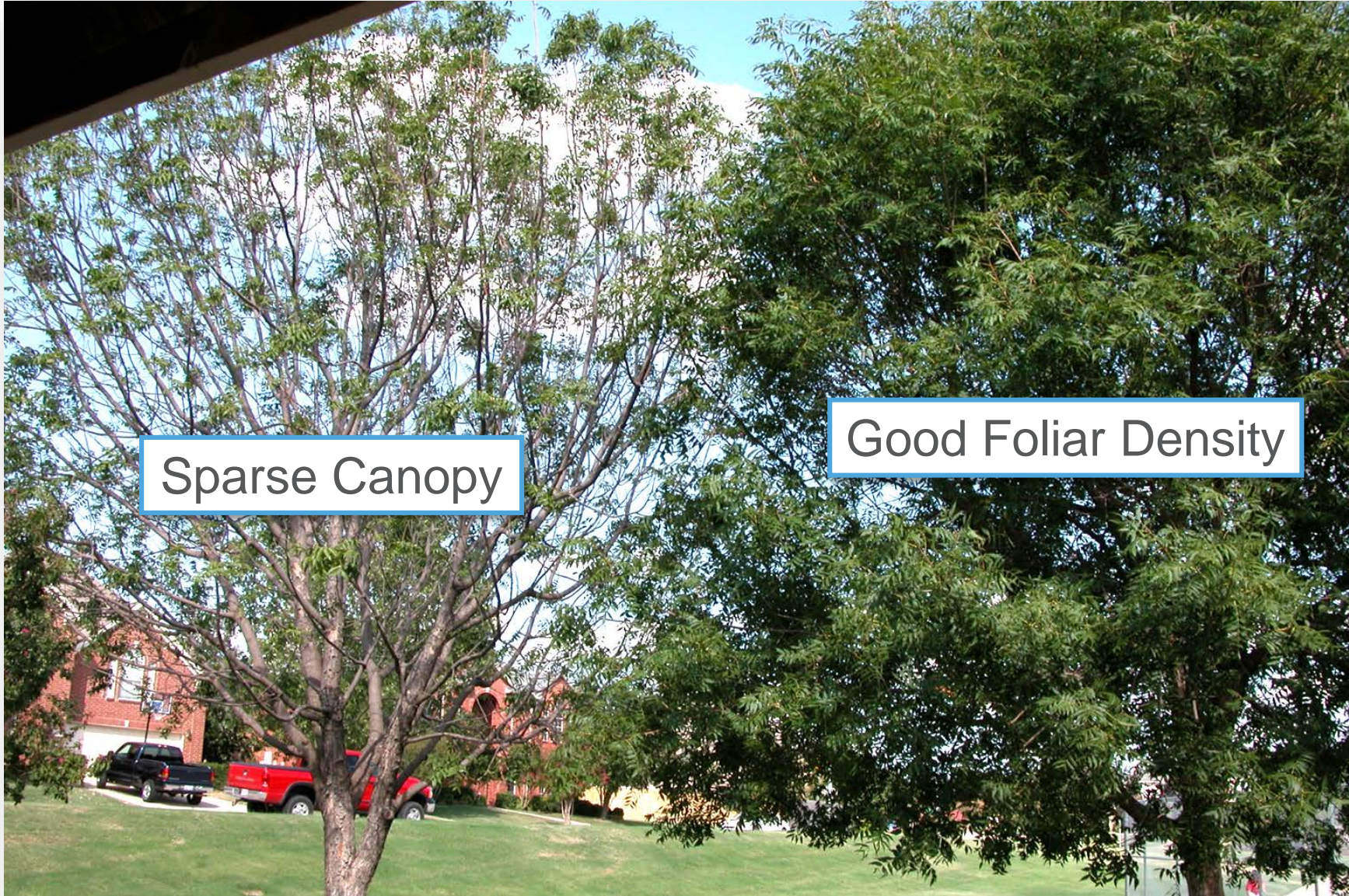
Midway Road Tree Study – Rating Factors

■ Health:

- Age – relative to average lifespan
- Canopy fullness / density
- Leaf size & color
- Twig elongation rates (average annual growth)
- Deadwood / evidence of dieback or loss-of-vigor
- Borers or life-threatening disease
- Vascular issues (cankers/ basal wounds / irreparable girdling)

■ Structure:

- Root or root-flare issues
- Weak trunks (“codominant” with included bark)
- Poor weight distribution / branch and trunk taper factors
- Internal decay – likelihood of failure



Sparse Canopy

Good Foliar Density



Leaf Size / Color



Irreparable girdling roots



Codominant trunks – can often be cabled and bolted, if desired – but the tree will be expensive to maintain over the long-term.

Midway Road Tree Study

- Trees to consider preserving should meet all of these criteria:
 - ‘Shade’ Tree
 - ‘Good’ Health
 - ‘Good’ Structure
 - ‘Good’ Prognosis of Survivability

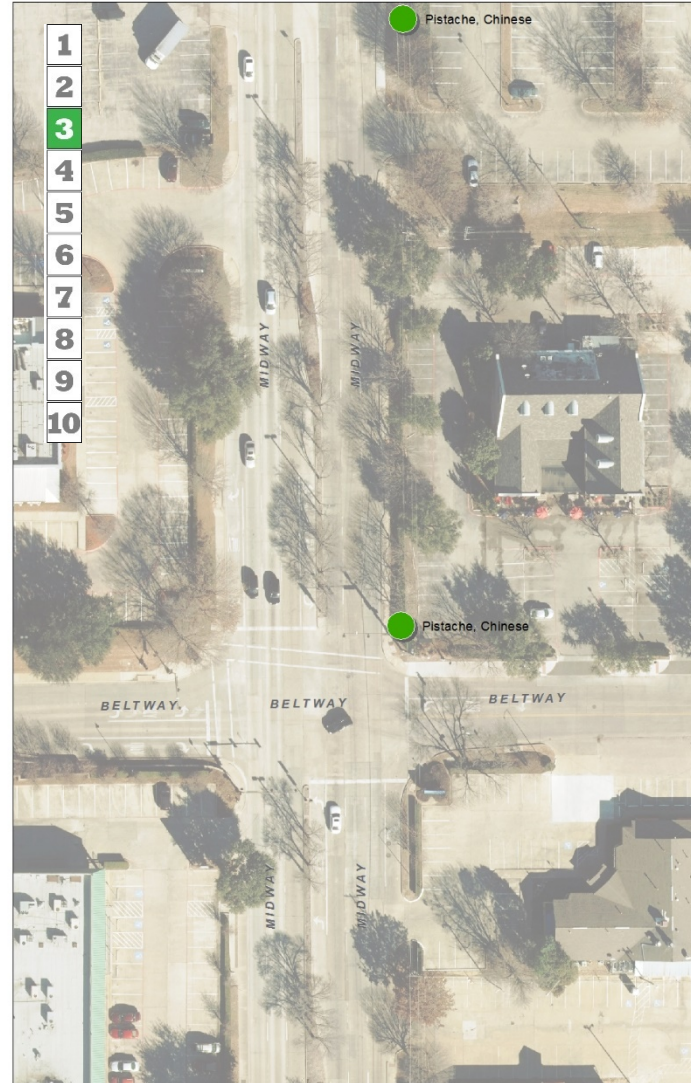
| Town of Addison - Midway Road Tree Inspection Worksheet | | | | | | | | | |  940.759.2528 www.treeconsult.com |
|---|--------------|-----------------------|--------------------------------|--------|-----------|---------------------------|---------------------------|---|---|---|
| FID# | Species | Size - DBH or Height' | Location | Health | Structure | Remaining Life Expectancy | Transplantation Possible? | Recommended Tree Protection Zone Radius | Preliminary Prognosis for Survival After Construction | |
| December 19, 2017 | | | | | | | | | | |
| 103 | Live Oak | 15 | Midway - west side - 14675 | Fair | Fair | 20 | No | Extra large | Poor | Stubby, poor twig elongation, weak, poor root space |
| 104 | Live Oak | 31 | Midway - west side - 14675 | Good | Good | 50 | No | Standard | Poor | 3' from wall |
| 105 | Cedar Elm | 20 | Midway - west side - 14675 | Poor | Fair | 10 | No | Extra large | Poor | Large unrepairable girdling roots, 4' from wall |
| 106 | Cedar Elm | 23 | Midway - west side - 14675 | Fair | Fair | 20 | No | Standard | Poor | 3' from 4' grade change / retaining wall |
| 107 | Cedar Elm | 20" MT | Midway - west side - 14675 | Good | Fair | 40 | No | Standard | Fair | Codominant trunks, structurally weak, 7' from parking |
| 108 | Live Oak | 21 | Midway - west side - 14675 | Good | Good | 50 | No | Standard | Good | Nice tree. Situated in a 15x15' planting bed. |
| 109 | Live Oak | 19 | Midway - west side - Securonix | Poor | Fair | 20 | No | Standard | Poor | Stubby, poor twig elongation, weak, no roof flare. Grade change. |
| 110 | Crape Myrtle | 16' | Midway - west side - Securonix | Fair | Fair | 20 | Possible | Standard | Good | 3' from parking |
| 111 | Crape Myrtle | 16' | Midway - west side - Securonix | Fair | Fair | 20 | Possible | Standard | Good | 3' from parking |
| 112 | Live Oak | 25 | Midway - west side - Securonix | Good | Good | 50 | No | Standard | Fair | Poorly pruned, Lion's-tailed, but usable. 8' from 24" grade drop/wall. |
| 113 | Crape Myrtle | 20' | Midway - west side - Securonix | Fair | Fair | 20 | Possible | Standard | Fair | Tall and spindly |

Midway Road Tree Study

- Based on the preservation criteria, only 24 trees of 238 would be considered ‘good’ health, ‘good’ structure, and ‘good’ prognosis of survivability.
- 10 of the 24 trees are adjacent to Green Hill School where the sidewalks have already been moved away from the back of curb.
- Depending on the scope of construction, whether the Master Transportation Plan, ADA improvements, or in-kind replacement, the remaining trees would likely be impacted by construction.



Midway Road Tree Study



Midway Road Tree Study



Midway Road Tree Study



Midway Road Design Decisions

1. Proceed with the Master Transportation Plan as adopted.
2. Proceed with the Master Transportation Plan as adopted but take steps to preserve as many of the 24 trees as possible.
3. Keep the existing road layout and sidewalk configuration. Make the necessary ADA improvements and preserve as many trees as possible.

Questions?

AI-2630

5.

Work Session and Regular Meeting

Meeting Date: 03/06/2018

Department: City Manager

AGENDA CAPTION:

Present and Discuss the **Format for the Town Meeting on April 16, 2018.**

BACKGROUND:

Town Meetings are held twice a year in the spring and fall at the Addison Conference Centre. This year, the spring meeting will be held on April 16, 2018 at 7:00 pm at the Addison Conference Centre.

At the February 27, 2018 Council Meeting, Council discussed using the format of the last Town Meeting where each Councilmember presented on certain topics. Director of Marketing & Communications Mary Rosenbleeth provided Councilmembers a list of topics to consider for their individual presentations. Mayor Joe Chow asked the Councilmembers to review the list and requested this item be placed on the March 6, 2018 meeting for Council to give direction to staff.

RECOMMENDATION:

Staff requests direction from Council.

Work Session and Regular Meeting**Meeting Date:** 03/06/2018**Department:** Parks & Recreation**Pillars:** Optimize the Addison Brand**AGENDA CAPTION:**

Consider Action to Approve a **Resolution for Landscape Maintenance of Addison Circle District and Addison Circle Park to LawnScape of Dallas and Authorize the City Manager to Execute the Agreement** in an Amount not to Exceed \$117,540.

BACKGROUND:

The Parks department manages the contract for landscape maintenance for the Addison Circle district and Addison Circle Park. The scope of work involved under this contract includes turnkey maintenance of all planted trees, shrubs, turf, groundcover, annuals, perennials, irrigation, mulch and decomposed granite within the Addison Circle District and Addison Circle Park. The current contract with American Landscape Systems, Inc. expired on March 1, 2018.

A bid was posted to Bidsync on January 15, 2018 and was closed on February 6, 2018. Six (6) vendors submitted bids:

| Vendor | Bid Amount |
|---------------------------------------|-------------------|
| LawnScape of Dallas | \$117,540 |
| Carruthers Landscape Management, Inc. | \$117,600 |
| Greener Pastures Landscape, LLC. | \$199,800 |
| Keane Landscaping, Inc. | \$246,180 |
| American Landscape Systems, Inc. | \$343,320 |
| Garden Design Landscaping | \$384,480 |

LawnScape of Dallas is the lowest responsible bidder. LawnScape of Dallas has successfully maintained properties for MAA (formerly Post Properties, one of the apartment complexes located within the Addison Circle district) for 14 years. This bid amount is \$3,775 less than the current contract.

This is an annual renewable contract that can be extended for five (5) twelve-month periods under the same terms and conditions as the original contract.

The budgeted amount for this item is \$72,765 in the Parks Department Budget (General Fund) and \$48,510 in the Special Events Budget (Hotel Fund), for a total budget of \$121,275. The total cost will not exceed \$117,540.

RECOMMENDATION:

Administration recommends approval.

Attachments

Resolution - Landscape Maintenance of Addison Circle District and Addison Circle Park

Bid Tab - Landscape Maintenance of Addison Circle District and Addison Circle Park

TOWN OF ADDISON, TEXAS

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS APPROVING A CONTRACT AGREEMENT BETWEEN THE TOWN OF ADDISON AND LOD, LTD. DBA LAWNSCAPE OF DALLAS, FOR LANDSCAPE MAINTENANCE AT ADDISON CIRCLE DISTRICT AND ADDISON CIRCLE PARK IN AN AMOUNT NOT TO EXCEED \$117,540.00, AUTHORIZING THE CITY MANAGER TO EXECUTE THE AGREEMENT, AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS:

Section 1. The Contract Agreement between the Town of Addison and LOD, Ltd. dba Lawnscape of Dallas, for Landscape Maintenance at Addison Circle District and Addison Circle Park in an amount not to exceed \$117,540.00, a copy of which is attached to this Resolution as **Exhibit A** and which incorporates the Town of Addison's General and Specific Conditions for construction contracts, and the Advertisement for Bids, Instruction to Bidders, General Provisions, Special Provisions, Plans and other bid documents, is hereby approved. The City Manager is hereby authorized to execute the agreement.

Section 2. This Resolution shall take effect from and after its date of adoption.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the 6th day of March 2018.

Joe Chow, Mayor

ATTEST:

By: _____
Christie Wilson, Interim City Secretary

APPROVED AS TO FORM:

By: _____
Brenda N. McDonald, City Attorney

EXHIBIT A

CONTRACT AGREEMENT

STATE OF TEXAS

COUNTY OF DALLAS

THIS AGREEMENT is made and entered into this 6th day of March, 2018, by and between the Town of Addison, of the County of Dallas and State of Texas, acting through its City Manager, thereunto duly authorized so to do, Party of the First Part, hereinafter termed the OWNER, and LOD, Ltd., dba Lawnscape of Dallas, of the City of Dallas, County of Dallas, State of Texas, Party of the Second Part, hereinafter termed CONTRACTOR.

WITNESSETH: That for and in consideration of the payment and agreement hereinafter mentioned, to be made and performed by the OWNER, the said CONTRACTOR hereby agrees with the said OWNER to commence and complete the services of your response to our bid:

Addison Circle Maintenance Bid #1712-001

and all extra work in connection therewith, under the terms as stated in the General and Specific Provisions of the AGREEMENT; and at his own proper cost and expense to furnish all the materials, supplies, machinery, equipment, tools, superintendence, labor, insurance and other accessories and services necessary to complete the said service, in accordance with the conditions and prices stated in the Bid attached hereto and in accordance with the Advertisement for Bids, Instructions to Bidders printed or written explanatory matter thereof, and the Technical Specifications and Addenda thereto, as prepared by the OWNER, each of which has been identified by the endorsement of the CONTRACTOR and the OWNER thereon, together with the CONTRACTOR's written Bid and the General Provisions, all of which are made a part hereof and collectively evidence and constitute the entire AGREEMENT.

The OWNER agrees to pay the CONTRACTOR \$117,540.00 in current funds for the performance of the AGREEMENT in accordance with the Bid submitted thereof, subject to additions and deductions, as provided in the General Provisions, and to make payments of account thereof as provided therein.

IN WITNESS WHEREOF, the parties of these presents have executed this AGREEMENT in the year and day first above written.

TOWN OF ADDISON
(OWNER)

By: _____
Wesley S. Pierson, City Manager

ATTEST:

City Secretary

EXHIBIT A

LOD, Ltd., dba Lawnscape of Dallas
(CONTRACTOR)

By: Kevin Kanzler

Name: Kevin Kanzler

Title: President

ATTEST:
Gabriela Sanchez

By: GABRIELA SANCHEZ

The following to be executed if the CONTRACTOR is a corporation:

I, Kevin Kanzler, certify that I am the secretary of the corporation named as CONTRACTOR herein; that Kevin Kanzler who signed this Contract on behalf of the CONTRACTOR is the of said corporation; that said President (official title) Contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

Signed: Kevin Kanzler

Corporate Seal

Bid# 1712-001

Addison Circle Maintenance

| Vendor | Final Procurement Verified Annual Total |
|----------------------------------|---|
| Lawnscape of Dallas | \$ 117,540.00 |
| Carruthers Landscape Mgmt, Inc. | \$ 117,600.00 |
| Greener Pastures Landscape LLC | \$ 199,800.00 |
| Keane Landscaping, Inc. | \$ 246,180.00 |
| American Landscape Systems, Inc. | \$ 343,320.00 |
| Garden Design Landscaping | \$ 384,480.00 |

Work Session and Regular Meeting**Meeting Date:** 03/06/2018**Department:** City Manager**Pillars:** Gold Standard for Financial Health**Milestones:** Review town ordinances and regulations with a focus on modernization in order to facilitate redevelopment

AGENDA CAPTION:

Consider Action to Approve an **Ordinance to Adopt a Tariff Authorizing an Annual Rate Review Mechanism (RRM) as a Substitution for the Annual Interim Rate Adjustment Process as Defined by Section 104.301 of the Texas Utilities Code As Negotiated Between Atmos Energy Corp Mid-Tex Division and the Steering Committee of Cities Served by Atmos Energy Corp., Mid-Tex Division.**

BACKGROUND:

The purpose of this ordinance is to adopt a new Rate Review Mechanism ("RRM") tariff to govern future annual rate filings by Atmos Energy Corp, Mid-Tex division ("Atmos Mid-Tex"). The ordinance and the tariff are recommended for adoption by the Steering Committee of Cities Served by Atmos Mid-Tex.

The Town, along with 171 other cities served by Atmos Mid-Tex (see attached listing of participating cities), is a member of the Steering Committee of Cities Served by Atmos Mid-Tex ("Cities"). In 2007, the Cities and Atmos Mid-Tex settled a rate application filed by the Company pursuant to Section 104.301 of the Texas Utilities Code for an interim rate adjustment commonly referred to as a GRIP filing (arising out of the Gas Reliability Infrastructure Program legislation). That settlement created a substitute rate review process, referred to as Rate Review Mechanism ("RRM"), as a substitute for future filings under the GRIP statute. The Ordinance that resolved the Company's application under the RRM Tariff in 2017 also terminated the existing RRM Tariff and required a renegotiation of the terms of that tariff.

This ordinance does not make any changes to current rates charged to customers. Its purpose is to outline the new calculation of the RRM as agreed to by Atmos Mid-Tex and the Steering Committee of Cities Served by Atmos Mid-Tex. Negotiations have taken place over the past several months and have resulted in a revised RRM Tariff. The new negotiated RRM Tariff contains improvements over the prior version in that it reduces the rate of return on equity, reduces federal income tax rates, and expands the time period for processing tariff applications. New RRM Tariff applications filed by the Atmos Mid-Tex should be made on or about April 1 of each year, with new rates effective October 1 of each year.

Atmos Mid-Tex will file the first RRM filing with new proposed rates on April 1, 2018. At that point, staff will bring back these proposed rates to Council for adoption. Rates will go into effect on October 1, 2018.

This ordinance must be approved by Council by April 1, 2018.

RECOMMENDATION:

Administration recommends approval.

Ordinance - Atmos Rate Review Mechanism

List of Participating ACSC Cities

TOWN OF ADDISON, TEXAS

ORDINANCE NO. _____

AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS, APPROVING A TARIFF AUTHORIZING AN ANNUAL RATE REVIEW MECHANISM (“RRM”) AS A SUBSTITUTION FOR THE ANNUAL INTERIM RATE ADJUSTMENT PROCESS DEFINED BY SECTION 104.301 OF THE TEXAS UTILITIES CODE, AND AS NEGOTIATED BETWEEN ATMOS ENERGY CORP., MID-TEX DIVISION (“ATMOS MID-TEX” OR “COMPANY”) AND THE STEERING COMMITTEE OF CITIES SERVED BY ATMOS; REQUIRING THE COMPANY TO REIMBURSE CITIES’ REASONABLE RATEMAKING EXPENSES; ADOPTING A SAVINGS CLAUSE; DETERMINING THAT THIS ORDINANCE WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE OPEN MEETINGS ACT; DECLARING AN EFFECTIVE DATE; AND REQUIRING DELIVERY OF THIS ORDINANCE TO THE COMPANY AND LEGAL COUNSEL FOR THE STEERING COMMITTEE.

WHEREAS, the Town of Addison, Texas (“City”) is a gas utility customer of Atmos Energy Corp., Mid-Tex Division (“Atmos Mid-Tex” or “Company”), and a regulatory authority with an interest in the rates and charges of Atmos Mid-Tex; and

WHEREAS, the City and similarly-situated Mid-Tex municipalities created the Steering Committee of Cities Served by Atmos to efficiently address all rate and service matters associated with delivery of natural gas; and

WHEREAS, the Steering Committee formed an Executive Committee to direct legal counsel and to recommend certain specific actions to all aligned Mid-Tex Cities through resolution or ordinance; and

WHEREAS, pursuant to the terms of a November 2007 agreement between the Steering Committee and Atmos Mid-Tex that settled the Company’s interim rate filing under Section 104.301 of the Texas Utilities Code (a “GRIP” rate case), the Steering Committee and the

Company collaboratively developed a Rate Review Mechanism (“RRM”) Tariff, ultimately authorized by the City in 2008, that allows for an expedited rate review process as a substitute for the GRIP process; and

WHEREAS, the City has kept some form of a RRM Tariff in place until 2017 when it adopted an ordinance approving an RRM Tariff filing settlement and specifically calling for termination of the existing RRM Tariff and negotiation of a replacement RRM Tariff following the Railroad Commission’s decision in a then-pending Atmos Texas Pipeline case (GUD No. 10580); and

WHEREAS, the Steering Committee’s Executive Committee has recently approved a settlement with the Company on the attached RRM Tariff that contains certain notable improvements, from a consumer perspective, over the prior RRM Tariff, including a reduced rate of return on equity, acceptance of certain expense adjustments made by the Railroad Commission in the Order in GUD No. 10580, and the addition of two months to the time for processing a RRM Tariff application; and

WHEREAS, the RRM Tariff contemplates reimbursement of Cities’ reasonable expenses associated with RRM Tariff applications; and

WHEREAS, the Steering Committee’s Executive Committee recommends that all Steering Committee member cities adopt this ordinance and the attached RRM Tariff; and

WHEREAS, the attached RRM Tariff is just, reasonable and in the public interest,

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS:

Section 1. That the recitals and findings set forth above are hereby found to be true and correct and incorporated as if fully set forth herein.

Section 2. That the attached RRM Tariff (“Exhibit 1”) re-establishing a form of Rate Review Mechanism is just and reasonable and in the public interest, and is hereby adopted.

Section 3. That Atmos Mid-Tex shall reimburse the Cities’ reasonable expenses associated with adoption of this Ordinance and the attached RRM Tariff and in processing future RRM Tariff applications filed pursuant to the attached tariff.

Section 4. That to the extent any resolution or ordinance previously adopted by the City is inconsistent with this Ordinance, it is hereby repealed.

Section 5. That the meeting at which this Ordinance was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

Section 6. That if any one or more sections or clauses of this Ordinance is adjudged to be unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of this Ordinance , and the remaining provisions of this Ordinance shall be interpreted as if the offending section or clause never existed.

Section 7. That this Ordinance shall become effective from and after its passage.

Section 8. That a copy of this Ordinance shall be sent to Atmos Mid-Tex, care of Chris Felan, Vice President of Rates and Regulatory Affairs, Atmos Energy Corporation, Mid-Tex Division, 5420 LBJ Freeway, Suite 1862, Dallas, Texas 75240, and to Geoffrey Gay, General Counsel to Mid-Tex Cities, at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS on this 6th day of March, 2018.

Joe Chow, Mayor

ATTEST:

APPROVED AS TO FORM:

Christie Wilson, Interim City Secretary

Brenda N. McDonald, City Attorney

EXHIBIT 1

**ATMOS ENERGY CORPORATION
MID-TEX DIVISION**

| | | |
|------------------------|--|----------------|
| RATE SCHEDULE: | RRM – Rate Review Mechanism | |
| APPLICABLE TO: | ALL CITIES IN THE MID-TEX DIVISION AS IDENTIFIED IN EXHIBIT A TO THIS RATE SCHEDULE | |
| EFFECTIVE DATE: | Bills Rendered on and after 04/01/2018 | PAGE: 1 |

I. Applicability

Applicable to Residential, Commercial, Industrial, and Transportation tariff customers within the city limits of cities identified in Exhibit A that receive service from the Mid-Tex Division of Atmos Energy Corporation (“Company”). This Rate Review Mechanism (“RRM”) provides for an annual adjustment to the Company’s Rate Schedules R, C, I and T (“Applicable Rate Schedules”). Rate calculations and adjustments required by this tariff shall be determined on a System-Wide cost basis.

II. Definitions

“Test Period” is defined as the twelve months ending December 31 of each preceding calendar year.

The “Effective Date” is the date that adjustments required by this tariff are applied to customer bills. The annual Effective Date is October 1.

Unless otherwise provided in this tariff the term Final Order refers to the final order issued by the Railroad Commission of Texas in GUD No. 10170 and elements of GUD No. 10580 as specified in Section III below.

The term “System-Wide” means all incorporated and unincorporated areas served by the Company.

“Review Period” is defined as the period from the Filing Date until the Effective Date.

The “Filing Date” is as early as practicable, but no later than April 1 of each year.

III. Calculation

The RRM shall calculate an annual, System-Wide cost of service (“COS”) that will be used to adjust applicable rate schedules prospectively as of the Effective Date. The Company may request recovery of its total cost of service but will include schedules showing the computation of any adjustments. The annual cost of service will be calculated according to the following formula:

$$\text{COS} = \text{OM} + \text{DEP} + \text{RI} + \text{TAX} + \text{CD}$$

Where:

OM = all reasonable and necessary operation and maintenance expenses from the Test Period adjusted for known and measurable items and prepared

**ATMOS ENERGY CORPORATION
MID-TEX DIVISION**

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consistent with the rate making treatments approved in the Final Order. Incentive compensation (Management Incentive Plan, Variable Pay Plan and Long Term Incentive Plan) related to Atmos' Shared Services Unit will be applied consistent with treatment approved in GUD 10580. Additionally, O&M adjustments will be incorporated and applied as modified by a final order, not subject to appeal, issued by the Railroad Commission of Texas in subsequent rate cases involving the Atmos Mid-Tex or West Texas divisions. Known and measurable adjustments shall be limited to those changes that have occurred prior to the Filing Date. OM may be adjusted for atypical and non-recurring items. Shared Services allocation factors shall be recalculated each year based on the latest component factors used during the Test Period, but the methodology used will be that approved in the Final Order in GUD 10580.

DEP = depreciation expense calculated at depreciation rates approved by the Final Order. Additionally, if depreciation rates are approved in a subsequent final order, not subject to appeal, issued by the Railroad Commission of Texas for the Mid-Tex division those rates would be applicable for subsequent RRM filings.

RI = return on prudently incurred investment calculated as the Company's pretax return multiplied by rate base at Test Period end. Rate base is prepared consistent with the rate making treatments approved in the Final Order, and as in GUD 10580 as specifically related to capitalized incentive compensation (Management Incentive Plan, Variable Pay Plan and Long Term Incentive Plan) for Atmos' Shared Services Unit. However, no post Test Period adjustments will be permitted. Additionally, adjustments will be incorporated and applied as modified by a final order, not subject to appeal, issued by the Railroad Commission of Texas in subsequent rate cases involving the Atmos Mid-Tex or West Texas divisions. Pretax return is the Company's weighted average cost of capital before income taxes. The Company's weighted average cost of capital is calculated using the methodology from the Final Order including the Company's actual capital structure and long term cost of debt as of the Test Period end (adjusted for any known and measurable changes that have occurred prior to the filing date) and the return on equity of 9.8%. However, in no event will the percentage of equity exceed 58%. Regulatory adjustments due to prior regulatory rate base adjustment disallowances will be maintained. Cash working capital will be calculated using the lead/lag days approved in the Final Order. With respect to pension and other postemployment benefits, the Company will record a regulatory asset or liability for these costs until the amounts are included in the next annual rate adjustment implemented under this tariff. Each year, the Company's filing under this Rider RRM will clearly state the level of pension

**ATMOS ENERGY CORPORATION
MID-TEX DIVISION**

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and other postemployment benefits recovered in rates.

TAX = income tax and taxes other than income tax from the Test Period adjusted for known and measurable changes occurring after the Test Period and before the Filing Date, and prepared consistent with the rate making treatments approved in the Final Order. Atmos Energy shall comprehensively account for, including establishing a regulatory liability to account for, any statutory change in tax expense that is applicable to months during the Test Period in the calculation to ensure recovery of tax expense under new and old income tax rates.

CD = interest on customer deposits.

IV. Annual Rate Adjustment

The Company shall provide schedules and work papers supporting the Filing's revenue deficiency/sufficiency calculations using the methodology accepted in the Final Order. The result shall be reflected in the proposed new rates to be established for the effective period. The Revenue Requirement will be apportioned to customer classes in the same manner that Company's Revenue Requirement was apportioned in the Final Order. For the Residential Class, 50% of the increase may be recovered in the customer charge. However, the increase to the Residential customer charge shall not exceed \$0.60 per month in the initial filing and \$0.70 per month in any subsequent year. The remainder of the Residential Class increase not collected in the customer charge will be recovered in the usage charge. For all other classes, the change in rates will be apportioned between the customer charge and the usage charge, consistent with the Final Order. Test Period billing determinants shall be adjusted and normalized according to the methodology utilized in the Final Order.

V. Filing

The Company shall file schedules annually with the regulatory authority having original jurisdiction over the Company's rates on or before the Filing Date that support the proposed rate adjustments. The schedules shall be in the same general format as the cost of service model and relied-upon files upon which the Final Order was based. A proof of rates and a copy of current and proposed tariffs shall also be included with the filing. The filing shall be made in electronic form where practical. The Company's filing shall conform to Minimum Filing Requirements (to be agreed upon by the parties), which will contain a minimum amount of information that will assist the regulatory authority in its review and analysis of the filing. The Company and regulatory authority will endeavor to hold a technical conference regarding the filing within twenty (20) calendar days after the Filing Date.

**ATMOS ENERGY CORPORATION
MID-TEX DIVISION**

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A sworn statement shall be filed by an Officer of the Company affirming that the filed schedules are in compliance with the provisions of this Rate Review Mechanism and are true and correct to the best of his/her knowledge, information, and belief. No testimony shall be filed, but a brief narrative explanation shall be provided of any changes to corporate structure, accounting methodologies, allocation of common costs, or atypical or non- recurring items included in the filing.

VI. Evaluation Procedures

The regulatory authority having original jurisdiction over the Company's rates shall review and render a decision on the Company's proposed rate adjustment prior to the Effective Date. The Company shall provide all supplemental information requested to ensure an opportunity for adequate review by the relevant regulatory authority. The Company shall not unilaterally impose any limits upon the provision of supplemental information and such information shall be provided within seven (7) working days of the original request. The regulatory authority may propose any adjustments it determines to be required to bring the proposed rate adjustment into compliance with the provisions of this tariff.

The regulatory authority may disallow any net plant investment that is not shown to be prudently incurred. Approval by the regulatory authority of net plant investment pursuant to the provisions of this tariff shall constitute a finding that such net plant investment was prudently incurred. Such finding of prudence shall not be subject to further review in a subsequent RRM or Statement of Intent filing.

During the Review Period, the Company and the regulatory authority will work collaboratively and seek agreement on the level of rate adjustments. If, at the end of the Review Period, the Company and the regulatory authority have not reached agreement, the regulatory authority shall take action to modify or deny the proposed rate adjustments. The Company shall have the right to appeal the regulatory authority's action to the Railroad Commission of Texas. Upon the filing of an appeal of the regulatory authority's order relating to an annual RRM filing with the Railroad Commission of Texas, the regulatory authority having original jurisdiction over the Company's rates shall not oppose the implementation of the Company's proposed rates subject to refund, nor will the regulatory authority advocate for the imposition of a third party surety bond by the Company. Any refund shall be limited to and determined based on the resolution of the disputed adjustment(s) in a final, non-appealable order issued in the appeal filed by the Company at the Railroad Commission of Texas.

**ATMOS ENERGY CORPORATION
MID-TEX DIVISION**

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In the event that the regulatory authority and Company agree to a rate adjustment(s) that is different from the adjustment(s) requested in the Company's filing, the Company shall file compliance tariffs consistent with the agreement. No action on the part of the regulatory authority shall be required to allow the rate adjustment(s) to become effective on October 1. To the extent that the regulatory authority does not take action on the Company's RRM filing by September 30, the rates proposed in the Company's filing shall be deemed approved effective October 1. Notwithstanding the preceding sentence, a regulatory authority may choose to take affirmative action to approve a rate adjustment under this tariff. In those instances where such approval cannot reasonably occur by September 30, the rates finally approved by the regulatory authority shall be deemed effective as of October 1.

To defray the cost, if any, of regulatory authorities conducting a review of the Company's annual RRM filing, the Company shall reimburse the regulatory authorities on a monthly basis for their reasonable expenses incurred upon submission of invoices for such review. Any reimbursement contemplated hereunder shall be deemed a reasonable and necessary operating expense of the Company in the year in which the reimbursement is made. A regulatory authority seeking reimbursement under this provision shall submit its request for reimbursement to the Company no later than December 1 of the year in which the RRM filing is made and the Company shall reimburse regulatory authorities in accordance with this provision on or before December 31 of the year the RRM filing is made.

To the extent possible, the provisions of the Final Order shall be applied by the regulatory authority in determining whether to approve or disapprove of Company's proposed rate adjustment.

This Rider RRM does not limit the legal rights and duties of a regulatory authority. Nothing herein shall abrogate the jurisdiction of the regulatory authority to initiate a rate proceeding at any time to review whether rates charged are just and reasonable. Similarly, the Company retains its right to utilize the provisions of Texas Utilities Code, Chapter 104, Subchapter C to request a change in rates. The provisions of this Rider RRM are implemented in harmony with the Gas Utility Regulatory Act (Texas Utilities Code, Chapters 101-105).

The annual rate adjustment process set forth in this tariff shall remain in effect during the pendency of any Statement of Intent rate filing.

**ATMOS ENERGY CORPORATION
MID-TEX DIVISION**

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VII. Reconsideration, Appeal and Unresolved Items

Orders issued pursuant to this mechanism are ratemaking orders and shall be subject to appeal under Sections 102.001(b) and 103.021, et seq., of the Texas Utilities Code (Vernon 2007).

VIII. Notice

Notice of each annual RRM filing shall be provided by including the notice, in conspicuous form, in the bill of each directly affected customer no later than forty-five (45) days after the Company makes its annual filing pursuant to this tariff. The notice to customers shall include the following information:

- a) a description of the proposed revision of rates and schedules;
- b) the effect the proposed revision of rates is expected to have on the rates applicable to each customer class and on an average bill for each affected customer;
- c) the service area or areas in which the proposed rates would apply;
- d) the date the annual RRM filing was made with the regulatory authority; and
- e) the Company's address, telephone number and website where information concerning the proposed rate adjustment can be obtained.

**ATMOS ENERGY CORPORATION
MID-TEX DIVISION**

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Exhibit A

ACSC Cities

| | | | |
|---------------|------------------------|------------------|----------------------|
| Abilene | Cleburne | Frost | Lincoln Park |
| Addison | Clyde | Gainesville | Little Elm |
| Albany | College Station | Garland | Lorena |
| Allen | Colleyville | Garrett | Madisonville |
| Alvarado | Colorado City | Grand Prairie | Malakoff |
| Angus | Comanche | Grapevine | Mansfield |
| Anna | Commerce | Groesbeck | Mckinney |
| Argyle | Coolidge | Gunter | Melissa |
| Arlington | Coppell | Haltom City | Mesquite |
| Aubrey | Copperas Cove | Harker Heights | Midlothian |
| Azle | Corinth | Haskell | Murphy |
| Bedford | Crandall | Haslet | Newark |
| Bellmead | Crowley | Hewitt | Nocona |
| Benbrook | Dalworthington Gardens | Highland Park | North Richland Hills |
| Beverly Hills | Denison | Highland Village | Northlake |
| Blossom | Denton | Honey Grove | Oak Leaf |
| Blue Ridge | Desoto | Hurst | Ovilla |
| Bowie | Draper | Hutto | Palestine |
| Boyd | Duncanville | Iowa Park | Pantego |
| Bridgeport | Eastland | Irving | Paris |
| Brownwood | Edgecliff Village | Justin | Parker |
| Buffalo | Emory | Kaufman | Pecan Hill |
| Burkburnett | Ennis | Keene | Petrolia |
| Burleson | Eules | Keller | Plano |
| Caddo Mills | Everman | Kemp | Ponder |
| Canton | Fairview | Kennedale | Pottsboro |
| Carrollton | Farmers Branch | Kerens | Prosper |
| Cedar Hill | Farmersville | Kerrville | Quitman |
| Celeste | Fate | Killeen | Red Oak |
| Celina | Flower Mound | Krum | Reno (Parker County) |
| Centerville | Forest Hill | Lake Worth | Rhome |
| Cisco | Forney | Lakeside | Richardson |
| Clarksville | Fort Worth | Lancaster | Richland |
| | Frisco | Lewisville | Richland Hills |

**ATMOS ENERGY CORPORATION
MID-TEX DIVISION**

| | | |
|------------------------|--|----------------|
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| | |
|-----------------|-------------------|
| River Oaks | Temple |
| Roanoke | Terrell |
| Robinson | The Colony |
| Rockwall | Trophy Club |
| Roscoe | Tyler |
| Rowlett | University Park |
| Royse City | Venus |
| Sachse | Vernon |
| Saginaw | Waco |
| Sansom Park | Watauga |
| Seagoville | Waxahachie |
| Sherman | Westlake |
| Snyder | Westover Hills |
| Southlake | Westworth Village |
| Springtown | White Settlement |
| Stamford | Whitesboro |
| Stephenville | Wichita Falls |
| Sulphur Springs | Woodway |
| Sweetwater | Wylie |

AI-2448

9.

Work Session and Regular Meeting

Meeting Date: 03/06/2018

Department: Infrastructure- Development Services

AGENDA CAPTION:

Present and Discuss the **Planning and Zoning Commission Annual Report for 2017.**

BACKGROUND:

In accordance with the Code of Ordinances - Appendix A - Zoning - Article XXIX - Section 19, the Planning and Zoning Commission must submit an annual progress report to the City Council. Commission Chair Kathryn Wheeler prepared the attached report for 2017, which was approved by the Commission unanimously at their meeting on February 20, 2018. Kathryn Wheeler will present the report to the City Council at the meeting.

RECOMMENDATION:

Information only, no action required.

Attachments

Report - 2017 Addison P&Z Annual Report



MEMORANDUM

February 20, 2018

TO: Members of the Addison City Council

FROM: Kathryn Wheeler, Chair, Addison Planning and Zoning Commission

COPY: Planning and Zoning Commissioners
Wes Pierson, City Manager
Charles Goff, Assistant Director of Development Services and Planning

SUBJECT: 2017 Planning and Zoning Progress Report

ATTACHMENT: 2017 Attendance Statistics

The Planning and Zoning Commission is governed by the Rules, Regulations, and Procedures of the Town of Addison. These Rules stipulate under Article III, DUTIES OF THE COMMISSION, Paragraph (j) that the Commission shall:

“Submit each year a progress report to the City Council summarizing its activities, major accomplishments for the past year, and a proposed work program for the coming year. The report shall contain for the year the attendance record of all members and the identity of Commission officers.”

Please let this document serve as the Commission’s progress report, and the attendance record of all members is also attached for your review and use.

Overview

In 2017, a total of 4 new members served on the Planning and Zoning Commission. Tom Braun, John Meleky and I joined the Commission at the start of the year. Upon Mr. Braun’s resignation, Linda Groce was appointed to complete his term. Debra Morgan served as Chair and I served as Vice Chair for the year. Charles Goff, staff liaison, continues to shepherd the overall P&Z process.

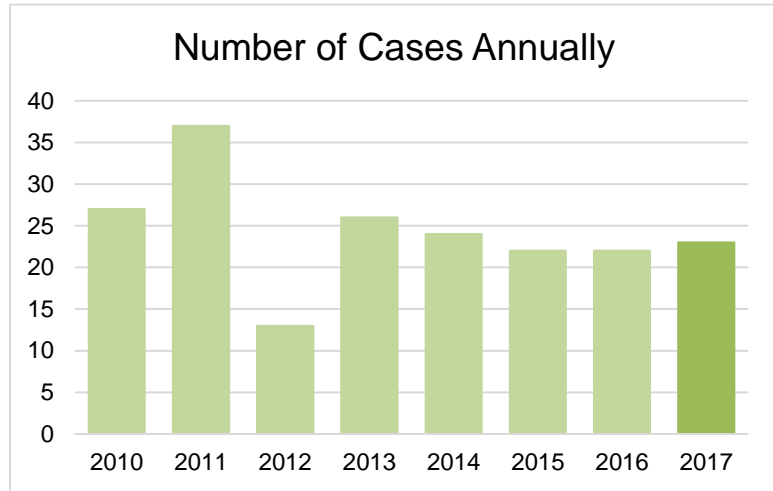
The Commission met for seven regular meetings. Commissioners attended these meetings an average of 88% of the time. Three Commissioners had perfect attendance during their tenure on the Commission in 2017 – Tom Braun, Linda Groce, and Tom Schaeffer. See Attachment 1 for detailed attendance information for each commissioner.

2017 Case Statistics

During 2017, the Planning and Zoning Commission reviewed 23 cases:

- 10 Zoning Changes
- 7 Special Use Permits
- 5 Plats
- 1 Comprehensive Plan Amendment

As shown in the chart to the right, this is fairly consistent with the case load heard by the Commission over the past 7 years.



Notable Zoning Cases

Several cases stood out during the year:

- 1752-Z/14555 Dallas Parkway (Jan) – the Commission reviewed a request by Cawley Partners to amend a Planned Development district to construct a two-phase office project consisting of two 245,000 square foot six-story office buildings with an amenity building located at the southern end of Addison fronting Dallas Parkway. This case was subsequently approved by the City Council, and Phase I is currently under construction.
- 1753-Z/AMLI (Jan) – AMLI presented plans for a 349-unit multifamily development at the southeast corner of Quorum Drive and Edwin Lewis Drive and requested to rezone the property to a Planned Development district. This development will extend the Addison Circle development pattern further south towards Belt Line and includes several pedestrian enhancements contemplated in the Master Transportation Plan as well as sanitary sewer upgrades that will facilitate further development. This project is also under construction
- 1767-Z/Elan Addison Grove (Nov) – the Commission reviewed development plans for the multi-family component of the Addison Grove redevelopment of the former Sam’s Club site at Midway Road and Belt Line Road. The plans included 321 units with over 21,000 square feet of retail, restaurant and amenity space fronting Belt Line Road. The developer is currently finalizing construction drawings and intends to start construction in the Spring of 2018.

These three developments will collectively add over 500,000 square feet of office space and 670 new housing units, which will provide a significant increase to the Town’s tax base. Furthermore,

each of these projects advance aspects of the Town's recently adopted Master Transportation Plan and improve pedestrian connectivity.

Notable Planning Activities

In 2017, the Commission also reviewed the findings of the Inwood Road Corridor Special Area Study and recommended adoption of a Comprehensive Plan amendment that formalizes goals and establishes the framework for future development standards for redevelopment along Inwood Road and properties to the west.

Suggestions for Improvement

I would suggest that the Council revisit the Town's current policy as it pertains to the use of terms or graphic depictions relating to alcoholic beverages on exterior signage. The P&Z Commission needs a clear direction, since it seems to be a trend lately with SUP cases.

I believe that the P&Z needs to review its Rules and Procedures, they have not been updated since 2004.

Conclusion

I would like to thank our Commissioners who termed out in December – Chair Debra Morgan, Jim Robinson, Stacey Griggs and Tom Schaeffer. Each of these Commissioners took their responsibilities seriously, were thoughtful in their decisions and added value to this Board.

I welcome our new Commissioners – Eileen Resnik, Tom Souers, Denise Quintanilla and Jerry Dougan. They have already jumped in to discussions and made insightful comments in our work session and our January Hearing. I look forward to a very productive year ahead.

As I was lucky enough to serve on P&Z during Carmen Moran's time as Development Director and then with Charles Goff's tenure, I just wanted to express my thanks to Charles – he has grown in this job and really made it his own!

And finally, I would like to thank you all for allowing me to serve on the Planning and Zoning Commission once again.

Planning and Zoning Commissioner Attendance Record - 2017

| Commissioner | Present | Absent | Eligible | %Attend | 17-Jan | 21-Feb | 21-Mar | 18-Apr | 16-May | 20-Jun | 18-Jul | 15-Aug | 19-Sep | 17-Oct | 21-Nov | 19-Dec |
|------------------|---------|--------|----------|------------|-------------|------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|
| Braun, Tom | 1 | 0 | 1 | 100% | P | No Meeting | | No Meeting | | No Meeting | | | No Meeting | No Meeting | | |
| Groce, Linda | 6 | 0 | 6 | 100% | | | P | | P | | P | P | | | | |
| Griggs, Stacey | 6 | 1 | 7 | 86% | P | | P | | A | | P | P | | | | |
| Meleky, John | 6 | 1 | 7 | 86% | P | | P | | P | | A | P | | | | |
| Morgan, Debra | 5 | 2 | 7 | 71% | P | | P | | A | | P | P | | | | |
| Robinson, Jim | 5 | 2 | 7 | 71% | P | | P | | P | | A | P | | | | |
| Schaeffer, Tom | 7 | 0 | 7 | 100% | P | | P | | P | | P | P | | | | |
| Wheeler, Kathryn | 6 | 1 | 7 | 86% | P | | P | | A | | P | P | | | | |
| Averages | | | | 88% | 100% | | 100% | | 86% | | 71% | 71% | | | 71% | 100% |

Work Session and Regular Meeting**Meeting Date:** 03/06/2018**Department:** Infrastructure- Development Services

AGENDA CAPTION:

Hold a Public Hearing, Present, Discuss, and Consider Action to Approve an **Ordinance Changing the Zoning on Property Located at 14555 Dallas Parkway, Which Property is Currently Zoned PD, Planned Development, Through Ordinances O16-028 and O17-05, by Approving a Special Use Permit for a Restaurant with the Sale of Alcoholic Beverages for On-Premise Consumption Only.** Case 1772-SUP/Ascension.

BACKGROUND:

COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on February 20, 2018, voted to recommend approval of an ordinance changing the zoning on property located at 14555 Dallas Parkway, which property is currently zoned PD, Planned Development, through Ordinances O16-028 and O17-05, by approving a Special Use Permit for a restaurant with the sale of alcoholic beverages for on-premise consumption only, subject to the following condition:

- The applicant shall not use any terms or graphic depictions that relate to alcoholic beverages in any exterior signage.

Voting Aye: Dougan, Groce, Meleky, Quintanilla, Resnik, Souers, Wheeler

Voting Nay: none

Absent: none

SPEAKERS AT THE PUBLIC HEARING: none

Please refer to the attached staff report for additional information on this case.

RECOMMENDATION:

Administration recommends approval.

AttachmentsOrdinance - 1772-SUPStaff Report - 1772-SUPPlans - 1772-SUP

TOWN OF ADDISON, TEXAS

ORDINANCE NO. _____

AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS, AMENDING THE COMPREHENSIVE ZONING ORDINANCE TO GRANT A SPECIAL USE PERMIT FOR A RESTAURANT WITH THE SALE OF ALCOHOLIC BEVERAGES FOR ON-PREMISE CONSUMPTION FOR PROPERTY LOCATED AT 14555 DALLAS PARKWAY; PROVIDING A PENALTY NOT TO EXCEED TWO THOUSAND AND NO/100 DOLLARS (\$2,000.00) FOR EACH OFFENSE AND A SEPARATE OFFENSE SHALL BE DEEMED COMMITTED EACH DAY DURING OR ON WHICH A VIOLATION OCCURS OR CONTINUES; SAVINGS, NO SEVERABILITY AND AN EFFECTIVE DATE.

WHEREAS, the property located at 14555 Dallas Parkway, is zoned PD, Planned Development, through Ordinance Numbers O16-028 and O17-05; and

WHEREAS, at its regular meeting held on February 20, 2018, the Planning & Zoning Commission considered and made recommendations on a request for a Special Use Permit for a restaurant with the sale of alcoholic beverages for on-premises consumption (Case No.1772-SUP); and

WHEREAS, this change of zoning is in accordance with the adopted Comprehensive Plan of the Town of Addison, as amended; and

WHEREAS, after due deliberations and consideration of the recommendation of the Planning and Zoning Commission, the information received at a public hearing, and other relevant information and materials, the City Council of the Town of Addison, Texas finds that this amendment promotes the general welfare and safety of this community.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS:

Section 1. That the recitals and findings set forth above are hereby found to be true and correct and incorporated as if fully set forth herein.

Section 2. That a Special Use Permit authorizing a restaurant with the sale of alcoholic beverages for on-premises consumption only, on the property located at 14555 Dallas Parkway, is hereby granted subject to the following conditions:

- (a) Prior to the issuance of a Certificate of Occupancy, said Property shall be improved in accordance with the site plan, floor plan, and building elevations, which are attached hereto as **Exhibit A** and made a part hereof for all purposes.

- (b) The Special Use Permit granted herein for a restaurant with the sale of alcoholic beverages for on-premises consumption only shall be limited to that particular area designated on the final site plan as encompassing a total area not to exceed 5,388 square feet.
- (c) No signs advertising sale of alcoholic beverages shall be permitted other than those authorized under the Liquor Control Act of the State of Texas, and any sign ordinance of the Town of Addison, Texas.
- (d) The sale of alcoholic beverages under this Special Use Permit shall be permitted in restaurants. Restaurants are hereby defined as establishments which receive at least sixty percent (60%) of their gross revenues from the sale of food.
- (e) Said establishment shall make available to the city or its agents, during reasonable hours its bookkeeping records for inspection, if required, by the city to insure that the conditions of subparagraph (d) above are being met.
- (f) Any use of property considered as a nonconforming use under the Comprehensive Zoning Ordinance of the Town of Addison shall not be permitted to receive a license or permit for the sale of alcoholic beverages.
- (g) If the property for which this Special Use Permit is granted is not used for the purposes for which said permits were granted within one (1) year after the adoption of this ordinance, the City Council may authorize hearings to be held for the purpose of considering a change of zoning and repeal of the Special Use Permit granted herein.
- (h) If a license or permit to sell alcoholic beverages on property covered by this Special Use Permit is revoked, terminated or cancelled by proper authorities, the City Council may authorize hearings to be held for the purpose of considering a change of zoning repeal of the Special Use Permits granted herein.
- (i) The establishment shall not use the term “bar”, “tavern”, or any other terms or graphic depictions that relate to the sale of alcoholic beverages on any signs visible from the exterior of the premises.

Section 3. That any person, firm, or corporation violating any of the provisions or terms of this ordinance shall be subject to the same penalty as provided for in the Comprehensive Zoning Ordinance of the city, as heretofore amended, and upon conviction shall be punished by a fine set in accordance with Chapter 1, General Provisions, Section 1.10, General penalty for violations of Code; continuing violations, of the Code of Ordinances for the Town of Addison.

Section 4. That it is the intention of the City Council that this ordinance be considered in its entirety, as one ordinance, and should any portion of this ordinance be held to be void or unconstitutional, then said ordinance shall be void in its entirety, and the City Council would not have adopted said ordinance if any part or portion of said ordinance should be held to be unconstitutional or void.

Section 5. That all ordinances of the City in conflict with the provisions of this ordinance be, and the same are hereby repealed and all other ordinances of the City not in conflict with the provisions of this ordinance shall remain in full force and effect.

Section 6. That this Ordinance shall become effective from and after its passage and approval and after publication as may be required by law or by the City Charter or ordinance.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS, on this the 6th day of March, 2018.

Joe Chow, Mayor

ATTEST:

Christie Wilson, Interim City Secretary

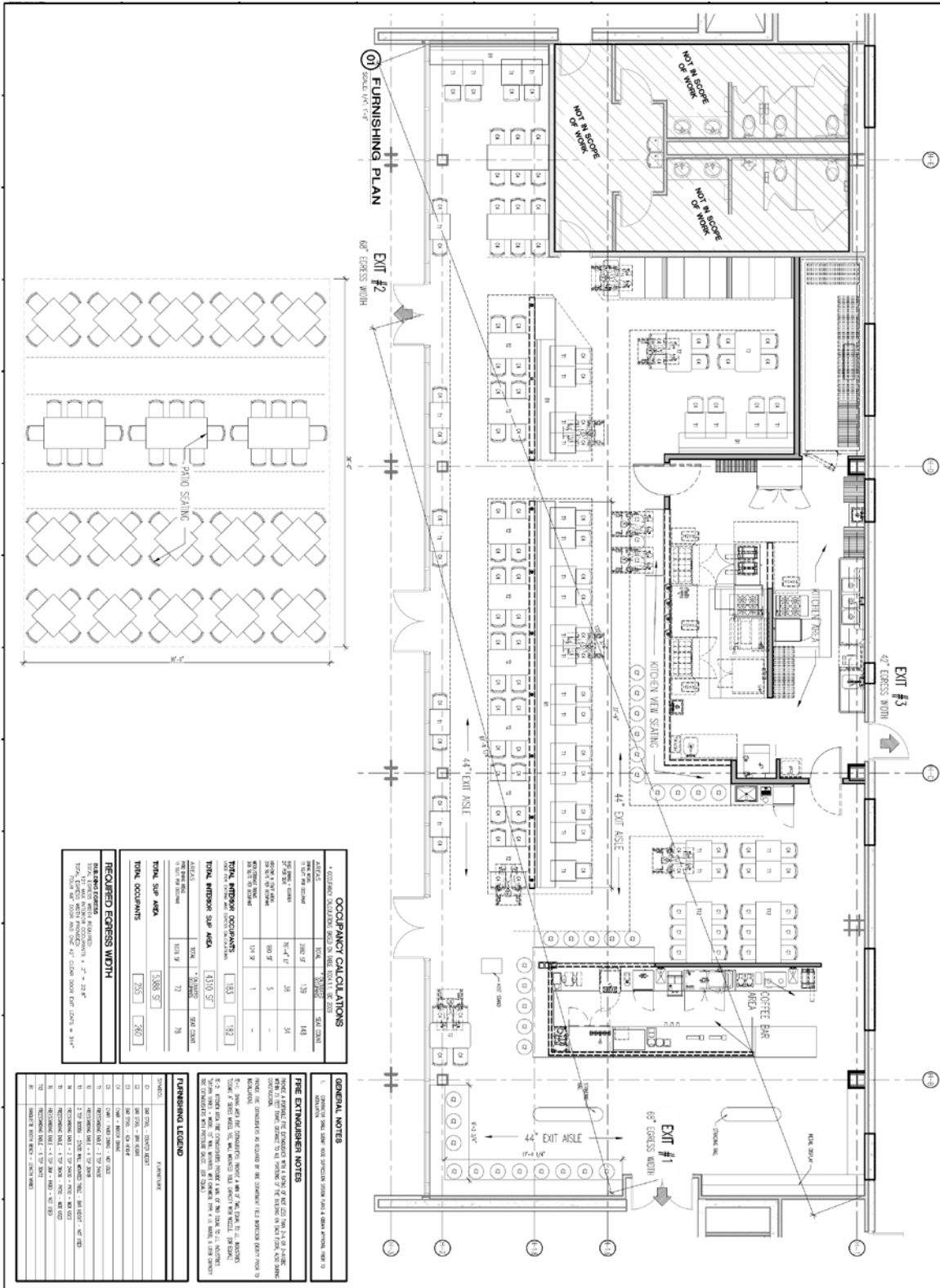
CASE NO: 1772-SUP/Ascension

APPROVED AS TO FORM:

Brenda N. McDonald, City Attorney

PUBLISHED ON: _____

EXHIBIT A



Ascension.

ASCENSION COFFEE
 CAWLEY FOURTEEN 655 CENTER
 14565 DALLAS PKWY
 ADDICKS, TX 75264

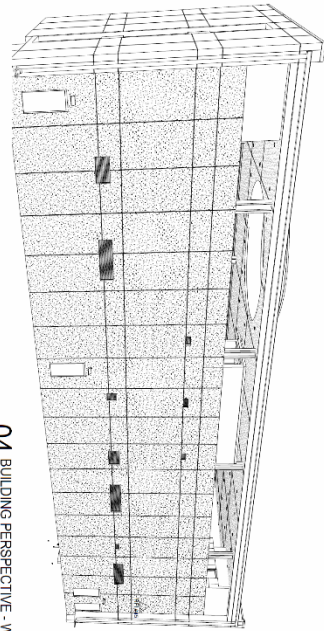


EXHIBIT A

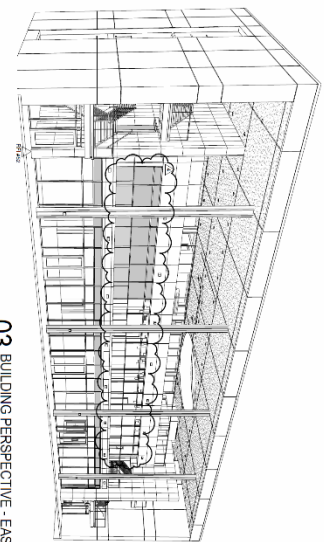
plotted: 12/20/17 12:48:58 PM

FACADE PLAN NOTES

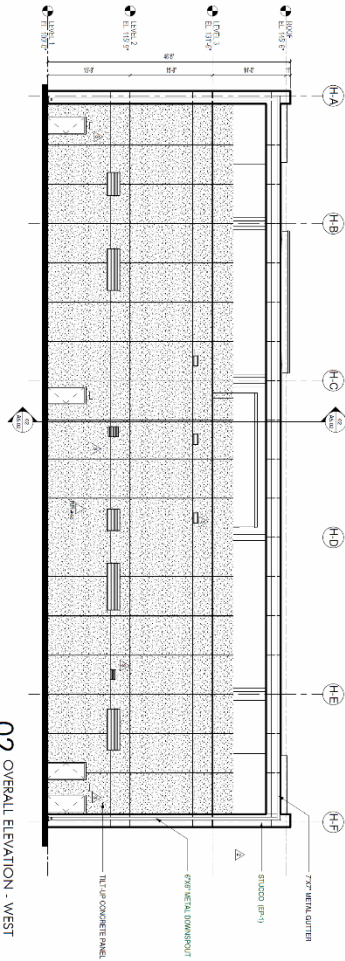
- This Facade Plan is for conceptual purposes only. All elevations are subject to change and approval by the City of Dallas.
- All residential units shall be screened from public view as required by the Zoning Ordinance.
- Window permitted, enclosed utility boxes and conduits shall be screened to match the building.
- All signage and signs are subject to approval by the City of Dallas.
- All elevations shall be provided (including window and door details) as required by the City of Dallas Building Official.



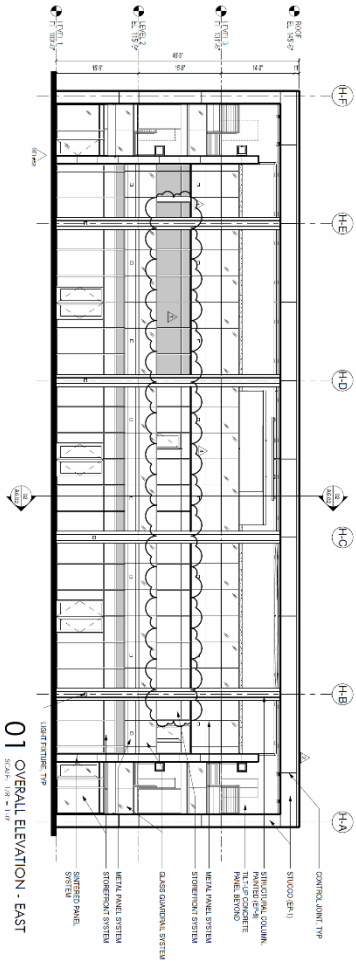
04 BUILDING PERSPECTIVE - WEST
SCALE: 1/8" = 1'-0"



03 BUILDING PERSPECTIVE - EAST
SCALE: 1/8" = 1'-0"



02 OVERALL ELEVATION - WEST
SCALE: 1/8" = 1'-0"



01 OVERALL ELEVATION - EAST
SCALE: 1/8" = 1'-0"



architecture | interior | planning | graphics
8070 Park Lane, Ste. 300 | Dallas, Texas 75231
Tel 972.701.9000 | Fax 972.991.3008
www.bopowell.com



12.12.2017

Owner
CAMLEY PARTNERS
400 DALLAS FRY, SUITE 400
DALLAS, TX 75201
972.768.7700

map engineer
SCHMIDT & SPAY
2018 Travis Ave #400
DALLAS, TX 75201
214.874.0300

structural engineer
L.A. EBERS PARTNERS, INC.
DALLAS, TX 75209
214.871.7910

civil engineer
STRATTEC
2018 Travis Ave, Suite 400
DALLAS, TX 75201-2208
972.991.0011

landscape architect
STRATTEC
2018 Travis Ave, Suite 400
DALLAS, TX 75201-2208
469.308.9854

general contractor
TILL'S CONSTRUCTION
2700 RICHARDSON, TX 75082
214.296.4300

Project
CAMLEY FOURTEENERS CENTER
400 DALLAS FRY
ADDISON, TX 75244

Revision
HUB PERMIT SET
04.02.2017

1. WORK SET - HUB CITY RESPONSES
06.20.2017

2. WORK SET - INTERLOCKS
08.16.2017

3. WORK SET - WINDOW SCHEDULES
09.04.2017

4. WORK SET - HUB DATA 1 REVISION
11.20.2017

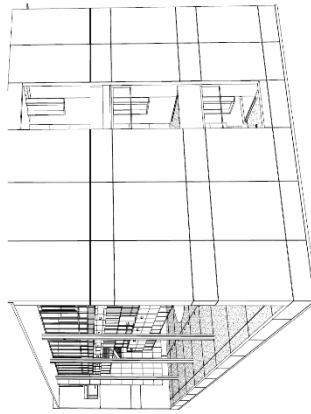
Scale
A4.04

Project number
16133.100
03.22.2017

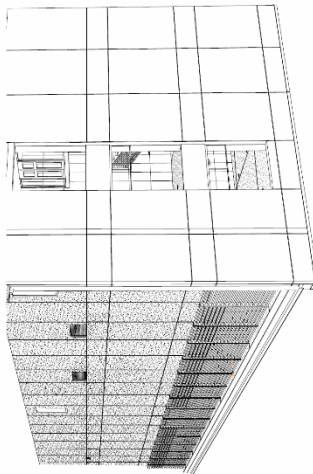
EXHIBIT A

FACADE PLAN NOTES

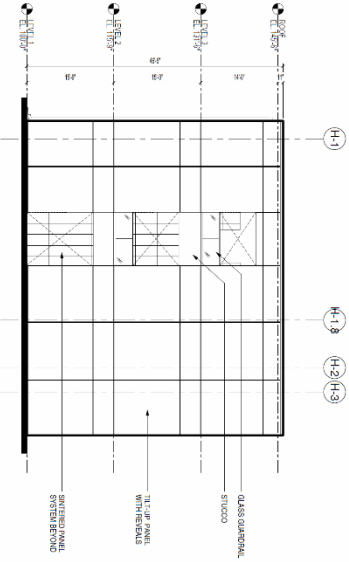
- This facade plan is for conceptual purposes only. All elevations shall be subject to review and approval by Development Services, view and approval by
- All mechanical units shall be screened from public view as required by Fire Zoning Ordinance
- When permitted, exposed utility boxes and conduits shall be painted to match the building
- All signage areas and locations are subject to approval by Development Services
- Roof access shall be provided internally, unless otherwise permitted by the City Building Official



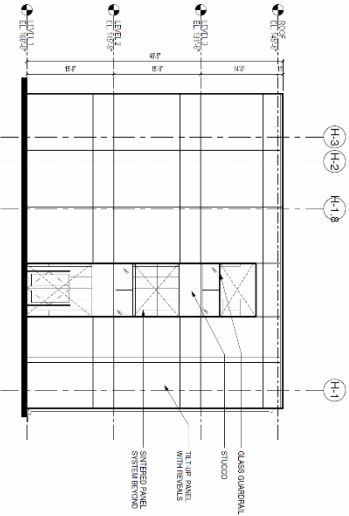
04 SOUTH BUILDING PERSPECTIVE - SOUTH
SCALE



02 NORTH BUILDING PERSPECTIVE - NORTH
SCALE



03 OVERALL ELEVATION - SOUTH
SCALE: 1/8" = 1'-0"



01 OVERALL ELEVATION - NORTH
SCALE: 1/8" = 1'-0"

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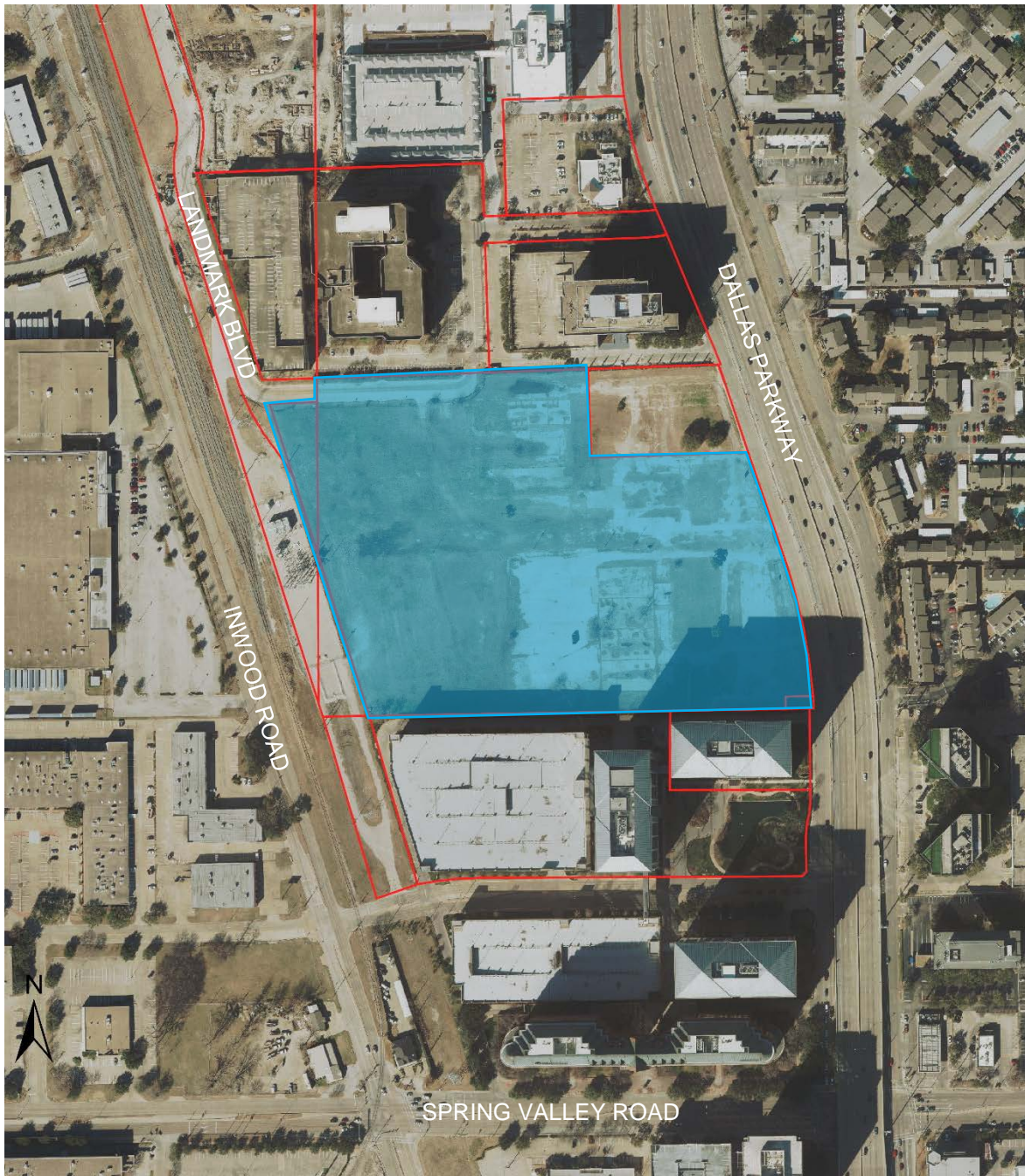
Owner: **Ascension of America**
16800 DALLAS PKWY, SUITE #150
DALLAS, TX 75248
972.282.7700
map engineer
SCHMIDT & STACY
SCHMIDT & STACY #400
Dallas, TX 75264
214.874.0200
structural engineer
L.A. FLEISS PARTNERS, INC.
DALLAS, TX 75219
214.871.7910
civil engineer
STANTEC
12222 MERT DR, SUITE 400
DALLAS, TX 75244
972.881.0011
landscape architect
STANTEC
12222 MERT DR, SUITE 400
DALLAS, TX 75244
469.329.8834
general contractor
HILL & WILKINSON
2703 TELECOM PKWY #120
FIDELITY CENTER
DALLAS, TX 75202
214.896.1930

Project: **CAULLEY FOURTEENERS CENTER**
1400 CAULLEY AVENUE
ADDISON, TX 75201
Architect: **BO KRI POWELL**
1400 CAULLEY AVENUE
ADDISON, TX 75201
Date: 08.02.2017
Title: **HUB DESIGN SET**
Scale: 1/8" = 1'-0"
Project Number: 14133.100
Date: 08.02.2017
Sheet: **A4.05**

1772-SUP

PUBLIC HEARING Case 1772-SUP/Ascension. Public hearing, discussion, and take action on a recommendation regarding an ordinance changing the zoning on property located at 14555 Dallas Parkway, which property is currently zoned PD, Planned Development, through Ordinances O16-028 and O17-05, by approving a Special Use Permit for a restaurant with the sale of alcoholic beverages for on-premise consumption only.

LOCATION MAP





February 15, 2018

STAFF REPORT

RE: Case 1772-SUP/Ascension Coffee
LOCATION: 14555 Dallas Parkway
REQUEST: Approval of a Special Use Permit for a restaurant with the sale of alcoholic beverages for on-premise consumption only
APPLICANT: Stantec Consulting, represented by Josh Millsap

DISCUSSION:

Background: This application is part of the larger Cawley Fourteen555 Dallas Parkway office development consisting of two 245,000 square-foot, six-story office towers and a three-story amenity building known as “The Hub.” The property was zoned as Planned Development through Ordinances O16-028 and amended through O17-05. The PD allows all uses permitted in the C-1 (Commercial-1) district, as well as hotel, restaurant, and sale of alcoholic beverages for on-premises consumption only through a Special Use Permit.

The proposed restaurant/coffee shop space, associated with the Ascension Coffee brand, is located on the ground floor of “The Hub” building. Ascension Coffee has three locations in downtown Dallas, and a location in Addison, under the name of 84 Point Coffee, which was approved through the Special Use Permit process at Greenhill Office Towers.

Proposed Plan: The floor plan shows a total square footage of 5,388 square feet, including a patio of 1,080 square feet. The plan includes a large kitchen and a coffee bar area, which will also be used to serve alcoholic beverages. The floor plan shows interior seating for 182 and patio seating for 78.

Parking: This office development requires parking at a ratio of 1 space per 300 square feet for office use, which equates to 839 parking spaces, and 1 space per 100 square feet for restaurant use, which equates to 54 parking spaces. The property provides a total of 1,193 parking spaces, through surface and garage parking, which meets the parking requirement.

RECOMMENDATION: APPROVAL

The proposed restaurant and coffee shop offers a valuable amenity to the tenants of this large office development, as well as other office developments at the southernmost edge of the Town.

Staff recommends approval of the request, subject to the following condition:

- The applicant shall not use any terms or graphic depictions that relate to alcoholic beverages in any exterior signage.



Case 1772-SUP/Ascension
February 20, 2018

COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on February 20, 2018, voted to recommend approval of an ordinance changing the zoning on property located at 14555 Dallas Parkway, which property is currently zoned PD, Planned Development, through Ordinances O16-028 and O17-05, by approving a Special Use Permit for a restaurant with the sale of alcoholic beverages for on-premise consumption only subject to the following condition:

- The applicant shall not use any terms or graphic depictions that relate to alcoholic beverages in any exterior signage.

Voting Aye: Dougan, Groce, Meleky, Quintanilla, Resnik, Souers, Wheeler

Voting Nay: none

Absent: none

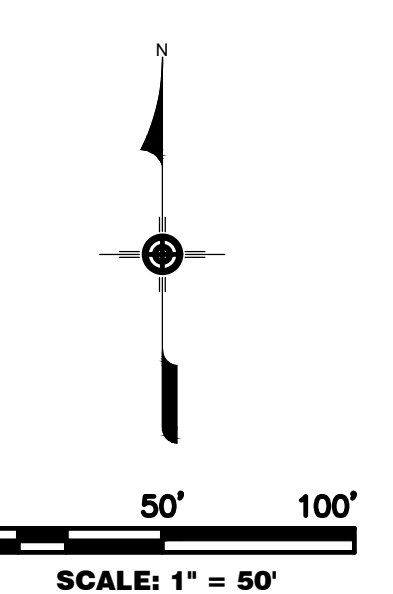
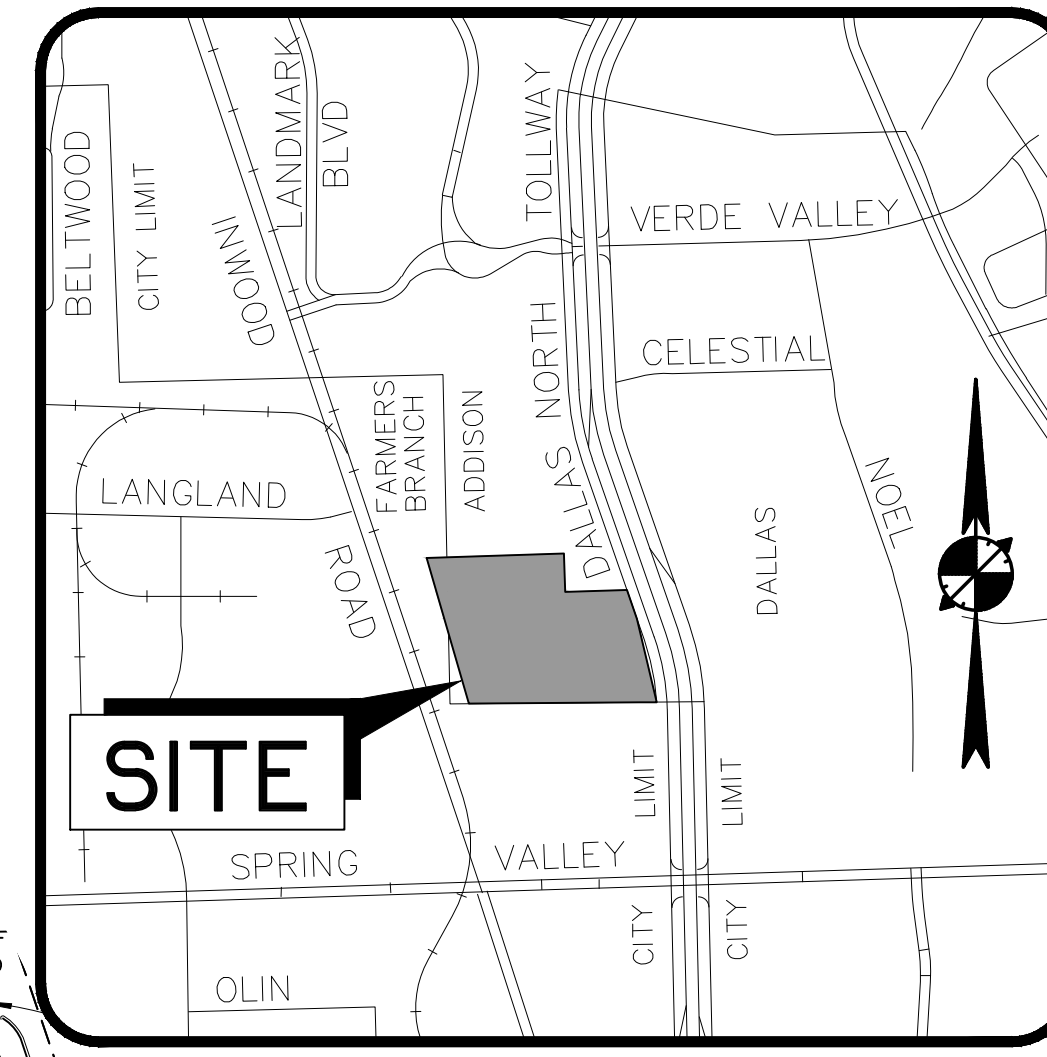
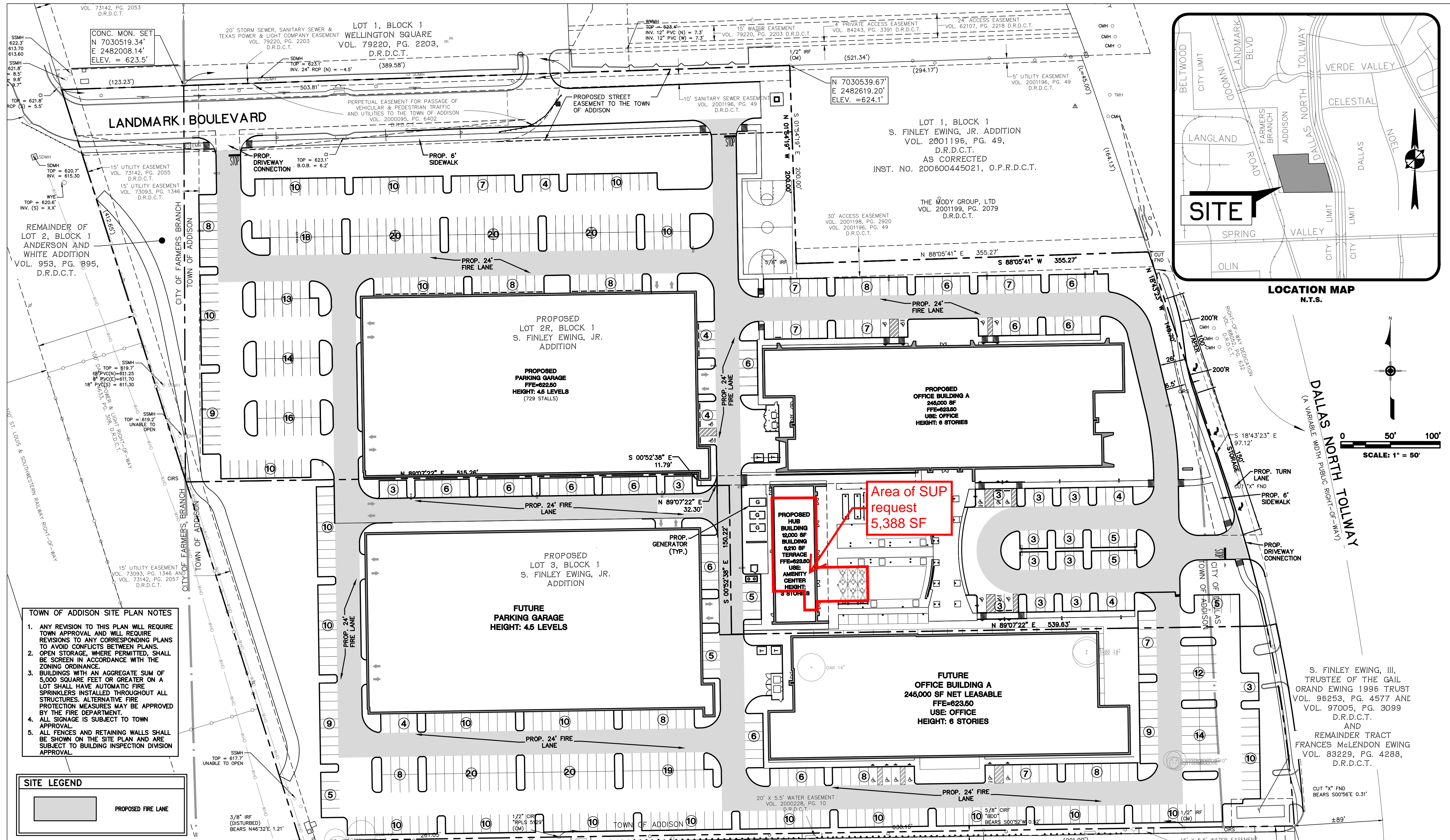
SPEAKERS AT THE PUBLIC HEARING:

For: none

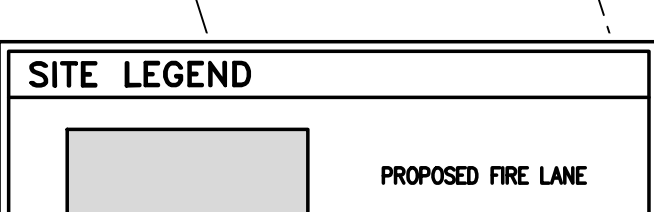
On: none

Against: none

| Rev | Date | By | Appd. | Issued |
|----------|------|-----|-------|-----------|
| 17.08.01 | JAM | JAM | JAM | Y.Y.MM.DD |
| 17.07.27 | JAM | JAM | JAM | Y.Y.MM.DD |
| 17.04.29 | JAM | JAM | JAM | Y.Y.MM.DD |
| 17.04.28 | JAM | JAM | JAM | Y.Y.MM.DD |
| 17.03.04 | JAM | JAM | JAM | Y.Y.MM.DD |
| 17.03.04 | JAM | JAM | JAM | Y.Y.MM.DD |



- TOWN OF ADDISON SITE PLAN NOTES**
- ANY REVISION TO THIS PLAN WILL REQUIRE TOWN APPROVAL AND WILL REQUIRE REVISIONS TO ANY CORRESPONDING PLANS TO AVOID CONFLICTS BETWEEN PLANS.
 - OPEN STORAGE, WHERE PERMITTED, SHALL BE SCREEN IN ACCORDANCE WITH THE ZONING ORDINANCE.
 - BUILDINGS WITH AN AGGREGATE SUM OF 5,000 SQUARE FEET OR GREATER ON A LOT SHALL HAVE AUTOMATIC FIRE SPRINKLERS INSTALLED THROUGHOUT ALL STRUCTURES. ALTERNATIVE FIRE PROTECTION MEASURES MAY BE APPROVED BY THE FIRE DEPARTMENT.
 - ALL SIGNAGE IS SUBJECT TO TOWN APPROVAL.
 - ALL FENCES AND RETAINING WALLS SHALL BE SHOWN ON THE SITE PLAN AND ARE SUBJECT TO BUILDING INSPECTION DIVISION APPROVAL.



EXISTING LEGEND & ABBREVIATIONS

| | |
|----------------------------|-------|
| FIRE HYDRANT | FH |
| WATER VALVE | WV |
| WATER METER | WM |
| FIRE DEPARTMENT CONNECTION | FDC |
| IRRIGATION CONTROL VALVE | ICV |
| SANITARY SEWER MANHOLE | SSMH |
| SANITARY SEWER CLEANOUT | SSCO |
| GAS METER | GM |
| POWER POLE | PP |
| LIGHT POLE | LP |
| TRAFFIC CONTROL BOX | TB |
| TRAFFIC SIGN | TS |
| CURB INLET | CI |
| BARRIER FREE RAMP | BFR |
| WATER LINE | W |
| SANITARY SEWER LINE | WS |
| STORM SEWER LINE | STM |
| STORM SEWER MANHOLE | STMMH |

SITE DATA SUMMARY

| PROPOSED USE: | LOT 2R (PHASE I) | | | LOT 3 (PHASE II) | |
|---|---|----------------|-----------------|--|--|
| | OFFICE A | HUB | TOTAL | OFFICE B | |
| LOT AREA: | 417,592 SQ. FT. = 9.586 AC | | | 291,139 SQ. FT. = 6.683 AC | |
| ZONED: | PLANNED DEVELOPMENT | | | PLANNED DEVELOPMENT | |
| BUILDING FOOTPRINT: | 42,000 SQ. FT. | 8,500 SQ. FT. | 50,500 SQ. FT. | 42,000 SQ. FT. | |
| BUILDING AREA (NET): | 245,000 SQ. FT. | 12,000 SQ. FT. | 257,000 SQ. FT. | 245,000 SQ. FT. | |
| MAX. BUILDING HEIGHT: | 6 STORY | 3 STORY | N/A | 6 STORY | |
| TOTAL LOT COVERAGE: | 12.09% | | | 14.43% | |
| TOTAL FLOOR AREA RATIO: | 0.615 | | | 0.842 | |
| PARKING REQUIRED: | OFFICE: 251,612/300 = 839 SPACES RESTAURANT: 5,388/100 = 54 SPACES TOTAL REQUIRED: 893 SPACES | | | OFFICE: 245,000/300 = 817 SPACES TOTAL REQUIRED: 817 SPACES | |
| PARKING PROVIDED: | 360 SURFACE+833 GARAGE = 1,193 SPACES | | | 359 SURFACE+816 GARAGE = 1,175 SPACES | |
| PARKING PERCENTAGES: | 833 GARAGE/1,193 = 69.8% GARAGE 360 SURFACE/1,193 = 30.2% SURFACE | | | 816 GARAGE/1,175 = 69.4% GARAGE 359 SURFACE/1,175 = 30.6% SURFACE | |
| PARKING PERCENTAGES (TOTAL): | 1,649 GARAGE/2,368 = 69.6% GARAGE 719 SURFACE/2,368 = 30.4% SURFACE | | | | |
| *NOTE: HANDICAP PARKING IS PROVIDED IN ACCORDANCE WITH ADA STDS. NOTE: • BASED ON THE FEDERAL EMERGENCY MANAGEMENT AGENCY'S FLOOD INSURANCE RATE MAP 48113C0180K, DATED JULY 7, 2014. NO FLOODPLAIN EXISTS ON THE SITE. | | | | | |

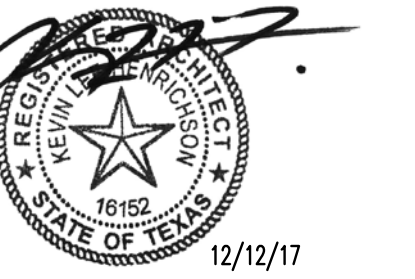
DEVELOPER/APPLICANT:
 CAWLEY PARTNERS
 16400 W. DALLAS PARKWAY
 SUITE 150
 DALLAS, TEXAS 75248
 PHONE: (817) 875-5535
 CONTACT: MARK GODFREY

CIVIL ENGINEER/PREPARER:
 STANTEC CONSULTING SERVICES INC.
 12222 MERIT DRIVE
 SUITE 400
 DALLAS, TEXAS 75251
 PHONE: (972) 991-0011
 CONTACT: JOSHUA H. MILLSAP, P.E.
 TBPE # F-6324

LANDSCAPE ARCHITECT:
 STANTEC CONSULTING SERVICES INC.
 12222 MERIT DRIVE
 SUITE 400
 DALLAS, TEXAS 75251
 PHONE: (972) 991-0011
 CONTACT: KEVIN BERNAUER

SURVEYOR:
 STANTEC CONSULTING SERVICES INC.
 12222 MERIT DRIVE
 SUITE 400
 DALLAS, TEXAS 75251
 PHONE: (972) 991-0011
 CONTACT: DAVID DE WEIRDOT R.P.L.S.
 TBPLS # F-10194229

Client/Project: CAWLEY PARTNERS
 Permit/Seal: PRELIMINARY FOR REVIEW ONLY Not for Construction or Permit Purposes
Stantec
 Engineer: JOSHUA H. MILLSAP
 P.E. No. 109118 Date: 02/05/2016
 Project Number: 222210632
 File Name: 10632spn.dwg
 Drawing No. 1
 Revision Sheet



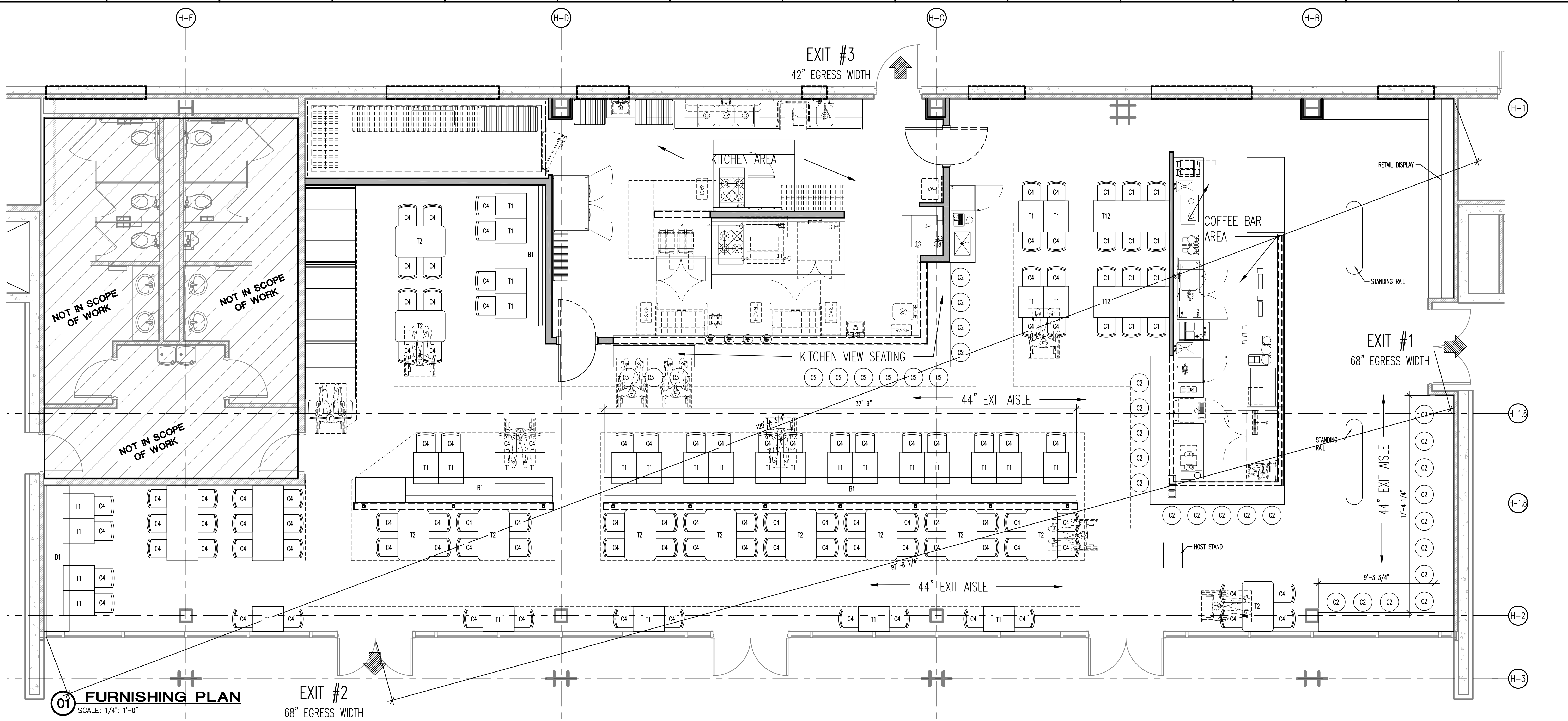
ASCENSION COFFEE
CRAWLEY FOURTEEN 556 CENTER
14555 DALLAS PKWY
ADDISON, TX 76064

Ascension.

DO NOT SCALE DRAWINGS
CONTRACTOR TO VERIFY
ALL EXISTING CONDITIONS AND
DIMENSIONS - NOTIFY ARCHITECT
OF ANY DISCREPANCIES PRIOR
TO BEGINNING CONSTRUCTION

NO REVISION

ISSUE FOR PERMIT 12.18.17

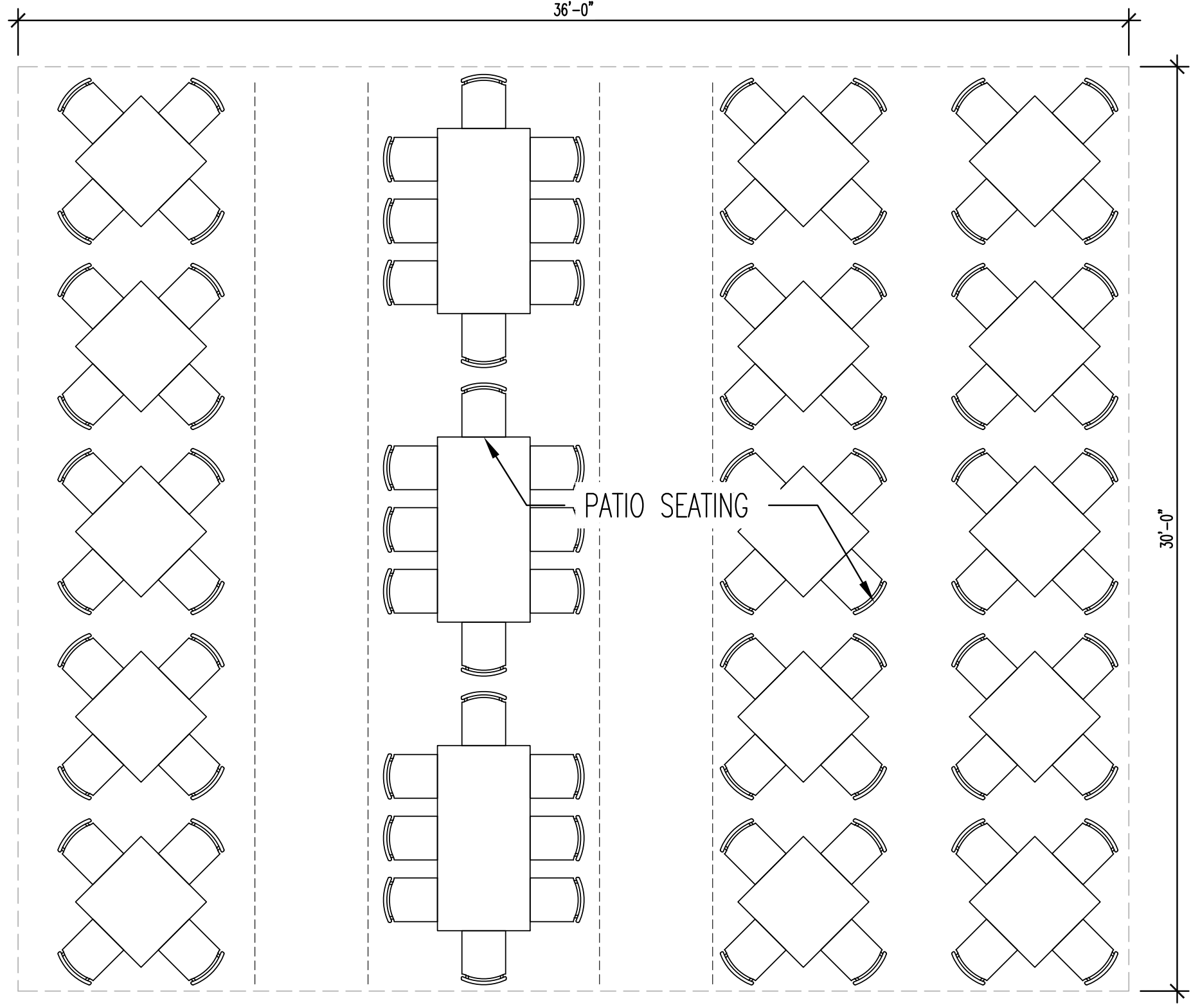


01 FURNISHING PLAN
SCALE: 1/4" = 1'-0"

EXIT #2
68" EGRESS WIDTH

EXIT #3
42" EGRESS WIDTH

EXIT #1
68" EGRESS WIDTH



| OCCUPANCY CALCULATIONS | | | |
|---|----------------|------------------------|------------|
| * OCCUPANCY CALCULATIONS BASED ON TABLE 1004.1.1, IBC 2009 | | | |
| AREAS | TOTAL | * CALCULATED OCCUPANTS | SEAT COUNT |
| DINING AREAS 15 SQ.FT. PER OCCUPANT | 2082 SF | 139 | 148 |
| FIXED DINING - COUNTER 24" PER SEAT | 76'-4" LF | 38 | 34 |
| KITCHENS & STAFF AREAS 200 SQ.FT. PER OCCUPANT | 990 SF | 5 | - |
| MED./STORAGE ROOMS 300 SQ.FT. PER OCCUPANT | 124 SF | 1 | - |
| TOTAL INTERIOR OCCUPANTS USED FOR EXITING AND EGRESS CALCULATIONS | | 183 | 182 |
| TOTAL INTERIOR SUP AREA | 4310 SF | | |
| AREAS | TOTAL | * CALCULATED OCCUPANTS | SEAT COUNT |
| PATIO DINING AREAS 15 SQ.FT. PER OCCUPANT | 1078 SF | 72 | 78 |
| TOTAL SUP AREA | 5388 SF | | |
| TOTAL OCCUPANTS | | 255 | 260 |

| REQUIRED EGRESS WIDTH | |
|--|--|
| BUILDING EGRESS | |
| TOTAL EGRESS WIDTH REQUIRED: 121 MAX INTERIOR OCCUPANTS x .2" = 22.8" | |
| TOTAL EGRESS WIDTH PROVIDED: FOUR 68" DOOR AND ONE 42" CLEAR DOOR EXIT LEAFS = 314" | |

GENERAL NOTES

- CONTRACTOR SHALL SUBMIT HOOD SUPPRESSION SYSTEM PLANS & OBTAIN APPROVAL PRIOR TO INSTALLATION

FIRE EXTINGUISHER NOTES

PROVIDE A PORTABLE FIRE EXTINGUISHER WITH A RATING OF NOT LESS THAN 2-A OR 2-A10BC WITHIN 75 FEET TRAVEL DISTANCE TO ALL PORTIONS OF THE BUILDING ON EACH FLOOR, ALSO DURING CONSTRUCTION.

PROVIDE FIRE EXTINGUISHERS AS REQUIRED BY FIRE DEPARTMENT FIELD INSPECTOR (VERIFY PRIOR TO INSTALLATION).

FE-1: DINING AREA FIRE EXTINGUISHERS: PROVIDE A MIN. OF TWO, EQUAL TO J.L. INDUSTRIES "COSMIC A" SERIES MODEL 10E, WALL MOUNTED 10LB. CAPACITY WITH NOZZLE. (OR EQUAL)

FE-2: KITCHEN AREA FIRE EXTINGUISHERS: PROVIDE A MIN. OF TWO EQUAL TO J.L. INDUSTRIES "SATURN SERIES - MODEL 15" WALL MOUNTED, WET CHEMICAL TYPE K UL RATED, 6 LITER CAPACITY FIRE EXTINGUISHERS WITH PRESSURE GAUGE. (OR EQUAL)

| FURNISHING LEGEND | |
|-------------------|--|
| SYMBOL | FURNITURE |
| C1 | BAR STOOL - COUNTER HEIGHT |
| C2 | BAR STOOL - BAR HEIGHT |
| C3 | BAR STOOL - ADA HEIGHT |
| C4 | CHAIR - INDOOR DINING |
| C5 | CHAIR - PATIO DINING - NOT USED |
| T1 | FREESTANDING TABLE - 2 TOP 24X30 |
| T2 | FREESTANDING TABLE - 4 TOP 30X48 |
| T3 | 2 TOP BOOTH - 27X30 WALL MOUNTED TABLE - BAR HEIGHT - NOT USED |
| T4 | FREESTANDING TABLE - 2 TOP 24X30 - PATIO - NOT USED |
| T5 | FREESTANDING TABLE - 4 TOP 36X36 - PATIO - NOT USED |
| T6 | FREESTANDING TABLE - 4 TOP 36" - PATIO - NOT USED |
| T12 | FREESTANDING TABLE - 6 TOP 30X72 |
| B1 | BANQUETTE BOOTH BENCH - LENGTH VARIES |

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DRAWING NAME: A112-170315 - LARGEDWG
LAYOUT: A112
DESIGN: JACOB
DATE: 12/18/17
SCALE: 1/4" = 1'-0"
PROJECT: 170315.DWG
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PROJECT NUMBER
170315

SHEET NAME
FURNISHING PLAN

SHEET NUMBER
A112

ORIGINAL ISSUE DATE -
DATE OF THIS PRINTING - 02/02/18



12.12.2017

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general contractor
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project
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ADDISON, TX. 75254

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original issue

HUB PERMIT SET 05.02.2017

| revisions | | |
|-----------|---|------------|
| 1 | WCPR #3 - HUB CITY RESPONSES | 06.29.2017 |
| 2 | WCPR #5 - VE CHANGES | 08.02.2017 |
| 3 | WCPR #6 - INTERIORS/ COORDINATION UPDATES | 08.16.2017 |
| | RFI #45 | 09.25.2017 |
| | RFI #52 | 11.06.2017 |
| 4 | WCPR #10 - HUB LEVEL 2 REDESIGN | 12.12.2017 |

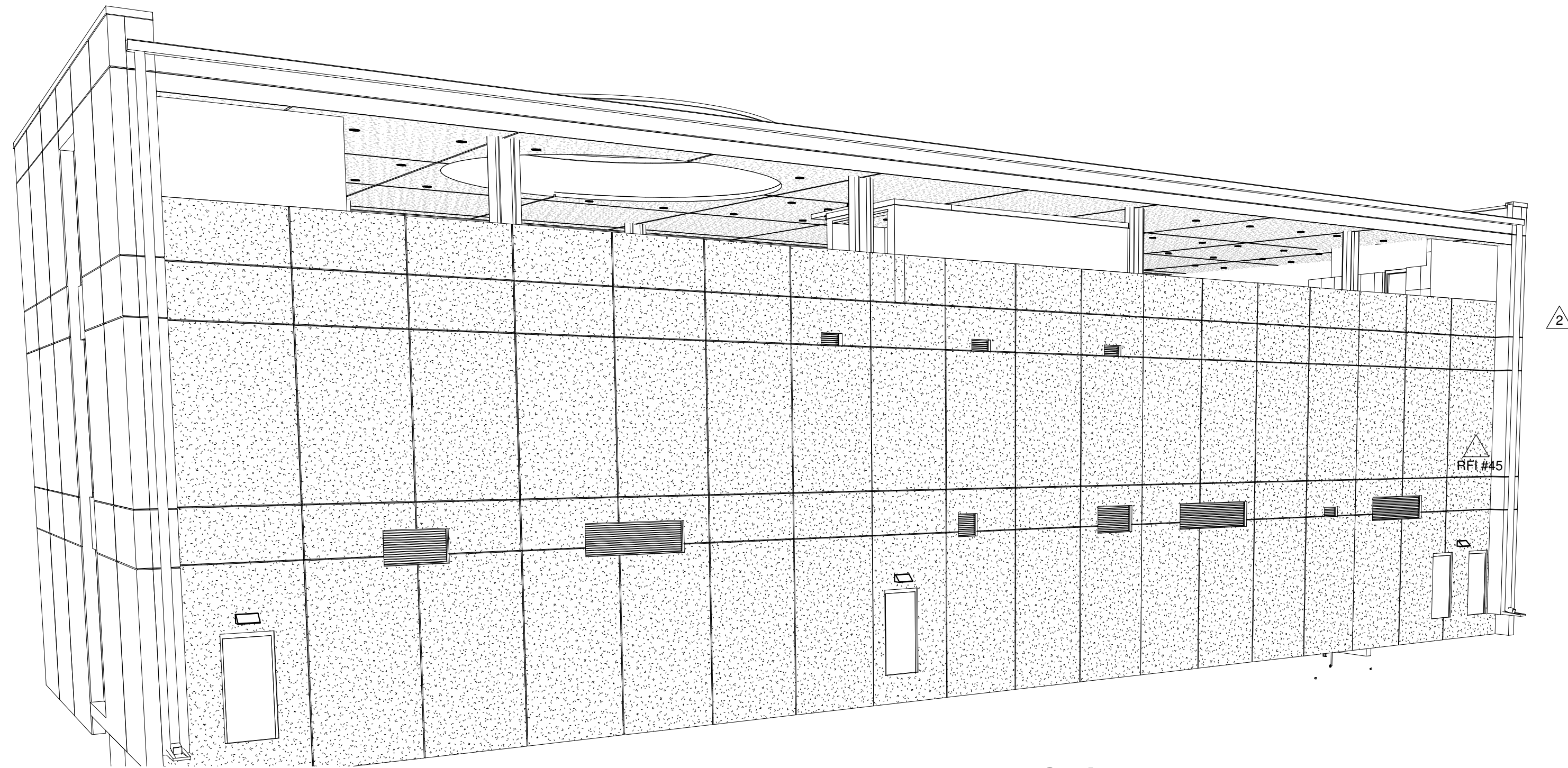
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project number 16133.100

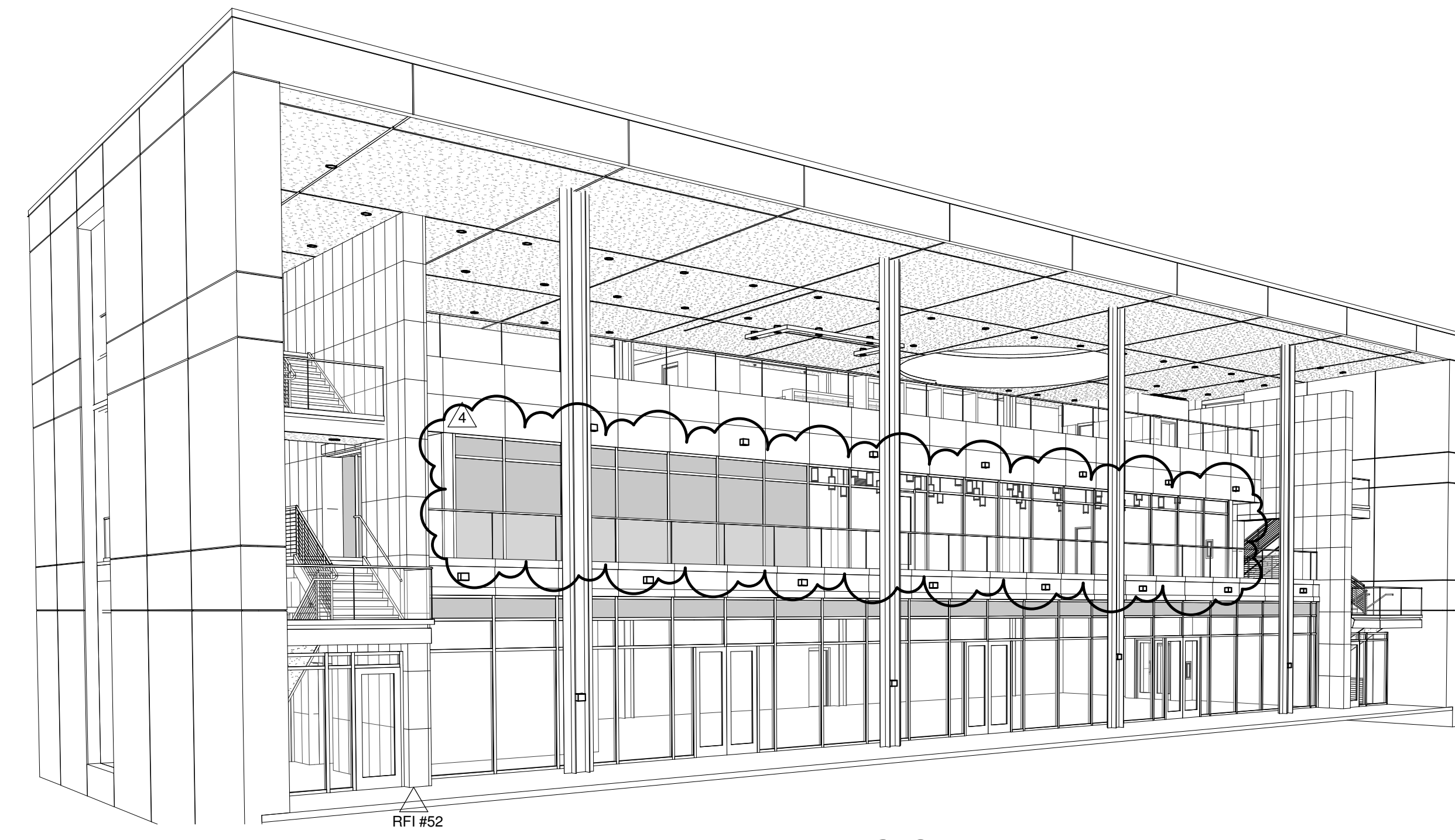
date 05.02.2017

sheet

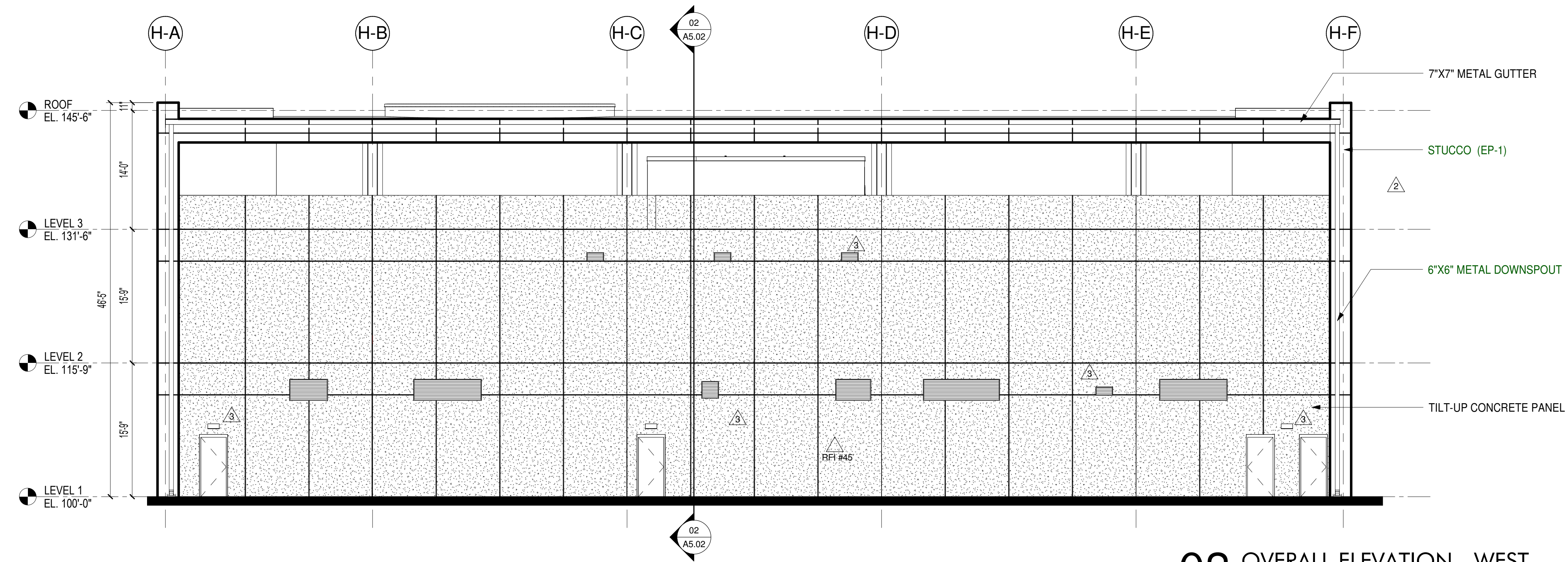
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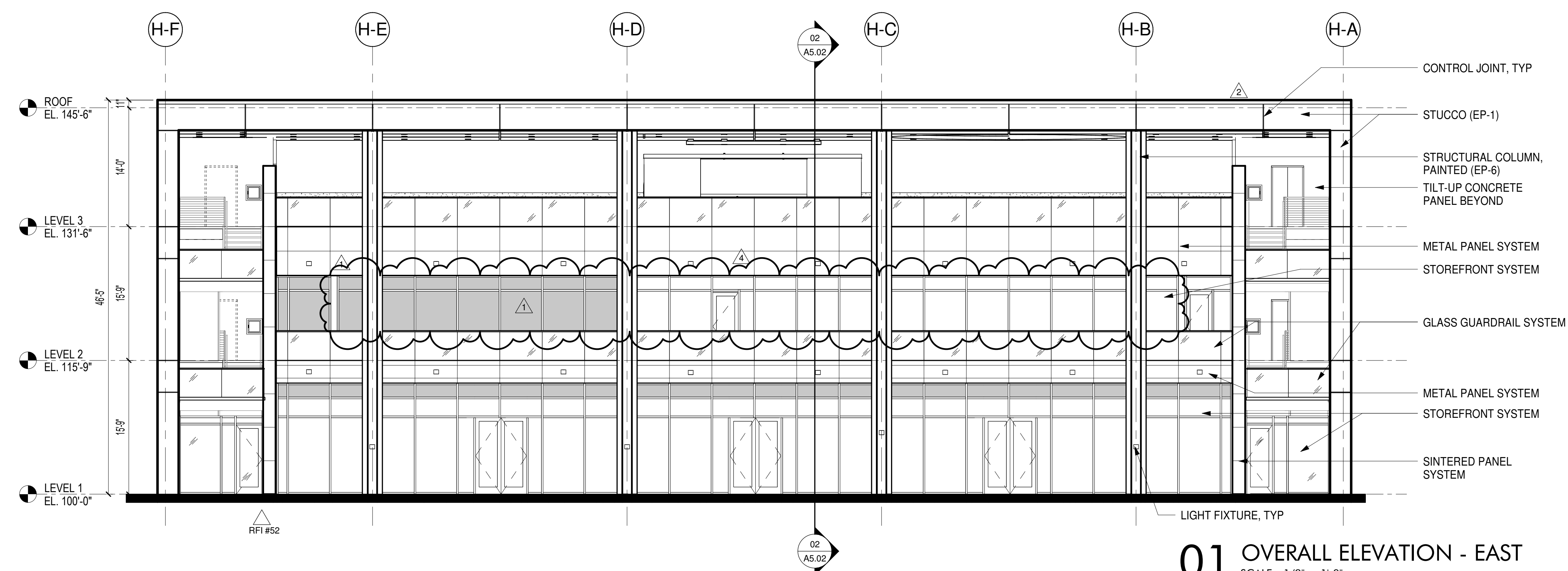
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SCALE:



03 BUILDING PERSPECTIVE - EAST
SCALE:

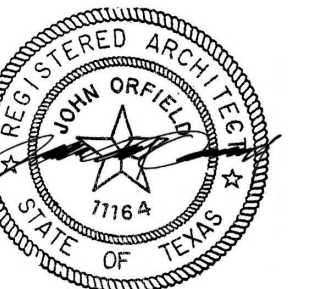


02 OVERALL ELEVATION - WEST
SCALE: 1/8" = 1'-0"



01 OVERALL ELEVATION - EAST
SCALE: 1/8" = 1'-0"

FACADE PLAN NOTES
- This Facade Plan is for conceptual purposes only. All building plans require review and approval by Development Services.
- All mechanical units shall be screened from public view as required by the Zoning Ordinance
- When permitted, exposed utility boxes and conduits shall be painted to match the building
- All signage areas and locations are subject to approval by Development Services
- Roof access shall be provided internally, unless otherwise permitted by the Chief Building Official



05.02.2017

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HUB PERMIT SET 05.02.2017

revisions

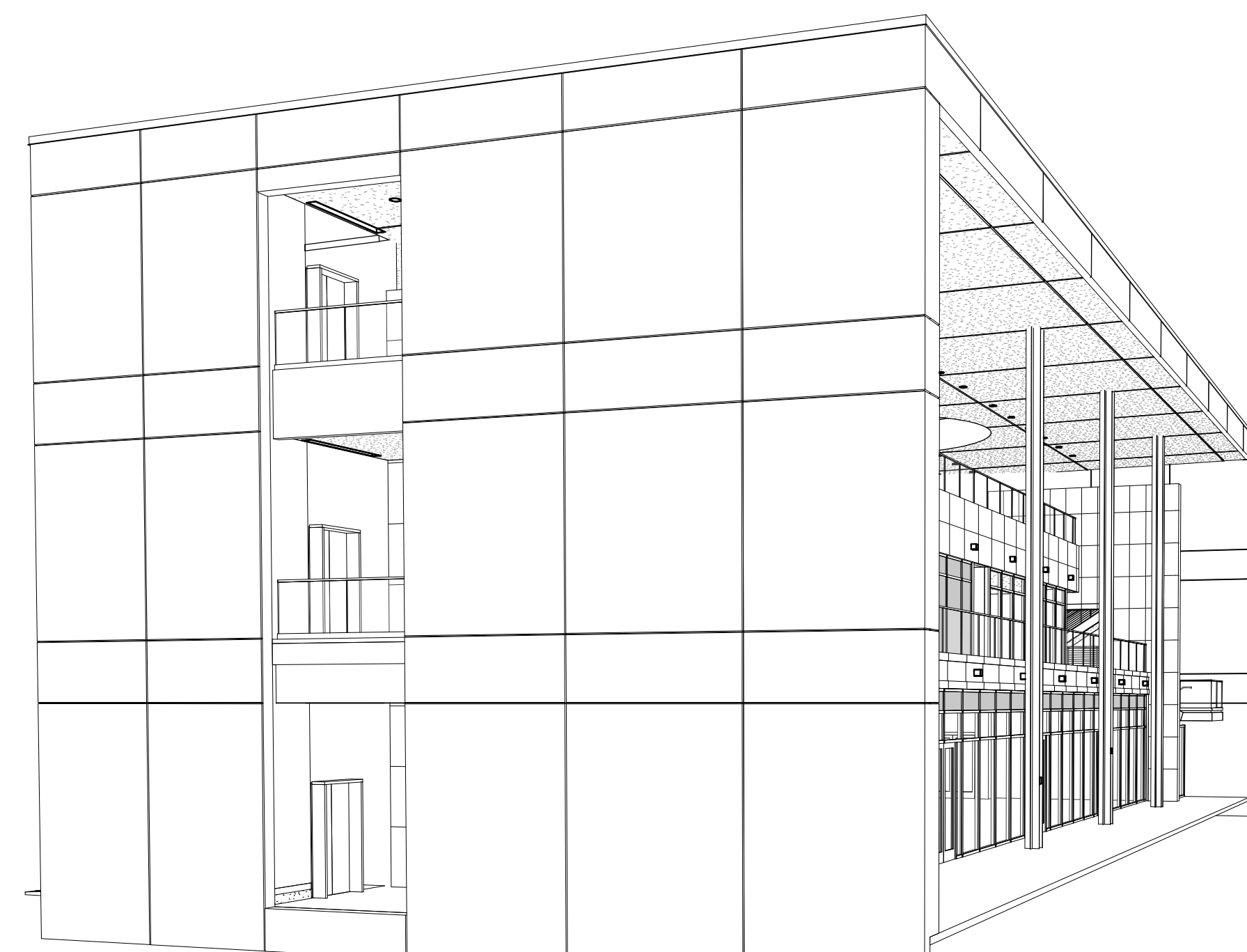
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 ELEVATIONS - HUB**

project number 16133.100

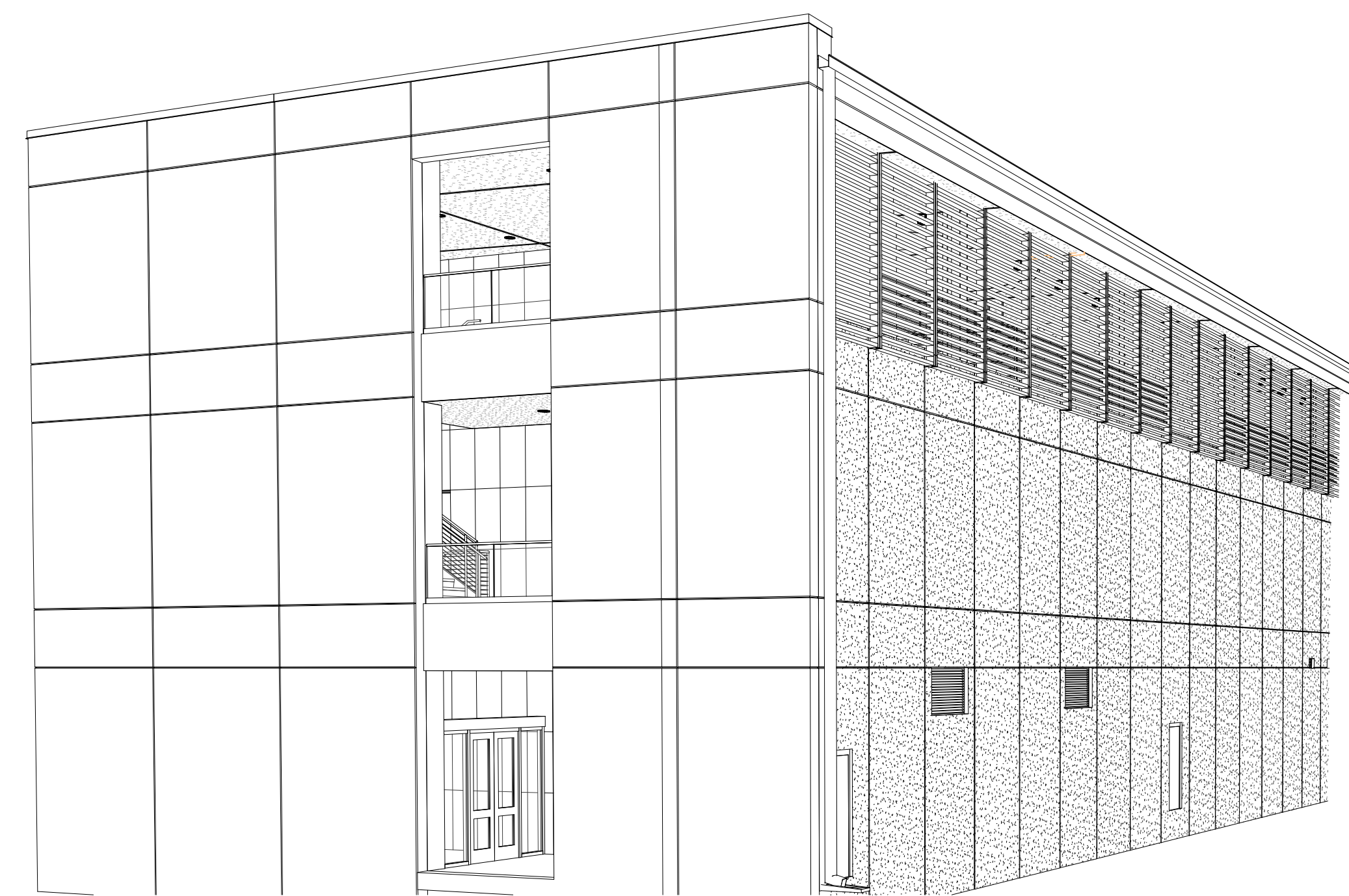
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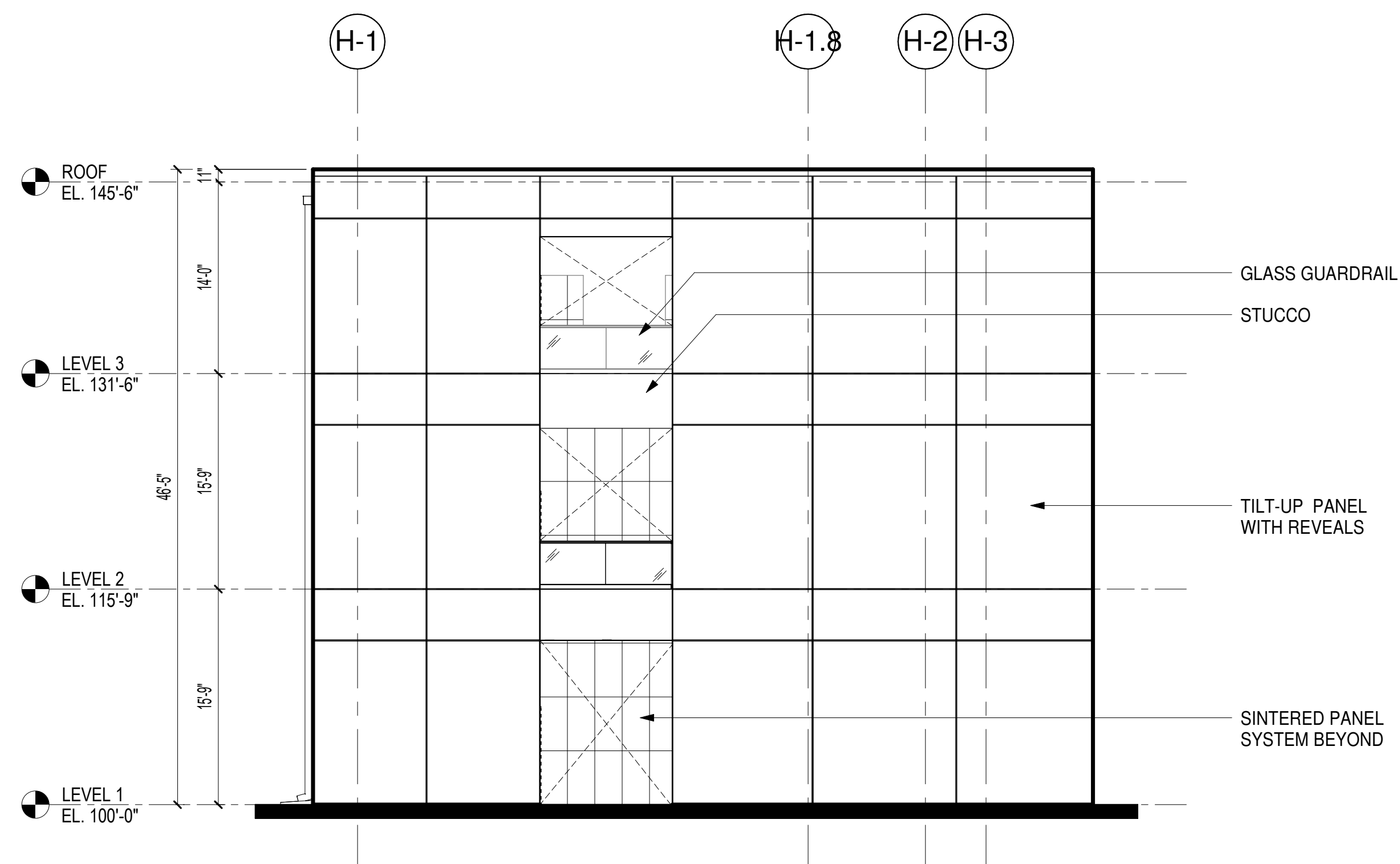
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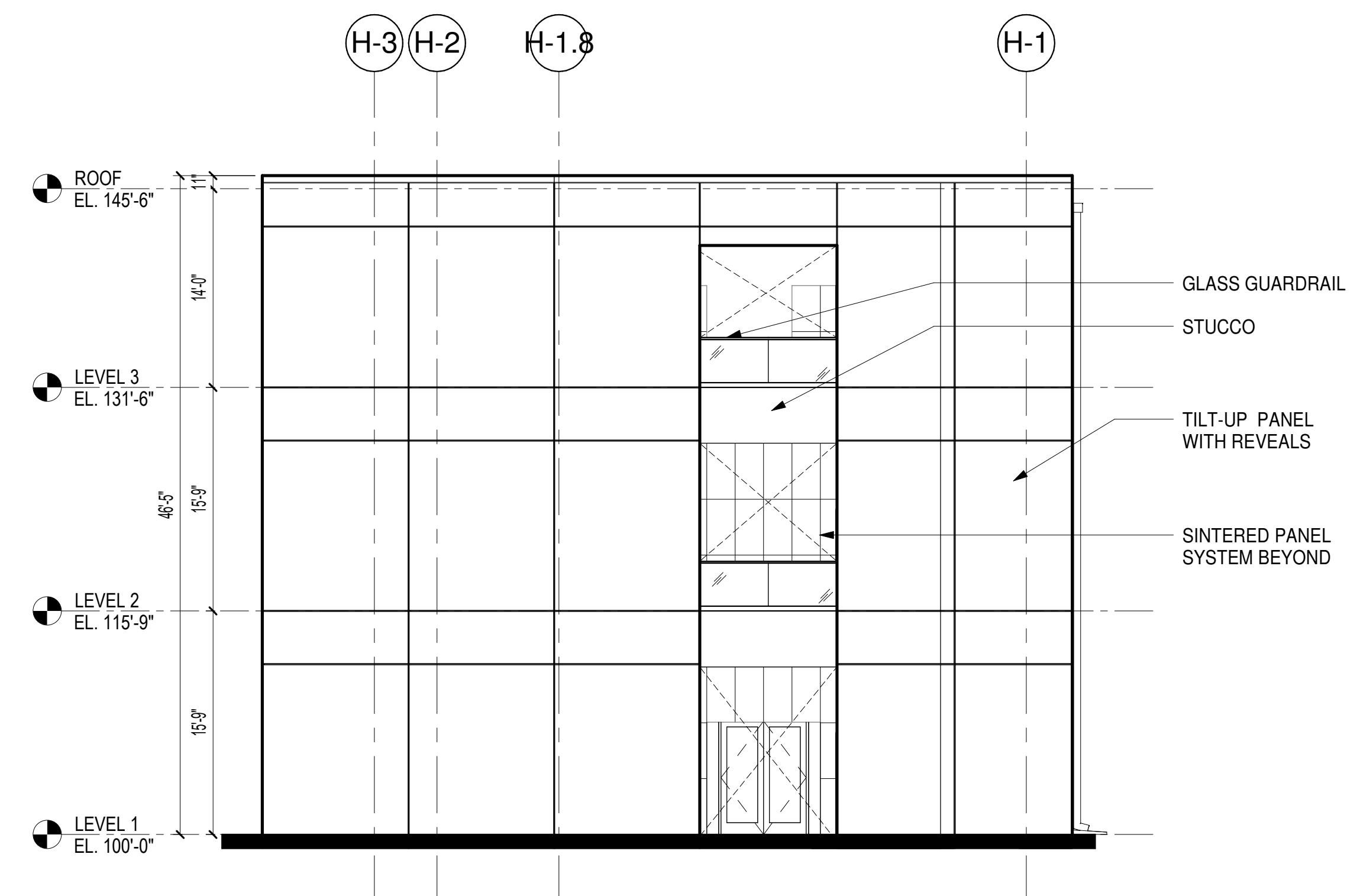
04 BUILDING PERSPECTIVE - SOUTH
 SCALE:



02 BUILDING PERSPECTIVE - NORTH
 SCALE:



03 OVERALL ELEVATION - SOUTH
 SCALE: 1/8" = 1'-0"



01 OVERALL ELEVATION - NORTH
 SCALE: 1/8" = 1'-0"

FACADE PLAN NOTES

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Work Session and Regular Meeting**Meeting Date:** 03/06/2018**Department:** Economic Development**Pillars:** Entrepreneurship and Business Hub**Milestones:** Focus on economic development activities which attract and retain entrepreneurship and high-tech conferences

AGENDA CAPTION:

Present, Discuss, and Consider Action on a **Resolution for Appointments to the Economic Development Strategic Plan Special Project Committee.**

BACKGROUND:

A contract for the development of an Economic Development Strategic Plan was approved by Council at the January 23, 2018 Council meeting. Staff is bringing this item to Council to appoint members to the Economic Development Strategic Plan Special Project Committee.

At the January 9, 2018, Council meeting, Staff reviewed the current appointment process for the Planning and Zoning Commission and the Board of Zoning Adjustment, as well as the prior process for appointing members to various committees. The Council discussed various public committee processes and procedures, and ultimately directed staff to provide a summary of the scope of work for the following planning and visioning processes. Staff has attached the summaries for the following projects:

- Addison Circle/Cotton Belt Special Area Study (Appointments made January 23, 2018)
- Economic Development Strategic Plan
- Parks Master Plan (Appointments made January 23, 2018)
- Belt Line Road Landscape Master Plan (Appointments made February 13, 2018)

Council also discussed that these committees could consist of up to a maximum of two (2) appointees per Councilmember, for a total of 14 members.

Staff accepted applications from individuals who were interested in being appointed to these special project committees from December 18, 2017 until January 2, 2018. Attached is the list of applicants who submitted an application that indicated that they would like to be considered for appointment to the Economic Development Strategic Plan Committee. This list also identifies applicants who have been appointed to the Addison Circle/Cotton Belt, Parks Master Plan, or Belt Line Streetscape Special Project Committees. Council can also appoint individuals who did not submit an application.

Should Council desire to take action, the attached resolution allows for Council to appoint members to the Economic Development Strategic Plan Special Project Committee during this meeting.

RECOMMENDATION:

Administration recommends approval.

Attachments

Resolution - Economic Development Strategic Plan Special Project Committee Appointments
Applicants - Economic Development Strategic Plan Special Project Committee

Overview - Special Project Committees

TOWN OF ADDISON, TEXAS

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS CREATING THE ECONOMIC DEVELOPMENT STRATEGIC PLAN SPECIAL PROJECT COMMITTEE AND APPOINTING MEMBERS.

WHEREAS, in January 2018, the City Council Town of Addison approved a contract to update the Town's Economic Development Strategic Plan; and

WHEREAS, in an effort to stimulate public participation, the City Council desires to create a committee to provide input to the consultants retained to update the Economic Development Strategic Plan.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS:

Section 1. The City Council hereby creates the Economic Development Strategic Plan Special Project Committee to provide input regarding the Economic Development Strategic Plan. The committee will be comprised of the following individuals:

Section 2. The Committee shall be advisory in nature and shall be dissolved upon adoption of the Economic Development Strategic Plan.

Section 3. This resolution shall be effective from and after the date of passage.

DULY PASSED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS,
this the 6th day of March, 2018.

Joe Chow, Mayor

ATTEST:

APPROVED AS TO FORM:

Christie Wilson, Interim City Secretary

Brenda N. McDonald, City Attorney

| Name | Resident or Business | Economic Development Strategic Plan | Appointed to another Special Project Committee |
|-------------------------|----------------------|-------------------------------------|--|
| Al Cioffi | Resident | X | |
| Alan Wood | Resident | X | X |
| Allan Wood | Resident | X | |
| Charles Tholen | Business | X | |
| Chris DeFrancisco | Resident | X | X |
| David Collins | Resident | X | |
| David Kean | Resident | X | |
| David Pells | Resident | X | X |
| Elaine Manley | Resident | X | |
| Elizabeth Beddow | Business | X | X |
| Elliot Moore | Resident | X | |
| Jane Lenz | Resident | X | X |
| Janis Roberson | Resident | X | X |
| Jason Ennis | Resident | X | |
| Jim Ellison | Business | X | |
| Jimmy Homan | Business | X | X |
| Joshi Pothuri | Resident | X | |
| Judy Lembke | Business | X | X |
| Juli Branson | Resident | X | X |
| Kevin Gardner | Business | X | |
| Lauren Bonfield | Resident | X | X |
| Marlin Willesen | Resident | X | |
| Mary Anne Mayer Redmond | Resident | X | X |
| Matt Horine | Resident | X | X |
| Pamela Boyd | Resident | X | |
| Richard Fitzpatrick | Resident | X | X |
| Robert Weeks | Resident | X | |
| Ronna Schmoker | Resident | X | X |
| Russell Graham | Business | X | X |
| Sai Nori | Resident | X | |
| Sheila Barkofske | Resident | X | |
| Taylor Bowen | Business | X | X |



Special Project Committee Overview

JANUARY 16, 2018

ADDISON CIRCLE/COTTON BELT SPECIAL AREA STUDY

On November 28, 2017, the City Council approved a professional services agreement with Kimley-Horn and Associates, Inc. to complete the Special Area Study for the Addison Circle Area including the properties along the Cotton Belt Corridor.

The project would consist of five phases:

Phase I - Project Management / Stakeholder and Public Engagement - This anticipates general project management as well as community engagement through property owner interviews, two community meetings and three meetings with an advisory committee.

Phase II - Strategic Assessment - In this phase, the consultant team would gather and review pertinent data, research existing conditions and conduct a market analysis.

Phase III - Development Alternatives - This task involves working with the project committee to develop and analyze two alternatives for the study area.

Phase IV - Preferred Development Plan - This task involves forming a preferred development plan based on input received about the alternatives and preparing an implementation strategy.

Phase V - Study Completion - This phase includes development of a final report for adoption by the Town.

Since execution of the contract, staff has been working with the consultant to finalize a project schedule, conduct site visits, and to begin reviewing pertinent background information regarding the study area as anticipated in Phases I and II. The next step of the process will be to seek public input in various forms to help develop the plan. Once the next phases begin, it is anticipated to take approximately five months to complete the process. The public input process for this study will consist of three elements:

Stakeholder Interviews

Staff will identify stakeholders within the study area for the consultant to meet with in small groups. These stakeholders will include business and property owners within the study area as well as Addison Circle resident representatives pulled from the various HOAs and neighborhood associations. The scope anticipates four small group meetings. These would be conducted early in the process to gain initial thoughts, opinions and concerns before any plan is crafted.

Special Project Committee

The scope anticipates three meetings with a Special Project Committee. This committee would work with staff and the consultant team to:

- Review pertinent background information
- Consider comments gathered from other public input opportunities
- Craft high level goals for the study area
- Discuss appropriate uses
- Identify how to tie the study area into Addison Circle
- Review development alternatives
- Decide on a preferred conceptual plan for future development

Community Meetings

As part of Phase I, there would be two community meetings that would be advertised to all businesses and residents in Addison. The first community meeting would be held at the beginning of the process to share initial findings and gather ideas to be considered through the study process. A second meeting would be held later in the process to review the study findings before they are presented to Council for adoption.

Project Committee Composition

Town staff would like to include representation from the following groups on the project committee: a mixture of members with development experience such as engineering, architecture and real estate, property owners and business owners from within and around the study area, as well as representatives from the residential community.

ECONOMIC DEVELOPMENT STRATEGIC PLAN

On January 23 Town staff will recommend to City Council the hiring of Ady Advantage/Gateway Planning to prepare the community's new Economic Development Strategic Plan. Once the agreement is approved, staff will begin working with the consulting group on the development of the plan. Critical to its success will be input from City Council, key stakeholders, local businesses and residents. The plan's 13-step process will take approximately six months to complete.

The development of the plan will include a three-phase approach highlighted as follows:

- 1) **Phase I: Discover (7-step process taking 12 weeks to complete):** This phase includes project initiation and information gathering to assess the local market. This phase will involve the major portion of public input which will include the following:
 - a. One on one interviews will be conducted with key stakeholders including City Council, the Special Project Committee, local educational institutions, chamber representatives, tourism representatives, community development representatives and business associations to better understand key opportunities/challenges for Addison and the region and to gain input on key topics and priorities.
 - b. Key Business Interviews: Large and representative employers in Addison will be interviewed to understand the current strengths and weaknesses of the Addison talent market and to gauge their input on the local business environment overall. This will assist the consultant with their talent-led cluster analysis, and assess the community's image and reputation in the region.
 - c. Residents and employees (young professionals who live or work in Addison) will be surveyed to gain their input on Addison as a place to live, work and recreate to determine their priorities for quality of place. The goal of this survey will be to understand current perceptions of the town/region, uncover challenges and get a sense of the strongest assets from both an economic development and placemaking perspective that Addison offers.

In addition to the interviews and online survey, large poster boards and markers with key questions noted will be placed in public gathering areas such as the athletic club so residents can share their thoughts. These would be placed right after the project initiation and stay open

through Week 8. This will allow the consultant to gather further input and analyze the information provided.

- 2) **Phase II: *Distill (4-step process taking 7 weeks to complete)***: During this process the consulting team will evaluate the information gathered in Phase I to determine the most important costs/conditions for each recommended industry cluster as well as the region's competitive set for each industry. Stakeholders, the public and the Special Project Committee will be lead through a workshop where asset maps and case studies will be presented to create several viable futures. The work session will be a visioning and goal-setting process for the community related to economic development, but will also take into account workforce development, community development, and tourism, as they relate to economic development. Based on input received after the visioning and goals work session, the consultant will determine what is needed to get Addison best positioned to attract the end users, and talent and diversity of business sectors.
- 3) **Phase III: *Do (2-step process taking 6 weeks to complete)***: This step begins the culmination of the project completion. During this phase, the consultant will develop a framework and strategic recommendations for the community based on research findings that will best accomplish the community's goals and visions. The framework will build off the 2010 strategic plan and adjust and evolve based on the findings from this project. High level strategic recommendations will be made in the following areas:
 - a. **Organizational**: Recommended beneficial initiatives and partnerships to help meet goals.
 - b. **Business Retention/Expansion and Recruitment**: Recommended strategies to attract and retain businesses, especially those within the identified target clusters.
 - c. **Talent**: Recommended strategies to attract talent and a strong labor force for companies.
 - d. **Placemaking**: Strategies to create the types of neighborhoods and communities that attract employees and employers. This piece will include recommendations on growing Addison's restaurant sector. It will also include recommended strategies to align current and future infrastructure needs with the placemaking strategy, bridging both physical design to promote vibrant, walkable and connected places in addition to potential financing mechanisms by which to implement such efforts.

The final plan will be presented to the public, the Special Project Committee, and the City Council.

Stakeholder Interviews

In conjunction with the consultant, staff will identify stakeholders in the community for the consultant to meet with in small groups. These stakeholders will include representative businesses, residents, and economic development allies. The number of meetings and scope of the interviews will be identified once the consultant is formally put under contract and the process is refined. This will be one of the initial items to be addressed during the launch of the study. Stakeholder interviews would be conducted during the initial phase of the study as part of the Discovery Phase.

Special Project Committee

The scope anticipates three meetings with a Special Project Committee during each of the phases of the study. This committee would work with staff and the consultant team to:

- Review pertinent background information.
- Consider comments gathered from other public input opportunities.

- Discuss visions and goals identified by the consulting firm.
- Provide qualitative input to the consultants.
- Review preliminary plans developed.
- Make recommendations prior to the study's final delivery.

Community Meetings

There would be one community meeting during the second phase of the study following the local market assessment to present the findings of the Discovery Phase. Input will be sought by the public to refine the visioning and goals-setting of the study by the consultants during the community meeting. In addition to the public meeting, large poster boards and markers with key questions noted will be placed in public gathering areas such as the athletic club so people can share their thoughts and ideas. The final meeting to present the study to the city council will also be open to the public.

Project Committee Composition

Town staff would like to include representation from the following groups on the project committee: volunteers who represent the City Council, large and small local businesses, and residents from the community who have a strong business background. An emphasis should be placed on seeking a diverse group of individuals and young professionals who may be entrepreneurs or creative-type individuals.

PARKS MASTER PLAN OVERVIEW

Project Collaboration and Guidance

A strong, implementable Master Plan requires teamwork and collaboration to help shape the process and ensure the plan reflects community priorities and needs. MIG will work with two key advisory groups to ensure that technical expertise and community knowledge are integrated throughout the planning process:

- The Project Leadership Team (PLT) will be comprised of key City staff who will kick off the project and meet during each phase to provide internal direction and guidance. This will include key leaders from the Parks & Recreation Department, plus staff from Marketing & Communications, Events, Economic Development & Tourism, Conference & Theater Center, Infrastructure & Development Services, Finance and Fire as needed. These four meetings are anticipated to be 1-to 2-hour work sessions typically held on the same day as PAC meetings.
- The Project Committee will provide overarching direction for the project and review documents to ensure accuracy and consistency with community and city needs. MIG will facilitate four project committee meetings, with the first beginning a few weeks after the group is appointed. The project committee is anticipated to include primarily Council appointed business and community leaders, as well as representatives of the community and a variety of interest groups.

Project Committee Meeting #1: Orientation and SWOT

MIG will facilitate a discussion with the Project Advisory Committee on the unique identity of Addison and the strengths, weaknesses, opportunities, and threats (SWOT) for Addison's park and recreation system. MIG will create an agenda, define committee

roles and responsibilities and, following the meeting, prepare a brief summary of the discussion.

Project Committee Meeting #2: Plan Development Work Session

MIG will facilitate a special 2.5- to 3-hour workshop with the PAC to discuss strategies and alternatives for addressing the community's vision and needs using available resources. MIG will create an agenda, design a meeting activity, and following the meeting, prepare a brief summary of the discussion.

Project Committee Meeting #3 & Community Prioritization Workshop

Recognizing the costs associate with capital projects, MIG will host a large community workshop for 60-75 people to involve residents in making decisions about priority projects, programs and service, funding sources to consider, and the level of service to provide based on supported financial investments. The community workshop will involve PAC members in hosting and facilitating small group discussions. It may take advantage of high tech tools, such as Turning Point meeting polling equipment. MIG will facilitate the workshop, and develop materials, an online forum and data input tool so that City staff can involve more residents in identifying priorities for the Master Plan. As an optional task (OPT 1), this workshop could include a companion online prioritization exercise to broaden feedback and solicit comments from people who cannot attend the workshop.

Project Committee Meeting #4: Draft Plan Review

MIG will present the Public Draft Plan at a PAC Meeting #4 for review, discussion and potentially a recommendation to Council for adoption.

Council Involvement

One-on-one interviews will be held early in the planning process with key decision makers to identify opportunities and issues for the Master Plan to address. Six to eight 45-minute interviews may include key City Council members, the City Manager, key business partners or other decision makers that have substantial influence in Addison. MIG will provide an interview tool, allow one day of time for back-to-back interviews and summarize key themes to provide direction for the planning process.

Public Engagement Opportunities

Throughout the project, there will be multiple opportunities for public engagement:

Mapita Digital Questionnaire

MIG will collect place-based data through Mapita, an online questionnaire and interactive mapping forum that allows Addison residents, employees and visitors to provide specific input regarding their recreation preferences and needs.

Intercept Activities

MIG will design 3-4 interactive display boards (bilingual if desired) that can be set up at existing community festivals and events, at recreation facilities, and in high-traffic locations to collect feedback about park and recreation priorities and preferences. As a "pop-up activity" that can show up anywhere, the display boards collect information while also serving as small, attractive billboards for Mapita strategically placed around the community. As an added value, MIG will

reduce the display board content to a distributable, downloadable 8.5" x 11" meeting/coffee klatch packet that can be self-administered by local service groups, neighborhood associations, clubs and interest groups who would like to be involved in the planning process.

Community Prioritization Workshop

Recognizing the costs associated with capital projects, MIG will host a large community workshop for 60-75 people to involve residents in making decisions about priority projects, programs and service, funding sources to consider, and the level of service to provide based on supported financial investments. The community workshop will involve project committee members in hosting and assisting in small group discussions. It may take advantage of high tech tools, such as Turning Point meeting polling equipment. MIG will facilitate the workshop, and develop materials, an online forum and data input tool so that City staff can involve more residents in identifying priorities for the Master Plan.

Project Committee Composition

Town staff would like to include representation from the following groups on the project committee: an Addison Circle business; an ownership group from the Quorum Business District; an Addison based corporate business; a resident with a focus on Fitness/Recreation; a resident with an Environmental focus; an active adults; a resident with a young family; a resident from Vitruvian District; a resident from Addison Circle; and, an individual with a focus on social events.

BELT LINE ROAD LANDSCAPE MASTER PLAN

Project Collaboration and Guidance

Pacheco Koch will work with a project committee to ensure that stakeholders are informed and have had opportunity to share concerns and direct the consultants in what items are important to them.

Project Committee is anticipated to be involved in the following ways:

- Meet three times over the coming three months to provide direction and advise on the development of landscape improvement options that can be shown to the public.
 - **Project Committee Meeting 1, Establishing Project Parameters:** The project committee will meet with the consultant team to review the opportunities and constraints of the corridor and give advice on priorities, key considerations and other issues related to the project.
 - Following this meeting, the Consultants will prepare data that can be presented at a **public meeting #1** showing the public these same opportunities and constraints, gathering input and priorities from the public.
 - **Project Committee Meeting 2, Concept Alternatives:** The project committee will meet with the consultant team to review a series of images, sketches, and diagrams that will guide the direction of the design options produced. The project committee will give direction on preferred options shown that they feel best represents the community and accomplishes the project goals.
 - Following this meeting, the Consultants will prepare data that can be presented at a **public meeting #2** showing the direction the design is moving and gather feedback.

- **Project Committee Meeting 3, Multiple Options:** The project committee will meet with the consultant team to see basic, enhanced, and long-range vision options for the design taken from their input in the first two project committee meetings. Any final input will be incorporated.
 - Following this meeting, the Consultants will prepare data that can be presented at a **public meeting #3** showing the results of the design effort. This same data produced can be used in a web-based survey, flyer, presentation boards or other forms of Public Notification.

Public Engagement Opportunities

- In addition to the proposed three public meetings described above, we anticipate up to three other ad-hoc meetings where the Project Committee, City Staff and Consultants may meet with key business owners or land owners that heavily impact or are impacted by the proposed design solutions.
- The Consultants will prepare the graphics and cost estimates that are to be used in Project Committee and Public Meeting #3 in such a way that they can be installed into an interactive web-based comment and preference interface for the public.

Project Committee Composition

Town staff would like to include representation from the following groups on the project committee: an ADA representative; a regular DART user; a representative of Asbury Circle; 2 property owners/managers; and, 5 residents.

Work Session and Regular Meeting**Meeting Date:** 03/06/2018**Department:** Finance**Pillars:** Gold Standard for Financial Health**Milestones:** Review town ordinances and regulations with a focus on modernization in order to facilitate redevelopment

AGENDA CAPTION:

Present, Discuss and Consider Action on **Acceptance of the Fiscal Year 2017 Comprehensive Annual Financial Report (CAFR)**.

BACKGROUND:

The Addison Town Charter requires that Town Staff prepare a Comprehensive Annual Financial Report (CAFR) that shows the status of the Town's finances. The CAFR is required to be prepared in accordance with generally accepted accounting and financial reporting principles. The charter also requires that the Town's financial statements be audited annually by an independent external auditing firm. The results of the independent external audit are included in the CAFR.

The Town of Addison Finance Department has prepared the CAFR for the fiscal year ended September 30, 2017. The CAFR is a report of the Town's overall financial results. The Town's financial statements have been audited by BDK, LLP, an independent firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Town are free of material misstatement.

In addition to providing an overview of the Town of Addison CAFR for Fiscal Year 2017, BKD will present their audit report and opinion on the Town's financial statements.

BKD has issued an ***unmodified opinion***, which means that financial statements are presented, in all material respects, in accordance with applicable financial reporting framework. Simply stated, an ***unmodified opinion*** is a clean opinion.

RECOMMENDATION:

Administration recommends approval.

Attachments

Report - Comprehensive Annual Financial Report (CAFR)

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.

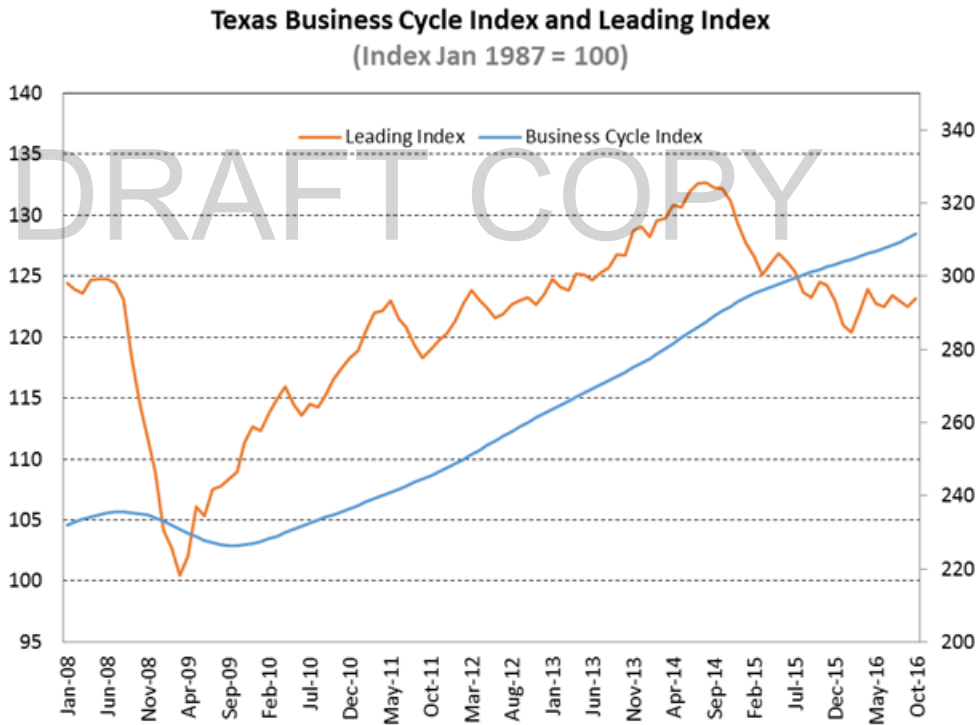
The annual budget of the Town of Addison serves as the foundation for the Town’s financial planning and control. The budget is prepared by the City Manager and adopted by the City Council in accordance with policies and procedures established by the Town Charter and council ordinances. The appropriated 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

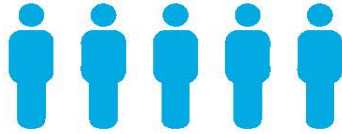
September 30, 2016

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

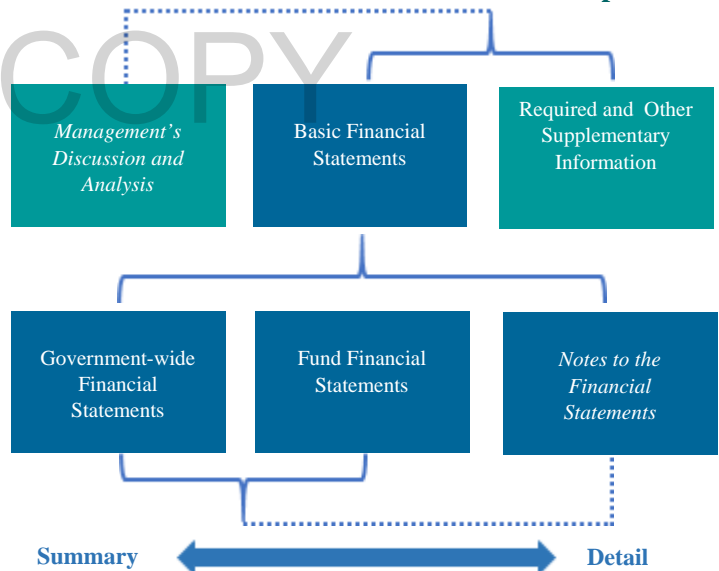
- The Town’s assets and deferred outflows exceeded its liabilities and deferred inflows of resources at the close of the 2017 fiscal year by \$247,410. This amount represents an increase over the previous year of \$25,643. The increase is primarily the result of payments of debt principal and prepaid 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 | * Statement of net position * Statement of activities | * Balance Sheet * Statement of revenues, expenditures, and changes in fund balances * Budget and actual | * 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)**

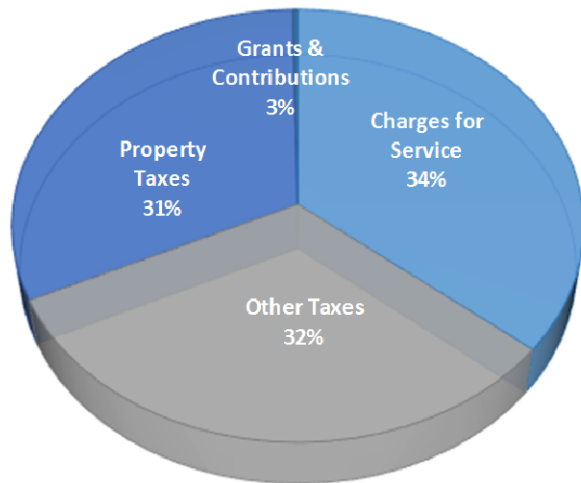
| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|-------------------|--------------------------|------------------|-------------------|-------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Assets: | | | | | | |
| Current and Other Assets | \$ 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.

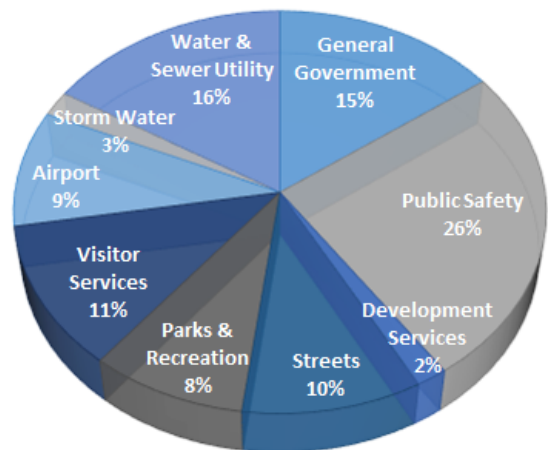
**Table A-2
Town of Addison's Changes in Net Position (000's)**

| | 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 | \$ | <u>159,827,601</u> |

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><u>36,611,512</u></u> | <u><u>9,307,410</u></u> | <u><u>7,550,925</u></u> | <u><u>1,663</u></u> | <u><u>541,791</u></u> | <u><u>1,192,559</u></u> | <u><u>55,205,860</u></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><u>32,904,207</u></u> | <u><u>7,595,136</u></u> | <u><u>7,721,472</u></u> | <u><u>711,200</u></u> | <u><u>7,999,308</u></u> | <u><u>2,031,709</u></u> | <u><u>58,963,032</u></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><u>(230,066)</u></u> | <u><u>(1,259,500)</u></u> | <u><u>-</u></u> | <u><u>711,500</u></u> | <u><u>3,817,676</u></u> | <u><u>973,000</u></u> | <u><u>4,012,610</u></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 | 12,890,799 | 3,386,414 | 541,074 | 490,094 | 33,162,293 | 1,668,454 | 52,139,128 |
| Fund Balances at End of Year | <u><u>\$ 16,368,038</u></u> | <u><u>\$ 3,839,188</u></u> | <u><u>\$ 370,527</u></u> | <u><u>\$ 492,057</u></u> | <u><u>\$ 29,522,452</u></u> | <u><u>\$ 1,802,304</u></u> | <u><u>\$ 52,394,566</u></u> |

See accompanying notes to 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 | \$ | <u>25,517,761</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 | | |
| 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 | 14,845,124 | 14,845,124 | 14,742,517 | (102,607) |
| 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 | 14,660,000 | 14,660,000 | 15,262,324 | 602,324 |
| Total Taxes | 29,505,124 | 29,505,124 | 30,004,841 | 499,717 |
| 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 | 2,750,300 | 2,750,300 | 2,601,529 | (148,771) |
| 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 | 845,800 | 845,800 | 1,225,373 | 379,573 |
| 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 | 1,613,100 | 1,613,100 | 1,802,346 | 189,246 |
| 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 | \$ 35,699,324 | \$ 35,699,324 | \$ 36,611,512 | \$ 912,188 |

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 | 1,909,265 | 1,958,785 | 1,796,615 | 162,170 |
| 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 | 2,412,288 | 1,240,943 | 866,597 | 374,346 |
| 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 | 310,819 | 310,819 | 292,823 | 17,996 |
| Total General Government | 9,588,721 | 8,682,781 | 7,854,030 | 828,751 |
| 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 | 8,641,004 | 8,842,632 | 8,410,582 | 432,050 |
| 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 | 1,410,505 | 1,410,505 | 1,340,667 | 69,838 |
| 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 | 7,047,475 | 7,234,908 | 7,176,402 | 58,506 |
| Total Public Safety | 17,098,984 | 17,488,045 | 16,927,651 | 560,394 |

See accompanying notes to basic financial statements

Town of Addison, Texas
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 | <u>(1,720,593)</u> | <u>194,407</u> | <u>3,477,239</u> | <u>3,282,832</u> |
| Fund Balances at Beginning of Year | <u>12,890,799</u> | <u>12,890,799</u> | <u>12,890,799</u> | <u>-</u> |
| 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 |
|--|---|----------------------|---------------------|----------------------|----------------------|
| | 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 |
|--|---|----------------------|---------------------|----------------------|----------------------|
| | 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 | <u>5,523,936</u> | <u>10,987,816</u> | <u>2,034,484</u> | <u>18,546,236</u> | <u>1,612,171</u> |
| 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) | <u>4,029,630</u> | <u>8,126,871</u> | <u>1,156,831</u> | <u>13,313,332</u> | <u>511,676</u> |
| Depreciation | 2,359,167 | 1,380,463 | 8,964 | 3,748,594 | 975,881 |
| Total Operating Expenses | <u>6,388,797</u> | <u>9,507,334</u> | <u>1,165,795</u> | <u>17,061,926</u> | <u>1,487,557</u> |
| OPERATING INCOME/(LOSS) | <u>(864,861)</u> | <u>1,480,482</u> | <u>868,689</u> | <u>1,484,310</u> | <u>124,614</u> |
| 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) | <u>(55,423)</u> | <u>(474,095)</u> | <u>(177,953)</u> | <u>(707,471)</u> | <u>25,337</u> |
| 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 | <u>(920,284)</u> | <u>291,749</u> | <u>753,532</u> | <u>124,997</u> | <u>149,951</u> |
| Net Position at Beginning of Year | <u>51,138,405</u> | <u>33,544,742</u> | <u>2,774,469</u> | <u>87,457,616</u> | <u>11,215,550</u> |
| Net Position at End of Year | <u>\$ 50,218,121</u> | <u>\$ 33,836,491</u> | <u>\$ 3,528,001</u> | <u>\$ 87,582,613</u> | <u>\$ 11,365,501</u> |

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
 September 30, 2017

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 | | |
| 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. Ratings: Moody's "Aa1"; Standard & Poor's "AAA" | \$ 1,080,000 | \$ - |
| Combination Tax and Revenue Certificates of Obligation Series of 2013 | | |
| 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. Ratings: Moody's "Aa1"; Standard & Poor's "AAA" | \$ - | \$ 8,720,000 |
| General Obligation Bonds, Tax-Exempt Series 2014 | | |
| 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. Ratings: Moody's "Aa1"; Standard & Poor's "AAA" | \$ 11,255,000 | \$ - |

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2017

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
|---|------------------------------------|-------------------------------------|
| 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
Basic Financial Statements

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 | <u>\$ 107,613</u> | <u>\$ 1,132</u> | <u>\$ (26,475)</u> | <u>\$ 82,270</u> | <u>\$ 5,008</u> |
| 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 | <u>\$ 27,318</u> | <u>\$ 74</u> | <u>\$ (2,914)</u> | <u>\$ 24,478</u> | <u>\$ 1,413</u> |

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
Basic Financial Statements

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
 September 30, 2017

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).

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2017

IV. OTHER INFORMATION (CONTINUED)

Changes in the Net Pension Liability

| | Increase (Decrease) | | |
|--|-----------------------------------|---------------------------------------|---------------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (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) |

NOTES TO FINANCIAL STATEMENTS
September 30, 2017

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 | | | Variance With Final Budget Positive (Negative) |
|--|-------------------|-------------------|----------------------|---|
| | Budget | | Actual GAAP Basis | |
| | 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

| | <u>Municipal Court Fund</u> | <u>Public Safety Fund</u> | <u>Advanced Funding Grant Fund</u> | <u>Economic Development Fund</u> | <u>Reimbursement Grant Fund</u> | <u>PEG Fees Fund</u> | <u>Total Nonmajor Governmental Funds</u> |
|--|-----------------------------|---------------------------|------------------------------------|----------------------------------|---------------------------------|----------------------|--|
| 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> | <u>-</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**

| | <u>Capital Replacement</u> | <u>Information Technology Replacement</u> | <u>Total Internal Service Funds</u> |
|--|--------------------------------|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Department Contributions | \$ 796,500 | \$ 815,671 | \$ 1,612,171 |
| Payments to Suppliers | <u>(15,882)</u> | <u>(311,699)</u> | <u>(327,581)</u> |
| <i>Net Cash Provided/(Used) by Operating Activities</i> | <u>780,618</u> | <u>503,972</u> | <u>1,284,590</u> |
| 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 | <u>74,956</u> | <u>-</u> | <u>74,956</u> |
| <i>Net Cash Provided/(Used) by Capital and Related Financing Activities</i> | <u>(1,737,064)</u> | <u>(361,538)</u> | <u>(2,098,602)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Interest on Cash and Investments | <u>26,709</u> | <u>4,594</u> | <u>31,303</u> |
| <i>Net Cash Provided/(Used) by Investing Activities</i> | <u>26,709</u> | <u>4,594</u> | <u>31,303</u> |
| <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 | <u>\$ 2,616,286</u> | <u>\$ 2,798,893</u> | <u>\$ 5,415,179</u> |
| 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 | <u>\$ 780,618</u> | <u>\$ 503,972</u> | <u>\$ 1,284,590</u> |
| 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> | <u>\$ -</u> | <u>\$ (11,490)</u> | <u>\$ (11,490)</u> |



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 | <u>40,425,647</u> | <u>41,354,130</u> | <u>40,596,184</u> | <u>40,839,054</u> |
| 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 | <u>12,981,557</u> | <u>12,828,958</u> | <u>12,710,937</u> | <u>13,020,601</u> |
| Total Expenses - Primary Government | <u>\$ 53,407,204</u> | <u>\$ 54,183,088</u> | <u>\$ 53,307,121</u> | <u>\$ 53,859,655</u> |
| 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 | <u>6,366,230</u> | <u>7,282,273</u> | <u>7,399,163</u> | <u>11,325,516</u> |
| 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 | <u>13,266,529</u> | <u>14,964,392</u> | <u>14,198,144</u> | <u>24,935,326</u> |
| Total Program Revenues - Primary Government | <u>\$ 19,632,759</u> | <u>\$ 22,246,665</u> | <u>\$ 21,597,307</u> | <u>\$ 36,260,842</u> |
| 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 | <u>\$ (33,774,445)</u> | <u>\$ (31,936,423)</u> | <u>\$ (31,709,814)</u> | <u>\$ (17,598,813)</u> |
| 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 | <u>35,703,736</u> | <u>34,979,077</u> | <u>34,947,476</u> | <u>34,092,290</u> |
| 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 | <u>276,870</u> | <u>223,640</u> | <u>29,797</u> | <u>(6,033)</u> |
| 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 | <u>\$ 2,206,161</u> | <u>\$ 3,266,294</u> | <u>\$ 3,267,459</u> | <u>\$ 16,487,444</u> |

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 |
| | 41,887,667 | 46,921,230 | 47,079,818 | 49,331,145 | 51,140,845 | 33,780,771 |
| | 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 |
| | 13,705,242 | 14,882,369 | 17,112,476 | 17,490,851 | 19,368,082 | 17,998,661 |
| \$ | 55,592,909 | \$ 61,803,599 | \$ 64,192,294 | \$ 66,821,996 | \$ 70,508,927 | \$ 51,779,432 |
| \$ | 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 | - |
| | 7,045,854 | 5,678,518 | 5,354,535 | 5,206,098 | 6,756,850 | 6,928,920 |
| | 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 |
| | 16,643,045 | 25,947,535 | 24,112,120 | 17,768,102 | 20,107,902 | 18,695,564 |
| \$ | 23,688,899 | \$ 31,626,053 | \$ 29,466,655 | \$ 22,974,200 | \$ 26,864,752 | \$ 25,624,484 |
| \$ | (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 |
| \$ | (31,904,010) | \$ (30,177,546) | \$ (34,725,639) | \$ (43,847,796) | \$ (43,644,175) | \$ (26,154,948) |
| \$ | 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 |
| | 37,252,383 | 39,196,624 | 37,642,588 | 43,601,065 | 46,545,562 | 52,369,612 |
| | (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) |
| | (51,438) | (101,789) | 4,611,541 | 613,816 | 287,834 | (571,906) |
| | 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 |
| \$ | 5,296,935 | \$ 8,917,289 | \$ 7,528,490 | \$ 367,085 | \$ 3,189,221 | \$ 25,642,758 |

**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.

DRAFT COPY

**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 | <u>43.9</u> | <u>45.4</u> | <u>44.4</u> | <u>40.6</u> | <u>40.1</u> | <u>35.6</u> | <u>36.4</u> | <u>38.9</u> | <u>42.3</u> | <u>41.1</u> |
| 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 | <u>136.8</u> | <u>138.8</u> | <u>140.8</u> | <u>138.8</u> | <u>139.3</u> | <u>139.3</u> | <u>144.1</u> | <u>148.6</u> | <u>149.6</u> | <u>127.0</u> |
| 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 | <u>24.0</u> | <u>25.0</u> | <u>24.0</u> | <u>24.0</u> | <u>21.0</u> | <u>23.0</u> | <u>24.7</u> | <u>23.7</u> | <u>24.7</u> | <u>27.6</u> |
| 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 | <u>35.2</u> | <u>36.6</u> | <u>35.6</u> | <u>35.6</u> | <u>34.6</u> | <u>35.6</u> | <u>35.6</u> | <u>36.1</u> | <u>37.1</u> | <u>37.7</u> |
| 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 | <u>14.0</u> | <u>14.0</u> | <u>14.0</u> | <u>13.5</u> | <u>15.0</u> | <u>14.5</u> | <u>16.7</u> | <u>14.8</u> | <u>15.8</u> | <u>16.7</u> |
| Airport Fund | 2.0 | 2.0 | 2.0 | 2.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.4 |
| TOTAL | <u><u>262.9</u></u> | <u><u>268.8</u></u> | <u><u>267.8</u></u> | <u><u>261.5</u></u> | <u><u>261.2</u></u> | <u><u>260.2</u></u> | <u><u>270.7</u></u> | <u><u>276.3</u></u> | <u><u>283.7</u></u> | <u><u>268.5</u></u> |

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.